



# Assessment of Micro-Macro Linkages in Poverty Alleviation: South Asia

# Assessment of Micro-Macro Linkages in Poverty Alleviation: South Asia



**UNITED NATIONS DEVELOPMENT PROGRAMME  
EVALUATION OFFICE**

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# Foreword

The *Assessment of Micro-Macro Linkages in Poverty Alleviation: South Asia* presents a review of the results of poverty alleviation programmes in the sub-region during the last seven years with special reference to Bangladesh, India, Nepal, Pakistan and Sri Lanka. Governments in these countries have long given high priority to poverty reduction, both in national policy and programmes. This emphasis continues in national poverty reduction strategies, especially now in the context of achieving the Millennium Development Goals (MDGs).

The UNDP Evaluation Office commissioned desk research in the five countries to survey results and lessons learned from various poverty alleviation programmes, which have been synthesized and incorporated in this report. The consultations for this regional assessment involved discussions with key government representatives, civil society organizations, researchers and NGOs from the region. The major aim was to draw evaluative evidence by surveying existing studies to examine how to look at micro experiences, how they relate to the macro, and what the linkages ultimately lead to in terms of wider development impact.

The issue of micro-micro linkages is a critical, and often overlooked, dimension of poverty and other forms of social and economic exclusion. Given the large number of micro level interventions, including the South Asia Poverty Alleviation Programme (SAPAP), it is critical to know the connection between the value of social mobilization and a demonstrated influence on macro-level poverty reduction, which should be examined through empirical evidence. Have the efforts led to improved development outcomes in terms of reduced poverty or better human development indicators in the sub-region? The lessons learned from the efforts of UNDP and partners indicate that there needs to be a collective approach that should be flexible enough to reflect the specific context of the country and link national (macro) and local (micro) interventions into the overall aim of poverty reduction. This will require new ways of working, new joint ventures with a broader range of partners to foster national ownership of programmes, including poor people themselves and, above all, greater political commitment. The report suggests policy recommendations aimed at improving the situation.

We hope that this assessment will provoke renewed discussion around operational strategy development and concerted action, by the countries themselves and by the donor community in general. It is also expected to contribute to cross-regional learning in other regions confronting similar issues. A workshop organized by the UNDP Evaluation Office and the Regional Bureau for Asia and the Pacific to launch the assessment in 2002 attracted many contributions from South Asian participants and the relevant UNDP country offices, generating diverse perspectives on strengthening micro-macro linkages. The Evaluation Office would like to acknowledge their engagement and support. We would also like to thank S. Nanthikesan for producing this synthesis report and the national researchers, Q.M. Ahmed, M.M. Akash, S.M. Dev, S. Galab, B. Hewavitharana, N.S. Jodha, and S. Ray, for producing the country assessments. We welcome future dialogue with all our partners on the key issues raised in the report and the approach set out, and look forward to future collaborations.

Acting Director  
Evaluation Office  
UNDP

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# Executive Summary



## 1. PURPOSE AND SCOPE OF THE REGIONAL ASSESSMENT

This report assesses the linkages between participatory poverty alleviation schemes and macro-level poverty alleviation policy initiatives in five countries in South Asia, namely, Bangladesh, India, Nepal, Pakistan and Sri Lanka. It is not a general study of the successes and/or failures of either macro poverty alleviation initiatives or community-level poverty alleviation programmes; its principal focus is an assessment of linkages between the micro and macro poverty alleviation initiatives that contribute to their effectiveness. Particular attention is given to the linkages flowing from the former to the latter.

A regional assessment was undertaken to draw out general lessons from a comparison of countries that had diverse poverty profiles and policy regimes. These lessons are expected to provide valuable input for future policy recommendations and programme design practices of the UNDP in wide-ranging contexts.

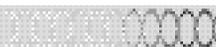
## 2. BACKGROUND

The top-heavy, supply-side focus of national poverty alleviation measures had long been identified as inhibiting the fight against poverty in the region. In response, the UNDP began work on participatory pilot programmes at the community level in six South Asian countries under the South Asian Poverty Alleviation Programme (SAPAP) in 1994. Other international agencies such as UNCDF, Australian Aid, World Bank, SIDA and DFID, among others, had also funded similar programmes. In addition, there was a plethora of comparable local initiatives in the South Asian region. These programmes were based on social mobilization for sustainable self-development. However, it was not anticipated

that these micro initiatives would, in and of themselves, significantly reduce the high incidence of poverty in the sub-region. Instead, one of the principal goals of these initiatives was the incorporation of informational channels aimed at impacting the effectiveness of macro policy mechanisms. It was hoped that concrete experience at the grass-roots level would help the “macro” identify the factors relevant to improving targeting and delivery. In particular, it was hoped that lessons learned would be transmitted regarding the components necessary for successfully negotiating the constraints arising from the macro policy regime and its interaction with existing initial conditions.

In February of 2002, the Evaluation Office (EO) of UNDP convened a meeting that launched an in-depth assessment of the micro-macro linkages that contributed to the effectiveness of UNDP’s development efforts in South Asia. The meeting was titled “Assessing Linkages between Macro and Micro Level Initiatives in South Asia” and was held in New Delhi, India. It was recognized that a regional perspective on the micro-macro linkage would be useful for future country programming and regional initiatives. Consequently, a regional assessment study based on individual country assessments was initiated. The analysis was based on empirical evidence documented in UNDP’s Results-Oriented Annual Reports (ROAR) and various Poverty Reduction Strategy Papers (PRSPs).

In analysing the micro macro linkages, this regional report is primarily based on the country assessments and consultations. It mainly focuses on state-sponsored macro poverty alleviation initiatives, based on a synthesis of key findings from the country assessments. Experiences of micro initiatives sponsored by UNDP and other donor agencies were presented in most reports, but some focused exclusively on SAPAP projects (e.g. the country report for India).



### **3. MAIN FINDINGS: MICRO-MACRO LINKAGES**

Looking at local-level programmes studied in the country reports through the lens of micro-macro linkages led to the following categorization of results:

#### **3.1. Micro Failures and Failure to Influence Macro Efforts**

Interventions that failed locally without leaving any legacy cannot alter the micro-macro linkages. The KST project in Bangladesh belonged to this category. It was not replicated and had very limited impact on macro policy making. The Rehabilitation of Waterlogged and Saline Land project in Pakistan was another example of failure, due to lack of demand and ownership. There was cultural dissonance regarding the goal of using reclaimed land for agriculture.

#### **3.2. Micro Successes without Linkages to Macro Efforts**

There were interventions that left positive outcomes at the local level but failed to influence the macro. At least three country examples illustrate this case, namely, Sri Lanka, Pakistan and to an extent, India. The Nuwara Eliya project in Sri Lanka yielded mixed results locally. This project did accomplish modest civil society mobilization and established horizontal links. However, it came into conflict with existing state-sponsored poverty alleviation projects, such as Janasaviya and Samurdhi, engaged in similar activities. Asymmetric power relations between the micro and the macro resulted in the project lacking state ownership/commitment.

In the Sri Lankan situation there was an added dimension to the problems the project had to confront. It faced an institutional mismatch in the form of dysfunctional decentralization, which contributed to a disconnect between the micro and the macro. The administrative

decentralization was not commensurate with fiscal decentralization, which prevented the flow of resources and information to the local level. Thus inappropriately functioning decentralization could hinder micro-macro linkage.

The Lachi and Northern Area Development Plan projects in Pakistan were also local successes. However they entered the local scene as a part of the wider rural support programme (RSP) that existed in the region and had a proven successful track record. This was also the case for the SAPAP project in Andhra Pradesh in India, which was but a small part of the poverty alleviation initiatives undertaken by the state government, GOI and NGOs.

To add value to the engagement with the macro, projects have to come up with distinct and more creative models of civic engagement than those that already exist. Otherwise they contribute little to altering existing blockages between the micro and the macro in the form of perceptions, information asymmetry, institutional mismatch and asymmetric power relations.

#### **3.3. Micro Successes with Linkages to Macro Efforts**

Interventions that succeeded at the local level and influenced the macro were also observed in the country studies. Despite the abject macro conditions that continue to plague Nepal, the SAPAP programme in the country was "successful". A project started in one district involving 5,910 members. It was then extended to the meso-level, covering 270,000 households, thanks partly to the strong commitment from the State and UNDP. There are several reasons for this success.

First, the programme was designed to utilize the existing structures, such as VDC that were involved with poverty reduction measures underwritten by GON, NGOs and donors. Secondly, at

the design and functioning stages, efforts were made to link the project with the macro. For instance, SAPAP was linked with the District Development Council (DDC) that served as the focal point for local development administration in Nepal. In addition, SAPAP formed a District Coordination Committee (DCC) that linked all line agencies of the GON in the district and the SAPAP — a move that provided a horizontal and vertical link for the micro. Finally, the SAPAP programme received strong commitment from GON and was a novel concept in the Nepalese context.

Closer scrutiny of these categories of results points to some key determinants that influence the micro-macro linkages, which are presented below.

### **3.4. Key Determinants of Micro-Macro Linkages**

Analysis of the five country reports showed recurring problems of targeting and delivery with macro initiatives against poverty. Similarly, community-level programmes, even when successful, had frequently failed to influence policy at the macro level. These recurring problems cannot be explained as simply arising from a lack of available resources. They also point to persistent constraints operating at different registers. Based on information from the country reports, four dimensions may be discerned in which the factors contributing to the disconnect between the micro and the macro operate, namely:

1. Perceptions and attitudes regarding each other
2. Information asymmetry and/or deficit
3. Institutional mismatch between target (and needs) and delivery mechanisms
4. Unequal power relations

#### **Perceptions and attitudes regarding each other**

Early efforts by the State in all five countries had been characterized by an

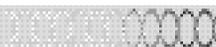
approach that regarded the poor as a monolithic entity that is vulnerable, without agency and incapable of articulating its interests. The poor on the other hand, perceived the State as a static and monolithic entity that is perpetually deaf to their interests, as evidenced by their entrenched poverty. They tended to believe actions to seek representation and remedy would not effect any changes. These attitudes and perceptions constituted the barriers of communication between micro- and macro-level anti-poverty efforts.

#### **Information asymmetry and deficit**

The macro lacks information on the priorities and needs of the poor; thus it lacks knowledge of targets and appropriate delivery mechanisms. The poor, on the other hand, lack knowledge of the resources that are accessible, the opportunities that are available and the synergies that are possible when social mobilization is coupled with the establishment of horizontal and vertical links.

#### **Institutional mismatch between target and delivery mechanisms**

Linkages between the macro and the micro also were inhibited by the inefficiencies of political and economic institutions. For instance, as the Sri Lankan study pointed out, inadequate political and administrative decentralization would act as a barrier to the channels of transmission between the macro and the micro. Persistent exclusion from political power has left the poor with limited institutional arrangements to convey their aspirations to the centre. As evidenced from all country studies, markets and public institutions had not been able to reach the ultra poor, who could not meaningfully influence the micro-macro information channels; thus they remain excluded from macro decision-making processes.



### **Unequal power relations**

This is perhaps the most important of all dimensions and even may be at the root of the other three factors, described above. It concerns the lack of political will on the part of the macro to establish links with stakeholders. A meaningful attack on large-scale poverty requires more than a tax and transfer approach. The deep redistributive efforts required to address large-scale poverty would face resistance from the status quo. Moreover, the exclusion of the poor from economic and political structures leaves them with little voice or choice in decision-making processes. Even when the centre is willing to listen, local hierarchies vested in maintaining the status quo often block voices of the poor being transmitted “upstream”. As a result, there was very limited political space and commitment for opening up channels of communication between the macro and the micro. These determinants seldom exist as entirely separate categories. They were often present together in instances of inhibited macro-micro linkages and should be recognized as fundamentally interlinked. Nevertheless, it is also important to identify these as related but distinct dimensions of micro-macro links in the South Asian region.

## **4. MAIN LESSONS LEARNED**

Over the last few decades UNDP has extended its work in well over one hundred countries. Working with limited resources it has built healthy working partnerships with governments and policy makers around the globe. Its interventions have demonstrated its commitment towards anti-poverty initiatives and gained it the reputation of being a trustworthy partner with sincere intentions and sound approaches against poverty.

That being said, it is also important to

recognize that the development assistance provided by UNDP is but a fraction of the total assistance received by all five countries considered. Consequently, UNDP cannot expect to wield influence with governments based on the merits of its financial contributions. Therefore, to influence the micro-macro linkages, UNDP has to be judiciously strategic in orchestrating its strengths and experience on the ground in each country.

### **I. Holistic Approach to Poverty Alleviation**

Just as poverty is multi-dimensional, so too are the strategies to alleviate poverty and their attendant micro-macro linkages. For instance, to ensure that success in credit mobilization is sustainable, it has to be attended by an expansion of productive opportunities and market access for products. At the same time, public institutions and markets should receive much more emphasis as they influence people’s income and access to resources. Thus efforts to mobilize capital should build, simultaneously, horizontal linkages for potential markets and income opportunities to escape the low-equilibrium trap, as well as vertical relationships. However, the absence of credit insurance is likely to be detrimental to efforts at credit mobilization in areas affected by conflict.

Another instance in which a holistic approach to poverty alleviation is an immediate imperative is when HIV/AIDS is an issue. Micro-macro links for the promotion of awareness and dissemination of preventive measures are weak in the region. Lack of information and misperceptions affect both the micro and the macro. Policies on health insurance, preventive public health services and making related drugs available at affordable prices should become responsive to micro-level needs. Micro-level initiatives need to work at the household level towards overcoming the cultural stigma

attached to the disease, which tends to prevent the affected from mobilizing. SHGs and VOs mobilized for anti-poverty efforts could serve as instruments to combat cultural stigma. Strategies along these lines should be explicitly included on the agenda of UNDP-supported anti-poverty efforts, which should also include development of the capacities of those already, or at risk of being, affected by HIV/AIDS.

## II. Focused Programmes Selected for Maximum Visibility and Influence on Macro

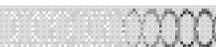
In the context of limited resources, support for micro-level programmes cannot mean proliferation of UNDP's involvement. In fact, it becomes essential that programmes be judiciously selected, not only based on their potential to reduce local poverty, but also on the programme's visibility and effectiveness in influencing macro efforts.

Programmes should be selected because they make a distinctive contribution to enhancing micro-macro linkages rather than to duplicating other anti-poverty efforts. The experiences of Sri Lanka, Pakistan and Andhra Pradesh confirm this. These interventions coexisted with a plethora of other similar measures that in most instances had more reach than the UNDP initiatives. These initiatives, while being effective in their poverty alleviation efforts, fell short of altering the outlook of the macro or of lowering the barriers between the micro and the macro. Conversely, a well-executed social mobilization approach was relatively novel to anti-poverty efforts in Nepal and thus had an impact on the macro. In this context, UNDP could maximize its results on micro-macro links by targeting groups that are marginalized in traditional development practices. To do so, it was necessary to identify regional groups that are marginalized either because of their spatial location (e.g. remote areas)

and/or social status (tribals, lower-caste, ultra poor, etc.).

## III. Programme Design and Implementation to Maximize Micro-Macro Linkages

- **Avoid building conflicting parallel structures.** When formulating micro-level programmes, careful attention must be paid to avoid building structures of delivery parallel to existing ones. UNDP's intervention in Sri Lanka ended up creating structures parallel to the existing anti-poverty initiatives of the State. The ensuing conflict undermined the chances of success of the UNDP programme. Alternatively, the SAPAP programme in Nepal utilized existing state institutions of delivery such as VDCs. This also provided a platform for closer interaction between the State and the programme, which resulted in enhanced micro-macro linkages.
- **Institutionalize Linkages with the State to Improve Micro-Macro Linkage.** During the operational existence of the programme it would be advantageous to establish horizontal and vertical links at various levels. Such links and collaboration improve chances of sustainability and bring synergies in the form of partnerships. In Nepal, the successful micro-initiatives established links with District Development Councils and formed District Coordinating Committees that linked these initiatives to all line agencies of GON in the district. Subsequently, DCCs became institutionalized vertical and horizontal links for the programme.
- **Meso-level Constraints Need to Be Recognised.** A disconnect between the micro and the macro is sometimes due to institutional anomalies that are



beyond the control of the designers of the programme. One such set of anomalies stems from the meso-level, as illustrated by the dysfunctional district development councils in Sri Lanka. Partial and incomplete fiscal decentralization resulted in these meso units, essentially inhibiting the flow of resources and information between macro and micro.

#### **IV. Strong State Ownership of Programmes Improves Micro-Macro Linkages**

Commitment at the macro or meso level is vital for establishing vibrant links between the micro and the macro. As discussed in the previous section, both in Andhra Pradesh in India, and in Nepal, the governments were committed to the programme. Commitment of the State to the programme was demonstrated through direct participation and institutionalizing the relationship (e.g. DCCs in Nepal). In both cases, the programmes were scaled up to meso level. When there was ambivalence in the State's commitment (as in Bangladesh during the later stages of the KST project), or when there was near hostility at operational level (as in Sri Lanka), the programmes did not succeed and failed to influence the macro.

#### **V. Gender Mainstreaming**

This has emerged as a UNDP priority, as reflected in the Strategic Results Framework (SRF) and UNDAF themes. Poverty alleviation strategies have to recognize social differentiation among the poor, of which gender is a significant one. Inequality along gender lines are particularly important in a region where aggregated data show women are at considerable disadvantage. This implies that community-level interventions of UNDP that fail to explicitly recognize this reality run the risk of reproducing and entrenching existing gender inequalities.

Thus gender mainstreaming requires sustained, proactive and skilled efforts to identify the forces and the opportunities involved in the struggle against this hierarchy at macro and micro levels.

