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"Poverty is not God-given. Poverty can be removed by collective action. The strategy must involve all sectors and levels of society - including state, market and civil society."

Ela Bhatt, India, Recipient of the Alternative Nobel Prize, Founder of SEWA (Self Employed Women's Association)
Summary

Poverty Reduction - a Shared International Mission

Over one billion people are living in extreme poverty. Their purchasing power is less than one US dollar per capita per day. The majority of them are women and girls. Some two thirds of the poor in developing countries live in rural areas, yet urban poverty is also on the increase.

There is a consensus among the international community that poverty and growing inequality are among the fundamental problems of the new century, given a background of, among other things, advancing globalization of all aspects of life and inequitable starting positions of the industrialized countries and the developing countries. They are at the root of many other global risks and threats.

According to the latest estimates, the world population will grow more than expected, increasing by one billion to 7 billion people by 2015. Most of the population growth will take place in the developing countries.

58 million people worldwide have become infected with HIV/AIDS ever since the epidemic first broke out. It is the middle generation of working age in particular - which should be the driving force behind their countries' development - which is affected. This amounts to a loss of decades of development efforts, especially for the poorest countries.

These developments show just how urgent it is to step up the efforts to reduce poverty in developing countries, with a view in part to preventing future conflicts over access to resources. Overcoming the gap between rich and poor is therefore a vital contribution towards a more peaceful and just world, and is also dictated by social responsibility and good sense. In an ever more converging world, global poverty reduction is also in Germany's own interest.

The German government expressly supports the target adopted by the heads of state and government of the United Nations and formally enshrined in the United Nations Millennium Declaration of halving the proportion of people in extreme poverty worldwide by 2015. At the United Nations Millennium Summit in 2000, Federal Chancellor Gerhard Schröder announced that Germany would be submitting a relevant Program of Action. The said target is closely related to the other international development objectives, including the target of halving the proportion of people who suffer from hunger by 2015 and of providing universal primary education for children up to the age of 14 by that same year. If people have no access to education, as is the case for many, they have fewer opportunities for development; investment in the education of girls is one of the best investments in development that can be made and contributes to lower birth rates. It allows girls and women to take charge of their own lives, reduces rates of maternal and child mortality, increases productivity and results in better treatment of the environment.

The target of halving poverty can only be reached if poverty reduction is considered a shared international mission which requires the political will to take action and is based on the collaboration, in a spirit of partnership, of many players: governments of developing and industrialized countries, multilateral organizations and civil society forces from all countries. Special responsibility for sustained poverty reduction in the developing countries rests with their own governments. They need predictable and reliable support from the other players.

Underlying Principles of the Program of Action

With its Program of Action, the German government wishes to spell out its contribution towards reaching the target of halving poverty, invite other players to engage in greater cooperation with the government, and deepen the German public's understanding of global poverty reduction.
For the German government, poverty reduction is an important element of its overall policy, which is guided by the principle of sustainable development. Faced with new economic, technological, social and ecological challenges, the government intends to develop its international policy, especially foreign, security and development policy, in such a way that it will help secure the global future. For development policy, poverty reduction is an overarching task to which contributions are made by measures from all fields of sustainable development (social justice, ecological compatibility, a thriving economy) as well as by measures relating to the political dimension - fostering democracy, the rule of law, and peaceful conflict settlement. Government action can make an important contribution and should also act as a catalyst for changing structures, facilitating new alliances and encouraging new forms of funding (such as a mix of public and private funds). In defining its contribution, the German government has been guided by the following tenets:

⇒ Poverty does not just mean that people have low incomes but also that they are faced with limited opportunities and have inadequate means of taking part in political and economic life, that they are particularly exposed to risks, their human dignity is not respected, their human rights are abused and that they lack access to resources.

⇒ Poverty has many different causes. They are rooted, not least, in economic and social deficits such as unequal distribution of wealth, inequitable power structures, poor governance and lack of gender equality and other forms of discrimination. Poverty reduction is therefore an eminently political task. What is needed if poverty is to be reduced on a lasting basis is the political will to take determined action against the causes of poverty, the involvement of civil society organizations, and the mobilization of the private sector's financial and technical resources.

⇒ The poor are players, they are part of the solution. Their creativity and capabilities are essential components in the fight against poverty. Self-help, self-organization and participation on the part of poor women and men are fundamental principles of poverty reduction. Poverty reduction does not mean dispensing charity but rather helping to develop the productive and creative potential of the poor. To this end, it is necessary to make improvements in the political, economic and social regulatory framework of the developing countries and to ensure a dynamic economy on a long-term basis.

Levels for Action on the Part of the German Government

The envisaged measures address the international and multilateral level, the level of the partner countries, and Germany itself:

⇒ International structures and arrangements. In order to assert human rights and promote democracy, social justice and sustainable development worldwide, the German government is striving for greater coherence between the various international arrangements and institutions so as to achieve well-defined global governance and to ensure that the developing countries have a role as equal partners.

⇒ Structures in the partner countries. The German government supports its partner countries in implementing indispensable reforms and structural changes, which are their responsibility. It supports the efforts of the low-income and middle-income countries to draw up and implement national, participatory Poverty Reduction Strategy Papers (PRSPs) and will use these as guidance for its bilateral cooperation programs.

⇒ Structures in Germany, Europe and other industrialized countries. The German government advocates coherence between all policy fields with regard to the objective of poverty reduction and will work towards that goal at the European level, within the framework of the OECD, and elsewhere. All new German laws will be examined in future in terms of whether they touch upon development policy
concerns; this includes their relevance for poverty reduction. In parallel with reforms at the international level and in the partner countries, the German government also advocates changes in structures and attitudes in Germany, with the objective of economic and ecological sustainability.

**Priority Areas for Action by the German Government**

Within the international community, the German government will make efforts to keep poverty reduction on the agenda as a priority task within the framework of sustainable development. To this end, it will urge the G8 to continue devoting great attention to the issue. It will use its influence with the EU, the United Nations and the international financial institutions to ensure that the concentration on poverty reduction that has begun will be continued and that it will be consistently put into practice.

In its bilateral relations with developing countries, the German government will give systematic and coordinated attention to the goal of poverty reduction. It will focus its development cooperation, which has already very largely been devoted to poverty reduction, even more closely on that goal and it will reinforce its cooperation with countries that are clearly striving for pro-poor and pro-development reforms.

The German government has defined ten priority areas for action on poverty reduction which it is pursuing both in its bilateral relations and in its involvement at the European level and in international institutions. Within each area for action, priority actions have been defined. The areas for action, the actions themselves, and subsequent measures for implementation have been selected with a view to achieving the greatest possible leverage for lasting poverty reduction. The individual measures and their design take account of the fact that the majority of the poor are women and girls.

**Boosting the Economy and Enhancing the Active Participation of the Poor**

One central element for halving poverty is the establishment of strong economic structures which foster pro-poor growth, create scope for poverty reduction, increase employment and foster the development of the productive potential of the poor. This is why the German government will, in particular,

- support economic policy reforms in its partner countries, by means of advisory services and financial contributions (e.g., improving sector-related regulations, reducing red tape, strengthening of institutions);
- support private-sector development (including public-private partnerships), by means of activities to increase private-sector investment, build technological competence, foster practice-oriented vocational training systems, and develop and establish the economic and social infrastructure;
- support, in a targeted manner, the productive potential of the poor, by means of measures to develop entrepreneurial capacity, improve their access to resources (including credit for women) and to markets, and improve training and employment opportunities, especially for young people;
- give increased support, in accordance with the G8 decision of 2000 on reducing the digital divide, to the use of modern information technology, especially in order to improve health care and education opportunities for poor population groups and to increase these groups’ involvement in economic activities by means of e-commerce.

**Realizing the Right to Food and Implementing Agrarian Reform**

Poverty is inextricably linked with hunger and malnutrition. The German government advocates the realization of the right to food and supports the target of the 1996 World Food Summit and of the Millennium Declaration of halving the proportion of people who suffer from hunger worldwide by 2015.
The German government sees a need for policies for sustainable agricultural development that enable poor rural people to participate in the development process. This is why the German government will, in particular,

- support measures aimed at the rapid removal of protectionism in the agricultural sector at the European and international levels; in particular, it advocates a reduction of all forms of export subsidies so as not to harm food production in the developing countries;
- give increased support to agrarian and land reform by advocating such reform in its policy dialogue with the governments of its partner countries; it will lend financial and advisory support, for example, to tenancy reforms, socially compatible distribution of land, and securing a legal basis for access to land/land ownership, especially for women, as well as agricultural market policy measures and agricultural research activities that improve small farmers' prospects.

Creating Fair Trade Opportunities for the Developing Countries

Trade liberalization opens up new opportunities for the developing countries for economic development and poverty reduction. Greater use must be made of this potential in future, not least with a view to sustainable development. To this end, trade liberalization must be integrated, firstly, into a comprehensive pro-poor national development strategy in each case. Secondly, the world trade system must better accommodate the interests of the developing countries. Within the European Community, which is responsible for trade policy, the German government advocates

- starting a new, comprehensive WTO round of negotiations at an early date in which the interests of the developing countries are taken into account in all areas under negotiation (“development round”). It recognizes the developing countries' difficulties in implementing existing regulations and is willing to make concessions to the developing countries in a new round;
- that other important industrialized nations join the EU in opening their markets to an equally broad degree as the EU has done with its introduction as of March 2001 of tariff- and quota-free import of products from the poorest developing countries (LDCs);
- reducing, or abolishing, in the next world trade round, import duties for important processed commodities from the developing countries, so as to reduce these countries' dependence on exports of basic commodities;
- enhancing the developing countries' trade capacities (especially by means of EU programs and in the areas of communications, customs administration, export promotion in the partner countries). The German government supports the strengthening of the developing countries' role in the WTO system and is involved in a long-term cooperation program with the WTO to that end.

Reducing Debt - Financing Development

In order to attain the target of halving poverty by 2015, more financial resources need to be mobilized. This implies making greater use of the developing countries' own resources, for example by means of improved systems of taxation and tax collection. The German government will do its share to broaden, and put on a continuous basis, the provision of development funding. It will mix public funds with funds from private sources more often. It encourages the private sector to step up its direct investments in poor countries. The German government advocates

- swift implementation of the HIPC debt relief initiative, which enhances the poorest countries' capacity to reduce poverty by their own means; the German government advocates the development of an international monitoring process to make certain that new debt remains at sustainable levels; it supports measures to improve official financial and budget
policies and debt management in the respective countries;

- measures to strengthen the international financial architecture with a view to improving the stability and functioning of financial markets; in that context, the reform measures proposed by the Financial Stability Forum (FSF) should be taken into account and developing countries' involvement should be increased.

*The German government will give increased support to the development of strong financial systems in the developing countries that contribute both to preventing global and regional financial crises and to the development of the private sector as well as the entrepreneurial potential of poor people in the partner countries.*

- The German government will give increased support to a number of developing countries undertaking special efforts to reduce poverty. In that context, it will test new ways of cooperation which strengthen countries' ownership (such as decentralization of decision-making, cofinancing of sector-wide approaches).

*The German government will uphold its goal of moving closer to the internationally agreed target of 0.7% of the gross national product being spent on development assistance. This goal will be pursued in keeping with the consolidation measures that are part of the German government's program "Renewing Germany."

Guaranteeing Basic Social Services - Strengthening Social Protection

Basic social services can bring about sustained improvements in the living conditions of the poor. The German government therefore supports its partner countries' own efforts to expand such services and to implement the necessary sector policy reforms. Since the poor are particularly vulnerable to risks such as sickness, poverty in old age, natural disasters, and wars, the German government supports the development of social security systems, and, during emergencies, measures to cope with life-threatening situations. To that end, it will, in particular,

- support social sector reform programs, especially relating to the education and health systems in interested countries; it will conclude agreements on the basis of the 20/20 Initiative in support of basic social services with partner countries willing to enter into such arrangements;

- support the fight against HIV/AIDS; the social and economic costs of this disease aggravate poverty and jeopardize many countries' development opportunities;

- support direct access, especially for young people, particularly girls, to family planning services. The availability of contraceptives helps women to assert their right to sexual self-determination and to decide themselves how many children to have;

- support measures for improving developing countries' access to essential drugs;

- support improved basic social protection for poor people, by means of measures to enhance the performance of informal social security systems and by integrating these systems into an overall system for social security.

Ensuring Access to Vital Resources - Fostering an Intact Environment

The growing destruction of natural resources poses a dramatic threat to poor people's livelihoods. Living in poverty, in turn, often forces people to exploit fragile ecosystems to a point beyond repair. The German government supports activities for environmental and resource protection both nationally and internationally. It assists the developing countries and the business policy of the International Financial Institutions in implementing binding international legal instruments (e.g., combating desertification, reducing greenhouse gas emissions) and in their efforts for disaster preparedness. It will, in particular,

- support measures for the protection and sustainable use of vital natural resources (air, soil, water, biodiversity) while taking
Realizing Human Rights - Respecting Core Labor Standards

One of the vital prerequisites for lasting poverty reduction is absolute adherence to human rights as well as to core labor standards. The German government advocates improving the legal and institutional framework for implementing international human rights standards and core labor standards at the international level and supports its partner countries' efforts to implement the principles enshrined in these standards. The German government will, in particular,

- give increased support to its partner governments and to civil society players in their efforts to realize all human rights;
- support a functional complaints procedure for economic, social and cultural human rights. The relevant unresolved issues must be clarified quickly;
- support the International Labour Organization's programs to promote respect for core labor standards (including the elimination of forced labor and the abolition of child labor; activities of independent labor unions, non-discrimination in respect of employment and occupation).

Fostering Gender Equality

Gender equality is a key factor in reducing worldwide poverty. The German government supports measures to eliminate discrimination against girls and women. In its programs of cooperation with partner countries, all activities are designed in a gender-specific manner so as to give equal attention to men's and women's differing interests and needs. The German government will, in particular,

- give increased support to basic education for girls and women; targeted measures in cooperation with parents are intended to increase the enrollment of girls and facilitate their remaining in school for a longer time (for instance through scholarships, ensuring they have a safe journey to school);
- support women's networks and NGOs, so as to improve women's opportunities to have an equal say in political processes; in this context, special emphasis will be given to fostering women leaders at the community level;
- support efforts for combating trafficking in women and forced and child prostitution worldwide. This also includes prosecuting German nationals who sexually abuse children abroad.

Ensuring the Participation of the Poor - Strengthening Good Governance

The poor are largely excluded from the decisions that concern them. Good governance
which guarantees human rights, democracy and participation is a key factor for their inclusion and for poverty reduction in general. This includes creating an enabling environment for economic and social development, ensuring the rule of law and certainty of the law, and establishing effective public institutions. One important element is action against corruption, since it is ultimately the poor that suffer from its effects. This is why the German government will, in particular,

- give support to decentralization and increased support to democratization processes in the partner countries with a view to improving poor people’s political participation and their capacity for self-help;
- give increased support to reform of the legal system, with a view also to gender equality, and to measures which make it easier for poor women and men to assert their rights (such as legal advice to women);
- support measures to enhance the revenues, pro-poor orientation, and transparency of public finance (e.g., a socially equitable tax system, pro-poor budget planning);
- give increased support to programs to strengthen civil society, especially civil society involvement in the elaboration of national poverty reduction strategies (including the involvement of women’s organizations).

