

STRONG INSTITUTIONS, INCLUSIVE GROWTH: POVERTY REDUCTION AND ACHIEVEMENT OF THE MDGS

Improving lives through the alleviation of poverty is central to the UNDP approach to development. Some 1.2 billion people around the world live on less than a dollar a day, while almost 850 million go hungry every night. Poverty is not just about money: lack of access to essential resources goes beyond financial hardship to affect people's health, education, security and opportunities for political participation. Solutions, then, need to address many dimensions while remaining targeted and measurable, and sensitive to the wider impact of poverty on women. At the same time, solutions must derive from local conditions and enhance local capacity to respond and adapt to new challenges.

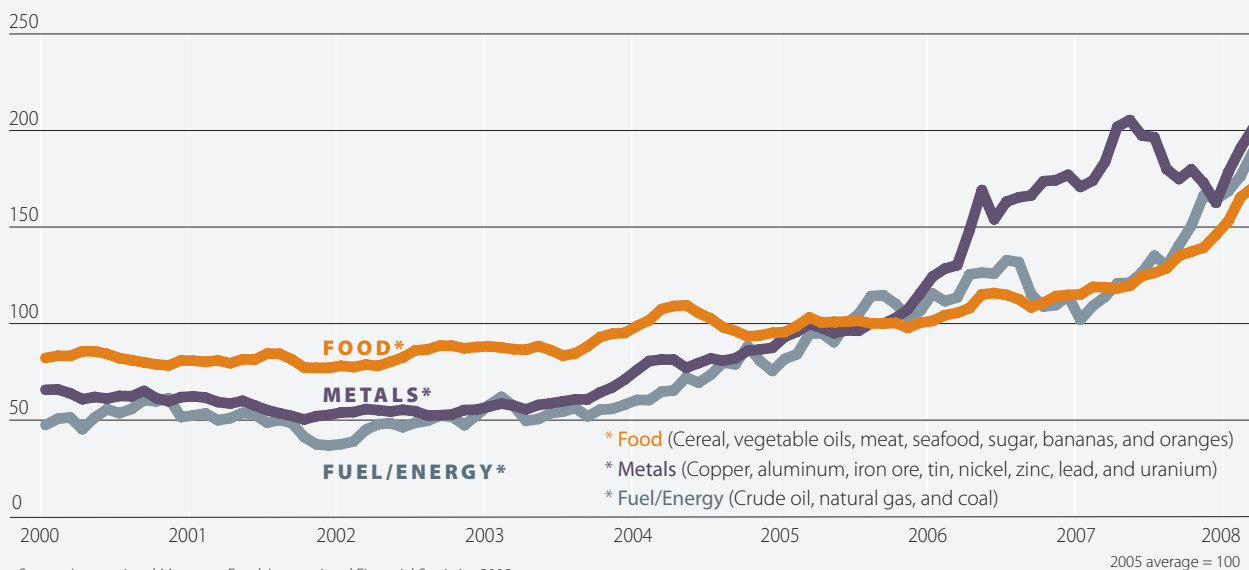
While economic growth is essential to lifting people out of poverty, this alone is not enough. Strengthening institutions to empower the citizens they serve is the bedrock of

inclusive growth, as measured by equity of access and contribution to the benefits of economic growth. The narrowly tailored financial and technical assistance that was once a mainstay of poverty prescriptions has given way to the recognition that challenges to growth are often larger and more nebulous, requiring long-term, incremental responses. UNDP has been a thought leader in this regard, partnering with governments to design solutions that fit into an overall strategy of political, organizational or societal capacity change.

One such example is a UNDP-facilitated programme, which established a network of development observatories across Honduras. In setting up a system for gathering quantitative and qualitative data related to the national poverty reduction strategy, the project trained local municipal authorities in the use and interpretation of statistical data. Once the information had been compiled and analyzed, local

COMMODITY PRICE INDICES

The price of food rises in tandem with prices of oil and other commodities, compounding development challenges and courting civil unrest. The Secretary-General has convened a high-level task force to tackle the global food crisis.



