

Policies and Strategies for Poverty Reduction in Norwegian Development Aid

A Review

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Acronyms and abbreviations

BIDS	Bangladesh Institute of Development Studies
CGIAR	Consultative Group on International Agricultural Research
DAC	Development Assistance Committee of the OECD
ERP	Economic Recovery Programme
FAO	Food and Agricultural Organisation
GEF	Global Environmental Facility
GNI	Gross National Income
GNP	Gross National Product
IBRD	International Bank of Reconstruction and Development
IDA	International Development Agency
IMF	International Monetary Fund
IRDP	Integrated Rural Development Programme
IRWP	Intensive Rural Works Programme (Bangladesh)
LCG	Local Consultative Group
LMC	Like-Minded Countries
MFA	Ministry of Foreign Affairs
MoU	Memorandum of Understanding
NGO	Non-governmental Organisation
NOK	Norwegian Kroner
NORAD	Norwegian Agency for Development Cooperation
NOU	Norges Offentlige Utredninger (Official Norwegian Report)
NVS	Norwegian Volunteer Service
ODI	Overseas Development Institute (London)
OECD	Organisation for Economic Co-operation and Development
PEDP	Primary Education Development Programme (Bangladesh)
PRIDE	Promotion of Rural Initiatives and Development Enterprises (Tanzania)
RESP	Rural Employment Sector Programme (formerly the IRWP)
SAP	Structural Adjustment Programme
SEDP	Small Enterprise Development Project (Bangladesh)
SDA	Social Dimensions of Adjustment
SPA	Special Programme of Assistance for Africa
UNDP	United Nations Development Programme
UNFPA	United Nations Fund for Population Activities
UNHCR	United Nations High Commissioner for Refugees
WFP	World Food Programme
WHO	World Health Organisation

Foreword

This report provides an overview of policies and strategies for poverty reduction in Norwegian development aid. It is fully recognised, however, that “poverty reduction” represents a large issue which depends on a number of social, economic, political and cultural conditions, and that requires a broad set of policy interventions by national authorities, well beyond the impact of development aid. While poverty has been reduced in a number of countries over the last decades, it has also proven extremely resilient even in middle and high-income countries.

The first part examines Norway’s poverty reduction goals, conceptions and approaches, as reflected in policy documents and by aid policy officials. The second part discusses the management of Norwegian development assistance for poverty reduction, especially related to “mainstreaming” and operationalisation. The final part offers a review of how Norway interprets and implements its overall poverty reduction objective in two of Norway’s long-standing priority countries, Bangladesh and Tanzania.

The report studies the Ministry of Foreign Affairs (MFA) and NORAD. MFA has the overall responsibility for foreign policy, including aid-related relations between Norway and developing countries and between Norway and international organisations. The Ministry handles directly all aid through multilateral organisations, as well as all humanitarian assistance. The Norwegian Agency for Development Cooperation (NORAD) is subordinate to the Ministry of Foreign Affairs and the executive body of Norway’s bilateral development co-operation. “Norway” in this report refers to both these institutions.

This study has been formally commissioned by the Policy Planning and Evaluation Staff in the Norwegian Ministry of Foreign Affairs. The report is based on a paper first submitted in November 1998 to the Overseas Development Institute (ODI) in London. ODI coordinates a major study for the Poverty Reduction Network of OECD’s Development Assistance Committee (DAC). This informal network of donor agencies concerned with poverty reduction commissioned ODI to put together an overview of how donors approach and view poverty reduction; how they manage and operationalise poverty reduction goals; and how they monitor and evaluate it.

ODI commissioned a review of each of the DAC member countries as well as of major multilateral agencies. Each of these reviews were compiled and written based on guidelines provided in a Case Study Handbook. They were discussed at a workshop in London in December 1998. A synthesis report will be prepared and submitted to DAC in February/March 1999. The report will provide recommendations for further actions by DAC in assisting members in their development of policies and strategies for poverty reduction in development assistance.

The preparation of the current report has benefited from discussion at the London workshop, and from numerous comments received from colleagues at CMI, and from the Ministry of Foreign Affairs and NORAD. A previous draft was presented at seminars in January 1999 in the Ministry as well as in NORAD. We are especially pleased to have received comments also from the Minister of International Development and Human Rights. The authors nevertheless remain responsible for flaws and omissions, and for the views expressed.

Executive summary

This paper provides an overview of Norwegian policies and strategies for poverty reduction. It assesses Norway's development aid policy in light of the renewed international donor emphasis on poverty and the ambition of assisting in reducing the number of people living in extreme poverty by 50% by the year 2015.

Poverty reduction has remained an overarching goal for Norwegian aid, but this goal has been modified by a number of other development objectives such as the promotion of human rights and democracy, good governance and institution building, gender and environmental concerns. Norwegian policy documents argue that the pursuance of these and other objectives will (most often) have an either direct or indirect positive impact on poverty reduction. One might, however, as well argue that poverty reduction is now one out of five overarching objectives.

Norway may have no specific and articulated strategy for poverty reduction in its development aid, but this report argues that Norway nevertheless has an underlying model or approach. There is a fairly broad consensus that multi-pronged interventions are required; that the role of the state and public policy is crucial; and that framework and enabling conditions are critical for poverty reduction.

It should be fully realised, however, that poverty reduction is a large issue, which requires a broad set of policy interventions by national authorities, far beyond the impact of development aid.

The specific Norwegian policies and strategies have changed over time, but support to the poorest countries, social sectors and rural development in a few prioritised countries have remained fairly constant features. At times, particular during the "basic needs" period in the late 1970s and 1980s, more emphasis has been placed on targeted interventions to reach poor communities and/or poor geographical regions. In recent years, the Norwegian emphasis has been on "recipient responsibility" and local "ownership" and with a focus on institutional development and donor co-ordination as important instruments. There has also been an increasing emphasis in the latter half of the 1990s on spending on social sectors and with a priority to provision of basic social services, which is assumed to have a stronger direct impact on poverty reduction.

This report summarises nine main policy elements in the Norwegian approach to poverty reduction, and

concludes that Norway has adopted a basic social democratic model in its approach, modified by a Christian/social liberal model for direct targeting, and influenced by feminist and NGO activist approaches.

Promotion of poverty reduction through multilateral institutions has become particularly important for Norway in the past decade. Norway has allocated financial aid to UN agencies that are considered to have a poverty focus, and to the development banks, and has made efforts to assist these institutions to become even more poverty focused in their operations. In recent years Norway has had a strong profile in following up the 20/20 initiative and in calling for increased allocations to basic social services.

However, this report argues that the poverty reduction policies and strategies in Norwegian development aid may benefit from a further sharpening and that lessons may be learned from the current international policy debates.

Poverty reduction strategies will have to move beyond increasing allocations to social services or to the poorest countries. A main challenge is how to promote poverty reduction within other areas; in the support to sectors such as economic activities, infrastructure and public sector management, or within the framework of policy dialogues and donor co-ordination.

Any efforts to introduce a more focused poverty reduction profile poses a number of challenges for Norwegian development aid. This relates to the often difficult dilemmas and trade-offs which any aid agency pursuing a multiplicity of objectives are faced with. They are reinforced through the policy dialogue with aid recipients, and especially with a commitment to donor co-ordination and recipient ownership.

The report identifies several issues which must be addressed if poverty reduction are to be further sharpened and mainstreamed in Norway's development aid. This includes operational guidelines for improved poverty focus in all sectors and interventions; increased poverty awareness among staff; assistance to operational personnel in improving planning and implementation of poverty reduction interventions; and more attention to monitoring of poverty reduction performance and the effectiveness of interventions. A strong message and commitment from the top management and political leaders are important to encourage and develop skills and attitudes throughout the organisation.

The report underlines the need to strengthen the poverty analysis, awareness and policy making at the country level, as much as in the headquarters in Oslo.

The final part of this report reviews how Norway's interprets and operationalises its overall development objective of poverty reduction in Bangladesh and Tanzania. The approach towards poverty issue in these two countries is very different, even though there are parallel features. In both countries Norway practices its policy of promoting greater recipient responsibility. This includes efforts to strengthen institutions playing an important role in contributing to poverty reduction. In Tanzania the main and overall emphasis is on eco-

nomic recovery and institutional improvement, while in Bangladesh the overall emphasis is on enabling their national institutions to provide basic services.

In both countries Norway also supports non-governmental organisations which are involved in empowering weak and underprivileged groups.

The productive sectors seem to be the most problematic sector in both countries in terms of contributing to poverty reduction. It has not been easy to identify ways and means to promote "pro-poor" economic growth and production.

1: Norway's poverty reduction goals, conceptions and approaches

There has been a growing commitment to poverty reduction in international policy statements on official development assistance over the past few years. Following the 1995 Social Summit, the Development Assistance Committee of the OECD has committed itself to assist in reducing the number of people living in extreme poverty by 50 % by the year 2015.¹ Most development aid donors and agencies have adopted this goal. The great majority has made "poverty reduction" either an overarching goal, or a priority goal alongside other goals. The World Bank has shaped much of this policy and strategy debate, especially related to poverty reduction policies in Sub-Saharan Africa, following its 1990 World Development Report and subsequent reports and studies. UNDP has equally made poverty reduction through a sustainable human development its primary focus, and produces the annual Human Development Reports.

The new concern with poverty should not, however, lead us to conclude that poverty reduction is a new theme in official development assistance. Poverty reduction has always been a central objective for aid, and in many agencies it has a long tradition as a formal priority goal. The emphasis on "basic needs" emerging in the late 1970s is an example of a strong poverty concern in an earlier period. The continuity with previous aid policies is often forgotten in the current debate. The current focus is also sometimes pure rhetorical with politicians and aid officials jumping on a new catchword to justify traditional aid policies and strategies.

The Norwegian emphasis on poverty and poverty reduction in the South has at one level remained fairly constant throughout the last 30-40 years. Reduction of poverty has always been seen as an overarching goal and *raison d'être* for official development assistance. Meanwhile, other development objectives have been formulated, such as general economic development and nation-building, promoting women and gender equity, better protection of the environment and management of natural resources, and more recently promoting democracy, human rights and peaceful settlement of conflicts. As we will discuss below, these objectives are promoted as ends by themselves, but they have also – at least partially or indirectly – been

seen as contributing to the overall objective of poverty reduction.

However, Norway has never had any clearly articulated operational approach to this overall objective. Rather, it has pursued poverty reduction through a number of more specific objectives and operational guidelines, which – it is assumed – will contribute to poverty reduction. These approaches and specific policies have changed over the years, but support to social sectors and rural development in a few prioritised countries selected among the group of least developed countries have remained fairly constant features. At times, emphasis was also placed on more targeted interventions to reach poor communities and/or poor geographical regions within poor countries. This was the case particular during the heydays of "basic needs" and the first wave of support for non-governmental organisations in the late 1970s and 1980s, when there was a widespread critique of economic growth models as well as lack of confidence in Government institutions. During the 1990s the Norwegian approach has again tended to emphasise a systemic approach to poverty reduction with a focus on recipient commitment to poverty reduction and development. In recent years this has led to a particular strong emphasis on Government policies, "recipient responsibility" and "ownership", and a focus on institutional development as the best way of pursuing overall goals and objectives.

It must also be emphasised that the "multilateral channel" has remained a particular important avenue for promoting Norwegian development aid objectives. This is based on Norway's position in international politics. As a small country, Norway's general policy is to strengthen the multilateral system. It seeks to play an active role in governing bodies of many institutions, and it uses earmarked funding to pursue a number of priority issues. Currently about 44 per cent of all Norwegian development aid (including emergency aid and bilateral aid administered by multilateral organisations) is channelled through multilateral institutions. We shall see below that poverty reduction and social issues have been particular important areas for Norwegian policy related to the multilateral development aid system.

1. The DAC Statement aims at reducing extreme poverty, but refers to the World Bank assessment of some 1.3 billion people below the "1\$ a day" benchmark, and not to the most extreme poverty at consumption levels below \$275 per capita a year, estimated at around 630 million persons. This distinction does have implications for policy.

1.1 The role of poverty reduction in overall policy goals, aims and objectives

The development of aid policies has been formulated in special *Reports* to the Parliament (*Stortingsmeldinger*)², the annual report on development aid activities, in the annual budget proposal presented to Parliament in October, and in key speeches by development aid ministers.

Most recently, the newly appointed Minister of International Development and Human Rights has given a renewed emphasis on poverty reduction. In her first major Statement to Parliament (the *Storting*) on development cooperation policy in May 1998 she said that:

“We must organize the whole of our development policy in such a way that it actually does benefit the poorest people and the poorest countries. We must not just say it. We must not just want to do it. We must do it. (...) The poverty criterion will be made a major consideration in the choice of countries, sectors, target groups and channels for assistance.”³

As her predecessors, however, the present Minister also underlines other parallel objectives for Norway's aid programme, as discussed below. Norway has nevertheless committed itself to the OECD/DAC goal of assisting in achieving a reduction by fifty percent of those living in extreme poverty by the year 2015.

