

In 2003 the Government of Botswana (GoB) adopted a National Strategy for Poverty Reduction (NSPR) that:

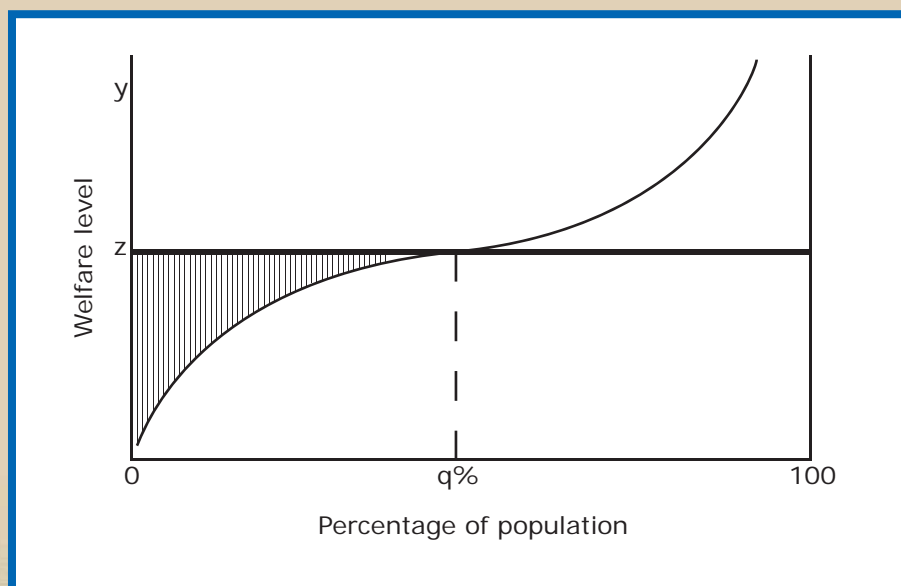
- Sets poverty reduction as its overarching goal consistent with the country's commitment to "build a compassionate, caring and just nation";
- Charts the strategic pathways for poverty reduction, primarily through broad-based labour-absorbing economic growth, the provision of basic quality social services to the poor, the promotion of cost-effective pro-poor social safety nets, an enhanced effective response to the HIV/AIDS epidemic, and strengthening institutions for the poor, and;
- Provides a multi-sectoral approach for overseeing the design, implementation and monitoring of poverty reduction interventions.

### OBJECTIVES OF THE NSPR

The Vision 2016 targets the eradication of income poverty by the year 2016. The NSPR provides the policy framework for enabling the poor to move out of poverty.

Figure 1 illustrates the processes towards poverty reduction. The welfare curve tracks the distribution of income (or other welfare measures) in ascending order (i.e. the percentage distribution of individuals from lowest to highest income). The horizontal line at  $z$  represents a robust poverty line. Of the total population,  $q$  percent of individuals in the population are below the poverty line. The shaded area represents the poverty gap for individuals falling below the poverty line. Poverty is unequal, as shown by the depth of poverty in the shaded area, which is severe at the bottom end.

The joint goal of Vision 2016 and the NSPR is to enable the welfare distribution curve to move towards and eventually above the poverty line through a reduction in the depth of poverty and graduation of the poor out of poverty. The Vision 2016 strives to complete the shift by 2016.



**Figure 1:**  
An Illustration  
of Poverty  
Reduction  
Processes

## PATHS FOR REDUCING POVERTY STRATEGIC POLICY AREAS

The strategic pathways for poverty reduction charted in the NSPR are:

- The promotion of broad-based growth focused on sectors that benefit the poor (creating and expanding employment opportunities and sustainable livelihoods);
- The enhancement of human capabilities of the poor (enhancing access to basic quality education, health and nutrition for the poor);
- The promotion of cost-effective pro-poor social safety nets (improved targeting and coverage, and level of benefits for the poor);
- An enhanced effective response to the HIV/AIDS epidemic (reducing the aggravating effect of the disease on employment and productivity, disease burden and health costs, and vulnerability to poverty), and;
- The strengthening of institutions for the poor to effect their participation in the growth processes, and to enable their access to social services and public safety nets.

### Broad-based, Labour-absorbing Economic Growth

Broad-based economic growth is likely to have appreciable effects on poverty reduction if growth occurs in sectors that the poor depend on for their livelihoods. It is desirable that such growth processes utilise their abundant factor(s) and economise on and increase the productivity of scarce factors.<sup>1</sup>

Lowering transaction costs through investment in infrastructure, markets and innovative institutions enhances the participation and integration of the poor into markets, and increases the returns to their scarce factors. It is crucial that such broad-based growth also occurs with low fluctuations to minimise the risk of deepening poverty. Improved income distribution, as the economy grows, reinforces the effect of economic growth on poverty reduction.

