

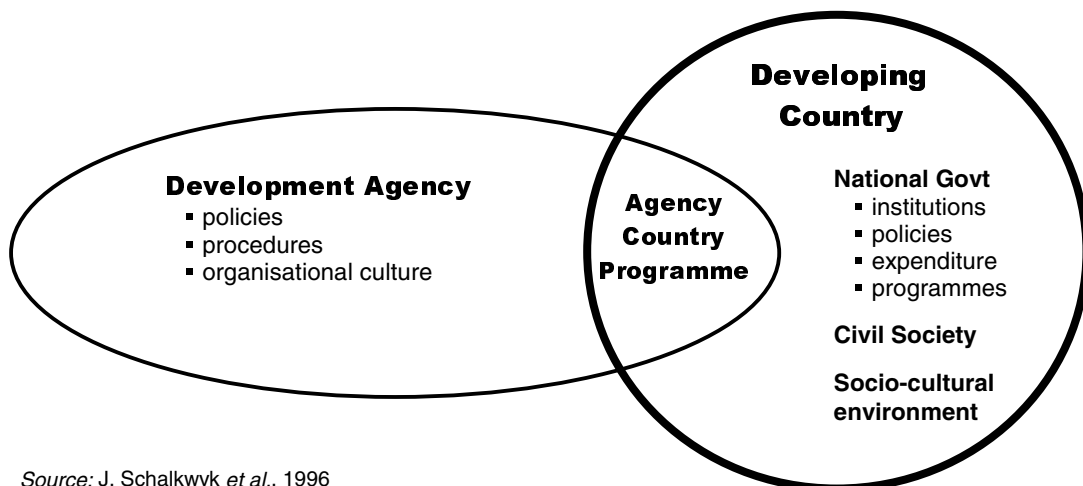
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Mainstreaming Poverty Reduction

2.1 Introduction: Spheres for Mainstreaming Poverty Reduction

The mainstreaming of poverty reduction implies that poverty reduction objectives of agencies are taken into account in **all activities** and at **all organisational levels**. If development cooperation is to make a substantial contribution to reducing poverty, agency strategies for mainstreaming must consider the three levels or spheres depicted in Figure 2.1.

Figure 2.1 Spheres for Mainstreaming



Source: J. Schalkwyk *et al.*, 1996

Figure 2.1 indicates that when seeking to ensure the mainstreaming of poverty reduction, the development agency must take action in all three spheres:

- agency policies, procedures and organisational culture;
- agency country assistance strategies and their associated portfolio of interventions;
- in dialogue with developing country partners (government and civil society) to effect changes in institutions, policies, public expenditure, national programmes, and in the socio-cultural environment.

Strategies to promote the mainstreaming of poverty reduction within the development agency itself are considered in the rest of this Chapter, while Chapter 3 considers the extent to which it has been mainstreamed within donor country programmes. It is easy to forget, when focusing on internal agency mechanisms for mainstreaming, that it is change within the third sphere – the developing country level – which really counts. Improvements in agency policies

and procedures and in agency country-programmes can only contribute so much. The actions of national and local governments, of actors within civil society, and changes in the socio-cultural environment and power relations, will determine overall success or failure in meeting the needs of the poor. Agencies interface with this third sphere both through their programme of interventions and through dialogue with developing country partners. The degree to which donor dialogue and partnerships focus and contribute towards poverty reduction is also considered in Chapter 3, particularly Section 3.2.

2.1.1 Assessing Poverty Mainstreaming within Development Agencies

There can be no single ‘right way’ to mainstream poverty reduction. What works in one agency may not work in another, unless adapted to its political and cultural context and its capacities. Nonetheless, a range of factors *can* be identified from the donor case studies, which are often found to contribute to mainstreaming. These can be considered under four headings:

- do agency incentives reward efforts to promote poverty reduction? (Section 2.2)
- is the agency organised for poverty reduction? (Section 2.3)
- has the agency effectively mainstreamed gender as a dimension of poverty? (Section 2.4)
- does the agency have poverty-oriented monitoring and evaluation systems? (Section 2.5)

2.2 Do Agency Incentives Reward Poverty Reduction?

Given the prominence of poverty reduction objectives in the vast majority of agencies, it is surprising that the structure of incentives and rewards is not seen as being tied in with the poverty reduction goal. Positive incentives to prioritise poverty reduction activities are a key part of the mainstreaming process. In part, this is because poverty-oriented interventions are seen by many officials as being more complex, data-intensive, time-consuming and risky, although the evidence is mixed on this (e.g. Carvalho and White, 1996). At least as important is the absence of counter-incentives which place other considerations before poverty reduction. Naturally, it would be naïve to expect that benefiting the poor is the sole concern of a country’s development assistance programme. Depending on the domestic political context, development programmes are bound to respond *to some degree* to foreign policy interests, commercial pressures, and other development-related priorities, such as the environment. What is essential for effective mainstreaming is that the overall balance between positive incentives and counter-incentives is favourable to poverty reduction.

The record is a disappointing one. One positive finding stands out: the senior management of just over half of all agencies are perceived to be strongly committed to poverty reduction (see Section 2.2.1). Otherwise, the case studies reveal only a very modest number of positive incentives to prioritise poverty reduction. In many agencies, there is a broadly positive attitude to making poverty reduction a major priority, but there are no instances of success (or efforts) in this area playing a fundamental role in staff appraisal or promotion procedures, for instance. In a number of agencies, screening processes at the project, programme or country strategy

level do specifically focus on the poverty reduction ‘content’, though the degree to which poverty reduction is prioritised over other objectives (e.g. the environment or gender equality) varies (see Section 2.2.4). Potentially, monitoring and accountability systems could generate a huge impetus in favour of poverty reduction by making it possible to identify and reward success in this area. A number of agencies are indeed putting more emphasis on monitoring performance against poverty reduction goals, but this remains patchy and disappointing (see Section 2.5 below). One of the constraints in attempts to implement quality and performance-based incentives tends to be the rapid turnover of staff between jobs within the agency.

The counter-incentives which prioritise issues other than achieving poverty reduction impacts are clearer. They include:

- rewarding rapid disbursement of funds over and above achieving an impact on poverty
- expecting managers to work under time pressures which squeeze out poverty concerns
- diplomatic incentive systems which have little relation to poverty reduction objectives
- a multiplicity of objectives which crowd out poverty reduction
- failure to include poverty reduction issues and / or expertise in terms of reference for consultants
- lack of a requirement to promote poverty reduction through working with multilateral agencies.

These issues are examined in turn below.

2.2.1 Senior Management Commitment to Poverty: Top-down is Good

The degree of senior management commitment to poverty reduction can make a major contribution to creating a culture of commitment within an agency. This is a case where clear top-down messages are an invaluable support in making rhetoric a reality. Regular statements, speeches, and memoranda by senior officials have an important role in creating a climate of commitment to poverty reduction and making it more likely that appropriate guidance and management systems will be developed. These top-down messages are important in creating an atmosphere where the *expectation* is that poverty reduction concerns will be dominant. It is essential that messages are effectively communicated beyond headquarters, particularly where agencies are highly decentralised, so that officials in the field are as aware of the commitment as those at the centre. Ironically, despite increasingly sophisticated electronic conferencing and other communications, this may call for more regular visits from senior officials to country offices, seen by some as a particularly effective way of communicating genuine commitment.

Top-down messages are especially important at the present time, since a number of agencies have begun to place more emphasis on poverty reduction in their formal statements (e.g. Australia, Belgium, Denmark, European Commission, Finland, Ireland, Japan, Spain, Sweden, UK and the World Bank). UK officials argue that unambiguous commitment contributes to poverty reduction mainstreaming in three ways:

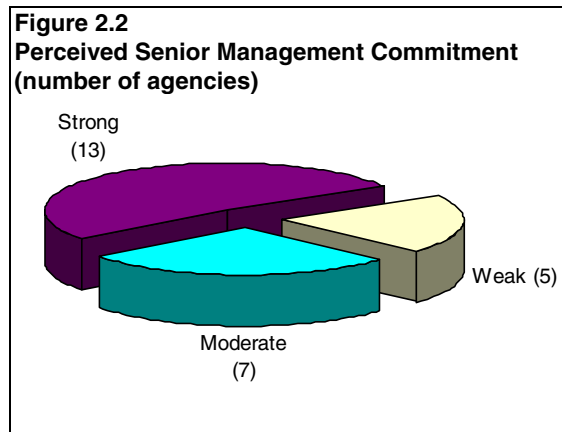
- by stimulating an *overhaul of management and information systems* to centre them on poverty;

- by providing ammunition for the *already committed* officials to argue their case and enabling them to reject activities without a plausible poverty link;
- by obliging those who are *bureaucrats first and poverty reducers second* (or third) to give greater weight to poverty reduction.

The case studies reveal considerable variation in the extent to which officials perceive senior management to be unambiguously committed to poverty reduction. Figure 2.2. suggests that senior management commitment is seen as strong in about half of the 25 agencies for which a judgement is possible. Not surprisingly, there is a strong correlation between perceived commitment and whether poverty reduction is a formal, overarching goal for the agency. Thus, in many of the agencies with no explicit poverty goal there is no strong drive from the top to prioritise poverty reduction (e.g. Directorate General IB of the European Commission, France, Italy, Portugal, and Spain). Often the commitment of senior management varies considerably within the same agency and therefore generalisations are flawed (e.g. Canada).

Demonstrated *senior* management commitment helps create a culture favourable to poverty reduction, but in some agencies the attitudes of more junior staff may be just as influential. This is the case in Japan, where a positive attitude towards prioritising poverty reduction is more widespread among younger staff.

On a cautionary note, senior management zealotry can be counterproductive to the genuine mainstreaming of poverty reduction. Unrealistic expectations may generate lip-service rather than real commitment from staff, with country programme managers engaging in the re-labelling of interventions as poverty-focused rather than a careful reassessment of how the agency can respond more effectively to the needs of the poor. There is some evidence of this occurring on a limited scale within the UK programme in the wake of the 1997 White Paper on eliminating poverty.



