

DFID Social Exclusion Review

Jo Beall

London School of Economics

Laure-Hélène Piron

Overseas Development Institute

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the London School of **Economics**
and **Political Science**



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Acronyms

AsDB	Asia Development Bank
CSO	Civil Society Organisation
CAP	Country Assistance Plan
CHAD	Conflict and Humanitarian Affairs Department
CPRC	Chronic Poverty Research Centre
CSP	Country Strategy Paper
DFID	Department for International Development
DRC	Democratic Republic of the Congo
DoC	Drivers of Change team
EC	European Commission
EMAD	Europe, Middle East and Americas Division
ERJ	Exclusion, Rights and Justice
IADB	Inter-American Development Bank
ILO	International Labour Organisation
IPS	Institutions and Political Systems
ITD	International Trade Division
MDGs	Millennium Development Goals
MIC	Middle Income Country
NGO	Non-Governmental Organisation
ODI	Overseas Development Institute
OHCHR	Office of the UN High Commissioner for Human Rights
PD	Policy Division
PIP	Public Institutions and Politics
PPAs	Programme Partnership Agreements
PRBS	Poverty Reduction Budget Support
PRDE	Poverty Reduction in Difficult Environments
PRSPs	Poverty Reduction Strategy Papers
PSIAs	Poverty and Social Impact Assessments
RAP	Regional Assistance Plan
RtVP	Reaching the Very Poorest
RBA	Rights-Based Approach
RPU	Regional Policy Unit
SEF	Social Exclusion Framework
SEU	Social Exclusion Unit
SLA	Sustainable Livelihood Approach
SSAJ	Safety, Security and Access to Justice
STEP	Strategies and Tools Against Social Exclusion and Poverty
SDD	Social Development Department
TSP	Target Strategy Paper
TORs	Terms of Reference
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Fund for Women
WISE	Working Group on Inequality and Social Exclusion

Executive Summary

1. This report reviews and synthesises experiences of working on social exclusion within the UK Department for International Development (DFID). It also examines the experiences of the UK's Social Exclusion Unit and other international development agencies. The aim is to support the development of a corporate DFID approach to poverty reduction that incorporates a social exclusion framework. The report also aims to inform a DFID work programme to be carried forward across the office.

2. The first section of the report introduces the concept of social exclusion. Social exclusion is presented as useful as a tool of *analysis*. It provides a multidimensional and dynamic framework that focuses attention on both the causes and impact of social disadvantage. A social exclusion framework (SEF) can also be applied *operationally*, in terms of DFID's ability to meet its objectives. Within DFID, a SEF is seen as having particular salience in addressing the barriers to meeting the Millennium Development Goals (MDGs), particularly where these relate to exclusionary social relations and institutions.

3. Section 2 of the report reviews how social exclusion is presently understood in DFID, and its perceived advantages and disadvantages.

4. DFID staff see the *advantages* of a social exclusion perspective resting both on its focus on social structures and processes and on the stress it places on politics and power relations. It signals a dynamic perspective and not one that simply presents a snap-shot of a current situation. It is also valued as offering a potential operational framework that could be useful in aid policy and programming. A SEF is seen as a way of focusing on social relations and political and institutional exclusion during policy dialogue, programme design and delivery.

5. The major *challenges* identified are linked to problems of operationalising a SEF. This is particularly the case when working with partner governments that might be threatened by a focus on social exclusion. This is likely to be problematic in the context of Poverty Reduction Budget Support (PRBS) and Poverty Reduction Strategy Papers (PRSPs). Analytically, another disadvantage identified is that 'social inclusion' in mainstream society is often seen as the solution to the problem of social exclusion. This is not automatically so, particularly in diverse and multicultural contexts where the right to remain outside the mainstream and adhere to a minority culture needs to be recognised. The concept of 'social cohesion' is seen as helpful here as it implies cooperation rather than conformity.

6. Sections 3 and 4 of the report review DFID work on social exclusion in its *regional and country programmes*, and at a policy level. As an operational framework, the SEF has particular currency in Latin America where it is closely associated with a rights-based approach (RBA). Asia Division has been instrumental in showing how a SEF can be institutionalised within DFID. As an analytical framework, social exclusion has proved useful in explaining poverty and inequality in middle-income countries (MICs). It has helped DFID understand and address minority issues and ethnic and violent conflict in Africa, the Middle East, Europe and Central Asia.

7. At a *policy level*, the new Exclusion, Rights and Justice (ERJ) team in Policy Division (PD) plays a catalytic role in relation to social exclusion, building on previous and ongoing work. Other teams that are working with the framework include the Reaching the Very Poorest (RtVP) and the Rural and Urban Change teams.

8. Section 5 of the report reviews the approaches adopted in *other agencies*. Support for a SEF within DFID is timely as it allows DFID to better engage in donor coordination where there is already strong take up of the concept. This is especially important in the regions, for example with the Inter-American Development Bank (IADB) and the World Bank in Latin America and the Caribbean. It is also relevant for donor coordination on specific issues, for example with the International Labour Organisation (ILO) in relation to its work on social protection, or the European Commission's focus on social cohesion. Among bilateral donors, DFID has the potential and the platform to play a leading role in advancing and operationalising a SEF and in influencing other international agencies.

9. Section 6 of the report draws together the *main findings of the review* and identifies a number of elements that could be incorporated in a work programme.

10. In order to build on the general support and enthusiasm within DFID, staff agreed with the need for a policy statement on social exclusion. This would clarify how the term is to be used within the organisation. The statement would require attention being paid to *conceptual issues*, notably how a SEF will relate to a RBA and work on poverty and inequality within DFID, as well as whether the concept of 'social exclusion' or 'exclusion' should be used.

11. In terms of *programming*, the review found that regional programmes were at different stages of engagement with the concept depending on the conditions pertaining in the regions themselves. They also applied a SEF in different ways or to different problems. Flexibility of approach is seen as important because adopting a SEF does not mean 'one size fits all'. At the same time, it is necessary to achieve coherence in DFID's analytical and operational approach.

12. The general view held was that in taking forward a SEF within DFID, the proposed work programme should not be considered as a work programme simply for the new ERJ team in PD. Rather it should be seen as a corporate work programme, involving other teams in PD, Regional Policy Units (RPU) and other parts of DFID, including possibly country programmes. The ERJ team is envisaged as having a catalysing and support role to play.

13. In terms of institutionalising a SEF in DFID's work with partners, there are two key factors to note. The first is that the concept has wide currency with people on the ground and with other development agencies. The second is that some people see it as a difficult concept to operationalise, particularly in the context of government-to-government bilateral aid and the aid modality of PRBS.

14. *Suggestions for a forward work programme* are based on consultations with a range of staff. They do not take the form of firm recommendations but rather a suggested menu of options for DFID to consider. Staff felt that at the core of a work programme and in order to maintain senior management enthusiasm for a SEF, a policy statement is important. It would include a clear and agreed definition of social exclusion as a

multidisciplinary approach. In taking the work programme forward the marshalling of an evidence-base was seen as imperative, linked to the impact of social exclusion on the achievement of the MDGs. Amendments to DFID systems and procedures to reflect a corporate strategy on social exclusion and to create incentives for managers and staff was seen as important. The development of strategies for working respectively with international organisations, governments and civil society organisations (CSOs) was also seen as useful.

15. It is generally felt that outputs of the *work programme need to be targeted at country programmes* as the principal way of operationalising a SEF. Options to achieve this include: accessible guidance notes; a programme of lesson learning across different DFID regions and sectors; responsiveness from the ERJ team to needs of country programmes; and a clear division of labour between the RPU and PD.

16. *Within the ERJ team* it is seen as important to clarify the relationship between a SEF and DFID's RBA, gender mainstreaming, and Safety, Security and Access to Justice (SSAJ), so that a clear and coordinated message emerges from the team.

17. *In coordinating with other PD teams*, the ERJ team could pay particular attention to working with the RVP team given the obvious areas of overlap and the possible identification of 'socially excluded' groups and individuals with 'the very poorest'. The ERJ team could also consider closer coordination with the Rural and Urban Change team, which is doing some work related to geographically-based or spatial exclusion. A strong case was made for *the ERJ team to lead* on bringing together work on political analysis, difficult environments and conflict work. On conflict this would involve the Conflict and Humanitarian Affairs Department (CHAD), the Security and Development team, the Africa RPU and selected African country programmes. Collaboration on politics with certain teams would seem to be important; especially with the Institutions and Political Systems (IPS) and Poverty Reduction in Difficult Environments (PRDE) teams, and the Latin America Department.

18. *Important activities* led by the ERJ team within DFID could include producing a body of work towards an evidence-base. A note of caution was raised that DFID would need to be conscious of the costs involved if social exclusion is to be measured and monitored for DFID programme initiatives. The team could also provide assistance to PD teams working on social exclusion on a responsive basis.

19. *Outside of PD and DFID* it was felt that work with the World Bank and IADB needed to continue. DFID could also pay attention to important work being done by ILO and to work with, and potentially influence, the European Commission in relation to its 'social cohesion' focus. This would seem to require PD to collaborate with International Division and RPU. It was felt that work with NGOs and CSOs, both globally and in-country, should not be neglected. This work could be explored in cooperation with the Information and Civil Society Department and relevant country programmes.

1. Introduction

1.1 Background

Social exclusion is a concept commonly used in development, particularly following the World Social Summit in Copenhagen in 1995. Thereafter a number of multilateral development agencies, notably the World Bank and the International Labour Organisation, adopted social exclusion as a multidimensional framework. It served to broaden poverty analysis and focus attention on both the causes and impact of social disadvantage. At around the same time, the Social Development Department in the UK Department for International Development (DFID) first considered the usefulness of the concept. In 1997, the UK Government officially adopted the term for its Social Exclusion Unit (SEU), now located in the Office of the Deputy Prime Minister.

There has been on-going work on social exclusion in DFID for a number of years, in particular at country level. Recently this seems to have gained greater prominence at policy level. Social exclusion has been mainstreamed in some country and regional programmes and the concept has purchase across a number of policy teams. A social exclusion framework (SEF) has particular currency in Latin America, where exclusion was a strong pre-existing discourse in public policy and where it is closely associated with a rights-based approach (RBA). It also has currency in Asia where it is associated with caste and gender.

Despite some remaining differences of definition and emphasis, there is a trend towards seeking to operationalise a SEF in DFID. In this regard, a SEF is viewed as having particular salience for the Millennium Development Goals (MDGs). It helps to address several sets of barriers to meeting the MDGs. First are those based on social relations that exclude people ('relational barriers'). A second set relates to restricted access to institutions and organisations that matter for poverty reduction, citizenship and rights ('institutional barriers').

1.2 Purpose of review

This report reviews and synthesises experiences of working with social exclusion both within DFID and among other agencies. The aim is to support the development of a corporate DFID approach to poverty reduction that incorporates a social exclusion framework.

The report also aims to inform a work programme to be carried forward across the office and to clarify the issues to be addressed by a corporate policy statement.

1.3 Defining Social Exclusion

Social exclusion is a concept that can describe, on the one hand, a condition or outcome, and, on the other, a dynamic process.

As a *condition* or *outcome*, social exclusion is a state in which excluded individuals or groups are unable to participate fully in their society. This may result from:

- their social identity (for example race, gender, ethnicity, caste or religion), or
- social location (for example in areas that are remote, stigmatised or suffering from war or conflict).

As a multidimensional and dynamic process, social exclusion refers to the social relations and organisational barriers that block the attainment of livelihoods, human development and equal citizenship. It can create or sustain poverty and inequality, and can restrict social participation. As a dynamic process, social exclusion is governed by:

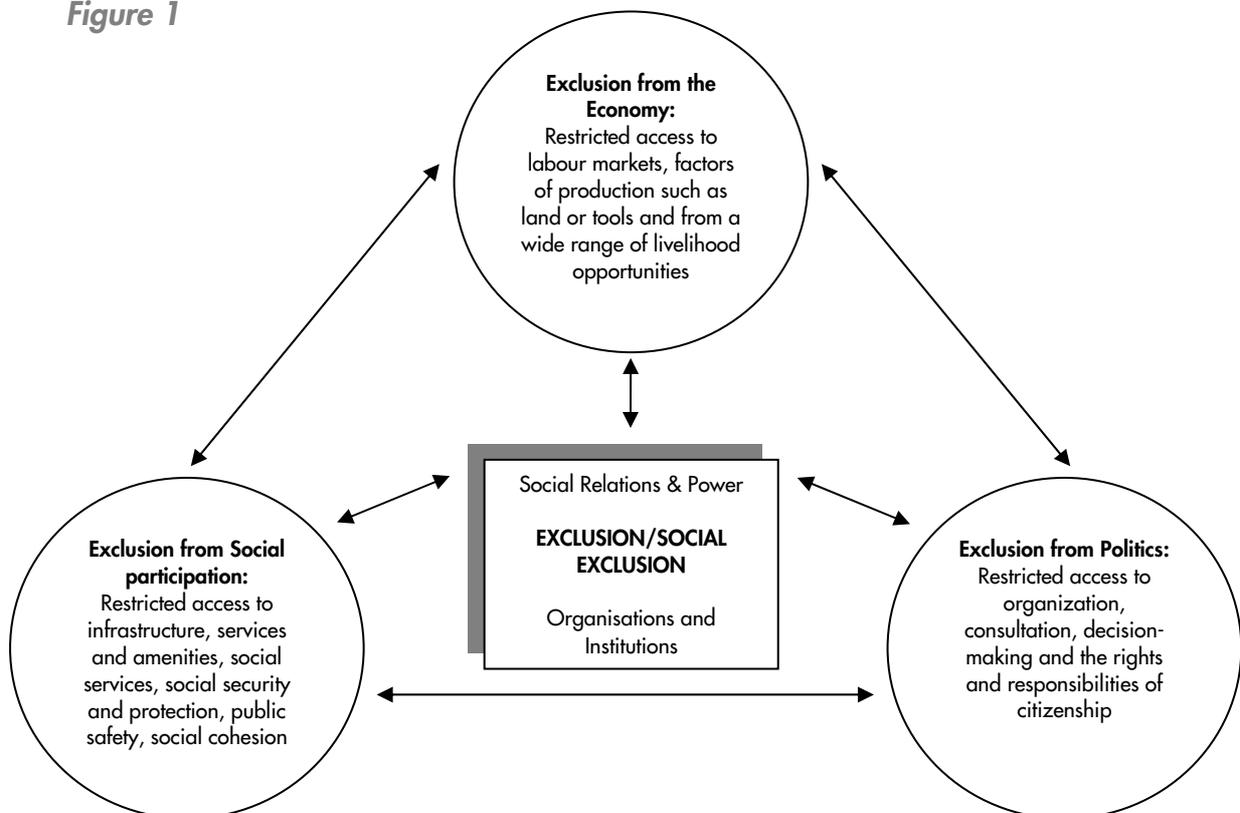
- social and political relations, and
- access to organisations and institutional sites of power.

The abbreviated working definition of social exclusion used in this report is as follows:

Social exclusion is a process and a state that prevents individuals or groups from full participation in social, economic and political life and from asserting their rights. It derives from exclusionary relationships based on power.

How the definition relates to different spheres of development activity is illustrated in Figure 1. Social exclusion from full participation in economic life is shown in the top circle, which depicts exclusion from labour markets, employment and enterprise opportunities and a wide range of livelihood strategies.

