



# Poverty Reduction

*Policy Document*



Federal Ministry for European and International Affairs  
Department for Development Cooperation and Cooperation with Eastern Europe  
Minoritenplatz 8, 1014 Vienna, Austria  
Phone: +43 (0)501150-4454  
Fax: +43 (0)501159-4454  
abtvii4@bmeia.gv.at  
www.entwicklung.at

This policy document was written by:

- Federal Ministry for European and International Affairs,  
Department for Development Cooperation and Cooperation with Eastern Europe
- Austrian Development Agency

Editorial Team:

Thomas Böhler, Marcel Fink, Waltraud Rabitsch, Manfred Schnitzer, Anita Weiss-Gänger

Vienna, December 2009

Order information:

Austrian Development Agency  
The Operational Unit of the Austrian Development Cooperation  
Information and Communication  
Zelinkagasse 2, 1010 Vienna, Austria  
oeza.info@ada.gv.at, www.entwicklung.at

## Abbreviations

DAC	Development Assistance Committee
DC	Development Cooperation
EU	European Union
G8	Group of Eight
H&A	Harmonisation and Alignment
HIPC	Highly Indebted Poor Country
HDI	Human Development Index
MDG	Millennium Development Goal
NGO	Non-governmental Organisation
OECD	Organisation for Economic Co-operation and Development
ADC	Austrian Development Cooperation and Cooperation with Eastern Europe
SWAp	Sector Wide Approach
PRSP	Poverty Reduction Strategy Paper
UNDP	United Nations Development Programme
UN	United Nations
WTO	World Trade Organization





## Contents

Executive summary .....	3
Introduction .....	5
1. Poverty: Comprehension and principles.....	5
1.1 <i>Dimensions of poverty</i> .....	5
1.2 <i>Interdependencies</i> .....	7
2. Analyses and Challenges.....	9
2.1 <i>Indicators and their comparability</i> .....	9
2.2 <i>Distribution of poverty</i> .....	10
3. Poverty reduction within the framework of ADC.....	11
3.1 <i>International guidance</i> .....	11
3.2 <i>Guidance for Austrian policy</i> .....	14
3.3 <i>Implementation status</i> .....	15
3.4 <i>Mainstreaming and programmatic integration</i> .....	16
4. Coherence – Key to success .....	17
4.1 <i>Effectiveness through systematic synopsis</i> .....	17
4.2 <i>ADC and other policy fields</i> .....	18
4.3 <i>Programmatic code of conduct</i> .....	18
5. Implementation, monitoring and evaluation.....	20
Appendix 1: Glossary .....	21
Appendix 2: Sources and further readings.....	23



## Executive summary

The reduction of poverty is one of the greatest challenges of our times: Approximately 850 million people suffer from hunger. Three billion have to survive on less than 2 US\$ per day. In some regions, the number of poor people has risen dramatically, as for example in Sub-Saharan Africa, where poverty doubled during the 1980's and 1990's from about 160 million to roughly 320 million.

There is cause for optimism due to the fact that the international community has made a major commitment towards the Millennium Development Goals (MDG) to work for a massive reduction of hunger and poverty. That was in 2000. Certain achievements have been realized since then, but not enough to accomplish the targets within the specified time frame. Studies illustrate that in many regions the reduction of poverty has also failed because the programmes, strategies and measures do not take adequate account of the complexity of the phenomenon.

Poverty is not merely an economic problem, but has many dimensions. Like life itself, it is characterised by many facets. Poverty has a whole range of causes, and it can be self-perpetuating, if consideration of the problem is limited to only a few of its aspects. Even when a certain standard of economic wealth has been achieved, it cannot be maintained by the people concerned unless it is supported by more than one pillar. The most effective foundation of sustainable poverty reduction is provided by poor people themselves. As many studies have shown, they must be included in the fight against deprivation and distress. The message is simple – not for them, but with them. The victims of poverty have their own ideas and visions of a better life. Their survival strategies are put on test on a daily basis. This should be the entry point for any further joint cooperation.

These are not necessarily new findings. Up to now, however, they have received too little attention within international development cooperation. New efforts are therefore necessary. ADC considers itself to be part of a network for which the reduction of poverty is both a mission and perspective. There are a number of groups striving for the reduction of poverty, including the UN, the OECD, the EU, the donor states and, of course, those countries which are directly affected. Relevant experience, background information, analyses and agreements should be considered and utilized. This applies primarily to the Millennium Development Goals (MDG) but also to the Poverty Reduction Strategy Papers (PRSP) of the partner countries.

ADC refers to the clear legal directives being laid down in Austrian policies. Poverty reduction is one of the three objectives of the Development Cooperation Act, according to which it should be achieved by sustainable economic growth in conjunction with structural and social transformation. The promotion of democratic structures and political institutions in order to achieve good and responsible governance within – at the time being often – fragile states contributes to this goal. An indispensable prerequisite is the establishment of greater equality in distribution and more equal opportunities between the different population groups in a given country as well as between women and men. In each case, the people concerned must determine their own path of development and must be supported in their efforts. The empowerment approach therefore offers great hope and should not be lacking within the poverty reduction strategies of ADC.



In concrete terms this means that:

- Poverty reduction is the central objective and the overarching challenge of ADC.
- The complexity and multi-dimensionality of the phenomenon of poverty is taken into account.
- A clear specification of the target group as well as a comprehensive consideration of its specific problems, potentials and interests is required.
- A positive discrimination of disadvantaged population groups will be pursued.
- A sustainable improvement of the livelihood conditions of poorer population groups should be striven for.
- ADC complies with the objectives of national poverty reduction strategies and is oriented towards the priorities of regional and local development plans.
- The strengthening of capabilities and problem resolving competencies is crucial (capacity development).
- Factors such as decentralization according to the principle of subsidiarity, local ownership, the promotion of individual initiative as well as empowerment with regard to equal participation in the design of development processes must be taken into account.
- This should be carried out in the interest of social and equal distribution.
- All measures should be process- and results oriented.

It is obvious that the strategies and measures of ADC must be subject to continuous examination, evaluation and corresponding adjustment.

It should be remembered that all efforts will remain fruitless if “one hand takes what the other gives”. For this reason, great importance is ascribed to coherence. Economic cooperation, for instance, must not compete with the goals of international development cooperation. The activities of one group should not be allowed to counteract the efforts of the other. Coherence is also an important topic in developing countries themselves: national and local objectives and strategies must be harmonized with each other. In the Austrian context, ADC has a legal obligation to ensure coherence between various policy areas, such as foreign affairs, finance, trade, agriculture, environment and education, but also to request it continuously within the international state community. Only when everyone pulls together on one string and acknowledges the challenges of poverty reduction permanent achievements can be attained within a feasible time frame. Only then will there be hope for the hope of the poor.



## Introduction

Poverty reduction is the central objective and the immediate challenge of international development cooperation. Also ADC has defined poverty reduction as the political primary goal and as essential cross-cutting issue. Preferential support is granted to particularly disadvantaged population groups and to discriminated members of society. Interventions of ADC must be adapted to existing local or regional development plans as well as to relevant national PRSPs and especially contribute to the fulfilment of the internationally agreed MDGs.

**Poverty reduction is a central obligation and primary political objective of ADC**

These guidelines for poverty reduction serve as an orientation framework for the strategic and operative work of the entire bilateral and multilateral development cooperation. They are addressed to all employees of ADC, whether in Austria or in the coordination offices, as well as to stakeholders in the partner countries, to other donors and to the public interested in development policy issues.