Resolving Conflict Peacefully - Fostering Human Security and Disarmament

Conflicts are an integral part of processes within society. If they are settled peacefully, they can even help to foster positive change. However, if they turn violent they threaten people’s security and well-being. They destroy the achievements of development efforts and create new poverty. This is why it is indispensable to foster crisis prevention and peaceful conflict settlement if poverty reduction is to be attained. Poverty reduction in turn makes an important contribution towards crisis prevention and crisis management. This is why the German government advocates, not least under the aspect of poverty reduction, the further development of crisis prevention instruments both nationally and internationally. It will, in particular,

- make a stronger contribution to international peace processes by means of supporting UN and OSCE missions, and advocate the creation of further legal provisions to govern international relations on the basis of the renunciation of the use of force laid down in the Charter of the United Nations;
- give stronger support to crisis prevention, peaceful conflict settlement and the consolidation of peace as a focal area of its development cooperation with interested countries;
- work for a reduction in military spending and for regulations to restrict the international trade in arms, especially to reduce the proliferation of small arms, and support its partner countries in these areas;
- support activities for strengthening civil control over security organs, work for transparent and democratic assessments of military spending, and strengthen the capacity of partner countries’ armed forces to take part in international peace missions.

Alliances Against Poverty

The German government works with international and national partners on the shared mission of poverty reduction.

Effective cooperation and coordination with international and multilateral institutions facilitates comprehensive poverty reduction that would not be possible on the basis of bilateral contributions alone. The German government will therefore continue and, where necessary, increase its efforts to achieve a coherent pro-poor policy within, and together with, international bodies and institutions.

Within Germany, the German government considers forces from the private sector and civil society, as well as the Federal States and municipalities, important partners who are
making their own contributions to poverty reduction. The German government invites these partners to help implement the Program of Action.

The German government appreciates the private sector's use of its financial and technical resources for the purposes of poverty reduction, for instance through direct investment and other business activities that create job opportunities for the poor and encourage them to embark on business ventures of their own. Enterprises are increasingly realizing that adherence to human rights and to social and ecological minimum standards is in their own interest. The German government welcomes this trend and is willing to support relevant activities. The German government is making increased use of the instrument of Public-Private Partnerships (PPP) with a view to reducing poverty. Private companies and official development cooperation forge these partnerships to realize projects which are beneficial in development terms and, at the same time, profitable for the companies involved.

The German government appreciates the extensive range of projects undertaken by German nongovernmental organizations using the donations they receive, as well as their education work and their role in helping to form the political will of the people in Germany. It is continuing to operate its successful programs of pro-poor cooperation with the churches, the political foundations and private agencies, through which these organizations' partner projects in the developing countries are supported; it also supports their education work. The German government will continue to seek close coordination with nongovernmental organizations both regarding policy issues relating to poverty reduction and regarding practical cooperation.

The academic and research community, too, plays an important role for sustainable poverty reduction. The German government invites the organizations representing Germany's academic community to work towards targeted use being made of training and research capacities for the purposes of poverty reduction and for implementing and further developing the Program of Action.

Poverty reduction is a fundamental aspect motivating the development policy work of the Federal States and municipalities. They are therefore important partners of the German government.

**Implementation**

The Program of Action is supported by an implementation plan which will contain steps for the individual actions. The German government will create, in all relevant policy fields, the requisite organizational basis for giving greater attention to poverty reduction.

The German government proposes that a dialogue forum be set up with the involvement of the private sector and civil society to facilitate an exchange on relevant activities and to initiate and reinforce joint action.
Purpose of the Program of Action

The purpose of this Program of Action is
- to spell out the German government's contribution towards reaching the international target of halving the proportion of people living in extreme poverty by 2015,
- to invite other players to engage in greater cooperation with the government,
- to deepen the German public's understanding of global poverty reduction.

1 Poverty Reduction - a Shared International Mission

1.1 Poverty and the Definition of Poverty

Over one billion people are living in extreme poverty, with a daily income of less than one dollar – that means about one fifth of humanity, or one quarter of the people in the developing countries. The majority of the poor are women.

44% of all people in extreme poverty live in South Asia; almost half of the population of sub-Saharan Africa is poor. While the proportion of the population in the developing countries living in poverty decreased from 29 to 23.4 percent between 1990 and 1998, the number of people in absolute poverty remained about the same, at around 1.2 billion. The greatest progress on poverty reduction was made in East Asia; China, Malaysia and Thailand, for instance, managed to greatly reduce poverty. However, as a result of the financial crisis, poverty rose again in many countries of the region. Eastern Europe and Central Asia saw a considerable increase in poverty.

However, poverty is not just defined in terms of low incomes. Those affected know better than anyone else what poverty means. The World Bank study Voices of the Poor has shown what the poor consider to be their main problems (see box). Poverty amounts to a loss of creative potential for all of society.
Main problems from the point of view of the poor

- Lack of what is necessary for material well-being (e.g., food, housing, land)
- Social exclusion, lack of voice and power, lack of confidence, lack of human dignity
- Absence of economic and social basic infrastructure (e.g., rural roads, transport, water, health and education)
- Illness
- Lack of opportunities for education (especially ability to write and read)
- Lack of resources

(from: World Bank, Voices of the Poor, Can Anyone Hear Us?, Oxford University Press, 2000)

Who are the poor, where do they live, and what are the causes of poverty? All strategies for enabling people to live in dignity must start by finding answers to these questions for the countries concerned. The poor are usually not a homogenous group; they can be found among marginalized or ethnic minorities (such as indigenous people), children and young people, single parents, the sick, and the disabled. Most of the poor live in rural areas; increasingly they also live in urban slums. Poverty has many different causes. They are rooted, not least, in economic and social deficits such as unequal distribution of wealth, inequitable power structures, poor governance, lack of certainty of the law, the quest by elites for personal gain, as well as lack of gender equality and other forms of discrimination. Ultimately, poverty is linked to fundamental issues of human coexistence. Poverty reduction is therefore an eminently political task.

1.2 The 2015 Target

There is a consensus among the international community that poverty and growing inequality are among the fundamental problems of the new century, given a background of, among other things, advancing globalization of all aspects of life and inequitable starting positions of the industrialized countries and the developing countries. They are at the root of many other global risks and threats, which are both causes and consequences of poverty.

According to the latest estimates, the world population will grow more than expected, increasing by one billion to 7 billion people by 2015. Most of the population growth will take place in the developing countries.

58 million people worldwide have become infected with HIV/AIDS ever since the epidemic first broke out. It is the middle generation of working age in particular - which should be the driving force behind their countries' development - which is affected. This amounts to a loss of decades of development efforts, especially for the poorest countries.

These developments show just how urgent it is to step up the efforts to reduce poverty in developing countries, with a view in part to preventing future conflicts over access to resources. Overcoming the gap between rich and poor is therefore a vital contribution towards a more peaceful and just world, and is also dictated by social responsibility and good sense. In an ever more converging world, global poverty reduction is also in Germany's own interest.

It was against this background that, in the United Nations (UN) Millennium Declaration of September 2000, the heads of state and government committed themselves to the target of halving the proportion of people in extreme poverty worldwide by 2015. This target is closely related to the other international development objectives, including the target of halving the proportion of people who suffer from hunger by 2015 and of providing universal primary education for children up to the age of 14 by that same year. If people have no access to education, as is the case for many, they have fewer opportunities for development; investment in the education of girls is one of the best investments in development that can be made. It allows girls and women to take charge of their own lives, reduces rates of maternal and child mortality, increases productivity and results in better treatment of the environment.

The prerequisite for halving poverty is the political will to find new solutions for tapping and using existing potential and financial resources. Existing strategies need to be implemented effectively, and poverty reduc-
tion must be understood as a shared national and international mission for which many players bear responsibility. This is why the German government believes that as many countries of the world as possible should produce national action plans describing their contribution to the target of halving poverty. The German government is in favor of spelling out in concrete terms the decision adopted at the UN General Assembly Special Session on social development in June 2000 that a global campaign to eradicate poverty should be launched.

### Halving poverty by 2015

This target was promulgated by the UN General Assembly Special Session on Copenhagen+5 (Geneva 2000) and by the heads of state and government at the UN Millennium Summit (September 2000) on the basis of the World Social Summit (Copenhagen 1995) and of the goal adopted by the OECD in 1996. It comprises the following parameters:

- Reduce the proportion of people living in extreme poverty by 50% by 2015. It is intended to achieve commensurate reductions in poverty across all countries concerned.

- People who have less than one US dollar per day are considered to be living in extreme poverty.

- People in extreme poverty are mainly living in developing countries, including Eastern Europe and Central Asia. A total of 29% of the population in those countries were extremely poor in the reference year, 1990; this is the proportion to be halved. In terms of numbers, 1.3 billion people were living in extreme poverty.

- Four core indicators are to be used to measure achievement of the target. They are: number of people in extreme poverty (people with a daily income of less than one dollar); the poverty gap ratio (average income of persons in extreme poverty as compared to the poverty line; describes the depth of poverty); inequality (poorest fifth’s share of national consumption); and child malnutrition (proportion of children under 5 who are underweight). The data will be compiled and analyzed by various international organizations on the basis of national statistics.

### The seven International Development Goals

- Reduce the proportion of people living in extreme poverty by half by 2015.

- Enroll all children up to the age of 14 in primary school in all countries by 2015.


- Reduce infant and under-5 child mortality rates by two thirds by 2015.

- Reduce maternal mortality ratios by three quarters by 2015.

- Provide access through the primary health care system to reproductive health services for all individuals of appropriate ages with a view to lowering birth rates, as soon as possible but no later than 2015.

- Implement national strategies for sustainable development in every country by 2005, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015.

From: 2000 - A Better World for All (IMF, OECD, UN, World Bank)

### 1.3 Players

The following players in particular bear responsibility for sustained poverty reduction:

- Governments of industrialized countries and the multilateral development organizations, by contributing experience and funding and by designing their policies in such a way that they do not contradict each other and take account of the goal of poverty reduction. This includes opening these countries’ markets to a greater extent, especially for products from LDCs.

- All governments and international organizations, by creating an international regulatory framework that offers conducive conditions for poverty reduction. This regulatory framework must not put the developing countries at a disadvantage but should, among other things, facilitate structural change so as to reduce their depend-
ence on exports of basic commodities and to improve the terms of trade.

- Governments of developing countries, by carrying out reforms that create an enabling framework for poverty reduction and facilitate pro-poor growth and the development of private and business initiatives. They bear special responsibility for their countries’ development.

- Forces from civil society and the private sector in industrialized and developing countries, by making use of their opportunities for reducing poverty and by using their dialogue with governments and international organizations to call on them to contribute to poverty reduction.

Poor women and men themselves are players. They are not the problem but, by making use of their creative potential and their determination to help themselves and by fighting for their rights, are part of the solution. Self-help, self-organization, and participation on the part of people living in extreme poverty are fundamental principles of poverty reduction. Poverty reduction does not mean dispensing charity but rather helping to develop the productive potential of the poor.

2 The Program of Action and Levels for Action on the Part of the German Government

2.1 The Program of Action

In collaboration with the other players, the German government wishes to do everything in its power to help reach the target of halving poverty. In September 2000, Federal Chancellor Schröder announced before the United Nations that Germany would act upon its responsibility and draw up a Program of Action. The German government has discussed that Program with development organizations, civil society (including labor unions and academics) and the private sector in Germany and also with other governments and international organizations. The implementation of the Program will also require close cooperation between all players involved.

The Program of Action deals with poverty in developing and transition countries. Yet, it should not be forgotten that poverty and inequality exist within Germany too. Poverty in Germany, however, has a different face than the extreme poverty that exists in many developing countries. The German government’s reform policies are geared towards reducing inequality in Germany. The government has just produced a poverty and wealth report which deals with the social situation in Germany and makes suggestions on how to overcome poverty and reduce inequality.

2.2 Status and Strategic Elements of Poverty Reduction

Reducing worldwide poverty has come to be looked upon by international policymakers as a global task which goes beyond development policy. For the German government, too, poverty reduction is an important element of its overall policy, which is guided by the principle of sustainable development. Faced with new economic, technological, social and ecological challenges, the government intends to develop its international policy, especially foreign, security and development policy, in such a way that it will help secure the global future. For development policy, poverty reduction is an overarching task to which contributions are made by measures from all fields of sustainable development (social justice, ecological compatibility, a thriving economy) as well as by measures relating to the political dimension - fostering democracy, the rule of law, and peaceful conflict settlement.

One prerequisite for sustainable poverty reduction is peace. That is why it is especially important to implement the German government’s Overall Strategy on Crisis Prevention and Conflict Settlement. Development policy and poverty reduction are making a specific contribution to these goals within the framework of the German government’s foreign relations.

The German government subscribes to a broad definition of poverty and poverty reduction. Broad international agreement has been achieved about important strategic elements of poverty reduction. With reference
to the 2000/2001 World Bank World Development Report, they can be described with the key words of opportunity (improving the economic options of the poor), empowerment (strengthening their political participation) and social security. The United Nations Development Program (UNDP) has made valuable contributions to the concept of "human development." Of equal importance have been the outcomes of global UN conferences on social development, environment and development, gender equality, and respect for human rights.

2.3 Levels for Action on the Part of the German Government

With its activities, the German government supports structural change at the international and multilateral level, in its partner countries, and in Germany itself.

International Structures

In an ever more converging world, many problems transcend national borders or are rooted in the international context, which means that negotiated international solutions must be found. This also applies to poverty, since important aspects of the general environment (such as access to markets) are determined at the regional and global levels.

The German government is a proponent of the worldwide attainment of human rights and the promotion of democracy, social justice, and sustainable development. International arrangements, strategies and procedures must be further developed to that end, with attention being given to the interests of all countries. A shared regulatory framework must accord possibilities for participation and fair opportunities to the disadvantaged, enable them to make use of their potential and give them a greater share in the benefits of development. The German government advocates that coherence be established between the various international arrangements in such a way as to ensure that they take account of the tasks and objective of poverty reduction throughout.

The developing countries' new poverty reduction strategies - not only as part of debt relief measures

The current debt relief process for heavily indebted poor countries (HIPC) goes back to a decision taken by the G7/G8 countries at their 1999 Cologne Summit and initiated in part by Germany. This decision provides for reducing to a sustainable level the debt of the poorest countries by means of debt cancellation on the part of all creditors. The funds thus freed up are to be used to make a substantial contribution towards poverty reduction. It is expected that 37 countries will qualify.

Debt relief is tied to Poverty Reduction Strategy Papers (PRSPs) to be drawn up by the countries themselves with the participation of civil society. The PRSPs lay down the actions that the country in question will take to reduce poverty. They take into account both the funds freed up as a result of debt relief and additional national funds and new donor contributions. PRSPs are the basis for support from the World Bank, the IMF, and other bilateral and multilateral donors, not only in HIPC countries but, gradually, in all other poor countries as well. With the IMF also supporting the developing countries' own poverty reduction strategies, this marks the end of the former approach to structural adjustment, which focused solely on macroeconomic indicators.