Figure 1



The left bottom circle represents those aspects that denote exclusion from full participation in social life. They include exclusion from access to infrastructure and services, social security and protection, public safety and social cohesion. The right hand circle depicts exclusion from political life through restricted access to organisation, decision-making and the rights and responsibilities of citizenship. The box in the middle depicts the axes of exclusion, the dynamics of which operate through social relations and social, political and economic institutions based on power.

Whether the term 'social exclusion' is used to describe the axes of exclusion or simply 'exclusion' is a matter of semantics, so long as it is understood that such axes include exclusion from *economic, social and political* participation.

This review draws out the perceived value of social exclusion framework for DFID. It is relevant at both the analytical and operational levels. It brings together perspectives based on both social relations and institutions.

1.4 Outline of the Report

Section Two examines how DFID staff members understand social exclusion. It points to the risks, challenges and opportunities they see associated with using the term. Sections Three and Four review work that has been undertaken in DFID across regional programmes and at a policy level. Section Five provides a selective review of how social exclusion is used in other government and international development agencies. Section Six summarises key findings; draws out the policy implications of using a SEF; and offers recommendations on a work programme.

The methodological framework for analysis is detailed in Appendix One. A more detailed discussion of the concept of social exclusion, its origins and its application in the context of development can be found in Appendix Two. Appendix Three provides a selection of case studies where social exclusion has been applied in DFID country programmes. Appendix Four provides a selected list of references used in the review.

2. How Social Exclusion is Understood in DFID

This section examines how social exclusion is presently understood within the organisation. It is based primarily on interviews, complemented by a review of DFID documents. It is organised around three of the questions that interviewees were asked:

- how do you define social exclusion?
- what are the benefits and challenges of working with the concept?
- what are the dangers and risks involved?

How social exclusion relates to other key concepts used in DFID is addressed in section 4 on policy work.

2.1 The Meaning of Social Exclusion

There was a diversity of definitions and views on social exclusion among staff in DFID.¹ Most interviewees felt that it was important but also that the concept was 'in the air', especially given recent senior management statements. They were keen to engage in the debate. A majority of people shared a view consistent with the definition put forward in this report. They mentioned the concept of social exclusion as exhibiting one or more of the following characteristics:

- referring to *individuals* (e.g. through exclusion from labour markets) or *categories and/or groups* (e.g. caste or minority groups);
- being founded on a *social relations* approach, concerned not only with the excluded but also the excluders, thus putting *power* at the centre of the analysis (e.g. ensuring that analysis of, and responses to, land reform involve both the landless and displaced as well as land owners and responsible government officials);
- including an *institutional* dimension involving organisations and processes that exclude (e.g. some citizens being left out of decision-making processes);
- having a *causal* dimension allowing, for example, a focus not only on poverty but also the factors leading to poverty and other forms of social disadvantage (e.g. racial prejudice or religious intolerance leading to lesser access to education or the job market); and
- involving a multidimensional *process* that intersects with other aspects of social disadvantage such as poverty or gender discrimination (e.g. gender or ethnic and religious minority status).

Depending on their perspective, staff emphasised different elements of social exclusion. Most stressed that it accompanied, but was not synonymous with, poverty or inequality. For example, someone can be from a wealthy social group and excluded from the

¹ This section draws mainly on the views of DFID staff expressed during the interviews. The use of social exclusion in DFID documentation is highlighted more specifically in Section 4. Unsurprisingly considerable overlap between the two but the present section focuses on issues related to employing the concept or framework within DFID's policies, practices and procedures.

mainstream of society. Some prioritised issues of identity, such as gender, caste, ethnicity and disability. Others saw social exclusion as a determinant of access to services, education and health outcomes. Some interviewees focused on exclusion from livelihood opportunities and economic participation, while others saw it as a source of grievances that could lead to violent conflict. Finally, some placed emphasis on exclusion from social or political participation, or saw it as the denial of rights or exclusion from citizenship.

A minority of those interviewed did not find the concept at all useful. Some saw the notion of inequality as being more important or having more 'traction'. They considered that social exclusion implied a focus on the 'softer' side of development. In this regard, some thought Frances Stewart's concept of 'horizontal inequalities' (inequalities between groups) was more helpful. Others resisted horizontal inequality being set up in competition to a SEF as the two frameworks are ultimately compatible. However, referring to horizontal inequality may be less useful for DFID partners who are less familiar with the concept. It could risk losing the focus on social relations, institutions and the link to governance.

Some felt social exclusion was strictly associated with the social analysis employed by social development advisers using anthropological and sociological approaches. Conversely, some social development advisers considered social exclusion as their 'bread and butter' and welcomed the importance accorded to it within DFID.

Nevertheless, there was a recurrent response from a significant number of people who recognised the wide resonance and crosscutting relevance of a social exclusion perspective. Some suggested using the term 'exclusion' rather than 'social exclusion' as a way of signalling the broader reach of the concept.

A minority of respondents used the concept of social exclusion synonymously with 'poverty', 'problems of access', a 'rights-based approach', the non-income dimensions of poverty and issues to do with voice, empowerment and political participation. There was some occasional evidence of the term being used pragmatically, to advance politically difficult agendas or to appeal to partners. While useful, this can serve to undermine the utility of a SEF and its focus on relational and institutional barriers.

2.2 Benefits of Using a Social Exclusion Perspective

Social development advisers had the most thought-through views on the advantages of a social exclusion perspective. The key benefits were identified as a focus on *social structures and processes*. Overall, the perspective was also appreciated as a complement to DFID's focus on poverty and inequality because it looks at issues in a dynamic way (e.g. what leads to poverty) and not just statically (e.g. looking by way of a snapshot view at the current situation). It was thought to help move beyond income-based analyses and money-metric measurements to include issues of access.

Social exclusion was specifically welcomed as:

- bringing to the fore issues of *power and powerlessness*;
- suggesting that that 'things could change';
- providing a valuable tool of *analysis*;
- offering an operational framework; and

- presenting a concept that was useful for *pragmatic reasons*.

Social exclusion was seen as particularly useful for aid policy and programming. It was recognised as a way of looking at political and power relations and how they mediated policy dialogue, programme design and delivery.

At a pragmatic level, social exclusion was seen as:

- less ‘threatening’ than demanding gender equality;
- less ‘intimidating’ than a rights-based approach; and
- providing the space to address difficult issues of social discrimination such as caste or race.

2.3 Challenges of Using a Social Exclusion Perspective

The principal challenge identified was that of operationalising a social exclusion perspective in DFID. A number of useful practical illustrations were provided:

- *Aid modalities*: it was felt that donors do not always work well with empowerment initiatives and on politically sensitive issues, such as institutionalised racism. In some cases, it was seen as more appropriate to have micro-level work on social exclusion, which is often best left to non-governmental organisations (NGOs). This was felt not to fit in with the current DFID goal to spend large amounts of money swiftly.
- *Poverty Reduction Strategy Papers (PRSP)*: there was a particular concern that working to support PRSPs and using Poverty Reduction Budget Support (PRBS) was not always conducive to tackling social exclusion. Policy dialogue on the issue to complement PRBS was not always feasible. Involving NGOs concerned with social exclusion in PRS processes is not straightforward. It was also noted that if a social exclusion perspective is not included in PRSPs from the outset, it is difficult to insert it later on. Experience in Central America showed that it can become an ‘add-on’, with targeting and projects for specific ‘pet groups’, rather than informing national policy priorities and the allocation of resources.
- *Politics*: A social exclusion approach can involve political work and be seen as radical. In most interviews, this was seen as appropriate for DFID, but difficult. There are problems of working with governments responsible for, or benefiting from, exclusionary processes (an extreme example would be apartheid in South Africa). This was felt to be particularly so in the context of PRBS where, to a significant degree, DFID is locked into a government’s own policies, especially in countries when the quasi totality of DFID support is provided in that way.
- *Context*: A ‘one-size-fits-all’ approach was seen as not appropriate, and sensitivity to country contexts as essential. For example:
 - in India, there is a range of affirmative action policies for scheduled castes and tribes for DFID to build on;

- in Vietnam, work on ethnic minority issues has to be handled with care as minorities are associated by the government with political agitation and unrest; whereas
- in Brazil, work on race is possible through engagement with civil society organisations (CSOs) taking up the issue.
- *Measurement:* Social exclusion is seen as difficult to measure and monitor for a number of reasons:
 - it refers to multidimensional factors that are hard to capture;
 - it refers to social factors that are not easily observable or quantifiable;
 - there is a need for disaggregated data which is costly, especially for very small groups, and regional data; and
 - household surveys are not sufficient and need to be complemented by qualitative data.

2.4 Risks and Dangers

Risks and dangers were identified in relation to three broad categories: social exclusion as a concept; as an operational framework; and as a new policy area in DFID.

A problem when social exclusion is used *analytically* is that the solution drawn is that of social 'inclusion'. However, some groups may decide to 'self-exclude' themselves. For example, if conditions for workers locked into the global economy are less than optimum, they may choose to exclude themselves and pursue livelihoods within the informal or black economies. Similarly, agricultural workers may be included in the national economy but they may be underpaid, badly treated and highly dependent on their patrons, not being free to exercise independent political voice. Alternatively, some ethnic or religious minorities may resist inclusion in a society that discriminates against them. Thus the 'terms of inclusion' are as important as inclusion itself.

As an *operational framework*, a SEF was seen variously as:

- potentially difficult for being too dogmatic and political for development cooperation;
- as less important and having less impact than a focus on growth;
- as labelling groups and solidifying categorisation, such as in pre-genocide Rwanda or through affirmative action in India; and lastly,
- as offering zero-sum rather than win-win outcomes.

As a *new policy area* in DFID, there was concern in the majority of interviews as to the slippery and 'portmanteau' nature of the concept. It could mean anything to anyone and be used to explain everything. A danger was noted in the link to causality: it could lead to circular arguments such as 'poverty causes social exclusion, which causes poverty, which causes social exclusion...'. Further, there was concern that, as the concept was seen as important by senior management, it would be used to re-label a range of existing work and not always helpfully. Lastly, some feared that the political dimension of a social exclusion perspective could be perceived as DFID interfering in domestic processes.

3. Mapping Social Exclusion Activities in DFID Programmes

This section presents work undertaken through DFID Regional Policy Units (RPU) and in country programmes informed by a SEF. It is not a comprehensive overview of all DFID activities, but a sample to help identify trends. Here work on social exclusion is sometimes more advanced than at headquarters. This is partly because the concept has particular resonance in some contexts and partly because of work being undertaken with other international agencies. Selected case studies can be found in Appendix Three.

3.1 Asia Division

DFID recognises social exclusion as self-evident in Asia. This is because in many contexts growth has not been accompanied by progress in social indicators. This is seen as due to formal and informal institutional processes and social constraints, including gender relations and caste. The Asia Division has made considerable progress in institutionalising and operationalising a SEF over a number of years. The Director's Delivery Plan (2003-6) makes strong and explicit reference to addressing social exclusion as a means to increase the effectiveness of DFID's efforts to achieve the MDGs in Asia. The plan emphasises the relationship between social exclusion and poverty, inequality and vulnerability and links it to discrimination against women and particular groups such as lower castes, indigenous peoples, ethnic minorities and the disabled. Actions are seen to relate to institutions, including reducing corruption and improving transparency, accountability and participation. Asia Division is also using social exclusion as a risk indicator in corporate reporting.

To move the agenda forward and in conjunction with PD teams in London, work was commissioned on how social exclusion was being addressed in the Country Strategy Papers (CSPs) and Country Assistance Plans (CAPs) of six DFID Asia country programmes (Hooper, 2003). An important operational challenge was seen as the need to quantify the impact of social exclusion and discrimination on 'failing MDGs' (education and child and maternal mortality). A study has been commissioned, along with case studies on health and education. A number of interviewees noted that work in Asia Division had inspired them to work on social exclusion in their areas of responsibility.

3.2 Europe, the Middle East and the Americas Division (EMAD)

The need to 'tackle extremely high levels of inequality and widespread social exclusion' is set out as a key development challenge in the Director's Delivery Plan for EMAD. This region is also predominantly composed of Middle Income Countries (MICs). DFID's MIC Strategy identifies inequality and social exclusion as characteristics that prevent the achievement of the MDGs and which justify DFID involvement. It notes that that persistent inequality in MICs such as Brazil means countries can achieve the MDGs in aggregate but with excluded groups living at sub-Saharan levels on some MDGs.

In 2003, EMAD commissioned a study from the Overseas Development Institute (ODI) on inequality in Middle Income Countries with case studies on Brazil, China and South Africa, as well as background research, including on rights and discrimination. The work was funded by EMAD's Policy Unit, working with DFID Brazil, Latin America Department (LAD), and DFID South Africa (see Appendix Three for details).

Latin America and the Caribbean

DFID policy and programmes in Latin America show how a social exclusion approach can be incorporated in the design of country programmes, policy dialogues and projects, as well as collaboration with international organisations.

By comparison to Asia, where DFID's focus on social exclusion is relatively recent, work in Latin America and the Caribbean can be described as more mature and as responding to ongoing regional analysis and social mobilisation. In particular, around 2000 a number of DFID country programmes in the region aimed to gain a greater understanding of the nature of poverty. They concluded that persistent pockets of poverty had to be explained by exclusionary social, political and economic processes. 'Social inclusion' is identified as a separate policy objective in several programmes. It is often directed at particular social groups, for example, addressing racial inequality (particularly amongst women) in Brazil or targeting indigenous peoples in Bolivia. There has been a focus on both race and indigenous peoples in Guayana. Social exclusion has been mainstreamed in a number of activities, in particular:

- governance (e.g. political participation, violence);
- growth (e.g. markets); and
- social sectors (e.g. health).

Interviews and the document review suggested that the country programmes share a number of features:

- they are often described as being both 'rights-based' and aiming to tackle social exclusion;
- reference to 'exclusion' is preferred over 'social exclusion';
- some activities are pursued mostly through support to CSOs, which can make the work seem more political; and
- initiatives have been relatively small, which can potentially limit DFID's leverage for change.

DFID funding to the region is being cut. The view of some staff and the review team is that this is unfortunate from the perspective of learning from DFID's work on exclusion in the region. However, DFID has recently adopted a Regional Assistance Plan (RAP) that maintains social exclusion as a key concern, with a programmatic focus on promoting inclusive governance and markets. There is also some important ongoing regional level work in collaboration with the Inter-American Development Bank (IADB), which works with a SEF, as well as with the World Bank.

Europe and the Middle East

Interviews and the document review suggest that social exclusion is less of a dominant focus in the two other regions covered by EMAD. In the Middle East and North Africa, the

language of social exclusion is not used, though some programmes are seen to focus on aspects of exclusion, such as with Palestinians (because of the political status of the Palestinian Territories) or girls and women in Jordan and Yemen. Social exclusion is seen as having some potential relevance for understanding lack of progress on democratisation, ongoing conflict and gender inequalities, and high levels of unemployment.

In Central Asia, Eastern and Southern Europe, DFID staff interviewed see social exclusion as an important analytical concept to better understand poverty, in particular its qualitative dimensions. There is also relevant work to respond to social exclusion through social policies and interventions with ethnic minorities (see case study in Appendix Three).