The directions outlined in these guidelines form the basis for all other ADC guidelines, all country and regional strategies as well as for all thematic-strategic ADC documents. These papers shall contain the respective relevant interpretations and specific options for the application of these principles in the framework of operation. At the same time, these guidelines serve as an instrument to ensure the coherence of development policy in Austria.

In accordance with the recommendations of the DAC, the implementation practice of ADC has to be examined at regular intervals against the framework of these guidelines. This will mainly involve an evaluation of the analogy of the overall programme with the principles formulated below, the methods and approaches applied in implementation as well as tangible results. Reference will also be made to progress reports produced in compliance with the Paris Declaration<sup>1</sup>. The principles outlined in this declaration – ownership, alignment, harmonisation, managing for results and mutual accountability – are necessary components which have to be specified in address poverty in a structural manner.

## 1. Poverty: Comprehension and principles

### 1.1 Dimensions of poverty

Poverty has for a long time been regarded predominantly as an economic factor and characterized exclusively in terms of low income. Nowadays, however, poverty is understood internationally as a highly complex and multidimensional phenomenon. Accordingly, ADC follows an extended approach, which no longer refers only to resources but particularly to the concrete livelihood conditions of poor and disadvantaged people.

**Poverty is a complex and multidimensional phenomenon**

---

<sup>1</sup> Paris Declaration on Aid Effectiveness (Paris 2005); the Paris Declaration on the effectiveness of development cooperation is a on multilateral level accorded agenda under the leadership of the DAC, which aims at a qualitative and quantitative improvement of aid in accordance with 56 partnership commitments by the year 2010. Progress will be measured in an international monitoring process on the basis of twelve result indicators.

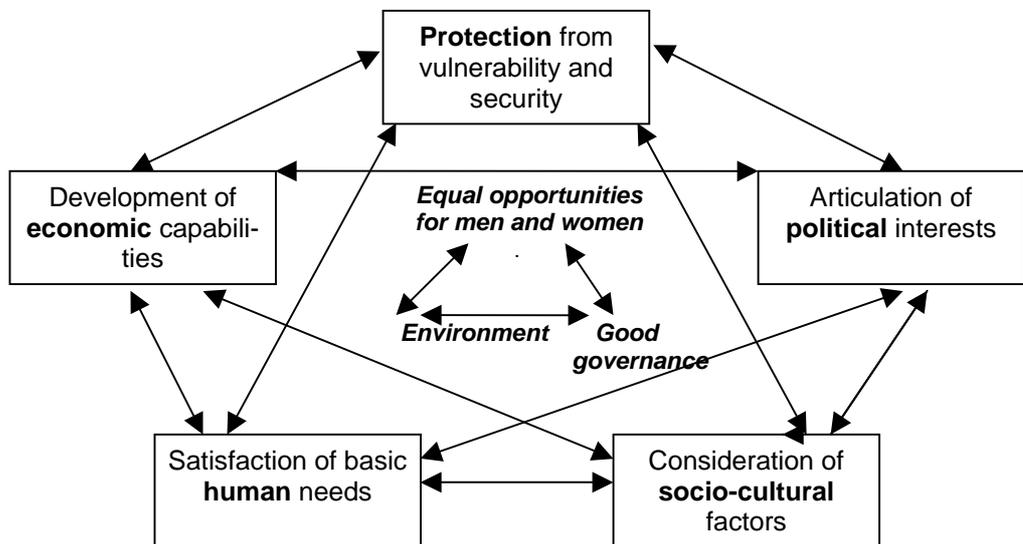


It is therefore necessary to consider the interrelations between the various dimensions of poverty (see Figure 1) in order to ensure sustainable improvements and a stabilisation of wealth once it has been achieved. This demand amongst others

**Strong interdependences between poverty, gender, environment and good governance**

- a gender-oriented perception which aims to promote equal opportunities for men and women (gender perspective),
- a systematic consideration of the goal of economic sustainability (preservation respectively enhancement of natural resources to ensure the livelihood basis) and
- a close link to the basic principles of human development, including an immediate relationship with the protection of human rights, functioning democratic institutions and effective legal systems, which provide equal access and inclusive participation for all.

Figure 1: Interdependence of the various dimensions of poverty<sup>2</sup>



The consideration of these poverty dimensions requires two things:

- integrated, systematic and interdisciplinary methods and approaches as well as
- the inclusive participation of all actors – especially those being immediately affected – within the discourse.

This is the only way to accomplish sustainable reduction of poverty. There are no stereotypical “poor people” and also no common blueprint for poverty reduction.

<sup>2</sup> Adapted illustration of the diagram deployed in the DAC Guidelines on Poverty Reduction, OECD 2001.

## 1.2 Interdependencies

Poor people have little or limited income, they can consume less and have few chances to acquire assets. They therefore lack the basic requirements for attaining material welfare, healthy and adequate nourishment, or social status. Increased incomes as well as food security are priority concerns of poor and disadvantaged population groups. Due to its overriding importance, the reduction of poverty and hunger is established as the first millennium development goal.

However, the improvement of livelihood conditions and the increase of livelihood standards requires more than the provision of food. Further essential factors include

- the guarantee of ensured and equal access to financial and material assets for production (land, natural resources, capital, basic infrastructure, transport, energy, etc.) as well as to information,
- the provision of social services, including education, health care and clean water, as indispensable components for human development,
- the creation of opportunities for the marketing of products as well as on job markets, which require an appropriate legal and institutional framework,
- the guarantee of inclusive and equal participation in the political decision-making process (social and economic empowerment),
- the reduction of social, regional and local disparities,
- the respect of human rights as well as
- the promotion of social protection systems, especially for those people being continuously affected by vulnerability and uncertainty.

Strategies and programmes for sustainable poverty reduction have to take the various dimensions and their interdependencies into account. The respective differentiated means of implementation should be exemplified in ADC's country strategies. It will not always be possible to tackle every dimension of poverty to the same extent within each development measure. Yet, in order to break the cycle of poverty, an as much as possible balanced relationship between the complementary elements should be aimed for. These elements refer to the following aspects:

### ■ Improved income and economic growth in favour of disadvantaged groups (pro-poor growth)

Economic growth is a basic requirement for increasing wealth of the population in a given country. But it is not a sufficient condition for poverty reduction. In case of extremely uneven allocation of income or capital as well as limited access to resources the gap between rich and poor people will increase and continue to increase. Strong disparities are normally root causes for social unrest, crime, armed conflict and political instability. As a result, investments are hindered and growth is slowed down.

A poverty-oriented policy consists of three essential elements: economic recovery as basic requirement as well as increased equality in opportunities and distribution. The dual economies of the least developed countries pose special challenges in this respect. In these countries, the traditional subsistence mode of production is hardly connected at all with the modernised sector. This makes it difficult to achieve rapid growth by modernizing the economy in accordance with the conditions of globalisation and simultaneously to comply with the principle of supporting the impoverished segments of society.

ADC explicitly acknowledges a policy of positive discrimination in favour of the poor. They are therefore assigned to an over-proportional share of the utilization of the foreseen growth. In other words, ADC funds should be reserved primarily for programmes with high relevance to poverty reduction.

**No isolated considerations, but understanding of interdependencies**

**Selective growth strategies as basis to generate life chances**



### ■ Provision of social services

#### **Food, water, education and health care as basis for dignified human existence**

The following elements are indispensable for human development: adequate nourishment and clean water, education and health care, income and employment. Poverty reduction will be accomplished when access to these factors is equally distributed among each population group within a society.