Information flow from the micro to the macro is conditioned by gender hierarchy. Gender sensitive anti-poverty efforts could improve micro-macro linkages by empowering women stakeholders. A strengthened micro will be in a better position to improve the linkages and to influence the macro. The mobilized community could also address crosscutting issues of gender through the activities of SHGs and VOs. To this effect, SHGs in India, for instance, could address issues of female literacy, widow remarriages, maternal mortality rates and child marriages. To strengthen these efforts, UNDP should actively seek the input of gender experts as well as relevant state organizations (e.g. Department of Women and Child Development in India) when formulating its programmes.

#### **VI. Disseminating Lessons is Essential for Improved Micro-Macro Linkages**

For UNDP to become a micro-macro linkage, it needs to persuasively communicate to the macro the lessons from its micro-level anti-poverty initiatives. Country reports point to UNDP's efforts such as dialogues with senior officials involved with a country's macro initiatives, seminars and documenting best practices and experience. These efforts need to be strengthened, intensified and extended. For instance, soliciting active support from a mobilized civil society that has benefited from the micro-initiatives would be helpful in strengthening the message to the macro. A regional exchange of documentation and information extended beyond national borders within the South Asian region, annual regional workshops on lessons learned regarding

micro-macro linkages, and a regional research centre involving regional experts to investigate related topics would all contribute towards enhancing micro-macro linkages within the region.

## 5. MAIN RECOMMENDATIONS

Close study of social-mobilisation based antipoverty interventions pursued in the South Asia region and their influence on macro level initiatives point toward a few broad recommendations to strengthen micro-macro linkages.

- UNDP's interventions to alleviate poverty at the micro-level should be demand driven, with representatives of the stakeholders making explicit requests and reviews, and demonstrating commitment to the programme. Successful micro initiatives should be refined, promoted and used as building blocks for expansion. In each country, support should be prioritized for a select few key programmes as pilots to provide a vision and road map for future macro initiatives.
- UNDP should continue to advocate for more holistic and dynamic approaches to anti-poverty initiatives with policy makers and planners, while supporting such approaches at the micro level. Design of holistic initiatives should reflect:
  - ◆ a multi-dimensional approach in recognizing that the poor are non-monolithic (e.g. to address asymmetric gender relations); and
  - ◆ a flexible and responsive approach in recognition of the fact that the needs of the poor are dynamic and context dependent (e.g. to address the current imperative to incorporate attention to HIV/AIDS as a priority of poverty alleviation).
- UNDP's social mobilization programmes should be designed to incorporate in their mandates the need to impact policymaking, through advocacy and action throughout their life spans. Programmes should have specific components for information transfer to the macro and to influence its trajectory. Even when the size of the micro initiative is relatively modest or insignificant, appropriate design and functional innovations could establish positive micro-macro linkages.
- UNDP's existing comparative advantages in poverty alleviation interventions need to be nurtured and strengthened so that UNDP can serve as one of the linkages between micro processes and macro policies. UNDP should continue to disseminate lessons for the macro through *ex-post* analysis of its own experiences in operationalising micro-projects.
- Poverty monitoring is critical for assessing current results and providing feedback for future interventions. To evaluate micro-macro linkages, monitoring activities need to be designed judiciously. Particularly, benchmarking and choice of indicators at the micro level must take into account their compatibility and comparability with the national level data. Given the social cleavages among the poor, emphasis must also be given to identifying the linkages between those marginalised at micro level and macro initiatives. For instance, gender sensitive monitoring frameworks, with gender disaggregated indicators are essential to accurately evaluate the linkages between micro and macro level poverty alleviation initiatives. UNDP has a comparative advantage in this area and should strengthen its poverty monitoring capacity at all levels of interventions.

# 1. Introduction



## PURPOSE AND SCOPE OF THE ASSESSMENT

This report assesses the linkages between participatory poverty alleviation schemes and macro-level poverty alleviation policy initiatives in five countries in South Asia, namely, Bangladesh, India, Nepal, Pakistan and Sri Lanka. A regional assessment based on individual country assessments is undertaken to draw out general lessons from a comparison of these countries that have diverse poverty profiles and policy regimes by consolidating various perspectives based on UNDP's experience and knowledge and those of partner organizations. Its principal focus is on the linkages between the micro and the macro poverty alleviation initiatives that contribute to their effectiveness. Particular attention is given to the linkages flowing from the former to the latter, especially in terms of the relationship between the key stakeholders so as to identify specific structural issues, policy areas and their implications. The report is therefore specifically aimed at:

- (i) Assessing the influence of "poor led poverty reduction approaches" in promoting social mobilization at the local level, and in the sensitisation of macro policy processes and decisions;
- (ii) Clarifying the effectiveness of national interventions in addressing different forms of poverty and the structural issues that frame entrenched poverty;
- (iii) Identifying the underlying factors of success or non-success in donor efforts;
- (iv) Uncovering lessons learned; and
- (v) Formulating recommendations to improve the role and support of UNDP.

The lessons from this exercise are expected to provide valuable input for future policy recommendations and programme design practices of UNDP in wide-ranging contexts.

In assessing the micro-macro linkages, there are difficulties in relegating the

role of micro level interventions to a purely economic one because of multiple dimensions to the linkages between the micro and the macro, both short- and long-term.<sup>1</sup> For instance, initiatives enabling or supporting social mobilization and community participation have potential long-term implications beyond short-term economic performance. They may deepen democracy and through that bring about a more enlightened macro policy regime that is held accountable to stakeholders' needs and priorities. However, while it is important to flag these non-economic dimensions, assessing such long-term effects is beyond the scope of this report, and therefore not addressed here. It should also be made clear at the outset that this is not an evaluation of macro policies and micro initiatives per se. Rather, it is an assessment of the links between "poor led" initiatives and macro policy regimes, particularly looking at how macro policy regimes were sensitized and influenced by micro initiatives.<sup>2</sup>

## BACKGROUND

Since 1994, UNDP has been working on participatory pilot programmes at the community level in six South Asian countries under the South Asian Poverty Alleviation Programme (SAPAP). Other international agencies such as UNCDF, Australian Aid, World Bank, SIDA, DFID, among others, had also funded similar programmes. In addition, there was a plethora of comparable local initiatives with different types of communities in the region, where national poverty reduction strategies were aimed at reducing the relatively high external

1. The terms 'micro' and 'macro' are defined in the following chapter.

2. The terms of reference and overall methodology for this report are provided in Annex I.

input approach to poverty alleviation and, equally importantly, empowering the rural poor to contribute to their development using their own resources and to articulate demands on government services more effectively.

These programmes were based on social mobilization for sustainable self-development. However it was not anticipated that micro poverty alleviation programmes would, in and of themselves, significantly reduce the high incidence of poverty in the sub-region. Instead, one of the principal goals of these initiatives was the incorporation of informational channels aimed at impacting the effectiveness of macro policy mechanisms. It was hoped that concrete experience at the grass-roots level would help the “macro” identify the factors relevant to improving targeting and delivery. In particular, it was hoped that lessons learned would be transmitted regarding the components necessary for successfully negotiating the constraints arising from the macro policy regime and its interaction with existing initial conditions. As such, these initiatives represented the most recent phase in rethinking traditional approaches to macro-economic planning, resulting from the widespread recognition that the top-heavy and supply-side focus of classical macro poverty alleviation measures inhibited progress in the fight against poverty in the region.

In 2002, the Evaluation Office (EO) of UNDP undertook an analysis of critical issues relating to poverty alleviation based on empirical evidence documented in UNDP’s Results-Oriented Annual Reports (ROARs) and various Poverty Reduction Strategy papers (PRSPs). The analysis was performed in an attempt to assess concrete measures effective in linking macro and micro operations from UNDP’s development efforts particularly in South Asia. EO organized a “lessons learning” meeting

on “Assessing Linkages between Macro and Micro Level Initiatives in South Asia” in New Delhi, India, where it was recognized that a regional perspective on the micro-macro linkage would be valuable for future country programming and regional initiatives. Consequently, this regional assessment was initiated.

## STRUCTURE OF THE REPORT

The introduction of the report situates the goal of evaluating the micro-macro linkages in poverty alleviation, and the scope of the study, through the terms of reference and the methodologies used to prepare this report and the five country reports on which it is based. In the next section, the conceptual framework of micro-macro linkages is presented. Definitions of key terminology are followed by the presentation of a conceptual and policy framework to situate micro-macro linkages and the factors affecting those linkages. The next section presents a brief overview of the assessments of the country reports, including a short summary of the poverty profiles of the five countries. That is followed by a summary of micro initiatives and macro initiatives in the five countries. The fourth section presents the analysis of micro-macro linkages based on the findings of the country reports, as well as an analysis of the overall effectiveness of the micro-level initiatives on poverty. It also discusses the findings regarding micro-macro linkages. Section Five presents lessons learned in looking at the disconnect between the micro and the macro poverty alleviation initiatives, as well as the role of UNDP in establishing these linkages. This is followed by recommendations. The Annexes provide information on the tables and figures cited, the terms of reference, the documents consulted and a list of those interviewed in the course of preparing this report.

## 2. Conceptual Framework of Micro-Macro Linkage





## DEFINITIONS

### Macro, Meso and Micro

The terms, macro, meso and micro offer multiple meanings in different contexts and cannot be reduced to geographic or spatial categories. They are, of course, relative terms that speak to administrative levels, hierarchies of political and economic power, spheres of social solidarity and political affiliation, etc. The study referenced at least three dimensions: spatial (national/regional/local), social (community/group/identity/nation), and political (mainstream/marginal). Moreover, these categories are context dependent. For instance, at the global level, a nation state could be regarded as a micro entity while in a country study it would be considered the macro.

For the purpose of this report, we shall treat **macro** entities as a constellation of institutions with centralized authority to originate and implement policies and mechanisms regarding the allocation of resources and policies related to structural issues including those intended to stimulate free market mechanisms, for example through privatisation and trade measures. The macro is distinguishable from micro entities by the extent to which its scope and domain of authority span the whole (or significant parts of) the country.

On the other hand, **micro** entities are groups and institutions whose control does not extend beyond a limited locality or specific project; thus, this term usually refers to grass-roots or community-level organizations (such as Village Organizations), and groups (such as Self-Help Groups, SHG). In geographical terms, they operate at the village (or town) level.

The **meso**-level is in between the macro and the micro, geographically and politically. It points to institutions and groups that operate at the district (or in a federal set-up, state) level. In a country where the local elite dominates district-level decision-making, the village elite will also belong to the meso-level.

**“It is important not to lose sight of the basic fact that the reduction of income poverty alone cannot possibly be the ultimate motivation of anti-poverty policy.” — Amartya Sen**

## POVERTY

Anti-poverty initiatives recognize the multi-dimensionality of poverty. Poverty is taken to be the deprivation of material resources (income), health, knowledge and participation in social and political life. This recognition has been reflected in many of the current activities within the UN system, from the ongoing Millennium Development Goals (MDGs) to Poverty Reduction Strategy.

The five country studies looked at the income aspect as well as non-economic aspects of poverty. These studies used stakeholder participation in anti-poverty initiatives to address the dimension of exclusion from social and economic life. They employed the Head Count Index as the indicator of the extent of income poverty. While this index fails to provide information regarding the intensity of poverty, it provides a convenient measure for comparing the extent of poverty across projects and individuals. Such comparisons may be cumbersome with multi-dimensional poverty measures such as those of the HDI, or almost impossible, as with participatory poverty assessment (Brock and McGee, 2002; Choices for the Poor, 2001).

The Head Count Index is the fraction of the population living below a predetermined level of consumption (or income).<sup>3</sup> Conventionally, this level is chosen as either 1 (or 2) PPP US dollar consumption per day and the Head Count Index reflects the extent of absolute poverty.<sup>4</sup>

3. Consumption (or the lack of it) is more readily measured, as poor households reduce their consumption when faced with fluctuations in income due to shocks or seasonal factors.

4. For limitations of using PPPs to make temporal and geographical comparisons, see Reddy and Pogue, 2002.

Following this approach, this report also treats poverty as human poverty, recognizing it as deprivation of income, health, knowledge and social as well as political participation.

## **MICRO-MACRO LINKAGES: CONCEPTUALIZATION**

The linkages between micro- and macro-level anti-poverty efforts refer to the manner in which they influence each other. There are many dimensions to these linkages, from information channels between the two, to material constraints on the functioning of each other. Good linkages are two-way processes that ensure the bi-directional flow of information to improve the targeting and delivery of macro initiatives, while also providing the enabling environment for micro initiatives to operate to its full potential.

The dominant approach of macro economists dealing with poverty issues is informed by the notion that only macro policy instruments can attack national income poverty. In this view, at most, micro initiatives may have some limited operational relevance in improving the implementation aspects of policy. However, due to substantial differences in scale and arenas impacted (micro, household accounts and macro, national accounts), the influence of micro initiative is very circumscribed. This view discounts the need for the micro to have a macro linkage.

However, this perspective does not account for the cost of ignoring micro interventions as a contributing factor in the persistent failures or shortcomings of top-heavy poverty alleviation efforts with an exclusively supply-side focus. Moreover, setting the agenda and priorities of poverty alleviation cannot be reduced to policy makers' economic choices; the mandate of stakeholders is a necessary condition to ensure effective targeting and delivery. This recognition has

informed the approach of UNDP and other donor agencies since the early 90s.

While all governments in the countries studied focused on the macro environment, the region also has a tradition of participatory community-level initiatives. These were strengthened and prioritized in the work of UNDP through programmes such as SAPAP. However, increasingly these efforts run the risk of seeking to alleviate poverty through local-level initiatives without paying much heed to the macro environment. There is ample evidence now that micro-level initiatives by themselves were inadequate to address the issue of poverty. However, they could play an important role in the broader effort at anti-poverty alleviation through their links with the macro. For instance, micro initiatives were useful as pilot programmes that provide a "vision and a map" for macro-level measures against poverty.

It is in this context that UNDP sought to identify the micro-macro linkages that influence the effectiveness of poverty alleviation measures. The key aspect of such micro-macro links is the extent to which they channel the experiences from micro programmes to inform the framing of macro policy initiatives — from formulation to implementation — in order to improve their effective delivery. Effective delivery, in turn, is determined by macro policies' effect on micro entities.

For the purpose of this assessment, an analytical perspective could be framed in the following manner to readily identify important lessons (Maguire, 2002):

- i) **Design Linkages:** In designing and implementing micro-level programmes it is necessary for UNDP to "substantively rationalize them to, and root them in" macro policy concepts and goals so that micro projects are likely to attain sufficient visibility to provide a map and vision for macro poverty initiatives.

- ii) **Functional Linkages:** In operationalizing programmes, UNDP should seek to establish the “necessary linkages and synergies between the implementation of micro and macro initiatives” so that programmes function in ways that facilitate these synergies on an ongoing basis and allow for institutional flexibility and responsiveness.
- iii) **Results Linkages:** The results from the implemented programmes should become necessary and relevant inputs for future macro poverty initiatives, i.e. to keep open the channels of transmission of information from micro to macro through advocacy and similar efforts.

## DETERMINANTS OF MICRO-MACRO LINKAGES

Lessons from the five countries show recurring problems of targeting and delivery with macro initiatives against poverty. Similarly, community-level programmes, even when successful, had frequently failed to influence thinking at the macro level. These recurring problems cannot be explained as simply arising from a lack of available resources. They also point to persistent constraints operating at different registers. Based on information from country reports, we could discern four dimensions in which the factors contributing to the disconnect between micro and macro operate, namely:

1. Perceptions and attitudes regarding each other
2. Information asymmetry and/or deficit
3. Institutional mismatch between target (and needs) and delivery mechanisms
4. Unequal power relations

### Perceptions and attitudes regarding each other

Early efforts by the State in all five countries had been characterized by an

approach that regarded the poor as a monolithic entity that is vulnerable, without agency and incapable of articulating its interests. Thus poverty alleviation efforts took a paternalistic attitude towards the poor and there was a failure to recognize the obvious need to consult stakeholders. In recent years significant changes have occurred in mainstream thinking on anti-poverty measures and all five countries now agree, in principle at least, on the merits of participatory processes. However, the micro-macro challenges continue to exist and perceptions of the capacity of the poor seem to endure.

The poor on the other hand, perceived the State as a static and monolithic entity that is perpetually deaf to their interests, as evidenced by their entrenched poverty. They tended to believe actions to seek representation and remedy would not effect any changes.

Thus the attitudes and perceptions of the micro and the macro may themselves inhibit channels of communication.

### Information asymmetry and deficit

The macro lacks information on the priorities and needs of the poor; thus it lacks knowledge of targets and appropriate delivery mechanisms. The poor, on the other hand, lack knowledge of the resources that are accessible, the opportunities that are available and the synergies that are possible when social mobilization is coupled with the establishment of horizontal and vertical links.

### Institutional mismatch between target and delivery mechanisms

Linkages between the macro and the micro were constrained also by the absence of appropriate political and economic institutions. For instance, inadequate political and administrative decentralization would act as a barrier to

the channels of transmission between the macro and the micro. Operationally, often complex and conflicting horizontal structures that were produced by administrative decentralization could lead to inhibiting vertical access by the stakeholders. Persistent exclusion from political power has left the poor with limited institutional arrangements to convey their aspirations to the centre. For instance, no institution has been able to reach the ultra poor in ways that meaningfully elicit their participation as input into the micro-macro information channels; thus they remain excluded from macro decision-making processes.

### **Unequal power relations**

This is perhaps the most important of all dimensions and even may be at the root of the other three factors described above. It concerns the lack of political will on the part of the actors at the macro level to establish links with stakeholders. A meaningful attack on large-

scale poverty requires more than a tax and transfer approach. The deep redistributive efforts required to address large-scale poverty would face resistance from the status quo. Moreover, the exclusion of the poor from economic and political structures leaves them with little voice or choice in the decision-making processes. Even when the centre is willing to listen, local hierarchies vested in maintaining the status quo often block voices of the poor being transmitted “upstream”. As a result, there is very limited political space and commitment for opening up channels of communication between the macro and the micro.