The Overseas Territories have produced a human rights strategy that focuses on aspects of social exclusion (e.g. disability, discrimination of immigrants).²

3.3 Africa Division

Compared to DFID policy and programmes elsewhere, social exclusion does not seem to be as significant a corporate concern in DFID's Africa policy and programmes. Very few country level activities have been identified as having an explicit social exclusion focus, although there is evidence of a lot happening on the ground. It is in the context of conflict-affected African countries that the links to social exclusion are most explicitly drawn by DFID.

This is both in relation to:

- providing a better understanding of the causes of conflict; and
- identifying programming priorities and policy responses in the conflict resolution and post-conflict stages (e.g. Sierra Leone, Democratic Republic of the Congo (DRC), or Rwanda).

Interviews suggested that the absence of a social exclusion focus could in part be explained by:

- the senior management decision to focus principally on transforming aid modalities, aiming to align aid with government systems and policies through PRSPs and PRBS;
- PRBS is a particularly difficult context for addressing social exclusion because it has political and power dimensions and governments are often doing the excluding;
- the absence of strong social movements of the excluded in many parts of Africa and the frequent domination of CSOs with which donors work by the non-excluded or elites;
- the perception that social exclusion was less widespread in Africa than in Asia, and that approaches tackling vulnerability, lack of access or the very poorest were more appropriate; and
- a perception that growth should be the priority for Africa and that social exclusion is not relevant to this.

² For details, see the DFID Human Rights Review (Piron and Watkins, 2004).

However, during interviews, DFID staff drew attention to evidence relating to Africa, including programme interventions, which showed that:

- income inequalities are very high in some countries (e.g. South Africa);
- growth in Africa is not always inclusionary (e.g. Uganda);
- the poverty elasticity of growth may be reduced if inequality and exclusion are not tackled (e.g. South Africa);
- the interaction between ethnicity, informal institutional structures and access to economic and political power is key to explaining continued high levels of poverty (e.g. Kenya);
- exclusion is recognised as a cause and consequence of conflict and is a threat to sustainable peace (e.g. Rwanda, DRC);
- exclusion based on HIV/AIDS status is critical to social and institutional relations in Africa given the scale of the epidemic (e.g. Southern Africa); and
- exclusion on the basis of generation, such as of the youth or elderly, is a fundamental social cleavage in many parts of the continent (e.g. Sierra Leone).

On the basis of what emerged from the interviews, in particular what Africa Division has told the review team, understanding the nature of social exclusion in Africa would seem a high priority for a new DFID work programme on exclusion. Africa RPU is ready to lead this work with support from ERJ. There are also potential benefits to be derived from engagement with the Commission for Africa, which is very interested in social exclusion (see its November 2004 consultation document). Though the time-bound nature of the Commission needs to be recognised, DFID would do well to support high-level political support it is generating.

Box 1: Examples of DFID Country Level Activities Informed by a Social Exclusion Perspective

Sierra Leone : Social Exclusion as Cause and Consequence

Sierra Leone has suffered from years of civil war. Though the conflict is often thought of as related to the presence of natural resources (diamonds) and the absence of political stability, a SEF offers a new perspective. Eight years of conflict had much to do with a revolt of the youth, who turned to guerrilla insurgency in the face of political thuggery on the part of older urban elites and the self-serving clientalism of rural chiefs and elders. DFID plays a significant role in Sierra Leone as the largest bilateral donor and the UK has signed a long-term partnership with the government of Sierra Leone. The latter has established a Ministry of Youth and Sport to respond to the challenge, which is also addressed in the PRSP. There are also efforts to support civil society empowerment projects to promote the voice and agency of youth.

Peru : Linking Social Exclusion and a Rights-based Approach

Peru is a country where ethnic identity and extreme poverty coincide. The excluded are primarily indigenous peoples who do not speak Spanish and those who live in remote areas and isolated communities. They face discrimination, have inadequate access to services and are unable to realise their rights and responsibilities as citizens. DFID Peru began its country programming by seeking to understand poverty and inequality but the office quickly realised that these were embedded in exclusionary power relations. These are addressed through a focus on governance, accountability and a RBA. Although the programme is coming to an end, DFID's experience in Peru holds important lessons on how a SEF can be combined with a RBA and mainstreamed across all areas of a country programme. It has fed importantly into the development of the regional programme that has replaced it.

Nepal : Mainstreaming Social Inclusion in a DFID Country Programme

Social exclusion in Nepal is seen as one of the root causes of poverty and of the eight year conflict between the country's constitutional monarchy and the rebel (Maoist) Communist Party. Key dimensions are seen as caste, ethnicity and gender, alongside feudal patterns to social and economic relationships, including bonded labour. DFID Nepal has made social inclusion one of its core objectives, understood in relation to the back-drop of poverty and conflict. DFID is also working with the World Bank to develop and operationalise a framework for addressing empowerment and social exclusion issues in Nepal. DFID is focusing on livelihoods, social mobilisation and enhanced governance among excluded caste and ethnic groups and among women. Interventions are also at the level of policy and institutional change, including support for the design and implementation of the PRSP and its Monitoring Framework, and developing affirmative action policies in the public service.

4. Mapping Social Exclusion Activities in DFID at Policy Level

This section reviews work on social exclusion undertaken in DFID at a policy level. The interviews and documents reviewed suggest that social exclusion is gaining increasing currency because it provides a coherent framework to help achieve DFID's development goals. This is understood by various policy teams in different ways. Table 1 provides examples of the relationship between social exclusion and the MDGs, given their centrality in all areas of DFID's work.

4.1 Early policy work on Social Exclusion

Prior to the establishment of the Policy Division (PD) in April 2003, social exclusion was the responsibility of the Social Development Department (SDD). Although a policy statement on social exclusion was not prepared, the concept was seen as important. The perspective strongly informed the approach to globalisation adopted in the first White Paper. It also found its way into a number of Target Strategy Papers (TSPs):

- *Realising Human Rights for Poor People* put forward 'participation' and 'inclusion' as two of its three operational human rights principles;
- *Making Government Work for Poor People* refers to 'political exclusion';
- *Halving World Poverty by 2015* refers to 'exclusion' of the poor and 'inclusive growth'; and
- *Poverty Elimination and the Empowerment of Women* refers to women's 'social subordination and exclusion'.

In response to the TSP on human rights, a number of country programmes adopted a rights-based approach, particularly in Latin America, which included an explicit social exclusion perspective (e.g. CSPs for Bolivia, Brazil, Peru and Jamaica).³

A SEF was also evident in other policy and programme documents at this time. For example, there were policy papers prepared on disability, gender, children, and older people.

There was no policy position on minorities and indigenous peoples, although DFID has engaged in dialogue with the Foreign and Commonwealth Office (FCO) and a little work has been undertaken in country programmes.

With the establishment of PD, some of the responsibilities of SDD relating to social exclusion were assigned to the Communications Department. This included, for example, responses to public enquiries or parliamentary questions on issues such as older people, children and people with disabilities. Other responsibilities relating to social exclusion were turned over to the Reaching the Very Poorest (RtVP) team. They are now with the Exclusion, Rights and Justice (ERJ) team.

³ For more details, see the DFID Human Rights Review.

4.2 Exclusion, Rights and Justice Team

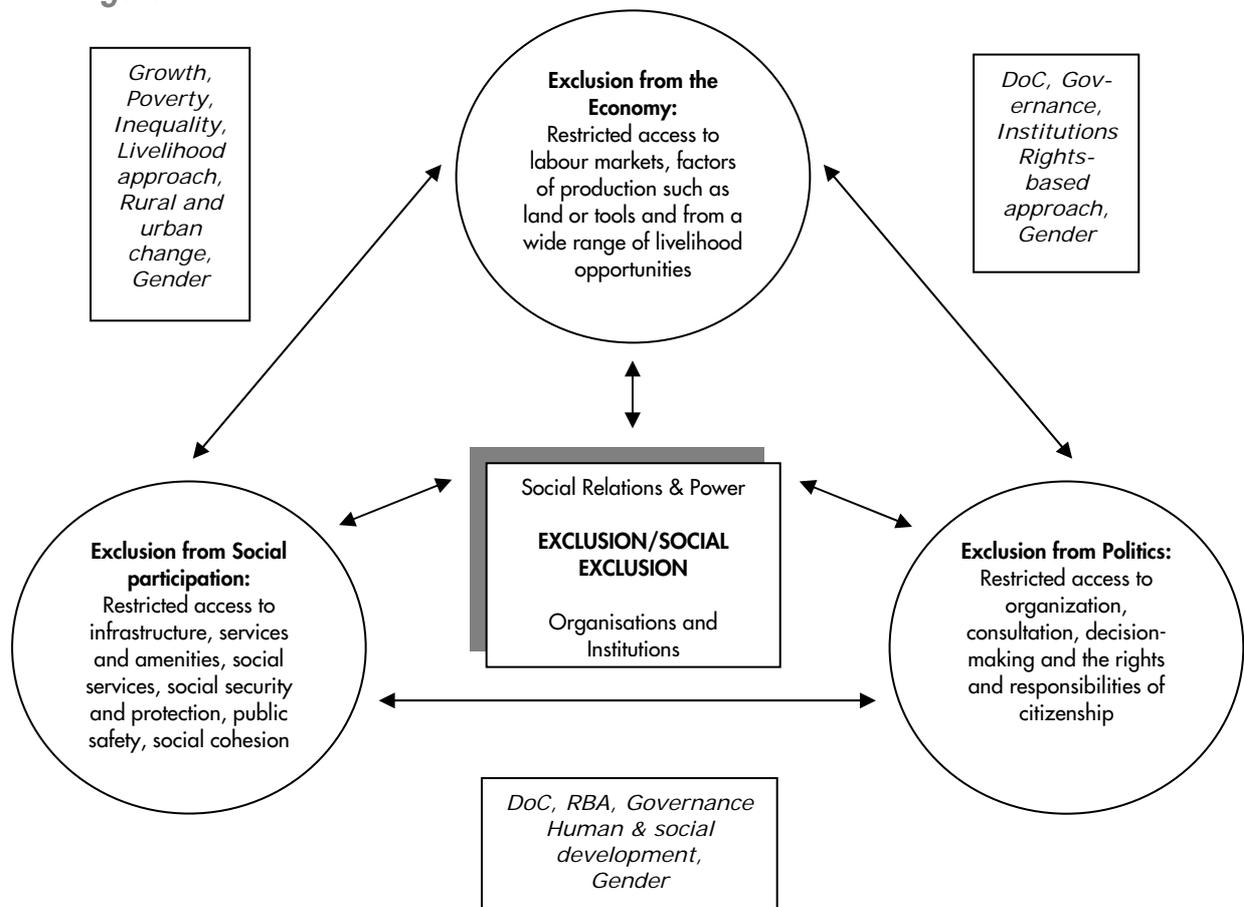
The team was established as a new PD team in July 2004. In addition to the team leader (with a governance background), it has two full time social development advisers, as well as a policy analyst, working on social exclusion. A paper on 'inclusive development' (covering children, the elderly and persons with disabilities) is being prepared.

Other responsibilities in the team relate to:

- gender equity;
- human rights; and
- safety, security and access to justice (SSAJ).

A discussion on how social exclusion relates analytically to some of the other concepts used in DFID can be found in Appendix Two. Here, key linkages (illustrative rather than exhaustive) are represented schematically in Figure Two below. The team's areas of responsibility and combination of skills present possibilities for drawing more tightly the links between social development, governance, human development teams and economists.

Figure 2



Staff felt there was already a close and clear link between social exclusion and *gender*. In the majority of cases, they were keen to ensure that that gender work would not become a component of a SEF. Those that had done the most work on gender, as well as the review team, noted that the terms are not synonymous: social exclusion can be experienced in gendered ways, and gender can ameliorate or exacerbate exclusion or the terms of inclusion.⁴

An illustrative example of how to strengthen the linkages between social development and governance perspectives can be found in DFID's SSAJ policy. This already has a strong focus on 'accessibility' understood in the broadest sense (meaning not just provision of legal assistance) and is concerned with institutional reform so that poor and vulnerable users can access state and non-state institutions. A similar process in relation to a SEF can ensure that people are not discriminated against in terms of access or procedures on the basis, for example, of their social identity, language, religious or cultural observances or geographical location. An example here in relation to gender is the Jordan Family Protection Project, which explicitly takes into account vulnerabilities of women and children.⁵ (See Appendix Three for a case study on exclusion and violence from Central America).

The linkages between SSAJ and DFID's RBA are in the process of being strengthened so that the relevance of SSAJ to enhancing responsive governance and the realisation of human rights are better taken into account. A key challenge for the ERJ team is also to clarify the linkages between social exclusion and a RBA. This was an area of great confusion during interviews, some seeing the approaches as identical and others as related. The review team's suggestion, supported by interviews with staff having experience of RBAs, is that there are indeed areas of overlap, in particular the concern of both approaches with discrimination. A RBA is, in addition, 'normative', starting from a set of international norms, standards and principles and providing a set of strategies and tools. It points to the need to examine structural causes of poverty, such as exclusionary processes, but also covers other issues. (See Appendix Three for a case study of a SEF and RBA jointly informing the Peru country programme).

4.3 Reaching the Very Poorest Team

As the name suggests, this team is concerned with the poorest of the poor. The Chronic Poverty Research Centre (CPRC) is an international research centre directed from Manchester University and funded by DFID, and has been important in assisting the RfVP team. This has covered identifying the characteristics and causes of *chronic poverty* (defined as poverty that spans a lifetime, is inter-generational or that causes premature death). It also helped show how chronic poverty relates to other dimensions of social disadvantage, including 'social exclusion and adverse incorporation'. This is usefully understood in the Chronic Poverty Report as exclusion from 'social, political and economic institutions'. It is seen as inextricably linked to poverty because it 'reduces the prospects for escaping poverty and people's ability to assert their rights' (CPRC, 2004:37).

⁴ An evaluation of DFID's work on gender is currently being undertaken by Francis Watkins and will be an important companion to this report. See also Appendix Two.

⁵ Details can be found in the DFID Human Rights Review.

Critical areas of policy relate to social protection and food security. Work on social protection is going beyond a focus simply on social safety nets to an approach that assesses vulnerability and risk. It is informed in part by DFID's Sustainable Livelihoods Approach (SLA) and the World Bank on Social Risk Management. As understood in DFID, it is related to the management of economic, social and political risks and associated with discrimination and the denial of rights. Recognising the complementarities between their agendas, the R+VP team has joint work planned with the ERJ team, for example on support to Vietnam. (See Appendix Three for a case study on social protection in the Balkans).

4.4 Pro-Poor Growth Team

The TSP *Halving World Poverty by 2015: Economic Growth, Equity and Security*, talks about inclusive growth. The Pro-Poor Growth (PPG) team is concerned with the dynamic interaction between growth, poverty reduction and inequality. The team defines pro-poor growth in relation to accelerating the average incomes of the poor. It focuses on identifying a combination of policies that act on distribution and growth to yield the fastest increase as possible in the incomes of the poor, though it has not adopted a definition which requires the incomes of the poor to rise faster than that of the non-poor.

A series of case studies on 'Operationalising Pro-Poor Growth' (undertaken in conjunction with the World Bank and other donors) provides an analysis of the distributional impact of past growth experiences and offers policy recommendations that include addressing inequalities. The Pro-Poor Growth Team also leads a DFID-wide Working Group on Inequality and Social Exclusion (WISE) in which ERJ participates. Among other things, it is involved in the preparation of briefing papers on inequality and setting up a project to encourage dialogue with the regional development banks.