Source: International Monetary Fund, International Financial Statistics 2008



Across Ghana, UNDP-supported Community Information Centres like this one are expanding access to computers and other communication tools, as well as providing technical training. Here, a class learns the basics of computer literacy.

researchers and local authorities became the first line of outreach to communities, sharing knowledge and engaging the public in proposing anti-poverty solutions. The project has had the dual benefit of making poverty reduction strategies more responsive to the needs and demands of those most affected and of raising the level of public participation. At the same time, thorough grassroots research has produced a reliable database of resources at local levels – including lists of experts, programme activities and investments – that can be consulted and shared nationwide. This information has been gathered through a household survey, coordinated by UNDP and the **Costa Rica**-headquartered FLACSO, which involved 12,500 households across 47 municipalities in three regions of the country.

The Honduran observatory system used the MDGs, in addition to the Government's existing poverty reduction strategy, as its research platform. Other countries have incorporated the MDGs into their national development indicators, finding in the Goals a framework for designing solutions. By 2006, the forest region of **Guinea**, historically the country's breadbasket, was suffering the repercussions of conflicts in neighbouring **Côte d'Ivoire**, **Liberia** and **Sierra Leone**. More than 45,000 refugees, internally displaced persons and ex-combatants had flooded the region, stretching basic social services beyond capacity and causing human development indicators in the area to plummet. Using the MDG indicators as targets, in 2007 the Government partnered with the UN system, including UNDP and others to devise a long-term intervention strategy to address the needs of the affected population. The strategy aims to improve local capacity in the areas of food security, the HIV response, basic social service provision and governance. So far the programme has helped over 3,250 households to improve agricultural output, and has provided training in production

techniques to 50 community groups comprising over 3,000 members. The programme also introduced a community-based approach to prevent the spread of HIV, which has led to over 300 home visits and better-targeted care for over 1,000 orphans. Meanwhile, thanks in part to an awareness-raising campaign around water-borne diseases, over 2,600 water sources have been disinfected, impacting 148 villages throughout the region. Educational opportunities have improved under the programme, with over 15,000 people (65 percent of them women) enrolled in training or literacy programmes and 43 new classrooms built. UNDP has also supported training for over 200 local officials to administer and manage the programme over the next three years.

The education targets contained in the MDGs have prompted not only an increase in primary school enrolment, but also a renewed emphasis on expanding secondary and tertiary education opportunities as capacity development strategies move upstream. In 2007, UNDP helped **Albania** to narrow national and regional disparities in secondary enrolment through an eSchool Programme. The project has succeeded in equipping every high school in Albania with a computer laboratory, benefitting some 140,000 high school students, establishing a national Information and Communications Technology (ICT) curriculum for schools and creating a training and certification programme for ICT teachers, which has trained 7,700 high school teachers.

Elsewhere, UNDP uses a single mechanism, such as microfinance, to serve multiple capacity development goals. In **Jabal Al-Hoss**, in **Syria's** poor northeastern region, UNDP supported a project to promote local development and empower vulnerable groups through microfinance. The project set up a network of 32 Village Development Funds in over 40 villages to administer microloans over the short-term, with the longer-term goal of developing and sustain-



Workers at a Moldovan winery prepare bottles for shipment. A Growing Sustainable Business initiative is helping Moldovan wine producers to upgrade manufacturing practices, including conforming bottle sizes to EU standards.

ing microfinance institutions to serve the area. To date, the project has led to almost 13,000 loan disbursements to over 7,800 households, which saw their incomes rise by 20 percent. Nearly half of the borrowers were women, who also account for 46 percent of the 1,000 jobs created as a result of the initiative. At the same time, 25 adult literacy programmes have been set up throughout the area, along with two new kindergartens that allow women to attend classes while their children are being cared for. The initiative has created a socio-economic database to track progress in the region in key areas including population growth, household size, size of livestock, amount and percentage of arable land, and literacy rates. Inspired by the project and other similar initiatives in the country, a decree has been passed allowing for additional microfinance institutions to be established and maintained in Jabal Al-Hoss and beyond.

UNDP regards the challenge of alleviating poverty as an opportunity to innovate and build on models that have proven successful elsewhere while making creative use of existing local resources. It was in this spirit that UNDP, in partnership with UNCDF, supported the Government of **Mozambique** in building local capacity for service delivery on the construction of smaller public infrastructure projects.