2.2.2 Disbursement, Time and Staff Pressures

Effective poverty reduction efforts often require careful poverty assessments, a participatory approach, and an emphasis on partnership. They are often seen as complex. There may well be a natural tendency, therefore, among managers to seek to avoid becoming ‘bogged down’ in ensuring that interventions have a clear focus on reaching the poor. All too often even those committed to going the extra mile on poverty reduction face strong disincentives generated by the premium placed by most agencies on achieving a rapid disbursement of aid funds. This is highlighted in the studies for Denmark, The EC, Ireland, Japan, Sweden, the UK, and the World Bank, although it is undoubtedly important in the vast majority of agencies. The perception within the World Bank, paralleled elsewhere, is that task managers are assessed in reality (if not formally) according to how much money they lend, and not on achieving any particular allocation across sectors, nor impact on poverty.

Disbursement pressures tend to reduce the time available to managers to tailor interventions to the particular characteristics and causes of poverty. Given the weight accorded to poverty reduction goals in much agency rhetoric, it is surprising that the ratio of staff to size of aid programmes is not more generous, thereby increasing the potential to deliver on the agencies' poverty pledges. In the case of Australia, it is hoped that disbursement pressures will be reduced following the introduction of outcomes and outputs-based accrual budgeting in the 1999-2000 financial year. This is intended to shift the focus from expenditures to the development outcomes.

2.2.3 Incentive Systems Related to the Diplomatic Service

In some agencies a significant role is played by diplomatic service personnel, particularly in embassies in developing countries. In such cases the reward and incentive systems for personnel, including promotion prospects, are unlikely to be closely related to success in promoting poverty reduction (e.g. Finland, Ireland and Sweden). As well as facing possible counter-incentives related to other responsibilities, diplomatic staff often rotate frequently and do not spend large portions of their careers in development work (e.g. Italy). This militates against the accumulation of country-level knowledge, such as the nature and causes of poverty and the political context and opportunities for its reduction, which make for greater effectiveness.

2.2.4 Multiple Objectives Crowding Out Poverty Reduction

Development agencies are creatures of fashion. They have tended to respond to the latest insights into development by bolting on new objectives. Recently, significant emphasis has been placed on taking particular account of the needs of children (e.g. Sweden), where the risk is that the new objective overshadows existing priorities. Where objectives have been accumulated without specifying their place in the overall hierarchy this has, over time, created uncertainty as to their respective weights. The great range of objectives that country programme managers have to consider in most agencies may well be a disincentive to giving special emphasis to any one of them (e.g. Canada). Multiple objectives may also result in desk officers having to consider too many perspectives during pressured project preparation phases (e.g. EC). This lack of clear prioritisation by senior management, which occurs in many agencies, is an example of the permissiveness of management systems, potentially undermining the drive for poverty reduction. Australia and the UK are examples of countries where there has been a some shift from multiple objectives towards a concentration on a cardinal objective of reducing poverty through sustainable development.

2.2.5 Poverty Reduction Missing from Terms of Reference for Consultants

Most agencies make very extensive use of consultants to implement their programmes, often in an attempt to circumnavigate staffing restrictions imposed by their ministries of finance. It is rare, however, for the terms of reference given to consultants to require them to prioritise poverty reduction in their work, except in direct poverty reduction interventions. Similarly,

consultants are rarely given any training in the agency's approach to poverty reduction, and often do not receive guidance documents on poverty reduction (where they exist). This is a shortcoming of the vast majority of agencies, and is especially serious in those which rely particularly heavily on consultants, such as the European Commission and Finland.

2.2.6 No Clear Incentives to Promote Poverty Reduction through Working with Multilateral Partners

Section 1.4 indicated that bilateral donors could have a greater impact on poverty reduction by seeking to promote it through all available channels within their domestic government and in their relationships with multilateral agencies. Yet few of the case studies show senior management providing clear signals to staff to promote an influencing agenda on poverty in their partnership with the multilaterals. Denmark, Norway, Sweden and, most recently, the UK are the most plausible exceptions to this, though this focus is very new and untested in the UK programme. There would appear to be real opportunities for more agencies systematically to promote a greater focus on poverty, given their leverage over the multilateral bodies. A number of European agencies do consider that they have had some impact, particularly at the Board level, in encouraging the World Bank to strengthen its poverty reduction orientation, particularly through the Special Programme for Africa. Yet at the country level there is little evidence of a systematic influencing agenda (see Sections 3.2.3 and 3.2.4).

2.2.7 Neutral Incentives: Permissive Systems

To varying degrees, virtually all agencies have a 'permissive' rather than 'directive' culture on poverty reduction, with great discretion left to country directors and programme managers. The result is that the drive for poverty reduction tends to vary considerably from department to department, from country programme to country programme, and from person to person. Thus, even where there is a strong culture promoting it, managers have a free hand as to how and whether they actually focus on directing benefits to the poor. There is a greater risk of permissive systems undermining a poverty focus where agencies do not have a well-developed system of checks and balances to verify whether or not poverty reduction is adequately addressed. Unfortunately, as Section 2.5 shows, there is often little accountability against poverty reduction objectives.

Some insight into the nature and causes of permissive systems is provided in the country case studies:

- Finland, France, Italy, Japan, Portugal, and Spain (and others) may be seen as having a permissive culture in part because of a lack of clear operational guidelines, e.g. 'Ministry of Foreign Affairs staff members and consultants are left pretty much on their own to interpret how best to promote poverty reduction' (Finland);
- Canada: the presence of poverty reduction objectives depends on individuals and the particular management structures;
- the culture within the Swiss agency values a creative and consultative style of leadership, which sits ill with a directive approach;
- the Netherlands: scope 'to experiment and... freedom has always been high within the

Dutch aid programme... Decisions... are largely the responsibility of the individual staff members and there are only a few "checks and balances" from the Hague';

- UK: traditionally permissive, though top-down leadership is changing this. However, 'without a more directive and accountable system the impetus from the top will be dissipated as it trickles down the organisation';
- USA: fairly decentralised, with each regional programme relatively free to tailor the strategic objectives. This translates into 'a fairly ad hoc practice for missions [to Africa] to focus on poverty as a central theme, or not, as they see fit'.

2.3 Are Agencies Organised for Poverty Reduction?

The effective mainstreaming of poverty reduction depends on far more than clear top-down signals to prioritise it and the existence of positive incentives. It also requires both knowledge on what works and a capacity to act on that knowledge in concert with developing country partners. There is no single 'correct' organisational and management structure which is guaranteed to deliver the knowledge or the capacity required for poverty mainstreaming. There are, however, basic elements of best practice which can be divined from the case studies, which are examined in detail below, including: adequate guidance, training, adequate expertise, multi-dimensional/cross-sectoral approach and decentralisation.

2.3.1 Is There Operationally-relevant Guidance on How to Tackle Poverty Reduction?

Even assuming that senior management has effectively signalled the overriding importance of poverty reduction, it remains for officials to translate the goal into country programmes which maximise the poverty reduction 'bang for your buck'. The extent to which agencies have the right information at their fingertips, including lessons on what has worked, is assessed in Section 3.1.4 below, while the process by which country specific programmes are designed is the main theme of Section 3.1 overall. Here we examine whether agency headquarters have furnished country programme managers and other officials with adequate guidance to assist them in preparing country strategies or designing projects and programmes.

The answer is generally no. There is a great dearth of material which provides genuinely useful operational insights into poverty reduction, far less than comparable guidance on environmental and sustainability objectives. This suggests that agencies do recognise the value of operational guidance, and have met the need in some cases, but have yet to address it comprehensively with respect to poverty reduction. More encouragingly, this lack has been formally recognised in some agencies (e.g. Japan), and informally in others (e.g. the Netherlands).

In large measure, weak guidance simply reflects the weak conceptualisation, or lack of *agreed* conceptualisation, of poverty within many agencies discussed as in Section 1.2. Agencies will need to devote more attention to conceptual issues, as well as to learning lessons of experience, in order to develop more effective operational guidance. The issues to be addressed include:

- what is the need for data and other information to identify the poor, monitor their status and assess the impact of interventions on their poverty?
- given the information base and the local context, what models of poverty reduction are likely to be most appropriate? What empirical evidence is available on the likely effectiveness of alternative interventions for poverty reduction?

Box 2.1 provides a sample of views on the nature of guidance within several agencies, while Table 2.1 summarises the full status of guidance available. Germany (BMZ) stands out. It has two cross-cutting ('trans-sectoral') concept papers which deal directly with poverty reduction and three which address issues relevant to poverty reduction including gender, *and* it has consciously sought to address poverty reduction in many sectoral papers (e.g. on savings and credit). This provides a valuable model for other donors, since by providing both a detailed discussion of poverty reduction issues and choices in general and attempting to integrate poverty concerns in its approach to particular sectors, it is enhancing the likelihood that poverty will be effectively mainstreamed.

Box 2.1

Case Study Comments on Lack of Guidance

EC: DG VIII provides some general guidance but no operational guidance. DG 1B provides no formal guidance at all, relying instead on two poverty focal points.

Finland: There is broad political consensus that poverty reduction is a key objective, but for civil servants 'neither "poverty" nor "poverty reduction" are very operational concepts.... Poverty reduction still appears to be too unclear, too complex and too noble to be easily translated into tangible activities'.

France: The implicit nature of the poverty reduction goal results in little attention to providing specific guidelines for programming and implementation.

Italy has done little to formalise guidance beyond stressing the importance of poverty reduction.

Norway has operational guidelines, but little specific focus on poverty reduction.

Ireland and Japan have an informal system, to be supplanted by formal guidelines later in 1999.

The Netherlands has some guidelines, including a 'development test' which includes poverty reduction as a criterion; but there is a feeling that this is insufficient and more guidance is required from the centre.

New Zealand has few guidelines on poverty reduction, but assumes that it is mainstreamed through existing practices, which are seen to be in line with 'conventional' approaches to poverty reduction.

Denmark has begun to develop guidelines for its sector programmes which stipulate that:

aid activities must be prepared, appraised, implemented, monitored and evaluated with respect to their impact on reducing poverty. The ultimate criteria of success in applying the poverty reduction objective are whether bilateral aid contributes towards strengthening the capability of the poor to access resources, to develop secure livelihoods, to increase their knowledge and to exercise their rights.

This is particularly interesting since the final sentence indicates that even at the meso or macro level of intervention, the 'ultimate criteria of success' require that activities be assessed against their micro-level impact on the poor with respect to clearly defined dimensions of poverty.