The debt relief procedure agreed under the Enhanced HIPC Initiative is based on four steps:

- The partner country completes a program of economic and social policy reform (PRGF program) agreed with the IMF and the World Bank and draws up an interim poverty reduction strategy that does not yet comprise all the details.
- At the Decision Point, a decision is taken by the World Bank and the IMF on the volume of debt relief. Partial relief is delivered.
- Completion of another program of reform, finalization of the PRSP and start of implementation; in this phase, too, debt service is already reduced.
- At the Completion Point full debt relief is delivered.
The estimated volume of debt relief under the Enhanced HIPC Initiative is about US$ 70 billion. Germany's contribution to that amount is about DM 10 billion, plus some DM 650 million that will be provided from the budget to finance the debt relief accorded by multilateral creditors and the EU. Together with other bilateral debt relief granted by the Paris Club, HIPCs' debt levels will thus be reduced by about two thirds in total. The level of debt service should drop to about 10% of exports or even less, according to World Bank data. The volume of debt relief for a given HIPC may be adjusted in appropriate cases to take into account deteriorations in the terms of trade caused by external shocks (such as serious declines in export prices).

Implementation has been launched successfully. By the end of 2000, a decision on debt relief had been taken for 22 HIPCs. These countries will be granted nominal debt service relief (cancellation of interest and of repayment of principal) of US$ 34 billion. In 2001 alone, these 22 countries will have to pay some US$ 1.4 billion less in debt service than they would have paid without debt relief - funds which can be used for education, health, and other investments that are vital for development.

The German government also advocates middle-income countries drawing up poverty reduction strategies, since these countries are home to one third of the poor worldwide.

Structures in the Partner Countries

It is an indispensable prerequisite for sustained poverty reduction that the structures in the partner countries be conducive to development. It is the responsibility of each country to create such structures. However, development policy can give effective support to countries' efforts to establish a suitable economic, social, ecological and political regulatory framework.

To determine the nature and volume of its development cooperation with each partner country, the German government applies the following criteria: respect for human rights, the rule of law and certainty of the law, popular participation in the political process, creation of a social and ecological market economy, development-oriented state action. In all criteria, attention is also given to the extent to which the partner government focuses its policy on poverty reduction. The German government will reinforce its cooperation with countries that are clearly striving for pro-poor and pro-development reforms.

Our cooperation with each country is based on our partner's plans and strategies and our dialogue with governments and civil society forces. The German government supports the developing countries' efforts to draw up and implement national, participatory Poverty Reduction Strategy Papers (PRSPs) and will adapt its bilateral cooperation programs to them. PRSPs address the causes of poverty, taking into account social, structural and macroeconomic aspects. The inclusive and partnership-based approach is intended to ensure that the country's own particular weaknesses and problems are identified and that the partner countries and organizations lending support to the effort attach priority to overcoming them. National Strategies for Sustainable Development (NSSDs), too, are an important basis for poverty-related cooperation.

On the basis of the German development concept paper for poverty reduction, greater account is being taken of the perspective of the poor when planning and implementing activities. Priority is given to programs that foster reform and address the causes of poverty. The support comprises both measures for direct poverty reduction and projects that reach the poor indirectly through a longer chain of impact. One central area of poverty reduction is the focus on self-help.

Poverty-oriented cooperation in Mozambique

Over the past decade, Mozambique has repeatedly hit the headlines. In 1992, the end of sixteen years of civil war was formalized in Rome. The peace process launched at that time culminated in the first free and fair parliamentary and presidential elections in 1994. However, after a promising start, democracy experienced some setbacks in Mozambique. The former adversaries still cling to old structures, and the government's policy is character-
ized by an approach focusing on state intervention.

Nonetheless, there is cross-party agreement on one important goal of development: reducing widespread poverty by means of economic growth at all levels. More than two thirds of the population live below the poverty line and are faced with a daily struggle for their livelihoods.

One major impediment to improved living conditions in Mozambique is the highly centralized structure of the state, which hampers the creation of democratic, decentralized structures. As a result, it is difficult to achieve popular participation in political decision-making. But it is only if, say, a poor farmer from Manica Province has a chance to describe his problems, or if a landless woman from Sofala can make her ideas on village development heard in the drafting of a district plan that poverty becomes tangible and visible and that it will be possible to develop and jointly implement appropriate programs for improving people's living situation. German-Mozambican cooperation addresses those areas where it can change structures in this way - so as to lay a lasting foundation for poverty reduction. For instance, democratization assistance funding was used to provide financial support and election monitors for the parliamentary and presidential elections of 1994 and 1995. Bilateral development cooperation will place even more emphasis in future on fostering democratization and decentralization in order to support Mozambique in its fight against poverty. One important activity is our cooperation on the participatory drafting of the PRSP.

Bilateral development policy is designed using a program-based approach and is the subject of close coordination, both in terms of strategic planning and practical implementation, with other bilateral donor countries, the EU, and multilateral development organizations.

Development cooperation is increasingly drawing on development partnerships with the private sector and civil society. Official cooperation can make an important contribution and should also act as a catalyst for changing structures, facilitating new alliances and encouraging new forms of funding (such as a mix of public and private funds). Drawing upon its missions abroad and on the organizations acting on its behalf, the German government is willing to take a lead role among donors in individual partner countries for in-country coordination of the programs of various different donors. The German government is actively involved in international efforts to harmonize and simplify procedures (for instance in the OECD Development Assistance Committee). We will continue our intensive dialogue with multilateral and international development organizations on policy issues related to poverty reduction.

Structures in Germany, Europe, and Other Industrialized Countries

In parallel with reforms at the international level and with structural changes in the partner countries, the German government is also making active efforts at the domestic level to achieve lasting poverty reduction worldwide. It is trying to achieve a change in structures and attitudes with the objective of economic and ecological sustainability and is making relevant efforts at the European and international levels.

All new German laws will be examined in future in terms of whether they touch upon development policy concerns; this includes their relevance for poverty reduction.

The German government will continue to be a strong advocate in the OECD of tackling the central task of poverty reduction as part of a coherent, and thus comprehensive, political approach which creates synergies, in particular, between the areas of environmental and agricultural policy, trade, science and technology, and economic and financial policy. Within the EU, too, the German government is striving for Community trade and agricultural policies to be designed in a way that is conducive to development. It will call for coherence of all EU policy fields.

One prerequisite for policy coherence is the backing of the public. This is why broad support from the population and cooperation with civil society, the private sector, and the Federal States and municipalities are important. The German government therefore wishes to enhance public awareness of the task of poverty reduction and strengthen
people's interest in and action for the people in the developing countries. This Program of Action is part of this endeavor. In this context, the German government considers it one of its duties to support the Federal States in integrating this topic into development education at school. Furthermore, the German government is actively pursuing, as a matter of high priority, the goal of also using education work outside schools to highlight ways of getting involved. In that context, the German government will also raise issues related to the connections between our lifestyles and consumption patterns and the situation of poor people in developing countries.

3 Priority Areas for Action by the German Government

The German government attaches priority to the ten areas for action for poverty reduction listed below. They are interrelated in many ways and are mutually reinforcing. One key factor for successful poverty reduction is good governance which guarantees human rights, democracy, and participation.

Within each area for action, priority actions have been defined. The individual measures for implementation relate to the three levels for action described above. The selection of the measures and their design take account of the fact that the majority of the poor are women and girls. The German government will base its individual development cooperation projects on the priorities and conditions in the respective partner countries.

3.1 Boosting the Economy and Enhancing the Active Participation of the Poor

In order to halve poverty (measured in terms of income) by 2015, what is needed in particular is a clear increase in economic dynamism in the developing countries. Globalization offers relevant opportunities to the developing countries in the form of improved access to ideas, information, technology, goods, services, and capital, as well as increased international trade relations. If these opportunities are to be used in such a way that the poor have an active part in developments and poverty is reduced, national governments and the international community need to act in a responsible manner. The tasks of the international community mainly relate, at the global level, to fair trade opportunities for the developing countries and a stable and strong system of financing for development, including debt relief. At the national level in the developing countries, the international community can, and indeed must, support the countries' own efforts to achieve increased, pro-poor economic growth. To this end, fundamental improvements are needed in the regulatory frameworks of these countries. Specifically, governments need to provide for macroeconomic stability, efficient markets, socially equitable conditions for access to resources and infrastructure, and the basis for ecologically sustainable development.

In many developing countries, the productive potential of the private sector, in particular, and also of the informal sector and the poor themselves is underutilized. This can be seen from the high levels of underemployment and unemployment, especially among young people. Efficient and dynamic economic activity is often blocked by structural and institutional weaknesses, including at the regional or local level. The following efforts in particular are needed on the part of the developing countries in order to overcome these barriers and to tap unused potential:

- Creating a climate in which the private sector can flourish. This includes, among other things, the creation of competition and a reliable legal system, curbing corruption, a tax policy that provides incentives for performance, and an effective public administration.
- Creating a conducive environment for job creation by means of promoting investment and enterprises with a potential for growth, and by means of promoting labor-intensive production methods that are competitive in the long term.
- Creating a suitable basis for increasing income and employment by means of using, formalizing, and vitalizing the entrepreneurial potential of the informal sector and of small and medium enter-
prises, through measures such as the reduction of red tape, facilitation of market access, support for access to productive resources and promotion of entrepreneurial capacity, and providing for reliable property rights.

- Creating a financial system which contributes both to macroeconomic stability and to fostering small enterprises and economic activity on the part of poor households, by means of improved investment opportunities and access to credit.

- Ensuring efficient and sustainable provision of energy, transport and communication services, and expanding the social and economic infrastructure.

- Eliminating gender-specific, ethnic and social exclusion, with the purpose of mitigating the unequal distribution of, and unequal access to, productive resources. This includes land reform, increased pro-poor public spending, especially in the areas of education and health, and, in particular, fostering girls' enrollment in schools and improving women's access to microcredit.

The IMF and the World Bank Group (Bretton Woods Institutions), the regional development banks and the EU are important players in the international community with regard to helping to increase pro-poor economic growth by funding investments and supporting structural reform. The World Bank has made poverty reduction its overarching goal. The new ACP-EC partnership agreement of Cotonou and the Statement on the European Community's Development Policy adopted in November 2000 by the Council and the European Commission also made poverty eradication the main objective of all activities. The consensus achieved in the organizations offers an opportunity for implementing harmonized, effectively coordinated and prioritized policies.

The German government welcomes the fact that financing for the Enhanced HIPC Initiative has been secured and supports the World Bank and the IMF in implementing the Initiative. The IMF's Poverty Reduction and Growth Facility (PRGF) for the poorest countries will be used accordingly to tailor macroeconomic policy more closely to the requirements of the poverty reduction strategies. The German government welcomes and supports the efforts to further improve cooperation between the two Bretton Woods Institutions.

In the bilateral sphere, the German government's policy, in the form of policy dialogue, advisory services, and the provision of funding, is helping to improve governance, strengthen efficient institutions, develop the private sector, especially small and medium-sized enterprises, and strengthen the economic, social and ecological infrastructure in the partner countries. This will also include greater reliance in future on modern information technologies. These contributions also improve the environment for private investment from domestic and foreign sources, which is becoming increasingly important for sustained increases in growth and for integrating the economic potential of the poor into product and labor markets. Public-private partnerships and the increased mobilization of market funds as part of development cooperation efforts can help to increase investment not just in the economic but also in the social infrastructure.

**Viet Nam: Economic reform and development of a social market economy as a contribution to poverty reduction**

The vital elements of successful poverty reduction in Viet Nam are reforms of the economic system, the legal and financial system, and development of the private sector. German-Vietnamese cooperation supports this process at various levels:

Firstly, advice is provided to the government with regard to reforming the budget system and establishing the state court of auditors, with the purpose of achieving stable, transparent and socially equitable revenue and expenditure policies. The government is thus enabled to increase its expenditure on social sectors such as education and health and to implement its poverty strategy. Support is also given to legal and economic reforms so as to enhance the general framework for private-sector activity and to make the legal system more reliable for enterprises.
Furthermore, the program of German-Vietnamese cooperation provides advice to small and medium-sized enterprises (SME) in Viet Nam as they engage in partnerships with European companies, and support is provided to institutions for the enhancement of SMEs which offer training in business management. The purpose of these efforts is to create and maintain jobs by means of strengthening existing SMEs and creating new SMEs. Returnees from Germany are given business start-up loans in order to facilitate their reintegration in Viet Nam.

In rural areas, the development of a non-centralized system of affiliated people’s credit banks is helping to provide access to banking services, and thus an opportunity to save or borrow, for people who had previously no access to bank loans or savings schemes.

**Actions:**

- The German government will support economic policy reforms (e.g., improving sector-related regulations, reducing red tape where it hampers the potential of the informal sector, strengthening institutions) and regional and local efforts to foster the private sector in the partner countries.

- The German government will support private-sector development by means of activities to build technological competence, increase private-sector investment, develop and establish the infrastructure needed by businesses, and by means of fostering practice-oriented vocational training systems, access to credit and the provision of private services for SMEs. This is to be done, among other things, by using public-private partnerships.

- The German government will foster the productive potential of the poor and their share in the benefits of increased economic activity by means of measures to develop entrepreneurial capacity and to improve their access to productive resources (including credit for women) and to markets. This will be accomplished, among other things, by means of support for self-help organizations and for the expansion of economic and social infrastructure, especially in poor regions.

- The German government will support training and employment opportunities for the poor, particularly young people.

- The German government will give increased support, in accordance with the G8 decision of 2000, to the use of modern information technology (IT), especially with a view to improving poor groups’ health care and educational opportunities (in particular for women), and to greater inclusion of these groups in the economic process by means of e-commerce. The desired goal is broad cooperation between interested developing countries and the German government, academics, and the private sector. Such cooperation should include the creation of an environment conducive to competition, access to IT, training of specialists, and adapting software to local conditions.

- At the upcoming replenishments of the special funds of the World Bank and the regional development banks, and within the framework of EU development cooperation, the German government will work for continued support to PRSPs, and thus a strong focus on poverty reduction, and for the provision of appropriate levels of funding. It will advocate that in the more advanced developing and transition countries, too, these organizations should focus more closely on key social and structural problems related to poverty.

- As regards the activities of private sector oriented subsidiaries of the World Bank and the regional banks which deal with direct support for enterprises and investment in the developing countries, the German government will work towards integrating them even more closely into the poverty strategies.

- The German government will intensify its country-specific dialogue in Germany with the private sector, labor unions, and banks, with the goal of making greater use of private-sector potential for the purposes of poverty reduction in the partner countries.
CEFE - a program for the development of entrepreneurial potential

CEFE (Competency Based Economies Through Formation of Enterprise) is a concept for advanced training which aims to increase entrepreneurial potential among the members of lower income groups. The concept is mainly geared towards creating, sustaining and expanding competitive, self-reliant economic activities and jobs. CEFE is particularly successful among participants with a low standard of education and low income. 86% of all participants in training courses worldwide have rated the program "useful" or "very useful" for the development of their small business. On average, additional employment amounting to over four new jobs per participant was created by participants upon completion of a CEFE course.

CEFE is applied in a variety of contexts by an international network of 1250 organizations in, at present, almost 120 countries. This concept, which has been developed within the framework of German Technical Cooperation, is not only used by the German government but also by other bilateral and multilateral donors.

AGETIP - employment programs in Africa

In a number of African countries, a new form of support has been introduced with the help of the World Bank, German development cooperation and other donors, making it possible to create jobs and sources of income for poor population groups quickly and efficiently. At the heart of the new form of employment promotion is the "system of delegated contract management." Under that system, government institutions delegate the function of project owner in infrastructure projects to a building contractor specifically established for this purpose (AGETIP), which in turn contracts out the planning and construction works to local private companies. AGETIP agencies do more efficient work than public institutions since, as a result of their private status, they do not have to adhere to procurement procedures that hamper performance and they pay their staff at the market rate. Moreover, new jobs are created.