The task of restoring rural infrastructure after a prolonged civil war had left the Mozambican Government at 40 percent delivery capacity, faced with a shortage of construction materials, unfinished or abandoned projects and insufficient leverage against the demands of contractors. A rural microenterprise initiative in Nampula province capitalized on two concurrent events – a new local economic development training course in the production of bricks and roofing tiles using local materials, and the establishment of the Nampula Local Economic Development Agency.

UNCDF: MOBILIZING CAPACITY DEVELOPMENT



A team leader conducts a workshop on local development and poverty alleviation in Yemen.

The UN Capital Development Fund (UNCDF) and UNDP's joint work on local development through local authorities in the LDCs draws on their combined mandate to build capacity of and to provide investment resources to local governments. UNCDF's contributions in the form of investment capital for block grants, capacity development support and technical advisory services are essential for piloting innovations that, when successful, can be scaled up by national governments and replicated in other countries facing similar challenges. UNCDF is administered by UNDP.

Nowhere is this better exemplified than in **Yemen**, where UNCDF and UNDP are assisting the Government to define and implement decentralization reforms and to enhance the effectiveness of local governments to promote local development and alleviate poverty. The Decentralization and Local Development Support Programme is a multi-donor initiative to improve the decentralized system in Yemen and to strengthen local institutional capacities in public expenditure management.

One dimension of the Programme involves the use of mobile capacity development teams with regionally-based experts seconded from different ministry offices that are mobilized to bring their knowledge to local authorities, and to share best practices between regions. The mobile teams specialize in a wide range of local development skills and expertise, including participatory data collection, integrated planning, budgeting, procurement, supervision of project implementation, accounting and reporting. Operating like capacity-building ambulances, the teams use four-wheel drives to reach remote areas of the country and can leave on a moment's notice. This approach has enabled the Programme to build capacity where and when it is needed and in a manner that is responsive to the capacity requirements of an evolving local authority system.

Since its start-up in early 2004, the Programme has expanded from eight to 48 districts and has demonstrated the feasibility of fiscal decentralization, while producing a tested basis for a National Decentralization Strategy with a unified methodology and institutional framework. With a total budget of \$12.5 million from nine development partners, the Programme has developed an efficient platform through which organizations seeking to support Yemen's national local development agenda can channel their assistance – demonstrating, in essence, how the various agencies of the UN and other development partners can work together in greater coherence to achieve more effective development results at the local level.

UNV VOLUNTEERS

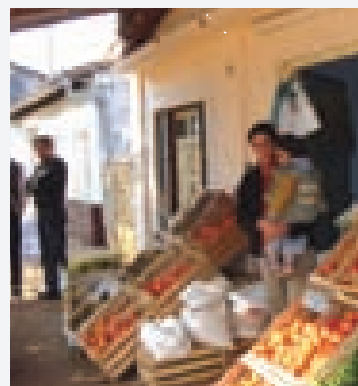
Over 75 percent of the UNV volunteers engaged in development activities in 2007 came from developing countries, an expression of South-South cooperation.

-  = 25 National volunteers
-  = 25 Regional-International volunteers
-  = 25 International volunteers
-  = less than 25 volunteers

Source: UN Cartographic Unit and UNV

Based on this initiative, trained entrepreneurs took advantage of UNDP's Decentralized Planning and Finance Project to produce and test the materials, and then to market their newly-acquired construction and business management skills widely. The new businesses they formed were legally constituted, registered and licensed, and offered viable local alternatives for district development planners tendering infrastructure projects. So far, the pilot has led to over \$1,000,000 in infrastructure projects, with a multiplier effect on economic capacity, as contractors and sub-contractors generate employment. The training materials from the pilot have been adopted by the International Labour Organization, (ILO) for replication further afield, and the Government is taking this initiative as a national platform for low-cost infrastructure for small- and medium-sized enterprises under the private-public partnership framework.

UNDP places a high priority on South-South cooperation as an incubator for innovative development partnerships and for sharing effective responses to the common challenges of globalization. With UNDP's help, the Government of **Afghanistan** recently turned to the Indian civil service to train mid-level and senior civil servants. Thirty coaches from **India** have been assigned to groups of their counterparts in Afghan government ministries and institutions at central levels to develop capacity within financial, human resources, and procurement management, policy and strategy development and basic management and administrative services. The peer-to-peer dynamic allowed for a candid exchange of ideas and information that proved enriching for trainers and trainees alike. The initiative is part of a larger plan to develop a regional and national market of coaches that can provide large-scale international, regional and local coaching and advisory services at a reduced cost. In order to further



Paraguayan greengrocer Marta Isabela Brites is one beneficiary of a UNDP-supported project to improve microfinance institutions across the country. She recently received a loan of \$300.

strengthen regional cooperation, the civil service of a second country in the region – **Sri Lanka** – is being contacted.