### The Provision of Pro-poor Social Services

As in the case of Botswana, where there has been significant progress in the provision of social services and coverage (i.e. basic education and primary health care), the policy priorities of the social sector are to ensure that public spending on social services is efficiently done and the equity consideration is addressed, especially access and utilisation of social services by the poor.

The right organisational arrangements and institutions need to be in place to ensure that services are delivered to the poor. Such targeting could include making eligibility for income transfer programmes conditional on participation in social services, as it is implicitly practised in the Child Welfare Clinics (CWCs).

### Cost-effective, Pro-poor Social Safety Nets

The poor are particularly vulnerable to erratic production and income shocks that often "slide" them into deeper poverty. Publicly provided safety nets have important supportive and protective functions, whereas private safety nets, through informal (family or community based) and market-based arrangements, are insufficient to reduce the downside variability in income and consumption.

Lessons from international experiences, including Botswana, indicate that publicly provided safety nets score low in reaching the poor, and often the programmes are

<sup>1</sup> A factor of production that is most limiting to growth is considered scarce, whilst others are deemed abundant relative to the scarce factor. For example, farm assets, such as arable land and draught animals, are often the most limiting (scarce) factors as compared to labour in African smallholder agriculture.

poorly coordinated, accruing high costs of transfer to households due to operational inefficiencies and leakages.

Cost-effective safety nets for the poor are marked by high poverty targeting effectiveness (as a percentage of programme beneficiaries), increased coverage of the poor (as a percentage of total poor), and net transfer of income at low cost.

### Reducing the HIV/AIDS Disease Burden on the Poor

A high prevalence of HIV/AIDS slows or reverses achievements in economic growth and gains in social outcomes, and increases vulnerability to poverty. These undesirable economic and social outcomes are pronounced amongst the poor whose income generating capacity is severely curtailed by sick or deceased members of the family who previously gave financial support (or increased demographic burden), the depletion of assets due to the high-cost of health expenses, and diminishing physical capacity to survive on low food intake.

Enhancing an effective response to the HIV/AIDS epidemic breaks the synergy between poverty and the disease, and reduces the disease burden and its consequences on the poor.

### Strengthening Institutions for the Poor

Implementing effective poverty reduction policy rests on:

- Organisational and institutional arrangements and practices that enable the identification of the poor, capture their needs correctly and link them into the growth process (e.g. institutions providing access to credit to the poor, technology and transfer of knowledge, marketing services);
- The delivery of social services to the poor (institutions providing basic services to the poor);
- Effective targeting of the poor in the provision of social assistance (e.g. destitute programmes), and;
- The engagement of the poor in monitoring the performance of programmes and projects (e.g. beneficiary assessment arrangements).

Without properly functioning institutional arrangements and practices, the effectiveness of good policies and programmes is likely to diminish.

## AREAS OF ACTION

Systematically addressing the questions related to the "how" of poverty reduction along the lines of the strategic areas discussed above remains a challenge.

The over-riding questions are: How is broad-based and sustained economic growth that expands employment opportunities for the labour force achieved? How is the effective provision of social services targeted at the poor ensured? How can HIV/AIDS be effectively addressed through poverty reduction initiatives? How can comprehensive and efficient safety nets targeted at the poor be developed and provided? How can organisational capacity and institutions be strengthened for the poor? How can the capacity of existing national development planning and local government institutions be strengthened to effectively deliver pro-poor programmes? And finally, how can the availability of relevant poverty statistics be enhanced in a timely manner to inform both policy and advocacy?

To systematically address these questions, the MSCPR in its February 2006 quarterly meeting, adopted the following areas of action:

**Poverty Assessment and Policy:** For policies and programmes to be responsive to the needs of the poor and to address their constraints for growing out of poverty, certain core questions need to be addressed. These are: What process underlines impoverishment? What are the characteristics of the poor? And, what remedial solutions should be addressed?

The objectives of the poverty assessment and policy activity cluster are:

- To establish poverty profiles and determinants;
- To strengthen the policy focus of poverty analyses, and;
- To inform policy options for poverty reduction.

Planned activities include: continued poverty diagnostics (establish poverty profiles and determinants), periodic situational reports on poverty, and policy focused poverty studies.

**Poverty Focus of Policies and Programmes:** An important step towards poverty reduction is the design of policies and programmes that respond correctly to the needs and constraints of the poor.