The specific development aims and objectives have varied over the years, also in terms of how to contribute to poverty reduction. In 1962 it was simply stated that the objective was to promote economic, social and cultural development. 10 years later the *Report No. 29* (1971-72) added income distribution, and strongly emphasised that aid should be allocated to countries that promoted economic and social development. This Report, complemented by *Report No.94* (1974-75) which primarily discussed the broader economic relations, trade and New International Economic Order issues, remained the main reference document for Norwegian aid policies for almost 15 years. It is safe to say that the overall aid policies during this period were aiming at a combination of a welfare and economic growth with equity strategy, coupled with general support to nation building – with poverty reduction as the long-term objective.⁴

In the early 1980s, however, the policy environment was changing. The 1984 policy (*Report No. 36 – 1984-85*) which was prepared by a Centre-Right coalition government, emphasised that development assistance should maximise development efforts for the “poor sections” of the people and focus on a more targeted basic needs approach. It gave strong support to the role of non-governmental organisations. It also gave a greater opening for support to Norwegian commercial trade and investments in the developing world. This Report introduced a stronger emphasis on promotion of human rights, and confirmed the growing concern about women in development (mentioned already in Report No. 94) and environmental issues.

The next policy report (*Report No. 34 – 1986-87*) which was prepared by a Labour government as a supplement to the previous Report No.36, also adheres to the principle of basic needs as a way of reducing poverty, but places greater emphasis on macro-economic issues and the promotion of economic growth. At the same time it further reiterates the “new” issues as development objectives, in particular women in development and the environment, and lists five goals as particularly important:

- Responsible management of natural resources and the environment
- Economic growth
- Improved living conditions for the poorest population groups
- Safeguarding of human rights, and
- Promotion of peace between countries and regions

Only one out of five important goals is aiming directly at poverty reduction. Finding the balance and the interlinkages between these five goals remains an important issue at the overall policy level as well as in the practical implementation of development programmes.

Report No .51 (1991-92) was prepared after the release of the World Bank's influential three-pronged approach to poverty reduction based on broad-based growth, development of human resources, and social safety nets. The Norwegian report does re-emphasise that Norway's aid shall be primarily directed towards the poorest countries, and especially to the poorest sections within those countries. It reiterates that development assistance shall be used in such a way that “it

2. Since 1972 a total of six such reports have been presented by the government to the Norwegian Parliament (*Storting*), the most recent being Report No.19 (1995-96).

3. Minister of International Development and Human Rights Hilde Frafjord Johnson: “Statement to the Storting on development cooperation policy” 5 May 1998. (Official translation)

4. Olav Stokke has written extensively on Norway's aid policies and principles; see *inter alia* his article “The Determinants of Norwegian Aid Policy” in O.Stokke (ed) *Western Middle Powers and Global Poverty*. Uppsala: The Scandinavian Institute of African Studies, 1989 (pp.159-229) and his article “Mål, strategi og prinsipper for norsk bistand: Old bottles?” in O.Stokke (ed.) *Norsk nord-sør politikk: lever den opp til sitt rykte?*. Oslo: Norwegian Institute for International Affairs (Research report no.163)

leads to the greatest improvements for the poor section of the population (and) the poorest developing countries shall be given priority". The importance of domestic policies to reduce poverty is emphasised, and the principle of recipient-orientation is strongly articulated. The emphasis shall be on strengthening the economy of the developing countries and on improving their administrative, social and economic infrastructure. In addition this policy document strongly argues for a need to target efforts towards basic needs, strengthening sectors such as food production, health, education and employment, in order to ensure that development benefits the broad majority of the population.

However, this Report gave equally strong emphasis to the concept of sustainable development, coming in the wake of the "Brundtland Report"⁵ and just prior to the Rio Summit on environment and development in 1992. Many saw it as signalling a shift towards much stronger concentration on the environmental dimension. The Report nevertheless underlines a continuation of previous overall policy goals, and confirms the five central development objectives from the previous Report.

Report No.19 (1995-96) is the most recent comprehensive policy document on development aid presented to Parliament. It followed the submission of the report from the Government-appointed independent Commission on North-South and Aid Policies⁶. The Commission argued that poverty reduction in the South depended on a combination of a developmental state and an active civil society, a strong economic basis, human resources in terms of good health, education and nutrition, a responsible management of natural resources, a capacity for finding peaceful solutions to conflicts, and an enabling international framework.

The Government's Report reaffirms the previous governments' policies and principles, but argues more strongly for a focus on the internal framework conditions in developing countries which create or contribute towards maintaining poverty. Reducing poverty is seen as conditional upon both economic growth and social development and Norwegian aid shall therefore aim at promoting basic social services as well as private sector development. The Report underlines the importance of economic growth in the recipient coun-

try, but it also says that growth does not automatically lead to reduced poverty for weak groups. This will require more equitable distribution of employment and incomes between the various population groups. The development of a social safety net for the most vulnerable groups is mentioned as important in laying the foundations of practical policy. Norway will, according to this document, make efforts to promote this type of social distribution development through dialogue with authorities and an active policy towards the multilateral agencies, particularly the World Bank and the IMF.

Support to reduction of population growth, private sector development, economic reform programmes and debt relief for the poorest countries are considered to be basic premises for poverty reduction. Furthermore, this Report highlights the situation of particularly vulnerable groups such as children and the disabled. A specific connection is made with the fight against child labour, which is seen not just as promotion of human rights but also as linked to combating poverty.

Report No.19 was nevertheless seen by the opposition in Parliament and by many development activists as giving too strong emphasis on economic growth and in particular on efforts to promote Norwegian commercial interests, at the cost of support to the social sectors and a poverty focus. The Government claimed, however, that these objectives were mutually reinforcing. The majority in Parliament underlined that:

"The overarching objective for Norwegian development aid is to contribute to lasting improvements in the economic, social and political conditions for the population in developing countries, with special emphasis that the assistance should benefit the poorest".⁷ (Unofficial translation)

The majority in Parliament agreed with the Government and the Commission on North-South and Aid Policies that development aid has to be fully integrated within the overall "South policies" which includes international economy, trade and debt, as well as environment issues, democracy, human rights and peace. It then concluded that the five main goals for Norway's South policies should be reformulated:

- To combat poverty and contribute to lasting improvements in living conditions and quality of life, and thus promote greater social and economic development and justice nationally, regionally and globally
- To contribute to promotion of peace, democracy and human rights

5. World Commission on Environment and Development. *Our Common Future*. New York/ Oxford: Oxford University Press, 1987.

6. Nord-Sør/Bistandskomisjonen. *Norsk sør-politikk for en verden i endring*. Oslo: Norges Offentlige Utredninger (NOU 1995:5) Partially translated into English as: *Norwegian South Policy for a Changing World*. Oslo: Official Norwegian Report 1995:5 (Report submitted to the Ministry of Foreign Affairs)

7. Innst.S.nr.229 (1995-96) *Innstilling fra utenrikskomiteen om hovedtrekk i norsk politikk overfor utviklingslandene*. Oslo: Stortinget, 3 June 1996.

- To promote a responsible management and exploitation of the global environment and biological diversity
- To contribute to prevention and mitigation of human suffering related to conflict situations and natural disasters
- To contribute to promotion of equal rights and opportunities for men and women in all spheres of society⁸ (Unofficial translation)

Report No.19 and the following parliamentary debate in 1996 thus reiterated that poverty reduction is a major objective not only for development aid, but also for Norway's overall South policies. However, poverty reduction is still one of several main objectives, and the priorities and inter-linkages will remain both a political and practical issue.

Most recently, the *new Centrist coalition Government from October 1997* and its Minister of International Development and Human Rights have expressed an even greater emphasis on the overall aim of poverty reduction.⁹ The Minister confirms the targeting on Least Developed Countries and Africa in particular, and has increased the aid allocation to these countries. She has particularly singled out the (primary) education and (basic) health sectors as fundamental, and has announced a strong increase in the allocation to these sectors, together with an increased emphasis on private sector development. The importance of agricultural development and food security, which was not mentioned in the first policy statement in May 1998, has later been underlined in the budget proposal of October 1998 and in the instructions to NORAD on its 1999 allocations.¹⁰ This Government has reinforced its commitment to the 20/20 Initiative, to the international campaign against child labour, and has launched an international debt relief plan.

The recently announced strategy for support to economic growth in the South puts emphasis on the poorest countries, and underlines the interconnection

8. *ibid.*

9. See *inter alia* the following speeches by Hilde Frafjord Johnson, Minister of International Development and Human Rights: "Aid agencies and the fight against poverty: The contribution of the Norwegian Government" (Speech at Overseas Development Institute, London, 19 February 1998), "Statement to the Storting on development cooperation policy", 5 May 1998, and "Poverty alleviation, food security and human rights" (Speech at the Agricultural University of Norway, Ås, 8 September 1998).

10. See: *St prp nr 1 (1998-99) for budsjetterminen 1999. Utenriksdepartementet.* (The budget proposal for the Ministry of Foreign Affairs for 1999) Oslo: Ministry of Foreign Affairs, 1998, and "Statsbudsjettet 1999 – Tildelingsbrev nr. 1/99" Letter from the Minister of International Development and Human Rights to NORAD dated 12 January 1999 (Budget allocation for 1999).

between growth in the economic sectors and poverty reduction. According to the strategy, economic growth is crucial for generating income to finance public sector expenditures on health and education, and for generating employment and income opportunities on a sustainable basis especially for the underprivileged groups such as the rural poor and women.¹¹

This Government at the same time maintains and even strengthens the other objectives for Norway's South policies. The new Minister has Human Rights as part of her portfolio, and has stated that "the promotion of human rights will influence the Government's policy in all areas, and will be a guiding principle for our policy decisions"¹². Norwegian development aid shall give greater emphasis to human rights, democracy and good governance; to environment issues, in particular management of natural resources in the primary sectors and for alternative energy; and continue the efforts for gender equality as well as in the humanitarian sphere. Special issues of high political priority include child labour, land mines, and HIV/AIDS. The Government is committed to support peace processes where possible, and contributes to post-conflict reconstruction, rehabilitation and reconciliation.

In summary, policy documents and statements from the present as well as previous governments convey the consistent message that poverty reduction remains the overarching objective. However, at the same time the message tends to be modified by a number of other objectives. These range from support to economic growth and social services to democratic government and good governance, gender equality, conflict resolution and peace, and environmental concerns. One might therefore as well argue that poverty reduction is now one out of five over-arching objectives.

The present Government, as did previous governments, argues that these objectives are closely inter-linked. It is assumed that pursuance of an equitable economic growth; investments in health and education; promotion of democracy, human rights, good governance and civil society; gender equity; responsible management of natural resources and protection of the environment; and promotion of conflict resolution and peace, are all necessary conditions that will (in the long run) contribute to poverty reduction.

11. Utenriksdepartementet: *Strategi for støtte til næringsutvikling i Sør.* Oslo: Ministry of Foreign Affairs, 15 February 1999. (Strategy for support to the economic sectors in the South)

12. Minister of International Development and Human Rights Hilde Frafjord Johnson: "The Government's efforts to promote human rights" Statement to the Storting on Human Rights, 22 January 1998. (Official translation)

However, Norway will also allocate development aid and promote these objectives *per se*, where the linkage to poverty reduction is weak or non-existent. For instance, Norway supports the new administration in the Palestine territories (as a kind of “nation-building”), it supports gender awareness campaigns, reduction of industrial pollution, peace efforts, and many other activities because they are seen as promoting one of the main objectives for Norway’s South policies, without any necessary reference or assurance that this will eventually lead to poverty reduction.

In the world of *real-politik* the prioritisation between the poverty reduction objective and the other development objectives will therefore remain a political decision. The challenge for decision-makers and aid officials is to combine these objectives where possible. Another approach is to apply the so-called “do-no-harm” principle (developed for use in humanitarian assistance) to ensure that when pursuing one objective, the activity has no negative impact on poverty or the other major objectives.

1.2 Conceptualisation of the poor

The Norwegian Foreign Ministry’s and NORAD’s understanding of poverty is informed by a multi-dimensional concept, but there are no clear definition or analytical approach to poverty and poverty dynamics in the policy documents. The relevant documents as well as views expressed by officials are clearly influenced by the international development debate, as well as by individual and institutional experiences especially from Sub-Saharan Africa and South Asia. In particular the *Report to Parliament No.51 (1991-92)* relied heavily on the first issues of UNDP’s *Human Development Report*, and summarised the findings in the World Bank’s *World Development Report 1990*, which focused on poverty. Additional references are often made to UNICEF’s reports. Report No.51 also carried a special section where social and economic conditions, including the poverty situation, in different regions in the South were briefly reviewed.