Not only the access, but also the available assets are unevenly distributed. In many cases educational institutions and health care services are insufficient. Extension services, which are not only necessary for securing livelihood but also for increasing productivity and market opportunities, are also lacking. Normally, this situation leads to a consolidation of material and social inequalities and is thus considered as a classic element of so-called poverty traps. Special attention must also be paid to demographic development, because high population growth in developing countries tends to counteract some of the efforts to reduce poverty.

In the framework of ADC, priority is given to those measures which aim to ensure adequate and balanced nourishment, the availability of clean water and an effective sanitation system. Another essential component of a comprehensive development concept is the broad promotion of education and public health systems along with access to their services for all population groups.

### ■ Political participation and empowerment

#### **Giving a voice to the voiceless**

Poverty is generally associated with powerlessness and defencelessness, and with exclusion from public life and political decision-making processes. This situation is reinforced by the factor of spatial distance: Population groups living in remote areas far away from the centres of political power, economic prosperity and modernity are in a lesser extent reached by national policy and development funds. It is much harder for them to escape from the cycles of discrimination and exclusion. The exclusion and isolation of specific social and ethnic groups consequently means that their interests hardly make it onto the political agenda. The principles of control and accountability remain ineffective and the development towards a democratic-pluralistic social order is hindered.

ADC promotes the integration of poor, disadvantaged and discriminated population groups into existing socio-economic systems and ongoing political processes. Empowerment plays an important role in this respect. The people concerned are thus enabled to participate in processes of social will-power and problem-solving-designs. Decentralization strategies, including greater equality in the geographic/spatial allocation of funds, resources and opportunities as well as the long-term strengthening of local structures, are also highly relevant. This leads to a more equal allocation of national funds and development opportunities, while decentralization aims at the sustainability of the required structures. In this respect, the principles of subsidiarity and self-help, in the sense of social emancipation and the avoidance of paternalism, have high priority.

### ■ Social protection

#### **Adapted concepts instead of un-reflected transfer of models**

Social protection is especially important for those population groups whose livelihoods are affected by enhanced vulnerability and intensified exposure to various external and internal risks. The establishment of new or the adaptation of existing social safety nets can often only be envisaged in the long term and must be based in each case on the specific socio-economic and socio-cultural situation. Apart from the lack of resources, weak administrative structures, an enormous shortage of data, and a prevalent scepticism regarding the function of the state are the main obstacles in this respect. In any case, also the formulation and acceptance of minimum social standards on a national level has to be addressed.

In this regard, ADC is committed to the strengthening and adjustment of traditional social protection systems (family, household) as well as to the improvement of existing precautionary measures (by targeted measures addressing issues such as harvest losses and storage management, but also saving schemes). Furthermore, a more intense consideration of instruments for risk minimization is foreseen, whereby their conceptualization generally derives from the real-life situation. An example of this is the warehouse receipt system being strongly propagated in Ethiopia, which not only serves to balance seasonal price fluctuations, but also allows its users to have greater financial liquidity and thus greater flexibility in their investment decisions and risk minimisation strategies.

## 2. Analyses and Challenges

Poverty reduction requires a comprehensive consideration of poverty and its root causes. According to the perception of ADC poverty is determined

- through a relative, structural discrimination of individuals or groups,
- being manifested in terms of unfair distribution of access to as well as utilization of material and immaterial goods.
- This is based on lack of freedom of choices regarding the development of skills and capacities and the utilization of opportunities,
- which are required to guarantee basic livelihood standards as well as
- to ensure adequate social and political participation in accordance with the socio-cultural environment.

### 2.1 Indicators and their comparability

Besides the various dimensions of poverty (see section 1), there is also a diverse range of indicators and approaches, which are not necessarily always consistent and which show significant differences, especially regarding to their political implications. Many assessments refer to the duration and depth of poverty. By thus, they also illustrate the dynamic developments of poverty gaps.

The understanding of poverty is also complicated due to the complexity of terminology. Within the framework of development cooperation (as for example within the MDGs), reference is primarily made to absolute and monetary poverty definitions, which facilitate international comparison, but only account for part of the reality.

ADC, by contrast, relies to a higher degree on a relative definition of poverty. This also takes into account the prevalent economic, social, legal and cultural standards and is far more responsive to local contexts and disparities.

**ADC is committed to a relative definition of poverty**

National poverty reduction strategies also use various terms and concepts<sup>3</sup>, which makes international comparison more difficult. Moreover, in most countries comprehensive participatory poverty assessments are carried out beside the usual household surveys. These assessments provide a more differentiated poverty profile – also on a regional perspective – and are based at least partially on endogenous perceptions. Ideally, local development plans (on regional or provincial level for example) are supplementing this information with further information about the needs and priorities on community-, household- or individual level.

ADC is faced with the challenge to deal with the various perspectives and circumstances in a systematic manner. While MDGs and PRSPs offer explicit guidelines in the framework of programming processes of country and regional strategies, actual

**Knowledge and appreciation of the actual local situation is crucial**

<sup>3</sup> In the framework of PRSPs increasingly less monetary indicators (1 US\$/day) are used, as they are gradually relying on more complex "baskets of goods", which incorporate factors such as food and the consumption of services.



interventions have to be based on specific and as much as possible accurate poverty analyses. Thus, ADC accounts special importance to the identification and characterisation of target groups, to the understanding of their problems, interests and potentials, as well as to the knowledge of their real socio-economic situation.

**Due consideration of endogenous perspectives is indispensable**

Appropriate approaches and measures can only be developed when due consideration is given to the understanding of “poverty” by the people concerned and their survival strategies. This “view from within” is indispensable. It provides information about the subjectively perceived dimensions and processes of poverty. The poor and vulnerable must therefore be assisted to articulate their perceptions. Individual solutions and ideas form the main basis of participatory approaches. These contribute to the reduction of hierarchies between donors and the people concerned and take account of complex life situations.

**2.2 Distribution of poverty**

The “poor” are not a homogenous group; but are rather confronted with a broad diversity of livelihood conditions. As a result, the people affected by poverty may have partly divergent interests. Poverty has many different features. Both in terms of the absolute number of people affected as well as their relative share of the country population, one can observe huge global differences.

Table 2: Regional differences in absolute poverty (1 US\$/day) in the years 1981 and 2001 (in absolute numbers and share of the total population)<sup>4</sup>:

Region	1981	2001
South Asia	475 million (51.5 %)	434 million (31.3 %)
Sub-Saharan Africa	164 million (41.6 %)	313 million (46.4 %)
East Asia and Pacific	796 million (57.7 %)	271 million (14.9 %)
Latin America	36 million (9.7 %)	50 million (9.5 %)
Eastern Europe and Central Asia	3 million (0.7 %)	17 million (3.6 %)
Middle East and North Africa	9 million (5.1 %)	7 million (2.4 %)

**Increasing poverty and inequality**

While considerable differences in poverty gaps appear in these regions – Sub-Saharan Africa, in particular, has seen a sharp rise in both the incidence (measured by the number of poor people) and the depth (measured by the degree of affectedness) of poverty – this does not apply generally to all the countries of a region or to the distribution of poverty within individual countries.

Despite some spectacular success stories, poverty has continued to increase, affecting primarily the “poorest of the poor”. At the same time, also richer countries in the northern hemisphere are nowadays characterised by greater income gaps and a growing number of poor people. In some cases, analogies with developments in the South are obvious.