In the case of Sweden, there has been a recent attempt to build operational linkages between the agency's four main action programmes. The managers responsible for each programme have begun to examine how they can jointly prepare guidance for country assistance strategies

and logframe analysis for instance, to ensure that an integrated approach is taken.

The World Bank developed policies and operational guidelines in the wake of the *World Development Report* for 1990 which focused on poverty reduction. Its Operational Directive (4.15) was prepared in 1991, but has not been revised since 1993. While staff in many agencies, especially the smaller ones, have emphasised that they would value clearer operational guidelines, the Bank appears to have headed in the opposite direction. Rather than update the existing guidelines, the leadership of the Poverty Reduction and Economic Management (PREM) network aired doubts about excessive reliance on documentary guidance, suggesting that it leads to the adoption of inflexible ‘cookie cutter approaches’ to poverty reduction programming. Instead, it has emphasised that the demonstrable effect gained by the Bank President endorsing good practice country assistance strategies, for instance, may be more effective, particularly when backed by targeted materials relevant to local conditions. This is not entirely convincing, and when the Bank launches its new *World Development Report 2000/1* on poverty reduction, new guidance must surely be provided to ensure that new insights are effectively mainstreamed. In addition, most agencies cannot draw on the rich internal research and advisory capacity available to Bank staff, and thus the case for providing more comprehensive operational guidance remains very strong for the bilateral aid community.

Table 2.1 Extent of Guidance Specifically Relating to Poverty Reduction

<i>Operational Guidance</i>	<i>General Guidance (stressing importance of poverty reduction)</i>	<i>None</i>
Denmark, Germany (BMZ), Sweden, UNDP, World Bank	Australia, Canada, EC DG VIII, Finland*, IMF, Ireland*, Japan, Netherlands, Switzerland*, UK*, USAID	Austria*, Belgium*, EC DG IB, France, Italy, Norway*, Portugal*, Spain

* Agencies planning to introduce operational guidance

2.3.2 Do Agencies Provide Training on Poverty Reduction?

Most agencies have a weighty guide to basic office procedures, and few would consider inducting a new member of staff without providing training in these procedures, thereby ensuring that the guidelines are understood. Why is it so different for poverty reduction? The case studies reveal a black hole with respect to operationally relevant training on poverty reduction, with only eight agencies providing any training at all (see Table 2.2).

The European Commission (DG VIII) has a better record than most agencies. It provides a relatively thorough training course, which started as early as 1997, though only 40 people have been trained so far. The course lasts for two to three days, and covers poverty measurement and pro-poor project design across a range of sectors, including at the macroeconomic level. Some training of Delegation staff has taken place, but its voluntary nature means that the relevant staff cannot currently be systematically targeted. The Commission is considering sending trainers out to Delegations.

Table 2.2 Training for Poverty Reduction

<i>Operationally Relevant Training</i>	<i>General Orientation Training</i>	<i>None</i>
EC (DG VIII) Germany (BMZ) Sweden, UK, UNDP World Bank	Japan*, Switzerland	Australia, Belgium*, Canada**, Denmark, EC (DG IB), France, Finland, IMF, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, USA

* In 1998 Belgium organised a training session on poverty reduction for staff.

** Agencies planning to introduce operationally-relevant training.

Japan (JICA and OECF) has some training, but it is limited largely to awareness raising on poverty. This should be greatly assisted by the planned development of more practical and operational guidelines, which could form the core of new courses. OECF will launch an expanded series of training courses on social dimensions, focusing on poverty reduction and gender issues. Germany addresses gender and poverty issues at the operational level in the overseas offices of GTZ, but it would still benefit from courses which regularly update skills and which are adapted to particular country contexts.

Sweden has made a serious commitment to developing the skills of a wide range of its staff through week-long training courses covering skills ranging from poverty analysis and programme design to implementation issues and lessons of experience. Two courses were run in late 1998 for about 40 staff at all levels of seniority. One senior Swedish official notes that three-day training courses for gender and the environment are compulsory for almost all staff, reflecting the fact that they have been on the agency's agenda for longer. A reform of this system – say by providing one-day introductory courses on gender, the environment and poverty with follow-up specialist courses as required - would make it easier to extend poverty training to all staff. A similar wholesale reappraisal of training is likely to be necessary in virtually all agencies.

The UK had provided only basic orientation training for limited numbers of staff up to February 1999, when it initiated a training programme modelled on the Swedish one for about 20 senior and middle-ranking staff. UNDP has provided both general orientation training on poverty reduction and operationally-relevant training. The latter has been delivered through decentralised means such as regional and sub-regional seminars and workshops, or based on handbooks produced in-country on poverty, as in Benin (UNDP/Laval 1998).

Providing rigorous training on poverty reduction is particularly difficult for smaller development agencies. The unit cost of training is far lower for bigger agencies which can send potentially large numbers of staff through a broadly similar training programme. There may be a role for the DAC Informal Network on Poverty Reduction to make training more affordable by opening the courses provided by large agencies to staff from smaller agencies or by sharing training materials which they have developed.

2.3.2.1 Issues in Training for Poverty Reduction

Some of the issues which such training might cover are included in Box 2.2. Effective training would also require that anti-poverty biases in the agency are challenged – for example, tendencies to favour urban over rural, or major roads over rural ones. One alternative form of training is a period of enforced residence in poor areas which, although costly, may be highly effective in developing a ‘feel’ for the realities of poverty.

It was difficult to obtain information on whether staff in overseas offices had received training on poverty reduction. It seems quite likely that this is an area which, despite its importance, is even less well-addressed than headquarters’ training. There is no guarantee whatsoever that local staff will have a clear knowledge of the causes and characteristics of poverty, and more attention here is a clear priority.

Box 2.2

Issues in Operationally-relevant Training for Poverty Reduction

- country-level poverty assessments and participatory poverty assessments;
- national poverty reduction strategies;
- governance and empowerment of the poor;
- regional/gender/social disaggregation of poverty statistics;
- pro-poor public expenditure reviews;
- pro-poor stakeholder analysis;
- gender and poverty linkages;
- pro-poor institutional and legal reforms;
- sector-wide approaches and poverty reduction;
- indicators, monitoring and incentives in relation to poverty reduction;
- pro-poor analysis of international structural issues:
- trade policy, market analysis, environmental
- conventions, human rights conventions, debt.

2.3.3 Organisational Structures to Promote Poverty Reduction

Effective mainstreaming requires that an agency has some system in place to communicate the priority it accords to poverty reduction and its knowledge on how to tackle it. There are a wide range of organisational solutions to achieve this goal. Some agencies rely on establishing specialised units or focal points charged with mainstreaming, others insist that all departments take full account of poverty reduction while yet others combine both approaches. The experience of gender mainstreaming suggests that this last hybrid approach is likely to be most successful (see Section 2.4.1 below).

No one approach can be considered to be *necessarily* more effective than any other, since the ways and the context in which they are implemented vary so greatly. Denmark, among other agencies, considers that poverty reduction is such a fundamental concern that to make it the responsibility of a separate unit might marginalise it; instead, it must be considered by every sector group across the agency. Yet there are other countries, such as France, Italy and Portugal, where there is no such clear understanding that poverty must inform all activities. Without such a commitment, it might well be that the establishment of suitably resourced and influential poverty units might assist in the mainstreaming of poverty reduction.

The effectiveness and influence of the various poverty (or poverty plus) units is not easy to assess, but certainly varies considerably (see Table 2.3). The World Bank's PREM network

appears to have been quite effective in promoting implementation and coordination on poverty reduction in line with policies set by the Bank's overall Board of Directors. It does not have formal authority to ensure that sufficient emphasis is placed on poverty issues by operational staff, which is considered to be the job of the Board of Directors, but it plays an active role in reviewing Bank programmes and teaching Bank staff what constitutes effective poverty reduction. The Netherlands poverty unit, however, is perceived to 'tiptoe through the Ministry trying to find a willing ear for its quest for attention to poverty reduction'. In this case, the unit appears to lack sufficient staff resources and authority to fulfil its mainstreaming mandate by influencing the approach of sector and geographical desks. In Japan, both JICA and OECF have had units during the 1990s which were charged with mainstreaming the environment and gender. Until recently poverty has been incorporated into the gender work, but is now receiving more attention in its own right, though the extent of the unit's influence is unclear.

Germany (GTZ) mainstreams poverty through a unit for Gender and Development and Poverty Reduction, which performs a support role in mainstreaming poverty and gender within the agency. It is considered to be quite effective, and works through regional advisers, some of which are posted abroad.

Table 2.3 Structures for Mainstreaming Poverty Reduction

<i>Specialised Poverty Unit</i>	<i>Poverty Focal Point</i>	<i>Other Structures</i>
<p>Netherlands Norway UNDP + focal points</p>	<p>Belgium – 2 (economic and social) EC (DG VIII) – 1 person EC (DG IB) – 1 person UNDP (5 regional points and country office focal points)</p>	<p>Canada: Informal Task force on poverty EC (DG VIII): a directorate has responsibility for mainstreaming poverty Germany (BMZ & GTZ): Gender & Poverty Units Japan (JICA): general responsibility + persons responsible for poverty in Environment, WID and Other Global Issues Division + WID focal points for info sharing on poverty Japan (OECF): Environment and Social Development Office Sweden: general responsibility + persons responsible for poverty in Policy Dept + Task force of 20 from across all departments UK: Shared responsibility of Social Development and Economics Divisions World Bank: Joint PREM Network; reliance on matrix management to mainstream poverty</p>

The mainstreaming of poverty reduction has recently been made the responsibility of a directorate within the European Commission's DG VIII, which also contains a senior social development adviser, seconded from a member state, as the focal point. This works rather more effectively than in DG IB where a junior official is in place and responsibility has not been allocated to a separate directorate. The DG VIII focal point has been able to contribute to the mainstreaming process both by raising awareness and by instituting a thorough programme of training, though it is still limited in reach. However, there are clearly limits to what such focal points can be reasonably expected to achieve in terms of poverty mainstreaming, though the recent allocation of responsibility to a directorate may well help in future. The DG VIII

official covers Commission programmes to the whole of sub-Saharan Africa, the Caribbean and the Pacific, while the DG IB official is intended to cover all EC aid to Asia, Latin America and the Mediterranean.

