

# Human and Economic Development: Priorities That Benefit the Poor

Through high technology, the world has come closer together than ever before. People and capital circle the globe, leaving in their wake an unprecedented cultural exchange, and challenging politicians with complexities running from security shortfalls to the spread of disease. At the same time, the world has moved farther apart—over 120 countries have grown negligibly or become poorer in the last decade.

As stock markets in some countries have racked up huge returns, debt burdens have ballooned in others. In some of the poorer countries, debt servicing far outstrips health and education expenditures, at a time when revenues have been hit by falling export earnings and declining aid flows, although the latter trend reversed in 2002. Transitions to market economies have not always been well-managed, while numerous constraints hamper ties to the global marketplace. Universally, women remain poorer than men. And even in countries making overall progress, deep pockets of poverty keep certain groups lagging behind. In other places, slow economic growth brews with civil conflict and HIV/AIDS, leaving millions on the margins of survival.

Technology, as the engine of globalization and economic growth, carries hope as a tool for development, especially as its costs fall. But the promise of technology frequently falls short due to limited access and inadequate infrastructure. Computers don't run without electricity; the Internet requires a phone line.

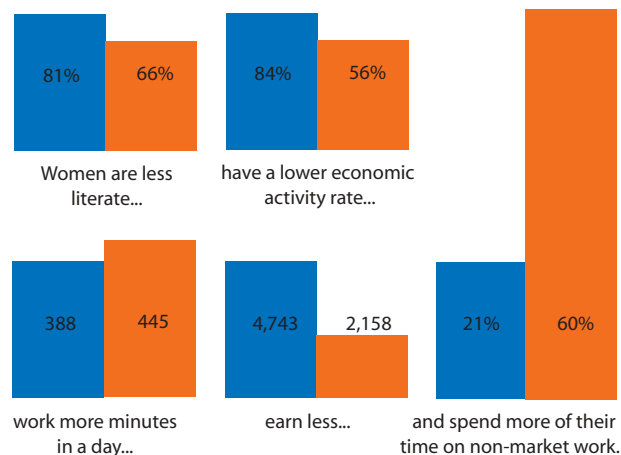
## UNDP Responds

Nationally developed strategies to combat poverty, rooted in a country's own assessment of its needs, serve as the platform for sustainable human and economic development. UNDP advocates for these strategies, and helps bolster them by incorporating the voices of women and the poor, expanding the reach of assets and opportunities, and advising governments on structuring beneficial arrangements with international financial institutions. In over 60 developing countries during 2002, we supported the preparation and implementation of Poverty Reduction Strategy Papers, World Bank and IMF initiatives designed to help the poorest countries map out national development programmes. Our contributions included the sharing of experiences on how to better align these efforts with the MDGs.

Across the board, we emphasize looking beyond income poverty to the broader concept of human poverty. Money is not enough; equity, social inclusion, women's empowerment and human rights matter too. These issues have been analyzed in depth by our internationally renowned *Human Development Report*; national and regional human development reports are increasingly adopting this approach as well. To bring globalization down to the ground, so that it can work for everyone, we also advocate for trade reform and investment arrangements that lift people out of poverty. In 2002, we worked with foundations and other partners to stimulate debate through publications on issues such as world trade and global public goods.

## WOMEN FALL SHORT IN STANDARD MEASURES OF "VALUE"

Women compared to men in developing countries



Source: Human Development Report 2003



In 25 countries like Madagascar, UNDP taps UNCDF's microfinance expertise to offer a better future to women. Rasoa Bertine started a business selling meals.

## UNCDF: Small-scale Support for Large-scale Results

The United Nations Capital Development Fund (UNCDF) provides small-scale investments, primarily in the least developed countries (LDCs). With UNDP, the Fund works on issues related to local governance and microfinance, helping countries reach the international commitments made in the Programme of Action for the LDCs, as well as the MDGs.

In local governance, UNCDF pilots small-scale, decentralized public investments with elected local governments. These leverage international, national and local resources, helping pave the way for replication on a larger scale. In microfinance, while UNCDF's own investments are concentrated in the LDCs, the Fund's Special Unit for Microfinance offers technical support across UNDP. A recent review conducted by the Consultative Group to Assist the

Poorest, a consortium of donor agencies supporting microfinance, applauded "the excellent technical services of the internationally recognized, dedicated microfinance unit of UNCDF."

In 2002, UNCDF channeled \$17.6 million through 55 projects in 28 LDCs. Despite recognition from its Executive Board of excellent programme results, however, the Fund struggled with shortfalls in core resources. In September 2002, the board endorsed a core resources mobilization target of \$30 million per year. Building on the achievement of nearly all the recommendations from a 1999 external evaluation, UNCDF rededicated itself in 2003 to reaching this goal.

In the critical area of ICT, UNDP continuously looks for ways to integrate technology in poverty reduction strategies. By pulling together public and private partners, we create affordable programmes that suit individual countries. During 2002, first in Malaysia and then in Bolivia, we launched an innovative e-learning for life programme with the Coca-Cola Company. In the Solomon Islands, the People First Network received several awards as a best practice. For the first time, people across 850 islands can communicate through a low-cost e-mail network, gaining a world of opportunities for business and education, and easing ethnic tensions through the exchange of information.

### Madagascar: Credit for a Future

Poorer people often have no access to financial services, aside from usurious moneylenders, so helping them get credit through other means is a cornerstone of UNDP's poverty reduction strategy in Madagascar. Here, as in 25 other countries, our MicroStart programme works through the UN Capital Development Fund to open opportunities for hardworking women like Voavonjy Tirisoa. Since 1999, she has transformed \$21 and some handfuls of rice into a home and education for her children—dreams that would otherwise not have been possible.

Little by little, she has proven her entrepreneurial acumen and taken larger loans, growing her livelihood as she goes.

More than 11,000 women like Mrs. Tirisoa have benefited from MicroStart in Madagascar, pulling themselves out of poverty mainly through small trading businesses. UNDP works in close partnership with NGOs and financial institutions with the experience to reach deep into rural areas. We ask women to band together to guarantee each others' loans—the repayment rate is 95 percent—and to learn not only how to manage projects, but also to improve the health and education of their children.

These lessons are taken to heart. "My children's education is absolutely essential," says Mrs. Tirisoa. "It's all I can give them as a heritage."

### Honduras: From Seed Funding, A Network Blooms

Honduras, extremely poor, vulnerable to tropical storms and undergoing a risky economic transition, has few phone lines and even fewer Internet connections. Yet the power of information technology is here. Seed money from UNDP has transformed the Sustainable Development Network of Honduras (RDS) into a powerful information system for civil society—and the country at large. RDS began in 1994 with UNDP support and flourished after Hurricane Mitch decimated two million homes in 1998. NGOs flocked to the network, sending e-mail appeals that drew instant international assistance.

Until recently, RDS was the only server providing local access to the Internet. Today, with an ever-lengthening list of members from civil society, the government, the private sector and academic institutions, it remains a non-profit organization, committed to reaping the benefits of technology for development. E-mail lists distribute information on development to remote areas, and a Web site hosts chat rooms on issues such as human rights and external debt.

UNDP now offers RDS mainly technical support, but with its proven track record, the group has garnered funds from other sources. The US Agency for International Development (USAID) has backed a project monitoring agriculture policies, and the Inter-American Development Bank is collaborating on setting up rural technology centres. Says RDS Manager Raquel Isaula Peralta, "Since Mitch, IT is no longer a luxury. It's a necessity."