Staff reported that, for a long time, inequality was seen as too radical for policy dialogue because it implied redistribution. For over a decade DFID has focused primarily on poverty. Although there has also been an interest in inequality for some time, there has not been consensus on its role in poverty reduction and improving human welfare. WISE is a response to a lack of consistent treatment across DFID on inequality and social exclusion. It is a vehicle to generate some form of consensus on key areas that can be used for dissemination across DFID. Commissioned work, such as that for EMAD on inequality in middle-income countries (MICs) from ODI (see above), was said to have helped raise the profile of inequality in DFID.

A number of people see social exclusion as an important framework for explaining the relationships and institutions underpinning inequality and growth. However, there were some divergent views:

- the notion of horizontal inequality is seen as synonymous with social exclusion and is sometimes preferred;
- inequality is preferred as it is a broader and measurable concept, breaking down into access, assets, income and outcomes; or
- social exclusion is seen as the preserve of social development advisers.

As with the relationship between social exclusion and RBA, it is important to clarify the contribution of a SEF to pro-poor growth, rather than setting up social exclusion and horizontal inequality as competing frameworks.

A SEF is beginning to inform initiatives on making markets work for poor people. Social exclusion is seen as impacting on the efficiency of markets, for example, through the operation of patronage relationships. Overall the PPG team believes that exclusion/horizontal inequality is an important type of inequality that has an impact on growth and poverty reduction. This is reflected in their policy framework⁶, particularly in relation to broadening access to assets and markets and reducing risk and vulnerability. The PPG team hopes that by being part of WISE, it can work towards deriving policy implications that derive from their analysis of how inequality/exclusion impacts on the MDGs, particularly those relating to health, education, gender and income poverty.

4.5 Other teams

This sub-section reviews initiatives in other policy teams.

The *Rural and Urban Change* team has a largely spatial focus and has been concerned with geographical exclusion. Work in this area is already well advanced and there are a number of opportunities for working with the ERJ team.

The *Agriculture team* is located within the Growth and Investment Group where a strategy is being developed on how agricultural growth contributes to poverty reduction. The team works on risk and vulnerability together with the R+VP team. Social exclusion is beginning to be considered in relation to making agro-markets work for the poor. As with labour markets, it is recognised that participation can mean exploitation, rather than benefits from growth, and team members emphasised that the terms of inclusion matter. However, politics and institutions seem not (yet) to form a central part of their analysis of markets.

Interviews suggested that existing and planned policy initiatives on *human development* (e.g. HIV/AIDS, health or education) have sought to integrate a RBA rather than a SEF into their work. For example:

- the recent DFID policy statement on *HIV/AIDS* highlights discrimination and stigma from a human rights perspective. Adjectives to describe groups such as 'high-priority', 'high-risk', 'excluded', 'marginalised' or 'vulnerable' (in both a livelihoods sense and vulnerable to HIV/AIDS infection) are used interchangeably rather than explicitly using a SEF;
- the *Reproductive and Child Health* team is developing practical guidance on how to adopt a rights-based approach to tackling maternal mortality; and
- with regards to *education*, although there is concern with under-represented and hard to reach groups and gender equality, this does not seem to be couched in a SEF.

However, social exclusion is seen as an important determinant of health and education inequalities and a barrier to achieving the relevant MDGs.

⁶ For more details see DFID's briefing papers on Pro-Poor Growth.

The interviews and document review suggested that there is a limited amount of policy work relating a SEF to politics and institutions:

- *Poverty Reduction in Difficult Environments (PRDE)*: there is no specific work on social exclusion here at present. However, there has been active thinking about citizenship and using 'political inclusiveness' as an indicator of state willingness and legitimacy. This has expanded to indicators of governments' commitment to provide services to all populations and social groups in a country, thus focusing on institutional discrimination against groups in terms of human development.
- *Drivers of Change (DoC)*: Social exclusion is not currently present in the DoC framework although DoC and SEF are seen as consistent and complementary. There is a goal to put social exclusion on the agenda and not simply focus on political systems.⁷ (See Appendix Three for a comparison between DoC and social exclusion studies done by DFID Pakistan).
- *Conflict and Humanitarian Affairs Department (CHAD)*: There is an effort to shift DFID conflict thinking. Social exclusion is considered to be a useful concept, one that is under-used in DFID approaches to date.⁸ For example, there has been work in the Great Lakes Region on disarmament, demobilisation and reintegration (DDR) involving a concern for social integration.

In conclusion, whilst some policy teams are planning or already working on social exclusion, there are also significant opportunities for the ERJ team to work with other parts of PD to develop a coherent policy approach. Table 1 below summarises the relevance of a SEF to achieving the MDGs, and can help guide this.

⁷ DoC work continues from within the new Institutions and Political Systems (IPS) team.

⁸ CHAD sits outside of PD but leads on conflict policy and collaborates with PD.

Table 1: Social Exclusion and the Millennium Development Goals

The MD Goals	Implementation & outcomes	Some links to social exclusion
<p>1. Eradicate extreme poverty and hunger</p>	<p>Reduce by half the proportion of people living on less than \$1 a day Reduce by half the proportion of people who suffer from hunger</p>	<p>Axes of social exclusion operate alongside and reinforce poverty and inequality Social relations and institutions prevent access to livelihood opportunities and the benefits of trade and growth They can also threaten the impact or reach of poverty reduction strategies</p>
<p>2. Achieve universal primary education</p>	<p>Ensure that all boys and girls complete a full course of primary schooling</p>	<p>In addition to poverty constraints, exclusion on the basis of identity or location can restrict access to education and other services</p>
<p>3. Promote gender equality and empower women</p>	<p>Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015</p>	<p>Gender discrimination is not synonymous with social exclusion but intersects with it to doubly disadvantage girl children from excluded groups</p>
<p>4. Reduce child mortality</p>	<p>Reduce by two thirds the mortality rate among children under five</p>	<p>Exclusion affects access to health care, with health outcomes varying according to race, ethnicity and gender</p>
<p>5. Improve maternal health</p>	<p>Reduce by three quarters the maternal mortality ratio</p>	<p>Exclusion is a process that includes intergenerational dynamics can have a particular impact at different stages of the life cycle</p>
<p>6. Combat HIV/AIDS, malaria and other diseases</p>	<p>Halt and begin to reverse the spread of HIV/AIDS Halt and begin to reverse the incidence of malaria and other major diseases</p>	<p>Stigma and discrimination associated with HIV/AIDS leads to exclusion and self-exclusion Location affects susceptibility to malaria and access to treatment</p>
<p>7. Ensure environmental sustainability</p>	<p>Integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources Reduce by half the proportion of people without sustainable access to safe drinking water Achieve significant improvement in lives of at least 100 million slum dwellers by 2020</p>	<p>Exclusion by virtue of location is critical in terms of the environment and access to basic needs and services Other environmental issues where social exclusion is particularly relevant include environmental and public safety, particularly in cities, as well as the environment and war/conflict nexus, particularly in its impact on natural resources and rural livelihoods</p>
<p>8. Develop a global partnership for development</p>	<p>Develop further an open trading and financial system that is rule-based, predictable and non-discriminatory Includes a commitment to good governance, development and poverty reduction – nationally and internationally Address the least developed countries' special needs Deal comprehensively with the debt of developing countries In cooperation with developing countries, develop decent and productive work for youth In cooperation with pharmaceutical companies, provide access to affordable essential drugs In cooperation with the private sector, make available the benefits of new technologies</p>	<p>There is a close link between globalisation and exclusion – as well as the terms of inclusion that are skewed against poorer nations and less well resourced areas</p> <p>A global partnership implies that social exclusion is not confined to relations between citizens and the state (as understood, for example, in France) but involves regional exclusion and a range of development and other organisations at the global level</p> <p>A global perspective on exclusion is closely linked to economic exclusion and inclusion in the benefits of growth and trade</p> <p>A global perspective on exclusion is implicitly and explicitly politically charged</p>

5. Social Exclusion in Other Organisations and Agencies

DFID is not alone in adopting social exclusion as an analytical and operational framework. A clear and coherent use of the concept in DFID's own policy and programming would seem important for: work across Whitehall; the Department's influencing agenda with multilateral agencies; and in terms of donor coordination in regional and country programmes.

Information in this section summarises approaches in other organisations and agencies that DFID works with. It is mostly based on an internet document review.

5.1 United Kingdom

In the UK, an interdepartmental Social Exclusion Unit (SEU) was set up by the Labour Government under Tony Blair in 1997. The UK's National Action Plan on Social Inclusion 2003-2005 places emphasis on social identity and physical location. Alongside deprived neighbourhoods, joblessness and access to services, the report highlights women, children, large families, ethnic minorities and disabled people as being at particular risk. This domestic UK policy framework influences DFID in two ways:

- to the extent that it informs DFID staff's understanding of the concept and appropriate policy responses; and
- in shaping DFID's collaborative work across Whitehall.

An important potential area of learning from the SEU relates to evidence-based approaches and the development of measurement and targets. However, DFID often needs to address social exclusion from a very different entry point, where the social contract and democratic institutions of governance are not necessarily in place and a RBA may need to be combined with a SEF.

5.2 Member States Organisations

The *European Commission* (EC) has a social exclusion policy for member states. In order to make a decisive impact on the eradication of poverty and social exclusion by 2010, National Action Plans and shared reporting have been developed. Key policy areas are employment and social protection. This focus translates to development cooperation through a focus on 'social cohesion', which the EC is pushing particularly in Latin America and the Caribbean (LAC) where it has a 30 million euro project. At the recent LAC Summit, Latin American, Caribbean and European Heads of state agreed to prioritise 'social cohesion' in both regions. The concept of social cohesion accommodates multiculturalism and the coexistence of difference, and does not imply that social inclusion is the only solution to social exclusion. DFID is involved in these processes and debates, but beyond Latin America and some influencing work in South-Eastern Europe, it does not seem to be working closely with the EC on policies and programmes promoting social cohesion.

The *International Labour Organisation* (ILO) adopted social exclusion as an analytical concept in the mid-1990s. It has gone further than any other organisation in seeking to operationalise a SEF, starting in Latin American and Caribbean countries. Its *Strategies and Tools against Social Exclusion and Poverty Programme* is now a global programme for combating poverty and social exclusion and extending social protection.

Other *UN agencies* also recognise the importance of social exclusion in relation to:

- racism and discrimination (Office of the High Commissioner for Human Rights - OHCHR),
- women and children (UNIFEM and UNICEF), and as
- linked to poverty (UNDP – including the latest Human Development Report on cultural liberty).

In its work with UN organisations, DFID does not seem to have prioritised a SEF, though there has been joint work towards supporting RBAs.⁹

5.3 Multilateral Organisations

Social exclusion is not one of the *World Bank's* five key social development themes, though it has a Community Empowerment and Social Inclusion Programme. This is a cross-sectoral programme focused on issues of empowerment, governance and strengthening the voices of the poor, which grew out of the World Development Report 2001. There is a reference to social inclusion and cohesion in the World Bank's 2004 Draft Social Development Strategy and there are some policies and procedures to work with particular groups (such as indigenous peoples). However, there seems to be overall resistance to operationalising a SEF as it is seen as too political.

Social exclusion is also increasingly recognised as a relational feature of inequality, which is a growing issue in the Bank. This can be seen, for example, in the work on inequality in Latin America. DFID has already attempted to work closely with the Bank on social exclusion, in particular in Latin America but also through social protection programmes in the Western Balkans. More is planned, such as WISE support to the World Development Report 2006.

The *IADB* primarily defines social exclusion as a chronic scarcity of opportunities and access to: basic and quality services; labour markets and credit; physical conditions and adequate infrastructure; and the judicial system. The complex problem of social exclusion is seen to be intensified and more severe for individuals that belong to groups that experience multiple axes of exclusion. As with the World Bank, IADB sees 'inclusion' as the response. DFID works closely with the IADB on social exclusion both at headquarters and in regional/country programmes.

5.4 Bilateral and International Civil Society Organisations

Perhaps unsurprisingly given the origins of the social exclusion concept in France, it is important in French international development cooperation. This is alongside a focus on

⁹ For details see the DFID Human Rights Review.

the role played by public policies in widening or narrowing equality gaps and increasing or decreasing the burden of poverty. It is seen as first manifesting itself as exclusion from the means of accessing an income or earning a living. Second, it is seen as the absence of social bonds, understood both as the bond of citizenship and state-society relations, as well as in terms of social networks of support within society itself.

Other bilateral agencies do not seem to have as strongly an explicit focus on social exclusion, with more focus on RBAs or on social exclusion as part of the multifaceted nature of poverty rather than as a focus in itself. DFID does not seem to be working closely with bilaterals using a SEF.

Through *Programme Partnership Agreements*, DFID is providing multi-annual grants to a number of UK-based international CSOs. A significant number are framed using RBAs, with some paying particular attention to social exclusion.

In conclusion, as is the case within DFID, social exclusion is used variably across different development organisations. It is predominantly used as an analytical framework and seen as a relational dimension of poverty, inequality and access (or lack of it) to resources and services. Those agencies that have sought to extend a SEF operationally have either focused on social protection (e.g. ILO) or on participation, institutions and voice (e.g. World Bank) or both.

In terms of DFID's influencing agenda, it is knocking at an open door in terms of the multilateral organisations in Latin American and the Caribbean but would have more work to do elsewhere (e.g. EC and Asian Development Bank). With reference to other bilateral agencies, apart from France, DFID could stand to lead in this area – particularly if it were able to link a SEF to issues of inequality and growth on the one hand, and to institutional analysis and issues of governance and voice on the other.

6. Conclusions and Suggestions

The TORs required the review to ‘support a process within DFID to clarify the purpose and outputs of a forward work programme on social exclusion’ and to ‘recommend appropriate language to build support across DFID’. This concluding section reviews the main findings and sets out a menu of options for a work programme, based on wide consultations.

6.1 Key Findings and Conclusions

The review team found general support, and even enthusiasm, towards DFID developing a position on social exclusion. Hence a policy statement seems critical and is well supported. Staff interviewed felt it would be important to clarify how the term is used within the organisation, both in terms of its meaning and the areas of work to which it would be applied.

This review team suggests that this would require attention being paid to *conceptual issues*.

The first implication may be deciding whether DFID should use the term ‘social exclusion’ or simply ‘exclusion’. The review team makes no particular recommendation on this point, and Table 2 below summarises arguments on both sides. By adopting ‘exclusion’, DFID would be using the term differently from other agencies. As such it would not preclude a specific focus on ‘social’ exclusion more narrowly defined.

Table 2: Social Exclusion or Exclusion?

	Social Exclusion	Exclusion
Advantage	Already well known. Has a shared policy meaning across organisations and governments	Signals that DFID is concerned with social, economic and political exclusion.
Disadvantage	It can mean all things to all people. It can be seen to be limited to group-based exclusion from social relations.	DFID would be out of synch with Whitehall and organisations that have taken a lead on social exclusion, such as the ILO and the World Bank.