In the case of the UK, poverty reduction is seen as everybody's job (as for Denmark and Sweden), but it is also the particular responsibility of the Social Development Advisers and Economic Advisers. One of the strengths of this system is that these 'champions' of poverty reduction are numerous (over 80) and able to raise the profile of and advise on poverty reduction both within headquarters and in overseas offices (where about half are located). Of course, within such a broad cadre not all advisers are, in reality, equally knowledgeable about or committed to poverty reduction. In addition, in some cases Social Development Advisers have felt themselves marginalised in field offices. Sweden has recognised that making poverty reduction 'everybody's job' is not very effective, and supplements this general responsibility with a Task force of 20 from across all departments, as well as several poverty advisers within the Policy Department.

2.3.4 Do Agencies have the Right Skills for Poverty Reduction?

This is not a question that many agencies appear to have considered directly. The case studies do not suggest that agencies have stood back and assessed whether their mix and level of skills are consistent with their stated poverty reduction goal and related objectives. It is perhaps not surprising, therefore, that in interviews officials in the majority of agencies pointed to areas which needed strengthening.

It is also not a question that is easy to answer. The skills required clearly depend on the particular mix of aims and approaches that each agency considers best for effective poverty reduction. They also depend on the types of partnerships the agency has fostered in developing countries, and thus the division of labour between the agency and its partners. Nonetheless, some characteristics and factors for consideration can be identified, including:

- does the agency have the range of expertise to achieve a multi-disciplinary and cross-sectoral approach to poverty reduction?
- is the mix of skills consistent with the agency's objectives?

The majority of agencies can draw upon a certain amount of specialist expertise, and a number have a very impressive specialist cadre. The UK, for instance, has over 260 specialist adviser grade staff (as distinct from administrators), covering education, health and population, social development and gender, small enterprise, institutional development and governance, as well as economists, engineers, natural resource/environment experts and statisticians. In general, however, most agencies lack the full range, (or sufficient numbers of the full range) of specialist skills needed to mainstream poverty reduction effectively. Table 2.4 tells part of the story, showing that 11 agencies suffer from a general lack of specialists, often because of reliance on diplomats to implement development programmes at the developing country level (e.g. Finland, New Zealand, Norway, Portugal).

Another difficulty is ensuring that the skills base remains consistent with changes in emphasis and approach within agencies. Agencies are increasingly turning to sector-wide approaches as the new 'big idea' in promoting development and reaching the poor, yet few have much

experience or the relevant skills. The Danish case study highlighted a lack of staff with experience or expertise in sector-wide approaches on how to retain the focus on benefiting the poor. This shortcoming is shared by all agencies, which have not always scrutinised sector programmes from a poverty reduction perspective. Although it is not clear exactly what combination of skills is required for effective, poverty-oriented sector programmes, it clearly needs to go beyond a narrow technical and sectoral competence to include institutional and social development perspectives as well as accountancy, budgeting and planning. Some agencies have begun to recruit, but have had difficulty in recruiting the relevant skills. A few are now recruiting local professionals, which can have advantages in terms of local knowledge, better and more sustainable design, and an enhanced feeling of ownership (a perspective that emerged strongly from the report of the Partner Country Perspectives).

Table 2.4 Skills Mix for Poverty Reduction: room for improvement

<i>Lack of Economics expertise</i>	<i>Lack of Social Development and Gender expertise</i>	<i>Other Sector Weaknesses</i>	<i>General Lack of Specialists</i>
<p>Canada Denmark: weak, yet increasingly important, given increasing profile of sector-wide programmes Sweden: micro and macro operational level USA: cuts in recent years</p>	<p>EC: social development & gender expertise Finland: social devt Germany: gender & social devt; IMF Italy: gender Japan: gender & social dev Sweden: lack of socio-cultural analysts with poverty focus Switzerland: 2 gender specialists; 1 social dev</p>	<p>Most agencies: governance/political analysis, institutional development Germany (BMZ, GTZ, KfW): institutional building Norway: lack of expertise in sector-wide approaches Sweden: ed & health UK: basic education USA: cuts in recent years in agricultural specialists</p>	<p>Canada: although significant numbers, judged generally insufficient, given aims EC, Italy Luxembourg: good skills but limitations due to size. New Zealand, Norway, Portugal, Spain: skills exist but not fully shared across org. Switzerland: good skills but limitations due to size.</p>

There is a general lack of economists with backgrounds in micro analysis in relation to households, firms and farms, who could usefully interact not only with social development experts with micro-level skills but also macroeconomists working on sectoral programmes or budgetary support. Conversely, although many agencies have social development and gender expertise, most have concentrated on micro- and project-level interventions and not engaged, or had the skills to engage, at the macro-level. Social development and gender experts need to work more closely with macroeconomists and sector experts (and microeconomists) to ensure that sectoral programmes and budgetary support are designed in a way that will maximise benefits to poor people.

The increasing attention to sector-wide approaches common to many agencies was foreshadowed by a recognition by agencies of the importance of institution building and governance expertise in the early 1990s. Yet most agencies remain very weak in this area. The UK, which has the largest cadre of governance experts among the bilateral agencies, nonetheless judges itself to lack the political analysis skills to ensure that efforts to focus

country programmes on poverty take account of the constraints and opportunities presented by the political context.

The above illustrations indicate not only that the skills mix is rarely comprehensive, but also that it may not be consistent with 'new' priorities, such as sector-wide approaches and institution building. Surprisingly, the skills base may also not be consistent with long-standing development objectives which contribute towards poverty reduction. The US case study provides an interesting illustration of this, documenting that two of the sectors which the US considers to have the strongest direct links to poverty reduction – agriculture and economic growth – have experienced disproportionate cuts in staffing levels, with civil service direct recruiting falling by more than half, compared with an 18 per cent drop overall. In the case of the European Commission, nearly 9 per cent of commitments to Asia and Latin America in 1995 were in the health and population sector, and yet only one health adviser is available for both regional programmes (Cox and Koning, 1997). In fact, the European Commission appears to be grossly understaffed in general in proportion to the volume of funds disbursed.

The skills base also depends on the use made of consultants. The US draws extensively on consultants, to provide expertise in women in development for instance, and considers that individuals are effectively integrated into central office operations. However, in general, excessive dependence on the 'contracting in' of skills can present risks for poverty reduction mainstreaming. A certain range of in-house skills must be retained if the agency is to understand precisely which external skills are required and for recruitment and vetting to be effective. In addition, consultants usually do not systematically receive whatever guidance and training on poverty reduction is available.

Finally, a number of donors suffer from general understaffing or high turnover (e.g. Ireland, Norway and the Netherlands), and thus are hampered in the administration of their country programmes. Such shortcomings may be accentuated as agencies increasingly seek to develop a more partnership-based approach to poverty reduction. Effective partnership requires a considerable investment of staff time, including senior-level administrators, in order to develop trust and mutual understanding, as well as identifying opportunities for pursuing pro-poor approaches. The implications for staff resourcing, particularly at the country level, may not yet have been digested by agencies.

2.3.5 Structures Promoting a Cross-sectoral and Multi-disciplinary Approach

Having the right mix of skills is clearly important, but the whole should be greater than the sum of the parts. This Section will consider whether or not the organisational and management structures within agencies are conducive to the actual implementation of a cross-sectoral and multi-disciplinary approach to poverty reduction.

Officials across a wide range of agencies expressed their concern that the organisational structure and culture of their agency created pressures for sector-driven and supply-led approaches to poverty reduction. Many are organised into professional or sectoral groups. This can result in advisory groups becoming over-preoccupied with advancing their 'own' disciplines rather than working with others to develop cross-sectoral and multi-disciplinary solutions. The UK headquarters, for instance, was seen as sector-dominated, where the very

strength of its advisory group structure could create irresistible pressures for including sectoral activities in country programmes to satisfy internal interest groups, rather than prioritising activities in response to a country poverty analysis.

In Spain, sectors such as gender, food security, sustainable development, education and health, remain relatively separate areas, limiting shared insights and militating against multi-sectoral solutions to poverty. Similarly, in Japan and Portugal, sectoral activities are often managed by separate ministries, posing even more serious constraints in this respect. Excessively complex administrative structures and requirements also hamper the development of coordinated and multi-sectoral approaches. This is seen as a genuine obstacle to improved projects and programmes within the European Commission, but also within the very different German system.

The problem is more complex than simple rivalry or lack of coordination between sector groups. It is in part due to the lack of incentives to encourage effective teamworking across professional boundaries. Agencies may 'talk teamwork' but reward individual sectoral endeavour. Thought needs to be given to the complex area of staff performance reporting systems so that individuals can be properly rewarded for effective teamwork. Lateral or '360 degree' reporting systems as opposed to top-down reporting systems could be explored as a means to generate 'pro-teamworking' incentives.

Finally, a core problem is that many staff in many agencies are so busy meeting their own direct obligations that they have very limited time for reflective work and teamworking approaches.

2.3.6 Agency Decentralisation and Implications for Poverty Reduction

The extent to which development agency expertise and decision-making authority is concentrated in donor capitals or located in developing countries has implications for their capacity to mainstream poverty reduction effectively. There is clearly no simple correlation between decentralisation and effectiveness, and indeed potentially there are both advantages and disadvantages:

Potential Advantages

- helps understanding of political context and country specific knowledge; complexities of poverty
- helps dialogue and partnership – and coordination
- may improve responsiveness to emerging opportunities
- may strengthen teamworking across disciplines

Potential Disadvantages

- may dilute messages from centre (bad if the message strongly supports poverty reduction; good if not, and the flexibility allows poverty entrepreneurs to flourish)
- possible loss of objectivity
- may be harder to recruit skills needed for poverty reduction
- higher running costs
- hampers the exchange of experience and good practice, and dissemination of principles of poverty analysis

Some consider that having empowered staff at the country level is an absolute requirement for effective pro-poor partnerships. Such staff are seen as better placed to identify the opportunities for promoting pro-poor agendas and engaging in country-level influencing of

government, civil society groups, and other agencies (including the multilaterals). The increased emphasis on sector-wide approaches is also seen by several agencies as requiring more staff at the country level, able to engage fully with the government and other donors over the two-to-three-year development process. This period, when policies and institutional reform are designed, is seen as very intensive, requiring trust and support. Some consider that even advisers at the regional level are insufficient and country-based support is needed. The potential disadvantages of decentralisation were felt by many to be less weighty, and could be mitigated by careful attention to systems of accountability and lesson-learning.