These dimensions seldom exist as entirely separate categories. They were often present together in instances of inhibited macro-micro linkages and should be recognized as fundamentally interlinked. Nevertheless, it is also important to identify these as related but distinct dimensions of micro-macro links in the South Asian region.

### 3. The Macroeconomic and Policy Environment



This chapter gives a brief description of the macroeconomic and policy environment in the region, highlighting some of the key challenges that are relevant to micro-macro linkages and their implications for policies on poverty alleviation.

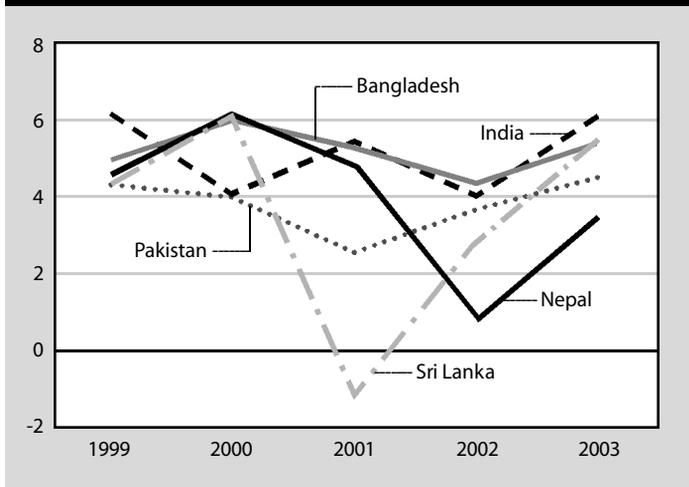
## MACRO-ECONOMIC TRENDS

The South Asia region has the largest concentration of poverty in the world. It generates less than two percent of world income, yet supports twenty-two percent of world population and nearly half of the world's poor (i.e. those who earn less than a dollar a day). It has the lowest per capita income (US\$440) of all developing regions. It also has the highest rate of youth illiteracy (23% for males and 40% for females) and the lowest rate of access to sanitation facilities (36%).<sup>5</sup> The regional economy, which grew by just over five percent annually in the last decade, depends more heavily on agriculture than in any other part of the world. Almost sixty percent of the South Asian labour force is involved in agriculture that accounts for around twenty-five percent of South Asia's GDP. Therefore policies that affect agriculture have relatively significant ramifications for a large mass of people, especially the poor. Overall, economic growth and development in the region are less dependent on trade and capital flows than, for instance, in East Asia or Southeast Asia.

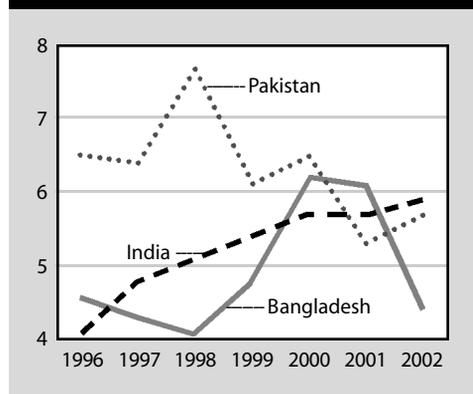
All of the South Asian countries that were assessed have large fiscal deficits despite efforts to stabilize their annual budgetary shortfalls and restructure their overall revenue collection and expenditure management programmes. Persistent fiscal imbalances have led to the high cost of capital, crowding out financial resources for the private sector, and discouraging private sector investment.

High population growth, insufficient GDP growth, low human resource development, and improper social assistance have also constrained efforts to reduce poverty in the region. Notwithstanding the negative macro-economic trends, according to the Asian Development Bank the region sustained its economic growth in 2003, with aggregate GDP of the five countries remaining at 4.98 percent, despite a slowdown in the Indian economy. GDP growth in India slowed marginally because of lower growth in agriculture sector output and slower growth in the industry sector. Exports in India recorded a double-digit rate of growth in 2000, spurred by the recovery in global trade and depreciation of the rupee. India's Tenth Five-Year Plan (2002-7) emphasizes the importance of human development where development objectives are defined more broadly in terms of enhancement of human well-being, as opposed to increases in GDP. Bangladesh also performed well between 2002 and 2003, recovering from the devastating floods of 1999. The Government has prepared a National Strategy for Economic Growth and Poverty Reduction to lay the basis for future development planning. However, there has been limited progress on governance and structural reforms in the state owned enterprises and banking sectors. In Pakistan, the government's fiscal stabilization efforts have focused on major tax reforms and cutting expenditures, including the reduction of corporate tax rate to achieve macro-economic stability. The other South Asian economies also showed strong signs of recovery in 2003, mainly because of higher growth in agriculture sector output. The growth of exports in the other South Asian countries also improved.

Both quantitative and qualitative considerations indicate that the well-being of the vast majority of the poor (defined multidimensionally) in the region did not improve at an acceptable pace over

**FIGURE 1: SELECTED ASIAN ECONOMIES  
GDP GROWTH RATE (PERCENT)**

Source: Asian Development Bank. OUTLOOK 2002 UPDATE.

**FIGURE 2: FISCAL DEFICIT,  
SELECTED SOUTH ASIAN COUNTRIES  
(PERCENT OF GDP)**

Sources: AADO database; Bangladesh Resident Mission, Quarterly Economic Update; Reserve Bank of India, 2002, RBI Bulletin, August; Pakistan Economic Survey 2001-02.

the last decade, and the overall income-poverty reduction rate has also been modest, in spite of a large number of poverty alleviation programmes carried out by governments, NGOs and other development agencies.

Corruption is endemic at all levels of the state and society in South Asia: *At the individual level, high levels of corruption impose disproportionate costs on the majority of South Asians, as they are forced to pay bribes in order to gain access to basic social services... The largest country, India, has the strongest democratic institutions in the region, but it is as plagued as Bangladesh, Nepal and Pakistan by systematic public and private sector corruption. Sri Lanka, which has the highest Human Development Index ranking, also suffers from this menace.*<sup>6</sup>

### **POLICY FOCUS ON GOVERNANCE AND TRANSFORMATION PROCESSES**

Given the high levels of poverty, South Asia is experiencing a major redefinition

of the role of governments in the context of economic reforms that are almost universal in the region. Not only are governments being divested of their regulatory and utility ownership functions, but are also being forced to engage in policy making in a more transparent and participatory manner. In India, the largest country of the region, the challenges of coalition politics have resulted in stronger provincial and local governments that are transforming the balance of power and, hence, the pace of development at the regional level. Sustained vigorous reforms are now considered critical to address macro-economic and social sector impediments to improve the welfare of people in the region.

The World Bank (WB), for instance, has re-evaluated its past country assistance strategy in the region, characterized by structural adjustment programmes (SAP). Given the pace and effects of globalization in the region, there is now much greater emphasis on the need to integrate poverty reduction efforts with political ownership and participation. The policy debate has shifted to how globalization can be made more receptive to the needs of the poor and deprived groups in society so that it does not lead to a process

6. South Asia, Regional Report, Transparency International, 2002, p.39.

**BOX 1: THE COSTS OF CORRUPTION IN BANGLADESH**

**It is estimated that Bangladesh received 50 percent less foreign direct investment during 1999 because of corruption. Corruption at the country's port, according to the American Chamber of Commerce, costs the economy US\$1.1 billion every year.**

*Source: South Asia, Regional Report, Transparency International, 2002.*

**BOX 2: KEY POLICY ISSUES IN SOUTH ASIA**

- **Ensuring financial accountability and transparency in public and private sectors**
- **Exploring different mixes of property rights under private ownership to better suit the specific contexts of the low and middle-income countries**
- **Determining level of government subsidy of agricultural inputs and control of agricultural input markets**
- **Determining the extent of privatization and opening up to international markets**
- **Supporting small and medium businesses, given the government bias toward large-scale players**
- **Up-scaling successful micro-level initiatives with the poor as sustainable interventions within mainstream macro economy**
- **Bringing political stability while economy is undergoing major structural reforms, and ensuring necessary support to social groups hurt by reforms**

*Source: South Asia, Regional Report, Transparency International, 2002.*

which further marginalizes the poor and accentuates inequalities. Rethinking poverty reduction strategies within the current policy environment is underscored by the concept of democratization of the market-based economy, where key concerns relate to a) achieving a distributional balance in the allocation of market and non-market resources to be more favourable to the poor; and b) establishing financial accountability and transparency in all kinds of public dealings by government organizations, non-governmental organizations, private organizations, community-based organizations, professional bodies and all elected bodies. This last issue, related to governance, is actually posed as the central issue by the WB.

In view of the past experience of government and market failures in the area of poverty policies, there is now

greater emphasis on the need to aim macro-policies not only to influence the formal sectors of economy, but also the informal sectors, where the vast majority of the poor and marginalized remain entrenched. Poverty alleviation policies need to prioritize pro-poor institutional reforms in each area of development intervention as well as develop organizations of the poor at the sectoral, sub-national, and national levels. This is necessary not just for mobilizing the poor themselves in the formulation of poverty alleviation policies and their implementation, but also for increasing their aggregate claims on the distribution of overall benefits of economic growth and social progress.

UNDP has placed greater emphasis on policy advisory services that are fundamental to meet not only national poverty reduction goals, but also to link these to monitoring progress and assessing impact of the Millennium Development Goals (MDGs), which call for broad-based consultations between civil society and development agencies in the formulation of pro-poor policies and implementation of programmes.

## **COUNTRY ASSESSMENTS**

The following section presents the country profiles on poverty and a summary of observations on macro and micro poverty alleviation initiatives in the five countries. These observations were drawn from the country assessment reports and other related literature that provide the basis for the analysis on the linkages between micro and macro poverty alleviation efforts.

### **Country Profiles**

The poverty profiles of the five countries are summarized in Tables 1 to 3. Generally, poverty alleviation efforts have focused mainly on discrete projects that could demonstrate immediate outputs.

This has discouraged engagement with longer-term policy and institutional reforms that are needed in each of the five countries in order to reduce poverty much faster. The key donor organizations in the region have shown a preference towards non-governmental organizations that are perceived as delivering project outputs, and working more closely with poor people, more effectively than government. Few donors have engaged systematically with the private sector.

In **Bangladesh**, a quarter of the total population of 137.4 million lives in the urban areas. This country's HDI ranking of 145 is the lowest among the five countries studied. (See Table 1.) The official extent of poverty is 29.1% (percentage of population with less than 1\$/day (1993 US PPP \$)). The national poverty Head Count Ratio declined from 58.8% in 1991/92 to 49.8% in 2000 while the Gini Index of inequality increased from 0.259 to 0.307 in 2000 (Akash, 2002).<sup>7</sup> The unemployment level as a percentage of the total labour force was at 2.5% in 1995 (WDI 2002). The annual growth rate in terms of GDP per capita is 3.3% while the annual growth unadjusted for population growth is 5.2%.

**India**, with a population of over 1,008 million, has more people than all of the other countries studied combined. It has an HDI ranking of 124 and is regarded as a medium Human Development country with average income at US PPP \$2,358. The official poverty rate is the highest among the five countries, at 44.2% (percentage of population below 1\$/day – 1993 US PPP \$) though poverty has been halved since the late 70s. The literacy rate increased from 4% in 1981 to 62% in 1999. However, gains had stagnated and more than 50% of rural children, particularly girls, were suffering from malnutrition. During the mid 90s India

### BOX 3: BANGLADESH – MARGINALIZED GROUPS

**In spite of the slow decrease in the rate of poverty, Bangladesh has achieved impressive progress in some of the indices of social development at macro level as compared to other low-income countries of the world. Especially noteworthy is its relatively higher level of social development indicators at a relatively low level of income. However, these improvements are only in terms of averages of the whole population comprising both rich and poor members of the whole society and may therefore hide the stark inequalities behind them. In fact, the incidence of extreme poverty, poverty and social development level varies very much in accordance with the gender, regional and socio-economic characteristics of the households under consideration. In general the women headed households, households headed by relatively young or less educated persons, households with a lower tenure status, households living in poorly developed areas and the effectively landless households are more likely to be poor or extremely poor in Bangladesh.**

*Source: Akash, 2002.*

had one of the 10 fastest growing economies in the world but the growth had slowed down considerably, to 4.5%, in 2001 (2.7% when adjusted for population growth).

**Nepal** has a population of 23 million of which over 88% lives in rural areas. It is ranked 142nd in the world in terms of Human Development. The average per capita income is US PPP \$1,327, the lowest in all five countries. The literacy rate is 41%. Access to basic services has improved but still remains low – 19% of the population is without access to improved water sources and 73% has no access to adequate sanitation facilities. The current Head Count Index for rate of poverty is 38% (population with income less than \$1 per day – 1993 PPP US\$) and the Gini Index of inequality in 1996 was 0.367 (HDR 2002). The official rate of unemployment in 1999 was 1.1% of the total labour force (WDI 2002).

**Pakistan** has a population of 141 million, an intermediate level among the five countries studied. Compared to the other four, it has the highest percentage of urban population, 33.1%. Its HDI ranking

7. Gini Index is a measure of inequality computed from the 'Laorenz Curve' of income distribution.

**BOX 4: PAKISTAN – UNEMPLOYMENT AND POVERTY**

**The policy of pursuing stabilization at the cost of growth has been socially damaging. The country's unemployment rate, which increased from an average of 3.5 per cent during 1981-1990 to 5.7 per cent during 1991-2000, went up 7.4 per cent in 2001-02. Consequently, the percentage of the population below the poverty line, which had fallen from 31 per cent in 1979 to 17 per cent in 1988, rose again to 33 per cent in 1999. It has further increased to 38 per cent in 2001. It appears that during the two years since 1999, about 350,000 people have been rendered unemployed and about 7 million people have fallen below the poverty line.**

*Source: Ahmed, 2002.*

of 138 (HDR 2002) is comparable to those of Bangladesh and Nepal (see Table 1). The official extent of poverty is 31% (population with income of less than \$1/day – 1993 PPP US\$) (HDR 2002). Over the last three years, 7 million people had been pushed below the national poverty line (Ahmed 2002). The Gini Index in 1995 was 0.312 (HDR 2002). Between 1988 and 1998, the share of income of the top 20 per cent of the population increased from 44% to 50% while the share of the bottom 20 per cent declined from 9% to 7% (Ahmed 2002). The growth rate over the last decade has been the lowest among the five countries, at 1.2% (HDR 2002). The official rate of unemployment as a percentage of the total labour force is 5.9% (WDI 2002).

**Sri Lanka** is the smallest country studied. It has a population of 19 million and ranks highest on the Human Development Index of all five countries, 89th in the world (Human Development Report 2002). As a result of its history of investing in human capital it has the highest literacy rates (92%) and life expectancy at birth (72.1 years), and the lowest poverty incidence (Head Count Index of 6.6%) among the countries studied. These indicators, while accurate, do not tell the whole story. In the first place, they describe the situation in non-conflict areas. Areas of conflict involve

nearly 15% of the population (including 900,000 children), most of whom live in extreme poverty. Secondly, the statistics do not show regional variations. Finally, they reflect gains made some time ago. Absolute poverty actually increased during the period 1990-95, as did inequality, with the share of income of the highest decile rising from 36.5% to 39.8%. The Gini inequality index in 1995 was 0.344. The youth unemployment level is high, at 20%. The average growth rate during the 90s was 5% while the agricultural sector was lagging behind at 2% (Case Study, RBAP, UNDP 2002). Moreover, the civil war consumes nearly a third of government revenues or one fifth of government expenditure and has resulted in lower investment in health and education.

The poverty profiles of the five countries demonstrate notable similarities and differences, as can be seen from Tables 1 through 3. For instance, while all five may be classified as low-income countries, they are at different levels of human development: Nepal, Pakistan and Bangladesh are close in their HDI rankings but Sri Lanka is significantly higher. Both Sri Lanka and India are regarded as medium Human Development countries while the others are classified as low Human Development countries. Looking at the components of the Human Development Index, Sri Lanka has a much lower official Head Count Index of poverty, at 6.6%, while India has the highest, at 44%. Literacy rates in Bangladesh, Nepal and Pakistan are close to 41%, while in Sri Lanka literacy is 92%. The average income levels vary by a factor of almost three – with the lowest in Nepal at PPP US \$1,327 and the highest in Sri Lanka at PPP US \$3,530, in the year 2000 (HDR 2002).

Geographically, the countries have not attained demographic transition. At least two thirds of the population of the region lives in rural areas. Nepal leads, with a rural population of 88%. In all



TABLE 1: COUNTRY PROFILE

Country	Population (million) 2000	Urban Population as % total (2000)	Life Expectancy at Birth (Years) 2000	Adult Literacy Rate (% age 15 and above) 2000	GDP (PPP US\$) 2000	HDI Rank	UNDP Core Funds Committed* (Million US\$)	Net ODA** (Million US\$) 1998-2000
Bangladesh	137.4	25.0	59.4	41.3	1,602	145	112.2 (1995-2000)	3,650
India	1008.9	27.7	63.3	57.2	2,358	124	116.8 (1997-2001)	4,588
Nepal	23.0	11.8	58.6	41.8	1,327	142	42.8 (1997-2001)	1,149
Pakistan	141.3	33.1	60.0	43.2	1,928	138	37.0 (1998-2003)	2,489
Sri Lanka	18.9	22.8	72.1	91.6	3,530	89	28.9 (1997-2001)	1,047

\* Country Cooperation Framework Documents of UNDP; \*\* Compiled by Author from OECD, World Bank Statistics  
Source: *Human Development Report, 2002*.

five countries except for Pakistan, the official poverty levels have declined over the last decade. But inequality has either increased or stabilized at higher levels compared to the previous decades. All of these countries range between 0.31 and 0.38 on the Gini Index of inequality. (See Figure 1.) While this is higher than in the Northern European countries (0.21 to 0.26) it is much lower than in the Latin American countries (0.5 to 0.6). Growth rates, as measured by annual increase in GDP per capita ranged from 0.9% to 3.4% in 2001 (WDI 2002) with Pakistan and Sri Lanka at the lowest end and Bangladesh and Nepal at the highest.