The second conceptual issue concerns how social exclusion relates to other concepts used within DFID. The relationship between social exclusion, on the one hand, and poverty and inequality, on the other, is fairly well understood. The former is seen as referring to social disadvantage underpinned by social and political relations, institutional access and power. The same clarity is not present with regard to social exclusion and a RBA. There is a temptation to see social exclusion as the problem and a RBA as the solution. The review team suggests that this would ignore that the concepts derive from different normative starting points and that while meeting at points, a RBA covers other issues. A number of policy teams, country programmes and projects are wedded to a RBA. As some staff suggested, the concepts are closely linked and a SEF could be seen as complementing and enhancing, rather than displacing, a RBA.

In terms of *programming*, the review found that regional programmes were at different stages. Latin America and the Caribbean was considered to have gone some way towards operationalising a SEF, notably in collaboration with the multilateral agencies working in the region. The Asia Division is leading on institutionalising a SEF in policy and programming. It is providing the evidence base for doing so, particularly in respect of the MDGs, and it is inspiring other parts of DFID to address social exclusion. The Africa Division has been slower to engage with the SEF.

In addition to differential take up, the concept of social exclusion is applied differently across the regions. This is summarised in Table 3.

Table 3: Application of a Social Exclusion Framework by DFID

Region	Primary current focus
Africa	Areas or groups affected by violent conflict Stigma by virtue of HIV/AIDS status Link to inequality
South Asia	Exclusion on the basis of caste, tribal status or religious minority status Link between exclusion and access to health care, education and labour markets
Latin America and Caribbean	Exclusion on the basis of race and indigenous peoples Link between exclusion, citizenship and political participation Association between exclusion and crime and violence
Europe and Central Asia	Exclusion considered among the qualitative dimensions of poverty Exclusion of ethnic minorities recognised The policy dimensions of exclusion considered in relation to social protection

Staff felt it would be important for DFID to maintain this flexibility of approach. However, they also saw the need to achieve coherence in DFID’s analytical and operational approach.

Guidance for this review stressed that the proposed work programme should not be considered as a work programme simply for the new ERJ team in PD. Rather it would be seen as a *corporate work programme*, involving other teams in PD, RPU and other parts of DFID, including possibly country programmes. The ERJ team is envisaged as having a catalysing and support role to play. Staff interviewed felt it was appropriate, and also that it would be extremely important to take into account the experiences of how other PD teams have worked with country programmes in the past.

In terms of institutionalising a SEF in DFID’s *work with partners*, there are two key factors to note. First, the concept has wide currency both with people on the ground and among a number of international development agencies. This could assist the process. Second, staff interviewed noted that it can be difficult to insert a SEF into PRSPs. They have a momentum of their own, and governments can be resistant to a SEF. This makes social exclusion a difficult agenda in the context of PRBS. Aid modalities were seen by the majority of staff interviewed as critical areas to be considered in operationalising a social exclusion perspective.

6.2 Suggestions for a Work Programme on Social Exclusion

The TORs required the team to 'canvas the opinions of a range of advisers and programme managers on what a forward work programme on SE should include'. Staff interviewed were asked: (1) what they would like to see covered in the work programme and (2) who ought to be involved?

The review team was asked to reflect back possible elements for a work programme based on these consultations, and not to prioritise them. The suggestions below are thus a menu of options based on interviews for DFID to consider. Resource constraints mean that not all these options will be feasible.

The following areas of policy and institutional change were deemed useful by DFID staff and could be at the core of a work programme, especially given the need to maintain senior management level enthusiasm for a SEF:

- a clear and agreed *definition* of social exclusion for the purpose of DFID policy and programmatic work;
- clarity that an exclusion framework requires a *multidisciplinary approach*;
- a *policy statement*, particularly as the process has already started;
- an *evidence-base* of the scale of social exclusion globally and its impact on achieving the Millennium Development Goals (started);
- institutional recognition of the importance being given to social exclusion through *changes to DFID systems and procedures*, such as amending CAP guidance, in order to create incentives for managers to take a SEF into account when relevant;
- a strategy for working with *international organisations* on social exclusion;
- guidance on working *with partner governments* on social exclusion; and
- consideration of *DFID's obligations under HMG commitments* to child participation, the Disability Act and race relations.

It was generally felt that outputs of the *work programme needed to be targeted at country programmes* as the principal way of operationalising a SEF. Staff interviewed suggested that accessible guidance notes would be useful and could cover:

- definitions of social exclusion and related concepts, including:
 - rationale for a SEF, e.g. what goes wrong when it is ignored;
 - link between social exclusion and other concepts;
 - explanation of social exclusion as both a cause and effect of deprivation;
- how to integrate a SEF into DFID programming, including:
 - checklists;
 - combining a SEF with facilitating cultural diversity;
 - linking a SEF to meeting the MDGs;
- short illustrative case studies (a repeated request), including:
 - examples of opportunities and challenges and responses to them;

- examples of other donor supported initiatives;
- affirmative action policies and how these can be strengthened;
- review of DFID's policy responses, including its distinctiveness:
 - compared to other ministries;
 - compared to other donors;
 - across different regional programmes.

Suggestions made by those consulted for *implementing a SEF* included the following:

- the ERJ team could reserve staff time to be responsive to country teams wishing to institutionalise a SEF;
- it could facilitate lesson learning across different DFID regions and sectors; and
- a clear division of labour could be developed between the RPU's and PD.

Specific recommendations for the ERJ team relate to:

- work within the team itself;
- within PD;
- coordinating its activities with others outside PD.

Some particular examples are provided.

Within the ERJ team:

- Interviews showed it would be important for a clear and *coordinated message to emerge from the team*. This would require clarifying the relationship between a SEF and DFID's rights-based approach, gender mainstreaming and SSAJ. These would best be presented as complimentary and mutually reinforcing, rather than competing, analytical and operational frameworks. There was a danger that the introduction of a SEF could lead to the jettisoning of other approaches when other teams are already committed to put them into practice (e.g. the RBA in current work on maternal mortality and HIV/AIDS).
- The review team was asked to comment on the proposed paper on '*inclusive development*'. We suggest that ERJ would need to be clear as to how this concept will be used within DFID on two counts. First, note needs to be taken of the controversy over social inclusion as a policy goal (see sub-section 2.4). Second, '*inclusive development*' may imply a narrow interpretation of social exclusion as simply being synonymous with vulnerable groups.

Options to consider in coordinating with other PD teams include:

- The ERJ team could pay particular attention to working with the *RtVP team* given the obvious areas of overlap and the possible identification of 'socially excluded' groups and individuals with 'the very poorest'.
- The ERJ team could also consider coordination with the *Rural and Urban Change team*, which is focusing increasingly on geographically-based or spatial exclusion.

- There were a number of suggestions that there was an opportunity for the ERJ team to lead the way in bringing together work on *political analysis, difficult environments and conflict* in relation to exclusion. Options for possible work include:
 - the recognition of social exclusion as critical in sites of violent conflict and coordination of activities here with CHAD, the Security and Development team, the Africa RPU and selected Africa country programmes;
 - cooperation with Latin America Department and the IPS team on planned activities on politics and inclusion, assessing the need and nature of ERJ team inputs;
 - cooperation with PRDE, for example on who benefits and suffers from difficult institutional (formal and informal) environments (e.g. patronage systems in Africa and elsewhere, complex clan and tribal relations that may exclude some, integrate others and be linked to difficult contexts for aid); and
 - helping to insert an understanding of micro-level processes of discrimination and exclusion and how these can impact on formal and informal institutions (e.g. proposed local drivers of change studies with IPS and R+VP).

In addition, the following were seen to be important activities to be led by ERJ from PD:

- produce a body of work towards an *evidence-base* of the scale of exclusion, including in relation to the MDGs (ongoing);
- identify the requirements to set up systems to *measure and monitor social exclusion*. This would need an awareness of costs as it would require the setting up of large data systems alongside integrating a SEF into poverty and social impact assessments and smaller case studies. This could be done by bringing on board statistics advisers and building on ongoing initiatives in Asia Division and in the Latin America Department;
- provide assistance to PD teams on social exclusion on a *responsive basis*, such as the Agriculture and Growth team which is currently grappling with exclusion issues in relation to agro-markets; and
- work with the Aid Effectiveness team on identifying appropriate *aid modalities*.

Outside of PD and DFID, the work programme could cover:

- priority to be given to work on *Africa*, to be led by the Africa RPU (confirmed by APU);
- this could include work with the *Commission for Africa* (during its lifespan) on issues of exclusion both on the continent itself and among the Diaspora in the UK (and make links to DFID work on migration not explored here);
- a strategy for working with *international organisations*. In addition to ongoing work with the World Bank and IADB, the review team suggests that DFID should not ignore important work being done by ILO and the potential of working with the EC in this field. DFID also has opportunity to influence the Africa and Asia Development Banks on SEF. This would seem to require collaboration between PD, International Division and RPUs; and

- work with *NGOs and CSOs* both globally and in-country due to the difficulties of working with a SEF in bilateral government to government relations, especially in the context of PRBS. This would seem to require cooperation between PD, the Information and Civil Society Department and relevant country programmes.

Appendix 1: Methodology

1. Working definition

A problem with the term exclusion is that it can be used in several ways:

- *Colloquially*: it may become a cliché for every form of social disadvantage.
- *Analytically*: it is used to analyse social disadvantage (beyond poverty), in the countries where DFID operates.
- *Operationally*: it informs actions by donor agencies and their partners.

It is important for DFID is that the term is used analytically and operationally rather than too loosely.

The initial working definition was as follows:

Social exclusion is the complex set of processes and relationships that result in individuals or groups being unable to access social and economic resources to participate fully in the wider society of which they are a part. Social exclusion creates and reinforces poverty, it denies human rights afforded to included citizens and it precludes individuals from accessing institutions that should assist them to claim their rights or improve the quality of their lives. Preventing social exclusion is a critical part of building the social and political capabilities of the poor. The terms of inclusion are as important as social inclusion itself and some people may continue to choose to exclude themselves.

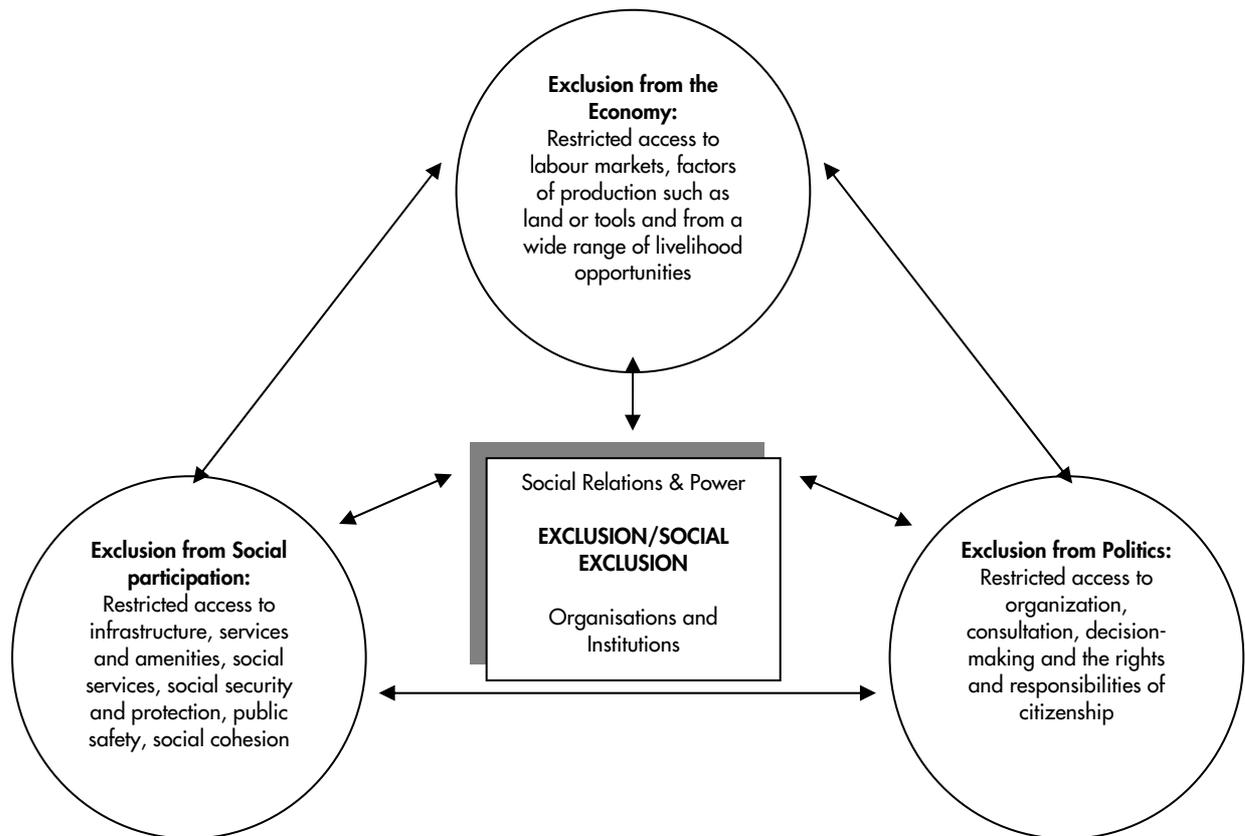
A social exclusion framework helps us to understand and respond to the institutional and relational dynamics that block the attainment of human development. As both an analytical and operational framework, it places emphasis not only on who is excluded but also by whom and through which institutional mechanisms.

This working definition was subsequently shortened as follows:

Social exclusion is a process and a state that prevents individuals or groups from full participation in social, economic and political life and from asserting their rights. It derives from exclusionary relationships based on power.

How the definition relates to different spheres of development activity is illustrated in Figure 1. Exclusion/social exclusion from full participation in economic life is shown in the top circle, which depicts exclusion from labour markets, employment and enterprise opportunities and a wide range of livelihood strategies.

Figure 1



The left bottom circle represents those aspects that denote exclusion from full participation in social life. They include exclusion from access to infrastructure and services, social security and protection, public safety and social cohesion. The right hand circle depicts exclusion from political life through restricted access to organisation, decision-making and the rights and responsibilities of citizenship. The box in the middle depicts the axes of exclusion, the dynamics of which operate through social relations and social, political and economic institutions based on power.

2. Analytical matrix

The analysis aimed to provide a synthesis of work done to date on or related to social exclusion, both in DFID and among other donors. The goal was not to judge or rank performance but to provide an overview of the approaches taken in relation to social exclusion and to assess differences and similarities, for example across regions, sectors and disciplinary approaches, and to identify shifts in focus over time. The original analytical matrix can be found in Table A below. This gave rise to an analytical framework presented in Figure 2 in the main report.

Table A: Analytical Matrix on Social Exclusion

Exclusion Emphasis:	Analytical Framework or Problem Identification	Operational Framework or Recommendations
Exclusion from the social contract / lack of rights / non-participation in governance		
Exclusion on the basis of social identity – eg stigma, discrimination on basis of race, caste, ethnicity, language, religion, age, disability, HIV/AIDS status		
Exclusion on the basis of place – eg region affected by violent, conflict, stigmatised areas, refugees and internally displaced groups		
Exclusion from labour markets, livelihood opportunities or access to social and other services		

Appendix 2: Technical Annex

In this appendix an extended definition of social exclusion is provided, followed by suggested links between a social exclusion framework and other relevant concepts used in DFID.

1. Social Exclusion

Social exclusion is a process and one that implies that someone or something is doing the excluding (de Haan, 1998). It is also an outcome or a state, in much the same way as vulnerability is an outcome or state. Social exclusion is multidimensional and dynamic, being the result of social relations based on power, which in turn are embedded in social, economic and political institutions.