**Poverty is still a rural problem**

Despite regional differences, there are significant global conformities: Poverty is still concentrated primarily in rural areas. Three quarters of all poor people live in developing countries. Poverty predominates in regions characterised by lack of resources (especially land), environmental destruction (soil and vegetation), and practically non-existent infrastructure as well as isolated and remote settlements.

It is also evident, that the group of poor people, who lack sufficient access to resources, on a global scale consists of small-scale farmers (one half), landless people (one fifth), pastoralists, fishermen and forest dwellers (one tenth).

<sup>4</sup> Mistiaen, J.A. and E.V. Swanson: Measuring and Monitoring Poverty for the MDGs: Overview of the Approach, Data and Challenges, Washington, World Bank 2004.

The remaining share of poor people is living in urban centres, predominantly as unemployed, temporary workers or small-scale entrepreneurs in the informal sector.

This classification is however insufficient. It fails to consider the fact that the income of the poorest population groups is primarily based on a combination of different income generation activities. This applies both to the individual level as well as to the household budget. Likewise, such a narrow “economic” view fails to take account of the livelihoods of indigenous peoples and ethnic minorities. These groups are often excluded from basic opportunities and livelihood chances.

Another important aspect has to be taken into account: Women are unequally more affected by poverty on a global scale. One can therefore speak also of a “feminization” of poverty. Women’s inequality of chances is interrelated with every dimension of poverty. This is evident in social and cultural discrimination, as well as in low political representation, in unequal access to resources and social services. Moreover, also on household level women are worse off than men in terms of work load, income and equal distribution.

In all partner countries and regions of ADC, certain social layers of the population are often more seriously affected by several dimensions of poverty. These include, for instance, indigenous peoples, minorities or socially marginalised groups, refugees and displaced people, people with disabilities as well as HIV/AIDS victims. Moreover, women and children, especially elder widows, households lacking external support, headed by a woman or an infant, as well as street children are especially vulnerable.

## 3. Poverty reduction within the framework of ADC

### 3.1 International guidance

Within the framework of international development cooperation poverty is nowadays not only understood as an individual problem, but also as a social phenomenon. The terms “social integration” and “equity”<sup>5</sup> are meanwhile central within the current debate and of great importance for ADC.

#### ■ Millennium Development Goals (MDGs)

The eight fundamental MDGs, which were signed in September 2000 by the member states of the UN, are acknowledged as a main reference for poverty-oriented international development. Most of them are supposed to be accomplished until the year 2015. Thereby, the needs and interests of those people, who according to national and international definitions are affected by poverty, are considered as central. Altogether, 48 indicators have been defined, including that of a per-capita-income below 1 US\$ per day. A very important characteristic of the MDGs refers to continuous monitoring processes on country level and mandatory reporting concerning intermediate results achieved. Interim results of the MDGs confirm the extremely unequal regional distribution of successes and setbacks. This requires a detailed analysis of the respective root causes and their causal correlations.

**MDGs as the most important reference of poverty-oriented development cooperation**

---

<sup>5</sup> This term has become central last but not least because of the World Development Report by the World Bank 2006 on the topic of “Equity and Development”.



The following criteria and trends are taken into account by ADC with respect to strategic considerations:

- Programmes are often formulated with a high level of abstraction. Therefore some elements can usually be found that remain open to interpretation with regard to the objectives of poverty reduction. Thus, ADC always examines all interventions, especially budgetary aid, but also PRSPs, with respect to expected poverty effects.
- Although within international development cooperation it is agreed that poverty has several dimensions, it is often again presented as “shortage of material goods”, whereby as a consequence financial aspects are placed in the foreground. Thus, ADC puts special emphasis on elements such as comprehensive capacity development and empowerment in the course of planning and programming processes.
- Often too little attention is given to the actual interests and potentials of specific groups within a society. In accordance with its policy mandate ADC orientates its work increasingly towards the needs of those population groups which it considers to be of particular importance: women, people with disabilities as well as children in armed conflicts.

ADC has committed itself to support the partner countries in achieving the MDGs, and essentially orientates its country and regional strategies accordingly. Thereby, it draws on a wealth of concrete experience, which should consequently result in better harmonised processes of planning, programming, implementation and monitoring.

**A concrete example:** In the framework of goal 7 regarding environmental sustainability – indicator 31, proportion of population with access to secure tenure – ADC has been supporting projects in Nicaragua, Burundi and Kenya during the last years. Currently, within the framework of collaboration with the European Commission and the implementation of the jointly developed guidelines<sup>6</sup>, various programmatic approaches are financed in South Africa region (Sofala and Limpopo provinces). Due to the fact that the protection of livelihoods, the improvement of framework conditions and the enhancement of investment – in accordance with the guidelines on economic and development – are priorities of ADC programming, these aspects will also be considered within the framework of future engagements in Ethiopia and North Uganda.

### ■ Poverty Reduction Strategy Papers (PRSPs)

**National PRSPs are the reference framework for development cooperation**

National PRSPs serve as the most important reference framework for programming. In most partner countries second generation PRSPs are already available. This concept was introduced by the World Bank in 1999. It was initially used by international development banks as conditionality for approving credits. It consisted of the following components:

- Poverty analysis (target groups and root causes)
- Presentation of priority objectives and strategies
- Description of selected result indicators, implementation as well as financial mechanism of programme measures

---

<sup>6</sup> Reference is made here to the EU Land Policy Guidelines (elaborated in 2004) by the EU Task force on land tenure, in which ADC was actively involved.

Essentially, the PRSP approach is based on five core principles:<sup>7</sup>

- PRSPs should be elaborated in responsibility of the governments of the affected countries (ownership) and with comprehensive inclusion of the civil society and the poor themselves (participation).
- PRSPs should be results-oriented and concentrate on those measures which benefit the poor.
- PRSPs should be comprehensive and take into account the multi-dimensional nature of poverty. This means that they should include social as well as macro-economic, structural and sectoral political measures.
- PRSPs should allow for broad cooperation so that bilateral and multilateral donors as well as civil society organisations can participate in this process.
- PRSPs should be based on a long-term perspective of poverty reduction.

In the framework of ADC programming processes, conceptual elements at regional and local level with special promises for pro-poor growth and empowerment of poor population groups are meanwhile placed at the foreground. In this respect, the improvement of actual livelihood conditions through responsibility in planning and comprehensive participation is aimed for. This is still difficult to accomplish in many countries. Decision making processes as well as the implementation of programmes and allocation of financial resources lack transparency. Insufficient capacities and resources as well as poor framework conditions and unequal distribution of power and influence are other adverse factors.

Despite some deficiencies of existing PRSPs<sup>8</sup>, their potential lies in the conceptualization of a national strategy against poverty. In this respect, responsibility of the partner country is accentuated and broad-based participation at least envisaged. The instrument of PRSPs has certainly contributed to the creation and general acceptance of numerous comprehensive national development strategies.

PRSPs therefore still provide the basis and the reference framework for all bilateral and multilateral interventions of ADC. Moreover, it is also the task of ADC to support the formulation and execution of PRSPs, by strengthening the necessary structures, processes, and capacities within the partner countries.<sup>9</sup>

**A concrete example:** ADC participates in the “Action Plan for the Reduction of Absolute Poverty (PARPA II)” through financial contributions to the sector programme PROAGRI. This strategy symbolizes the efforts of Mozambique to promote pro-poor growth even in those parts of the country being worst hit by poverty. It includes coherent measures for increasing productivity and improving access to markets in connection with activities in the fields of capacity development, extension and research. Within the framework of this programme, ADC endeavours to utilize the system of indicators outlined in the PRSP also for its own bilateral programme.