In policy documents the first criterion is nevertheless per capita income in the country, which identifies the poor and least developed countries. In these countries it is often assumed that “the majority” are poor. Norway has always used per capita income as a basic (but not the only) criterion for selecting priority countries for its aid programmes, and thus also for ‘graduating’ a country like Botswana and terminating the regular aid programme there. Norway refers first to the proportion of aid going to low-income and the least developed countries when illustrating its ‘poverty orientation’. Likewise, the multilateral aid channelled through organisations such as UNDP and the World

Bank’s IDA is partly justified on the basis of their focus on low-income and least developed countries.

Within countries, identification of the poor seems to reflect international or local studies, and references will be made to special groups, as well as special geographical areas. These may be “rural areas”, or “remote and/or poor districts”, but hardly ever the “urban slums”. Poor people may be characterised as “people below the poverty line”, persons without access to basic social services such as education and basic health, or just poor farmers, and sometimes the landless. Women are often mentioned, especially “poor women”, or “female-headed households”. In some cases there may be “marginalised groups” which could be specific ethnic groups such as the basarwa in Botswana or the ‘scheduled tribes and castes’ in India. Sometimes, and especially during the 1980s, references were made to ‘the poorest of the poor’, especially in countries where poverty is widespread. However, there is seldom any analysis of power relations, or differentiation in rural societies. Norway has also singled out special vulnerable groups, such as the physically disabled. More recent attention has been given to child workers. The huge increase in refugees and internally displaced has created an additional category of extremely poor and vulnerable which has been identified as a prioritised group in Norwegian development aid.

In 1996 the Foreign Ministry published a report on the effectiveness, efficiency, sustainability, relevance and impact of Norwegian Development Aid based on a review of evaluation studies completed between 1986 and 1992.¹³ This also included the experiences and lessons from interventions to reduce poverty and improve living conditions for the very poor. The study concluded that even when the evaluations found positive impact, such as some rural development programmes, some health and child-related projects, and the Norwegian Volunteer Service, hardly any of these reports did actually demonstrate that poverty was reduced as a result of the aid effort. Often it was found that the development activities described had rather loose links to the poorest population groups. The poor were seldom precisely identified during the planning of projects and programmes.

If Norway wants to develop a more coherent aid strategy for poverty reduction, it will be necessary to make better use of available poverty studies and analyses. The understanding of poverty, its causes and dynamics are much better today that it has ever been before. Despite many and major shortcomings and gaps, the

13. Chr. Michelsen Institute: *Norwegian Development Aid Experiences. A Review of Evaluation Studies 1986-92*, Oslo: Ministry of Foreign Affairs 1996 (*Evaluation Report 2.96*)

available data on living conditions and the analysis of poverty provide governments in the South and donors with a much better basis for planning their external assistance and interventions than ever before. This has also included “new issues” in the scholarly poverty debate such as social exclusion and social capital, violence and war, and others. Where these studies do not yet exist, Norway may wish to initiate together with other development partners, the necessary data gathering and analysis at the relevant national or local level.

It may also be necessary to clarify the objective of “poverty reduction” especially whether it is aimed at the broader poverty problems, or focusing more narrowly at improving the conditions for those in extreme poverty – also termed “the poorest of the poor”. As mentioned above, the OECD/DAC Strategy is unclear at this point. Focusing more narrowly on the extreme poor may require a different approach than reducing the general extent of poverty. Depending on the circumstances this may also be more difficult, and perhaps more politically sensitive, – and often impossible without also approaching the broader poverty context.

1.3 The Norwegian approach to poverty reduction

While there is not one clearly expressed strategy or approach to development and poverty reduction in the Norwegian aid policy documents, we would argue that they nevertheless convey a basic consensus, which is also reflected in the views of the aid officials at present. There is a general understanding that poverty is a complex phenomenon that has been caused and reinforced by a number of factors; economic, political, social, cultural, historical, internal and external. The present emphasis is on internal economic and political factors. There is therefore a need for a multi-pronged approach, making use of a combination of approaches.

One reason for this seems to be derived from Norway's own experiences in reducing poverty at home; poverty reduction can best be achieved through a broad set of policy interventions focusing as much on general conditions and creating an enabling environment for development as on specific targeted interventions.

The dominant view underlines the basic role of the Government and state institutions in creating the necessary conditions for poverty reduction, by providing social services, investing in basic social and economic infrastructure, and redistribute wealth and incomes. The state is the only viable institution that represents the whole population, and can ensure global coverage. Norway believes in supporting an activist developmental state, which will encourage and stimulate the

economy, and use planning and incentives to promote an equitable economic development. Norway no longer supports a nationalised state-controlled economy. This pre-eminent role of the state has been re-emphasised in recent years, through the policies of ‘mainstreaming’ development concerns, and ‘recipient responsibility’.

Norway has always strongly underlined the importance of ‘investing in people’, building ‘human capital’, and developing the human resources, also – and particularly – among the poor. This is implemented through the social sectors, especially health and education. Norway has previously put more emphasis on higher and more specialised education, assuming that primary education can be – and should be – the responsibility of the developing countries themselves. Family planning was previously singled out as a priority in Norway's aid package, but it is now integrated into the health sector. In recent years the importance of primary education and basic health has become even more emphasised, and Norway has given strong support to the “20-20 initiative” since the 1995 Social Summit.

Norway has always believed in the importance of economic growth as a prerequisite for sustainable poverty reduction. There is however a shift in emphasis from investing in physical infrastructure (such as hydro-power, roads, coastal shipping and river transport, and telecommunication) which assumed that economic investments and growth would follow, towards more direct support to the ‘productive sectors’. There is also a shift from supporting state-owned industry, towards encouraging the private sector. Norway has never believed in the simple ‘trickle-down’ theory that economic growth would more-or-less automatically also reach and benefit the poor. Rather, Norway believes in the need to regulate, plan and manage the economy in order to promote a more balanced and equitable growth. In order to promote a ‘pro-poor’ economy, Norway has often supported integrated rural (district) development programmes. More emphasis has recently been given to small and medium enterprises, micro-enterprises (to be supported by micro-credits), and lately re-emphasising the role of agriculture.

Norway has also argued for the need to supplement the Government's general policies with more targeted projects often through non-governmental organisations, especially where the state does not perform, or has insufficient capacity. This reflects a more critical approach towards the state, and the belief that NGOs can be more flexible, and reach the poor more directly and efficiently. This view was more prominent in the 1980s, but is still maintained to some extent.

There has been an increasing emphasis on empowerment of the poor, through self-organisations and local participation, as well as on creating opportunities and conditions for a more open, democratic, pluralistic society. This is seen as important conditions for changing power relations, giving the poor a greater influence on their own living conditions. This view thus reflects a change from the previous greater acceptance of the one-party state, which was regarded as an important uniting force for nation-building. However, Norway has only to a limited extent been involved in support to larger popular movements and interest groups such as national farmers associations, trade unions or the co-operative movement which all played a crucial role in promoting equity, power-sharing, and combating poverty in the Nordic countries.

Norway has accepted and incorporated many of the arguments of the women's movement, that the majority of the poor are women and that a gender focus is central in poverty reduction policies.

Social safety nets have not been a prominent feature of Norwegian thinking, in terms of providing social welfare transfers and direct cash support to the poor, except in emergency situations of natural disasters or for refugees and displaced. This is generally considered too costly for poor countries.

The international economic system has also been held responsible for keeping countries, and their population, in poverty. Especially during the 1970s Norway

expressed partial agreement with the 'dependency' theory, and gave general support to the demands for a New International Economic Order. Norway was arguing that the poor developing countries were losing out in international trade, and that they were dominated by the multinational companies, which did not benefit these countries. These views have now changed, however, and Norway is more in favour of the benefits from international trade as well as international investments also for developing countries. Norway will nevertheless maintain its support to more moderate reforms in the international economic system. At present, Norway is arguing strongly for debt relief, claiming that the debt burden (and some of the conditions in the structural adjustment packages) is hampering poverty reduction efforts.

Better environmental policies have also been added and formulated so that they will improve conditions of living for the poor, especially when focusing on land use and soil conservation, better management of forest resources, management of fish resources and coastal zones, etc. Better sanitation and reduction of health hazards for the urban slum dwellers are mentioned as equally relevant.

Finally, Norway is arguing that reducing tension and solving conflicts is crucial for avoiding the disastrous outcomes of internal violent conflicts and wars, which have created large-scale poverty in many countries.

The Norwegian approach to poverty reduction can thus in our interpretation be summed up by the following nine main policy elements:

- A developmental state, with an active role for the Government and state institutions
- Investing in people, through (basic) education and (basic) health
- A balanced and equitable economic growth, with a managed mixed economy
- Targeted interventions and projects to supplement general Government policies
- Empowerment of the poor and an open, democratic and pluralistic society
- Equal participation, opportunities and rights for women
- Reforms in the international economic system and debt relief
- Protection of the environment and resource management for the benefit of the poor
- Conflict resolution, conflict prevention and post-conflict reconciliation

Within the bilateral aid channel the most important avenue is support to the country's own efforts to reduce poverty. Norway has a strong commitment to partnership with recipient countries and emphasises the need to ensure recipient ownership of policies, programmes and projects. This has led to a focus on policy dialogue between Norway and recipients as the channel for promoting major Norwegian issues and concerns. This has led to a reinforcement of the need

for co-ordination of donors to ensure that key concerns are communicated and listened to, as well as for a new emphasis on co-ordination at the sector level, through e.g. sector-wide initiatives.

NORAD and the Ministry make use of several channels and mechanisms to promote the various elements of a poverty reduction policy, including the regular government-to-government programme, the special

allocations for promoting gender, environmental concerns, democracy and human rights, the allocations to support non-governmental organisations, and the special allocations for commercial cooperation.¹⁴

Within the regular country programme, NORAD finds that assistance in the social sectors for health and education and those targeted on women and children, together with support to rural development efforts, are the most relevant for *direct* poverty reduction. While many other programmes can also be made relevant, NORAD often finds it much more difficult to see how support for heavy infrastructure such as hydropower and telecommunication, or oil development can be made directly poverty oriented.

NORAD shall implement Norway's aid programme in the selected partner countries based on approved Norwegian development objectives, policy decisions and guidelines. This poses special challenges and dilemmas in situations where partner governments have different priorities, and do not share Norway's views on how to achieve poverty reduction in the short run. These challenges have become more complicated with the parallel emphasis on recipient orientation, local ownership and donor co-ordination. Norway has so far paid little attention to how the policy dialogue can be conducted at the national and sectoral levels under such conditions.

The overall aim of NORAD's allocation to non-governmental organisations is to help ensure that fundamental social and economic services reach poor and vulnerable groups. According to NORAD, emphasis is placed on efforts to strengthen local partner organisations in the South, thereby promoting development of civil society. The support to NGOs is therefore regarded as strongly focused on poverty reduction.

However, also the special allocation for commercial co-operation and support to private commercial enterprises, are regarded by NORAD as a means to promote poverty reduction. Increased viable economic production will create direct and indirect employment and generate incomes for those employed as well as for the Government through taxation, all of which are considered crucial for poverty reduction. When scrutinising applications from the private sector for support, NORAD pays particular attention to the employment effects, especially on women, and whether the project is financially and commercially viable so as to contribute to a sustainable income. NORAD has not directed these projects into special branches or geographic locations, although Africa has a priority, as long as the

main conditions are satisfied. The new strategy for support to economic sectors, which was announced in February 1999, underlines further these linkages between commercial co-operation and contributions to poverty reduction

The Norwegian Volunteer Service (NVS) has also traditionally been seen as an important vehicle for providing assistance directly to poor and vulnerable groups. Many volunteers worked directly in the villages, in local schools and local organisations and supported small-scale local projects. They were also seen as important sources of information on the situation and needs at the grassroots level, for the rest of the Norwegian aid apparatus. In the heydays of the targeted aid projects in the 1970s and earlier 1980s, the NVS was used actively, often for activities that the central Government did not wish to support otherwise. However, it has been found that many of the efforts of the volunteers were not sustainable, and had only limited long term impact. It has therefore been decided that the present organisation of the Volunteer Service will be terminated at the end of 1999, and discussions have started on what might become the "new NVS".

In section 3 below we review Norway's operationalisation of its poverty reduction policies in two major partner countries, Bangladesh and Tanzania.

1.4 The multilateral channel

Norway has always placed great emphasis on working through multilateral institutions. A significant portion of Norwegian development assistance has always been channelled through such institutions, primarily UN agencies, the World Bank and the regional development banks. At present close to 30 per cent of the total aid is allocated as core funding to these multilateral agencies, while another 14 to 15 per cent is channelled as so-called multi-bi projects, through various trust funds, co-financing, debt relief operations or humanitarian assistance through the multilaterals. Cf. also Tables 1 and 2. While the primary mechanism for indicating Norway's priorities is through the allocation of core funding, Norway has consistently tried to pursue certain key issues through an active participation in the governing bodies of such institutions, often combined with the use of earmarked funding to promote prioritised issues. As expressed by one aid official in the Ministry of Foreign Affairs, "Norway allocates its financial contributions to those UN agencies that have a poverty focus, and then makes an effort to make these agencies even more poverty focused".