With capital, information and people in constant flow across borders, poverty reduction strategies must take account of the local impact of global trends. Facing high emigration, a negative population growth rate and a prolonged average life expectancy, **Poland** embarked on a project to expand employment options for people aged 45 and older. The initiative worked to reduce the stigma surrounding older employees while improving qualifications among the demographic through career counselling and skills training in such areas as information technology, nursing, business development and career repositioning. UNDP helped establish a corps of job coaches to promote the concept of individual development plans – strategies for remaining viable in the marketplace based on personal needs, circumstances and aspirations. In the first run of the initiative, 20 job coaches were trained to serve a group of over 340 clients. One essential component of the project was in helping older workers to develop a positive attitude towards work, to practice good work-life balance, increase self-esteem and confidence in their skills regarding their position and work place. Based on early feedback – 91 percent of participants rated the programme highly – some 24 trade union members were

trained in coaching techniques to use in their interactions with union members. The project recently issued a guide of best practices for use by unions, academic institutions, private employers and governments.

Cambodia is finding a similarly proactive way to manage its successful integration into the global economy. Looking beyond impressive figures showing a 30 percent jump in exports as a share of Gross Domestic Product (GDP), and double-digit growth rates of GDP over the past decade (the most recent projections exceeding 10 percent), the Government has teamed up with UNDP to respond to two challenges surfacing on the horizon: diversifying its export base, and ensuring that the benefits of trade are evenly distributed throughout Cambodian society. Cambodia's 2007 Trade Integration Strategy addresses these challenges head-on, identifying 19 new sectors of goods and services for exploration, leveraging comparative advantages for local producers, upgrading quality control standards and promoting policy initiatives that support the link between trade and poverty alleviation through legal and institutional reforms.

Cambodia's strategy is one example of how UNDP is working to strengthen the synergy between trade and inclusive growth. In 2007, UNDP helped more than 45 of the world's poorest countries to compete and benefit from international trade. In addition to supporting the development of pro-poor policies and legislation, UNDP helps forge links between the public and private sectors to reap the benefits of social entrepreneurship. As companies grow, their prosperity comes to depend increasingly on strong, viable markets abroad.

Innovations in social enterprise are happening all over the developing world, including in some of the LDCs. The Bill and Melinda Gates Foundation recently awarded \$19 million to a UNDP-supported project using low-cost machinery to boost the productivity and income of women farmers in **Burkina Faso, Mali and Senegal**. The centrepiece of the project is the multifunctional platform (MFP), a diesel-run engine mounted on a chassis to which a variety of processing equipment can be attached, including a cereal mill, a husker, a battery charger, and joinery and carpentry equipment. At least 24 of these MFPs will be biofuel-based. The MFP takes domestic tasks like milling and husking sorghum, millet, maize and other grains, normally done with a mortar and pestle or a grinding stone, and mechanizes them, making them profitable economic activities. The platform can also generate electricity for lighting,

refrigeration and to pump water, which helps provide clean water to communities.

Compared to developed countries where household chores can happen at the flick of a switch, in rural homes across Africa with no connection to the electricity grid (and where none is planned), preparing a meal is a laborious task for women and girls. They spend up to six hours a day collecting firewood, fetching water, husking and pounding grain, with no time left for outside employment. Girls often perform poorly in school due to inconsistent attendance and find themselves forced to drop out to help their mothers.

The benefits of the MFP have already been proven in parts of West Africa, where processing shea nuts for butter is a common economic activity. In Mali, for example, crushing 10 kilogrammes of shea nuts manually yields 3.5 kilogrammes of butter in eight hours in comparison to 4.5 kilogrammes in four and a half hours using the platform. The four-year grant will help establish 600 new sustainable agribusinesses in the three target countries, and empower the farmers to more efficiently manage their time and resources.