## ■ Human rights

In recent years it has been realized that adherence of human rights is indispensable for poverty reduction. In this regard, the realisation of human rights declarations, which are legally binding, even if they cannot always be enforced, is central. The principles of non-discrimination and equality, responsibility and participation are especially important as indicators of development. Human rights are inseparable.

**Adherence of human rights is indispensable for poverty reduction**

<sup>7</sup> Österreichische Forschungsstiftung für internationale Entwicklung (ÖFSE): Hoffnungsträger PRSP – Eine Bilanz der ersten Jahre, 2006, Page 7.

<sup>8</sup> Austrian Federal Ministry of Finance (FMF): Strategic Guide for International Finance Institutions, FMF 2005, Page 17

<sup>9</sup> See: Paris Declaration on Aid Effectiveness (Paris 2005) and the ADC Action Plan for Implementation



This is highlighted by a holistic approach of development: Economic and social claims of individual groups (starting with the right to food) cannot be separated from their right of political partaking or from mechanisms for legal security. Poor and marginalised population groups are neither passive target groups of development policies nor the recipients of welfare services. They are on the contrary social actors who can enforce their political and legal rights and who can, as a consequence, also legitimately question prevalent power structures.

**A concrete example:** One of the most fundamental and for human existence one of the most important human rights is the right to food, which – though included in the International Covenant on Economic, Social and Cultural Rights – is very often wrongly interpreted at international level. The access of poor population groups to sufficient and qualitatively adequate food to satisfy their dietary needs will not be guaranteed in the long-term through subsidised cheap imports of surpluses from industrial countries, but rather through respect of the principle of food sovereignty. In this field ADC follows in general the EU policy regarding food security<sup>10</sup>, yet in particular its successful and internationally recognised approach in promoting and optimisation of organic agriculture.

### Poverty reduction as overall goal and political requirement

## 3.2 Guidance for Austrian policy

Poverty reduction is one of the three goals outlined by the Development Cooperation Act<sup>11</sup>, which serves as the fundamental policy guidance for ADC. The Act states that poverty reduction (should) be accomplished in the developing countries “by promoting economic and social development that is aimed at a process of sustainable economic activity and economic growth combined with structural, institutional and social change.” Poverty reduction is also directly interrelated with other goals of ADC: with the aim to secure peace and human security through promotion of democracy, the rule of law, human rights and good governance as well as the conservation of the environment and the protection of natural resources. All measures taken in this context must be examined with respect to their possible impact on the poorest layers of society.

It will not be possible to reduce poverty without observing the universal principles underlying all ADC interventions.

- The governments and the affected population within the partner countries set their own objectives and determine the speed and form of development processes. They have a right to choose their own development path.
- All measures must be integrated into the respective social environment. The consideration of special cultural aspects and the application of adapted technologies are indispensable.
- Equal opportunities for men and women are crucial.
- The special needs of children and of people with disabilities must be taken into account.

Two things will be necessary: A corresponding effort on the part of those countries affected by hunger and poverty and basic reforms on international level in order to design an equal, socially and economically balanced policy under the conditions of globalization. Moreover, the requirement of increased financial resources (Monterrey Declaration) as well as the assurance of sustainable development (Johannesburg action plan of implementation) and the enhancement of aid efficiency (Paris Declaration) is mentioned in the framework of the Three-year programmes on Austrian de-

<sup>10</sup> Fighting Hunger – Food Security at the heart of Poverty Reduction (The European Commission’s Vision and Approach, October 2001)

<sup>11</sup> ADC’s objectives and principles are defined in the Development Cooperation Act (EZA-Gesetz), which was agreed upon in 2002 and amended in 2003.



velopment policy. Besides more quantitative services and improved coordination on international level, two further determinants are vital for successes in poverty reduction. This concerns the quality and precise objectives of national strategies and the representativeness and consistency of local development plans.

In accordance with DAC guidelines, the Three-year programmes contain the following points regarding the field of poverty reduction:

- Preference is given to least developed countries as partner countries.
- Within these countries priority is given to especially marginalised regions, provinces and districts.
- Decentralization processes in the partner countries endeavour to increase emphasis on participation in decision-making, ownership and related to these also adapted forms of self-help by poor population groups at local level. At this interface also opportunities occur for direct articulation and thus due consideration of the subjective respectively endogenous perspectives of poverty.
- Priority will be given to those thematic fields (sectors) in which measures capable of bringing immediate impact for the poor are possible.
- Preferentially support will be given to the most disadvantaged population groups, and especially to women and children.

### 3.3 Implementation status

The fundamental objectives of poverty reduction and the resulting measures have so far been only inadequately reflected within international development cooperation programmes. This is partially due to the predominance of the project approach. Interventions have often been attributed with a contribution to poverty reduction in an indifferent manner, while the proof of actual improvements of the livelihood conditions of the target group was not supplied. Even the specific contribution to the achievement of the MDGs was frequently not sufficiently documented.

Lessons have been learned from these shortfalls. In the framework of future programming processes the following improvements are foreseen: Transparency will be increased and the intervention logic as integral part of all programmes should be sufficiently concretised. Monitoring procedures have to take due account of result-orientation. Adjustments of formats will also be required, together with more efficient steering process and increased utilization of modern forms of cooperation (such as SWAPs and budget support) according to the principle of complementarity.

In the framework of country and regional programming it is intended to derive the Austrian contribution in complementarity with the international development cooperation from national PRSPs and relevant sector strategies. This documentation will be complemented by a presentation of the concrete poverty relevance of the particular intervention areas of ADC as well as their justification and assessment.

In the framework of sector and thematic papers a differentiation according to target groups or beneficiaries is intended, if possible with reference to their concrete livelihood conditions and to the specific contribution to the achievement of the MDGs.

In future more emphasis will be given to the elaboration and dissemination of various manuals and tools, such as quality criteria, checklists, thematic and methodological concepts etc. They will facilitate the assessment of the poverty relevance of the ADC's strategies and measures. They will also assist in the elaboration of tender documents and the preparation of basic information for monitoring and evaluation.

Already existing regulative frameworks – for instance, poverty markers for statistical purposes not only for DAC but also for ADC – must be optimised. Systematic assessments of root causes of poverty through direct involvement of the people concerned will improve effectiveness as well as result measurement.

**Identified deficits in the past**

**Systematic consideration and optimisation of processes**

**Increased consideration of poverty reduction**



The DAC peer review of ADC in 2004<sup>12</sup> has welcomed the principally political commitment towards poverty reduction. However, it was recommended to improve the integration of this objective within the processes of programming, implementation and monitoring.

The results of the *Peer Review* as well as its recommendations are being taken into account, among other things, by these guidelines. Moreover, it is indispensable that the political commitment is also reflected in further poverty-related policies and strategies and in operationalisation.

### 3.4 Mainstreaming and programmatic integration

**Mainstreaming refers to comprehensive integration of poverty reduction**

The DAC Guidelines<sup>13</sup> provide clear guidance for the international development cooperation with respect to comprehensive integration of poverty reduction. According to this definition, "mainstreaming" means that this objective must be taken into account within all activities and processes (strategy formulation, planning, decision-making, implementation, monitoring and evaluation) and at all levels of the organisation.