14. The special allocations for environment, women and cultural activities will be discontinued as from year 2000, and fully integrated into the regular aid programmes.

Table 1

Official Norwegian development aid (incl. humanitarian aid), by main channel of assistance, 1995-1997

	1995		1996		1997	
	NOK mill.	%	NOK mill.	%	NOK mill.	%
Bilateral aid	4,221.3	53.3	4,483.4	52.8	4,798.6	51.8
Multi-bilateral aid ¹	1,250.9	15.8	1,281.1	15.1	1,316.5	14.2
Multilateral aid	2,137.3	27.0	2,368.5	27.9	2,760.0	29.8
Total contrib. to multilateral org.	3,388.2	42.8	3,649.6	43.0	4,076.5	44.0
Administration	314.1	4.0	359.0	4.2	386.1	4.2
Gross development aid	7,923.6	100.0	8,492.1	100.0	9,261.2	100.0
Loan instalments	21.4		19.2		20.1	
Net development aid	7,902.2		8,472.8		9,241.1	
Net aid as % of GNP	0.87		0.85		0.86	

1. Multi-bilateral aid is defined as earmarked support for projects administered by multilateral organisations.

Source: The data in this and all other tables in this paper are derived from NORAD's *Norsk bistand i tall for 1997* (Oslo: NORAD, May 1998)

Basic social services and poverty reduction have emerged as major issues pursued by Norway through these institutions, in addition to gender and environmental issues. This became particularly evident in the aftermath of the introduction in the early 1980s of the World Bank/IMF-initiated economic reform programmes – the structural adjustment programmes – in Africa. While not directly opposing these programmes in the Bank's governing bodies, Norway took a very critical position in many of the countries concerned. In the second half the 1980s, Norway together with other member countries began to argue for "adjustment with

a human face". This implied a strong focus on the impact on poverty, calls for special support to vulnerable groups and protection of the social sectors from cuts in public spending. Norway has participated actively in the work on the Social Dimensions of Adjustment (SDA). It also played an important role in establishing a Poverty and Social Policy Working Group under the World Bank's Special Programme for Africa. In 1997 it was decided to focus this working group better, and Norway's proposal to establish an *ad hoc* group on gender issues was also approved.

Table 2*Aid channelled through multilateral and international organisations 1997 (1000 NOK)*

	Multilateral aid ¹	Multi-bi. aid ²	Total	Per cent
1. UNDP and UNDP-administered funds				
<i>Subtotal</i>	564,000	164,852	728,852	17.9
2. Development banks and affiliated development funds				
World Bank (IBRD/IDA)	566,325	228,190	794,515	
Others	421,684	200,773	622,457	
<i>Subtotal</i>	988,009	428,963	1,416,972	34.8
3. Organisations for development of agriculture, fisheries and food aid				
WFP/CGIAR/FAO	255,522	92,959	348,481	
<i>Subtotal</i>	255,522	92,959	348,481	8.5
4. Organisations for children, population issues and health				
UNICEF	271,000	184,262	455,262	
UNFPA	200,000	50,561	250,561	
WHO	120,663	20,123	140,786	
Others	48,879	5,990	54,869	
<i>Subtotal</i>	640,542	260,936	901,478	22.1
5. Other UN organisations				
<i>Subtotal</i>	30,332	158,573	188,905	4.6
6. UN environmental fund				
Global environmental facility (GEF)	46,550		46,550	
<i>Subtotal</i>	46,550		46,550	1.1
Total, without humanitarian assistance	2,524,955	1,106,283	3,631,238	89.1
7. International humanitarian aid and assistance for refugees				
UNHCR	150,000	106,191	256,191	
UNRWA	85,000	16,011	101,011	
Others		87,993	87,993	
<i>Subtotal</i>	235,000	210,195	445,195	10.9
Total aid via multilateral org.	2,759,955	1,316,478	4,076,433	100.0

1. Multilateral aid is defined as general grants to multilateral organisations.

2. Multi-bi aid is defined as earmarked support to projects administered by multilateral organisations.

At the more general level, Norway participates through the Nordic-Baltic Executive Director's Office in all discussions at Board meetings, with a view to make the World Bank more effective in its poverty reduction policy, where a major focus now is on operationalisation. Norway will pay particular attention to how the new World Bank Country Assistance Strategies integrate and operationalise both poverty and gender issues. This active participation in the World Bank is considered of great overall importance for Norway, and it also gives Norway an opportunity to contribute to the more overall perspectives, beyond what can be achieved by individual projects and programmes.

Within the UN agencies, Norway gives highest priority to poverty focused agencies such as UNDP and UNICEF, and has been involved in the reform processes in both of these agencies to make them more effective in implementing their mandates.

In recent years, Norway has played an active role in promoting the 20/20 concept, which was supported (but not formally agreed upon) by the Social Summit in 1995. This concept encourages all donors as well as all recipient countries to allocate at least 20 per cent of their budgets respectively, to basic social services. Norway and the Netherlands have taken the responsibility for promoting this concept further, and are collaborating closely with UNDP, UNICEF, UNFPA and the World Bank for this purpose. Interestingly, Norway may not yet have achieved this target of 20 per cent to basic social services in its own aid budget, but the available statistics do not allow for an accurate estimate. The recent policy decision by the new Minister to aim for at least 10 per cent of the aid budget to education, and another 10 per cent to the health sector may be seen as an effort towards this target. But given the actual definition of 'basic social services' this will not automatically be achieved.

1.5 Spending and poverty reduction

Norway provides no statistics or figures specifically on the poverty focus of the aid disbursements. Statistics are however available on different sectoral allocations for bilateral aid. These figures are presented in Table 3. Beginning in 1997 NORAD has also prepared statistics on allocation for basic social services. Figures for 1994-1997 are now available (Table 4) as well as figures for 1997 allocation to the various sub-sectors of basic social services (Table 5).

The statistical data also provide actual allocation by country and region.¹⁵ They show that in recent years (1995-97) less than 30 per cent of the bilateral aid has been allocated to the Least Developed Countries. The highest priority countries (previously termed "programme countries") received only 35 per cent of total bilateral aid, while almost two thirds went to other countries and unspecified. During these years Bosnia-Herzegovina, the Palestinian Administrative Areas, and South Africa have been among the top recipients of Norwegian bilateral assistance. In the budget for 1999, the allocation for refugees and asylum seekers in Norway is larger than for any one other priority country receiving bilateral ODA.

While Table 3 provides information on sectoral distribution of the bilateral aid, this does not tell us anything about how these activities were contributing to poverty reduction directly or indirectly. According to the Norwegian approach to poverty reduction, practically all of these sectors may have a positive impact on poverty, through employment and income generation, provision of basic facilities and services including education, health, drinking water supply and rural electrification, or strengthening local organisations and democratisation.

15. See also NORAD: *Annual report 1997*. Oslo, 1998 and *St prp nr 1 (1998-99) for budsjetterminen 1999. Utenriksdepartementet*. (The budget proposal for the Ministry of Foreign Affairs for 1999) Oslo: Ministry of Foreign Affairs, 1998.

Table 3

<i>Sectoral allocation of total bilateral aid 1995-1997¹</i>						
	1995		1996		1997	
	NOK mill.	%	NOK mill.	%	NOK mill.	%
Economic activity						
Agriculture and fisheries	423.6	7.8	366.3	6.4	406.1	6.7
Industry, oil, mining and handcrafts	186.3	3.4	203.4	3.5	153.5	2.5
Banking, finance, trade and tourism	100.0	1.8	111.5	1.9	173.7	2.9
Rural development	214.4	3.9	202.7	3.5	182.6	3.0
<i>Subtotal</i>	924.3	17.0	883.9	15.4	915.9	15.0
Infrastructure						
Water, power supply, transport and communications	871.0	16.0	1,050.2	18.3	1,036.1	17.0
<i>Subtotal</i>	871.0	16.0	1,050.2	18.3	1,036.1	17.0
Health, education and social measures						
Health & family planning	538.3	9.9	536.0	9.3	580.1	9.5
Education (non-vocational)	379.4	7.0	484.5	8.4	571.6	9.4
Social infrastructure	310.5	5.7	350.6	6.1	427.2	7.0
<i>Subtotal</i>	1,228.2	22.5	1,371.1	23.9	1,578.9	25.9
Public sector management, democracy, peace and human rights						
Public admin. and planning	141.4	2.6	121.3	2.1	152.9	2.5
Democracy, peace and human rights	521.0	9.6	499.3	8.7	573.4	9.4
<i>Subtotal</i>	662.4	12.2	620.6	10.8	726.3	11.9
Emergency relief						
Humanitarian relief work	876.4	16.1	724.3	12.6	782.3	12.8
Emergency food aid	97.4	1.8	113.4	2.0	162.7	2.7
<i>Subtotal</i>	973.8	17.9	837.7	14.6	945.0	15.5
Not specified per sector						
Measures for women	55.6	1.0	55.2	1.0	66.4	1.1
Environmental protection	178.8	3.3	225.3	3.9	273.6	4.5
Import support / debt relief	304.3	5.6	332.2	5.8	304.2	5.0
Other	252.5	4.6	369.1	6.4	248.6	4.1
<i>Subtotal</i>	791.2	14.5	981.8	17.1	892.8	14.6
Total	5,450.8	100.0	5,745.3	100.0	6,095.0	100.0

1. The table shows all bilateral aid, including multi-bilateral aid.

However, both the present and previous governments pay a high attention to the social sectors and basic social services. Table 3 shows that the allocation to the social sectors has increased from 22.5 (in 1995) to 26 per cent (in 1997) of bilateral aid. But Table 4 shows

that in 1997 the actual allocation to basic social services was only 15 per cent, and therefore considerably below the 20 per cent objective, according to the "20/20-concept".

Table 4

Support to basic social services in various regions as a proportion of total bilateral assistance, 1994 and 1997

	All sectors		Basic social services			
	1994	1997	1994		1997	
	1000 NOK	1000 NOK	1000 NOK	%	1000 NOK	%
Africa	2,670,100	2,942,970	353,136	13.2	509,118	17.3
Asia	1,202,900	1,573,720	157,498	13.1	235,270	14.9
Latin America	390,100	500,077	42,305	10.8	80,023	16.0
Other	n.a.	1,077,527	93,219	n.a.	87,858	8.2
Total	-	6,094,994	646,158	-	912,269	15.0

Table 5

Support to basic social services in bilateral aid: regions and sectors 1997

	Primary health	Primary educ.	Water prov.	Nutrition	Social institutions	Rural development	Other ¹	Total
	1000 NOK	1000 NOK	1000 NOK	1000 NOK	1000 NOK	1000 NOK	1000 NOK	1000 NOK
Africa	262,313	106,142	45,826	0	16,646	33,178	45,013	509,118
Asia	66,681	69,458	30,927	1,232	4,626	18,142	44,204	235,270
Latin America	28,352	12,239	4,633	50	5,412	12,354	16,983	80,023
Europe	1,840	3,500	-	-	13,491	-	1,866	20,697
Oceania	-	-	-	-	935	-	-	935
Global & unspecified	57,153	1,420	7,000	-	-	127	526	66,226
Total	414,499	189,259	88,386	1,282	27,619	63,801	106,726	912,269
Percentage	45%	21%	10%	0%	3%	7%	12%	100%

1. Includes other social sector, projects directed at women and multi-sector projects.

As noted above, the present Government has announced increased allocations to basic social services. Table 5 shows that primary health care received almost half of the 1997 allocation to basic social services. Education is now a top priority area and in most of Norway's main partner countries major education programmes are established or planned.

If Norway is to continue its broad and multi-sectoral approach to poverty reduction, it will be necessary, however, to pay equal attention to how the aid programmes in the other sectors can effectively contribute to poverty reduction, rather than concentrating narrowly on the basic social services.

2: Management for "mainstreaming" poverty reduction

The Norwegian Agency for International Development (NORAD) is the main implementing agency for bilateral development. Its current main framework documents for an operational strategy, *Strategies for development co-operation – NORAD in the 1990s*, and *Strategies for bilateral development co-operation – part II: Basic Principles*, were released in 1990 and 1992. They do not, however, provide much specific information with respect to policies for poverty reduction. The 1990 document barely mentions poverty, but says that poor groups must be broadly interpreted and may refer to e.g., poor regions; that the extent of targeting has to be assessed in each case; and that NORAD needs to provide itself with insight into mechanisms and processes which create poverty and those which alleviate and reduces it.

This is reaffirmed in the 1992 document, which declares that the reduction of poverty is an essential factor in selecting priority areas for Norwegian development co-operation. The causes of poverty have to be addressed and the document strongly calls for support to productive activities and job creation which presupposes development of human resources.