Delegated contract management has a sustained structural impact that benefits private-sector development. Since AGETIP not only uses modern management methods but also lays down mutual agreements in writing, it is contributing to the development of a contract culture which has not become widely established in Africa so far. Moreover, AGETIP's application of binding quality standards also improves entrepreneurs' technical know-how and makes it easier for them to enter new markets.

3.2 Realizing the Right to Food and Implementing Agrarian Reform

Some two thirds of the poor live in rural areas, as do the majority of the approx. 800 million people suffering from hunger or malnutrition. Women and girls are particularly affected. In countries where agriculture accounts for a high share of GNP and total employment (e.g., African LDCs), the level of economic growth and the rate at which poverty is reduced is particularly dependent on the growth of agricultural production and rural economic systems and on the development of rural institutions and human capital (education and health). Inadequate agricultural development leads to further poverty, unemployment, hunger, and undernutrition.

Experience shows that rural poverty, and also hunger and undernutrition, can be reduced on a lasting basis by means of reforming the rural economy. This includes a reform of the legal system of landholding (long-term security of property or tenure, agrarian reform), an agricultural market policy which improves small farmers' prospects, agricultural research that is geared to the needs of farmers, the establishment and development of social and economic infrastructure in rural regions, and the creation of a rural financial system which gives poor farmers access to short-term and long-term credit and to reliable savings schemes. Market-oriented agricultural development contributes towards greater entrepreneurial activity in the rural economy. Suitable agricultural policy measures must be taken to foster small-scale farmers as well as producers' marketing associations and their organizations so as to enable them to sustain their marketing opportunities.

The responsibility for the reforms to be undertaken rests with the partner countries. One fundamental prerequisite is for the distortion of prices in world agricultural mar-
kets resulting from the industrialized countries’ protectionism in the agricultural sector to be stopped for good.

The German government actively supports the realization of the right to food as laid down in the UN Covenant on Economic, Social and Cultural Rights and supports both the 1996 World Food Summit’s initiative to clarify the content of this right and create relevant judicial instruments and the process that has been thereby launched. It also supports the goal of the World Food Summit to halve the number of undernourished people no later than 2015. It supports national policies and strategies for creating the necessary framework for sustainable agricultural development which enables poor rural people to participate in the development process.

Actions:

- The German government advocates the rapid removal of protectionism in the agricultural sector at the European and international levels; in particular, it advocates a reduction of all forms of export subsidies so as not to harm food production in the developing countries.

- The German government will give increased support to agrarian and land reform, by advocating such reform in its policy dialogue with the governments of its partner countries. It will lend financial and advisory support, for example, to tenancy reforms, socially compatible distribution of land, and securing a legal basis for access to land/land ownership, especially for women, as well as agricultural market policy measures and agricultural research activities that improve small farmers’ prospects.

- The German government will support agricultural development and agricultural research that is geared to the needs of poor farmers with a focus on food production (including fisheries, the conservation of soil fertility and biodiversity, the protection and management of natural resources used by the community, conservation and efficient utilization of water resources).

- The German government will support capacity-building and organizational development with the purpose of enhancing rural producers’ capacity for self-help and enhancing the efficiency and client orientation of relevant private and public service providers.

- The German government will support national and regional programs for food security, including the further development of early warning systems.

Socially equitable distribution of land and secure tenure in the form of land titles, secure leasehold or long-term land use rights are key factors for agricultural development in rural areas.

In rural South Africa, extreme inequality continues to prevail: 12 million people are living on 17 million hectares of land, of which only 15% offers good conditions for agricultural production, whereas 86 million hectares, most of which is top quality farmland, is used by a mere 60,000 farms. In order to remedy this disparity, the South African government is pursuing three strategies with its land reform program:

- the redistribution of land on the basis of voluntary sale of land,
- the restitution of land which had been confiscated during apartheid,
- land tenure reform to provide for legal protection of the land property of farm workers and tenants, primarily in areas with traditional communal land use rights.

For a variety of reasons, progress on the envisaged reforms has so far been slow. Land issues are also power issues and very sensitive politically. It is usually not sufficient to reorganize land ownership. Experience has shown that every reform of land ownership needs to be accompanied by a reform of cultivation practices. Agricultural services, such as extension, vocational training, provision of credit, or marketing, need to be based on the needs of the target group. The people concerned need to develop their capacity to take on their new tasks in a self-reliant, responsible and sustainable manner. It is precisely in this area that German bilateral support has become active.
The German government will work to ensure that no unreasonable constraints will be placed on access to plant genetic resources or on the local conservation of biodiversity. It recognizes countries' right to frame national law, within the framework of the applicable international legislation, in such a way that purchased seeds can be reused for sowing and for local research. The German government also emphasizes the sovereignty of all countries over their traditional knowledge and their local genetic resources. The benefits arising from the utilization of these resources should be shared in a balanced and equitable way. These aspects need to be taken into account as the legal framework is developed further.

The German government will support its partner countries in their efforts to protect themselves against the risks involved in genetic engineering in the areas of agriculture and food.

3.3 Creating Fair Trade Opportunities for the Developing Countries

Gradual integration into the world market is decisive for developing countries' economic and social development. Not only does it enable them to earn additional foreign currency, it also broadens their opportunities to implement a sustainable development policy. Moreover, it improves their access to knowledge and technology, a decisive factor in their development process. Trade liberalization is therefore an important element of poverty reduction. However, the liberalization of trade must be integrated into a comprehensive pro-poor development strategy in each country. Even though many developing countries have achieved remarkable success in the area of trade, the share of global trade and foreign investment going to the poorest countries has declined even further.

The cause of this is to be found partly in the world trade system or in the industrialized countries' trade policies and partly also within the developing countries themselves. Poorer countries in particular are highly dependent on exporting the very commodities whose prices have been declining for decades. This is compounded by the fact that, due to the differing trade structures of industrialized and developing countries, industrialized countries' average trade-weighted tariffs on imports of products from developing countries are too high and even exceed average trade-weighted tariffs for trade among the industrialized countries. The developing countries are losing just about as much income through the industrialized countries' import tariffs as they receive in official development assistance.

The German government supports the developing countries in developing efficient trade capacities and is working to improve their trade opportunities. Since trade policy falls under the responsibility of the European Community, the German government only has an indirect influence on the design of the world trade system. Within the EU, the German government has been calling for a further expansion in developing countries' market access by means of reducing industrialized countries' tariffs and import quotas. In this context, it is particularly desirable to design developing countries' trade preferences in such a way as to make them stable and calculable. Products for which developing countries have traditional competitive advantages due to local factors must not be excluded. As early as the beginning of 1998, the EU dismantled all tariffs for industrial products from LDCs. As of March 2001, tariff- and quota-free import into the EU of all products from LDCs, except arms, will be guaranteed. Markets have thus been opened for about 900 agricultural products. There are only three sensitive products (bananas, sugar, rice) for which the reduction in tariffs and quotas will be gradual.

Further, the German government recognizes that the developing countries are faced with special problems in liberalizing their trade. These countries are generally characterized by serious weaknesses in their economic and institutional structures. The WTO agreements already contain a system for special treatment which is intended to take account of the developing countries' difficulties in liberalizing their economies. It is necessary to adjust this system to the new situation and make it more efficient; for instance, developing countries should be given the right to
protect their national food production with internal support measures if so required in the interests of food security.

**Actions:**

- The German government advocates starting a new, comprehensive WTO round of negotiations at an early date in which the interests of the developing countries are taken into account in all areas under negotiation and in which their participation in WTO structures is improved ("development round"). The German government recognizes the developing countries' difficulties in implementing existing regulations and is willing to make concessions to the developing countries in a new round.

- Following the EU’s introduction as of March 2001 of tariff- and quota-free import of products from the poorest developing countries (LDCs), the German government is working to persuade other important industrialized nations such as Japan, Canada, and the U.S., to join the EU in opening their markets to an equally broad degree.

- The German government advocates using the next world trade round to reduce or abolish import duties for important processed commodities from the developing countries, so as to reduce their dependence on exports of basic commodities.

- The German government advocates enhancing the developing countries' trade capacities (especially by means of EU programs and in the areas of communications, customs administration, export promotion in the partner countries). It supports the strengthening of the developing countries' role in the WTO system and is involved in a long-term cooperation program with the WTO to that end.

- The German government advocates further improvements in the EU Generalized System of Preferences. Such improvements should also include the broadening of existing incentives to comply with environmental and social standards.

- The German government seeks to establish a program as part of its development cooperation to promote voluntary ecological and social quality labels and voluntary codes of conduct on the basis of close cooperation with enterprises and with labeling initiatives.

### 3.4 Reducing Debt - Financing Development

In order to attain the target of halving poverty by 2015, more financial resources need to be mobilized. The first priority must be for the developing countries to make greater use of their own resources and for policy reforms to be introduced that will overcome the causes of inadequate financing. In particular, it is vital to increase internal savings and to counter the internal causes of capital flight. An efficient financial system at national and global level is a particularly effective means of minimizing risks and thus improving the mobilization of internal and external private capital. Further sources of external development finance are official development cooperation and funds freed up through debt relief. The German government is actively involved in the ongoing discussions within the UN on all issues relating to financing for development and in the preparations for the International Conference on this topic scheduled for spring 2002.

**Debt Relief**

One factor that makes it more difficult for poor developing countries to spend public funds on social sectors such as education and health is overindebtedness and high levels of debt service. The poor people of these countries are particularly hard hit by this. This is why the reduction of debt and avoidance of future overindebtedness of developing countries continue to be important issues in international relations. Access to credit markets is essential for many developing countries because internal savings are not sufficient to finance the investments needed. The current debt relief strategy, which makes debt relief contingent on pro-poor social and economic policy reform, should be continued. The volume of debt relief is dependent on countries’ income and level of debt and is
decided through a process of multilateral consultation.

The German government was one of the initiators of the Enhanced HIPC Initiative (1999 Cologne Summit) and has called for debt relief to be linked to the elaboration of Poverty Reduction Strategy Papers (PRSPs). The level of debt faced by the HIPCs will be reduced by about two thirds through full implementation of the Initiative and the debt relief measures that have become possible to date. The German government supports the swift implementation of the debt relief initiative (see box in section 2.3).

Independently of the HIPC Initiative, the German government has since 1978 already cancelled some DM 13 billion in bilateral debt owed by developing countries. Moreover, it has been converting debt from Financial Cooperation into countries' own currencies in suitable cases, on condition that the local funds thus freed up be earmarked for development and environmental protection. For a long time now, German development cooperation funds for LDCs have been provided exclusively in the form of grants.

Official Development Assistance (ODA)

Official Development Assistance (ODA) is an extremely important source of development finance for the poorest developing countries due to the scarcity of resources they are faced with and due to the fact that they typically lack access to international financial markets. However, it also continues to be needed in more advanced countries, including newly industrialized countries, since they are home to a large proportion of the world’s poor and their access to capital markets is usually inadequate (exclusion of vast regions and of large investment sectors such as the environment or social infrastructure), subject to great volatility, and sometimes very expensive. This is why ODA continues to be indispensable. Systematic use must be made of openings for further increasing the effectiveness and efficiency of development cooperation.

Private Sources and National and International Financial Systems

While international ODA has remained at an annual level of 50 to 55 billion US dollars throughout the past decade, foreign direct investment increased from 20 billion US dollars in 1996 to 190 billion US dollars in 1999. However, the large flows do not go to the poor countries because private investors consider the risks to be too high. The German government calls for the conclusion of a multilateral agreement on direct investment within the framework of the WTO, giving attention to the special situation of the developing countries. The intention is to facilitate their participation in worldwide investment flows that look to the long term. Export credit guarantees make an essential indirect contribution towards making financing for developing countries easier and thus strengthening their economic performance. Funds provided through German official development cooperation are being more and more frequently combined with private-sector funds, with the former acting as a catalyst by facilitating financing which otherwise would not have been possible. This kind of combination is to be further developed. This relates, firstly, to credit financing and, secondly, to equity financing instruments, which are particularly highly significant for small and medium-sized enterprises.

The financial and banking crises in Asia, Russia and Latin America between 1997 and 1999 have resulted in instability of those countries' economies, slumping growth rates, and increasing poverty, and have demonstrated the risk to other countries and regions of being "infected" by such crises. The international community has since realized that greater stability of the international financial system is an important foundation for lasting global growth and for poverty reduction. At the 1999 Cologne World Economic Summit, important proposals were made for strengthening the international financial system. Many developing countries have since launched efforts to improve their financial stability, among other things by means of strengthening the financial sector, introducing appropriate exchange rate systems, improved debt management, and the
adoption of internationally agreed codes and standards.

The Financial Stability Forum (FSF) tabled some initial proposals in spring 2000 with regard to improved management of short-term capital flows and the introduction of international minimum standards for effective national financial systems. The German government supports enhanced cooperation between the IMF and the World Bank in strengthening the international financial system. The German government is in favor of continuing the policy of not guaranteeing comprehensive bail-out packages from the IMF in the case of financial crises. Private investors should contribute more to measures to prevent financial crises and to the cost of dealing with such crises in future, for instance by introducing clauses to that effect in borrowing agreements. In the event of a crisis, it may also be appropriate for developing countries to take measures to restrict the short-term outflow or even inflow of capital.

The German government's policy also supports the stabilization of the international financial system by strengthening national financial systems in the developing countries. Financial system development is an important strategic opening for poverty reduction in many developing countries for two reasons. For one thing, the establishment of special financial institutions, such as microfinance banks and support to membership-based savings and loan cooperatives and their associations, helps to link small and micro enterprises to the formal financial system, which amounts to a broad-based contribution towards moving the financial frontier downward. For another thing, improvements in banking supervision, in insolvency legislation, in the legal system, and in the performance of medium-sized and large banks strengthen the entire financial system, the "nerve center" of the economy, contributing to macroeconomic stabilization, to the vitalization of economic growth, and to poverty reduction.

**Financial system development**

Stable and strong financial systems are an important foundation for market-based development processes that are driven by the private sector. They enable continuous mobilization of resources and savings and make these resources available to investors, which in turn increases the economy's general productivity. This makes it a key factor in enhancing per capita incomes. A strong financial system provides permanent access to financial services (loans, savings, transactions) even to disadvantaged players in the economy, for instance micro, small and medium enterprises in the formal and informal sectors. Under such conditions, poorer groups in the population are able to develop initiatives as entrepreneurs, realize profitable business ideas, create and sustain jobs and income, and enjoy improved participation in social development in general.

Development cooperation can help to sustain the development role of the financial system and, simultaneously, ensure its focus on target groups. To this end, financial sector projects are integrated into reform strategies aimed at improving the efficiency and the regulatory and monitoring function of the entire financial infrastructure of a given country. Poverty reduction in that context means, for instance, the integration of new groups of clients, the development of new financial products, and the establishment of specialized microfinance institutes. German development cooperation has accordingly increased its cooperation with private providers of financial services or groups of investors that are willing to accept risks and have the right skills and that are interested in building viable relations with small and micro business players. Examples include ACLEDA Bank in Cambodia, FEFAD Bank in Albania, credit cooperatives in Uruguay, Financiera Calpia S.A. in El Salvador, and village banks in Mali. One actual public-private partnership has emerged with the involvement of Commerzbank AG in the establishment of the Micro-Enterprise Bank in Kosovo.

