

DRAFT

Empowerment and Poverty Reduction: A Sourcebook

PREM
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EXECUTIVE SUMMARY

World Development Report 2000/2001: Attacking Poverty presents a multidimensional view of poverty. In particular, it underscores the importance of increasing poor people's access to opportunity, security, and empowerment for economic growth and poverty reduction. Building on WDR 2000/2001, the World Bank's Strategic Framework Paper identifies two priority areas for Bank support to client governments: (a) building the climate for investment, jobs, and growth, and (b) empowering poor people and investing in their assets. This book defines the World Bank's approach to empowerment for economic growth and poverty reduction. It will also inform the World Bank's social development strategy.

A growing body of evidence is showing the linkages between empowerment and good governance and growth, growth that is more pro-poor, and improved project performance. However, there remain many questions about what empowerment means, how it applies to the Bank's work, and what actions should be undertaken to move the empowerment agenda forward. This book addresses these three issues, taking into account the World Bank's mandate and comparative advantage in this field. The final section of the book documents tools and practices that can support the implementation of an empowering approach to poverty reduction.

The World Bank's Role

The World Bank's comparative advantage in pursuing an empowerment agenda for poverty reduction lies in its relationship with governments around the world. The Bank is well placed to provide analysis, evaluation, and advice on issues from governance to sector reform and economic growth, based on research and learning from projects co-financed with governments. The Bank can convene stakeholders to stimulate debate, consensus, and coalition building for reform. It can support information disclosure and public accountability mechanisms in projects and lending products. Finally, the Bank can build capacity and support the strengthening of civil society and government institutions at the local and national levels.

The Meaning of Empowerment

Empowerment refers broadly to the expansion of freedom of choice and action. For poor people, that freedom is severely curtailed by their voicelessness and powerlessness in relation particularly to the state and markets. Since powerlessness is embedded in the nature of institutional relations, the book adopts an institutional definition of empowerment in the context of poverty reduction, as follows:

Empowerment is the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives.

Since poverty is multidimensional, poor people need a range of assets and capabilities at the individual level (such as health, education, and housing) and at the collective level (such as the ability to organize and mobilize to take collective action to solve their problems).

Empowering poor men and women requires the removal of formal and informal institutional barriers that prevent them from taking action to improve their wellbeing—individually or collectively—and limit their choices. The key formal institutions include the state, markets, civil society, and international agencies; informal institutions include norms of social exclusion, exploitative relations, and corruption.

Four Key Elements

Because state actions create the conditions in which poor people and other actors make decisions, the primary focus of the book is on state reform. Since social, cultural, political, and economic conditions vary and institutions are context-specific, reform strategies must vary as well. But even though there is no single model for empowerment, experience shows that certain elements are almost always present when empowerment efforts are successful.

The four key elements of empowerment that must underlie institutional reform are:

- ***Access to information.*** Information is power. Informed citizens are better equipped to take advantage of opportunity, access services, exercise their rights, and hold state and nonstate actors accountable. Critical areas where information is most important include state and private sector performance, financial services and markets, and rules and rights regarding basic services. Information and communication technologies often play a pivotal role in broadening access to information.
- ***Inclusion/participation.*** Opportunities for poor people and other excluded groups to participate in decision making are critical to ensure that use of limited public resources builds on local knowledge and priorities, and brings about commitment to change. However, sustaining inclusion and informed participation usually requires changing the rules so as to create space for people to debate issues and participate in local and national priority setting, budget formation, and delivery of basic services.
- ***Accountability.*** State officials, public employees, and private actors must be held answerable for their policies, actions, and use of funds. Government agencies, both administrative and political, and firms must have horizontal or internal accountability mechanisms, and must also be accountable to their citizens and clients for their performance.

- **Local organizational capacity.** This refers to the ability of people to work together, organize themselves, and mobilize resources to solve problems of common interest. Organized communities are more likely to have their voices heard and their demands met.

These elements are already present in some of the Bank's ongoing work in investment projects. They are much less present in policy loans and in analytical work. They also need to be reflected much more systematically in the Bank's Country Assistance Strategies, its support for poverty reduction strategies, and related mandates and analytical guidelines.

The Demand Side of Governance

Strategies for improved governance and poverty reduction have focused on formal systems, with little connection to those working at the community level. An empowering approach to state reform can be viewed as strengthening the *demand side of governance* for greater public effectiveness, and ensuring that the links between demand and supply are effective. A demand-side approach to improving governance focuses on creating laws, rules, and procedures that enable citizens and poor people's organizations to interact effectively with their governments. Such an approach also invests in educating and informing citizens and in enabling the emergence of strong poor people's organizations and citizens' groups. This is particularly relevant for investment projects and budget support loans that focus on improving local and national governance.

Application of Empowerment Approaches

Empowerment approaches can be applied across a broad range of the Bank's work. To provide some practical illustrations from Bank operations and non-Bank activities, this book focuses on applications in five areas:

- Access by poor people to basic services
- Improved local governance
- Improved national governance and economy-wide reform
- Pro-poor market development
- Access by poor people to justice.

Much progress has been made in incorporating participatory elements in projects and in national processes geared toward formulating poverty reduction strategies. However, the other three elements of empowerment, particularly local organizational capacity, have lagged behind, in projects aimed at improving governance as well as those targeting delivery of basic services, and above all in policy-based lending. Rules and strategies are needed to increase poor people's access to information, to create mechanisms of accountability to poor people and citizens' groups, and to invest in the organizational capacity of poor people and civil society. There is also a need to deepen and widen participatory strategies.

Conclusion

While there is certainly sufficient research and experience to move forward and apply the empowerment elements more broadly in the Bank's work, systematic application will require leadership, contextualization, and capacity building, as well as internalization over time of the four elements of empowerment in existing guidelines. Much also remains to be done to assemble reliable data to monitor empowerment processes and outcomes and to develop diagnostic tools to guide application in different sectors.