A second series of pros and cons of decentralisation is associated with the extent to which overseas staff are 'rotated' between the field and HQ levels, or between developing country postings. There can be little doubt that rotating staff every two years or less is likely to have a negative impact on country-level effectiveness, but the balance of benefit after more substantial periods is more finely weighted. The arguments were clearly presented in the case of Denmark, in particular, which identified the following factors as contributing or compromising poverty mainstreaming:

Positive Effects of Rotation:

Contributes to:

- a dynamic organisation open to new thinking
- internal exchange of experience and lessons learned
- well-educated and all-round employees with ability to combine different approaches

Negative Effects of Rotation:

Hampers:

- specialisation required for poverty analyses
- specialisation required in wake of transition to SWAps
- building up substantial country-specific knowledge

Table 2.5 provides a rough guide to the extent of decentralisation of many agencies, and reveals a varied picture. Decentralisation is taken to refer to the proportion of staff located in overseas offices and the degree to which these staff have decision-making authority. Only a minority can be classified as highly decentralised, with the remainder evenly split between the moderately decentralised and the mainly centralised.

Table 2.5 Estimation of Degree of Decentralisation of Staff and Decision-making

<i>Highly Decentralised</i>	<i>Moderately Decentralised</i>	<i>Mainly Centralised</i>
<p>Germany: process of decentralising under way but partial</p> <p>Ireland</p> <p>Netherlands</p> <p>Norway</p> <p>Sweden</p> <p>UK (all large country programmes)</p> <p>UNDP</p>	<p>Canada: authority remains at HQ, but field staff have large leeway</p> <p>Denmark: some decentralisation of staff, but authorisation at HQ</p> <p>EC DG VIII: substantial system of country Delegations, with some but limited formal authority.</p> <p>Luxembourg, Switzerland: informal system giving considerable autonomy for field staff</p> <p>USA: fair amount of decentralisation for regional bureau</p> <p>World Bank: some country directors now in-country, but only a minority in Asia, Africa and Latin America</p>	<p>Australia: in close geographical proximity to main partners</p> <p>Belgium (reform intended to create highly decentralised system)</p> <p>EC DG IB: delegation system but understaffed and limited authority</p> <p>Finland: staff allocation and decision-making highly centralised at HQ</p> <p>Italy: has local units, but very understaffed</p> <p>Japan: value of decentralisation recognised but actual reform is slow</p> <p>Portugal</p> <p>Spain</p>

There is considerable variation in practice and capacity within each category, however. Denmark, for instance, has a substantial range of expertise in its embassies, whereas the European Commission (DG VIII) has specialists in its Delegations but rarely the social development, institutional and basic social sector skills that are considered particularly important for poverty reduction. The World Bank has located some country directors overseas, but only a small number. Bank officials consider that this makes them more client-driven (although not necessarily poverty-focused), with country directors able to call on a range of expertise as they need it. However, most Bank expertise remains located in Washington. UNDP traditionally has been more decentralised than many agencies, but has sought to increase decentralisation, while trying to improve accountability, during a management change process in 1997-98, known as UNDP 2001.

There is increasing use of local expertise by a number of donors, more particularly the US, UNDP and Ireland, but also Denmark, Japan, and Switzerland. This offers the advantage of local and context-sensitive knowledge. Japan (OECD) increasingly uses a Special Assistance Facility to commission further analysis of social and gender aspects and for assessing institutional capacity at the grassroots level. A number of agencies, including the Netherlands, Sweden, USA and the World Bank, have drawn quite extensively on local research institutions in order to better understand country-specific linkages and priorities for poverty reduction.

2.4 Mainstreaming Gender

Gender mainstreaming is relevant for two reasons. First, current efforts to mainstream poverty reduction owe much of their thrust to agency experiences of mainstreaming gender (and also the environment), and lessons learned in trying to operationalise gender mainstreaming are highly relevant for poverty reduction. Secondly, most agencies consider gender inequality to be a dimension of poverty, and thus success in mainstreaming gender and the effective use of gender analysis are likely to be integral to successful poverty mainstreaming. It is therefore important to consider whether agencies have appropriate systems and incentives in place for the effective mainstreaming of poverty reduction. The factors which have generated the impetus to attempt to mainstream gender issues, and the difficulties associated with it, parallel those driving the current concern to mainstream poverty.

2.4.1 Why Mainstream? – Insights from Gender Mainstreaming

The concept of mainstreaming emerged as a consequence of coming to terms with the problems and frustrations experienced in trying to improve the position of women through development cooperation programmes (see Schalkwyk *et al*, 1996). The first major lesson was that very few women were touched by donor interventions and thus very few benefited:

- in practice, efforts to ‘integrate women’ took the form of separate projects for women or women’s components within larger projects; most were small-scale with limited impact beyond the few women directly involved.

Small ‘women-specific’ projects, or small women-specific components tacked onto larger projects, failed to prevent women from being bypassed in the allocation of most development resources and opportunities. This implied that women’s participation needed to be extended

into the broader processes of policy dialogue, planning and institution-building. However, the second major lesson was that increasing the *degree* of participation was itself not enough:

- women in developing countries argued that the issue was not women's participation as such but the *terms* of their participation.

Women were already integrated into society and the economy, but on an unequal basis, and thus increased participation in an unequal development process would be ineffective in generating a real change in their position. These two lessons spurred agency officials and academics to develop strategies that would mainstream gender equality into the development process.

In many ways, agency attempts to reach and benefit the poor to some extent parallel the efforts to reach and benefit women described above. However, experience with mainstreaming gender is in some ways further ahead than mainstreaming poverty reduction. Thus, agencies have realised for some time that altering the terms of the women's participation is essential, and that this requires challenging their unequal integration into society and the economy. The same is required for poverty reduction actions. Yet many agencies often continue to talk about increasing participation by the poor ('more is better'), and place too little emphasis on the terms of that participation.

The experience of gender (and environmental) mainstreaming undoubtedly provides insights and lessons for agencies seeking to mainstream poverty reduction more effectively, in part by preventing them from repeating earlier mistakes. The following sections, as well as providing evidence of the degree of success of agencies in mainstreaming gender, are also suggestive of where lessons might be drawn, namely:

- effective organisational structures for mainstreaming gender;
- importance of strengthening links between headquarters and the field;
- use of training to promote gender mainstreaming.

2.4.2 Organisational Structures to Promote Gender Mainstreaming

Case studies reveal that there are various institutional responses to the prerequisites for gender mainstreaming. Some agencies set up a specific gender focal point either in the form of a gender unit or gender specialists, others aim to integrate analysis and awareness into all departments and operations, and sometimes both mechanisms are combined in one agency. Where the *combined* approach is taken, a well-resourced gender unit or focal point may be instrumental in encouraging other departments to take full account of gender, and avoiding the marginalisation of gender within an isolated unit (see Box 2.3). Some agencies are already applying this lesson and developing appropriate organisational structures for mainstreaming poverty reduction.

Box 2.3**Successful Gender Mainstreaming: Canada**

Combining a specific focal point with the mechanism to integrate gender analysis and awareness into all departments and operations has proved to be a successful way to mainstream gender in some agencies.

In Canada, gender is both mainstreamed throughout the agency's operations and departments and dealt with by a separate unit which provides resources, guidance and advocacy to facilitate the mainstreaming effort. Gender experts are associated with each branch as technical advisers and further expertise may be located or hired at field level. The mainstreaming process is supported by a gender mandate within programming priorities and by associated budgetary allocations.

These mechanisms have led to gender being relatively well integrated into development and poverty reduction aims in Canada. However, the gender mainstreaming process is still not complete, as 25% of staff reportedly are still uncomfortable with gender, mostly because they are still unsure about how to operationalise gender analysis in country programmes and strategies.

Table 2.6 shows that several agencies combine both mechanisms for gender mainstreaming. However, it should be noted that many gender focal points (e.g. Ireland, Finland) have dual roles which inhibit their effectiveness in focusing on gender issues.

Table 2.6 Structures for Mainstreaming Gender

<i>Gender Focal Unit</i>	<i>Gender Focal Point</i>	<i>Both Focal and Integral</i>
Japan	Australia, EC (DG IB), EC (DG VIII) IMF, Italy, Spain	Austria, Belgium, Canada, Denmark, Finland, Germany, Ireland, Netherlands, Norway, Sweden, UK, UNDP, USA, World Bank

2.4.3 Mainstreaming Gender: Strengthening Links Between HQ and the Field

Effective links between gender mainstreaming actions at headquarters and in the field are essential for success. Box 2.4 illustrates mechanisms that have been used to achieve these links in UNDP. However, the Scoping Study case studies indicate that there is usually discrepancy in the level of attention to, and resources and expertise available for, gender mainstreaming interventions between headquarters and field missions in many agencies. Even in a donor such as Sweden with strong gender support and expertise at the centre, field-level resources are somewhat more limited (see also Section 3.1.5). Although Sweden probably leads on commissioning and producing research on gender, operationally it is sometimes crowded out by the number of new initiatives and objectives and the many demands on staff time – a reality that is undoubtedly true for other agencies too. In the case of Australia, country strategies have not necessarily demonstrated effective gender mainstreaming due to a lack of gender expertise among those responsible for developing country strategies. However, the Gender and Education Group is now consulted in the preparation of country strategies, and the recent outcomes and outputs-based budgeting requires country programmes to show gender and development outcomes. For various agencies (e.g. Japan and the EC), the country-level focal points tend to be relatively lacking in authority. This suggests that effective poverty mainstreaming is also likely to require very careful attention to ensure that the provision of skills at the field level matches that at headquarters, and that they have sufficient authority.

Box 2.4**Mechanisms to Strengthen the Links Between HQ and the Field: example of UNDP**

UNDP has a well-developed institutional structure for promoting gender mainstreaming. The Gender Programme within the Social Development and Poverty Elimination Division (SEPED) promotes gender analysis skills among headquarters staff and also sets institutional policy on gender issues. Gender in Development Programme is also responsible for global programming and advocacy. For example, the economic adviser targets improved integration of gender into macroeconomic policy and international trade issues by identifying research priorities and working with an international advisory group of gender specialists on specific activities, including preparing a learning manual on gender and poverty reduction and creating advocacy tools such as people's and women's national budget statements (see UNDP, 1998a: Chap.7, p.75).