The key questions here are: To what extent are policies and programmes (growth, human resources development and social assistance) informed by recent poverty assessments? What are the interventions, channels and instruments for reaching the poor? Are existing policies consistent with requisite interventions and instruments?

The objectives of the activity cluster under this area of action are:

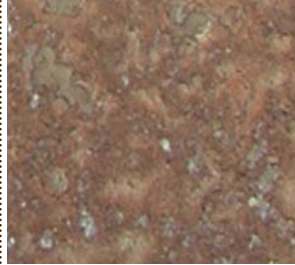
- To enhance knowledge on pro-poor policies and practices;
- To assist in self-assessment of pro-poor policies and programmes, and;
- To mainstream poverty into the development planning process (or, convergence of NDP<sup>2</sup> and poverty reduction strategies).

Specific activities include: the assessment of the poverty focus of the current NSPR programmes and the development of templates for periodic monitoring, and guidelines for the identification of pro-poor interventions; the evaluation of the poverty-focus of current economic and social policies; the sensitisation of policy makers on pro-poor policies and practices; and the mainstreaming of poverty in the NDP process and policies.

**Poverty Focus of Institutions:** The objective of this cluster is to foster effective pro-poor institutional arrangements. The emphasis is on the assessment of the poverty-focus of existing institutions, promoting pro-poor institutions, monitoring organisational and institutional effectiveness, and scaling up best institutional practices.

The planned specific activities include: the assessment of the poverty focus of institutions (e.g. the process of targeting, service delivery and participation of the poor); the sensitisation/training of local government and community-based institutions; the development of indicators and monitoring institutional effectiveness; and the identification and promotion of best pro-poor institutional practices.

<sup>2</sup> National Development Plan



**Poverty Monitoring System:** Setting up a system for monitoring progress and measuring achievement in development outcomes is an important component of the poverty reduction strategy. Instituting such functioning systems enables progress tracking, identification and determination of factors that prevent the attainment of set targets, the dialogue for policy change and corrective measures, and the mobilisation of broad-based support to effect public action.

The NSPR calls for the institution of a comprehensive monitoring system to track progress on poverty reduction.

The tasks ahead include: the review of existing poverty M&E systems, the development of poverty monitoring indicators, the institution of a computerised welfare monitoring and reporting system, and collaboration with the Central Statistics Office (CSO) on the implementation of poverty monitoring surveys to generate disaggregated measures of the core poverty/welfare indicators.

**Impact Assessment, Lessons Learned, and Scaling Up:** Policies and programmes are ultimately judged by their effectiveness in improving welfare outcomes, particularly in reducing poverty in its different dimensions. The principle of managing development effectiveness calls for proper documentation of the impact of policies and programmes, drawing lessons learned, and scaling up to enhance effectiveness in improving welfare outcomes.

Planned activities include: to take stock of recent impact studies and synthesise findings; to set selection criteria for the identification of policies and programmes; to provide training on impact evaluation methods; and to report to the RDC/MSCPR/RDCD on recent findings and lessons learned. These activities are intended to promote impact-evaluation practices, to provide lessons from evaluation studies, and to advocate for scaling up.

**Knowledge Sharing, Advocacy and Building Consensus:** The drive for poverty reduction can be accelerated if the country is able to pool its existing knowledge base, incorporate recent best practices and advocate for policy change. Widely shared information and knowledge form the basis for effective policy dialogue and building an informed coalition against poverty.

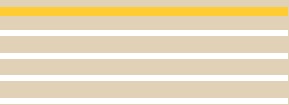
In order to enhance information/knowledge sharing, promote policy dialogue and build an informed coalition, the MSCPR will: periodically report progress on poverty reduction through different platforms; develop the right mix of skills for the design and implementation of poverty assessments; promote discussion and public dialogue (search for reform options); and build an informed coalition against poverty.

## THE WAY FORWARD

The implementation of the areas of action discussed above has already begun. The MSCPR is implementing linked activity clusters simultaneously and systematically synchronised to ensure proper sequencing and synergy.

The MSCPR is currently focused on four priority areas, namely:

- The review of existing NSPR programmes, the recommendations of which shall be implemented to enhance their poverty focus in terms of design,



implementation and monitoring;

- The evaluation of the adequacy of current government M&E systems, in order to identify indicators for monitoring the well-being of the poor and to institute a poverty monitoring survey;
- The sensitisation of policy makers and the public at large about NSPR, its implementation strategy and progress in poverty reduction, and;
- Enhancing awareness and facilitating mainstreaming poverty reduction into the National Development Planning process, policies and programmes.