### Micro-level Initiatives

There are a range of micro-level initiatives studied in the country reports, almost all of them covering the period between 1994 and 2000. As indicated in Table 5, initiatives by donors other than UNDP were also included in the analysis.

One of the examples of micro-projects studied was the South Asia Poverty Alleviation Programme (SAPAP), initiated in 1993 following a SAARC summit in Dhaka. UNDP committed \$9.5 million to the SAPAP and initiated the programme

TABLE 2: PROFILES OF POVERTY AND INEQUALITY

Country	% of Population Below \$1/day (1993 PPP US\$)*	% of Population Below \$2/day (1993 PPP US\$)*	% of Population Below National Poverty Line*	Inequality Index, Gini
Bangladesh	29.1	77.8	35.6	0.336
India	44.2	86.2	35.0	0.378
Nepal	37.7	82.5	42.0	0.367
Pakistan	31.0	84.6	34.0	0.312
Sri Lanka	6.6	45.4	25.0	0.344

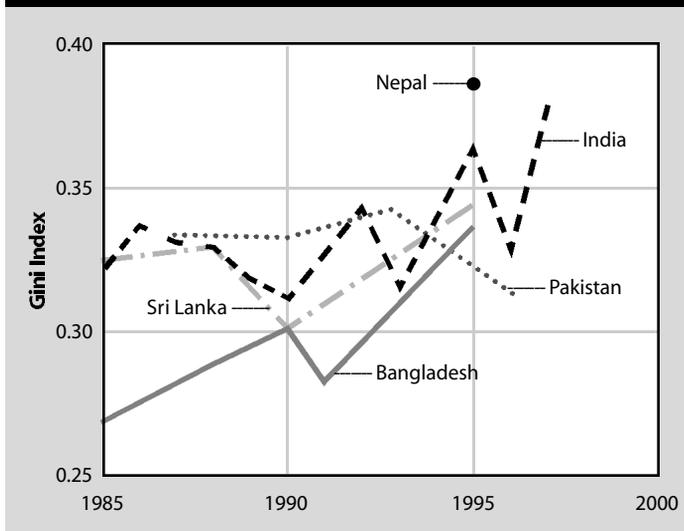
\* Most recent official estimates available  
Source: *Human Development Report, 2002*.

TABLE 3: GROWTH RATE

Country	Growth Rate (1990-2000) (Growth of GDP per capita)
Bangladesh	3.0
India	4.1
Nepal	2.4
Pakistan	1.2
Sri Lanka	3.9

Source: *Human Development Report, 2002*.

in parts of six countries, including the five countries studied here, as follows:

**FIGURE 3: CHANGES IN INEQUALITY, GINI INDEX**


Source: UNDP, 2002.

**BOX 5**

**National ownership entails an integration of projects into a given national priority agenda; the participation of all stakeholders in the design and implementation of programmes; and commitment to target groups and beneficiaries.**

Source: UNDP, November 2001

- Bangladesh: An Upazilla in Kishoregonj District (KST)
- India: 20 Mandals in three Districts of Andhra Pradesh State
- Nepal: Seven Village Development Committees in Syangja District
- Pakistan: Two Unions in Lachi Tehsil, in Northwest Frontier Province
- Sri Lanka: Three Divisions in Nuwara-Eliya District

The country reports from India, Nepal and Sri Lanka focused only on the SAPAP programmes as their examples of micro-level programmes. Bangladesh considered the cases of SAPAP and the Sirajganj local governance project funded by UNCDF. The Pakistan report considered other projects such as the Pakistan Community Development Project for the Rehabilitation of Waterlogged and Saline Land, funded by UNDP and Australian AID. This information is summarized in Table 5.

The following section provides a brief summary of the programme activities considered in each country report.

### Bangladesh

The Kishoregonj Sadar Thana (KST) initiative covered all 202 villages in the KST area by the year 2000, creating 1,031 village organizations (VOs) and involving 38,662 households or 67% of all those in the area. It was an *Upazilla*-level project confined to a single *Upazilla*. The VOs targeted all segments of the village population, not just the poor, and had women's participation of 46.7%. The project stimulated household savings, having mobilized Tk.61.6 million (i.e. around US\$1.1 million) and disbursed Tk.100 million (around US\$1.7 million) by 2000. Among the other services rendered, the project trained and provided advice to villagers on specialized areas such as livestock and poultry.

The other micro-level project considered in the country report is the Sirajganj Local Governance Development Fund, initiated by UNCDF. This was implemented in a single District of Sirajganj. It began with 18 Unions and was expected to cover all 81 Unions in the District by the time it ends in 2004. The project aims to build capacity for planning, financing and managing basic development activities; to deliver sustainable small-scale infrastructure; and to draw lessons on improved local governance practices.

Three meso-level programmes were studied in the country report, namely, the Rural Community Empowerment Project (RCEP), the Community Livestock and Dairy Development Project (CLDDP) and the Urban Community Empowerment Project (UCEP). Results were as follows:

RCEP comprised four projects that had generated 1,380 VOs and served 27,646 members in 335 villages and 9 *Upazillas*. They aimed to empower the poor by encouraging participatory local action and building capacity through

social mobilization, micro-finance and technical training.

CLDDP was directed by the Grameen Bank of Bangladesh and not run by a government agency. It covers 19 Upazillas situated in the Northwestern District of Bangladesh.

UCEP was located in the slums of three cities and eight municipal towns, targeting 37,420 poor households. The programme sought to empower the poor by organizing small groups to identify common service needs of their respective communities; to prepare Ward-level development plans; to mobilize micro capital; and to develop income-generating skills.

### India

The SAPAP in India was initiated in 20 Mandals of three Districts in Andhra Pradesh. It covered a population of 194,000 of whom 53% fell below the poverty line. It had strong backing from the state government and spawned 5,201 self-help groups (SHG) federated in 380 community organizations covering 64% of the target households. Women's participation in these community organizations was very high (98%).

The performance of SAPAP in Andhra Pradesh had led the state government to implement it at the state level, with the help of the World Bank, through the Andhra Pradesh District Poverty Initiatives Project (APDPIP) and the Andhra Pradesh Rural Poverty Reduction Project (APRPRP). These incorporated the key lessons from SAPAP with appropriate modifications and additions such as a risk management component and a common investment fund.

In addition, the APDPIP concept was extended to other states such as Madhya Pradesh and Rajasthan, again with support from the World Bank.

### Nepal

SAPAP in Nepal was woven into the existing development administrative

### BOX 6 : BANGLADESH

**The Sirajganj Local Governance Development Project started in July 1999 and is expected to continue until December 2004. During this period it has to cover all the 81 Union Parishads (UP) of the district of Sirajganj. The brief aims of the project are:**

- **Delivery of small-scale local infrastructure services**
- **Building capacities of local government bodies to plan, finance and manage basic development activities in a responsive and accountable manner**
- **Drawing lessons on improved local government practices of wider relevance in Bangladesh**

**A base line study and capacity assessment was carried out in February 1998, before the final formulation of the project. Three different participatory workshops were arranged, two in Sirajganj and one in Dhaka to ensure the ownership of the project at both micro and macro level. The documentation suggests that these meetings were widely participated and successful. After these dialogues the drafting of the project document was finalized in April 1998 and the Government signed the final agreement on July 1999. The key player of the project is the UP, the lowest elected local body in Bangladesh, which has thrived for more than a century in spite of many ups and downs in the country's history. New institutions above as well as below the UP were created to carry out specific developmental work within the UP with the financial capital grant from UNDP.**

*Source: Akash, 2002.*

network to realize its goals. The Village Development Committees (VDCs) were on the lowest tier of such administrative units and constituted a federation of villages. They were already engaged in poverty alleviation programmes underwritten by the Government of Nepal (GON). By the year 2000 the SAPAP programme covered seven VDCs and had set up 210 VOs with 5,910 members, or 95% of the target population in the Syangja District. While the programme was open to all households, 64% of those participating were classified as poor.

The success of SAPAP in Nepal had prompted the GON to seek UNDP assistance to upscale the project, with a view to using the process of social mobilization in other, similar projects. The SAPAP approach had been implemented in two meso-level programmes covering 270,000 households across Nepal. These

**BOX 7: PAKISTAN – COORDINATION WITH OTHER UN AGENCIES AND DONOR ORGANIZATIONS**

International lending agencies and donors have placed special emphasis on poverty reduction in assisting the Government of Pakistan. In an effort to redress and nullify the basic perception about the impact of policies of IMF, World Bank and WTO on poor people, the IMF has introduced poverty reduction and growth facility to replace structural adjustment facility. The Asian Development Bank has recently finalized its long-term lending strategy, until 2015, which envisages 40 percent of future lending for poverty reduction. The major expenditure of World Bank is also earmarked for poverty reduction programmes. UNDP and several other bilateral donors have shifted their interest more towards poverty reduction. However, these policy changes have created problems of duplication, wastage and inefficient use of resources because most of the donors have invested in poverty reduction programme without effective coordination among themselves and with the government. The first level coordination can ensure that all projects undertaken by different donors are consistent with the government's overall strategy of poverty reduction. This coordination is the responsibility of the federal government, but unfortunately not very strong in Pakistan. The second level coordination among donors is also very weak in Pakistan.

Source: Akash, 2002.

programmes, the Participatory District Development Programme (PDDP) and the Local Government Programme, were funded by the UNDP. In addition, the GON had been persuaded to extend the programme to 15 other VDCs in Syangja District, as well as to 40 other Districts across the country.

### Pakistan

The Lachi project under SAPAP was undertaken in Lachi Tehsil, in Kohat District in the North West Frontier Province (NWFP). It had spawned 321 community organizations involving 10,502 members, and had mobilized over Rs.3 million (around US\$52,300) in savings, initiated 73 infrastructure projects and trained 1,108 village specialists. During the recent local body elections, when most of the special seats for women were filled uncontested, in the project area every single special seat was

contested and had a very high turnout of female voters.

Another micro-level project studied was the Project for Rehabilitation of Waterlogged and Saline Land, supported by UNDP and Australian Aid. This project was a technical one. It sought to increase soil productivity for farmers through the promotion of sustainable biological farming systems for the reclamation and rehabilitation of saline-affected and waterlogged land. The project covered 53 villages in three Districts of Punjab Province and targeted seven per cent of the affected area. Altogether it rehabilitated 2,300 acres at a cost of \$1,800 per acre, which is very expensive by local standards. While this did not meet the technical expectations, it did succeed in mobilizing the community.

The third micro-level project studied in the country report was the Northern Areas Development Programme (NADP). This involved 250 community organizations and 250 Women's Development Groups (WDG). It mobilized community credit and trained villagers in activities related to agriculture, animal husbandry, poultry, etc., providing services for approximately 10,000 households in one of the most remote areas of Pakistan. In terms of social mobilization, the Lachi project and the NADP were noticeably successful.

The meso-level area development project in Balochistan was implemented to achieve sustainable human development in the rural areas there. It generated 1,200 community organizations and, using their participation, rehabilitated lands for agriculture, enhanced human resources and established a well-equipped Geographic Information System (GIS) unit and three soil testing laboratories.

### Sri Lanka

The SAPAP programme covered three out of five Divisions in a single District (out of the 25 Districts in the country), reaching 14,657 people. Women's participation was significant, at 53%.



The meso-level programme, Area Based Growth with Equity Programme (ABGEP) was implemented in the Uva Province, one of the poorest of the country's nine provinces. Its objectives were twofold: to increase employment and income through expansion and diversification of economic opportunities led by private sector growth; and to build the capacity of the participating public sector agencies to strengthen provision of services. ABGEP's poverty reduction efforts sought to build horizontal and vertical links among NGOs, CBOs, the private sector and government agencies through a holistic sub-national development approach at the meso-level.

## MACRO-LEVEL INITIATIVES

The purpose of this section is not to provide an exhaustive list of poverty alleviation programmes for each country. Rather, it addresses poverty alleviation efforts and their consequences in each case in broad sketches. To this end, the country reports scrutinized government initiatives over the past one to five decades. The focus will be not on the efficacy of these efforts, but on their effects on poverty at large and their impact on the environment in which micro-level anti-poverty efforts can operate.

### Bangladesh

For the past 15 years, having adopted the structural adjustment policy prescribed by the Washington Consensus, Bangladesh has been seeking to balance its capital and current account deficits. As Akash (2002) pointed out, the "modern private sector did not perform well and the agriculture has suffered from low growth", resulting in higher poverty rates. WB has acknowledged the failure, attributing it to the "lack of domestic ownership of these policies and the consequent lack of strong commitment by the Government of Bangladesh (GOB)".

### BOX 8: SRI LANKA – PILOT PROGRAMMES AT MESO LEVEL

**The pilot programme implemented in the Province of Uva is aimed at fostering broad-based private sector-led economic growth with equity so as to create a sufficiently strong and sustainable economic basis for lifting the poor permanently out of poverty. Its interventions are guided by two objectives which can through their interactions produce synergistic effects. The first is expansion and diversification of economic opportunities to increase employment and income. This requires stimulation of private sector initiatives to achieve higher levels of productivity and production and market the output on the best terms possible. The second is to develop "functional capacities" in the participating public sector agencies, with the aim of strengthening the provision of resources and services from that sector on the basis of better governance. From its meso-level position, the ABGEP can strengthen linkages with both the local and national levels to tap regional capacities and at the same time forge stronger partnerships with decentralized government agencies, the Chamber of Commerce, NGOs, CBOs and the private sector for regional development. While the programme's equity objective is not strategized as such, poverty alleviation is expected to result as a matter of course from the creation of employment in one of the poorest provinces.**

*Source: Hewavithrana, 2002.*

The assessment studied six macro-level initiatives, namely: (i) building capacity for local governance by providing training for locals; (ii) non-formal sector employment generation by providing necessary training; (iii) monitoring sustainable development; (iv) promoting policy on local-level governance through advocacy; (v) facilitating poverty reduction through local governance by generating new knowledge inputs such as GIS techniques, in combination with advocacy efforts; and (vi) the Local Initiative For Urban Environment (LIFE), which helps the urban poor build horizontal links to improve their living conditions and influence policies for participatory local governance.

It is important to recognize the informal sector (which constituted 88% of the total work force in Bangladesh in 1988) in poverty alleviation efforts, as illustrated by the effect of macro policies on the poverty level through its impact on the informal sector. For instance,

**TABLE 4: POVERTY ALLEVIATION PROGRAMMES STUDIED BY COUNTRY REPORTS**

	Bangladesh	India	Nepal	Pakistan	Sri Lanka
Micro-Level	SAPAP/KST, Micro Credit Subproject, Sirajganj Local Governance Development Project (UNCDF)	SAPAP	SAPAP	SAPAP, Pakistan Community Development Project for the Rehab. of Waterlogged and Saline Land (AUSAID, UNDP), Northern Area Development Programme (IFAD, UNDP)	SAPAP
Meso-Level	Rural CEP, Urban CEP, Community Livestock and Dairy Development Project	APRPRP (World Bank), DPIPs in AP	PDDP, LGP	Lachi Poverty Reduction Project (UNDP, DFID), Area Development Programme: Balochistan (UNDP, WFP), ADP/AJK (UNDP, IFAD)	ABGEP
Macro-Level: Donor supported	Building Capacity for Local Governance (UNOPS, NILG), Non-formal Sector Employment Generation (Private sector, NGOs, GOB), Monitoring Sustainable Development (UNOPS), Promoting Policy on Local Governance and Decentralization (UNDESA, UNCDF, GOB), Facilitating Poverty Reduction through Local Governance (GOB, private sector, NGOs), LIFE (UNOPS)		SCDP, RUPP, REDP, SDAN	PLUS	FPR/PS
Macro-Level: State supported	(ii) through (v) above.	Five-Year Plans, CDP, RWP, DPAP, SFDA, MFAL IRDP, NREP	Five-Year Plans	RDP, VAP, BD RWP, PP, TWP, SAP	Janasaviya (1989), Samurdhi (1994)

fiscal cutbacks led to slower growth and increased unemployment and resulted in the expansion of the informal sector; similarly, devaluation, while helping some sectors, adversely affected those in the informal sector who relied on imported raw materials.

### India

The assessment reviewed the three phases of the poverty alleviation agenda outlined in India's past nine Five-Year Plans. The first phase was focused on asset redistribution such as land distribution, abolishing intermediary landholding like *Zamindari* and attaining food security through the infusion of new technologies like those of the Green Revolution. The second phase (70s, 80s) recognized the need to rethink the strategy and adopted a direct attack on poverty, with a focus on income and employment generation. The last phase (90s) focused on growth and structural adjustment policies with

emphasis on balancing capital and current accounts. The focus on poverty shifted from income and employment to basic needs.

In addition, the State adopted targeted poverty alleviation through self-employment, wage employment, public distribution systems and the national social assistance programme. The latter was a social security system that was introduced in 1995 and was the first of its kind in India.

India made significant strides, particularly in the 80s. However, it continues to face many difficult challenges, including relatively high unemployment (7%), severe malnutrition among rural children (over 50%) and a high infant mortality rate (IMR) (72 per thousand live births), stagnant for the past several years. In this context, Mahendra Dev et al (2002) have questioned the claims of the Government of India (GOI) regarding the success of its anti-poverty measures. They attribute the limited effect of anti-poverty policies mainly to the lack of

stakeholder participation and the attendant problems with targeting and delivery.