The Gender Programme within SEPED, focusing primarily on the macro level, is complemented by work at the micro and meso levels in the regions and country programmes. Within the regional bureaux, gender policy advisers are responsible for providing technical assistance to country programmes on how to improve attention to gender within their poverty reduction programmes. As the Sub-Regional Resource Programmes become operational, it is possible that gender specialists will be part of the sub-regional technical teams. Each region focuses on the problem most relevant to its countries. For example, in Africa, priority areas include supporting entrepreneurship, improving women's rights to land, and reducing violence against women.

2.4.4 Do Agencies Use Training to Promote Gender Mainstreaming?

The case studies reveal that training has been used more extensively to promote gender mainstreaming, than is the case for poverty reduction (Section 2.3.2). Table 2.7 shows that 18 agencies have *some* form of gender training compared with six for poverty reduction. Sweden is unusual in having had compulsory staff training courses on gender-related issues since the late 1980s. These increasingly focus on the operational implications of mainstreaming gender equality, a shift which evaluations show has increased the agency's knowledge base in this area. In all but six cases, however, the quality of training and the numbers trained are considered to be inadequate. DAC (1998) notes that some training models have backfired as they have attempted to turn staff into gender experts in a short period of time when experience has demonstrated that people need longer to acquire the necessary skills. So perhaps this explains why in many agencies different conceptions of gender mainstreaming (e.g. Women in Development versus Gender and Development) are used interchangeably, and gender equality goals have generated confusion among some agency staff.

Table 2.7 Gender Training

<i>Substantial</i>	<i>Some but inadequate</i>	<i>None</i>
Australia, Austria, EC (DG VIII and DG IB), New Zealand, Sweden, Switzerland, UNDP, World Bank	Belgium, Canada, Denmark, Finland, Germany*, Ireland, Japan, Netherlands, Norway, Spain*, UK, USA	IMF, Italy, Portugal

* Planning to expand gender training

Prevailing institutional cultures, particularly among high-level management, are a factor behind the persistent lack of understanding of gender issues within some sections of agencies

or, in some instances, across the whole agency. The case study of Spain, for example, cited lack of political will as the main constraint against operationalising gender concepts within the project cycle. In contrast, the Canadian study cites senior management support as being firmly in place, but acknowledges that this does not necessarily translate into practice across the whole agency. This may be because operational guidelines are inadequate, or because in practice it is extremely hard to eradicate the view that gender is an optional add on. Very careful attention to prevailing institutional attitudes with respect to poverty reduction is clearly likely to be key to effective poverty reduction mainstreaming.

2.5 Monitoring Poverty Reduction Performance

The quality and availability of information influences the effectiveness of an agency's operations across-the-board. Poverty reduction mainstreaming places particularly weighty demands on an agency's information system, especially with respect to accountability and lesson-learning/feedback.

Systems for monitoring and evaluating agency performance in terms of intentions (or inputs), outputs and impact provide the information required for agency accountability. Agencies are accountable for their performance against their poverty reduction goals and objectives to a range of external and internal stakeholders, including:

- their domestic audience (the public and politicians)
- their developing country partners (national and local government, civil society representatives, and ultimately poor people)
- senior donor management

Accountability to external and internal stakeholders is important not only as a measure of agency success, but also because it is central to providing incentives to staff to make poverty their focus. Monitoring and evaluation systems are thus a key management tool for ensuring that a poverty focus runs throughout the agency. Effective systems operate at the following three levels:

- first, there is a need for marker systems to record the spending *intentions* of the agency in relation to poverty reduction: how far do agency interventions actually seek to address the conditions of the poorest segments of society?
- second, the need to monitor the *outputs* in relation to the poverty-related aims initially specified. This also involves monitoring processes, since the process often forms part of the output or even impact (e.g. empowerment) for poor people;
- third, the need to assess estimated *impact* on various socio-economic groups, particularly poor groups (which may be specifically targeted).

Performance monitoring at each of these three levels is usually applied to specific agency interventions. However, assessment of the poverty focus of inputs, outputs and impact is also possible with respect to donor country assistance strategies, or to overall poverty outcomes at the national and sub-national level in partner countries. This is far less frequently carried out. Yet the growing emphasis on partnership suggests that assessment at the country level is increasingly important, though the findings reflect the *collective efforts* of the partner and all the agencies. This kind of country-level monitoring is essential for tracking progress against the international poverty targets.

2.5.1 Input-based Systems for Monitoring Performance

Most agency monitoring concentrates on measuring inputs, in part because it is technically the least demanding but can be used to demonstrate commitment to poverty reduction. Nonetheless, relatively few agencies assess the poverty focus of inputs in a systematic fashion using a marker system. The World Bank, for example, uses a relatively sophisticated input monitoring marker system to identify Bank lending operations with a significant poverty focus. Similar schemes, with varying degrees of complexity, are used or are being introduced by a range of agencies (see Table 2.8).

Table 2.8 Marker Systems for Poverty Reduction in the Agencies

<i>Poverty Reduction Marker Systems in Operation</i>	<i>Currently Introducing or Planning Marker Systems</i>	<i>No Marker Systems</i>
Canada, Japan (OECD), Germany, Netherlands, Portugal, Sweden, Switzerland, UK, World Bank.	Austria, Belgium, Ireland.	Australia, Denmark, EC, Finland, France, IMF, Italy, Japan (JICA), Luxembourg, New Zealand, Norway, Spain, UNDP, USA.

One limitation of the marker system, apart from that it records intentions rather than outputs or impact on the poor, is that it usually depends on self-assessment by programme managers. As a result, it inevitably has some subjectivity and is frequently regarded as inadequate by staff within the agencies who use it, particularly when the judgement is made by an official well removed from the details of the particular project. Within the Swiss agency for example, the large percentage of projects rated as indirectly or directly targeting poverty reduction is seen by agency staff as devaluing the reliability of the indirect categories and undermining the credibility of the marker system.

There are some figures for the few agencies with such marker systems. Thus, for the World Bank as a whole, the proportion of total investment lending allocated to poverty-targeted interventions (PTIs) was 24 per cent in 1992 and 40 per cent in 1998, reflecting a considerable increase in recent years. UK bilateral commitments to directly-targeted interventions (only) has risen from 7 to 11 per cent (1992-4 to 1995-7), and the Netherlands estimates recent spending on poverty targeted interventions at 19 per cent of the total bilateral programme. Germany's marker system, introduced in 1998, indicated that 55 per cent of all bilateral commitments planned in 1999 were poverty focused. However, because the marker systems are not implemented identically, it is currently difficult to make comparisons between agencies, though comparisons over time within the same agency are possible.

A second limitation is that these marker systems have tended until recently to focus largely on interventions which provide direct assistance to poor people. This has encouraged the view that direct, narrowly-targeted assistance is qualitatively better than indirect measures which often have not scored on the marker systems. This reduces the incentive to make *all* agency activities as poverty-relevant as possible.

However, there is now an interest in making the categorisation wider and more systematic. Thus the UK, for example, has redesigned its input monitoring system in recognition of the

fact that poverty reduction may be promoted at different levels and through different mechanisms. The three categories of its new Poverty Aim Marker (set out in Section 1.1.2) complement *direct* actions with *inclusive* and *enabling* actions.

By recognising inclusive and enabling actions, the temptation is removed to score projects arbitrarily as direct poverty reduction actions. In addition, such a system may provide incentives for country programme managers to look at how linkages with poverty reduction can be strengthened in all projects rather than simply through those directly targeted at the poor. At the same time there is a risk that managers will place every other intervention that is not focusing directly on poverty reduction in those indirect categories in order to demonstrate commitment to poverty reduction. This could devalue the reliability of the indirect categories and undermine confidence in the data produced. In the Swiss case, for instance, the large percentage of projects that score under the system is seen by agency staff as devaluing it. The links between the intended activities and expenditures and poverty reduction must be plausibly demonstrated, or else the system will be meaningless in tracking performance over time or in relation to other agencies.

It is highly desirable for all agencies committed to these objectives to harmonise their marker systems and seek comprehensive coverage. There has already been some harmonisation within the DAC for at least the category of direct poverty reduction. Six countries – Canada, Japan, the Netherlands, Portugal, Switzerland and the UK – are already submitting poverty marker data to the DAC. Further efforts are to be made within the DAC Working Party on Statistics, and there is a strong case for adopting a three-tier poverty marker system along the lines set out above and in Section 1.1.2, and for continued efforts to achieve harmonisation among the agencies.

2.5.2 Outputs and Impact

Many agencies have well-developed monitoring and evaluation systems, using mid-term and ex-post evaluations, to assess the performance of specific interventions. However, these rarely focus on distributional concerns and poverty reduction. Few agencies claim to monitor the impact of their interventions for poverty reduction and even fewer monitor the processes of their interventions in terms of their impact on the poor. Those that do tend to apply these procedures only to those projects with stated poverty reduction objectives (e.g. Germany, Japan, UK).

A large number of agencies have developed ‘goal-oriented planning’, results-based management, or related logical framework analysis planning systems. These include Australia, Belgium, Canada, the European Commission, Finland, Germany, Ireland, Norway, Sweden, Switzerland, the USA, the UK, and the World Bank. Following the logic of this system, evaluations are carried out mainly in relation to project objectives set at the planning stage. As a result, the ability to monitor results and impact depends critically on a systematic treatment of poverty considerations in the earliest stages of planning. Unless the poverty reduction objectives are clear and explicit and the potential beneficiaries carefully identified at the outset, it is difficult to use any monitoring methods to assess actual results of planned interventions for poverty reduction (see case studies for Canada, Denmark, EC, Germany, and UNDP). The failure to do so has been an area of weakness in many agencies.

A major and recognised weakness is the lack of effort and information on the impact of interventions on poverty. Almost all interventions are planned and undertaken without baseline studies or identifying control groups in order to develop counterfactuals¹, so that even if desired, any disaggregation and attribution of effects to particular actions is extremely difficult. Sweden is in a minority of agencies which has worked with partner countries to develop sex-disaggregated statistics, including impact data. Generally, however, there is little conclusive evidence for most interventions about their actual benefits to poor people or the distribution of benefits among different socio-economic groups. This inhibits the learning of lessons.