In reality however, NORAD's operational guidelines do not specifically focus on poverty reduction. They are concerned with a range of other and more specific development objectives and it is assumed that the pursuit of these objectives will contribute to the overall objective of poverty reduction. It is illustrative that the most recent Annual Report (1997) from NORAD which, *inter alia*, reviews aid efforts in Norway's 12 priority countries highlights poverty reduction as a goal in only 3 of these countries (Mozambique, Bangladesh and Nicaragua). In the majority of the country presentations the word "poverty" does not even appear in the text.

This contrasts somewhat with the channelling of aid to the multilateral institutions. Here the focus on poverty is much more clearly articulated as indicated by the overall thrust of the major multilaterals such as the World Bank and UNDP, and *inter alia* the efforts to promote the 20/20 initiative.

However, this does imply that NORAD and its officials are not concerned with poverty reduction. It remains an overarching goal for the agency and within each of NORAD's departments and sections we found a number of important and highly relevant lessons and experiences in poverty reduction interventions. The interviews conducted for this study also clearly conveyed an impression that officials within NORAD

were committed to poverty reduction and saw this as an overarching goal. Furthermore there was a general belief that the main priority in most of the very poor and least developed countries must be on contributing to improved framework conditions for development and poverty reduction. However, it was also mentioned by many that the Norwegian aid efforts may benefit from a stronger focus on poverty. This could involve encouraging a stronger integration of poverty perspectives in all development co-operation; special measures directed against the poor; improved monitoring and focus on the dynamics of poverty to strengthen programme planning and implementation.

NORAD has now established a special working group on poverty. This may lead to a number of proposals to further strengthen and operationalise the poverty reduction goal, including measures to sensitise staff to poverty issues. This may be included in the new version of the above mentioned documents to be prepared in mid-1999. However, the overall focus on framework conditions for development-cum-poverty reduction; policy dialogue and recipient ownership; and donor co-ordination are likely to remain main pillars in any further operationalisation of poverty reduction interventions.

2.1 "Mainstreaming" poverty reduction activities: Modalities and mechanisms for implementation

NORAD may have no specific operational guidelines for poverty reduction as such. However, the agency has recently began a process of further improving guidelines for a number of specific objectives intended to have a positive impact on poverty reduction. This applies in particular to the social sectors and to agriculture. Within the social sectors major challenges, according to NORAD, are to increase the share allocated to basic social services – with priority to primary education; greater involvement in sector wide initiatives in co-operation with other donors; and greater emphasis on institutional development, quality and policy issues. So far, the main achievements have been recorded in the field of primary education where letters of intent concerning Norwegian assistance have been signed with most partner countries although the number of sector programmes in education with Norwegian funding is still very limited.

Agriculture development is considered to be important in reducing poverty in most of Norway's main partner countries. However, Norway has in many countries not focused on the agriculture sector but more often on

other primary sectors such as fishery and forestry, and on a more integrated approach to rural development. Experience with direct assistance to agriculture has been mixed. Norwegian assistance to agricultural development will nevertheless now be increased and new guidelines were adopted in 1997. Aid to this sector is aiming at reducing poverty and to increase food security by promoting growth and diversity in agricultural production. The primary target group seems to be farmers on small- and medium-sized farms (which may not belong to the poorest) as well as a focus on framework conditions, including support to farmers' associations.

Similarly, NORAD's work and strategy for women and gender equality and the efforts to operationalise this policy contain many elements highly relevant for any approach to poverty reduction. This includes *inter alia* the efforts to mainstream a crosscutting issue within the agency, creation awareness, and development of performance indicators and reporting.

It must be re-emphasised that it is not easy to operationalise poverty reduction strategies. Poverty reduction is, as has been pointed above, a complex issue and efforts to assist it will have to be tailored to individual countries and contexts. It is a crosscutting issue affecting development aid to all sectors, as well as a specific area of intervention. It may require targeted interventions designed to directly reach the poor, and it may be indirect efforts focusing on enabling and framework conditions for poverty reduction. Attempts to impose directives may also run the risk of introducing uniform approaches with limited effects.

Efforts to further "mainstreaming" and operationalise poverty reduction will benefit also from experiences of other aid agencies and their efforts to operationalise poverty reduction. The ongoing review of experiences undertaken by Overseas Development Institute (London) for OECD's Development Assistance Committee have identified a number of key issues which needs to be further studied by NORAD.

One lesson emerging from the ODI-review is the importance of the senior management's explicit commitment to poverty reduction objectives and clear communication to agency staff. In most agencies, however, even with formal commitment to poverty reduction goals, the culture on poverty reduction seems to be "permissive" with considerable discretion left to programme managers. The drive for poverty reduction objectives seems often to vary between departments and agency officials. Mainstreaming through directives is rare even in agencies with strong commitment to poverty reduction.

Another and complementary aspect of mainstreaming of poverty reduction within the agencies, concerns the creation of special units, focal points or working groups for poverty reduction. Some are formal while others remain informal. Very few have any formal power to control or screen the work of operational units in relation to their poverty orientation. Most of them focus on generation of awareness, provision of information and advice, and provide fora for exchange of experience.

Guidance and orientation/training of staff on poverty issues is particularly important. Few agencies provide guidance documents and tools to assist staff to better understand the dynamics of poverty and how to intervene to assist in poverty reduction. To the extent that such documents and training exist they tend to be rather general and abstract and lacking in operational content. On the other hand, too excessive reliance on documentary operational guidance may also run the risk of leading to inflexible and uniform approaches. What may be required – an opinion found in the leadership of the World Bank's poverty network – is instead the combination of strong top-down messages to staff combined with adequate resource support. Operational staff is assisted in improving design and evaluation of poverty reduction interventions, and in tailoring this to local conditions.

The structure of agency organisations and the personnel skills are other important issues in the debate about mainstreaming and operationalisation. Again experiences from other agencies provide no clear answers. It seems clear, however, that the agency must have the ability to make effective use of specialised skills resources in a multi-disciplinary way. This has led some agencies to move towards matrix organisational systems to improve cross sector and more operationally focused use of available skills. There seems also to be a greater emphasis on a decentralised model to facilitate recipient orientation and dialogue (see more on this below).

Currently, there is no formal expertise within NORAD and the Foreign Ministry specifically on poverty and poverty reduction. NORAD's technical department do have a number of advisors in both the economic development section and the human resources development section with specialised knowledge and tasks related to important dimensions of poverty reduction such as gender, social services and macroeconomics. But there is no overall co-ordination of efforts to integrate poverty concerns in the various interventions. NORAD's working group on poverty has no resources to provide assistance or guidance to operational staff in improving poverty reduction interventions. Nor do the training and education department (The Foreign Service

Institute) offer any staff courses or introduction to poverty and poverty dynamics, although we understand that NORAD is currently studying lessons from other agencies which may lead to changes here.

2.2 Poverty reduction in country operations

How NORAD approaches its country operations is of course, critical in terms of mainstreaming poverty reduction objectives. For each main recipient of Norwegian development assistance, or partner country, Norway has a formal country programme negotiated with the recipient or counterpart government. The modalities for Norway's aid negotiations and policy dialogue with the Government counterparts are well established, and are mostly handled through the Norwegian Embassy. Practically all bilateral aid except humanitarian assistance is managed by NORAD headquarters in Oslo, but since the mid-1990s the previously semi-autonomous NORAD Offices abroad have been merged with and integrated into the Embassy. On the Norwegian side, the Embassy relates closely with NORAD in Oslo and on policy issues with the Ministry of Foreign Affairs (MFA). On the partner side, the official Government counterpart is normally the Ministry of Finance. The allocation of all 'government-to-government' aid is formally negotiated and agreed through these Government counterparts, and the same Government counterparts are informed about and agree in principle to the additional funds channelled through private commercial companies and non-government organisations.

For each priority or 'programme' country, Norway has formulated a 'Country Strategy' for its development co-operation, on the basis of which the two Governments have agreed upon a 'Memorandum of Understanding' (MoU). This sets out the main objectives and the priorities for the allocation of Norway's assistance during the coming years. The dialogue leading up to the Country Strategy and the actual negotiations for the MoU, allow for raising general development policy issues and concerns. During Annual Consultations representatives of the two Governments meet to agree upon the actual allocation of funds for the coming year, as well as tentative allocations for the next three years, on the basis of a rolling 4-year plan. These Annual Consultations also provide opportunities for raising policy issues and maintaining the dialogue on key policy issues. In addition to the regular official and unofficial contacts, there are occasional political visits by Ministers or even meetings of Heads of Government, for political high level issues to be raised.

Concrete project agreements are normally negotiated with the respective Ministry or institution which will be receiving the aid, and a number of concrete issues

will then be raised and agreed upon, influencing the actual configuration of the aid package, and also the outcome. Norway thus has a number of active partners on the recipient side, and often several Norwegian partners will also be involved as consultants or in the actual implementation. The Norwegian embassy and aid officials are in regular contacts with a wide spectre of development partners, including other donors and Government officials, but also with a variety of non-government development activists, independent media and others, especially those receiving Norwegian support through special grants. This allows for a wide set of opportunities for mutual influence.

During the 1990s, following the finalisation of the basic framework documents mentioned above, Norway has implemented much more forcefully the policy of ensuring that the responsibility and 'ownership' of the aid programme rest on the recipient Government and the recipient institutions. While Norway retains the right to accept or refuse project proposals, the responsibility for actual implementation will be with the recipient Government institution or organisation. Major concerns for Norwegian development aid are intended to be increasingly pursued through policy dialogue and through donor co-ordination. There are no formal requirements for poverty objectives to be incorporated in country programmes, although poverty concerns are prominent in some country strategies.

It is important for NORAD – and for any agency concerned with poverty – that the assistance strategy formulated and the issues raised in the policy dialogue are based on an analysis and understanding of the poverty situation in the country concerned and on the opportunities for intervention which are likely to impact on this. Norway needs to address these issues in a more systematic way and to introduce procedures and guidelines to this effect. More specifically, NORAD must assess how its active profile in donor co-ordination can be used to improve external assistance to poverty reduction and how a poverty focus can be promoted within sector-wide approaches. There is also a need to consider how poverty concerns can be strengthened at the project level. How can poverty reduction objectives be improved in the identification, design and implementation of specific projects? How can they be screened for their orientation and intended or expected impact on the poor or vulnerable? How can such procedures be institutionalised?

Norway has a particular strong commitment to partner ownership and recipient orientation, but further planning and guidelines must be developed on how to pursue poverty reduction when the partner does not give equal priority to such goals. How should it be pursued through participatory and dialogue processes at the

national and meso level? What are the instruments available? How can poverty reduction be promoted within non-poverty focused programmes and projects? What is the balance between assisting the emergence of an enabling environment and targeted interventions to reach the poor?

2.3 Monitoring of poverty reduction performance

Monitoring and evaluation systems can provide good indicators for assessment of a development agency's poverty orientation. Not only can they provide information on the agency's actual work in addressing poverty reduction, but the systems themselves can also be an important management tool in ensuring that a poverty focus runs throughout the agency. (In addition it is of course crucial that the donors support the recipients' ability to monitor and evaluate development programmes.)

Few if any donor agency give sufficient attention to monitoring its assistance to poverty reduction. Most tend to limit themselves to listing their inputs, often by simply presenting their allocations to social sectors or counting the number of projects directly targeted on poor groups. Much more could be achieved by improved monitoring of processes (approaches used in the interventions); outputs (the results of the project in relations to its aims); and impacts (its effect upon levels of poverty). Particular methodological difficulties are also associated with monitoring impacts, espe-

cially related to the multiplicity of factors and the differing temporal definitions (short, medium and long-term) of impact on poverty.

NORAD has a number of monitoring mechanisms in place, but they do not specifically focus on poverty. There is a need to strengthen reporting by improving the criteria for reporting the results in relations to poverty reduction. This implies making use of good performance indicators, but it is also important with qualitative evaluation. Country reports should also include an account of the progress made in assisting poverty reduction.

Poverty reduction must be promoted at different levels and through different mechanisms and monitoring must take this into account. It cannot e.g., focus only on direct assistance to poor people. It must also focus on measures to promote an enabling environment and framework for poverty reduction. It is important that monitoring of indirect measures (enabling environments) also focuses on outputs and impact and not only restricts itself to inputs.

NORAD, like almost all other agencies, has neither feedback nor learning systems that routinely focus on poverty reduction issues. Lessons are, however, learned through country programming and practical experiences in the field and through active interaction with other donors, aid agencies and development partners, studies and scholarly debates, etc.

3: Poverty reduction operations in Bangladesh and Tanzania

In this section we shall review how Norway interprets and operationalises its overall development objective of poverty reduction in two of Norway's long-standing priority countries for its development co-operation. Bangladesh and Tanzania were selected by the Norwegian Ministry of Foreign Affairs as illustrative cases for this Study. Both countries have had a long history of Norwegian aid and both have been among the main recipients of Norwegian aid for a number of years. Both countries are also among the least developed countries, rank as low human development, and in both countries absolute poverty is widespread. Their poverty profile is different, however, and so are a number of other economic, political, institutional and cultural features. As will be seen, Norway's approach towards the poverty issue in these two countries is also very different, even though there are parallel features.