The GOI has taken corrective steps to improve its anti-poverty measures by: (i) incorporating Panchayati Raj in anti-poverty programmes to improve targeting and delivery systems; (ii) recognizing the importance of self-help groups (SHGs) in credit mobilization; and (iii) reducing duplication by consolidating its efforts.

Adjustment policies like trade liberalization were shown to affect the poor and rural farmers in diverse ways; some gain from new opportunities while others suffer competition from cheap imports.

Again, the importance and significance of the informal labour sector was emphasized in the country report. The authors estimated that the informal sector constituted around 90% of the total labour force. Workers in this sector were not offered any legal protection as were their counterparts in the formal sector. In addition, environmental protection laws such as the Indian Forest Act and the Forest Conservation Act affect millions of people: nearly 35 million tribals who rely on the forests for their subsistence; 275 million of the rural poor who depend on forest lands to varying degrees; and approximately 100 million Indians who rely on the forests for the fuel wood, non-timber forest products, construction materials, etc. that constitute their main sources of subsistence.

Social protection in the formal sector was also found to be inadequate. For instance, in many states the minimum wages were lower than the minimum subsistence wage and in many areas even these low minimum wages were not legally enforced. As a result, unemployment and low wage rate remained the primary causes of rural poverty. It was noted as well that 84% of rural women and 59% of urban women were employed as unpaid family workers.

Failures in the labour, credit and commodity product markets were shown to adversely impact poverty. For instance,

in Gundla Pochampally there was a shortage of garment workers for the new apparel park while 150 kilometres away, in Sircilla, power loom and handloom workers were unemployed. In 2001-02 the total potential demand for rural credit of Rs.118,990 million (around US\$2.5 billion) far exceeded the supply of Rs.95,600 million (around US\$2 billion). The paucity of information on new market opportunities had restricted the participation of the private sector.

### Nepal

The country report on Nepal traces the history of macro-level anti-poverty initiatives since the late 50s. (See Table 4.) It became apparent that macro perspectives dominated these initiatives, which had limited input from micro-level stakeholders.

In initial development planning, as in the case of India and other countries, poverty was equated to underdevelopment and this resulted in an emphasis on building infrastructures and support systems. The basis for the choice of agenda, and the design, was the policy makers' (or donors') perception of the micro-level realities. Reforms (to decentralize and redistribute assets, e.g. land reforms) were not implemented and the building of infrastructure turned out to be slow and limited due to resource constraints. Without infrastructure and sustained commitment from the State, the programmes led to regional inequalities.

Subsequent rethinking led to a shift in focus to productivity enhancement through technology (e.g. the Green Revolution). However, the philosophy was still not poor-centred. Later, a basic needs approach was adopted in which poverty was seen as the deprivation of material requirements for the minimally acceptable fulfilment of human needs, including food. Considerable efforts were devoted to fixing the yardsticks of individual requirements but the anti-poverty efforts did not move beyond promises.

In the 90s a focus on poverty became a national priority along with stabilization and adjustment policies. However, as in other countries, these policies had negative consequences for the poor. For instance, the donor-imposed withdrawal of agricultural subsidies reduced the competitiveness of Nepal's agricultural products vis-à-vis India, which had open borders with Nepal but still maintained subsidies. This was compounded by reductions in the social safety net due to the curtailment of social transfers.

Macro-policies of liberalization adversely affected the mountainous regions of Nepal where the imperatives of conditions such as fragility, marginality, etc. put the population at a disadvantage in an open market driven by the profit motive and focusing on intensity of production. On the other hand, marketization could have opened up attractive opportunities for this region (e.g. through the export of organic products and herbs and services like tourism). Harnessing such opportunities posed challenges in the form of necessary skills, investment, organization of producers, etc.

Recognizing the need for decentralized and participatory approaches, the State launched several national-level initiatives such as the Sustainable Development Agenda for Nepal (SDAN), the Rural Urban Partnership Programme (RUPP) and the Sustainable Capacity Development Programme (SCDP), with the help of donors.

### **Pakistan**

The country report pointed out that during the period 1989-99, the pursuit of stabilization and adjustment policies failed to realize growth and stabilization objectives. Since then, stabilization objectives have been realized at the expense of growth. Over the last two decades the persistent contractionary fiscal policy has led to

a decline in public investment as a percentage of GDP, from 18.3% to 13.4%. In addition, increasing sales taxes on domestic manufactures reclaimed the decline in fiscal income due to reduced import tariffs. These sales taxes adversely affected income distribution as they affected the poor more than the wealthy. The unemployment rate increased from 3.5% during the 80s to 7.4% in 2001-02. The incidence of poverty increased from 17% in 1988 to 38% in 2001.

In the past five decades the Government of Pakistan (GOP) has initiated many macro-policies and programmes. These include the Rural Development Programme (RDP), the Village Aid Programme (VAP), the People's Work Programme (PWP), The Five-Point Programme (FPP), the People's Programme (PP), the Tameer-e-waten Programme and the Social Action Plan (SAP). Studies have concluded that while these initiatives did increase the level of output in rural sectors, they failed to bring about qualitative changes in the lives of the rural poor (Ahmed 2002).

The Social Action Plan (1992-2000) had a total budget of Rs.127 billion (US\$2.2 billion) and aimed at improving human capital by targeting primary education, primary health care, rural water supply and sanitation, and population welfare.

Based on the household survey conducted by the Federal Bureau of Statistics of Pakistan, Ahmed (2002) concluded that the "social statistics not only failed to improve but actually regressed in most respects – in primary education as well as in primary health".

The bulk of the poor in Pakistan were not covered by the social safety nets, particularly workers in the informal sector, estimated at 3% of GDP and providing a key source of income for the poor. In fact, estimated informal transfers were three times larger than public ones.



**TABLE 5: THE CONCERN FOR AND FOCUS ON POVERTY IN NEPAL:  
SELECTIVE INDICATORS OF EVOLUTION**

<b>Contexts and Perceptions of Poverty</b>	<b>Thrusts and Orientations of Intervention</b>	<b>Constraints/Consequences/ Outcomes of Interventions</b>
Beginning late 1950s, aggregative view of poverty, poverty equated with under development; development activities covered by Five-Year Plans I – III.	Economic growth-focused series of Five-Year Plans, building infrastructure and other main foundations of development; “poor” and poverty unseparated from general situation. Donor-supported initiation of generalized community development programme, 1964; unimplemented radical land reforms and decentralization initiatives.	Limited donor interest; resource constraints; slow and limited infrastructure building; limited impact without infrastructure and prolonged political commitments; emergence of regional inequities.
Emphasis on spatial dimension of “aggregative view of poverty”; enhanced resource mobilization (though physical links) as pre-requisite for development (Plan IV 1970-75).	Focus on Regional Planning with growth corridors, growth axis and growth centre approach linking highland-lowland towns; adherence to popular “growth models” of 1950s-1960s; period coinciding with Plan IV, 1970-1975; focus on local resource mobilization/extraction rather than rural development; enhanced donor involvement.	Regional differentiation; Panchayat sector programmes (initiated earlier) neglected; productive sectors bypassed; only symbolic implementation; rise in donor concern for poverty, unemployment, distributive justice and integrated rural development.
Harnessing the ecological niche/potential of productive sectors; continued focus on “aggregative view of poverty”.	Sectoral growth strategies covering agriculture, forestry, horticulture, irrigation/energy, tourism; initiation of IRDP approach; focus on Green Revolution technologies.	Primary focus on resources, productivity, infrastructure support, etc. disregarding the “people” as a central agency; growth of spatial and group inequities; enhanced donor involvement and rise of diversified approaches.
Pleading for more inclusive/ integrated and people-centred approaches based on past learning and donor perspectives and support (coinciding with Plans V and VI, 1975-80 and 1980-85).	World Bank-supported IRDP; top priority to agriculture (Green Revolution focus); local development through Panchayat sector; people-oriented strategy; IRDP; special group programmes and new District plans; integrated strategies: Integrated Rural Area Programme, Small Area Development Programme, and Integrated Panchayat Rural Development Programme (IPRD); target group oriented activities (SFDP, PCRW, etc.).	Strong focus on agriculture; neglect of other productive sectors; donor-driven and top-down focus; limited concern and local participation; lack of uniformity and linkages of proposed programmes; missing information base to plan, implement and evaluate the multiple activities; decisions and gains favoured better off groups.
Basic needs approach (Post Referendum slogan) to demonstrate Panchayat Systems’ concern for the people (Plan VII, 1985-90).	Elaborate preparations, fixation of norms/yardsticks of individual requirements (food, clothes, health, education); goal to reduce poverty and raise economic conditions of people to Asian standard by 2000; “use of poverty” by the rulers.	The programme (with high potential for poverty alleviation) did not move beyond promises, intentions and (unpublished) reports/recommendations; ambitious, un-implementable plans due to resource scarcity and capacities.
For first time, clear focus on poverty alleviation as national priority (Plan VIII, 1993-97); Initiation of macro-economic structural reforms continued to date with little attention to their negative effects on poor.	Detailed spadework through research and analysis of past efforts; planning future approaches to reduce poverty through national discourse on poverty, NPC, involvement of donors and other agencies; promotion of simple parameters to identify poor and their physical, economic and social location; building on past best practices (ranging from credit to construction activities) initiated but partially implemented; decentralization to increase participation; special programmes for poor, backward areas to increase poor’s access to productive resources and social services; enhanced and more proactive role of donors.	Persistence of common constraints affecting past efforts: poor targeting and beneficiary selection problems, top-down approach and disregard of micro-level diversities limited participation/involvement of potential beneficiaries; absence of provisions addressing ultra poor; dominance of elites “excluding poor” in different ways; consistent support of donors, NGO participation, enhanced understanding and preparation of foundation for continuing the approach.
Further deepening of poverty concerns and expansion of poverty-focused approaches and measures (Plan IX 1997-2002 plus approach to Plan X) focusing on decentralization and participation etc. as a part of PRSP.  Intensification of macro-economic structural reform programmes; focus on PRSP.	Initiation of different measures, assisted by donors and NGOs, to: promote bottom up approaches, decentralization and participation-based initiatives; give attention to ultra-poor and methods to build women’s and poor’s capacities for self-help (e.g. micro-credit), empowerment and social mobilization; efforts to enhance transparency and accountability at local levels; efforts to recognize and use poor’s capacities.  Economic liberalization, external market links enhanced; pressure of donor conditionalities reduced “social transfers”	Area-wise differences in intensity and impacts of efforts; heavily donor-driven process; poor links/coordination of spatially (district-wise) scattered initiatives; problems of vertical or horizontal upscaling of success offered an important window for promoting bottom-up approaches.  Reduced social transfers; little gains of liberalization for the poor.

Source: Joda, 2002.

### **Sri Lanka**

The State had undertaken several anti-poverty initiatives and, till the late 70s, had a history of prioritizing human capital over working capital. During the last decade there were two notable state-sponsored anti-poverty programmes, namely, Janasaviya (1991-94) and Samurdhi (1995-2000). The Janasaviya project targeted the very poor, to mitigate the effects of structural adjustment policies. This programme involved a full-time cadre of human resources developers who were specifically trained in the techniques of mobilizing the poor. It focused on social development, micro-finance, nutrition and rural infrastructure development. Its successor, Samurdhi, was also aimed at mobilizing the poor, with over 30,000 full-time paid cadres. These cadres were selected for their political allegiance to the Government of Sri Lanka (GOSL) and assigned to mobilize support for the incumbent government through their assistance to the poor. The programme has become an instrument of the disbursement of patronage for the GOSL.

Within the framework of the national pro-poor growth approach, other anti-poverty initiatives were undertaken in

cooperation with donors. The Framework for Poverty Reduction (FPR) was an “analytical and consultative process involving partners and research institutes”. The Poverty Reduction Strategy and Agenda (PRS), prepared according to the guidelines of the IMF and the World Bank, operationalized the policies and strategies identified in the FPR. These were focused on (i) building a macro-economy supportive of pro-poor growth with stakeholder participation; (ii) developing human resources; (iii) empowering the poor through decentralization that ensures community participation in resource management; and (iv) strengthening governance.

Another effort was to provide national-level follow-up on the initiatives through a Programme of Catalytic Initiatives (PCI) for the social and economic empowerment of the poor. This was implemented in nine (out of the 22) districts. Its mission was to identify and correct the weaknesses of the SAPAP process and to disseminate information. Its concerns were the sustainability of CBOs and linkages for accessing funds, services and markets and influencing pro-poor policy through a bottom-up process (Hewavitharane 2002).

## 4. Analysis of Micro-Macro Linkages



It is necessary to recognize at the outset that the poor do not constitute a monolithic body throughout the region. Critical differences exist in available political space and collective capacity to combat multi-faceted deprivation caused by specific institutional, political and cultural factors. Consequently, strategies to alleviate poverty also have to differ. Hence, the focus of this analysis is to draw general lessons for the future rather than to produce a blueprint for interventions. In addition, it is necessary to keep in mind that the ultimate goal of anti-poverty strategies cannot be reduced to eliminating income poverty alone; income poverty alleviation is the means to achieve the elimination of human poverty. Hence, the focus is on linkages that might equip the poor to overcome their human poverty.

### **MICRO/MESO LEVEL POVERTY ALLEVIATION PROGRAMMES**

The participatory micro-level initiatives were undertaken partly in response to improving the top-down, supply-side state initiatives. Micro- and meso-level programmes considered in this report had two-fold objectives. First, they helped communities (regions) to mobilize and build social networks and self-sustaining community organizations. Ideally, these organizations and networks would generate the necessary working and human capital to make their efforts sustainable and to monitor programme effects. Secondly, they aimed to use their concrete experience to influence the agenda and the efficiency of macro processes against poverty.

As mentioned earlier, the purpose of this report is not to evaluate the success or failure of individual programmes. However, to draw lessons for macro-level initiatives, successful participatory local-level projects need to be identified. Some key outcomes of successful projects are:

- Civic participation and social capital mobilization
- Enhanced institutional capacity to run programme
- Capital accumulation to ensure sustainability of programme
- Enhanced human capabilities
- Institutional (horizontal and vertical) links to resources and distributive channels and the building of national entities
- Links to markets for inputs and outputs
- National ownership of interventions

### **Civic Participation and Social Capital Mobilization**

People-centred, decentralized poverty alleviation initiatives seek to engage the stakeholders in active participation in all stages of the process – from design to implementation and monitoring. Clearly, civic participation is a worthy end in itself in the pursuit of deeper democracy and freedom. In addition, it has an instrumental role to play in poverty alleviation in terms of eliminating information asymmetries between the centre and the periphery (or between the macro and the micro) that characterize top-down, supply-focussed macro-initiatives. A mobilized civil society could better articulate local interests and demands to the centre, serve as a defender of political and social rights and become a provider of goods and services.

Malik and Wagle (2002) have pointed out that such mobilization has its downside as well, such as the limitations of utilizing lessons from micro projects in participatory processes of larger scale initiatives. Negative factors were recognized and discussed in the context of the country reports, which included: the high transaction costs of building and maintaining civic participation (particularly that which includes the real poor); the risk that those mobilized will be captured by local elites (or serve to legitimate the majority that is actively excluding minorities);

and the legitimacy of such mobilizations (most organizations mobilized were of an ad hoc nature and not necessarily representative of any group). While civic engagement may be regarded as a general good, many practitioners have reservations on its universal applicability. For instance, some concerns have been expressed regarding civil society's participation in technical aspects of economic decisions. Another worry has to do with instances involving potential conflict of interest, e.g. inter-temporal trade-offs (current austerity measures to curb future inflation) or the significant risk of capture by the elite or dominant group (e.g. caste or class elites in villages).

### **Enhanced Institutional Capacity to Run Programmes**

Mechanisms of participation and effective programming require the building of institutions such as VOs, SHGs, CSOs, local NGOs, etc. Experience gained from programmes could lead to improved institutional settings for the implementation of future ones.

### **Accumulation of Capital**

To become sustainable and proliferate, wherever feasible programmes should attain financial independence as quickly as possible. Given the limited availability of grants, and the risk of falling into a macro, top-down governance orbit, such an effort must begin in the early stages of operation.

### **Enhancement of Human Capabilities**

Poverty alleviation programmes should also enhance the skills and levels of literacy of those involved.

### **Development of Horizontal and Vertical Links**

The success of a programme depends on its accessing distributive channels and resource networks. Such vertical links

also provide channels of information transfer from the micro to the macro. In addition, collaboration with other similar programmes may add to the synergies and enhance links to resources.

### **Development of links to markets for inputs and outputs**

The supply of inputs and market for outputs of a programme were key to its success. Without access to markets, local programmes are not sustainable. To prevent locals from being trapped at a low-level equilibrium, village economy should be integrated with outside markets.

## **MICRO LEVEL INITIATIVES: FINDINGS**

As pointed out, there is a strong need to demonstrate the viability of alternatives to the formerly dominant ideas of supply-side focus and top-heavy poverty alleviation policy frameworks in the region – hence the micro-level interventions by UNDP and other donor agencies. These efforts also augmented the legitimacy of similar micro initiatives that were already in place in the region. Thus, these micro poverty initiatives were very relevant to poverty alleviation efforts. Within this context, the country studies highlight a number of steps that would improve the supply-side effectiveness of such programmes, particularly those of UNDP:

### **Assessing the demand for the programme**

There is a need for a structured way of assessing the demand for the programme at the design/input stage, both to avoid failures and to allocate scarce resources equitably. In very few instances was failure directly tied to lack of demand. For instance, in the Waterlogged and Saline Land Project in Pakistan, jointly undertaken by UNDP

### BOX 9: POVERTY ALLEVIATION IN INDIA

**The major criticism of the government based anti-poverty programmes relates to lack of people's participation. The approach seems to be more technocratic and top-down in implementing these programmes. The micro level experiences have shown that there is a need for greater engagement of Panchayats and NGOs, self-help groups and community based organizations for strengthening government employment programmes.**

*Source: Mahendra Dev 2002.*

and AUSAID, the local population was resistant to the idea of using saline land that had been reclaimed. This pointed to a systematic need for streamlining the methodology for choosing the programme to be funded. Similar situations were observed in Sri Lanka and Bangladesh. A demand stemming from local needs increased the likelihood of civic participation, and national ownership.