When used colloquially social exclusion can mean different things to different people and become something of a 'portmanteau concept'. There are problems with using the social exclusion in this way because it becomes stripped of its coherence as an analytical and operational construct. However, if not used with some flexibility, the term fails to respond to context and the way exclusion is understood and experienced in a particular place or time. When used analytically it can still be a contested term.

In continental Europe, the origins of a social exclusion approach can be traced to France where Lenoir (1974) referred to 'les exclus' as those who fell outside the social contract and as a result, through the net of social protection. In France, therefore, social exclusion refers to a rupture of the social bond that underpins both the rights and responsibilities of citizenship. This understanding has resonance in many countries that share with France a republican tradition and where public policy is based on a paradigm of social solidarity (Silver, 1995).

In the UK, the concept of social exclusion can be traced to Max Weber (Hills et al, 2002) who identified exclusion as a form of social closure on the part of groups (that is particular groups, communities or institutions that keep others out). This is relevant as it relates to the notion of social capital which is frequently used in development. Social capital and social exclusion can be seen as two sides of the same coin, as the social capital of a group involves social closure against outsiders. In the UK social exclusion has also been understood in relation to individuals and how they are excluded from education, labour markets and social participation.

As the concept evolved more recently in Europe, social exclusion came to be associated with unemployment (Paugam, 1993) and the social changes deriving from global economic change, notably the exclusion of large numbers of people from the benefits of welfare states and formal labour markets. This perspective also informed UK thinking on the contraction of the welfare state (Jordan, 1996) and the growth of flexible labour markets (Byrne, 1999). However, the UK's SEU is also sensitive to geographical exclusion, for example of difficult housing estates or areas in economic decline, in ways that echo approaches in the USA to 'ghettoisation'. In developing countries most people work in the informal sector, where few have access to formal welfare benefits and where the majority live in deprived areas. This has led some to question the relevance of the social exclusion concept beyond advanced industrialised countries.

Nonetheless, the concept of social exclusion has considerable resonance among people and policy makers in developing countries. Here social exclusion has come to be associated with complex life trajectories (Beall, 2002), for example associated with movement in and out of poverty or the experience of complex emergencies and violent conflict. It is also commonly associated with identity-based exclusion (Kabeer, 2000).

Following the Social Summit in 1995, the ILO was important in spreading understanding of social exclusion. The International Institute for Labour Studies' country studies (Rodgers et al, 1995) presented social exclusion as the denial of rights and the exclusion of individuals or groups from full participation in society, through multidimensional and dynamic processes but with a strong emphasis on institutions. The World Bank also took up the concept of social exclusion. Here the aim was to promote social inclusion. This has been controversial because a) it ignores the rights of groups to exclude themselves from some aspects of social or political life; and b) it downplays the need for the terms of inclusion to be recognised and negotiated. The European Commission also responds to social exclusion but chooses to do so by emphasising social integration or social cohesion.

Social exclusion is very close to the concept of 'horizontal inequality', advanced by Frances Stewart¹⁰ and adopted in DFID. Horizontal inequality is understood as inequality between groups and is posited in contrast to vertical inequality between individuals and households. Groups and the boundaries between them are socially constructed but nevertheless very real to their members. The dimensions of groups and the relations between them vary according to the social, economic and political context. Invariably, however, horizontal inequality between or among groups is significant for the well-being of members and can affect both growth and poverty, social relations and political participation and power. The implications of a focus on horizontal inequality for policy is not to be 'group blind' in social, economic or political terms. However, many policies are precisely that. Together a focus on horizontal inequality and social exclusion can help to make groups and group disparities visible and point to some of the relationships and institutional dynamics that perpetuate both exclusion and inequality.

2. Gender

As with social exclusion, the analysis of gender in development has been understood in terms of social relations and institutional dynamics. This has led some to see gender and social exclusion as equivalent concepts. Cecile Jackson (1999) warns against this, pointing out that social exclusion and gender are not equivalent analytical categories. She argues that women are oppressed as women through the particular operation of gender relations. This, she argues, is not the same as women being socially excluded. Women's experience of exclusion, like that of men, may be gendered. However, its gendered nature relates to the power relations between the sexes that are founded on the specifics of gender relations. Naila Kabeer (2000:88) argues along similar lines but less emphatically:

Gender by itself does not translate unproblematically into exclusion. However, gender can differentiate, and exacerbate, other forms of disadvantage, and thus feed into the destructive synergies, which underlie hard-core exclusion. For

¹⁰ See Frances Stewart's WIDER Annual Lecture (2002).

instance, while the stigma of leprosy operates regardless of gender, gender mediates and exacerbates it.

The interviews and document review suggest that, within DFID, concern with gender and social exclusion tend to equate with the Kabeer position and are seen as closely linked. Nevertheless, like exclusion, gender is a cross-cutting. Hence it is important that gender and exclusion are understood as related but not synonymous.

3. Poverty

Since the early 1990s poverty reduction has been the core business of many international development agencies and it has been the platform for DFID's development cooperation. Poverty reduction is relatively uncontroversial and is a goal to which a wide range of development professionals and agencies can sign up. This is in contrast to inequality and social exclusion, which are more politically charged.

Nevertheless, how poverty is understood and responded to has been a matter of debate. For example, there is an issue as to whether the principle concern is absolute poverty (e.g. income or consumption poverty below a certain level) or relative poverty (e.g. the comparative ability to fully participate in society). There are disagreements about how poverty should be measured; and whether money-metric approaches to poverty analysis suffice or multidimensional analytical frameworks are necessary.

In DFID poverty is understood as a multifaceted process. Poverty and social exclusion are recognised by most of the people interviewed as closely related if not synonymous concepts. Those in favour of a social exclusion perspective see it as offering a complementary framework for understanding the processual, relational and institutional dimensions that give rise to poverty. Some of those committed to a multidimensional approach to poverty analysis see a SEF as unnecessary. They consider the issues it covers are already dealt with within the context of multidimensional approaches to poverty or the intersection of vertical and horizontal inequality. Both agreed that social exclusion is not synonymous with poverty, as it could apply to groups or individuals that are socially disadvantaged without being materially deprived.

4. Sustainable Livelihoods Framework

The sustainable livelihoods framework (SLA) adopted in DFID is an important way of ensuring a multidimensional analysis of social disadvantage. It includes an understanding of the vulnerability context, the assets or 'capitals' of poor people and their households (financial, physical, natural, human and social) and the institutions through which they are mediated. Interviews with DFID staff and DFID's own studies have identified that a weakness of the SLA is its failure to more explicitly engage with governance and institutions and to recognise the existence of 'political' assets. In addition, 'vulnerability' was described as being about risks and shocks and external factors – thus as a rather 'passive' state - whereas social exclusion resulted from a process. It was not clear if under the SLA discrimination should be described as a 'co-variant' or 'idiosyncratic' risk.

Interviews and DFID document analysis also showed a tendency on the part of some to use the concepts of 'vulnerable groups' and 'excluded groups' interchangeably. It is our view that while there may well be a degree of overlap in terms of the experience of disadvantaged people themselves, the terms differ. 'Vulnerable groups' constitutes a

descriptive category describing a state or outcome. 'Excluded groups' implies not only that some people have been excluded but also that others are doing the excluding. In other words, social relations and processes are pointed up more strongly by the latter term.

There have been a number of comparative studies on SLAs and RBAs, but less explicit analysis of the links with a SEF. Livelihoods programmes that have adopted a RBA are said to have faced most difficulties with regards to inclusion.¹¹ Some of the people interviewed suggested that the incorporation of a social exclusion perspective would allow a focus on both the capacity and agency of poor people as well as the structural constraints that stand in the way of them exercising their agency. It was felt that SLA could use a SEF as part of the analysis of 'social' and 'political' capital, and that a SEF was relevant for understanding both the 'vulnerability context' and the 'policy and institutions' analysis. An example of an attempt to deal with social exclusion and livelihoods can be found in Appendix Three. In Uganda DFID provided support to policy-makers to take into account livelihoods strategy of the pastoralists. This had an impact on the revision of the Poverty Reduction Strategy Paper.

5. Inequality

The interviews revealed that inequality is the concept with which economists in DFID are most familiar and feel most comfortable, especially as it can be measured quantitatively across a range of dimensions: e.g. income, consumption, ownership of assets (e.g. land), human development outcomes (such as health or education) or participation in political systems. However, it was strongly argued that it would be a pity if inequality became the concept used by economists and social exclusion that used by non-economists. Both are multidimensional concerns.

A study commissioned by DFID from ODI on inequality in middle-income countries drew the distinction between inequality of outcomes and inequality of opportunities (Anderson, Ed et al, 2004). Examples of inequality in outcomes include differentials in educational attainment, access to health facilities or in incomes. It is typically measured by summary indices capturing inequality between individuals, with the Gini coefficient being the measure most widely used, and most commonly for income or consumption. Besides inequality between individuals, another key aspect is inequality between different groups of the population, for example on gender or ethnic lines. The latter is generally referred to as 'horizontal inequality' (Stewart, 2002), more commonly considered from a multidimensional perspective. However, in focusing on horizontal inequality it is important to remember that there is generally significant differentiation within the groups.

Attachment to a focus on inequality was nevertheless accompanied by recognition on the part of many people interviewed that discrimination and social exclusion were factors contributing to inequalities of outcomes. Not all differences between groups and not all high Gini coefficients can be explained by social exclusion. However, the social, cultural, political, institutional and economic drivers of inequality are often also drivers of social exclusion. For example, one interviewee pointed out that wage discrimination (on race or gender basis) can in some cases be explained by differences in ability or education (which may not be discriminatory) or by discrimination. The latter can be institutional (sanctioned by governments and institutionalised) or informal (values and attitudes that

¹¹ For more on RBAs and SLAs see DFID Human Rights Review, Piron and Watkins (2004).

permeate society). It can also be indirect: current discriminatory experiences that result from past policies, such as racism in Brazil.

The ODI study also identified policies to tackle inequality, including: land redistribution and increasing the progressive government spending and taxation; and programmes that are better targeted and less costly in aggregate terms. Tackling social exclusion and discrimination require additional measures, starting from the need for appropriate legal frameworks based on equality before the law, and possibly affirmative action policies. This requires institutional reform or change which is difficult to manage politically. In any case, the concept of inequality does not provide the analytical framework for addressing this. For example, redistributive measures can be strongly opposed by the wealthiest (and politically more powerful) and combating racism requires institutional interventions that change organisational culture and values.

6. Rights-based approaches

Social exclusion is also closely related to a rights-based approach. Interviews suggested a great deal of confusion as to whether the two were in fact identical. Our view is that they should be considered as over-lapping, rather than seeing social exclusion as an analytical construct and a rights-based approach as an operational response.

The main difference is that a rights-based approach is normative: it takes as its starting point the notion that all human beings have equal claims on social and institutional arrangements and need to be treated with the same degree of consideration. When a human rights perspective is explicitly taken into account, the normative starting point is not just moral but the set of international, regional and domestic human rights standards under which states are obligated (Piron and Watkins, 2004). In addition, though group rights are increasingly being recognised, a RBA tends to protect and promote individual rights.

Adopting a RBA to development assistance means that donors acknowledge the importance of human rights standards, and aim to help governments and other duty-bearers respect, protect and fulfil human rights. A number of operational human rights principles have also been put forward to facilitate operationalisation including: equality and non-discrimination; participation and empowerment; and accountability, transparency and the rule of law. 'Inclusion' is often used as a RBA principle, related to both participation and equality.

Strictly speaking, however, a framework based on social exclusion / inclusion is not identical with the human rights framework, though it is closely related to concern for equality before the law and non-discrimination (Piron, 2004). Social inclusion can be seen as a slightly different objective, based on a different conception of a 'good social order' where there is social cohesion and good relations between social groups. Promoting the inclusion of individuals and groups can be done in a manner that does not respect some of their human rights: for example, in some countries, notions of citizenship require using the same national language at the expense of minority tongues, or sharing identical values (e.g. republicanism), rather than respecting diversity or granting special rights to minorities and indigenous peoples. Another example noted by an adviser during interviews was that of Sharia law: this system is said to be inclusive because it is accessible and culturally relevant to both women and men; however, in its treatment of women it is not always in conformity with human rights standards.

A number of people interviewed suggested that the human rights and social exclusion perspectives share a great deal in common, both analytically and operationally. In particular: combating various forms of discrimination; understanding the structural causes of poverty, exclusion and non-respect of rights; bringing power relations and politics at the centre of the analysis; and strengthening individuals and groups ability to equally claim their rights. We would suggest that a rights-based approach would seem to more directly give attention to individual rights, state's obligations and institutional mechanisms for monitoring and redress (beyond concerns for non-discrimination, such as when dealing with the use of torture or denial of food aid). A social exclusion perspective helps to deepen the analysis of how rights come to be systematically not realised for certain groups and individuals. In addition, in some contexts, it is seen as easier to discuss social exclusion, whereas human rights are seen as more problematic and politically loaded. One interviewee suggested this was the case in Nepal for example.

Appendix 3: DFID Case Studies

1. Central America: Crime, Violence and Spatial Exclusion

■ Context and nature of social exclusion

Despite processes of demilitarisation and democratisation, Central America is one of the regions of the world with the highest incidence of violence, at levels comparable to the years of civil war in the 1980s, with a dangerously high rate of homicides (e.g. 16.5 per 100,000 in Nicaragua when 5 is considered average and a figure higher than 10 alarming), domestic violence, violence resulting from the abuse of alcohol and drugs, and youth gang violence. Crime and violence are seen as phenomena with historical, social and cultural origins (e.g. state violence, civil wars, colonialism) and as both a cause and consequence of social exclusion. Violence-related exclusion in Central America is not based on ethnicity or race but affects all social relations, especially hard to reach groups in urban settings.

Most criminal acts involve youth, in particular young males, who make up the overwhelming majority of gang membership. In Nicaragua, a 2000 survey found that crime was considered, by a margin of over 30 %, the principal problem affecting the country and that pandillas were considered the most likely perpetrators of crime. These are 'youth gangs, that roam the streets of Nicaraguan cities, robbing, beating, terrorising, and frequently killing'. They 'are territorial and tend to be associated with a particular urban neighbourhood'. They 'can plausibly be seen either as constituting the last rampart of social collectivity in a wider context of generalised distrust and social atomisation, or alternatively as a desperate adaptation to the general Nicaraguan context of chronic violence and social breakdown' (Rogers, 2003).

Many exclusionary factors are seen to combine to enhance the exclusion of young men and women in urban areas, which is not just related to crime and violence. In addition, crime and violence impact not just on gang members but also constrain economic opportunities for non-gang members. Rogers' ethnographic case study of an urban Nicaraguan youth gang identifies, for example, the fear of leaving the safe haven of the home due to gang violence, with residents restricting their movements or limiting the routes they used. Beyond affecting developmental opportunities, gang violence was considered to be eroding the social fabric of local communities and family life.