3.1 Partnership and country co-ordination for poverty reduction

In **Bangladesh** the poverty issue is high up on the political agenda, with a continuous debate between donors and the government on effective approaches towards poverty reduction, and numerous studies undertaken at different levels. In the most recent (1995) MoU between Norway and Bangladesh on development co-operation, the two governments agreed that the overall objective should be poverty reduction (the term "alleviation" is generally used in documents). Three main areas are identified for Norway's aid programme in order to promote poverty reduction: education, the 'productive sector', and strengthening the democratic process. As outlined below, this perspective permeates the whole aid portfolio, and dominates in the policy dialogue.

Since the mid-1980s Norway has participated actively in promoting a stronger focus on poverty issues in the Bangladesh development dialogue together with the other 'Like-minded' countries¹⁶ (LMCs). This group of countries took an important initiative back in 1984. They decided to commission a special study on *rural poverty* in Bangladesh¹⁷, as an alternative approach to the more conventional macro-economic reports on rural poverty of the Government and the World Bank. The study was distributed to the Aid Consortium

Meeting in Paris in 1985, and attracted considerable attention when published. The LMCs continued its interest in poverty issues in Bangladesh, and commissioned a second study, *Can rural development be financed from below – Local resource mobilisation in Bangladesh*. This study also introduced "a new approach and alternative concepts with which to analyse the political and economic processes in the rural areas, an approach not found in the standard Government and World Bank documents", according to the LMCs.¹⁸

The third Like-Minded Group study was initiated in 1989, and the final report published in 1996 with the title *1987-1994: Dynamics of rural poverty in Bangladesh*,¹⁹ along with several other publications. This confirms the concern and commitment from the LMCs, as expressed by themselves in 1990:

The themes covered in the three studies also reflect the concerns and priorities of the development programmes of the separate members of the Like-Minded Group. On many occasions the members of the Like-Minded Group have commented upon the development priorities made by the Government of Bangladesh. The members have stated that the Government's development strategies put too much emphasis on physical infrastructure and construction at the expense human and social development programmes and that this bias is found at all levels of the Government administration.

It is the hope of the Like-Minded Group that some of the insights and findings of the studies commissioned can be translated into identification and design of programmes and improved planning procedures which would be to the benefit of the rural poor of Bangladesh. (p.vi)

The Like-Minded Group continues to meet occasionally, especially in connection with the Development Forum (previously Consultative Group) meetings where they present a joint statement. However, their attempts to make poverty a main item of the agenda on the CG meetings have not been successful. As a consequence, poverty issues is often discussed under the agenda item on 'social sectors', rather than as a more crosscutting issue.

16. The 'Like-minded' group in Dhaka consists of Canada, the Netherlands, and the Nordic countries Denmark, Norway and Sweden.

17. The North-South Institute, *Rural Poverty in Bangladesh. A Report to the Like-Minded Group*. Ottawa: 1985. (Also re-published by University Press Ltd, Dhaka: 1990)

18. The Like-Minded Group, in their preface to the 1990 edition of *Rural Poverty in Bangladesh*.

19. Rahman, H.Z, M.Hossain and B.Sen (eds), *1987-1994: Dynamics of Rural Poverty in Bangladesh*. Dhaka: Bangladesh Institute of Development Studies (BIDS), 1996.

In Dhaka, the ‘Local Consultative Group’ (LCG) and several LCG sub-groups have taken on a greater role in donor co-ordination and dialogue on development issues. These LCG sub-groups are organised around themes, which include education, micro-credit, NGO support, governance, and other issues of high relevance for poverty reduction. The groups basically focus on exchange of information and views, and Norway has argued in favour of Government participation in these sub-groups. Norway feels that some groups are strongly dominated by the World Bank and the Asian Development Bank, and that donor co-ordination in this form risk undermining recipient responsibility for planning and prioritising.

In **Tanzania**, however, poverty issues have been far less prominent in the dialogue between donors and the government. Norway’s main policy has also been to give emphasis to general and overall development issues, and – since the early 1980s – to pay increasing attention to the economic crisis, and the general institutional and administrative breakdown. The most recent (1994) Memorandum of Understanding²⁰ between Norway and Tanzania thus states that the major objective is “promotion of a sustainable economy that is not dependent on development assistance”. The poverty issue is not even mentioned.

This does not necessarily imply a lack of interest in distributional aspects of development. But for many years up through the 1970s Norway felt that the Government’s overall policies were adequate, giving heavy emphasis on income distribution and equity, on rural development and ‘villagisation’, and a comprehensive expansion of primary education and basic health services. These policies were applauded and supported not only by Norway, but also by most donors, including the World Bank.

In the early phase of the economic crisis (1979-85) Norway and the other Nordic countries supported and defended the Tanzania Government in its dispute with the World Bank and the IMF, even after Tanzania broke the negotiations with IMF in 1982. The NORAD Resident Representative argued for a greater understanding for Tanzania’s policy goals, such as its income distribution policies and price subsidies on basic need items. The support was not uncritical, however, and the Nordic aid agencies had several meetings discussing the ‘Tanzania problem’. In 1984 the Nordic countries initiated several studies of Tanzania’s economy, resulting in an increasing critical position and finally a change in Nordic policies the following year. Without continued support from the Nordic countries,

20. *Memorandum of Understanding (MoU) on the Development Cooperation between Tanzania and Norway*. Dar es Salaam, 21 October 1994.

Tanzania could no longer resist the IMF/World Bank conditions, and an agreement with the IMF was reached in 1986. This was the first time ever that Norway supported an IMF-sponsored structural adjustment programme, and this therefore marked a significant change also in Norway’s general policies.

In the years after 1986, Norway changed its policies in favour of “adjustment with a human face”, and argued generally in favour of maintaining funding levels for especially the health and education sectors and protecting vulnerable groups, while undertaking a structural adjustment programme (SAP). In Tanzania, a Plan of Action for measures in the health and education sectors was devised in 1990 with the assistance of donor countries and multilateral organisations. Norway also offered to increase its own aid allocation for the health and education sectors, while reducing its allocation to other sectors. This was, however, not immediately accepted by the Tanzanian Government, as shown below.

In more recent years, Norway’s primary focus has been on creating a stronger capacity in both public and private sector institutions, coupled with reforms in public expenditure and administration, as necessary conditions for any effect of development co-operation. Norway and other donors have expressed deep concern over the extent of corruption and mismanagement, and in 1994 Norway along with other donors cancelled part of its import support programme. This caused a major crisis in the aid relationship in Tanzania. Norway reinstated its financial aid programme, however, after the presidential elections in 1995.

Norway has also paid increasing attention to supporting and promoting the democratisation process towards multi-party elections, and greater opportunities for independent media and non-government organisations. As opposed to its earlier position when Norway defended the one-party state in Tanzania, during the 1990s Norway argues that democratisation and growth of civil society are important for giving the population at large a greater opportunity for influencing – and improving – their own conditions.

In summary, we see that Norway as a small donor country has limited means and opportunities on its own to raise major policy issues with its partners. The development dialogue is normally dominated by the World Bank and IMF, the larger bilateral donors, and to some extent the UN agencies. In both countries Bangladesh and Tanzania, Norway works closely with the other Nordic countries with the group of ‘Like-minded’ countries, and with the larger group of donors.

Norway has come to see increased donor co-ordination as a particularly important instrument to increase the effectiveness of development aid. This has been reinforced with the new emphasis on dialogue and partner “ownership” and is currently a main priority for the Norwegian government. This has implied Norwegian support for a variety of sector wide initiatives in Norwegian partner countries. In Bangladesh this is seen *inter alia* in the ‘Local Consultative Group’ sub-groups, and in the close co-operation in the education sector. Also in Tanzania the DAC group meets regularly on a weekly basis, as well as a number of sector group meetings.

3.2 Poverty reduction in NORAD’s portfolio in the two countries

3.2.1 Bangladesh

As mentioned above, Norway signed a new Memorandum of Understanding (MoU)²¹ in May 1995 with the **Bangladesh** Government outlining a future strategy for the development co-operation between the two countries. It was agreed that the overall objective of this development co-operation, should be *poverty alleviation*. The MoU was based on the recent “country strategy” (Landstrategi)²², which had been approved by the Norwegian Ministry of Foreign Affairs. This Country Strategy had been elaborated by a working group appointed and headed by the Bilateral Division in the MFA. It was to a large extent based on inputs from NORAD and the Norwegian Embassy in Dhaka who in turn had numerous and close contacts with their Bangladeshi Government counterparts.

Norwegian aid to Bangladesh had started soon after independence in 1972. A major analysis of Norway’s aid programme was undertaken in 1986.²³ According to this study, Norwegian aid to Bangladesh was initially not oriented particularly towards the poorer part of the population. As most of the population was very poor, it was considered that any assistance that would stimulate overall economic growth, would also improve the living conditions of the whole population, including the poor. The overriding consideration from Norway’s point of view at that time, was to channel assistance to sectors where Norway had comparative advantages as to know-how and technical experience. In the meantime, most of the assistance would be utilised as commodity aid – primarily as fertilisers. Fur-

thermore, in view of the population pressure and scarce per capita natural resources, family planning was selected as one of the main sectors of co-operation.

This policy was implemented over the coming years, while gradually new elements were introduced. In the late 1970s the first *targeted* project was launched with a project to construct women’s community centres. In the 1982-85 period there was a substantial expansion of the aid to the family planning sector, and targeted projects were strengthened through initiating two new projects; support to a micro-credit programme – the Grameen Bank – intended to benefit the landless, women and youth; and an intensive rural works programme (IRWP). However the major parts of the aid programme consisted of commodity aid, and projects with a high element of Norwegian know-how primarily in shipping and inland water transport.

The 1986 analysis therefore concluded that “Norwegian aid has contributed little to assist the poor in such direct manner [to make the aid more poverty oriented], partly because most of it has been commodity aid, and partly because aid to family planning or rural development appears to have had little noticeable effect so far.” The Study recommended continued emphasis on health and family planning as well as rural development including both rural employment generation in general and growth in rural industries, and suggested that the commodity aid should be drastically reduced as soon as possible. Instead, a large programme of support to primary education should be developed. The Study further argued that “the best way to reach ‘target groups’ like landless, women, the urban poor, etc, is through programmes that will raise production and the scope for employment for women as well as men. The past experience with projects directly aimed at very specific target groups, such as women, have been both disappointing and inefficient.”

The new strategy from 1995 represented a strong break with the previous multi-faceted and more flexible programme. The strategy identifies three main areas for Norway’s future aid programme in order to promote poverty reduction:

- education,
- “productive sector” for a sustainable economic growth that benefits the poor, and
- strengthening of the democratic process.

At the same time, the strategy clearly states that *all Norwegian aid* – including aid channelled through NGOs – will be concentrated in these three areas in order to achieve a greater impact. The strategy is fully aware,

21. Memorandum of Understanding (MOU) on the Development Cooperation between Norway and Bangladesh, signed by the two Governments, in Dhaka 23 May 1995.

22. Government of Norway, Ministry of Foreign Affairs, *Landstrategi for bistandssamarbeid med Bangladesh*, 1995.

23. Chr. Michelsen Institute, *Bangladesh. Country Study and Norwegian Aid Review*. Bergen: CMI, 1986. (Study commissioned by the Norwegian Ministry of Development Cooperation.)

however, that other sectors and areas of concentration may be equally important for poverty reduction.

The emphasis on *education* is justified by the low present level of literacy; the (expected) positive correlation between level of education on the one side and demographic behaviour, economic growth and poverty reduction on the other side; the general international commitment to support 'education for all'; and the strong emphasis that the Bangladesh Government itself is putting on basic education for all. During the Annual Consultation between Norway and Bangladesh in October 1996, it was agreed that up to 60 per cent of the Country Programme funds would be allocated to projects within the education sector. Priority should be given to primary education, and a major part of the funds would be channelled to projects within the formal primary education system.

The Norwegian approach is based on supporting the Bangladesh Government's own efforts to provide basic education for all. Norway emphasises institution building, creation of and support to sustainable systems, and improving quality and efficiency, all of which are national tasks and obligations. Norway has strongly underlined the importance of donor co-ordination, and perhaps even more recipient Government responsibility.

The Government did after some time manage to prepare a Primary Education Development Programme (PEDP). Within this context, Norway's support is focused with a major emphasis on quality improvements. Norway opted for funding specific elements of this larger programme, rather than participating in a pooling of donor funds. Further assistance is channelled to a special stipend project to encourage and support girls to attend secondary education, and a project for integrated non-formal education.