Some agencies use logical framework analysis when appraising projects and programmes and also, in theory, as a means of specifying indicators for performance against objectives, including impact assessment. However, the effectiveness of this approach is often compromised when logframe analysis is used more as a vehicle for legitimising a proposal, or as proof of an appraisal well done, than as a tool for monitoring performance. In some cases the logframe has been forgotten after the approval stage and thus little used for performance assessment (examples of this have occurred for Denmark, Norway, Sweden, UK, World Bank, and others). UNDP is currently preparing seven strategic-results frameworks, of which four address thematic foci: poverty/livelihoods, gender, environment, and governance. The intention is that these will assist in moving the organisation from an input-based to an output- and outcome-based management.

It is, of course, possible to gain considerable insight into these effects from monitoring outputs which can be effective proxies (Carvalho and White, 1996). Indeed, some agencies prefer to concentrate on attempts to measure outputs rather than impacts because of difficulties in identifying causality with confidence, particularly in terms of isolating project or programme effects from the host of other causal factors, such as socio-economic, political, and environmental factors (e.g. Austria, Belgium). Also the processes involved in many interventions constitute part of their impact. For those interventions which involve poor people in decision-making processes and create greater awareness of their rights as well as those that build capacity and generate institutional change, successful 'processes' of change constitute a considerable fulfilment of the poverty reduction objective.

The problem is partly a methodological one and partly a lack of guidance to staff. There is also a need for much more attention to techniques which will give better insight into the impact of a range of interventions on poverty. Outputs need to be linked to poverty-related indicators. Hence better indicators must be complementary to improved initial poverty reduction analysis and preparation of interventions. The identification of suitable indicators is one that preoccupies many agencies. Overall, there appears to be a lack of guidance for socio-economic analysis in programme planning: it is thus unclear what indicators, benchmarks, baseline data and subsequently monitoring should be employed. This is important not just for *ad hoc* projects but especially, now, for wider sectoral interventions. Moreover, good qualitative analysis of wider processes of change is essential for those interventions promoting enabling environments for poverty reduction rather than simply targeting their interventions towards the direct supply of goods and services, and towards tangible outcomes (Thin, 1998).

¹ i.e. how the situation would have developed in the absence of agency interventions.

2.5.3 New Initiatives for Assessing Poverty Reduction Performance

Some agencies are involved in new initiatives that are likely to improve their capacity to monitor poverty reduction performance, some of which are mentioned below.

- The European Commission (DG VIII) has recently launched a study aimed at defining a methodology for assessing the poverty impact of development projects in the ACP countries. Preliminary results, drawn from a country pilot case, will be available shortly and will be discussed internally. In parallel, there are increasing calls for defining a poverty agenda that will include a goal monitoring system.
- Sweden has carried out a baseline study of the agency's approach to poverty and gender. This is designed to increase accountability and to promote stronger linkages between poverty reduction and other sectors and issues.
- The UK's SCOPE initiative seeks to improve ways of monitoring who benefits from outputs of donor interventions and the impact on the well-being of the poor eg. interventions for direct poverty reduction, gender equality and for strengthening social capital, and human rights.
- UNDP is developing frameworks for measuring the poverty reduction outputs and impacts in its regional, sub-regional and country programmes.
- The World Bank is focusing on more thorough methods of assessing impact on the poor using counterfactual methods. A major effort is under way to establish panel data sets in a number of countries that would permit more rigorous impact assessment. This covers the use of household data techniques and participatory information exercises, with the aim of improving the understanding of poverty dynamics.

Although a number of agencies felt that there was a need for greater work on methodologies and techniques for measuring impact, it is important to bear in mind that merely increasing the number and complexity of indicators may not be useful. Monitoring is expensive and although more stringent techniques may provide more reliable data, there are trade-offs between reliability, usefulness, costs, and sustainability. More complex data may be more trustworthy but may not be easily collected and used by either partner governments or donors, given the costs involved and, by the same token, may not be sustainable in the longer term even if developed. In addition, there are questions surrounding the ownership of such data. Given the importance of local ownership of projects, indicators that are readily understood and easily used by all are requisite. However, a very few agencies take a participatory approach to both designing indicators and to collecting data to assess project impact (e.g. Switzerland and UNDP).

Considerable work on poverty impact assessment is underway in a number of fora, and the DAC Informal Network on Poverty Reduction could have a role in ensuring that progress is effectively disseminated across all agencies and partners.

2.5.4 Issues for Better Monitoring of Poverty Reduction

First, most agencies have focused monitoring efforts at the project level. There have been only limited attempts to assess agency-wide performance against their poverty objectives, even for those which have had a formal poverty reduction strategy for some time. With the exception of

some *ad hoc* thematic studies focusing on poverty reduction (Belgium, Denmark, Germany, Switzerland, UK, UNDP), these efforts appear to be merely an annual synthesis of project completion reports.

Second, in current efforts to improve the impact assessment of specific interventions, it will be important to bear in mind the diversity and scale of the problem. No one method is likely to be universally valid. Different approaches will need to be tried before deciding what works and what does not. The DAC Informal Network on Poverty Reduction needs not only to keep abreast of work in this field but also to contribute to judgements about the balance of different types of impact assessment, not only from the point of view of cost-effectiveness for agencies but also for sustainability in the partner country.

Third, monitoring for outcomes and impact at the level of agency country assistance strategies is at a rudimentary stage. Few agencies seem to do this on any systematic basis, although there has been the occasional review or evaluation of the poverty reduction impact of country programmes. This seems to highlight a key problem in the mainstreaming process. While a number of agencies have put considerable effort into preparing country strategies reoriented towards poverty reduction, as yet there is little work on measuring success against stated objectives. Even though many agencies' country strategies contain logical frameworks, indicators are poorly specified and rarely collected, and little priority is given by senior management to holding country programme managers to account against such indicators (see Box 2.5). Without such systems, the country programmes risk remaining strong on rhetoric but weak in practice.

Box 2.5

Measuring the Performance of Country Programmes

The UK is one agency which uses logical frameworks to specify the goal, purpose, outputs, and verifiable indicators for most of its country assistance strategy papers. However, none of the strategies indicate who is responsible, and at what intervals, for collating and analysing the information contained under the Means of Verification column. In addition, indicators are sometimes inappropriate or hard to measure, e.g. 'reports by the Ministry of Local Government' are not, in fact, likely to illuminate the role of civil society in combating social exclusion.

There is a strong feeling within the UK agency that senior management need to take a more proactive role in developing country-level monitoring systems (working with national governments), and to hold country programme managers to account against their strategy documents.

Fourth, there is the vital question of how to monitor poverty reduction outcomes within each partner country. The main need is for collaborative monitoring of multi-donor/partner progress at the country level, especially in relation to International Development Targets. UNDP, the World Bank, and several of the bilateral agencies are carrying out intensive work in this area. The need is for agreed indicators which will monitor progress at country and sub-national (sectoral or regional) level.

This approach also relates to monitoring the poverty impact of sector-wide approaches, where a number of donors are likely to be involved in providing budgetary support, resulting in a combined donor-government effort. The approach taken to monitoring must guard against undermining attempts to develop effective partnership by attempting to separate out individual contributions to sector-wide objectives.

Fifth, it is increasingly important to give far more weight to supporting partners in developing their own capacity to undertake monitoring and evaluation of poverty reduction efforts, rather than spending more money on individual agency work in this area. This may be more cost-effective in the long-term in measuring overall impact for poverty reduction in each partner country. A number of agencies have begun to develop such systems in collaboration with partners. Germany, for example, is setting up Poverty Impact Monitoring Units with partner countries (in Nepal and Sri Lanka). Similarly, Finland is aiming to develop partner country monitoring and reporting rather than using parallel Finnish systems. Other agencies have also expressed the intention of working more closely with partner country governments in undertaking local monitoring efforts, (including Ireland, Luxembourg, the Netherlands, New Zealand, the UK).

2.5.5 Feedback and Learning Systems for Poverty Reduction

Although there is clearly some overlap, it is useful to differentiate between feedback and learning systems. Feedback can perhaps best be described as the process of internal and external reporting on agency actions, whereas learning systems are the processes by which agencies respond to, and adjust their actions in the light of, experience. Both are quite difficult to capture within the workings of donor agencies, although feedback systems tend to be more readily identified as formal mechanisms. In many ways, learning processes may be too subtle to capture in a collection of information on outcomes achieved.

For the majority of agencies, evaluations, mid-term reviews and monitoring reports form the primary source of formal feedback within the institution, with the Evaluation Unit or equivalent largely seen as responsible for disseminating information on agency actions. However, despite the often quite complex monitoring and evaluation systems in operation, donors on the whole seem to be very weak in disseminating and incorporating the knowledge obtained through such systems. Although monitoring and evaluation provides a mechanism for feedback, the process of reporting is seldom carried out in a way that promotes a high degree of institutional reflexivity or responsiveness to the lessons it contains. This finding is hardly new. Since the 1960s, researchers and development practitioners world-wide have repeatedly noted the failure of evaluation output to translate significantly into influence over policy and decision-making (Thin, 1998). Some positive examples of good practice, however, are described in Box 2.6 below.

For a number of agencies, feedback is merely a question of public accountability by means of reports to parliament. Indeed, a key problem is that assessment of impact is often governed less by the desire for institutional learning than by political factors such as donors' and partners' need for good public relations in their respective countries. Problems cited by agency personnel include:

- accessibility and distribution of information through agency structures. Problems arise, for example, where reports are confidential or not distributed, so that the knowledge contained in the evaluations is lost to the majority of staff;
- weaknesses in how information is presented, largely in terms of lack of readability, but also in terms of the quality of analysis. As Thin notes, a lot of feedback takes the form of truisms that are constantly repeated; and,
- the lack of formal requirements to consult existing information.

Box 2.6**Learning Lessons and Disseminating Them: Good Practice**

Australia: the findings from Australia's evaluations and reviews are entered into a 'Lessons Learned Database', which is accessible to agency staff and on the internet.