■ DFID response

DFID's analysis of the causes of poverty in Central America identified inequality and exclusion as key factors. DFID funded poverty assessments that identified crime as a key constraint on economic opportunities, in particular a study of violence in the region (Moser and Winton, 2002). This work fed into various initiatives, most of them in close collaboration with other donor agencies, which have attempted to combine social and institutional perspectives. Of note are:

- a project on domestic violence in Honduras, to influence the IADB ;

- a project managed by UNDP and co-funded with NORAD to introduce a culture of human rights in Honduras, including: improved access to justice through mediation centres for vulnerable citizens, 'secure communities' through civic education on violence prevention, and human rights education (e.g. for the military);
- violence prevention in schools in Nicaragua;
- assistance to the IADB in the design of a security sector reform loan (\$40m) addressing community policing and the role of gangs; and
- placing a governance associate professional officer in the IADB in the region to assist with these initiatives.

DFID's approach in Honduras for example was to focus not just on the negative consequences of violence and exclusion for the urban poor, but also to look closely at the causes of youth exclusion and the reinforcing factors such as the role of the media in exacerbating the problem, the role of exclusionary policies / legislation (i.e. the difficulty in obtaining employment for youth with tattoos), or the links between gang membership and domestic violence suffered in childhood. The outcome was to look at integrated models which attempted to strike a balance between prevention (working with the Ministries of Education or Health) and reduction (working with the Ministry of Security etc). In collaboration with Sida, much effort was made at the institutional level to coordinate responses. An inter-ministerial committee on violence was an important result, as was the attempt to integrate violence and exclusion as poverty related phenomena in the revision of the PRSP, and the recognition that gang membership relates to youth disempowerment, lack of opportunities and stereotyping of young men (and increasingly young women).

DFID is now cutting its spending in Central America. It has, however, approved a project to bring to a coherent end its assistance to the Government of Nicaragua's violence prevention and citizen security strategy which will be financed by the IADB and other donors. This was the result of 18 months of piloting, coordination and stakeholder facilitation. The approach to violence reduction is cross-sectoral, involving the Ministries of Interior (through the national police), Education, Health and of the Family and the Women's National Institute. The aim is to both prevent violence and to provide attention to victims.

DFID is recognising the links between violence, crime and exclusion beyond Central America. The Urban and Rural Change team has for example recently commissioned a comparative study of 'Change and Violence in Non-Conflict Situations' (Moser and Rogers, 2004). This highlights similarities and differences in international experiences. Particularly rich in its coverage of Latin America and the Caribbean, it also provides a comparative perspective on Asia, sub-Saharan Africa and the former Soviet Union.

■ Findings

Put together, these Central American activities show a consistent attempt at tackling social exclusion through one of its axes (crime and violence) most prevalent in the region. It was felt to be a challenge to move from an initial focus on social relations (e.g. domestic violence) to one that took into account institutional factors and policy responses and the need to adopt multi-sectoral approaches.

2. Nepal: Mainstreaming Social Inclusion in a DFID Country Programme¹²

■ Context and nature of social exclusion

Social exclusion in Nepal is seen as one of the root causes of poverty and of the eight year conflict between the country's constitutional monarchy and the rebel (Maoist) Communist Party. Key dimensions are seen as caste, ethnicity and gender. Feudalistic patterns continue to permeate social and economic relationships. Bonded labour, despite being outlawed, is still practised. Political and economic decision-making at all levels is dominated by upper caste groups and by men. Dalit and indigenous ethnic groups, as well as women, lack voice and influence. 90% of Nepal's Dalits live below the poverty line with an average per capita income of only \$39.60 (Nepali average is \$210 per year). They live five less years than the average non-Dalit Nepali citizen, collectively own less than one percent of farm land, and have an appallingly low literacy rate of 10% for men and 3.2% for women. Less than 1% of the civil service comes from the Dalit castes (although they make up 15% of the total population). Women comprise less than 8% of the civil service. They are further disadvantaged by laws and traditional social norms that reduce their access to education, assets and job opportunities. Their literacy rate is around 21%, for men it is 53%.

Most of the country is beyond government control. The Maoist guerrilla movement have tried to link their agenda to those of excluded groups, appealing to women, for example, by taking a strong stand against gender-based violence and alcohol. This has proven to be an effective approach, having appeal amongst excluded groups and is helped by the huge unpopularity of the state. As neither side can win through military force, the long-term solution will have to involve political change and a better governmental response to problems of exclusion.

■ DFID response

DFID Nepal has made social exclusion one of its core objectives and the overall purpose of UK development assistance to Nepal is to 'reduce poverty and social exclusion, establishing the basis for lasting peace.' The CAP explicitly recognises that the backdrop to the conflict is deep-seated poverty, inequality, poor governance and discrimination and that a greater focus on these problems and on the rural poor is needed. In terms of causes of both poverty and conflict, the CAP clearly states that one of the central causes is Nepal's highly stratified social system, where access to education, jobs and opportunities has traditionally been captured by elite groups. Based on this analysis, DFID Nepal has stated that one of its 5 Country Assistance Plan Objectives is 'To help women and excluded caste and ethnic groups to achieve more equitable access to resources and opportunities'.

DFID is working jointly with the World Bank to develop and operationalise a framework for addressing empowerment and social exclusion issues in Nepal. Social inclusion is defined as 'the removal of institutional barriers and the enhancement of incentives to increase the access of diverse individuals and groups to development opportunities. It describes changes – at the systemic level of policies and institutions – in the external

¹² This section is a summary of a DFID note (nd) 'How DFID Nepal is addressing social exclusion issues' complemented by a presentation by DFID Nepal at a DFID workshop on 1 November 2004.

institutional environment or the rules that determine distribution of assets, capabilities and voice necessary to exercise agency.'

DFID Nepal's vision for assisting women and excluded caste and ethnic groups to achieve more equitable access to resources and opportunities is to work through three 'types of change' – livelihoods empowerment, mobilisation empowerment, and social inclusion (policies and institutions), each correlating to an outcome under CAP Objective 4. These are both being mainstreamed across other CAP objectives, and under the Social Inclusion Objective:

Policies and Institutional change: Government policy more informed and responsive to women and excluded caste/ ethnic groups (Outcome 4a):

- Supporting the design and implementation of the national Poverty /PRSP Monitoring Framework.
- Conducting jointly with the World Bank a Nepal Gender and Social Exclusion Assessment.
- Supporting government work on reservations and affirmative action for socially excluded groups in the civil service, political bodies, education, health and employment.

Mobilisation Empowerment: Women and excluded caste/ ethnic groups better able to influence Government and public opinion and to hold Government to account (Outcome 4b):

- Strengthening excluded caste and ethnic group representative organisations.

Livelihoods Empowerment: Better access to DFID programmes for women and excluded caste and ethnic groups (Outcome 4c):

- Developing an overall Strategy for Addressing Social Exclusion, which builds on the SEF.
- Working to ensure that DFID's programmes support women and excluded caste and ethnic groups through an intensive programme of advisory support.
- Developing a portfolio of initiatives in the Mid and Far West Terai to address livelihoods and social exclusion issues for the most excluded groups.
- Developing a DFID programme-wide livelihoods and social inclusion monitoring system.

■ Findings

DFID Nepal has started a process of sharing its social inclusion framework with all DFID projects and programmes, and getting its own staff and partners to critically analyse this framework in the light of their own experiences, as well as adapting and using the framework in their own work. They are not yet at the stage where they have concrete learning from the application of the framework, though consultations with staff and partners have been extremely positive, and many people report that the framework allows them to understand empowerment, social exclusion, and the dynamics of social change for the first time, as well as to shift and sharpen the focus of their programmes. This includes government, as well as civil society partners.

It is principally as a result of the ongoing conflict in Nepal that DFID, the World Bank and the Government have come to recognise the importance and scale of social exclusion. Joint analytical work has informed the PRSP, with institutional and policy reforms also aimed at. DFID in Nepal combines a concern for both empowerment and institutional reform initiatives. Social inclusion is a policy objective and a CAP/PRSP pillar; it is harder to ensure it is effectively mainstreamed across the full DFID programme and the current challenge is one of implementation. In the context of the Nepalese conflict, 'human rights' are seen as important but the expression refers to violations of civil and political rights. Social exclusion is more all-encompassing and used by government.

3. Pakistan: Comparing Social Exclusion and Drivers of Change

■ Context and nature of social exclusion

Pakistan's economic development has typically been marked by poor economic management although this has changed since the Musharraf regime came to power in October 1999. Nevertheless, the political context in Pakistan remains uncertain and characterised by repeated military intervention, reflecting a structural tension between elected and non-elected arms of the state. The bureaucracy stands in need of institutional reform. Civil society organisations and development non-governmental organisations, although more evident than twenty years ago, are quite vulnerable in a highly contested political terrain. There have been efforts to strengthen governance at the local level but legislative government at the provincial and federal levels remains weak.

■ DFID response

DFID's response in Pakistan shows very practically how a Drivers of Change (DoC) approach and Social Exclusion Framework (SEF) can intersect and be mutually reinforcing. The DoC approach addresses institutional issues and blockages due to social relations based on power from the top down, while a SEF addresses axes of exclusion and social disadvantage from the bottom up.

The Western Asia Department of DFID commissioned a report on 'Pakistan Drivers of Change: Synthesis and Policy Implications (Nadvi and Robinson, 2004). It draws on a series of nine papers commissioned by the Pakistan Drivers of Change (DoC) exercise as well as two workshops held in Pakistan. The aim was to identify the principal levers of, and impediments to, pro-poor policy change in Pakistan. It was found that the potential drivers of change in Pakistan are limited in number and scope. Despite relative macroeconomic stability, stable foreign policy and reasonably strong policy teams within and outside government, the potential to move forward is hampered by deeply rooted structural relationships that serve as impediments to change. According to Nadvi and Robinson (2004:iii):

These include the underlying structure of land ownership, a highly skewed distribution of wealth, entrenched patterns of inequality, a low rate of capital formation and economic growth, enduring ethnic and religious tensions, and fixed and unequal gender relations. These factors help to explain a form and pattern of poverty that has remained relatively immutable over time.

This immutability is reinforced by 'a set of institutions that are relatively impervious to pro-poor change, serving to entrench established power relations' (ibid). Change agents identified include political parties, civil society organisations and the media and – with support and reform – institutions that can contribute towards good governance, notably the bureaucracy and the judiciary, with particular regard to access and outcomes for the poor and women.

The DoC exercise followed on from a 'Scoping Study on Social Exclusion in Pakistan' undertaken by Emma Hooper and Agha Imran Hamid (2003). The study was concerned with very similar issues, but starting with social relations and power relations at the level of society. Social exclusion was found to be deeply rooted in the social, economic and political experience of Pakistan, based on class distinction, ethnicity, biraderi (roughly translated as clan or kinship group), caste or hereditary occupational group, access to land ownership and productive resources, and gender relations, which serve to exclude women from many spheres of Pakistani life. Social exclusion was found to be closely related to powerlessness, manifested through the active exclusion of particular groups from political life, education, employment, health care, access to land, resources, justice and voice – including the exclusion of women and the young; and exclusion on the basis of disability and belief.

Here the focus on institutions related to informal networks and organisations operating at the micro-level and their influence on building social capital. The study connects well into the DoC study because it explored how social exclusion is influenced and underpinned by prevailing structures of power, political processes, the legislative context, and issues in the areas of democracy and rights – for example of women, minorities, labourers and the landless. The presence of a strong middle class, which Pakistan currently lacks, was identified as a critical element in bringing about social change.

Connecting very specifically with the DoC study, five key measures for addressing social exclusion in Pakistan were identified: democracy, access to justice, institutions, education, and enabling interventions, including building in a social exclusion component to existing initiatives.

Specific recommendations included:

- the provision of support for democratic processes;
- capacity building with a range of stakeholder partner institutions;
- changes in key institutional processes and structures that support social inclusion;
- educational measures which address social exclusion, such as the promotion of a more tolerant ethos in curriculum content of all types of schools, and in teacher training;
- rights-based functional literacy, particularly for women and the 15-25 age group;
- civics education in school;
- including the disabled through mainstreaming in education and changed societal attitudes; and
- specific interventions in the areas of gender, labour, land and micro-credit.

■ Findings

These two studies commissioned by DFID towards developing its programme in Pakistan show clearly the compatibility of a DoC and social exclusion agenda. Both are concerned with social relations and institutions and both emphasise structural constraints such as power and politics, while being alert to the importance of agency. Where they differ is their entry point. The political economy approach of the DoC exercise saw analysis beginning at the top, with the macroeconomic and macro-political context. The social exclusion framework works from the bottom up through an analysis of social relations and micro-level institutions, towards a broader consideration of power, rights and political processes.

4. Peru: Linking Social Exclusion and a Rights-Based Approach

■ Context and nature of social exclusion

Peru is a lower middle income Latin American country, with an average per capita income of \$2100 in 2000. It is a highly urbanised society (70%) and also very unequal, with a few living well, about half living reasonably and many facing various forms of deprivation.

Extreme poverty coincides with ethnic identity, with the poorest people being excluded by virtue of:

- who they are (mainly indigenous groups who do not speak Spanish); and
- where they live (in remote rural areas and isolated communities).

As a result of their difference, they face discrimination and, because of their remoteness, they do not have adequate access to social services. In cities, the income poor have better access to services and greater voice, but they live in informal shantytowns and work in the informal economy. They are excluded from the formal institutions that ensure security and justice, thus undermining their ability to realise their rights and responsibilities as citizens.

■ DFID response

DFID had begun its country programming by seeking a better understanding of poverty and the politics of inequality, which are embedded in exclusionary power relations. The office quickly realised that historical legacies and ongoing power relations meant that it had to examine more than income poverty. The 2003 DFID Peru CAP focuses on poverty, inequality and social exclusion. It seeks to address these through focusing on governance, accountability and citizenship and adopting a rights-based approach. Although cut short (the country programme will close in March 2005), DFID's experience in Peru holds important lessons on how a social exclusion perspective can be mainstreamed across all areas of a country programme. Some activities might be continued as part of a regional programme.

The CAP has three programme objectives:

- First, a coherent approach to poverty reduction. In the context of donor coordination, DFID focused on economic inclusion, promoting livelihood opportunities for poor people.
- Second, political inclusion, by promoting greater state responsiveness and accountability to poor people.
- Third, more equitable access to social services. Here the aim was to focus on strengthening the link between the service providers (mainly the state) and poor users (citizens), emphasising rights and responsibilities (e.g. community education project; health programme).

Two programmes were initiated under the political inclusion objective:

- The Southern Sierra Human Rights for the Poor Programme (2002-2005) that supports the participation and inclusion of poorer, excluded indigenous communities in local government, linked to regional and national level.
- The Political and Financial Accountability Programme (2004-2005) that encourages political inclusion through political party development and electoral reform; and a review of fiscal issues, notably tax reform and budget transparency, in order to encourage greater accountability and responsiveness to poor people.

The Human Rights for the Poor Programme has supported activities to: realise the right to participate in local government; follow up to the Truth Commission which provided an understanding of exclusion in Peru in the context of years of violence; and document institutional barriers that make it difficult to participate, such as for women.

The Political and Financial Accountability Programme is innovative for DFID and derives from collaborative work with the IADB at the regional level. Tax reform is politically sensitive; DFID has been wise to broach this in the context of donor coordination and wider initiatives at the regional level. The focus on the equity potential and accountability functions of fiscal policy is demonstrated as critical to operationalising a social exclusion perspective. On the expenditure side, it involves ensuring resources reach groups identified as excluded, while, on the revenue generation side, the assumption is that paying taxes is not only a duty (according to means) but also creates rights. The programme is introducing a focus on equity and accountability, and not just efficiency, in revenue policy. Work is now ongoing at a regional level (Andes and Central America). In Honduras, for example, DFID and the IADB are attempting to support discussions around a 'fiscal pact' that could be agreed ahead of the elections, to foster a debate on appropriate levels of taxation, linked to the PRSP and expenditure.