The following measures are therefore required:

- Clear and binding guidance (guidelines, strategies) and the willingness to bring about institutional changes (ensuring resources and capacities) from the side of the management;
- Good preparation of information concerning the phenomenon of poverty (including causes, incidence, implications etc.) as well as the documentation, analysis and utilisation of poverty-relevant data to guide decision-making;
- Continuous revisions of guidelines and strategies as well as country and regional strategies (Execution and consideration of poverty analyses, preparation of data and presentation of expected/estimated contributions to poverty reduction and the MDGs);
- Gradual optimisation of work plans and processes in the framework of planning, control, approval and finance management (Ensuring consistent control and assessment of poverty relevance in the framework of project cycle management of all bilateral and multilateral ADC interventions);
- Consideration of structural changes during the transition from project to programme- and budget support (Taking due account of the poverty relevance in the framework of formats and processes as well as strengthening of capacities and enhanced utilization of multidisciplinary teams).
- Capacity development and follow-up of thematic networking in the framework of relevant forums on international level as well as in Austria, including public relations (instruction and training of employees as well as organisation of workshops concerning theoretical and practical questions of poverty reduction). In this context, the ADC priority concerning the consideration of endogenous perspectives of poverty should be referred to and coherence in Austria should be ensured.

### 3.5 Types of action and levels of intervention

**As a first step is it necessary to address the root causes of poverty**

Long years of practical experiences in development cooperation have led to the identification of intervention areas, which are particularly effective for poverty reduction. The challenge is a multi-layered one: Development cooperation must take all dimensions of poverty into due account. Besides providing tangible support, sustainability requires that the people affected must be assisted in accomplishing their own objectives and to increase their own contributions. They must be empowered to

<sup>12</sup> DAC Peer Review Austria, Development Assistance Committee, OECD 2004, Volume 5, No. 4

<sup>13</sup> DAC Guidelines on Poverty Reduction, OECD 2001

take control of their livelihoods in social, economic and political aspects. As a first step it is necessary to address the root causes of poverty.

For ADC, self-responsibility and real partaking of all population groups are equally important with economic growth and equal distribution of benefits and livelihood chances. These factors make the preferences and potentials of the respective target group into decisive criteria. This is why it is so important to strengthen capacities in the partner countries in a comprehensive manner. This applies both to the actors themselves as well as to the structures and institutions on local, regional and national level. Without the empowerment of the weakest groups in a society, all efforts towards poverty reduction will remain fruitless.

From this background, measures in the following areas are of primary importance:

- Ensuring basic livelihoods: Creation/protection of access to natural resources (land, water, biomass etc.) as well as of tenure and rights of use in order to guarantee food and income.
- Social services: Creation/assurance of access to and equal utilization of health facilities and -care as well as schools and formal or informal education.
- Economic services: Creation/assurance of access to capital, extension, information, basic infrastructure and markets as well as equal access to opportunities in order to generate income or benefit<sup>14</sup>.
- Political and democratic framework conditions: Creation/protection of basic human rights, universal political rights and an efficient political system, subsidiarity and decentralization, capacity development and empowerment, comprehensive participation, active integration of disadvantaged groups according to their perceptions, reduction of regional and social disparities, utilization and promotion of social capital and local knowledge as well as facilitation of articulation possibilities from the side of the civil society.
- Measures for protection and risk minimization: Creation/assurance of protective measures against natural hazards, political crises, illness as well as economic, social and ecological problems.

#### **Types of action of ADC for poverty reduction**

Which types of action in which form are actually used depends on a detailed analysis of problems, potentials and stakeholders, which must be realised in cooperation with the partners concerned. As a rule, several of the above-mentioned components will have to be programmatically combined in order to achieve effective, transparent and sustainable results.

## **4. Coherence – Key to success**

### **4.1 Effectiveness through systematic synopsis**

Lack of coherence generally leads to ineffectiveness (failure to meet targets), inefficiency (waste of scarce resources) and a loss of credibility. A special organisational structure is required for the understanding of real, multidimensional problems, for the formulation of result-oriented concepts and for the accurate planning and implementation of solutions. It should enable the exchange of knowledge and complementary expertise.<sup>15</sup>

---

<sup>14</sup> In the framework of the promotion of entrepreneurship among poorer population groups the respective employment- as well as regional- and structural policy implications must always be taken into account.

<sup>15</sup> DAC Guidelines "Poverty Reduction", OECD 2001



The increasing globalisation and the resulting complexity of interrelations pose an ever bigger challenge to development cooperation with respect to the demand for coherence. A whole range of factors act simultaneously, though with various consequences for developing countries: national and local problems (weak state, poverty and malnutrition, debt, political crises etc.), international trade liberalisation (WTO) as well as ecological risks (climate change).<sup>16</sup>

The coherence requirement is thus of huge importance, since when insufficiently taken into account not only wrong priorities may be chosen and contradictions created, but moreover negative incentives and de-motivation can result. Conversely, coherent policy measures form the basis of a considerable increase in the effectiveness of efforts towards poverty reduction.

## 4.2 ADC and other policy fields

ADC is required to take the principles of coherence and coordination into due account. Both on international level as well as in Austria ADC must ensure the comprehensive integration of the principles of poverty reduction within the various policy fields: Aspects of coherence are dealt with in the framework of the "inter-ministerial working group" under the leadership of the responsible department of the Federal Ministry for European and International Affairs. The respective achievements are documented as "reference cases" (Good Practice Example) within the ADC annual report.

## 4.3 Programmatic code of conduct

### Seven perceptions of coherence

ADC differentiates seven fundamental perspectives concerning coherence creation, which are to be kept in mind both in the framework of programming as well as during operationalisation. The fulfilment of these principles is considered as obligatory for all development policy relevant political fields, whereby the Ministry of Foreign Affairs is responsible for corresponding monitoring.

#### ■ Coherence between endogenous and external perceptions of poverty

Until today development cooperation measures are strongly determined by the external view of poverty and development problems. However, this perception is usually quite different from the observation of the people concerned. What is their perception of the problem? What do they want to achieve? Which strategies do they themselves regard as successful? In development cooperation, the lack of coherence between endogenous and external perceptions is often accompanied by an inadequate correlation between exogenous and endogenous solution strategies.

#### ■ Coherence in the consideration of micro-, meso- and macro-levels

Poverty is determined by situations and events that occur on three different levels: on the individual and family level, on the community level and finally on the national and international community level. These levels are often determining each other and are mutually influencing. Every policy conception and planning process must therefore take these interrelations into account.

#### ■ Coherence of policy fields in recipient countries

Different interests and even competition between political decision-makers and their jurisdictions can lead to divergent strategic concepts in politics, especially at the level of line ministries. If cooperation is not properly coordinated, discrepancies between the objectives of growth and equal distribution of livelihood chances on the one side and between rapid modernisation and the protection against possible nega-

<sup>16</sup>[www.bmf.gv.at/IntFinanzinstitutionen/StrategischeLinie/IFlend\\_deutsch\\_web071005.pdf](http://www.bmf.gv.at/IntFinanzinstitutionen/StrategischeLinie/IFlend_deutsch_web071005.pdf)

tive consequences of globalization on the other side can increase. This is always accompanied by the competition for scarce budgetary resources.

