

Philip Albert Theodor Kircher. *Poverty Reduction Strategies*. Gottingen Studies in Development Economics. Frankfurt, Germany: Peter Lang, 2002. xiv+275 pages. Paperback. Price not given.

Poverty is one of the most depressing global problems in the world today. Therefore, there is a growing consensus among development organisations that poverty alleviation should be the primary goal of cooperation between the rich and the poor countries. This consensus is due to the awareness that a widening international income gap threatens the well-being of people in the rich countries.

In this volume, the author, Philip Kircher, offers a comprehensive study on the evolution, the content, the different national accentuations, and the problem of the international consensus on poverty alleviation, and provides a systematic analysis of today's donor strategies for development cooperation for poverty reduction. The study focuses specifically on the strategic positions of the World Bank, the Department for International Development (DFID) of the United Kingdom, the Ministry for Economic Cooperation and Development (BMZ) of Germany, and the Swedish International Development Agency (SIDA), as well as the positions presented by the governments of these countries in regard to development.

The first chapter emphasises the significance of reducing poverty as the main goal of development assistance, highlighting the overall consensus about the means of reducing poverty and about the general content of this agreement underlining the experiences gained in the development process over the last 50 years. The role of poverty reduction is also investigated in the light of other relevant and potentially conflicting development goals of the donor countries.

The second chapter divides the last half-century in four eras according to the different perspectives of development: (i) Growth in the 1950s; (ii) Redistribution with Growth in the 1960s; (iii) Basic Needs Approach in the 1970s; and (iv) Free Market Forces and a Solid Economic Framework in 1980s and at the beginning of 1990s, followed by today's understanding of poverty reduction. The key point of today's orientation is the focus on the abilities of the poor themselves, whereby the poor people should be encouraged to use their own potential to earn a sustainable living and to overcome other non-income poverty factors as well. This new concept places a high emphasis on the role of the poor individual; the abilities and the will to achieve a better living are seen as the driving force behind the efforts to reduce poverty.

The generally accepted view of effective reduction of poverty includes broadening of the definition of poverty beyond the income aspect, and underlining the conceptual dimensions of absolute versus relative poverty; primary versus secondary poverty; and resource versus non-monetary poverty. The new definition of poverty in the contemporary strategies implies the inclusion of the additional,

non-resource based, secondary measures of vulnerability and deprivation of participation in economic, social, and political life. This form of poverty takes into account the negative impact of discrimination, powerlessness, and deprivation in terms of dignity, which can take the form of humiliation, exploitation, and inhuman treatment.

The new consensus on poverty reduction, in line with the strategies of the past, gives close attention to the economic aspects of development. However, poverty is not only an outcome of economic processes, it is an outcome of interacting economic, social, and political forces. This underlines the accountability and responsiveness of state institutions, corruption, lack of rule of law, social barriers, gender discrimination, inequalities in “voice” and access to resources, as well as social fragmentation and conflicts.

The strategies to deal with the above focus on: (a) reducing gender bias in access to basic services such as transport, energy, water, secure shelter, and sanitation to enable people to fulfil their social and economic goals; (b) empower the poor, with the objective of providing them with a “voice” within their society, so that empowerment is linked back to the economic performance of the poor by affecting the focus of services and expenditures of the state; and (c) proposing an international institutional framework, favourable to the reduction of poverty, which analyses the trends in trade, finance, environment, and their impact on poor countries based on the interactions of donor countries amongst themselves and with the developing countries. Kircher insists that increasing development effectiveness lies in stronger coordination of activities coherence with all interactions with developing countries. He argues, quite rightly, that to tackle the broad development challenges alone would not help; rather, the inclusion of research, both in the private and non-governmental sector is of immense importance. However, he concludes that national awareness and approval of the strategies by the developing countries is a pre-condition for continued efforts to fight poverty.

Chapter Three highlights the differences of accentuation regarding beneficiaries and implementation processes of the four donor strategies: those of the World Bank, the United Kingdom, Germany, and Sweden. The World Bank is one of the leading players in the development arena and handles the largest chunk of development assistance, which comprised loans in excess of US\$ 15 billion in 2000. It establishes stronger accentuations than the other strategies in the fields of political systems and coalitions, the provision of security, fiscal and monetary policy and national budgets, and inequality. The UK position rests strongly on the unambiguous commitment to the Millennium Development Goals (MDGs) and a focus on measuring their effectiveness against these targets. The German development assistance under the lead of the BMZ action programme mentions poverty reduction as the overarching goal of development cooperation and as a priority area for the work of the entire German government. The

Germans, however, maintain that concessional flows are not essential for the low-income countries only; they are vital for advancing the middle-income countries also, since the greatest proportion of the poor people in this world still live in the middle-income countries. The foremost concern of the Swedish (SIDA) strategy is with the generation of knowledge at all five levels: basic education; human resource development within the framework of projects and programmes; research efforts on developmental issues; the generation of knowledge to prevent conflicts; and the delivery of humanitarian assistance.

In Chapter Four, Kircher investigates the evaluation practices of the German Financial Cooperation based on 75 final evaluation reports undertaken between 1997 and 1999. Findings show that an explicit focus on poverty was found only in the minority of final evaluations; mainly in projects with close proximity to the target group and associated with low financial involvement. The majority of projects focusing on poverty reduction were constrained by the non-availability of empirical data. As poverty reduction is the main baseline against which to judge the success of development cooperation according to the new strategies documents, greater clarity about the operationalisation of the term 'poverty', and the ways to measure the effects against them, will increase its importance.

Since improvements will be necessary to fully live up to the aspirations of the new strategies in the practical evaluation praxis, to reach a stronger poverty focus, Kircher recommends that specifications for all projects should include explicit objectives for the impact on poverty in their hierarchy of goals; poverty reduction should be included in the mandatory aspects; standardised questionnaires, survey methods, and procedures for quantitative evaluation should be developed for projects with similar characteristics and goals; and *ex-ante* evaluations of the poverty situation should be conducted with the same depth of analysis as the *ex-post* evaluations.

Finally, Chapter Five wraps up the treatise with some concluding remarks. At the domestic/national level all the strategies emphasise the importance of economic development (i.e., GDP growth), pro-poor spending by the state, creation of the economic opportunity, rule of law, curbing corruption, and the provision of security for the poor. At the international level, open trading systems, coherent policies, and donor cooperation are considered to be the priorities.

Kircher gives an excellent overview of this emerging consensus. However, it is important to note that the study focuses only on the donor countries' vision. But attacking poverty is more than just a theory, its effects are real and important to those who are affected by it. Even though a general consensus can be found on the measures that are conducive to achieving these effects, procedures on how to operate and implement them still remain ambiguous.

Overall, it is a very useful publication which provides a review of the past and current developments about the methods of reducing poverty and the consensus on poverty reduction. It provides a good baseline to those engaged in formulating

poverty reduction policies, and also to the practitioners who apply these strategies in development cooperation agencies. However, the missing perspective of the recipient countries will be readily noticed by serious readers.

Faheem Jehangir Khan

Pakistan Institute of Development Economics,
Islamabad.