FIGHTING POVERTY BY RESPONDING TO HIV AND AIDS

Promising developments have been seen in recent years in global efforts to address the AIDS epidemic, including increased access to treatment and prevention programmes. However, the number of people living with HIV continues to grow, and the number of deaths due to AIDS remains alarmingly high. According to the Joint UN Programme on HIV/AIDS (UNAIDS), 33.2 million people were estimated to be living with HIV and 2.5 million were newly infected with HIV in 2007. The impact of AIDS has far-reaching implications for achieving the MDGs, particularly for targets relating to poverty, education, gender equality and child and maternal health. The epidemic is deepening and spreading poverty, and reversing human development gains.

UNDP is a founding co-sponsor and one of 10 agencies that make up UNAIDS. The UN response to AIDS is a good example of UN reform in action – demonstrating how different UN agencies come together and work to effectively address one of the world's greatest development challenges. UNDP has a specific and well-defined role in the overall response of the UN system, designated as the lead agency for addressing HIV and AIDS and development, governance, human rights and gender.

ADULTS AND CHILDREN LIVING WITH HIV AND AIDS (2001 and 2007)

Regional HIV and AIDS statistics	in thousands	
	2001	2007
Sub-Saharan Africa	20,900	22,500
Middle East and North Africa	300	380
South and South-East Asia, East Asia	3,920	4,800
Oceania	26	75
Latin America and the Caribbean	1,490	1,830
Eastern Europe and Central Asia	630	1,600
Western and Central Europe	620	760
North America	1,100	1,300
Total	29,000	33,200

Source: UNAIDS

In **China**, national and local health officials noted that an effective HIV response among men who have sex with men needed to be supported and their involvement in the response strengthened. The related UN Technical Working Group, led by UNDP in partnership with the National Center for AIDS/STD Prevention and Control, developed a National Framework on men who have sex with men and HIV and AIDS that was released in late 2007. The Framework and follow-up action aim to strengthen local community ownership among men who have sex with men and engagement in HIV prevention and awareness activities, increase access to voluntary counselling and treatment services, and provide care and support through the development of community joint action plans and the identification of specific roles and responsibilities of civil society groups and health departments at the community level.

In **Thailand**, UNDP worked closely with the Thai Network of People Living with HIV/AIDS to document lessons learned over the past 10 years of work by networks on human rights. A report compiling these lessons will be distributed among CSOs and used as a tool for development agencies working on AIDS.

In **Djibouti**, during a religious leaders' training conducted by UNDP in partnership with the National AIDS Programme and technical assistance from the HIV/AIDS Regional Programme in the Arab States, 25 *Imams* publicly took HIV tests and promoted the benefits of HIV tests by inviting the whole population to know their status.

In the **Russian Federation**, Russian Orthodox Church leaders have demonstrated their commitment to respond to HIV and AIDS at the regional and national level. The Orenburg Region Diocese nominated its leader to represent the Church in the city committee on HIV and AIDS and substance abuse and started working on the creation of

the regional church resource centre on HIV. The Moscow Patriarchate has started preparations for the second inter-faith international conference on HIV and AIDS in 2008. In terms of HIV and AIDS prevention among youth, the Church has made an important step forward by starting work on a prevention programme focused on the promotion of general behavioural change. In 2007, over 400 people participated in HIV prevention activities among injection drug users; over 300 people living with HIV received palliative care from peer volunteers of the faith-based organizations trained in the project framework; and over 500 specialists participated in capacity building, awareness and specialized training, such as training for medical personnel on palliative care for people living with HIV.

The Global Fund to fight AIDS, Tuberculosis and Malaria remains one of the most important partners for UNDP in the HIV response with one of UNDP's key priorities being to improve the implementation of AIDS responses. Since its inception, the UNDP-Global Fund partnership has grown significantly. From managing a single grant in **Haiti** in 2002, UNDP is currently managing grants in the **Democratic Republic of the Congo**, **Sudan** and 23 other countries. At the end of 2007, Global Fund results where UNDP is the principal recipient include putting over 105,000 people on antiretroviral treatment, providing anti-malarial treatment to over 4.6 million people, providing HIV, tuberculosis and malaria prevention services to over 9.3 million people and reaching 1.5 million people with HIV counselling and testing.