#### ■ Coherence of plans on national and local level

It is often evident that different perceptions concerning the elaboration, financing and implementation of concrete development strategies exist at local level and at national level. These disparities can be identified and – ideally – compensated, if the affected population groups are included from the beginning in the planning and implementation of measures. Their development priorities and plans must be taken into consideration within the framework of overall national concepts and strategies.

#### ■ Coherence of the donor programmes

In the past, measures and interventions of the international community have been fragmented. This unfortunate situation has been remedied by revising the development agenda in accordance with a series of agreements at the level of the UN, the OECD, the EU and the G8. More specifically, more attention was given to *scaling-up*<sup>17</sup> and to *aid effectiveness*. It was agreed to increase the flow of financial assistance (primarily in the form of budget support) and to strengthen the principles of the Paris Declaration (as framework for a new, global and more harmonised development cooperation). The main objective is to achieve increased ownership and coherence.

#### ■ Coherence of the policy fields in Austria

One of ADC's statutory tasks is to assess the policy fields of other departments, which have an impact on developing countries, with regard to their development policy coherence. To be truly effective, this assessment must be carried out in the planning phase and especially during operationalisation. In the framework of trade, agriculture, environment, economic, education, research and migration policies divergent objectives are common. As a result, certain activities may run contrary to the poverty reduction strategies of recipient countries or to the interests of poor population groups. An example of this would be tied food aid from Austria instead of local acquisition. In following-up the normative task, such measures must always be strictly scrutinized and adapted to the best possible extent.

In this regard, ADC recommends that both public institutions as well as private commercial companies should adopt the voluntary ethical principle of “*Do no harm*” in the context of their cooperation with developing countries.<sup>18</sup>

#### ■ Coherence in the continuum between humanitarian aid and development cooperation

The interfaces between different areas of international cooperation require special attention as they sometimes suffer from lack of coherence. For instance, the activities of humanitarian aid and development cooperation are frequently not sufficiently harmonized with each other. Too little, but also too much support, in the first mentioned area can hinder the establishment of a sustainable development perspective. Equally, negative consequences can be expected from a slow reaction to a catastrophe or an inadequate interest in long-term engagements. The point of transition from emergency relief to the stabilisation and improvement of livelihood conditions is highly sensitive. A decisive criterion is that the affected people move away from their status as victims and become masters of their own future.

---

<sup>17</sup> Scaling-up: see Glossary

<sup>18</sup> In this sense, the principles of the Paris Declaration apply to the entire ODA and not only to ADC.



## 5. Implementation, monitoring and evaluation

### Verification of progress and successes, identification of adverse developments

Quality assurance, monitoring, control and evaluation have long been standard components of ADC project and programme cycle management. Projects and programmes have to be continuously assessed concerning their concrete results and effectiveness in order to verify progress and successes of interventions, to identify adverse developments at an early stage, and to be able to make use of specific findings in the future. In this respect it has to be kept in mind that in the framework of poverty reduction there are neither *best practices* (ideal cases) nor “everlasting truths”. One is generally confronted with particular problem situations, the potentials of the people concerned and specific approaches for solving the problem.

### Assessments through indicators and representative data

Measurement methods based on quantitative and qualitative indicators, which are presented within *logical frameworks*, are indispensable for evaluation and monitoring. Detailed and significant information is required for each planning process in development cooperation. However, the data situation is often insufficient. This means that the joint efforts during the last years to collect, analyse and utilize information in the respective intervention areas must be continued in a coordinated manner and with the involvement of as many partners (governments/donors/NGOs/science) as possible. Last but not least this will increase the credibility of indicator measurement within the framework of the “harmonization and alignment” process.

### Systematic research of changes in livelihood conditions

Monitoring and evaluation in the framework of ADC therefore include not only an assessment of the tangible execution of policies, programmes and projects objectives, but also the collection and documentation of changes in actual livelihood situations. The initial or revised plan is thereby used as reference. Several aspects must be taken into account: improvements and progress in the livelihood conditions of the people directly affected as well as any possible negative impacts on individuals of regions not originally defined as target groups or region.

### Continuous monitoring and evaluation

At regular intervals, ADC will elaborate a concise poverty report concerning each priority country (and if necessary all regions)<sup>19</sup>, which will present the main programmatic changes or results that have happened in the meantime. At the same time, this documentation forms a crucial element in the framework of a continuous process reprogramming. Surveys and reports in the framework of this process will be oriented on the basic elements of the Ex-ante Poverty Impact Assessments in accordance with the criteria of the DAC.<sup>20</sup>

According to the recommendations of the DAC, these guidelines on poverty reduction will be scrutinized at regular intervals and compared with the operational reality of ADC as well as with other developments within international donor coordination and harmonization.

---

<sup>19</sup> This presentation should refer to the follow-up of the programme in the sense of operationalisation and not contain more than three to five pages.

<sup>20</sup> DAC Network on Poverty Reduction – A Practical Guide to Ex Ante Poverty Impact Assessment (PIA), DCD/DAC/POVNET/A(2006)/RD1.

## Appendix 1: Glossary

**Poverty:** In the field of development cooperation, this term is associated with very different perceptions and quite divergent concepts are derived from it. Basically one can distinguish between the **resources approach** (with the criteria of subsistence, i.e. the capability of an individual or group to sustain him- or herself) and the **livelihood approach** (whereby the resource approach is extended by dimensions such as livelihood chances, milieu conditions, social networks, participation in decision-making, legal discrimination and self-determination amongst others). For ADC this second approach is of importance, even though the process of collecting, processing and utilizing the necessary quantitative and qualitative data can be laborious and difficult to put into practice.

**Absolute poverty:** The people concerned normally live below subsistence level, which is usually defined at a national level. Being absolutely poor refers to those people who lack the resources to satisfy elementary basic needs and to lead a life in human dignity. Although both material and immaterial aspects are addressed by this definition, the monetary perspective generally dominates, i.e. usually the internationally agreed poverty line (in the least developed countries approximately 1 US\$, in others 2 US\$ per day). While this concept offers a good option for international comparison – last but not least regarding the achievements of the MDGs – the stipulation of average monetary values (based for example on an equal distribution, e.g. within a household) leads to a distortion in the calculation of average packages of goods and services. Thus, the concrete livelihood conditions of poor population groups are often ignored.

**Material poverty** refers above all to the scarcity of goods which are necessary for physical survival – including food, clothes, shelter, clean water etc. – while **immaterial poverty** integrates social, ethnic, religious, cultural and political aspects, without which a dignified human life is not possible. Other factors include participation in a country's political and social life, educational opportunities, human rights and equal opportunities between men and women amongst others.

**Relative poverty:** This term compares the livelihood standards of population groups within a given country and thus refers primarily to the social inequalities within a community. A common procedure is to compare the income or wealth of the poorest fifth of the population with that of the richest fifth (*income quintile*). The concept of relative poverty is decisive within the framework of ADC for several reasons: Apart from being ethically and socially dubious, inequality also represents a serious impediment to growth and counteracts a multitude of international development cooperation measures. Moreover, the socioeconomic duality that exists in many countries between a traditional (poor) sector and a modern (wealthy) sector is a major obstacle to participate in possible benefits of the globalisation.

Poverty can be a temporary, but also a long-term phenomenon: **Potential poverty** (risk of poverty) affects also people who are currently living above the poverty line, but who could be significantly distressed at any time by unforeseeable events (such as illness of a family member or dowry obligations). In contrary, the term **transitory poverty** is used, which can occur at specific times (for instance shortly before harvest) or be caused by surmountable emergency situations. Although in these cases the livelihood standard can be stabilised again over the medium to long-term, livelihood conditions remain permanently below the subsistence minimum in the case of **chronic poverty**. This term is related to the common catchphrase, "the poorest of the poor", which applies to people who live in **extreme poverty**, who are chronically



undernourished and/or malnourished as well as often marginalized or socially excluded.