Denmark: the Sector Support Programme specifies that a completion report describing lessons learned during implementation must be written with a chapter on poverty and cross-cutting issues. Full reports and summaries are made available in English and widely disseminated, particularly via the agency's website. Appended to all the evaluation studies is a section on 'Danida comments and follow-up', in which the agency indicates how it proposes to learn lessons from the studies and adapt their policies and practices accordingly. There is no comparable section allowing partners to respond to the evaluation studies, which if rectified would strengthen local ownership and learning.

Canada: efforts are being undertaken by the Poverty Reduction Working Group and the Asia Branch Poverty Project to consolidate lessons learned and to provide workshops and training opportunities in order to disseminate information. The agency is also developing a formal structure for information gathering and dissemination called Phoenix aimed at facilitating the exchange of ideas (via workshops, forums, internal web sites, etc.).

Germany: within GTZ, a Quality Assurance Team 'Poverty, Gender, and Process Management', (with twelve full-time advisers,) has been charged with organising institutional learning with respect to poverty, gender, and process management. It has developed a number of instruments for that purpose: a collection of good practice examples; specific training and orientation programmes for new staff members; pointers on gender and poverty in Project Cycle Management; workshops and discussion groups for bringing together headquarters and field staff; and regular self-assessment of poverty and gender orientation in technical cooperation projects.

USA: the agency's Centre for Development Information and Evaluation also maintains a development experience database with thousands of evaluation reports to help the agency 'learn and share experiences across operating units and with the broader development community'. Evaluation and monitoring tips are included.

2.5.5.1 Learning Lessons Informally

Many donors see this as particularly important. For many agencies, informal institutional memory is considered more important than formal systems. In the Danish agency, an informal feedback mechanism is provided by technical advisers. They are responsible for the appraisal and annual reviews of sectoral programmes and participate in cross-cutting task forces responsible for elaborating new sector programmes. With their sector-specific experience from a number of countries, they are seen as virtually embodying the feedback process. Similarly, the Swiss regard see the rotation between field staff and staff at headquarters as critical in building institutional memory. Canada has many formal mechanisms for learning and feedback, but it appears that the vast majority of lessons-learned occur through informal networks, brown-bag lunches and personal exchange. In-country or programme groupings and consultation with colleagues and field personnel are seen as providing the best exposure to relevant information. Similarly, networks of analysts and advisers are heavily relied upon. Much of the effectiveness of these exchanges comes down to the organisational culture of the agency, particularly in terms of their openness and willingness to communicate with each other.

2.6 Conclusions

The effective mainstreaming of poverty reduction requires action by development agencies in three spheres: agency policies, procedures and culture; donor country assistance strategies and interventions; and in agency dialogue with developing country partners. The final test is whether these actions contribute to a partnership with developing country actors which brings concrete benefits to poor people. This chapter assesses whether agencies have been successful in mainstreaming poverty reduction in their procedures and organisational structures and are thus likely to be effective in promoting pro-poor changes at the developing country level (explored in Chapter 3).

The picture which emerges suggests that many agencies have made serious efforts to improve the operationalisation of their poverty reduction goals in the 1990s. However, even among the best there is significant room for improvement, while others have made little progress in translating rhetoric into effective poverty-oriented management systems. The DAC Informal Network on Poverty Reduction could play an important role in this area. Our findings cover four areas: incentive systems; organisational structure; gender; and monitoring and evaluation.

Agency Incentives (Section 2.2): Despite the prominence most agencies give to poverty reduction goals, their incentive systems are not particularly geared towards rewarding the staff's poverty reduction efforts. The most positive finding related to *senior management commitment*. Senior management have an important role in creating a culture conducive to poverty reduction by sending strong and consistent top-down messages underscoring the importance of poverty reduction. In just over half the agencies, staff perceived senior management to be strongly committed to poverty reduction, and moderately committed in a further 25 per cent. Senior management is perceived as giving less strong messages on poverty reduction in agencies that have no explicit poverty reduction goal.

In all agencies there are also a range of *counter-incentives*. In particular, the premium placed by management on achieving a rapid *disbursement of aid funds* is often a disincentive to going the 'extra mile' on poverty reduction – particularly since poverty reduction measures may require a participatory phase and are often seen as complex and risky. A further counter-incentive is the faddishness with which agencies tend to adopt *new objectives*. When new objectives, such as rights-based approaches or children's needs, are 'bolted on' without clearly specifying their priority relative to existing objectives, the risk is that poverty reduction may be 'crowded out'.

There are also various ways in which neutral incentives could become actively supportive of poverty reduction. Although many agencies rely extensively on external *consultants*, their terms of reference rarely include a specific focus on poverty reduction. Similarly, if agencies supply poverty reduction training to consultants it would, at a minimum, emphasise the priority accorded by the agency to poverty reduction, and at best provide knowledge and techniques to operationalise it. Agencies could also give clearer signals to staff to promote an influencing agenda on poverty in their partnerships with *multilateral agencies*. Evidence suggests that, despite senior management commitment to poverty reduction in many cases, the overall management culture tends to be rather '*permissive*', leaving considerable discretion to individual country directors and departmental heads as to how far they focus on poverty reduction.

Organisational Structure (Section 2.3): There is considerable scope for improving agency performance in mainstreaming poverty reduction by adapting their organisational structures and procedures. A serious shortcoming is the lack of *operationally-relevant guidance* for poverty reduction – far less than for other objectives (e.g. environment, gender, etc.) There are some exceptions, such as Germany and the World Bank, whose guidance materials might be drawn upon by other agencies. Effective mainstreaming is also constrained by the virtual absence of staff training for poverty reduction. Only six agencies provide *any training* whatsoever, and even here staff coverage falls short of what is necessary. There is a major opportunity for agencies to provide staff (and consultants) with practical skills and tools to tackle poverty which are relevant to their particular work.

Experience of mainstreaming gender objectives suggests that agencies should consider use of *focal points or units* to enhance the mainstreaming of poverty reduction. Particularly effective is an approach which makes poverty reduction objectives the responsibility of all staff and *combines* this with poverty focal points, units or task forces which actively promote a poverty reduction focus and provide specialist skills. Many agencies do adopt this approach, but there is great variation in their influence, resources and effectiveness.

Agencies could also increase their mainstreaming capacity by *reappraising their skills base* in the light of the increased weight they now give to poverty reduction. There is little evidence of a fundamental reappraisal to assess whether agencies have the right balance and level of skills, especially in terms of sector-wide approaches, governance and political analysis. Other weaknesses include a widespread lack of micro-level economists, macro-level social development expertise, and in some cases knowledge of basic education and health. Eleven agencies suffer from a general lack of specialists, often due to their reliance on diplomats to implement policies at the country level. However, although increasing the range of specialist expertise is important, greater efforts are also needed to ensure management structures encourage experts to work together in a *cross-sectoral and multi-disciplinary* fashion. Many officials express concern that present agency structures and cultures create pressures for sector-driven and supply-led approaches, whereby country programmes include sectoral interventions to satisfy internal interest groups rather than as a response to a careful analysis of country-level poverty reduction priorities.

An additional organisational factor with implications for mainstreaming is the degree to which agency staff and decision-making are *decentralised* from agency headquarters to the developing country level. Although only six agencies can currently be considered highly decentralised, on balance most officials consider that the advantages of decentralisation outweigh its disadvantages. Empowered country-level staff are seen as better placed to develop effective pro-poor partnerships and to cultivate the trust needed for successful sector-wide approaches.

Mainstreaming Gender (Section 2.4): Gender mainstreaming, which predates attempts by agencies to mainstream poverty reduction, provides a source of lessons. It confirms the importance for agencies to move beyond separate projects for poor people or ‘tacking on’ components for poor people and instead taking poverty reduction into account in all their activities and dialogues. It also emphasises that increasing participation by the poor is insufficient; the terms of their participation need to be made more equal.

The experience of gender mainstreaming also provides practical lessons with respect to organisational structures. The importance of a structure which combines focal units with the requirement to integrate poverty concerns into all departments and operations has already been highlighted. The need to strengthen links between mainstreaming actions at headquarters and in the field is a further lesson, since progress in mainstreaming at the field level does not always match success at headquarters. Finally, gender mainstreaming and the effective use of gender analysis are likely to be integral to successful poverty mainstreaming. The donor case studies indicate that, although institutional cultures are slow to change, agencies have made considerable progress in mainstreaming gender. The vast majority have organisational structures that, to some degree, are geared towards gender mainstreaming, with eight providing substantial training on gender and only four providing none.

Monitoring Systems (Section 2.5): Poverty reduction mainstreaming requires monitoring systems which provide *accountability* against poverty objectives and effective *lesson-learning and feedback*. *Marker systems* recording agency intentions with respect to poverty reduction are used by a minority of agencies, although the DAC is already working on promoting more widespread use of markers and greater harmonisation. Marker systems have tended to focus on interventions providing direct assistance to poor people, reducing the incentive to examine the poverty linkages of *all* interventions and mark them accordingly. Some agencies are making progress in acknowledging the value of actions which create an enabling environment for poverty reduction.

The contribution of monitoring systems towards accountability and lesson-learning is currently seriously constrained by their widespread failure to provide evidence on how the *poor in particular* have benefited from outputs or experienced positive (or negative) impacts. The lack of baseline surveys and rigorous evaluation methodologies has prevented disaggregation of benefits by socio-economic group. Initiatives are underway in the European Commission, the UK, UNDP, the World Bank and the DAC Working Party on Aid Evaluation, for instance, to improve methods for assessing impact on the poor, and the DAC Informal Network on Poverty Reduction may have a role in disseminating these findings. It will be important to ensure that impact assessment is cost-effective, sustainable and involves developing country partners.

Holding country programme managers accountable for their performance against the poverty reduction objectives of their *country assistance strategies* would strengthen mainstreaming. Currently, this occurs only very rarely. Further, country-level indicators are poorly specified, rarely collected and senior managers are not held accountable against them. Attempts to hold managers accountable are clearly complex, since if aid is intended to help recipients it is difficult to judge poverty reduction successes in terms of what donors do.

There is also considerable scope for strengthening systems for monitoring the poverty reduction impact of *sector-wide approaches*, in order that their effectiveness as an instrument for poverty reduction can be assessed in future. Both of these critical factors are likely to strengthen efforts by donors and their partners to assess country-level performance against the International Development Targets. Some agencies, such as Germany, are actively engaged in *building partner monitoring capacity*, but considerably more effort could be expended in this area.