**Actions:**

- The German government advocates swift implementation of the HIPC debt relief initiative, which enhances the poorest countries' capacity to reduce poverty by their own means; it also advocates the development of an international monitoring process to ensure that new debt remains at sustainable levels. The German government supports measures to improve official financial
and budget policies and debt management in the respective countries.

- The German government advocates measures to strengthen the international financial architecture with a view to improving the stability and functioning of financial markets; in that context, the reform measures proposed by the Financial Stability Forum (FSF) should be taken into account and developing countries’ involvement should be increased.

- The German government will give increased support to financial systems in the developing countries that contribute both to preventing global and regional financial crises and to the development of the private sector and of the entrepreneurial potential of the poor population in the partner countries.

- The German government will reinforce the use of German development cooperation funding for relevant cooperation with countries that are undertaking special efforts to reduce poverty (such as Bolivia, Mozambique, Viet Nam and Yemen). In that context, it will test new ways of cooperation which strengthen countries’ ownership. Examples include the decentralization of decision-making, efforts to make instruments more flexible, new forms of policy dialogue and advisory services, and cofinancing of sector-wide approaches and transferring the allocation of resources and relevant proof of employment of funds to the partner if conditions allow.

- The German government will uphold its goal of moving closer to the internationally agreed target of 0.7% of the gross national product being spent on development assistance. This goal will be pursued in keeping with the consolidation measures that are part of the German government’s program “Renewing Germany.”

- The German government is in favor of the World Bank and the IMF providing special assistance to countries whose poverty reduction strategies are at risk as a result of external shocks such as high oil prices or major declines in export earnings.

- The German government seeks to broaden its possibilities for mobilizing additional capital market funds for financial cooperation with those countries that offer an appropriate framework, by means of mixed financing, composite financing, and, in future, subsidized interest rates.

- The German government will take development policy aspects into account when granting guarantees for exports and direct investments.

- The German government strongly advocates within the OECD, in accordance with the call made by the G7 meeting of Ministers of Finance in Okinawa in July 2000, that all government export credit agencies make a commitment that they will not provide or support financing for non-productive expenditure (such as armament) in HIPC countries and other low-income countries. The relevant OECD activities should be completed as quickly as possible.

- The German government advocates a joint decision by the member states in the DAC, in accordance with the Okinawa G8 Communiqué, to untie Financial Cooperation with LDCs.

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**Yemen: Strengthening poor groups’ self-reliance**

The example of Yemen shows that poverty reduction is successful if the government, together with civil society representatives, is committed to a pro-poor reform policy and accepts poor population groups as active partners. The poor hold the key to fighting their own poverty if the general framework gives them relevant opportunities. German bilateral cooperation has laid a foundation for this over many years in the German-Yemeni focal cooperation areas of education, health and family planning, and drinking water supply and sanitation. A program for strengthening the self-reliance of poor groups is being established on the basis of open dialogue and local planning processes with the participation of all stakeholders. The intention is to strengthen the voice and civil rights of the poor.

In that effort, German bilateral cooperation concentrates on providing advice to the Yemeni government and on strengthening self-help
3.5 Guaranteeing Basic Social Services - Strengthening Social Protection

Lack of education and health are among the main poverty-related problems named by the poor themselves. Strengthening education and health contributes towards the goal of human well-being and also enhances poor people’s capacity for self-help and opportunities for economic activity. The provision of basic social services (basic education, basic health, food and safe water), in particular, and relevant sector reforms are therefore important elements of poverty reduction. Here, too, the participation of the poor and of civil society is vital.

The German government supports its partner countries’ own efforts to expand such services, particularly basic education and HIV/AIDS control. It supports the 20/20 Initiative adopted at the 1995 World Social Summit in order to meet the shared responsibility of partner countries and donors. The Initiative provides for interested industrialized and developing countries to enter into agreements that they will dedicate 20% of their ODA and 20% of their national budgets, respectively, to basic social services. The German government particularly appreciates the role played by UNICEF in conceiving and pursuing the 20/20 goal. The German government has entered into corresponding arrangements with a number of countries in its bilateral government negotiations.

As regards the expansion of basic social services, it is necessary in future, above all, that the industrialized and developing countries agree on coordinated action on the basis of sector reform programs and embark upon new paths of non-project-based financing. In the area of social infrastructure, too, the private sector has an important function.

Combating the major infectious diseases: HIV/AIDS, malaria and tuberculosis

Together, the three major infectious diseases, malaria, tuberculosis and, especially, HIV/AIDS, constitute the greatest threat to human health in developing countries. They result in hardship, and the poor are often particularly affected as they have limited possibilities for prevention and treatment. Through the resulting costs and the loss to the labor force, these infectious diseases also contribute to the proliferation of poverty and affect not only the individuals concerned but also their families, the entire economy and all of society.

The German government concentrates particularly on HIV/AIDS control. Not only is this epidemic a serious health problem, it has also become a far-reaching development crisis. The focus is on preventing further HIV infections, so as to contain the disaster, if possible. These efforts rely on "classic" prevention by means of information and education and by means of providing contraceptives. Women are encouraged to assert their right to sexual self-determination by insisting on safer sex.

German bilateral ODA funding for HIV/AIDS control has almost tripled between 1999 (DM 35 million) and 2000 (DM 110 million) and will further increase in 2001 (to DM 130 million). In the international sphere, Germany is working to strengthen the role of UNAIDS and to make increased efforts for priority-setting within the existing World Bank and EU programs to combat HIV/AIDS.

Poor people are particularly vulnerable to risks such as sickness, poverty in old age, natural disasters, and wars. However, in most cases they have only limited opportunities to minimize these risks and they cannot cope with acute emergencies without external assistance. Support for social security systems which strengthen and restore people’s capacity for helping themselves, and emergency relief to save people from life-threatening situations are a part of poverty reduction.

The basic forms of social protection are: solidarity-based groups (such as families); cooperative, membership-based systems of social security; private insurance; govern-
ment-based forms of social security (for instance public welfare). The significance that these basic forms of social security have for poor population groups varies considerably from country to country. Traditional support systems relying on mutual commitment within a solidarity-based group, or small, local insurance systems often constitute the only, and very limited, form of protection available. Private insurance is usually not available to poor groups to cover their risks, as they are unable to pay more than a very limited contribution. Government-based social security programs often have low coverage and are limited to people in formal employment or public servants. The German government provides advice to the governments of its partner countries with a view to developing - with the participation of the private sector, civil society, and the poor themselves - national strategies for social security. It offers its support for opening up government-based or private-sector programs to poorer groups or for interlinking various systems of social security. One important target group is constituted by disabled people.

The German government provides short-term relief in emergencies as part of its humanitarian assistance and development-oriented emergency relief. Actions to save people from life-threatening situations and actions immediately following this to rehabilitate and reconstruct the infrastructure, institutions and organizational arrangements are all geared, from the very beginning, towards ensuring the greatest possible focus on self-help and integration in medium- and long-term initiatives for cooperation.

### Actions:

- The German government will support social sector reform programs, especially relating to the health and education sectors in interested countries.
- The German government will draw its partner countries' attention to the 20/20 Initiative and conclude agreements in support of basic social services with countries willing to enter into such arrangements.
- The German government will support the fight against HIV/AIDS; the social and economic costs of this disease aggravate poverty and jeopardize many countries' development opportunities.
- The German government will support direct access, especially for young people, particularly girls, to family planning services. The availability of contraceptives helps women to assert their right to sexual self-determination and to decide how many children to have.
- The German government advocates improving developing countries' access to essential drugs. To this end, it will support the health systems of these countries and encourage initiatives for providing essential drugs at a reduced price or for free in these countries. It advocates voluntary license agreements between pharmaceutical companies and local enterprises in developing countries but also recognizes the developing countries' right to make use of the options existing in the TRIPS agreement for compulsory licensing. Finally, it is an advocate of greater transparency in the international pharmaceutical market. For instance, additional data should be entered into existing databases so as to facilitate international comparison of prices.
- The German government will support activities to enhance the performance of insurance contract with SEWA. Having provided start-up finance to SEWA in the pilot phase, the German side is now providing expert advice to SEWA and other NGOs on how to improve their insurance products and develop more efficient procedures for settling claims.

### Insurance for poor women on the basis of cooperation with the private sector (India)

The Indian union for informal sector women workers, SEWA (Self-employed Women's Association), is developing, with German support, an integrated social security package for its members and their spouses. It comprises life insurance, health insurance to cover inpatient treatment costs for the first three days, and insurance against the loss of productive resources. SEWA works both with the Indian government, which covers one third of the insurance premiums, and with the Indian insurance industry, which has entered into a group
informal social security systems and their integration into an overall system, thus also improving the options for social transfers to the poorest.

- The German government will support reforms of public social insurance in developing and transition countries (particularly statutory health insurance) with the aim of (a) expanding the solidarity mechanisms that exist within systems and (b) opening up public social insurance to informal sector workers.

- The German government will support model cases of partnerships between the private insurance industry, the state, and poor people’s organizations (including the development of insurance services as an important addition to micro credit programs, and the development of reinsurance components).

- The German government will campaign at the European level and in the UN system for existing emergency relief resources to be made available more quickly. It will also pursue efforts to interlink emergency relief effectively with structural reconstruction and disaster preparedness measures.

3.6 Ensuring Access to Vital Resources - Fostering an Intact Environment

Poverty reduction and the preservation of an intact environment are linked by many and complex interrelationships: the advancing destruction of natural resources poses a dramatic threat to the economic, social and cultural basis of the lives of many people, especially the poor in the developing countries. Living in poverty, in turn, often forces people to exploit fragile ecosystems to a point beyond repair, conflicting seriously with the principle of sustainable development.

Sustainable energy policies, especially those dealing with energy efficiency and renewable energies, can make an important contribution towards poverty reduction. The insufficient supplies of energy available to poor people and their lack of access to fertile soil has led to increased deforestation and thus to a loss of natural resources such as wood or biodiversity. A deterioration in the quality of the land, decreasing agricultural yields and a lower water table are often the consequences and affect, first and foremost, the poor. Additional potential threats to poor people (flooding, landslides, soil erosion) arise from the extreme weather events that are becoming ever more frequent in the course of climate change - to which the production and consumption patterns of the industrialized countries in particular have been contributing - and from the rise of the sea level which has been predicted to occur before the end of this century by the UN Intergovernmental Panel on Climate Change on the basis of its latest findings. Natural disasters and climate change can destroy the fruits of long-standing development efforts. This is why aspects of disaster prevention are becoming increasingly important as part of an integrated approach to poverty reduction.

The poor tend to have either poor housing or none at all and no reliable access to safe water, no appropriate waste and wastewater disposal, and poor access to energy supplies, if any. Most diseases affecting poor people are the result of inadequate water supply. Where the poor have access at all, they often have to pay more for these vital resources than other people.

People living in marginalized urban areas (e.g., slums) are also greatly exposed to environmental problems as they often live in neighborhoods posing risks and health hazards.

It is the industrialized countries that are most to blame for the global overexploitation of natural resources and for overstretching the natural environment’s limited capacity to absorb waste. The lifestyle and patterns of economic activity prevalent in these countries are resulting in ever higher resource use and ever more waste. They thus present a negative role model; their approach cannot be replicated worldwide. What is needed in the industrialized countries is a reversal in trends so they can become a model of sustainable economic activity. A number of developing countries that were able to increase their economic growth considerably over the past few years have made remarkable progress on
However, this economic success was achieved at a cost to the natural environment, making it unsustainable - including with regard to social impacts -, a fact which is increasingly being recognized.

In accordance with the 1992 Rio Conference on Environment and Development, the German government is a strong proponent, both nationally and internationally, of activities for environmental and resource protection, and it supports the developing countries in implementing action programs and binding international legal instruments which make a direct or indirect contribution towards poverty reduction (e.g., desertification control, preservation and sustainable use of biodiversity, promotion of biosafety, international protection of the climate, water supply, forest protection). In this context, the German government has high expectations of the results of the 2002 World Summit to be held in Johannesburg. Germany is one of the largest bilateral donors for the protection of the tropical forest. Each year some DM 250 million is provided for continued forest protection, including by means of supporting community forest management. Through its contributions to the Global Environment Facility (GEF), the German government also helps to finance measures which are aimed at the protection and sustainable use of global environmental goods.

Water is life - Indo-German program for watershed development (Watershed Organization Trust)

The region surrounding Amednagar and Sangamner in the Indian State of Maharashtra is severely affected by water scarcity. Erosion, deforestation, and overgrazing have caused agricultural production to decline and drinking water to become scarce. There used to be few alternatives to agriculture; people were poor and migrated to other regions or cities in search of jobs.

However, by means of afforestation measures, drainage, and "contour" dams, as well as clear land use rules, it became possible to stop erosion and raise the water table. This was done with the participation of all population groups from the respective villages. In addition to lobbying work to convince stakeholders, agricultural extension and further training, small farmers’ families were also provided with microcredit, and women formed savings groups. Incomes and living conditions soon improved, and women in particular became more confident. Today, the people in the villages are able to tackle other problems as well, for instance negotiations with government representatives, or becoming politically active themselves as members of the town council. The governments of India and of the State of Maharashtra have now included constituting elements of the program into their own efforts to draw up guidelines for watershed support.

The current program reaches about 130,000 people in 58 villages and covers the rehabilitation of a total area of 120,000 hectares. The German government has provided about DM 87 million to date for this program.

Environmental cooperation with China

The German-Chinese environmental conference in Beijing in December 2000, attended by high-ranking participants, has put cooperation between the Federal Republic of Germany and the People’s Republic of China in the limelight. It has shown the contributions that broad-based bilateral cooperation in the environmental sector can make, not least, to poverty reduction. In such efforts, civil society, the private sector and government institutions need to work together so as to conform to the guiding principle of sustainable development.

For over a decade now, the two countries have jointly put environmental and nature protection at the top of their political agenda. The German government has provided over DM 1.8 billion for bilateral environmental protection projects in China. Investments in the energy infrastructure (energy-efficient and environmentally friendly power plants) and the transfer of technology (wind power plants) both have helped to demonstrate cooperative ways of securing our global future. Both countries have succeeded in delinking economic growth and growing energy consumption.

If natural resources such as land and groundwater are used sparingly, the livelihoods of the poor in particular are protected on a long-term basis. Over the past few years, China has taken concrete action in this regard in the form of
national reforestation programs. Its ambitious target is to have an additional area of 55 million hectares covered with forest again by 2050. The German government has contributed about DM 260 million to this program so far. Rural poverty is reduced by having the people help with reforestation in an income-creation scheme. By having people participate in village development activities, which are pursued in parallel, important impetus is provided to democratic development at the local level. One factor contributing to the sustainability of the measures is that the rural population are given rights to the reforested areas similar to property rights.

Actions:

- The German government will support measures for the protection and sustainable use of vital natural resources (air, soil, water, biodiversity) while taking care to ensure the active and equal participation of local and indigenous populations in the planning and effective implementation of such measures.

- The German government will support its partner countries in designing sustainable, pro-poor water resource management practices and in their efforts in the field of waste and wastewater management.