#### **Incorporating existing structures**

The positive results in Nepal clearly demonstrates the benefits of incorporating existing structures into poverty interventions during the implementation stage. In instances where parallel structures had to be set up, results have been mixed. For instance, the Nuwara Eliya project in Sri Lanka was engaging in anti-poverty activities along with state-sponsored operations. The Nuwara Eliya project was perceived as outside competition by the state operations and faced difficulties in becoming operational.

#### **Mobilizing local capital/resources**

Nearly all micro projects studied mobilized local capital to provide micro-finance to their members. At a broader level, the concept of micro-finance met with different levels of success in different countries. It was most successful in Bangladesh, as evidenced by the

phenomenal growth of the Grameen Bank (GB). Starting from an operation in a single village in 1976, the GB today has over 2.3 million members and covers 41,187 villages. However, the absence of a culture of savings at the local level may work against the success of such a venture elsewhere. This is evidenced by the low savings rates in Pakistan and Sri Lanka, where savings per household have been estimated by UNDP (2001e) as US\$3.2 and US\$4.5 per household, respectively, compared to US\$30.1 per household in Bangladesh. Moreover, even when micro-finance was effective at the local level it did not translate into macro poverty alleviation. While the GB is the largest bank of its type in the world, it serves only 4.5% of Bangladesh's total poor population (50.8 million).

The influence of micro anti-poverty efforts on similar macro efforts need not be direct and immediate. As experience from micro-credit shows, local efforts could provide fertile ground for institutional innovation. For instance, traditional banks rely on tangible assets as co-lateral for recovering loans – a system that automatically excludes the assets derived from capital markets. Against this backdrop, micro-credit banks have successfully explored tapping local social capital as a mechanism for recovering loans (e.g., for the GB, which uses social capital as collateral, the loan recovery rate is 98% and 356 of the GB's 1,176 branches show a 100% recovery rate). In practice, however, it is quite possible that the pressure to repay exerted by members of a peer network could lead to inefficiencies, such as borrowers taking out loans at higher interest rates in order to repay their original debts to micro-credit banks. At the conceptual level, the need to make institutions and practices less exclusionary is an important lesson that macro efforts can learn from the experience of micro entities.



## MACRO ECONOMIC POLICY REGIME: EFFECTS ON POVERTY ALLEVIATION

Macro policies have yielded intended and unintended consequences for the target population and the population as a whole. The impact of macro policies on poverty and inequality, analysed since the 60s, has received increased attention since the introduction of structural adjustment policies in the 80s (e.g. Cornia et al 1987). However, it should be kept in mind that it is difficult to isolate and assess the long-term effects of macro policies as these will always be mediated by the short-term effects of subsequent policies and institutional changes.

Local poverty alleviation programmes have to negotiate with, and are shaped by, economic and social welfare policies at the national level that include: (i) short-run *stabilization policies*, (ii) *adjustment policies (liberalization packages)*, and (iii) *complementary policies*. (See Table 6 for selected macro policies and their consequences.)

### (i) Stabilization Policies

The Washington Consensus is that stabilization policies are essential prerequisites for market-based adjustment policies to promote growth without impairing income distribution, at least in the long-term. The stabilization policies prescribed to these five countries by the World Bank and IMF required implementation of the following:

- Fiscal policies to curb deficit spending,
- Exchange rate policies to balance trade, and
- Monetary policies to contain inflation.

It is claimed that these have only short-term implications and do not have any direct long-term impact on poverty. However, the heterodox economists (e.g. Rao 2002, Wade 2001, Amsden 2000) argue that short-term policies leave long-term imprints on how public and private domains share resources, on the

**TABLE 6: IMPACT OF THE MACRO POLICY ENVIRONMENT ON POVERTY AND INEQUALITY**

Macro Policies	Indicative Poverty Impacts at Micro Level
Privatization	<ul style="list-style-type: none"> <li>■ Market-driven priorities, norms, resource allocations, etc. resulted in marginalization of the production systems and sustenance strategies of the poor.</li> <li>■ Inequalities increased in the short term.</li> </ul>
Trade Liberalization	<ul style="list-style-type: none"> <li>■ External competition had adverse impacts on market value of local commodities (affecting products and wage earnings of the poor).</li> <li>■ Trade also produced cheaper goods that benefited those poor with purchasing power.</li> <li>■ Inequalities increased between different sectors.</li> </ul>
Fiscal Policy	<ul style="list-style-type: none"> <li>■ Cuts in public expenditure when revenue cannot be raised to balance the budget.</li> <li>■ Increase in debt burden with rising service charges for past deficit financing.</li> <li>■ Both lead to drain on productive investment/social sector investment affecting the poor.</li> <li>■ This leads to added impact on women: they have to increase time spent on unpaid labour or reduce consumption to cope with the reductions in household income and social welfare.</li> </ul>
Monetary Policy	<ul style="list-style-type: none"> <li>■ Inflation (if money is printed to cover the fiscal deficit) harms the poor more since it has a regressive impact on real income.</li> <li>■ Moreover, the poor also suffer a credit crunch, if contractionary monetary policy is implemented to curb inflation.</li> </ul>
Sectoral Policies (e.g. agricultural development with focus on Green Revolution technologies)	<ul style="list-style-type: none"> <li>■ Institutional and resource inequity-based handicaps.</li> <li>■ Constraints on high input-based options for the poor.</li> <li>■ Disregard of diversification-based livelihood security systems.</li> </ul>
Asset Redistribution Policies (e.g. land reform)	<ul style="list-style-type: none"> <li>■ Alters initial inequalities and enhances pro-poor growth, leading to gains for the poor.</li> <li>■ Poorly planned and implemented programmes may lead to re-concentration of land in the hands of new class of landowners.</li> </ul>

rates at which capital and labour are utilized, etc. Moreover, the orthodoxy prescribes balanced budgets to curb public spending that is claimed to crowd out private investment. In contrast, the heterodoxy argues that there is complementarity between public spending and private investment in the long term. Public expenditure is needed to develop human capital (e.g. by eliminating illiteracy and ensuring accessible and affordable health care) and to provide social protection networks (in the form of social security, gender security, a minimum level of nutrition, preventive public health care,

**“Liberalization policies cannot be treated as purely economic measures to which socio-political developments are exogenous.” — Durham and Jayasuriya**

access to clean water and sanitation, etc.) It must be categorically stated that such efforts have intrinsic value in and of themselves. They also serve to boost the quality of the labour force available for the private sector and, along with pro-poor economic growth, have proved effective strategies against poverty. As illustrated by their case studies, both Kerala (in India) and Sri Lanka were able to enhance poverty reduction, despite limited economic growth, by investing in human capital.

It is clear that in this sub-region, short-term stabilization policies had failed to provide the basis for longer-term growth. The mandate to balance the budget even when a country was in recession or low growth led to the curtailment of public expenditure and the deterioration of social protection networks, which increased the incidence of poverty. This was the case in Pakistan, where the incidence of poverty has doubled since 1989, after stabilization policies were introduced. Similarly in Bangladesh, as seen earlier, stabilization policies and the consequent cuts in social programmes led to increased unemployment and expansion of the informal sector. Anticipated growth rates failed to materialize and investment in human capital had not recuperated the cutbacks.

Contractionary monetary policies to bring down inflation may limit the credit available or increase the cost of credit for potential investors and borrowers.

### **(ii) Adjustment Policies**

The World Bank and IMF mandated these policies to varying degrees in the countries studied. The assumption behind this approach was that growth and efficient inter-sectoral allocation

would be ensured through policies of:

- financial liberalization,
- privatization/deregulation, and
- trade liberalization.

Each of these policies has consequences for poverty and inequality. Privatization of state-owned industries had led to an entrenched increase in inequalities in other sectors (for instance in Sri Lanka) and the rapid liberalization of trade has led to negative growth. This approach can be compared with the controlled and partially administered trade liberalization schemes of China and Viet Nam, which have been successful in attaining trade balanced with growth. Again, heterodox or alternative economists (e.g. Rodrik 2001, Rao 2002) have pointed to market failures in the allocation of credit, the financing of human capital, and in the governance of financial systems and international capital flows. These economists have argued for shifting the focus from markets/liberalization in matters of trade, finance and property rights to alternative institutional arrangements.

Again, the reports revealed a pattern of increased poverty and inequality that was directly tied to adjustment policies. For instance, poverty incidence and income inequality in Sri Lanka increased in the 90s, during the period when many state-owned industries were privatized (Durham and Jayasuriya 2000). Liberalizing exchange rates by floating (or the devaluation of) the currency would have at least had short-term implications for the cost of imports. As pointed out in the case of Bangladesh, the devaluation of currency affected the segments of the informal sector that depended on imports for their economic activity.

Liberalization policies cannot be treated as purely economic measures to which socio-political developments are exogenous. Analysing the Sri Lankan case, Durham and Jayasuriya (2000)



argued that the specific features of the liberalization policies and the manner in which they were implemented interacted with the existing structures of socio-political relations and networks of patronage. This resulted in the erosion of democratic participation in resource management, as well as in the erosion of security for labour in the formal and informal sectors and of human security in general. The consequent socio-political developments created difficult conditions for micro poverty initiatives based on social mobilization.

### **(iii) Complementary Policies**

These include policies that support the country's development programme, such as:

- Sectoral or regional policies
- Policies for the redistribution of assets (e.g. land and housing)
- Labour market policies to maximally transform growth into productive employment for the poor
- Social policies to develop human capabilities

Sectoral policies selectively target the enhancement of chosen sectors (for instance, rural or urban areas). Having explored the role of initial conditions and the sectoral composition of economic growth in overall poverty reduction in the Indian context, Ravallion and Datt (1999) pointed out that elasticities of poverty to non-farm output varied appreciably, with consequences for overall poverty reduction. In other words, some sectors needed more attention than others to bring about equal poverty reduction. Thus sectoral policies were necessary for an equitable reduction of poverty.

Initial inequalities had a significant influence on growth and in translating growth into poverty reduction. Early on, economic orthodoxy argued that dealing with inequalities must be left to the markets. Moreover, as postulated by

Kuznets (1955), inequalities may be only temporary as mature stages of growth would cause them to decline. Many are not persuaded by these two claims (for instance, Alesina and Rodrik 1994, MacEwan 1999 and some key orthodox figures, e.g. Stanley Fischer, First Deputy Managing Director, IMF, 1995). Based on a study of 48 countries, including OECD countries, Alesina and Rodrik (1994) observed that economic growth is negatively correlated with income inequalities. Ravallion and Datt (1999) observed that higher initial inequality meant a lower elasticity of poverty to economic growth. Thus asset redistribution (e.g. land reform) is an essential component of pro-poor growth. Employment generation in the formal and informal sectors, with adequate wages, was a key strategy to reduce income poverty.

Social policies that enhance human capital include those that invest in: universal education, particularly primary education; delivering health care even to remote areas, particularly preventive public health services; and ensuring that minimum nutritional needs are met. These initiatives were in competition with defence imperatives in many situations. For instance, in Sri Lanka, anti-poverty initiatives were undertaken in a climate of stabilization and adjustment policies and a full-scale civil war. Though the pro-poor initiatives were implemented outside the area of direct conflict, the war had an impact on the whole economy as an increasing fraction of the public funds were being channelled to the war effort. During the 1991-2000 period, defence expenditure as a percentage of total public expenditure rose from 11.2% to 17.7% while total social expenditures fell from 11.2% to 9.8%. The poverty alleviation budget for Samurdhi and Janasaviya suffered in particular, falling from 5.3% to 2% (Central Bank, Sri Lanka, Annual Report).

**“The number of women dying of maternal mortality each year far exceeds the total number of people dying in wars”**

Source: WHO, 2002.

**TABLE 7: GENDER BIAS**

Country	Life Expectancy at Birth (Years)		Adult Literacy Rate (% Age 15 and above)	
	Males	Females	Males	Females
Bangladesh	58.9	59.0	51.7	29.3
India	62.4	63.3	67.8	44.5
Nepal	58.3	57.8	58.0	22.8
Pakistan	59.8	59.5	58.9	30.0
Sri Lanka	69.3	75.0	94.3	88.6

Source: Human Development Report 2001.

### **MACRO-POLICIES – NEED FOR A MORE HOLISTIC AND DYNAMIC APPROACH**

As pointed out earlier, the poor are not monolithic entities and their priorities are diverse and ever changing. To target and deliver, poverty alleviation initiatives must recognize cleavages among the poor and their changing priorities. Policy makers and planners in the sub-region had not adequately recognized the links between poverty and gender. Income poverty and human poverty cannot be meaningfully addressed without analysing the role of gender inequality operating at the micro level. For instance, family income may be distributed disproportionately in favour of males/boys if there is a gender bias. There was substantial evidence for the existence of such bias in large parts of the sub-region. This could be observed in the relative rates of mortality, morbidity, literacy, under nourishment, etc. between the two genders. For disaggregated data on life expectancy and literacy rates, see Table 7. With the exception of Sri Lanka, all countries studied show dramatic differences in literacy rates. Life

expectancy at birth for males and females is nearly identical (in Bangladesh and Pakistan) or slightly higher for males (in Nepal). However, it should be noted that in industrialized countries, women generally live five to eight years longer than men. In the sub-region, females enjoy this level of advantage only in Sri Lanka.

Moreover, the economic shocks due to structural adjustment reforms had differential (social and economic) impacts on men and women (Taylor 2001). During adverse economic conditions (such as reduced household income and social welfare) the implicit elasticity of the unpaid labour of women translated into additional time spent on such labour and/or reduced consumption for women. For instance, cuts in social spending would result in women bearing the social cost of caring for the young and the old, which might have been covered by the public sector prior to the cuts.

The changing priorities of the poor are another aspect that anti-poverty initiatives fail to address. For instance, the threat of HIV/AIDS is not just a health problem. On the African continent the disease has produced an estimated 14 million orphans (source:UNAIDS) who will fall into poverty without adequate support, pushed those affected into poverty when they are stripped of the ability to work, etc. In the sub-region HIV/AIDS could wipe out any gains realized through anti-poverty measures if unattended. As of 2001, there were 3.97 million adults and children affected in India (UNAIDS) and the disease was at early stages in the other four countries. Anti-poverty measures should incorporate this new priority in the sub-region.

Macro policy regimes should adopt a more holistic and dynamic approach to poverty alleviation that proactively incorporates social cleavages among the poor, such as gender relations, and their changing priorities, such as HIV/AIDS, in anti-poverty efforts.



## MACRO INITIATIVES: FINDINGS

Clearly the effect of the macro-policy regime at the household or community level is not always what the policy makers intend. The effects of policies are best understood by looking at the demand side and the supply side simultaneously. The challenge of the demand side is to meet the constraints of macro-balance (stabilization) without depressing aggregate demand, i.e. public investment to shield the income of the poor from damaging impacts. The supply side challenge is to augment supply rather than restrict it – by increasing the capabilities of the poor, i.e. the supply response can be strengthened through a pro-poor policy. The country studies showed:

- Early efforts at poverty reduction in all countries suffered from a top-down approach with a supply-side focus. These efforts had left the poverty fundamentals by and large untouched. Subsequently, the macro-level thinking has evolved. However, macro actors differ in their level of acceptance of the relevance of community participatory approaches to poverty alleviation.
- All countries shared similar experiences in having undergone stabilization and adjustment programmes and consequent reductions in public investment. The results were reduced investment in human capital, increased poverty and inequality, and greater insecurity for the poor.
- One of the key aspects of anti-poverty efforts is employment policies. Employment in all five countries was primarily through the non-formal sector – a sector that is particularly vulnerable to sudden changes in macro-economic variables.

### BOX 10: NEPAL – ADDRESSING TOP DOWN, SUPPLY SIDE APPROACH

**As a principal promoter of paradigm shift in “poverty assessment approach” and partner in operationalizing the new concepts through participatory decentralized development interventions, UNDP has addressed two main springs of ineffectiveness of past poverty alleviation strategies, namely “top down approach” and “supply side focus” along with other structural features of poverty alleviation interventions; changes in these may go a long way in changing the development culture in Nepal and South Asia in general.**

*Source: Jodha, 2002.*

- With the exception of Sri Lanka, these countries have not demonstrated adequate commitment to countering existing asymmetric gender relations through their approaches to development in general and poverty alleviation in particular. In most instances, gender inequality at the household level translated to a smaller share of household benefits and an increased share of the costs of economic downturn for women and girls.
- For a number of reasons there were also significant differences among the countries in the outcomes of anti-poverty efforts. First, the initial conditions and capacities of the countries differed – e.g. Sri Lanka, had a smaller population and higher human development than the other countries, Bangladesh had the most developed NGO community in the sub-region, etc. Secondly, the configurations and textures of the structural constraints were different – e.g. the mountainous terrain of Nepal, the limited internal market in Sri Lanka, very high population density in Bangladesh, etc. Finally, the social investment priorities were divergent – e.g. the decision to develop human capital over physical infrastructure in Sri Lanka.

**BOX 11: INDIA – TRENDS IN EMPLOYMENT POLICIES**

Since many of the poor belong to the class of agricultural and landless labourers, labour intensive growth remains a critical part the Indian economy. Yet, this is an area where impact of micro interventions has been weak. The daily status unemployment rate in rural areas increased from 5.63% in 1993-94 to 7.21% in 1999-2000. However, the overall employment growth in the country declined from 2.04% during 1983-94 to 0.98% during 1994-2000. Much of the decline in the growth was due to developments in two sectors – agriculture and community social and personal services. These two sectors accounting for 70% of the total employment have not shown any growth during the 1990s. Agriculture still contributes 60% of the total employment in the country, and has the potential of absorbing workers in regions with higher incidence of rural poverty, such as Orissa (48%), Bihar (44%), Assam (40%), Madhya Pradesh (37%), West Bengal (31.8%) and Uttar Pradesh (31.2%).