**Empowerment** refers to a process that enables people to exercise ever stronger influence and control over decisions, resources, rights, policies and processes that determine their lives. In concrete terms, empowerment refers to the augmentation of the control and influence of the disadvantaged over their own livelihood conditions. This may be done, for instance, by providing extension services, education, training, but also through legal protection and by facilitating the establishment of common organisational structures. Without empowerment, the success of development programmes cannot be sustainable.

**Coherence:** In order to achieve the MDGs, greater coherence in five different dimensions is being promoted at EU and OECD levels<sup>21</sup>:

*Internal coherence:* This means more consistency for the internal policy objectives and planning instruments of development cooperation. *Intra-government coherence:* This aims at consistency of national policy fields with the objectives of development cooperation. *Inter-government coherence:* The consistency between the policies of different OECD countries is aimed for. *Multilateral coherence:* A higher level of consistency between bilateral and multilateral policies should be achieved. *Donor-recipient coherence:* Recipient states are requested to harmonise the divergent interests of donors in accordance with their national poverty reduction strategy.

**Ownership:** Development cooperation should be arranged so that the people concerned are responsible for a measure or a project through active and responsible participation. Ownership is therefore always linked with participation and – within a particular country – with decentralization. It is a matter of bringing the power of decision-making within a society right down to the level of individual members of the civil society. Ownership goes hand-in-hand with empowerment, so that people and institutions can participate in development processes in their own responsibility.

**Scaling-up** refers to the expansion of positive (project) impacts from a small area of influence (e.g. a pilot region) to a larger scale. This process can refer to rural/agricultural projects, but also to all other areas of development cooperation too.

Successful scaling-up results in a greater number of people achieving quicker and better benefits from project impacts. It can be either designed as horizontal scaling-up (regional distribution of impacts) or vertical scaling-up (distribution of impacts to other users or population groups). Four types of scaling-up are distinguished in literature: quantitative (growth in the classic sense), functional (growth through complementary activities), political (co-determination of framework conditions, of legislation etc.) and organisational (expansion of strength through effectiveness, adjustment of management and administration, diversification of financial donors etc.).

---

<sup>21</sup> European Centre for Development Policy Management (ECDPM) and Instituto Complutense de Estudios Internacionales (ICEI), Maastricht and Madrid (2005), EU mechanisms that promote policy coherence for development. Scoping study, P. 20

## Appendix 2: Sources and further readings

*Austrian Federal Ministry of Finance (FMF): Strategic Guide for International Finance Institutions, FMF 2005*

*BMZ: Kopenhagen+5: Materialien zur Nachfolgekonferenz des Weltsozialgipfels von 1995, 6.1. Neuere Akzente der Armutsbekämpfung.*

*Chronic Poverty Research Centre (CPRC): The Chronic Poverty Report 2004–05, University of Manchester*

*Office for Development and Cooperation (DEZA): Armut – Wohlstand, eine Orientierungs-, Lern- und Arbeitshilfe zur Armutsbekämpfung, DEZA 2000*

*Institute of Social Studies Advisory Service (ISSAS): Poverty in Sub-Saharan Africa. What can we learn from the World Bank's Poverty Assessments?, The Hague 1997*

*International Institute for Environment and Development (IIED): How to make poverty history? The central role of local organizations in meeting the MDGs, edited by Tom Bigg & David Satterthwaite, 2005*

*Klasen, S.: Economic Growth and Poverty Reduction: Measurement and Policy Issues, Paper prepared for POVNET for the Work Program on Pro Poor Growth, University of Gottingen, Final draft, February 2005*

*Millennium Project – Report to the UN Secretary-General: Investing in Development. A Practical Plan to achieve the Millennium Development Goals, UNDP 2005*

*Mistiaen, J.A. and E.V. Swanson: Measuring and Monitoring Poverty for the MDGs: Overview of the Approach, Data and Challenges, Washington, World Bank 2004.*

*Mozammel, M., Odugbemi, S.: With the Support of Multitudes, Using Strategic Communication to fight Poverty through PRSPs, Washington 2005*

*Österreichische Forschungsstiftung für internationale Entwicklung (ÖFSE): Hoffnungsträger PRSP – Eine Bilanz der ersten Jahre, ÖFSE 2006*

*Organisation for Economic Co-operation and Development (OECD): DAC Guidelines on Poverty Reduction, OECD 2001.*

*Organisation for Economic Co-operation and Development (OECD) – DAC Network on Poverty Reduction: Harmonizing ex ante poverty impact assessment, Draft Report by the PIA Cross Cutting Team, 7–8 February 2006*

*Organisation for Economic Co-operation and Development (OECD): DAC Peer Review Austria, OECD 2004*

*Organisation for Economic Co-operation and Development (OECD): Policy Guidance on Promoting Pro-poor growth, draft report, OECD March 2006*

*Overseas Development Institute (ODI): Progress Reviews and Performance Assessment in Poverty-Reduction Strategies and Budget Support. A state of current thinking and practice, May 2005*



*Oxfam International: Paying the Price. Why rich countries must invest now in a war on poverty, Oxfam International 2005*

*Poverty reduction: Dutch policy in brief, Ministerie van Buitenlandse Zaken – Ontwikkelingssamenwerking 2001*

*Ravallion, M.: Growth, inequality, and poverty: Looking beyond averages. World Development, Vol. 29(11), 2001*

*Sachs, Jeffrey: The End of Poverty, Economic Possibilities for our time, New York 2005*

*Trocaire: More than a Numbers Game? Ensuring that the Millennium Development Goals address Structural Injustice, April 2005*

*United Nations: The Millennium Development Goals Report 2005, New York 2005*

*United Nations Development Programme (UNDP): Overcoming Human Poverty, Poverty Report 2000, New York 2000*

*United Nations Development Programme, International Poverty Centre: A Dollar a day. How much does it say? In Focus, September 2004*

*Verband Entwicklungspolitik Deutscher Nichtregierungsorganisationen (VENRO): Wie kommen die Armen zu ihren Rechten? Armutsbekämpfung und Menschenrechte, 2015 im Gespräch No. 7, Bonn und Berlin 2004*

*Verband Entwicklungspolitik Deutscher Nichtregierungsorganisationen (VENRO): Armutsbekämpfung und Krisenprävention, wie lässt sich Armutsbekämpfung konflikt sensitiv gestalten? 2015 im Gespräch No. 6, Bonn und Berlin 2004*

*World Bank: The World Bank's Strategy for Reducing Poverty and Hunger. A Report to the Development Community. Environmentally Sustainable Development Studies and Monographs Series No. 4, 1995*

*World Bank: Attacking Poverty. World Development Report 2000/2001, The World Bank 2000*

*World Bank Operations Evaluation Department: Poverty Reduction in the 1990s. An Evaluation of Strategy and Performance, The World Bank 2000*

*World Bank: A Sourcebook for Poverty Reduction Strategies (2 Volumes), The World Bank 2002*

*World Bank: Pro-Poor Growth in the 1990s. Lessons and Insights from 14 Countries, Operationalizing Pro-Poor Growth Research Program, Washington 2005*

*World Bank: "Equity and Development", World Development Report 2006*