The second priority area, support to the "*productive sectors*" and *income generating activities which will benefit the poor*, is predicated by the accelerated growth in landless people needing employment. According to the Norwegian *Landstrategi*, the projects in the productive sectors will have to be monitored closely, to avoid misuse and to direct them towards measures and activities that benefit the poor. According to the MoU, the objectives for support to productive sectors include increased income-generating employment for the poor, but also strengthening of existing and establishment of new sustainable micro, medium and large production units with a particular emphasis of the private sector.

During the Annual Consultations in October 1996, the two Governments agreed on further specifications and

criteria for support to the productive sectors: Priority should be given to projects within the secondary and tertiary sectors, and direct support to the primary sectors (agriculture, forestry and fishery) would thus be excluded.²⁴ Credit programmes would be given high priority, provided they are linked to a future ordinary banking system. Projects that create new industrial production, increase productivity, and improve sales and incomes would be of special interest, commercial co-operation between the two countries would be stimulated, and support to infrastructure should only constitute a limited part of the co-operation. However, nothing was recorded in the Agreed Minutes about the emphasis on providing (maximum) employment and income generation for the poor.

Within this context, Norway has continued its support to several projects previously listed as 'rural development'. These include the Grameen Bank (this will be terminated in 1998), the Rural Employment Sector Programme (RESP – now replaced by a new income generation project in the district of Kurigram), and a more recent emphasis on the Agrani Bank Small Enterprise Development Project (SEDP). NORAD considers all of these to be well targeted on the poor.

So far, a jute product development project has been started, and other projects are aiming at creating new industrial production or improving productivity and income generation. Initiatives have been taken to establish a Bangladesh Norway Chamber of Commerce, and proposals have been made for an annual 'Investment Forum'. Norway has also for several years supported the Government's Bangladesh Petroleum Institute, aiming at enabling Bangladesh to develop and manage the production of its substantial resources of oil and natural gas, and has signed a new agreement to fund further project proposals in the energy sector.

An interesting new arrangement was recently made involving both the Grameen Bank and the Norwegian state-owned company Telenor. Telenor has established a joint venture Grameen Phone Ltd with considerable support from Norway under the special budget line for commercial cooperation. Grameen Telecom, a pure Grameen company, is now working to engage village women to become telephone operators and sell cellular telephone services in the villages. This project will provide an additional source of income for the local person who will rent out these phones to the other villagers.

Another relevant case is the so-called 'rural electrification' projects. According to the agreed strategy, infra-

24. The policy of the new Minister that gives emphasis to agriculture is more recent than this 1996 agreement.

structure should only constitute a limited part of the total allocation, but these projects for rural electrification have been given a very high priority by the Bangladeshi Government. The projects are to a large extent a continuation of a controversial previous series of deliveries from Norway of wooden treated electricity poles and some other equipment, as commodity assistance. While Norway proposed during the 1996 Annual Consultations that further deliveries of poles and other equipment should in the future be supported under the special budget allocation for commercial co-operation, it was agreed one year later to include these projects under the basic 'Country Frame' allocation. This was accepted, on the grounds that rural electrification may be an important element in supporting economic activities in the villages, as well as improving living conditions, providing better lights for children studying, etc. However, this time the actual supply of poles and other equipment has been out for international competitive bidding, and will be not tied to deliveries from Norway.

The third agreed priority area to strengthen *the democratic process*, relates to the overall importance of the political system and governance, for creating a stable and safe environment for any development. Bangladesh was for many years (1975-1991) under military rule. In the early and mid-1990s the country was also characterised by political unrest and instability. Strengthening the democratic process would include better functioning of the electoral process and elected bodies, but also strengthening public awareness, public sector reforms, and increased local public participation in decision-making. Measures to improve the conditions for women were also to be included. While the Norwegian *Landstrategi* proposed to include human rights issues along with promoting democracy, in the agreed MoU support to "efforts for upholding fundamental rights of the citizens" is listed as one of several objectives under this heading.

While these activities may not be seen as immediately resulting in poverty reduction, it was assumed that a more stable political situation, with less interruptions and more law and order, would be necessary conditions for any development efforts. This was also strongly expressed by the Norwegian delegation in the 1996 consultations with Bangladesh. Equally, public sector reforms and other measures to improve governance (including reduced corruption) would create more predictable, accountable and transparent government and reduce leakage and losses in implementation of development programmes. Perhaps of even greater importance, would be to empower the poor majority, women and other weak groups, to be heard and take part in the political process and decision-making, so that their interests and concerns would be given greater priority in overall policies.

However, as stated in NORAD's 1997 Annual Report, "it has been difficult to persuade the [Bangladesh] authorities to define specific projects that are worthy of support within the priority area democratisation and human rights". The main project was therefore support to the election process (in 1996), besides activities undertaken by several non-governmental organisations, especially targeted on women. Altogether, these activities account for a very small portion of the overall aid programme. A substantial portion of the support to non-governmental organisations, however, provides support to organisations that empower women, the poor in urban slums, and other weak groups.

As mentioned in the previous sections, Norway believes in contributing to peaceful settlement of conflicts, and to rehabilitation, reconstruction and reconciliation efforts in a post-conflict period, in order to improve the probability for a lasting and sustainable peace, that will also improve peoples' lives. In Bangladesh the Government entered into a peace agreement for the Chittagong Hill Tracts in 1997, ending a 23 year old armed conflict. In accordance with her general policy, Norway has offered assistance to this area in support of the peace agreement, but so far the dialogue on this continues without any concrete agreement on projects.

3.2.2 Tanzania

In contrast to the Bangladesh case, poverty reduction has never featured prominently in Norway's aid policy documents regarding co-operation with **Tanzania**. The emphasis, especially since the early 1980, has been on economic recovery, institutional reform and improved management. The most recent 'Country Strategy' (*Landstrategi*) document²⁵ for the years 1994-97²⁶ and the agreed Memorandum of Understanding²⁷ state that the major objective is "the promotion of a sustainable economy that is not dependent on development assistance". Therefore, co-operation will be focused on facilitating implementation of the reform process, "with a view to strengthening the foundation for a sustainable political and economic development, achieving a better mobilisation of Tanzania's own resources and thereby reducing the dependency on external resources." (MoU p.2)

25. Utenriksdepartementet, *Landstrategi. Norsk bistandssamarbeid med Tanzania 1994-97*. Oslo: October 1994. [Norwegian Ministry of Foreign Affairs, Country Strategy for Norway's Development Strategy with Tanzania 1994-97.] – Only the 'Goals and Strategy' section is translated into English, not the analysis of past experiences.

26. A new strategy is due to be developed during 1999.

27. *Memorandum of Understanding (MoU) on the Development Cooperation between Tanzania and Norway*. Dar es Salaam, 21 October 1994.

There is no mention of poverty issues or poverty reduction in the MoU. But a section in the Norwegian *Landstrategi* points out that Tanzania has one of the lowest GNP per capita in the world, and that approximately one third of the population are living below the poverty line, citing the World Bank Poverty Profile 1993. The Country Strategy acknowledges that poverty is more prevalent in rural areas, particularly in areas with low agricultural productivity, that poor families tend to have more children than the non-poor, and that they have poorer access to public social services. However, there is no indication that this perspective influenced the formulation of the strategy.

Norway has provided assistance to Tanzania since Tanganyika achieved independence in 1961. The volume of aid grew first slowly, and then rapidly during the 1970s, and Tanzania became the main recipient of Norway's bilateral aid for most of the 1980s into the 1990s. Norway's main position has been that support to the country's overall development efforts is the best contribution to poverty reduction. Norway supported and was committed to the Tanzania's development policies throughout most of this period, – however with a somewhat more critical approach emerging in the mid-1980s.

A major study of Norway's aid to Tanzania was undertaken in 1988.²⁸ It observes that the increase in aid during the 1970s reflects "the growing interest which the new Tanzanian development strategy and objectives evoked in Norway (...). The major objectives of the Norwegian Government's White Paper corresponded well with the spirit of the development strategy of the Arusha Declaration." Hence, the actual content and composition of the aid programme were not considered of crucial relevance for the development impact. As observed by the 1988 Country Study, "A guiding principle for this assistance during the 1970s, was to concentrate on areas where Norway, its industries and institutions, had particular competence. The country programme thus came to concentrate mainly on coastal transport, fisheries and hydropower development."

There is therefore little evidence in the 1960s and the 1970s, of any preoccupation with activities and projects that would more directly contribute towards poverty reduction. However, there were some trends towards a more active attitude in terms of supporting the *rural areas*, and ensuring a more balanced development throughout the country and integration of the more remote areas. This would be in line with the Tan-

zania Government policies and the Arusha Declaration. This is evidenced in the emphasis on rural transport and other infrastructure such as rural road building and maintenance, coastal transport and small port development, and support to the Rural Development Bank.

Two major shifts took place during the early 1980s: In response to the growing financial and economic crisis in Tanzania, Norway agreed to provide direct balance-of-payment support in the form of commodity import support. Up to 50 per cent of the regular Country Programme was allocated to commodity import support in the mid-1980s, and most of these commodities were inputs to the manufacturing sector, with no reference to specific poverty-related activities.

The second shift was towards expanding more target-oriented projects, relating to rural development and other special concerns. In this connection, it is worth mentioning a few important aspects:

- Rural development was given a stronger emphasis, first by initiating rural water supply programmes in all villages in two relatively remote and poor regions (Rukwa and Kigoma), and later supplementing these with *integrated rural development programmes* in the two regions.
- In response to the new emphasis on *women in development*, a separate Action Plan²⁹ for women-oriented co-operation in Tanzania was formulated in 1987. This resulted in a number of separate activities specifically aimed at supporting women, but also a greater attention towards integration of a gender perspective in the other aid projects. A special advisor on women in development had already been attached to the NORAD Office in Dar es Salaam.
- New concerns were introduced, especially the need to *combat HIV/AIDS* which is threatening to affect both the poor and the rich, creating additional demands on the health services, and hampering development efforts; and to pay greater attention to *environmental issues* and management of natural resources, especially land and forest areas.

It may be noticed that concerns for distributional issues were also introduced in ongoing project activities. One case is the highly controversial debate on whether the Mbegani Fisheries Development Centre should be an advanced training centre with heavy

28. Kjell J. Havnevik et al, *Tanzania. Country Study and Norwegian Aid Review*. Bergen: Centre for Development Studies, University of Bergen, 1988 (Study commissioned by the Norwegian Ministry of Development Cooperation)

29. Departementet for Utviklingshjelp, *Aksjonsplan for Kvinnerett Bistand til Tanzania*. Oslo: DUH, 1987.

emphasis on trawling and cold store/freezing capacity only, or (in addition) support the artisanal small-scale fishing communities. A similar but not so controversial dialogue took place in the power sector, resulting in Norwegian support not only to the construction of hydropower generation plants, but also to rural electrification.

Tanzania entered a period of major economic and political reform in the 1980s, caused by the economic and financial crisis, and strongly influenced by the major donors. While the World Bank and IMF formulated conditions for new or continued credits to Tanzania, the Tanzanian government initially refused to accept these and formulated its own reform programmes. Despite lack of agreement with the IMF/World Bank, the Nordic countries maintained their support to Tanzania, until Sweden took the lead in 1985 and decided to change its approach and insisted on an agreement with IMF. Tanzania accepted this in 1986 with the introduction of the first Economic Recovery Programme (ERP). The 1986 agreement therefore represents the formal “watershed” for economic reforms in Tanzania, and also marks a significant break in the previously very warm relationship between Tanzania and the Nordic countries.

Since 1986 support to the economic recovery programme – but with a ‘human face’ – and increasingly the economic as well as political reforms has therefore been the main objective of the Norwegian aid programme. This was confirmed in the Country Analysis formulated in 1989 where the overall objectives were stated as economic readjustment and recovery, ensuring a minimum standard of basic social services (health and education), and sound management of natural resources.

In line with the declared emphasis on *basic social services*, Norway offered an expanded assistance in the health sector during the 1989 consultations. However, and despite studies being undertaken, Tanzania never responded by proposing any aid programme for this sector. Norway had to limit its involvement, and would concentrate on an HIV/AIDS programme, support through UN agencies, and linking activities to the integrated rural development programmes. Apparently, Tanzania felt that there were already a sufficient number of other donors in the health sector, and did not wish Norway to get involved, but rather concentrate on other sectors. This illustrates how Norwegian priorities – in this case for a poverty-oriented basic social service – may not necessarily coincide with Tanzania’s perceptions on how to make best use of donor funding.

A similar situation may be seen in the education sector, but here Norway had for many years been involved

in support to higher education and research with limited interventions directed at basic and primary education.

The overall experience with Norwegian aid to Tanzania during the 1989-93 period was not so positive. The experience in the integrated rural development programmes (IRDPs) in Rukwa and Kigoma is particularly illustrative, especially since these programmes were intended to raise the standard of living in poor regions. As a result, Norway’s support to the IRDPs was terminated in 1996.