- The German government will support its partner countries with regard to energy generation and energy supplies for poor rural areas that are remote from the national grid on the basis of renewable energy sources (e.g., biomass, solar energy, wind), and in improving poor people's access to efficient, grid-based electricity.

- The German government advocates concrete action for protecting resources and reducing resource use and changing economic and social practices in Germany, not least with a view to contributing towards sustaining and broadening developing countries' opportunities for development.

- The German government advocates making the connections between poverty and environment a focal topic of the World Summit on Sustainable Development to be held in Johannesburg in 2002. It welcomes the fact that increased attention is also being given to the link between poverty and environment in the work of the United Nations Environment Program (UNEP).

- With its framework for action on disaster reduction, the German government contributes towards designing and formulating UN policy in this area and supports projects to better protect people from natural events in countries and regions that are highly prone to disasters.

- The German government will support its partner countries in asserting their economic and sociocultural rights to their genetic resources, in fighting biopiracy, and in safeguarding traditional knowledge.

- The German government will support the elaboration of strategies enabling poor population groups to adjust to climate change as a contribution towards food security and disaster prevention.

- The German government supports the Cities Alliance between the World Bank, UN-Habitat, bilateral donors and cities for the implementation of the Cities Without Slums action program and for enhanced support to pro-poor housing policies.

### The German government's framework for action on disaster reduction - examples

- Applications-oriented implementation of the research results of specialist academic institutions on disaster prevention
- Strengthening national and international disaster reduction committees
- Development of intersectoral disaster reduction networks
- Support for training and education measures at schools, universities and in adult education
- Establishment of international coordination agencies for early warning of flooding, fire etc.
- Participation in shaping and formulating UN disaster reduction policy

### 3.7 Realizing Human Rights - Respecting Core Labor Standards

The poor are often subjected to human rights violations without any means of de-
fense. Poor women in particular are discriminated against, for instance with regard to inheritance and property issues and regarding employment opportunities and access to resources. For the poor, it is vital that human rights agreements, especially the International Covenant on Civil and Political Rights (including freedom of opinion and expression, and the right of assembly), the International Covenant on Economic, Social and Cultural Rights (including the right to an adequate standard of living, to food, housing, health, education, and work), as well as the agreements on children's rights, on the elimination of all forms of discrimination against women and all forms of racism be respected. In 1993, the Vienna World Conference on Human Rights also affirmed the right to development. The main responsibility for realizing human rights rests with national governments. Countries' efforts must be supported through international cooperation. Civil society players play a vital role in this context as "advocates of the poor."

Adherence to human rights is a central concern of Germany's foreign and development policy and an essential criterion for designing bilateral relations, including the nature and volume of development cooperation with a given country. In the context of poverty reduction in particular, account must be taken of the fact that violations of women's and children's rights are particularly widespread. The German government supports, including through assistance to nongovernmental organizations, projects directly concerned with the realization of human rights, for instance in the context of judicial reforms or the development and expansion of national institutions which help to foster human rights.

With regard to the target of halving extreme poverty by 2015, great importance must be accorded to economic, social and cultural human rights. Core labor standards are closely linked to economic, social and cultural human rights. Governments, employers and labor unions made a binding political commitment to these standards in the 1998 ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up. They include the elimination of forced labor and the abolition of child labor, freedom of association (i.e., the establishment of free labor unions), the right to collective bargaining, and non-discrimination in respect of employment and occupation. Most of these rights are also enshrined in the UN Social Covenant. Adherence to core labor standards is the foundation of a socially responsible economic process.

The German government is working for worldwide adherence to these standards. It also supports measures for health and safety at work. Germany advocates intensive dialogue on trade and social development between governments and international organizations, especially ILO, World Bank, IMF, WTO, and UNCTAD. If the industrialized countries open their markets to a greater extent under a comprehensive world trade round, they can help allay developing countries' fears that the industrialized countries will introduce new protectionist measures in the form of social standards.

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**International Program on the Elimination of Child Labor (IPEC)**

The exploitative practice of child labor, which destroys children physically and emotionally, is a serious violation of human rights and of the right to physical and psychological integrity. It also constitutes an impediment to development. Children who do work at a young age which ruins their health and deprives them of all opportunities for education will not be in a position later on to take control of their own lives. Their children too will have to work. With German funding, an initiative was launched in 1991 to set up the ILO's International Program on the Elimination of Child Labor (IPEC). IPEC's intention is to raise awareness nationally and internationally for the problems of child labor. The program is now active in over 40 countries and supports governments in implementing policies and strategies for the elimination of child labor. This includes legal regulations, the training and de-
ployment of work inspectors, education campaigns, and, above all, assistance for the children concerned and their families in the form of basic education and vocational training, legal protection, and social security. Special importance is accorded to protecting children doing work that threatens their physical and psychological health.

The German government has provided the ILO with DM 100 million to date for this program.

Actions:

- The German government will give increased support to its partner governments and to civil society players in their efforts to realize all human rights.
- The German government will support a functional complaints procedure for economic, social and cultural rights. The relevant unresolved issues must be clarified quickly.
- The German government will support the International Labour Organization's programs on respect for core labor standards (including the elimination of forced labor, activities of independent labor unions, non-discrimination in respect of employment and occupation, the fight against child labor).
- The German government advocates the swift ratification of the ILO Convention No. 182 for the Elimination of the Worst Forms of Child Labor; it has submitted to the Bundestag and the Bundesrat the "law enacting an international agreement" needed for ratification in Germany.
- The German government advocates global ratification of the Optional Protocol to the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), which gives women the right to file individual complaints.
- The German government will be working in the International Financial Institutions to provide greater support to programs which foster the realization of the rights contained in the Social Covenant and of core labor standards. It campaigns for these institutions to take account of human rights when designing their policies and projects.
- The German government will support social dialogue in the developing countries (with the participation of enterprises, labor unions, nongovernmental organizations) as well as advisory services on social policy and labor legislation.
- The German government will examine openings for incorporating core labor standards into government contracts for development cooperation activities.
- The German government will support human rights education in Germany. It is involved in the establishment and institution-building of the nongovernmental German Human Rights Institute and will work towards having this Institute take up the human rights situation in the developing countries as part of its research, consultancy and, particularly, education work, and having it make proposals for action.

Legal and social policy advice for women

The rights of women are enshrined in many international agreements and national laws. The German government provided about $ 40 million between 1995 and 2000 for legal and social policy advice to women. One of the relevant projects, Legal and Social Policy Services for Women, works closely with women's organizations in more than 20 countries. Women and girls are to learn about their rights, assert and enforce them. Key issues include violence against women, political participation and economic self-determination, as well as the reduction of gender discrimination in modern and traditional law. Women learn to see their rights as opportunities which they can use and enforce.

Examples:

Senegal: Training of female legal advisors. They inform disadvantaged women about their legal rights and the procedures available to them.
Ethiopia: Further development of traditional law. Practices such as genital mutilation or marrying of girls under the age of 16 are no longer socially accepted.
Brazil: Women’s network calls upon government to do its job. Women in Porto Alegre who experienced domestic violence receive counseling and are given support as they take their complaint to the police and courts.

Mexico: Gender-sensitive journalism. A broad-based publicity campaign is building awareness of discrimination and human rights violations committed against women.

Philippines: Women migrants organize. Women returnees who have been traumatized by violence when they migrated abroad to work or marry learn about their rights and how to assert them.

3.8 Fostering Gender Equality

The majority of all people living in extreme poverty are women. One major cause of women’s poverty is gender inequality within society, expressed in specific forms of discrimination against women. At the follow-up conferences to the Copenhagen World Social Summit and to the Beijing World Conference on Women in 2000, participants emphasized that the feminization of poverty had increased. That is why at Beijing the importance of women’s empowerment, including the right to sexual self-determination, was recognized. Women are particularly hard hit by economic crises and cuts in public budgets. Even though the proportion of those in paid employment who are women has risen to almost 40% worldwide, most women in developing countries work in the informal sector or in underpaid and unsecure jobs which offer inadequate worker protection. Poor women and girls are particularly exposed to sexual and physical abuse. They have hardly any part in political decision-making.

Sustained poverty reduction and structural improvements in women’s social, legal and economic situation are interdependent. Gender equality is a key factor in reducing worldwide poverty.

One important area giving leverage to gender equality and sustained poverty reduction is access to, and control over, resources such as land, water, paid work, health services and education, especially basic education. Education enhances women’s self-confidence and independence and enables them to exercise their political, economic, social and cultural rights.

The German government supports developing countries’ own efforts to reduce the discrimination of women and to achieve gender equality. To that end, it addresses two levels: all projects and programs are designed in a gender-specific manner so as to give equal attention to men’s and women’s differing needs (gender mainstreaming). In order to improve women’s status within society, specific projects for women are also pursued, involving, for instance, legal and social advice, lobbying, and networking among women’s nongovernmental organizations. In the German government’s policy dialogue with its partner governments, it raises women’s rights under the heading of human rights.

Actions:

- The German government will give increased support to basic education for girls and women and work towards ensuring that European and multilateral development cooperation efforts do likewise. Targeted measures in cooperation with parents are intended to increase the enrollment of girls and facilitate their remaining in school for a longer time (for instance through scholarships, ensuring they have a safe journey to school).

- The German government will support women’s networks and NGOs so as to improve women’s opportunities to have an equal say in political processes and thus foster their empowerment. One focus will be on providing further training to disadvantaged women to prepare them to be leaders at the community level.

- The German government will intensify its efforts, including at the European and multilateral levels, to combat trafficking in women, forced and child prostitution worldwide. This also includes prosecuting German nationals who sexually abuse children abroad. The German government will offer special support to vulner-
able children and women in developing countries so as to give them new opportunities for employment and prospects for a better future.

- The German government is ready to support gender-oriented budget planning by governments in interested developing countries, such as the South African initiative.

### Women's Budget Initiative - South Africa

In 1995, the Women's Budget Initiative was launched in South Africa by two nongovernmental organizations and the Joint Standing Committee on Finance of the national parliament. Its purpose is to support decision-makers at various levels in designing a gender-sensitive public budget and expenditure policy. No call is made for a separate "women's budget"; rather, scrutiny is applied to the impact of public revenue and allocation policies on various target groups.

Based on a survey of women's, especially needy women's, living and working conditions, an analysis was made of the national budget, budgetary decisions by various national Ministries (health, education, defense) and by selected local authorities in terms of their impact on men and women, especially poor women, and the results were published. One of the consequences of this endeavor has been that since 1997, the Ministry of Finance has been taking account of these findings in its deliberations on official budget policies.

3.9 Ensuring the Participation of the Poor - Strengthening Good Governance

For many of the poor, lack of voice and power is the greatest impediment to improving their situation. The poor are largely excluded from the decisions that concern them. It is vital to strengthen their voice and to create a suitable political, legal and administrative framework for them to make their interests heard in the social and political arena. Attention must also be paid to the participation of children and young people, so as to foster their potential and enable them, as the future motors of development, to overcome their lack of social integration and bleak prospects for the future.

Measures to promote social mobilization, improved self-organization and improved capability to take part in political dialogues have proven successful in strengthening the bargaining power of poor women and men (empowerment). The German government has been supporting such efforts, particularly within the framework of poverty reduction through measures for "help towards self-help," and will gradually step up this important part of its development cooperation. Civil society organizations are lending special support to these processes worldwide and play an important role at the national and international levels as representatives of the interests of the poor. In its official cooperation programs, the German government attaches importance to improved networking between governmental and nongovernmental players - both in Germany and in its partner countries.

Good governance which operates on the basis of respect for human rights and for the fundamental principles of democracy and the rule of law and which guarantees the political participation of civil society is a key factor in the inclusion of poor population groups and in poverty reduction in general.

The creation of an enabling environment for economic and social development, equitable access to resources, measures for redressing social imbalances, and guaranteed rule of law, certainty of the law and the administration of justice improve the living conditions of disadvantaged population groups and their chances of lifting themselves out of poverty. The formulation and implementation of a national policy of poverty reduction on the basis of broad-based consultation within society is an expression of good governance. Other elements are effective public institutions, limits on and democratic control over military spending, transparent public accounting, and action against corruption, since it is ultimately the poor that suffer from its effects.

The German government advocates good governance and the strengthening of the core functions of the state in its partner countries. In the sphere of European cooperation with developing countries and with regard to the replenishment of the funds of multilateral development banks, it has suc-
cessfully worked for greater attention to be given to the principles of good governance, for instance in the partnership agreement between the EU and the ACP states.

The internal political, economic and administrative framework in the partner countries and their willingness to pursue reforms are some of the decisive criteria on which Germany bases its decisions on the nature and volume of bilateral development cooperation. The German government makes good governance the subject of policy dialogue, gives advice to partner countries in drawing up strategies for modernizing the state and society, and lends relevant support in the form of suitable projects.

Within the framework of the OECD, the international Convention on Combating Bribery of Foreign Public Officials in international business transactions entered into force in 1999, and has been transposed into national law in Germany. It makes this form of corruption subject to prosecution. In Germany, moreover, the income tax law has been changed in such a way that illegal bribes paid at home or abroad are no longer tax-deductible as a business expense. The terms of Hermes federal export credit guarantees have also been adapted to the new legal provisions.

**PRSP Bolivia - national alliance against poverty**

With its "National Dialogue," the government of Bolivia has developed an exemplary approach to the participatory elaboration of a comprehensive Poverty Reduction Strategy (PRSP). In a broad-based "bottom-up" process, dialogue meetings were held in all 314 municipalities with the active participation of the population, the church, labor unions, federations, etc. In spite of all the difficulties implied by such a broad process, it was possible to draw up binding recommendations based on a consensus between policymakers and civil society, some of which are very ambitious and encouraging: all funds being freed by the HIPC initiative are to be transferred to the municipal level in accordance with transparent poverty criteria, and civil society monitoring bodies are to be set up so as to monitor the implementation of the poverty reduction strategy and the utilization of public budget funds. Concrete solutions have been drawn up for central structural issues relating to good governance, such as anti-corruption measures, decentralization, depoliticization of public administration, and the fairness of tax policies. The national Poverty Reduction Strategy is to be finalized by spring 2001.

The German government has actively backed the process of national dialogue and has provided financial assistance.

**Actions:**

- The German government will give increased support to democratization processes and poor people's political participation and capacity for self-help, for instance through programs for broad-based political education, training of journalists, and support for a free media.
- The German government will support decentralization processes and capacity-building for municipal and regional self-administration, including activities for urban development.
- The German government will give increased support to reform of the legal system, with a view also to gender equality, and to measures which make it easier for poor women and men to assert their rights (such as legal advice to women).
- The German government will support measures to enhance the revenues, poverty orientation, and transparency of public budgets, especially by means of supporting socially equitable tax system reform, pro-poor budget planning, and poverty impact analyses of government spending.
- The German government will give increased support to programs to strengthen civil society in developing countries with a view to strengthening its capacities to give a voice to poor population groups at the national and international levels.
- The German government will support the elaboration of national poverty reduction policies, especially as part of the Poverty Reduction Strategy Papers (PRSPs). In particular, it will give sup-
port to civil society participation and broad-based consultation within society (including the participation of women's organizations and the compilation of gender-disaggregated data).

- The German government will intensify its cooperation with interested governments, the private sector, and civil society with a view to coherent anti-corruption efforts.