Source: Mahendra Dev, 2002.

**MICRO-MACRO LINKAGES**

It is clear from Table 1 that the development assistance provided by UNDP is but a fraction of the ODA received by the five countries considered here. In this context, it would make strategic sense to focus UNDP efforts on a few select pilot interventions to maximize the impact of micro initiatives on macro efforts. However this has not been the practice. For instance, in India there were 17 sub-programmes under Community Based Pro-Poor Initiatives (CBPPI), supported by UNDP with an outlay of US\$11.1 million for the period 1997-2002 (Country Evaluation: India, Evaluation Office, UNDP, 2002). Conversations with personnel from UNDP Headquarters confirmed that the preponderance of such small initiatives will, in addition to posing problems in terms of stretching the managerial and monitoring resources of UNDP in a large country like India, fail to provide the visibility necessary to impact the macro. Focusing resources more on high-visibility pilot initiatives, as in Andhra Pradesh or Nepal, will be more effective in creating micro-macro linkages.

Analysis of the local-level initiatives studied in the country reports under a lens of micro-macro linkages led to the following categorization of results: (i) Interventions that failed locally without leaving any legacy; (ii) Interventions that left positive outcomes at the local level but failed to influence the macro; and (iii) Interventions that succeeded at the local level and influenced the macro.

**Micro Failures and Failure to Influence Macro Efforts**

The KST project in Bangladesh belongs to the first category. It was not replicated and had very limited impact on macro policy making. To quote the country report, “there was no effort to replace macro subsidies with local resources as the project was getting matured”. It “ignored the collective goals of social mobilization and rather concentrated on micro-credit business based on subsidized supply of grant money from the UNDP”. Though there was a high level of GOB support for the initiative in the early stages, it waned quickly. The initiative failed to become sustainable and had no ownership towards the end.

Rehabilitation of Waterlogged and Saline Land, in Pakistan, is another example of an initiative that failed due to lack of demand and ownership. The lack of demand is attributed to the cultural dissonance regarding the goal of using reclaimed land for agriculture.

**Micro Successes without Linkages to Macro Efforts**

At least three country examples illustrate this case, in Sri Lanka, Pakistan and India. The Nuwara Eliya initiative in Sri Lanka yielded mixed results locally. This initiative came into conflict with existing state-sponsored poverty alleviation initiatives engaged in the same activities, such as Janasaviya and Samurdhi. The state-sponsored efforts were by and large patronage-based and not inclined to appreciate the synergies gained by joining forces with similar initiatives. As

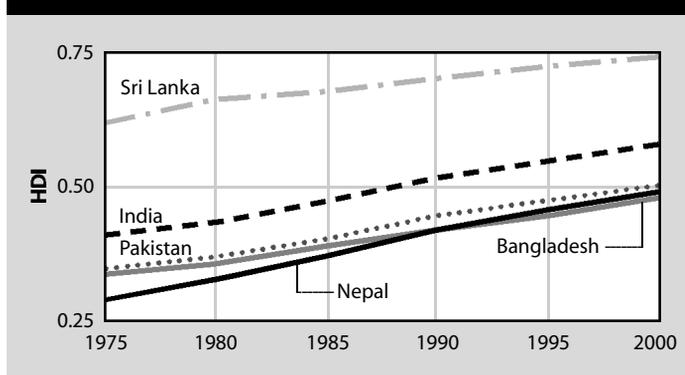
such, this initiative lacked state ownership/commitment. However, the initiative did succeed in mobilizing civil society and there was successful mobilization of horizontal links as well.

In the Sri Lankan situation, an added dimension was dysfunctional decentralization, which contributed to a disconnect between the micro and the macro. The highly centralized executive and legislature had not completely devolved power to the fiscal and administrative decentralized units. This led to considerable confusion at the sub-national levels. The meso-level Provincial Councils were not functioning adequately and did not have clear institutional responsibilities and powers – as a result inhibiting flow of funds to the local level. In fact, UNDP was unable to recover seed capital provided for productive physical infrastructure as funds could not be realized at the local level. Given the limited powers and their “need” to distribute these powers among an extensive patronage network, the Provincial Councils essentially reduced the flow of information and resources between the macro and the micro. Thus inappropriately functioning decentralization can hinder the micro-macro linkage.

The Lachi and Northern Area Development Plan projects in Pakistan were also local successes. However, they entered the local scene as a part of the wider Rural Support Programme (RSP) that existed in the region with a proven successful track record. It should be noted that initiatives like those in Lachi amounted to only 1.7% in terms of membership and 0.4% in terms of the capital mobilized by the RSP. Thus this model of social mobilization coexisted with a plethora of other poverty alleviation programmes and was an extension of the dominant institutional mechanism of the GOP to fight poverty.

Similarly, the Nuwara Eliya initiative in Sri Lanka was launched where organizations such as CARE, Sinhala and the Tamil Rural Women’s Association had been

**FIGURE 4: TRENDS IN HUMAN DEVELOPMENT INDEX**



Source: *Human Development Report 2002, UNDP.*

involved with social mobilization activities.

Thus, to add value to the engagement with the macro, UNDP initiatives have to come up with distinct and more creative models of civic engagement than those that already exist. Without such innovations, these initiatives will fail to alter the blockages between the micro and the macro that are present in the form of perceptions, information asymmetry, institutional mismatch and asymmetric power relations.

### MICRO SUCCESSES WITH LINKAGES TO THE MACRO

Despite the abject macro conditions that continue to plague Nepal, the SAPAP initiatives in the country were “successful”. This is evidenced from the household-level data in Nepal. For instance, between 1996 and 2000, the poorest of the poor declined from 16.6% of the VO members to 9.8% and the child immunization rate ranged from 96%-98% in six out of seven VDCs covered (UNDP 2001e). It is essential at this point to digress and address the concern that many development specialists express: how could a programme be a success when all macro conditions point to abject levels of human poverty? A simple comparative analysis may yield some insights. The Human Development Index (HDI) trends of all five countries over the past 25 years are presented in

Figure 2. HDI, being a composite index of human poverty, captures not just the income dimension of poverty but knowledge and health dimensions as well. The effectiveness of anti-poverty efforts are best represented by the changes in HDI during the period considered. Note that the absolute magnitude of HDI reflects the cumulative effects of past efforts. As such, it may not be an appropriate representation of outcomes of recent ones.

Between 1975 and 2000, the HDI rate increase in Nepal was the highest among all five countries. (HDI was increasing at a constant rate of 0.0074 per year.) In India and Pakistan the HDI rate increase has actually declined since 1990. If change in HDI is indeed a reasonable indicator of the effectiveness of anti-poverty efforts, the effectiveness of Nepal during the 90s is better than that of the other countries. Thus “success” depends not only on the output but also on the rate of change of output.

As mentioned in the previous section, the initiative in Nepal started in one district involving 5,910 members. It was then extended to the meso-level, covering 270,000 households, thanks in part to the strong commitment from the State and the UNDP. There are several reasons for this success.

First, the initiative was designed to utilize the existing structures, such as VDC that were involved with poverty reduction measures underwritten by GON, NGOs and donors. This was in direct contrast to the Sri Lankan experience where, for valid reasons, parallel structures to the existing Janasaviya and Samurdhi programmes were created and initiatives thus found themselves in competition with each other operationally.

Second, at the design and functioning stages, efforts were made to link the initiative with the macro. For instance, SAPAP was linked with the District Development Council (DDC) that served as the focal point for local development

administration in Nepal. In addition, SAPAP formed a District Coordination Committee (DCC) that linked all line agencies of the GON in the District and the SAPAP. The DCC met regularly to review progress and became the institutionalized interface of SAPAP with GON and a channel of information transfer from the micro to the macro. This became a simultaneous horizontal and vertical link for the micro.

Finally, the SAPAP programme received strong commitment from GON. The programme interface with the GON has been institutionalized via the DCC. This, as will be discussed in detail in the lessons learned section, provides a vertical link with all line agencies of GON working in the district.

The SAPAP programme in Andhra Pradesh, India is another initiative that established active linkages with local NGOs and had strong commitment from the state government. Here too, a steering committee was established that involved a senior state official and state resource flows to the SHGs and COs were channelled through SAPAP. Further, links were established between ongoing state government programmes and SAPAP. The programme itself was successful in terms of social mobilization, sustainability and interaction with the macro/meso.

However, the SAPAP here was a small part of the poverty alleviation initiatives undertaken by the state, GOI and NGOs. Programmes like Development of Women and Children in Rural Areas and Revolving Fund of the District Rural Development Agency commanded a reach that far exceeded that of the SAPAP. Unlike in Nepal, where the social mobilization approach was relatively novel and likely to have influenced the approaches of the macro, in India, the SAPAP entered an arena of pre-existing initiatives with more resources. This mitigated its impact on the macro and micro-macro linkages.

## 5. Lessons Learned



Over the last few decades UNDP extended its work in well over one hundred countries. Working with limited resources it built healthy working partnerships with governments and policy makers around the globe. Its interventions against poverty cover a wide range of arenas, from aid coordination to local-level social mobilization programmes, to influencing macro policy through the dissemination of its experience from pilot initiatives at the local level. Its interventions have demonstrated its commitment to anti-poverty initiatives and gained it the reputation of being a trustworthy partner with sincere intentions and sound approaches against poverty.

That being said, it is also important to recognize that the development

assistance provided by UNDP is only a fraction of the total assistance received by all five countries considered in the study (See Table 1). Consequently, UNDP cannot expect to wield influence with governments based on the merits of its financial contributions. Narrowing the conventional gaps that influence both micro-level practices and macro priorities requires UNDP to be judiciously strategic in leveraging the strengths and experience gained on the ground in each country.

Poverty alleviation strategies and the attendant micro-macro linkages should evolve with changing circumstances that shape the constraints and opportunities available for interventions. For instance, micro-level anti-poverty interventions occurring before the outbreak of HIV/AIDS would have different strategies and priorities than current ones. For its efforts to influence macro initiatives to be effective, UNDP should continue to demonstrate clear understanding of the issues at the local level. Such advocacy efforts are persuasive only when backed by commitment to a country's anti-poverty measures. Decades of direct involvement in these South Asian countries provides UNDP with credibility and its demonstrable commitment positions it well for advocacy efforts in these countries. Such commitment could not have been demonstrated if experience in micro issues had been obtained through the work of other donor agencies. Thus UNDP needs hands-on experience in community-based anti-poverty programmes for it to become an effective link between micro and macro efforts in a given country.

While the country assessments commissioned by the Evaluation Office sought to identify the specific development contexts of countries to which UNDP needs to respond, this regional study has focused on the common themes and key lessons emerging from the different contexts. General lessons have been highlighted so as to integrate them into

**BOX 12: SRI LANKA – OBSTACLES TO MACRO-MICRO RESOURCE FLOWS**

**In principle UNDP's seed capital should be recovered but cannot be because there is no levying of service charges from the users. As a result, this was used for funding certain pro-poor initiatives. The proper source for such irrecoverable funds are the Provincial Councils, which are vital links in macro to micro resource flows. A well functioning PC would articulate the concerns of the poor and see to it that service providers will serve the poor without transaction costs. But PCs are malfunctioning by being caught up in the pervasive political culture of revenge and patronage in their infrastructure development priorities that are determined by political and personal gain considerations, rather than by principles of good governance and accountability to their poverty stricken constituents. In the rural political economy so fashioned, it is the community based organizations empowered not by elections but by social mobilization that had to be engaged in the task of forging the linkages to empower the poor to access resources originating at the macro level.**

*Source: Hewavithrana 2002.*

the design of UNDP's future activities to maximize its effectiveness in enhancing micro-macro linkages.

## 1. HOLISTIC APPROACH TO POVERTY ALLEVIATION FOR SUSTAINABLE LINKAGES

Just as poverty is multi-dimensional, strategies to alleviate poverty and the attendant micro-macro linkages are also multi-dimensional. For instance, micro-credit, which features prominently in most of the local-level initiatives, derive their life from social mobilization efforts and generate local savings that are then ploughed back into the credit-starved communities of the mobilized poor for entrepreneurial (and consumptive) activities. In some cases, particularly in Bangladesh, local credit mobilization has been successful. For this success to be sustainable, however, it has to be attended by an expansion of productive opportunities and market access for the products produced. Thus efforts to mobilize capital should build, simultaneously, horizontal linkages for potential markets and income opportunities to escape the low-equilibrium trap, as well as vertical relationships. In Nepal the absence of credit insurance as an institutional linkage is likely to prove fatal for credit mobilization schemes in areas affected by conflict.

It is also necessary to ensure that pro-poor policies in the region, where income inequality is among the highest in the world, emphasize the "poverty equivalent growth rate" – i.e. the level of economic growth in relation to effects of rising inequality. This is because growth in different sectors of economy may have variable impact on poverty reduction. Furthermore, it is important to recognize that poverty alleviation in the region did not significantly improve the non-income indicators (e.g. immunization, population control, nutrition, maternal health, human

rights, vulnerabilities to violence and corruption etc.) of the poor. The rather mixed developments on the poverty front provides a compelling case for much greater focus on the following critical issues for meeting the current challenges in poverty alleviation:

- Support to the livelihood strategy of the poor and marginalized
- Acceleration of the rate of income-poverty reduction
- Improvement in the quality of human development
- Making development more equitable
- Strengthening social capital and
- Achieving sustained social and political peace.

The issue of HIV/AIDS also requires a holistic approach to poverty alleviation as an immediate imperative. The urgency of the problem is recognized in the UN's Millennium Development Goals (MDGs). The CCF-I document points to the need for inter-programme linkages and integration with regard to this cross-cutting issue. Within the region, only in India is HIV/AIDS already a looming problem, with an estimated 3.97 million adults and children affected. This is not just a health problem. As mentioned earlier, on the African continent the disease has produced 14 million orphans who will be pushed to the ranks of the poor without adequate support. Micro-macro links to promote awareness and disseminate preventive measures are weak in the South Asian region. Lack of information affect both the micro and the macro. Macro policies on health insurance, preventive public health services and making HIV/AIDS-related drugs available at affordable prices should become responsive to micro-level needs. Micro-level initiatives are required at the household level towards overcoming the cultural stigma attached to the disease, which is preventing affected

people from mobilizing. SHGs and VOs that are mobilized for anti-poverty efforts could serve as instruments to combat this cultural stigma. Initiatives to combat HIV/AIDS should have an explicit place on the agenda of UNDP-supported anti-poverty efforts, including development of the capacities of those already, or at risk of being, affected.

## 2. FOCUSED PROGRAMMES SELECTED FOR MAXIMUM VISIBILITY AND INFLUENCE ON MACRO

In the context of limited resources, support for micro-level programmes should not lead to mean proliferation of UNDP's involvement. In fact, it becomes essential that programmes be judiciously selected, not only based on their potential to reduce local poverty, but also on their visibility and effectiveness in influencing macro efforts. Strategic prioritisation that consolidates resources would relieve the burden on managerial and administrative personnel and enhance UNDP's performance.

The need to consolidate efforts was already recognized by CCF-I in India for instance, in regard to overall development assistance. Attempts were made to replace the plethora of ongoing small initiatives with a few holistic and focused programmes. However, in India for instance, CCF-I had 17 sub-programmes under CBPPI with a combined outlay of US\$2 million in year 2000 (Country Evaluation: India, EO 2002). While this could well be an improvement over the previous situation, with such a disparate array of small-scale programmes it would be difficult to transform existing micro-macro linkages.

Programmes should be selected because they make a distinctive contribution to enhancing micro-macro linkages rather than duplicate other anti-poverty efforts. Poverty focal points at UNDP Headquarters concurred that the role of the

micro should be seen in terms of providing a new outlook/appraisal of existing (macro) development practices and institutions – i.e., UNDP's interventions should add value to the existing anti-poverty efforts. The experiences in Sri Lanka, Pakistan and even Andhra Pradesh confirm this. As pointed out in the previous section, these interventions coexisted with a plethora of similar measures that in most instances had more reach than the UNDP initiatives. These initiatives, while being effective in their poverty alleviation efforts, fell short of altering the outlook of the macro or of lowering the barriers between the micro and the macro. Conversely, a well-executed social mobilization approach was relatively novel to anti-poverty efforts in Nepal and thus had an positive effect on the macro.

UNDP could maximize its results on micro-macro links by targeting groups that are marginalized in traditional development practices. In this context, it needs to identify regional groups that are so marginalized either because of their spatial location (e.g. remote areas) and/or their social status (tribals, low-castes, ultra poor, etc.).

## 3. PROGRAMME DESIGN AND IMPLEMENTATION TO MAXIMIZE MICRO-MACRO LINKAGES

- **Avoid building conflicting parallel structures.** When formulating micro-level programmes, careful attention must be paid to avoid building structures of delivery that are parallel to existing ones. For instance, UNDP's intervention in Sri Lanka ended up creating structures parallel to existing state anti-poverty initiatives. The ensuing conflict undermined the chances of success of the UNDP programme. Alternatively, micro-

initiative in Nepal utilized existing state institutions of delivery such as VDCs. This also provided a platform for closer interaction between the state and the programme, which resulted in enhanced micro-macro linkages.