“Evaluations have pointed out that the programmes are not economically and financially sustainable. The programmes are so large and complex that they outstrip the capacity of local authorities to continue and maintain them, and this has led to a strong aid dependency. The programmes have had limited impact on the economy of these regions. On the contrary, it has been argued that the aid money has had a negative effect on mobilising local resources, such as tax collection. (...) The sectoral activities have not been clearly linked with national priorities, strategies and reforms in public administration. Many of the projects lack a basis in the local community, as they have not been initiated by the local population. (...) The activities within health and water have resulted in substantial improvements in social welfare for the population, but the level introduced cannot be maintained by local resources.” (pp.26-27 in the *Landstrategi 1994-97* – our translation)

There is no overall evaluation or review available of the current 1994-97 development co-operation with Tanzania. However, there are some points that seem relevant for the way Norway has implemented those aspects of the aid programme most closely linked to the overall objective of poverty reduction:

- The more targeted programmes and policies towards rural areas and remote poor regions, have mostly failed, and are therefore terminated or reorganised. This is particularly true for the integrated rural development programmes in the two regions Rukwa and Kigoma. This is an important lesson, showing how dependent many project activities are on an overall functioning administration and economy.
- The rural roads programme has also been adjusted, and the new rehabilitation programme had to give more emphasis to the main national roads that were in very bad conditions. This shows that when the main structures break down, it makes little sense to continue improving the small rural roads.

- However, a project to support a new non-government credit institution for the informal sector, called Promotion of Rural Initiatives and Development Enterprises – PRIDE, was initiated in 1993. This is now considered by NORAD to be a very successful programme so far, supporting a large number of small private enterprises, mostly women, in improving their economic opportunities.
- Support to non-government organisations was previously seen as delivering development services, but has increasingly included support to civil society organisations. However, there was a setback here in 1997 when the Government made efforts to stop a women’s organisation (BAWATA) which had received Norwegian support. The whole issue of an independent civil society is relatively new and still politically very sensitive in Tanzania. At the same time, many NGOs that grew up after liberalisation of the one-party state may not be sustainable as they rely strongly on a few personalities, and easily become very aid dependent.
- Norway continues to push for including basic education and primary health care in its aid portfolio, even though these were not agreed by Tanzania to be included in the 1994 MoU. This was strengthened as the Embassy was instructed to follow-up to Norway’s priority to the ‘20-20’ concept after the 1995 Social Summit. As a result, Norway has signed a declaration of intent to provide sector support for education, but is still awaiting a policy clarification in the health sector.
- Norway has also decided to give more emphasis to agriculture, in line with political signals from the new Minister. According to the NORAD Annual Report 1997, “priority is also given to the agricultural sector”. In the 1999 Budget Plan we find that ‘increased production in agriculture’ is included through support to research and development in agriculture. This is, however, just a reclassification of the long term support to Tanzania’s

University of Agriculture, which has always previously been classified as support to ‘education and research’, and which has never included any extension services and has had very little impact on actual agricultural production.

- According to aid officials, poverty reduction remains “in the back of the mind” when developing and appraising projects and interventions. It will therefore be reflected in various ways in the actual design and operations, such as when integrating gender concerns, when encouraging greater local participation in the environment projects, etc.

Norway’s present approach in Tanzania is therefore strongly focused on economic recovery and institutional reforms as a prerequisite for achieving other development objectives. However, Norway’s initiatives to include basic social services and support agriculture, as well as the support to PRIDE are indications that Norway follows several approaches simultaneously.

A recent study of *European Aid for Poverty Reduction in Tanzania* by Timo Voipio and Paul Hoebink (forthcoming Working Paper from ODI) also emphasises some of these findings. This study describes Norway (and the other Nordic countries) as believing in the “Tanzania back to the Driver’s Seat”-strategy, which is quite different from most other donors who believe in the “neo-liberal narrative”, the “participation narrative”, or a “social capital narrative”. According to this study, the Norwegians “were most aggressively against the ‘targeting of the poor’ thinking, arguing that (...) such things should be solved through the Tanzanian democratic processes...” Furthermore the Norwegians and the Swedes “were more or less of the opinion that ‘targeting’ is useless waste of energy in Tanzania – even for the most poverty oriented donors – since all population groups are poor, anyway. Instead of targeting, they aim at helping the whole nation back on their feet again.”

4: Summary observations and conclusions

Norway's implicit strategy for poverty reduction is based on a realisation that poverty is a complex phenomenon that has been caused by a number of historical, economic, political and social factors. Norway's approach towards the poverty issue has also been multi-sectoral, with a combined emphasis on investing in people through the social sectors and promoting a balanced and equitable economic growth, supplemented with more directly targeted interventions and the more recent emphasis on democratic institutions, empowerment and civil society. The dominant Norwegian perspective underlines the basic role of Government and state institutions for creating the necessary enabling environment for poverty reduction.

As a summary, we would argue that Norway has adopted a 'social democratic model' in its poverty reduction approach. This basic 'model' has been modified especially by adding a 'Christian/social liberal' model for direct targeting to the needy, and by a 'feminist' and NGO activist approach. There is less evidence of a more 'radical' emphasis on power relations, land reforms and class struggle, nor of a more 'market liberal' approach. There is no evidence of any emphasis on 'ethnic' or 'cultural' factors.

While the overall objective as well as the general 'policy model' is generally accepted and internalised within NORAD and the Ministry of Foreign Affairs, the challenge now lies in further formulating policies and strategies within each sector and programme area, that will more effectively contribute to poverty reduction. This will require an overall effort to improve both skills and awareness throughout the organisation. It has been seen in other countries, that a strong message and commitment from the top management and political leaders are important to encourage and develop these skills and attitudes.

As seen in the sub-section above, Norway practices in both Bangladesh and Tanzania its policy of promoting greater recipient responsibility. This policy has also included efforts to strengthen institutions playing an important role in contributing to the reduction of poverty. In Tanzania the main and overall emphasis is on economic recovery and institutional improvements, while in Bangladesh the overall emphasis is on enabling their national institutions to provide basic services especially in the education sector.

In both countries Norway is supporting strengthening of democratic institutions, but finds it difficult to identify and agree with the partner Government, on interventions in an area which is still very politically

sensitive. Meanwhile, Norway has been increasing its support to non-governmental organisations, which are involved in empowering weak and underprivileged groups. It is not clear, however, how much impact these organisations have on the society at large.

Norway also promotes economic activities broadly, with a particular emphasis on employment creation and micro- and small enterprises. It is remarkable that in both countries it is not the micro-credit programmes (such as the Grameen Bank), but rather the credit programmes for the "next" level, for small industries and small enterprises, such as PRIDE in Tanzania and the Agrani SEDP in Bangladesh that are now considered the most promising by the NORAD and embassy staff.

The most problematic sector in both countries in terms of contributing to poverty reduction seems to be what is termed "productive sector". It is agreed that increased production is essential, with an emphasis on employment creation and generation of incomes. Such incomes could accrue directly for the poor, as well as benefiting the poor indirectly through financing tax revenues that are crucial for funding the basic social services. On the other hand, there is awareness that economic activities may not always produce such results. It has not been easy to identify ways and means to promote a sustainable 'pro-poor' productive sector. This is an issue with which also other donors are struggling, and does therefore call for further analysis and studies.

One major issue, which is not prominently approached in any of the two countries, and neither in other countries receiving Norwegian assistance, is the question of fungibility. When aid fungibility is taken into account, it is less important what projects and sectors each donor is funding, because other donors and the government itself may shift their funding to other sectors and programmes. It is therefore the total impact of overall aid and the government's own efforts, that should be assessed for its impact on poverty reduction. This adds emphasis to the importance of donor coordination and recipient responsibility. It also underlines the importance of devising poverty monitoring mechanisms at a broader sectoral, regional and national level, rather than connected to individual donors' projects. This is important also as a basis for an improved dialogue between donors and all development partners in a country, for improved policies, measures, and initiatives for a sustainable poverty reduction.

At the same time, this does not take away the responsibility of each donor agency, from following a conscious policy in its aid programme. In many poor countries, the fungibility mechanism is not so strong, as the government has very limited funding of its own, and activities not funded by donors are simply not implemented, regardless of real priority. In other countries the mechanism may be the reverse, as the donor-funded programmes most easily attract additional resources. Therefore, the allocation of donor funding has important implications for the overall resource allocation. This further underlines the importance of assessing the overall impact on poverty reduction, within a larger development context.

The issue ahead is therefore to continue and strengthen the operationalisation and implementation of a multi-sectoral and balanced approach to poverty reduction, moving beyond the more simple focus on basic social services and rural development/agriculture. The challenge is how to address more directly and concretely how to promote a sustainable 'pro-poor' economic growth, how infrastructure development can more consciously contribute to long term improvements also for the poor, and how good governance and strengthening of civil society actually incorporates all parts of society.

Norway has fully realised that it must co-ordinate its efforts with other donors within the multilateral system, as well as in each country where it operates. Norway has also, more than most donor countries, emphasised the strong responsibility of the partner Government for formulating and implementing the donor-funded development projects. Within this approach, it is even more important that Norway in its active dialogue with the Government and other development partners at national as well as sectoral level discusses and promotes a policy and strategy for poverty reduction. However, there has been insufficient attention to the implication of this in a situation where the recipient does not give (sufficient) priority to poverty reduction and/or lacks the capability to pursue and implement such policies through donor co-ordinated sector-wide programmes. This will then have implications for the actual allocation of funds, and formulation of projects and programmes. The emphasis will therefore be stronger on analytical skills and an active

dialogue, rather than the operation of individual projects.

It is noticeable that the current donor concerns with poverty rarely focus on the external framework for poverty reduction such as the global economy, trade and investment flows, migrations and capital transfers, and the liberalisation of the financial markets. This contrasts somewhat with the situation prevailing in the 1970s where at least some donor countries, such as the likeminded group, focused on global conditions for development. There is also still a gap between the poverty concerns of development aid agencies, often focusing on aid-funded projects and programmes and specific local issues, and the major factors influencing the level of poverty in a country. This is especially evident in countries in conflict, countries undergoing major transformations or with disintegrating governance structures, or countries in major economic crisis.

This underlines the importance of strengthening the poverty analysis, awareness and policy making at the country level, as much as in the headquarters in Oslo. In most countries there are already existing studies, policies, and monitoring mechanisms, and in several countries Norway and other like-minded countries have been promoting this process. However, today other donor agencies including the World Bank and the UN agencies are just as much or even more actively involved. For Norway it is important to take actively part in these donor co-ordinated initiatives at the country level, and promote its policy to involve and make the partner countries themselves responsible for its poverty analysis and policymaking, rather than leaving this to the donors. Three elements are important: (1) a professional, high quality and continuously updated poverty analysis, with the possibility of promoting several studies and analyses to stimulate debate and discussions; (2) an active policy-making by the Government for poverty reduction, including both national policies, sectoral policies, and regional policies, where relevant; and (3) a systematic monitoring system with agreed indicators and impact analysis. This requires a consolidated effort by donors and the Government and other development partners in each and every country to tackle the challenge of poverty.

Annex 1: List of persons consulted/interviewed

Norwegian Ministry of Foreign Affairs

Erik Berg, Head of Division, Planning and Evaluation
Svein Aage Dale, Assistant Deputy Director General,
Bilateral Department

Asbjørn Eidhammer, Assistant Director General,
Department for Global Affairs

Anne Kristin Hermansen, Advisor, Department for
Global Affairs

Gunnar Holm, Executive Officer, Bilateral Department

Marianne Loe, Advisor, Department for Global Affairs

Norwegian Agency for Development Cooperation

Marit Berggrav, Advisor, Human Resources Develop-
ment Section, Technical Department

Knut Espeland, Executive Officer, Section for North-
ern Africa and the Middle East, Regions Department

Thorbjørn Gaustadsæther, Assistant Deputy Director
General, Regions Department

Tore F. Gjøs, Assistant Deputy Director General, Sec-
tion for Southern Africa, Regions Department

Inger Leite, Advisor, Section for the Volunteer Ser-
vice, Regions Department

Halvard Lesteberg, Assistant Director General,
Department for Industrial Cooperation

Bodil Maal, Advisor, Human Resources Development
Section, Technical Department

Jan Arne Munkebye, Head, Section for Northern
Africa and the Middle East, Regions Department

Per Prestgard, Advisor, Human Resources Develop-
ment, Technical Department (Chair, Working Group
on Poverty),

Tone Tinnes, Advisor, Economic Development Sec-
tion, Technical Department

Tore Toreng, Head, Section for Asia and Latin Amer-
ica, Regions Department

Inge Tveite, Head, Section for the Volunteer Service,
Regions Department

Åshild Strand Vigtel, Advisor, Department for Indus-
trial Cooperation

Anne M. Ødegaard, Executive Officer, Section for
Asia and Latin America, Regions Department

Norwegian Embassy, Dar es Salaam

Gunnar Føreland, Minister Councillor (Development)

Norwegian Embassy, Dhaka

Berit Fladby, Councillor (Development)