**Fighting corruption worldwide - the task of Transparency International**

Transparency International (TI) is an international nongovernmental organization engaged in the worldwide fight against corruption. The Corruption Perception Index compiled by TI has helped make the discussion on corruption and how to fight it an accepted topic on the international agenda, and has provided impetus for reforms in many countries. Some 80 national chapters are building coalitions against corruption with the government, civil society, and the private sector. Moreover, TI plays an important role as a catalyst in drawing up and implementing international codes against corruption.

It is no coincidence that the organization is today the only large international NGO to be headquartered in Berlin: as the second largest exporting nation, Germany bears special responsibility with regard to the fight against corruption. One of the concerns of the organization is to stop the massive export of bribes from the North to the South. The combination of bribes and weak government structures undermines, by rewarding the wrong decisions, any economic policy that is geared towards poverty reduction and sustainability. There is a need for exporters in the industrialized countries to renounce their former practices of bribery. That will reinforce the industrialized countries' call for good governance in the developing and transition countries.

As of fall 2001, TI will issue an annual Global Corruption Report that will be cofinanced by the German government.

**3.10 Resolving Conflict Peacefully - Fostering Human Security and Disarmament**

Conflicts are an integral part of processes within society. If they are settled peacefully, they can even help to foster positive change. However, if they turn violent they threaten people's security and well-being. Armed clashes and repression result in people being killed, injured, mutilated, and raped. Arms races and violent conflict prevent development and poverty reduction. They even create new poverty, by destroying the achievements of development efforts, damaging vital natural resources, and displacing people. The scars of violence can often be felt in the societies concerned over many years, not least in the form of the traumatization of individuals and society, large-scale presence of land mines, especially on agricultural land, or the illegal propagation of small arms.

But the poor are also drawn into violent conflict as players. In many countries, it is especially young people and even children from the poorer sections of the population that are recruited by armed political and criminal groups. Young people facing underemployment are particularly affected.

Poverty and injustice as well as economic and political discrimination are a breeding ground for violent conflict, as is ethnic, religious, or regional hostility. Particularly in cases where the development of poverty and suffering and access to resources and to political decision-making processes varies between regions or ethnic or religious groups, tension may emerge and conflicts may be exacerbated.

In many countries, the capability of society to deal with conflict in a constructive and peaceful manner and to provide security for poor people is impeded by the disintegration, fragmentation and collapse of state structures. This may manifest itself, among other things, in a lack of civil and democratic control over the security sector.

Poverty and violence may be mutually reinforcing. This is why it is vital to foster crisis prevention and peaceful conflict settlement if poverty is to be reduced. Poverty reduction
in turn makes important contributions towards crisis prevention and crisis management. In principle, longer-term cooperation for the reduction of structural causes of conflicts and for fostering nonviolent conflict management must have priority over remedial measures after a crisis or measures to end the violence. However, if violence has erupted, it must be ended as quickly as possible in the interest of those affected and their development opportunities. It is therefore possible to contribute towards poverty reduction by means of crisis management by international peace missions, by creating the stable environment that is indispensable for development.

The international community's scope for fostering development and poverty reduction continues to be limited by excessive military spending in all regions of the world. At the same time, the international community needs to further develop its capacity to resolve conflict or crises peacefully and by civil means.

The German government intends to develop its foreign, security and development policy in such a way that it will help secure the global future, and it will endeavor to develop and apply effective strategies and instruments for crisis prevention and peaceful conflict settlement. Given the many different causes and forms of violence and also the many different openings for crisis prevention and conflict settlement, a coherent approach is needed. The German government has been following such an approach in its Overall Strategy on Crisis Prevention and Conflict Settlement adopted in 2000. Within this Overall Strategy, development policy has the task of eliminating and reducing structural causes of conflict in the partner countries concerned by improving the economic, social, ecological and political situation, and also the task of promoting mechanisms of nonviolent conflict resolution.

In the context of poverty reduction and crisis prevention, it must be taken into account that international cooperation activities - be it official, civil-society or private-sector cooperation - often operate within a conflict situation. If insufficient attention is paid to that aspect, the activities may serve to exacerbate the conflict. In that context, the principle which applies to all aid also applies to support for crisis prevention and peaceful conflict settlement: assistance cannot be forced on people but can only be effective if people want it and make use of it.

The German government advocates the further development of crisis prevention instruments both nationally and internationally. For instance, the ACP and EU countries made a commitment, in the new Cotonou partnership agreement of 2000, to pursue an active, comprehensive and integrated policy in the area of peace and conflict. Within the EU, Germany has been giving strong support to orienting EU external relations towards the prevention of violence and the development of the capacity for civil crisis prevention and crisis management. Within the framework of the UN, Germany is working to strengthen the effectiveness of UN peace missions and has been playing a major role in the establishment of an International Criminal Court. Among the G8, Germany has put crisis prevention on the operative agenda, resulting, among other things, in an initiative to reduce the illegal trade in diamonds for financing wars, and another initiative against small arms.

With the Stability Pact for South-Eastern Europe, which was designed with much input from Germany, the German government is also contributing to sustainable development and poverty reduction in that region and towards the stabilization of European structures. It has set up the Civil Peace Service as a joint effort on the part of governmental and nongovernmental peace and development agencies. It provides training for civilian personnel who are to take part in UN and OSCE missions and has visibly increased its action in support of international efforts for peace being undertaken at the governmental and the nongovernmental level. When drawing up agreements under international law, the German government examines whether the agreements touch upon development policy concerns and thus also poverty reduction issues. The German government has tightened up its policy on arms exports with a view to preventing violence and safeguarding human rights and sustainable development.
Peace and poverty reduction in Northern Mali

Mali's poor North only offers limited opportunities for development even in times of peace. Drought, desertification and population growth have exacerbated competition for scarce resources among the 1.5 million local inhabitants, whose major sources of income are livestock and arable farming and fishery.

In 1990 the country entered a situation close to civil war, resulting from the Tuareg's unmet demand to be granted the right to self-administration; this further exacerbated the situation. This is why in 1993 the German government began to support the process of social and economic stabilization in Northern Mali on the basis of the peace agreement concluded between the conflicting parties in April 1992. In addition to providing emergency relief for returning Tuareg and Maures and for internally displaced people (especially Bellahs), the German side therefore launched short-term and medium-term income-generating measures to help in the process of reintegration (while simultaneously supporting the local population) and an investment program for the reconstruction of the infrastructure, which had been destroyed. Other donors have been taking part in the efforts.

The project addresses important causes of conflict such as structural and regional marginalization and the lack of momentum in the region's development. All the resources deployed should result in a strengthening of the region's economic performance. However, the fundamental prerequisite for successful assistance has been, and continues to be, that the people concerned and those in government be committed to peace.

Civil Peace Service - a joint effort on the part of governmental and nongovernmental development and peace agencies

With its Civil Peace Service (CPS), the German government created a new peace policy instrument in 1999 which relates to the political-societal sphere and serves to foster a non-violent approach to conflict and conflict potential. The intention is to use confidence-building measures, together with local partners and with the acceptance of the leaders of the host country, to strengthen the potential for peace, mediate between the members of interest groups, ethnic or religious communities in the case of conflict, and contribute to reconciliation and the rebuilding of society. In this effort, special significance is accorded to human rights activities and support for traumatized people.

The tasks of CPS have been transferred, under the responsibility of the German government, to the German Development Service (DEG) in collaboration with the other five recognized development agencies (AGEH, DÜ, Eirene, World Peace Service and CSI), to the "Forum Civil Peace Service," and to the "Action Committee Service for Peace" (AGDF), who are training and deploying peace experts.

During the first one and a half years of CPS, some DM 60 million has been made available for the multi-year assignments of 124 peace experts. The regional focus is on sub-Saharan Africa (53), Latin America (28), and South-Eastern Europe (27). The training courses of several months' duration, which are being supported by the Federal State of North-Rhine-Westphalia and by the Federal government, have been completed successfully by a total of 73 participants as of March 2001.

Actions:

- The German government will make a stronger contribution to international peace processes by providing human resources and materials for UN and OSCE missions and by supporting civil conflict management using international and nongovernmental instruments.
- The German government advocates the creation of further legal provisions to govern international relations on the basis of the renunciation of the use of force laid down in the Charter of the United Nations, and supports the elaboration, entry into force, and implementation of global standards and arrangements on matters such as child soldiers, indigenous peoples, and international courts of criminal justice and arbitration.
- In its development cooperation, the German government will increasingly make the development and application of effective strategies and instruments for crisis prevention, peaceful conflict settlement and peace consolidation - including reconstruction and reconciliation.
- a focal area of its cooperation with interested countries. It will call for European development cooperation and the work of the international financial institutions to be more closely tailored to that goal as well.

- The German government will work for a worldwide reduction in military spending and for tight and legally binding regulations to restrict the international trade in arms. It has been making a strong call for curbing the availability of small arms and will support its partner countries in improving their efforts to control and destroy small arms. It will continue its involvement in the area of humanitarian demining.

- The German government will support measures to strengthen control, by civil society and on the basis of the rule of law, of security forces and, among other things, will use debt relief and poverty reduction strategies to work for transparent and democratic assessments of military spending. It will gear its equipment aid for foreign armed forces towards enhancing recipient countries' capacity to prevent armed conflict and to maintain peace, while giving special emphasis to the idea of regional cooperation.

- In designing all of its bilateral relations and cooperation activities, the German government will pay more systematic attention to their impact on conflicts in its partner countries, and will work for similar steps to be taken in the sphere of European and multilateral cooperation with developing countries.

4 Alliances Against Poverty

The German government seeks to cooperate with other players. It sees this cooperation as a long-term collaboration with national and international players, each contributing their own input, and designs its cooperative efforts accordingly. Partnerships have the purpose of mutual learning, combining forces, and tapping unused potential in a joint effort. Each partner should make use of their comparative advantages and specific competence.

4.1 International Alliances

The German government is not alone in pursuing its Program of Action to reduce poverty worldwide. Partners at the international level include, in particular, the EU, UN organizations, multilateral financing institutions (regional development banks, World Bank, IMF), as well as other governments which share the German government's commitment to the target of halving extreme poverty by 2015. In all the various international bodies and debates, poverty is considered the main global challenge and poverty reduction is considered a prominent task of the international community. The consensus that exists across the multilateral financing institutions (and in the EU) on the primacy of poverty reduction and coordinated support for national poverty reduction problems for development in many parts of the country. While the number of victims declined from 400 to 80 per month thanks to a good education campaign, the threat posed by mines continues to be a major problem in the resettlement of refugees. Cambodia began systematic demining in 1992. This demining program, which is operated jointly by international aid agencies and national agencies, cleared some 170 km$^2$ between 1993 and the end of 2000. However, areas of some 400 km$^2$ remain which have been proven to be mined and which are of high priority for the country’s development.

The German government has been supporting a variety of mine action programs in Cambodia; by the end of 2000 its support had totaled over DM 12 million. Assistance is to be continued.

Humanitarian demining - the example of Cambodia

The German government is actively involved in humanitarian demining and assistance to the victims of land mines. To that end, it has provided a total of DM 132 million so far for bilateral projects in 28 countries. As a result of the wars, Cambodia is among those countries that are particularly hard hit by the problem of land mines. In addition to some four to six million land mines that have, according to UN estimates, been laid there, the high prevalence of unexploded ordnance (UXO) is creating
strategies considerably increases the chances of attaining the international target of halving poverty by 2015.

The Program of Action thus fits in well with the policies and actions - which Germany has helped design - of the various international and intergovernmental organizations in which Germany bears responsibility and to which the German government provides financial support.

Of special significance for future support to developing countries and for the improved coordination of the various bilateral and multilateral contributions are the national poverty strategies (PRSPs) currently being drawn up by most of the poor and very poor countries. These national strategies are increasingly forming a shared framework for action to which bilateral and multilateral assistance can refer.

As a member of international organizations, the German government will continue to help design the various institutions' policies and concrete actions in a coherent manner with a view to achieving the common target, and also help to design them in such a way that our partners can coordinate them effectively. The German government welcomes the fact that other governments, too, especially European governments, have been working along the same lines both at the European and international levels and in their bilateral policies. Given the volume of finance being spent on development cooperation by these organizations, a great deal can be done to reduce poverty if each donor's comparative advantages are used and a coordinated, complementary, and coherent approach is pursued. However, improved coordination requires that efforts are made on all sides to harmonize the procedures and approaches of the various donors, as is currently being debated in the DAC.

If the German Program of Action is to be implemented in an effective way, intensive coordination and cooperation with other donors and partners is needed. This is why the German government invites interested governments and the European and international institutions to examine their own plans and the German Program of Action with a view to identifying potential openings for strategic alliances, and to engage in discussions with the German government so as to achieve more intensive cooperation. The German government, for its part, will actively approach countries and organizations for this purpose.

4.2 Alliances in Germany

Within Germany, the German government considers forces from civil society, as well as the Federal States and municipalities, as important partners who are making their own contributions to poverty reduction. It invites these partners to help implement the Program of Action.

Cooperation with the Private Sector

By using its financial and technical resources, the private sector makes an important contribution to sustainable poverty reduction. The German government particularly welcomes business activities that create job opportunities for the poor or which encourage them to embark on business ventures of their own.

The German government is making increased use of the instrument of Public-Private Partnerships (PPP) with a view to reducing poverty. Official development cooperation and private companies forge these partnerships to realize projects which are beneficial in development terms and, at the same time, profitable for the companies involved. The aim of this form of cooperation is, firstly, to increase the effectiveness of development policy efforts and, secondly, to foster the flow of private capital and know-how to the developing countries. It contributes to poverty reduction, for instance by providing basic health services, preventive health care, HIV/AIDS prevention measures, introducing labor and social standards, offering vocational training, or creating job opportunities and sources of income for the poor. In the past two years, over 300 new PPP projects have been launched, with more than half of the cost being shouldered by the companies involved.
Poverty reduction by means of Public-Private Partnerships

Water supply and wastewater management, Albania

In Albania, KfW and Berlin Wasser International are cooperating on the operation of the water supply and wastewater management system in the city of Elbasan. The private utility will invest over DM 30 million in the operation and modernization of the existing facilities and will ensure supply standards for 30 years. The public partner, KfW, will complement these activities with a loan of DM 24 million from German development cooperation funds, a large proportion of which takes the form of a grant, in order to give the poor access to this vital resource through lower water tariffs. The enterprise benefits not only because its market is thus stabilized but also because German development cooperation lends political backing and KfW acts as a mediator in the negotiations with the government of Albania, which in turn benefits in terms of lower budget expenditure.

Training in organic farming, Cuba

In Cuba, GTZ is cooperating with baby food producer Hipp to train disadvantaged small farmers in organic citrus fruit production. Hipp requires high-quality, organically grown fruit as an ingredient for its products. In order to secure the supply of that ingredient, GTZ together with Hipp has been training 20 multipliers who will in turn train 350 farms in organic production methods and prepare them for eco-labeling. The main beneficiaries of this project are farms which are excluded from government extension and marketing activities. The project enables farmers who could previously only sell in local markets at poor terms to gain access to the European market, receive fair prices for their products, and increase their incomes considerably.