- **Institutionalize Linkages with the State to Improve Micro-Macro Linkage.** During the operational existence of the programme it would be advantageous to establish horizontal and vertical links at various levels, with central and state governments, district level administrators, elected officials, private sector, multilateral and bilateral organizations, NGOs, etc. Such links, and collaboration, improve chances of sustainability and bring synergies in partnerships. Establishing formal links with state bodies at different levels that could be subsequently institutionalized would be very valuable in improving micro-macro linkages. In India, Panchayat Raj Initiatives (PRIs) are local-level constitutional structures mandated with responsibilities for the design and implementation of a large number of anti-poverty measures and social sector programmes. PRI involvement with UNDP programmes has been minimal thus far. However, as mentioned previously, in Nepal the successful SAPAP programme established links with District Development Councils and formed District Coordinating Committees that linked the micro-initiative to all line agencies of GON in the District. Subsequently, DCCs became an institutionalized vertical and horizontal link for the programme.

- **Meso Level Constraints have to be Recognised.** The disconnect between the micro and the macro is sometimes due to institutional anomalies that are beyond the control of programme

designers. One such set of anomalies stems from the meso-level, as illustrated by the dysfunctional decenentralization in Sri Lanka. The Provincial Councils, result of a partial decentralization, essentially constrained the flow of information and resources between the macro and the micro.

#### 4. STRONG STATE OWNERSHIP OF PROGRAMMES IMPROVES MICRO-MACRO LINKAGES

Commitment at the macro or meso level is vital for establishing vibrant links between the micro and the macro. As evident in both in Andhra Pradesh in India and in Nepal, the governments were committed to the programme. Commitment of the State was demonstrated through direct participation and through institutionalising the relationship (e.g. DCCs in Nepal). In both cases, the programmes were scaled up to the meso level. When there was ambivalence in the State's commitment (as in Bangladesh during the later stages of the KST project), or when there was near hostility at the operational level (as in Sri Lanka), the programmes did not succeed, and failed to influence the macro.

#### 5. GENDER MAINSTREAMING

This has emerged as a UNDP priority, as reflected in the Strategic Results Framework (SRF) and themes of UNDAF. Poverty alleviation strategies have to recognize the cleavages among the poor in general, of which gender is a significant one. Social and economic deprivations along gender lines are particularly important in a region where aggregated data show women to be at considerable disadvantage (See Table 7). This implies that UNDP-supported community-level interventions that fail

to explicitly recognize this reality run the risk of reproducing and entrenching existing gender inequalities. According to the Bangladesh study (Akash 2002), the SAPAP process in Bangladesh was not intended to realign social authority with reference to gender in any of the participating communities.

Yet many macro institutions, from property laws (restrictions on the right to own property) to family laws (terms of divorce and child support) to national accounting systems (failure to recognize the value of household labour) entrench gender hierarchy. Households and village-level organizations are embedded in a patriarchal framework that supports this hierarchy and sustained, proactive and skilled efforts are required to identify the forces and the opportunities involved in the struggle against it at both macro and micro levels. This corresponds to the CBPPI experience in India that showed that outcomes of gender interventions were correlated to the “perspectives and skills of the implementing NGOs” (Country Evaluation: India 2002).

The gender hierarchy conditions the information flow from the micro to the macro. Gender sensitive anti-poverty efforts could improve micro-macro linkages by empowering women stakeholders. A strengthened micro will be in a better position to improve the linkages and to influence the macro. Mobilized communities could also address cross-cutting issues of gender through the activities of their SHGs and VOs. To this effect, SHGs in India, for instance, could address issues of women’s social

and political mobility, female literacy, widow remarriages, maternal mortality rates and child marriages.

To strengthen these efforts UNDP should actively seek the input of gender experts, as well as relevant state organizations (e.g. the Department of Women and Child Development in India) when formulating its programmes.

## **6. DISSEMINATING LESSONS IS ESSENTIAL FOR IMPROVED LINKAGES**

To foster improved micro-macro linkages, UNDP needs to persuasively communicate to the macro policymakers the lessons from its micro-level anti-poverty initiatives. Country reports point to UNDP’s efforts such as dialogues with senior officials involved with a country’s macro initiatives, seminars and documenting best practices and experience. These efforts need to be strengthened, intensified and extended. For instance, soliciting active support from mobilized civil society groups that benefited from micro-initiatives would be helpful in strengthening the message to the macro. An exchange of documentation and information could be extended beyond national borders within the South Asian region. Annual regional workshops on lessons learned regarding micro-macro linkages and a regional research centre involving regional experts to investigate related topics would also contribute towards enhancing micro-macro linkages within the region.

## 6. Recommendations



Close study of social-mobilisation based antipoverty interventions pursued in the South Asia region and their influence on macro level initiatives point to few broad recommendations to strengthen micro-macro linkages.

- UNDP's social mobilization programmes must be designed to incorporate in their mandates the need to impact policymaking, through advocacy and action throughout their life spans. Programmes should have built-in components for information transfer to the macro and to influence its trajectory. Even when the size of the micro initiative is insignificant, appropriate design and functional innovations could establish positive micro-macro linkages.
- UNDP's interventions to alleviate poverty at the micro-level must be demand driven, with representatives of the stakeholders making explicit requests and demonstrating commitment to the programme. In each country, support must be provided for a select few focal programmes that can become pilot programmes providing a vision and map for future macro initiatives. Spatial dimensions of economic and social well-being should be given due attention in resource allocation, project selections, and programme implementation.
- UNDP's existing comparative advantages in poverty alleviation interventions must be nurtured and strengthened so that UNDP can serve as one of the linkages between micro processes and macro policies. UNDP should continue to disseminate lessons for the macro through ex-post analysis of its own experiences in operationalising micro-projects.
- UNDP should continue to advocate for more holistic and dynamic approaches to anti-poverty initiatives with policy makers and planners, while supporting such approaches at the micro level. Design of holistic initiatives would reflect:
  - ◆ the need for a multi-dimensional approach in recognizing that the poor are non-monolithic (e.g. to address asymmetric gender relations); and
  - ◆ the need for a flexible and responsive approach in recognition of the fact that the needs of the poor are dynamic and context dependent (e.g. to address the current imperative to incorporate attention to HIV/AIDS as a priority of poverty alleviation).
- Poverty monitoring is critical for evaluating current results and providing feedback for future interventions, particularly in the context of translating the monitoring of progress towards the MDGs into changes in policy-making. To evaluate micro-macro linkages, monitoring activities need to be designed judiciously. Benchmarking and choice of indicators at the micro level must take into account their compatibility and comparability with the national level data. Given the social cleavages among the poor, emphasis should be given to identifying the linkages between those marginalized at micro level and macro initiatives. For instance, gender sensitive monitoring frameworks, with gender disaggregated indicators are essential to accurately evaluate the linkages between micro and macro level poverty alleviation initiatives. UNDP has a comparative advantage in this area and should strengthen not only its own poverty monitoring capacity at all levels of interventions, but also national institutional mechanisms to carry out independent assessment of trends and impact of poverty and poverty reduction policies.

# Annexes



## **ANNEX I: TERMS OF REFERENCE**

### **Assessment of Micro-Macro Linkages in Poverty Alleviation: South Asia**

#### **A. Background**

The poverty reduction strategies in South Asian countries, as influenced by their past experience, external advisory, financial support and demonstration effects of best practices developed through trial and error in different countries, have evolved over time. One of the important changes in poverty alleviation programmes in the region as a whole has been the increased emphasis on poverty alleviation through enabling and empowering the poor to contribute to their own development, using their own resources and mobilizing themselves to seek legitimate rights, resources and services from the State for improving their economic condition. This approach, once mainstreamed, can radically change the poverty alleviation strategies, and UNDP – along with partners – has played a major role in promoting this change.

However, the success of such efforts was constrained by the prevailing macro-level policies and institutional structures, which had complex unfavourable implications for such poverty alleviating efforts initiated at the micro level. Apart from the conventional gaps (if not disconnects) between macro-level perspectives and micro-level practices, the emerging macro-level policies and provisions associated with the process of globalisation generate yet another set of constraints for micro-level initiatives for poverty reduction.

In February 2002, the UNDP Evaluation Office (EO) launched a regional initiative, “Assessment of Macro-Micro Linkages of Poverty Alleviation Interventions in South Asia” to capture the performance of poverty

alleviation programmes in terms of their results (outputs and outcomes) – i.e. economic gains to the poor and how they addressed the structural and macro-level policy constraints alluded to above. The key objective of the proposed assessment is to examine the outcome of such efforts in terms of the emergence of new policy processes and macro-level mechanisms, which were: (i) directed to recognition and promotion of the initiatives that enable the poor to fight their own poverty; and (ii) explicitly recognize and address the components of macro-level policies and structural issues constraining the micro-level initiatives for poverty alleviation. Put differently, the study would attempt to see how and to what extent “projects lead the policy”. By implication, it would also examine to what extent macro-level policies were sensitive to micro-level realities and diversities.

A closer understanding of the involved micro-macro links in the above context is a central thrust of the proposed desk study. The equally important operational purpose of the study is to identify ways (based on the above understanding) to strengthen the complementarities and convergence between macro- and micro-level perspectives, policies and programmes for poverty alleviation. The major information base for attempting the above task is the experience of UNDP and other donor agencies in promoting the “poor-led poverty reduction approaches” and their advocacy at policy levels. Assessment studies were commissioned in five countries of the region (Bangladesh, India, Nepal, Pakistan and Sri Lanka) to assess the outcomes and impacts of initiatives by UNDP and partners, which focused on:

- (i) Conceptual and methodological aspects reflecting on the objectives and processes guiding poverty alleviation efforts by the UNDP and partners.

- (ii) Assessments of the generalized (rather than specific project-based) results in terms of social mobilization efforts at local levels and their outcome in terms of sensitisation of higher level policy processes and decisions;
- (iii) Space and capacities of the poor *vis-à-vis* the dominant power structure, affecting the poor's access to resources at community and higher levels;
- (iv) Relationship between micro-credit and other poverty alleviation programmes, with special focus on micro-macro linkages;
- (v) Role and effectiveness of major national interventions in addressing structural issues (i.e., power relations in the social context) and different forms of poverty;
- (vi) Sensitivity of policies and programmes to the specificities of the poverty situation in the country that determine the relevance and effectiveness of development interventions.

The broad approach and central thrust of the sub-regional assessment will be to synthesize key findings of the country assessments that are primarily based on desk study/review of relevant programme documents, strongly supplemented by interactions with UNDP professionals and representatives of other agencies, including NGOs, other donors, relevant government agencies and communities.

### B. Specific Objectives

The Consultant will be responsible to EO for the production of a synthesis assessment report for South Asia, based on the five country assessment reports and other relevant information currently available on macro-micro linkages. In consultation with and under the general direction of EO, the Consultant will undertake the following specific tasks:

1. Undertake review of the five country reports (Bangladesh, India, Nepal,

Pakistan and Sri Lanka) and any other relevant documentation such as current UNDP policy papers from the Bureau for Development Policy (BDP), the Regional Bureau for Asia and the Pacific (RBAP) and the World Bank/IMF to analyse, refine and synthesize key issues arising out of the country assessments.

2. Develop a structure for the proposed synthesis report, which will be discussed and agreed by EO;
3. Produce a synthesis report using appropriate graphs and tables to illuminate key findings, lessons learned and good practices, as well as to propose future directions. The synthesis should highlight:
  - ◆ A critical assessment of poverty alleviation interventions with special focus on their outcomes in terms of changed (or unchanged) links between macro-micro level issues and their analysis, including identification and understanding of the “outcomes, i.e. impact of micro-level initiatives on micro-level policies and strategies”, using the experiences of UNDP (and others) at the regional level;
  - ◆ Identification and analysis of the main aspects of the above-mentioned linkages;
  - ◆ Assessment of the results of UNDP-supported programmes in particular with special focus on its comparative identification of major lessons learned advantage *vis-à-vis* other partners;
  - ◆ Identification of major lessons learned based on UNDP experiences, elaborating possible changes or new directions aimed at enhancing UNDP capacity to more effectively address the poverty alleviation issues.

### C. Overall Methodology

The regional assessment will supplement the analysis gleaned from the country assessments with insights from the experiences of other donor agencies such as the Asian Development Bank and the World Bank. In addition, it will be informed by pertinent academic and policy literature in the field of poverty policy assessment. It will also critically synthesize the information from the five country reports and relevant information from other sources, and further refine the analysis by integrating a wider perspective from UNDP's experience. The analysis of the links between poverty alleviation efforts at the local (micro) level and macro-level policy regime will be based on: a) a desk study of the individual country assessments commissioned by

EO and other related literature; and b) consultations with relevant UNDP officials in New York and country offices with expertise in diverse areas of poverty-related policy and programme design. The analysis will focus on a summary of key issues emerging from the country assessments, which provide the primary reference documents. They assess the influence of micro-level programmes on macro anti-poverty initiatives, including the number of macro policies that incorporated lessons from community-level poverty alleviation programmes. The influence of macro policies on local programmes, however, will not be directly measured, but inferred through their impact on overall (income) poverty. The country assessments can be accessed from the EO website.

**ANNEX II: ACRONYMS**

ABGEP	Area Based Growth with Equity Programme (Sri Lanka)
ADP	Area Development Programme (Pakistan)
AJK	Azad Jammu and Kashmir (Pakistan)
APDPIP	Andhra Pradesh District Poverty Initiatives Project
APRPRP	Andhra Pradesh Poverty Reduction Project
BCLG	Building Capacity for Local Governance (Bangladesh)
BD	Basic Democracies (Pakistan, 1959-70)
BDP	Bureau for Development Policy (UNDP)
BRSP	Bureau for Resources and Strategic Partnerships (UNDP)
CBO	Community Based Organization (Sri Lanka)
CBPPI	Community Based Pro-Poor Initiatives (India)
CCF	Country Cooperation Framework (UNDP)
CDP	Community Development Programme (India, 1952)
CEP	Community Empowerment Project
CLDD	Community Livestock and Dairy Development (Bangladesh)
DCC	District Coordinating Committees (Nepal)
DDC	District Development Council (Nepal)
DFID	Department for International Development (U.K.)
DPAP	Drought Prone Area Programme (India – 70s)
FPP	Five Point Programme (Pakistan, 1985-88)
FPR	Framework for Poverty Reduction (Sri Lanka)
FPRLG	Facilitating Poverty Reduction through Local Governance (Bangladesh)
GOB	Government of Bangladesh
GOI	Government of India
GON	Government of Nepal
GOP	Government of Pakistan
GOSL	Government of Sri Lanka
HDI	Human Development Index
IFAD	International Fund for Agricultural Development
IMR	Infant Mortality Rate
IRDP	Integrated Rural Development Programme (India - 70s)
KST	Kishoregonj Sadar Thana
LGDF	Local Governance Development Fund (Bangladesh)
LGP	Local Governance Programme (Nepal)
LIFE	Local Initiative Facility for Urban Environment
LPPA	Local Participation for Poverty Alleviation
LPRP	Lachi Poverty Reduction Project (Pakistan)
MDGs	Millennium Development Goals
MFAL	Marginal Farmers & Agricultural Labour's Agency (India - 70s)
MFO	Micro Finance Operations
MSHD	Sustainable Human Development (Bangladesh)
NADP	Northern Areas Development Programme (Pakistan)
NFEG	Nonformal Employment Generation (Bangladesh)
NHDR	National Human Development Report (UNDP)
NILG	National Institute of Local Governance (Bangladesh)
NPC	National Planning Commission (Nepal)
OSG	Operations Support Group (UNDP)



NREP	National Rural Employment Programme (India - 70s)
PA	Poverty Alleviation
PCDP	Pakistan Community Development Project
PC	Provincial Council (Sri Lanka)
PCI	Programme of Catalytic Initiatives (PCI)
PCRW	Production Credit for Rural Women (Nepal)
PDDP	Participatory District Development Programme (Nepal)
PDSNP	Public Distribution Systems and Nutrition Programme (India - current)
PLUS	Programme for the Improvement of Livelihoods in Urban Areas (Pakistan)
PP	People's Programme (Pakistan, 1989-90)
PPLGD	Promoting Policy on Local Governance and Decentralization (Bangladesh)
PRI	Panchayat Raj Initiatives (India)
PRS	Poverty Reduction Strategy and Agenda (Sri Lanka)
PRSP	Poverty Reduction Strategy Papers
PWP	People's Work Programme (Pakistan, 1972-82)
RBA	Regional Bureau for Africa (UNDP)
RBAP	Regional Bureau for Asia and the Pacific (UNDP)
RBEC	Regional Bureau for Europe and the Commonwealth of Independent States (UNDP)
RBLA	Regional Bureau for Latin America and the Caribbean (UNDP)
RDP	Rural Development Programme (Pakistan)
REDP	Rural Energy Development Programme (Nepal)
RSP	Rural Support Programme (Pakistan)
RUPP	Rural Urban Partnership Programme (Nepal)
RWP	Rural Works Programme (Pakistan, 1963-72)
SAARC	South Asian Association for Regional Cooperation
SAP	Social Action Plan (Pakistan, 1993-98, 1998-2002)
SAPAP	South Asia Poverty Alleviation Program
SCDP	Sustainable Community Development Programme (Nepal)
SDAN	Sustainable Development Agenda for Nepal
SEDG	Socio-Economic Development Group (BDP, UNDP)
SEP	Self Employment Programmes (India - current)
SFDA	Small Farmers Development Agency (India - 70s)
SFDP	Small Farmer Development Project (Nepal)
SHG	Self Help Groups
SIDA	Swedish International Development Authority
SRF	Strategic Results Framework
SSP	Social Security Programme (India - current)
TWP	Tameer-e-Waten Programme (Pakistan, 1991-93)
UNCDF	United Nations Capital Development Fund
UNDAF	United Nations Development Assistance Framework
VAP	Village Aid Programme (Pakistan, 1952-61)
VDC	Village Development Committee
VO	Village Organization
WB	World Bank
WDG	Women's Development Group
WEP	Wage Employment Programme (India - current)
WFP	World Food Programme



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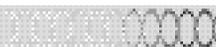
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**ANNEX IV:  
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