

FIGHTING POVERTY

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

Executive Summary

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

March 2002

PREFACE BY THE PRIME MINISTER

Poverty is the greatest challenge of our time.

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

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

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

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

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

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

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

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

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

Kjell Magne Bondevik

PREFACE BY THE MINISTER OF INTERNATIONAL DEVELOPMENT

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

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

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

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

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

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

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

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

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

Hilde F. Johnson

Fighting Poverty

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

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Why do we need an Action Plan against poverty?

There are several reasons.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Growth must be increased. In many countries economic growth is well below population growth. To correct this development assistance, but first and foremost private investment, is needed. In many poor countries the primary industries are essential for development. Countries that give priority to agriculture and other primary industries must be given sufficient support for these activities. Access to energy is also of crucial importance, and Norway is in a good position to support countries that give priority to this sector. There is a general need in many countries for better governance to attract investment. There is also a need for measures to mobilize the considerable resources which poor people have access to but often cannot utilize due to a lack of basic and formalized rights. This applies to civil and political rights as well as economic, social and cultural rights – including the right to own property and to engage in economic activity.

Norway will actively seek to stimulate investment in poor countries and contribute to better framework conditions that will promote the investment of both local and international capital.

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

The Action Plan emphasizes the importance of good governance. This goal is to be pursued among other things by providing assistance for capacity-building. Countries that are willing and able to improve governance will in general be given priority when we allocate government-to-government assistance. In countries with poor governance, channels other than the official ones will be given preference, channels that reach the poor and support the forces of reform. The strengthening of public and other “watchdogs”, like the auditor general, ombudsman systems, civil society, political parties, and a free press will be given priority.

The war on poverty is about promoting human rights. This is an ethical and an altruistic project, but promoting human rights is much more than that. It is also about creating conditions that promote the sustainable development of societies both locally and globally. It is about giving the population the opportunity to create a better society and to function well within it. Poor people must therefore be empowered to make positive changes in their situation. In many poor countries such conditions are absent. The human rights of the poor are particularly inadequately protected. This applies to children's rights, both in war and in

normal situations, it applies to women, who are systematically oppressed in many countries, and it applies to the most vulnerable groups, such as the elderly and the disabled. Human rights must be an inseparable part of the development process, because development is precisely about realizing the freedoms and possibilities implied in the concept of human rights. This is especially evident in the present context, where the focus is on the poorest.

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

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

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

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

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

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

The Action Plan particularly emphasizes efforts to improve education, through the dialogue on national poverty strategies, through development assistance and through support for international organizations working in these fields. Norway will play a pro-active role in these efforts. This also applies to health. We will help combat HIV/AIDS and diseases such as malaria and tuberculosis by strengthening the health sector at national level so that as many

people as possible receive the help they need. We will also support preventive measures, awareness raising and information activities, and treatment facilities, in line with the countries' own strategies. We will actively seek to ensure that the donor community coordinates its efforts in the fight against deadly epidemics and we will promote improved cooperation with the private sector.

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

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

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

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

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

Norway will therefore contribute to the international cooperation on the development of intermediary indicators for measuring and reporting on short- and medium-term progress in

the war on poverty. In this connection we will also help to develop indicators that make Norway's contributions more visible. If little progress is being made towards the specific Millennium Development Goals, Norway will advocate more intensified efforts in all relevant fora.

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

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