In-service training for teachers in rural regions, South Africa

In the context of a South African government education initiative involving the reprinting of schoolbooks, textbook publisher Klett invested in a publishing company with a local partner in South Africa. In parallel with this, the publishing house started a project with DEG to train 1,360 teachers from rural areas in five South African provinces. They are to be trained in the methodology needed to make appropriate use of the new textbooks in their classes. Moreover, teachers receive in-service training in mathematics, science, and English, and are taught how to pass on their new knowledge to other teachers. This should help to bring about considerable improvements in the opportunities available to children and young people in rural areas of South Africa.

The German government advocates that the United Nations goals be achieved, not least, by means of partnerships between the UN and the private sector. It therefore tabled a corresponding resolution at the 55th UN General Assembly, which was adopted unanimously in December 2000. This was the first time that this topic was firmly established among all members of the UN in a targeted effort. The German government supports the UN Secretary-General’s Global Compact initiative, whereby enterprises and business federations enter into a voluntary commitment to respect human rights and ILO core labor standards and to take account of environmental considerations; eight German companies have joined the initiative so far. The German government invites other German enterprises to follow suit.

Enterprises are increasingly realizing that adherence to human rights and to social and ecological minimum standards is in their very own interest. The German government welcomes this trend and supports it, among other things, through the working party, established in 1999, on “Human rights and the private sector” comprising representatives of the government, business federations, and civil society. It welcomes the conclusion of voluntary codes of conduct and has initiated a Round Table on Codes of Conduct with the purpose of developing a shared understanding between companies, labor unions and nongovernmental organizations on how to introduce voluntary codes of conduct in an effective, transparent and participatory manner. The German government supports the drafting of voluntary environmental and social standards for the construction of large dams under the World Commission on Dams, an effort involving both enterprises and civil society groups.
The Amazon region is home to many indigenous peoples. It is also the site of intensive exploitation of mineral resources. The production of oil and gas continues to cause serious damage to the environment in the region. Indigenous peoples are the ones who suffer the negative consequences; their source of livelihood is destroyed, their health is put at risk. The result is a loss of cultural identity, impoverishment, increasing violence, and the emergence of social problems.

Representatives of indigenous peoples, governments, and transnational and national oil companies and oil organizations have agreed to start a dialogue on sustainable economic development in the Amazon region as part of a jointly devised regional program. One special concern is the elaboration of binding social and environmental standards that take account of indigenous interests.

The development of such standards and their implementation are to be supported through joint national and international dialogue and training events, the discussion of best practices, and the examination of specific problems related to ongoing oil activities.

The program is an effective alliance between the Coordinating Body for the Indigenous Peoples' Organizations of the Amazon Basin (COICA), the European Climate Alliance, the World Bank, the Latin American Energy Organization (OLADE), and CDG, the latter acting on behalf of the German government.

The German government is interested in working with dialogue forums such as the Arbeitsgemeinschaft Entwicklungsländer (AGE). In its dialogue with employers and labor unions, it advocates that support for development and poverty reduction be accorded a more prominent part in the shaping of foreign trade relations and in government support for foreign trade. It appeals to German business federations and German companies with operations abroad to help make the new OECD Guidelines for Multinational Enterprises effective and successful. The German government is also pursuing a national initiative and a dialogue with all relevant groups in order to persuade multinational enterprises to take account of environmental and sustainability aspects when making foreign direct investments.

The German government welcomes and supports joint activities between the private sector and civil society organizations, such as the initiatives for fair trade and for social labels (Rugmark, Flower Label, Transfair). The German government also considers the concept of "ethical investment" (for instance with the ethical investment cooperative Oikocredit or ecological funds) a good way of giving greater attention to concerns related to poverty reduction and social development. The German government proposes that within the framework of enterprises' practice of "corporate volunteering," they should make their workers available more often to volunteer for development-related activities (for instance to participate in exposure programs to learn about the living conditions of poor people in developing countries).

About two thirds of all research and development activities in Germany are funded and undertaken by the private sector. The German government calls upon the private sector and scientific and academic foundations to give greater attention in their research activities to problems specific to developing countries, for instance in the areas of energy, food, and health.

**Cooperation with Civil Society**

Civil society organizations are important partners in the effort to reduce poverty. They play an important role worldwide as advocates of the poor in the dialogue with governments and international organizations; grassroots organizations in the developing countries are important players and perform a significant role in fostering empowerment in local efforts for poverty reduction. Governments are called upon to create an environment that is conducive to civil society involvement.

In Germany, the support and critical feedback received from civil society makes an important contribution to the German government's poverty reduction policy. The German government will continue to seek close coordination with nongovernmental
organizations both regarding policy issues relating to poverty reduction and regarding practical cooperation. One instance of collaboration which it considers to be particularly successful is the "Permanent Working Group on Poverty Reduction - Helping People to Help Themselves."

**Permanent Working Group on Poverty Reduction - Helping People to Help Themselves (AKA)**

For almost 40 years now, governmental and nongovernmental organizations in Germany have been active in the fight against poverty in the countries of the South and, since the end of the East-West conflict, also in the countries of the former Eastern Bloc. Some of these organizations have been working together for a little over a decade now in the Permanent Working Group on Poverty Reduction - Helping People to Help Themselves (AKA). AKA coordinates the exchange of information, ideas and experience relating to poverty reduction between its member organizations. Its purpose is to provide more information to the public on poverty reduction. AKA provides input to important international institutions, for instance with regard to social funds, social security systems, the World Development Report 2000, or the decisions of the World Social Summit. In future, AKA will also deal with the developing countries' poverty strategies drawn up under the debt relief initiative, and with poor people's access to land.

The German government has also been working closely for a long time now with the German "NGO World Social Summit Forum" (NRO-Forum Weltsozialgipfel), which has been a critical observer of the implementation of the decisions of the 1995 World Social Summit and its follow-up conference in 2000. Other important civil society institutions that are relevant for poverty reduction are the Association of German Development NGOs (VENRO), the "Human rights forum" (Forum Menschenrechte), the "German Platform for Peaceful Conflict Management" (Plattform zivile Konfliktbearbeitung), and the "NGO Forum on Environment and Development" (Forum Umwelt und Entwicklung).

The German government is continuing to operate its successful programs of pro-poor cooperation with the churches, the political foundations and private agencies, through which these organizations' partner projects in the developing countries are supported. The German government's relevant contributions already amount to some 10 percent of the 2001 development budget.

This financing program complements the extensive range of projects undertaken by the private organizations themselves using the donations they receive, which total some DM 2 billion per year and of which a large proportion goes towards poverty reduction. The volume of charitable donations in Germany attests to a high level of commitment among large sections of the population and their readiness to shoulder their share of responsibility; it is also an expression of the successful development education work of many nongovernmental organizations. One major task for civil society organizations - all the way down to small regional working groups that rely exclusively on volunteers - is the area of education work and of forming the political will of the people in Germany. The German government will further increase its support for development education and awareness-building work to educate people about the issues related to global poverty reduction, especially about the target of halving the proportion of people in absolute poverty. This work is aimed at greater policy coherence and at strengthening public support for this issue and the practical involvement of broad sections of the public.

**Cooperation with the Academic and Research Sector**

The academic and research system plays an important role in sustainable poverty reduction. The German government invites the organizations representing Germany's academic community to work towards targeted use being made of training and research capacities for the purposes of poverty reduction and for implementing and further developing the Program of Action. Besides social science and development policy issues, areas covered should also increasingly include fields such as information technology and biotechnology and their role in worldwide poverty reduction. An interdisciplinary approach should be taken to the work, based
on partnerships with research institutions in the partner countries. The German government supports, among other things, development policy research as an important basis for making forward-looking recommendations to practitioners, and it tests innovative, practice-oriented ideas in pilot projects. It supports greater attention being given to the issue of sustainable development by Germany's research sector.

**Cooperation with the Federal States and Municipalities**

Poverty reduction is an important aspect motivating the development policy work of the German Federal States and municipalities. Some of them support projects in developing countries, and they take account of the issue of poverty reduction as they implement the guiding principle of sustainable development. Together with the German government and other organizations, they are setting up a joint service unit for municipal development cooperation and for the inclusion of North-South issues into local Agenda 21 processes. This unit is intended, among other things, to help achieve an effective readjustment of policies with a view to sustainable development, with all groups in society realizing that they share responsibility for development in our one world. This also includes municipalities’ efforts to take into account ecological, development, social, and economic aspects as part of their Local Agenda 21.

**5 Implementation of the Program of Action**

The target of halving poverty which this Program of Action seeks to support is linked to a timescale stretching until 2015. The Program of Action will be reviewed and, if necessary, updated at appropriate intervals. It will be discussed with our partners in developing and industrialized countries, among the EU partners, and with international institutions.

The German government proposes that a "Dialogue Forum 2015" be set up to facilitate exchange between participants on their activities and to initiate and reinforce alliances and joint efforts. In addition to the German government and its organizations, the Forum should also include members of the national parliament, representatives of the Federal States and municipalities, and representatives of the private sector and civil society (including labor unions and academics). The Dialogue Forum should be organized in a form that is in keeping with its task and will be given relevant support by the German government.

The German government will draw up an implementation plan which contains concrete steps for the individual actions and names the responsible players. The German government will create, in all relevant policy fields, the requisite organizational basis for giving greater attention to poverty reduction.

The German government will launch a campaign to make the public aware of the Program of Action and its goals. This campaign is part of the Program of Action, the purpose being to raise public attention and motivate the public to change their habits and become active. To this end, publicity efforts will rely on modern, target-group oriented media and instruments. The German government will invite prominent figures in society to be part of the campaign.
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<th>Abbreviation</th>
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<tr>
<td>ACLEDA</td>
<td>Association of Cambodian Local Economic Development Agencies (Cambodian credit institute for micro enterprises which emerged from an NGO)</td>
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<td>ACP</td>
<td>African, Caribbean and Pacific region (EU partner) states</td>
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<tr>
<td>AGDF</td>
<td>Aktionsgemeinschaft Dienst für den Frieden e. V. (Action Committee Service for Peace)</td>
</tr>
<tr>
<td>AGE</td>
<td>Arbeitsgemeinschaft Entwicklungsländer (&quot;Working group on developing countries&quot; of the Federation of German Industries (BDI))</td>
</tr>
<tr>
<td>AGEH</td>
<td>Arbeitsgemeinschaft für Entwicklungshilfe e.V. (Association for Development Cooperation; personnel agency of the German Catholics for international cooperation)</td>
</tr>
<tr>
<td>AGETIP</td>
<td>Agence d' Exécution des Travaux d'Intérêt Public (building contractor for public infrastructure projects)</td>
</tr>
<tr>
<td>AKA</td>
<td>Arbeitskreis Armutsbekämpfung durch Hilfe zur Selbshilfe (Permanent Working Group on Poverty Reduction - Helping People to Help Themselves)</td>
</tr>
<tr>
<td>CDG</td>
<td>Carl Duisberg Society</td>
</tr>
<tr>
<td>CEDAW</td>
<td>Convention on the Elimination of All Forms of Discrimination Against Women</td>
</tr>
<tr>
<td>CEFE</td>
<td>Competency Based Economies through Formation of Enterprise (development association for the promotion of the exchange of experience among industrial enter-prises)</td>
</tr>
<tr>
<td>COICA</td>
<td>Coordinadora de las Organizaciones Indígenas de la Cuenca Amazónica (Coordinating Body for the Indigenous Peoples’ Organizations of the Amazon Basin)</td>
</tr>
<tr>
<td>CPS</td>
<td>Civil Peace Service (Ziviler Friedensdienst, ZFD)</td>
</tr>
<tr>
<td>CSI</td>
<td>Christian Services International (Christliche Fachkräfte International, CFI)</td>
</tr>
<tr>
<td>DAC</td>
<td>Development Assistance Committee of the OECD</td>
</tr>
<tr>
<td>DED</td>
<td>Deutscher Entwicklungsdienst (German Development Service)</td>
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<tr>
<td>DEG</td>
<td>Deutsche Investitions- und Entwicklungsgesellschaft (German Investment and Development Company)</td>
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<tr>
<td>DÜ</td>
<td>Dienste in Übersee (Committee of Protestant Churches in Germany for Service Overseas)</td>
</tr>
<tr>
<td>EIRENE</td>
<td>International Christian Service for Peace</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FEFAD</td>
<td>Foundation for Enterprise, Finance and Development (Bank for small and medium-sized enterprises in Albania)</td>
</tr>
<tr>
<td>Forum ZFD</td>
<td>Forum Ziviler Friedensdienst e.V. (Forum Civil Peace Service)</td>
</tr>
<tr>
<td>FSF</td>
<td>Financial Stability Forum</td>
</tr>
<tr>
<td>G8</td>
<td>Canada, France, Germany, Italy, Japan, UK, USA, Russia. Until 1997, when Russia became a full member: G7</td>
</tr>
<tr>
<td>GEF</td>
<td>Global Environment Facility</td>
</tr>
<tr>
<td>GNP</td>
<td>Gross National Product</td>
</tr>
<tr>
<td>GTZ</td>
<td>Deutsche Gesellschaft für Technische Zusammenarbeit mbH</td>
</tr>
<tr>
<td>HIPC</td>
<td>Heavily Indebted Poor Countries</td>
</tr>
<tr>
<td>IDA</td>
<td>International Development Association (part of the World Bank Group)</td>
</tr>
<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation (part of the World Bank Group)</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>---------</td>
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<tr>
<td>ILO</td>
<td>International Labour Organization</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>IPEC</td>
<td>International Program on the Elimination of Child Labor</td>
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<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>KfW</td>
<td>Kreditanstalt für Wiederaufbau</td>
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<tr>
<td>LDCs</td>
<td>Least Developed Countries</td>
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<tr>
<td>MIGA</td>
<td>Multilateral Investment Guarantee Agency (part of the World Bank Group)</td>
</tr>
<tr>
<td>NGO</td>
<td>Nongovernmental Organization</td>
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<tr>
<td>NSSD</td>
<td>National Strategy for Sustainable Development</td>
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<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Cooperation and Development</td>
</tr>
<tr>
<td>OLADE</td>
<td>Organización Latinoamericana de Energía (Latin American energy organization)</td>
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<tr>
<td>OSCE</td>
<td>Organization for Security and Cooperation in Europe</td>
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<tr>
<td>PPP</td>
<td>Public-Private Partnership</td>
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<tr>
<td>PRGF</td>
<td>Poverty Reduction and Growth Facility (IMF)</td>
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<tr>
<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<tr>
<td>SEWA</td>
<td>Self-Employed Women's Association (labor union for informal sector women workers in India)</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small and medium-sized enterprises</td>
</tr>
<tr>
<td>TI</td>
<td>Transparency International (nongovernmental organization against international corruption)</td>
</tr>
<tr>
<td>TRIP(S)</td>
<td>Trade-Related Aspects of Intellectual Property Rights Agreement</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>UNAIDS</td>
<td>Joint United Nations Program on HIV/AIDS</td>
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<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
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<tr>
<td>UNICEF</td>
<td>United Nations Children's Fund</td>
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<tr>
<td>UNIFEM</td>
<td>United Nations Development Fund for Women</td>
</tr>
<tr>
<td>VENRO</td>
<td>Verband Entwicklungspolitik deutscher Nichtregierungsorganisationen e.V. (Association of German Development NGOs)</td>
</tr>
<tr>
<td>WFD</td>
<td>Welthfriedensdienst (World Peace Service)</td>
</tr>
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<td>WTO</td>
<td>World Trade Organization</td>
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