Work on promoting political inclusion in Peru focused not just on voter education but also on addressing fundamental issues in-between elections, and understanding how institutions can exclude citizens (such as by requiring identity cards in order to vote). DFID has supported work on electoral law reform; understanding the costs of elections (to vote and get elected); and how a party system can be more inclusive, transparent and accountable, such as through internal party reforms to enhance representativeness and responsiveness to the majority of the poor, or to improve relations between national and local politics.

■ Findings

Across the three programme areas, social exclusion is addressed within the context of a rights-based approach, with the rights and responsibilities of both state and citizens emphasised. Social exclusion is here seen as a failure of the 'social contract'. Addressing social exclusion through governance initiatives requires sensitive handling. For example, promoting inclusive representation and involvement in decision-making may be seen as promoting political opposition so that work on voter education is best undertaken between rather than during elections. The size of the DFID programme in Peru was also a challenge. DFID was able to be innovative and work on difficult issues, but did not always have the leverage that larger donors had. The absence of a 'colonial baggage' (by contrast to programmes in Africa or Asia) was seen as an advantage.

5. Sierra Leone: Social Exclusion – Cause and Consequence¹³

■ Context and nature of social exclusion

Sierra Leone ranks at the bottom of the UN human development index. It has suffered from years of misrule and a civil war which ended in 2001. Though the conflict is often perceived to be linked to the presence of natural resources (diamonds) and the general fragility of Western Africa, a social exclusion framework offers a new perspective.

Research shows that the eight year war in Sierra Leone was not the result of ideology, ethnic or religious factionalism. Rather it began as a revolt of the youth, who turned to guerrilla insurgency in the face of political thuggery on the part of the urban elite and the self-serving patronage and clientelism of rural chiefs. Older men with inherited status reserved privileges for themselves, at the expense of women and younger men. As Fanthorpe (2003:9) has argued, '[T]his is a source of social exclusion that may have greatly exacerbated the rupture generated by state recession and the contraction of patrimonial networks'. Lacking schools, jobs and prospects, young people were drawn into the war as fighters and are now critical to the peace-building process, in a country where youth comprise more than 50% of the national population.

Following the May 2002 elections and the return to democracy in Sierra Leone, the challenge of post-war reconstruction is to go beyond restoring infrastructure and services and to address both the root causes of the war as well as its differential impact. The youth are a particular focus. Officially defined as those between the ages of 15-35, it is a social construct which refers to men (not women) without income and with low social status. Their exclusion from family lineage, politics, economic activity and voice is seen as a cause of the war and a potential threat to stability.

The Government has established a Ministry of Youth and Sport to respond to this challenge, but it is under-resourced, itself excluded as a Ministry, and has become too projectised. The three PRSP pillars cover governance, job creation and food security, but may not be much more than a wish list. There have been efforts at decentralisation by re-establishing local councils, but these still protect elite interests. Civil society empowerment

¹³ This section draws on Fanthorpe (2003) and the presentation at the DFID 1 November workshop on social exclusion.

projects to promote youth voice fail to address how the system is operating. CSOs may also not be representative of the youth and are instead talking 'on their behalf'.

■ DFID response

DFID plays a significant role in Sierra Leone. It is the largest bilateral donor, with its influence reinforced by colonial ties and the UK's role in bringing the civil war to an end. A bilateral Memorandum of Understanding between Sierra Leone and the UK was signed in 2002 to mark a long-term partnership between the two governments.

Against this analysis of the civil war, exclusion has been identified as a key issue for DFID's Sierra Leone programme (in an implicit rather than explicit manner). While the development of a CAP awaits the finalisation of the country's PRSP, a number of DFID projects tackle the issue of exclusion indirectly, linking it to support for justice initiatives, civil society and local government, as well as infrastructure. The priority has been state building, but efforts are underway to look at power structures.

Relevant projects include:

- 'Springboard: Youth in Progress', which equips young people with opportunities for sustainable livelihoods and social rehabilitation.
- 'Promoting Peace, Security and Stability in Sierra Leone' (with Search for Common Ground), which uses local radio programming and community outreach to promote conflict resolution and reintegration, and to tackle social and political marginalization of youth, women and children.

■ Findings

By making exclusion an organising principle for development cooperation, DFID is able to address social exclusion as a root cause as well as a consequence of the conflict in Sierra Leone. Incentives for change include the fear caused by continued youth exclusion, and the threat to peace and stability. This case study is also interesting as an example of age-based rather than ethnicity-based exclusion.

6. South Africa and Brazil: Race, poverty and inequality in middle-income countries

■ Context and nature of social exclusion

South Africa is a middle-income country that exhibits high degrees of wealth and privilege. However, three million people or 7% of the population live on less than US\$1 a day and 23% live on under US\$2 a day. Although the gini coefficient improved over the 1990s and there is increased differentiation amongst the black population, race remains a significant determinant of both poverty and inequality, with 95% of South Africa's poor being black (Africans comprise 79% of the population) (Gelb, 2003). Tackling both intra-racial and inter-racial inequalities requires tackling social and institutional dynamics alongside policies promoting growth and redistribution.

Brazil too is a middle-income country where inequality and race-related dynamics of exclusion impact negatively on poverty reduction. It is the world's 15th largest economy,

ranking second in Latin America in terms of per capita GDP. 45% of the population (or 77.2 million people) are Afro-Brazilians who are over-represented amongst the poorest. In 2000 Brazil had 54.3 million poor people and 23.9 million in absolute poverty, of which 62.4% and 65.7% respectively were black, reflecting the close link between poverty and race. Brazil has suffered from the myth of racial democracy which consists in 'defining the disadvantageous participation of Afro-Brazilian people in society's structures of power and wealth as a nonexistent issue. This belief also pervades the State thus reducing pressures for the adoption of policies that favour the promotion of racial equality.' (Bairros, Paixão and Humberto Cunha, 2003).

Brazil has one of the world's highest Gini coefficients. It was 0.50 in 1960, reached a maximum level of 0.64 in 1989, and remained around 0.60 from 1993 to 1999. In 1999, the percentage of the national income absorbed by the richest 20% of the Brazilian population reached 63.8%, while the portion assigned to the poorest 20% was 2.3%. In 2001, the ratio between the average income of the richest 20% of the Brazilian population and that of the poorest 20% was 29.7, the third largest in the world. In China for example, this proportion was 8, in the United States 9 and in South Africa 33.6. (Bairros et al, 2003).

■ DFID response

In 2003, DFID commissioned a research project to examine 'Inequality in middle-income countries'. It was undertaken by the Overseas Development Institute (Anderson et al, 2003 and 2004) and included background research to understand the links between inequality, rights and discrimination (Piron and O'Neil, 2003) and 3 country case studies, including on 'Inequality in South Africa: Nature, Causes and Consequences' (Gelb, 2003) and 'Inequality in Brazil' (Bairros et, 2003). In December 2003 ODI and DFID held a workshop at the Globe Theatre, London, to discuss the findings of the research project, bringing together researchers, government officials from the countries and aid agencies. The project, and the country case studies in particular, have had an important impact not only on informing DFID thinking but in the South African, Brazilian and international donor policy communities as well.

The South Africa study was prepared by Stephen Gelb, Executive Director of the EDGE Institute, Johannesburg. Since this workshop, the interest and engagement with inequality issues in South Africa and within DFID has increased. The South African government is actively addressing inequality as a legacy of apartheid through its Black Economic Empowerment (BEE) programmes, its Basic Income Grant (BIG) and other measures. The World Development Report (WDR) in 2006 will focus on equity and development. Wishing to build on the momentum and interest in inequality within DFID and beyond, DFID is contracting Gelb to develop his initial paper into a case study for the WDR, make a presentation at a seminar series on inequality in DFID UK and produce a book. Both institutional and process dimensions will be addressed and the extent to which exclusion and group based discrimination is a cause of the inequalities under consideration will be explored.

The Brazilian case study was commissioned so as to empower Afro-Brazilian social scientists to influence public policies. The researchers highlighted the links between economic and social understandings of inequality and racial discrimination. The project created a new opening to engage in policy debates. The paper in particular debunks the 'racial democracy' myth. Its policy analysis notes for example the extent to which social

spending and tax collection in Brazil has not been directed to address income inequalities. It shows that 46% of government funding allocated to higher education benefits people who are among the richest 10% of the population. Given that educational inequalities explain the 48% wage gap and some 26% of income inequalities, they recommend greater attention to factors that would explain inequalities, and to make racial differentiation a central part of the analysis. Specific public policy recommendations include:

- focus not just on the poorest but to also recognise the racial and gendered dimensions of poverty beyond material deprivation;
- promote inclusive social policies, including through the use of affirmative action policies and inclusive approach to education, incorporating adult literacy classes, vocational training for youngsters, citizenship tutoring, building up the capacities of teachers for a diverse and plural education, and preparing black children and youngsters to achieve better-paid careers in areas are traditionally dominated by whites;
- recognise the racial dimension of universal service provision, turning a concern for equity, all-round care and universal access into useful tools for combating the effects of racism. This requires a commitment to reach all groups and acknowledge differences, and distribute resources according to differentiated needs; and
- acknowledge the importance of income distribution as the most effective way to combat inequality and eradicate poverty.

This policy-orientated research project is part of a broader stream of DFID work in Brazil to highlight the importance of inequality and race. As part of its CSP preparation, DFID had commissioned action-research from black activists to highlight racism. Advocacy workshops held in North-East Brazil heard testimonies and brought together like-minded people. DFID also supported exchanges with UK institutions, such as the Commission for Racial Equality. The Durban World Conference on Racism and the new Lula government have changed the discourse. DFID is now supporting a programme to tackle institutionalised racism in Brazil (see Piron and Watkins, 2004 for more details).

▪ Findings

The EMAD-sponsored ODI project contributed to raising the profile of inequality within DFID, part of a process which has led to the establishment of a Working Group on Inequality and Social Exclusion. The Brazilian study helped to show how discrimination should not be viewed merely as a market imperfection associated with poverty, but that racial discrimination lies at the root of unequal opportunities. The South African contribution to the WDR, the book and associated dissemination strategy, will make important links between the analysis of inequality and a social exclusion framework.

These and other research projects can inform policy-making in middle-income countries. They make the case for tackling inequality as a central strategy for more effective poverty reduction. Starting from the finding that the elasticity of poverty reduction deriving from economic growth is undermined by inequality levels, they point to the low impact of measures designed to combat poverty and the resilience of high levels of inequality when processes of exclusion and discrimination are ignored.

7. Uganda: appropriate government and donor policies for pastoralists

■ Context and nature of social exclusion¹⁴

Uganda is one of the world's poorest countries, ranked 147 in the 2003 Human Development Index. It is also highly aid dependent, with donors providing around 50% of the government's budget. Uganda is considered to be making very good progress towards the goal of reducing poverty to 10% in 2017 as set out in its PRSP, the Poverty Eradication Action Plan (PEAP). Real GDP growth has already contributed to a reduction in the incidence of poverty from 56% in 1992, to 44% in 1997, down to 35% in 2000.

However, it seems that patterns of poverty reduction are not reaching the very poorest and that it is those above the poverty line, or that have access to government, that benefit the most from the PEAP. There has been a reversal in the poverty reduction trend, with poverty increasing to 38% in 2003. The recent household survey indicates a steady increase in income inequality (a trend that started in 1997). The Programme for the Modernisation of Agriculture is, for example, often considered to benefit the 'progressive farmers'. There are also continued high levels of inequalities across regions, a greater urban/rural divide and continued inequality along gender lines. There have been persistently high poverty levels in the North; though a slight decrease was noted in the last household survey, the North still has by far the highest level of poverty incidence. In addition, Acholiland, Lango and Teso, in North of Uganda, continue to be affected by conflict, with over 1 million displaced persons living in camps.

Pastoralism is a livelihood strategy for 29 out of 56 districts in Uganda. These districts constitute the 'cattle corridor' where about 60% of households are livestock keepers compared to 22% nationally. The three worst performing districts (in terms of district human poverty indices) are pastoralist districts in the Karamoja region. Poverty there reflects poor provisioning of basic services, based on sedentarisation models and limiting pastoralists' basic rights such as access to water, education and health services. The region also suffers from cattle rustling with raids and counter-raids among the Karamojong themselves or with other tribes in the neighbouring districts and countries.

Pastoral mobility has presented a challenge for policy makers and development agencies, with most interventions in the past aimed at sedentarisation. Inappropriate policies have resulted in an escalation of conflict and insecurity in pastoralist areas, which has intensified due to competition over shrinking resources. The security problem has been exacerbated by a proliferation of small arms and weapons in this border area. The government's approach to disarmament in Karamoja has led to some problems: it is considered to have rendered the Karamojong in Uganda defenceless against armed cross-border raids and to have contributed to an escalation of violence.

■ DFID response

Donor support to Uganda is based on the PEAP, which is seen as having a high degree of government ownership. DFID is providing most of its assistance in the form of budget support. This is complemented by humanitarian assistance for Uganda's conflict prone

¹⁴ This background section is extensively based on Nayenga (2003) and PANOS (2004).

regions, as well as support for civil society, the private sector and selected Government reform processes.

The DFID programme is not described as targeting social exclusion; however, DFID has recently funded two quite strategic initiatives that are aimed at ensuring that the needs and priorities of pastoralists are appropriately taken into account in the revised PEAP:

- A study tour for key policy makers to Kenya in 2003, to look at how pastoralist issues are handled there. This made a major contribution to pastoralism featuring in the revised PEAP as a recognised livelihood.
- A regional workshop for MPs with a specific interest in pastoralism, held in Kampala earlier in 2004. The workshop was called by PANOS, with support from Oxfam and others.

▪ Findings

A 'social exclusion perspective' is often said to be less relevant in Africa given high levels of poverty, and the perceived absence of high levels of inequality. However, such a perspective can highlight groups with different livelihoods strategies that require differentiated governmental and donor policies to effectively tackle poverty.

PRBS creates a specific challenge for donor efforts to tackle social exclusion as it needs to be recognised that governments play a role in perpetuating social exclusion. This aid modality does not a priori prevent work on social exclusion, but it does make a focus on social exclusion difficult, unless this focus can be found in the Government's own overall approach to poverty reduction. It requires challenging power relations by working with those in power, rather than working with those who are excluded.

In Uganda, DFID provides most of its support to through PRBS (going up to 85-90% soon). Here and in other countries in Africa where DFID provides most of its assistance in this way (e.g. Tanzania), DFID is seen as possibly less able to deal with social exclusion directly, given the focus on supporting government policies and systems. This is compounded by the perceived weakness of civil society, its urban elite nature and the absence of social movements of the excluded. However, it is possible to engage with policy makers to examine why poverty reduction is not benefiting all sections of society equally and to support a more responsive policy-making process. This requires additional donor interventions to complement PRBS.

8. Western Balkans: Social Policy Reform and Working with Multilaterals¹⁵

▪ Context and nature of social exclusion

Factors that explain the nature of social exclusion in the Western Balkans include:

- the changing demography of the region, with the elderly constituting the vast majority in most countries, except in Kosovo and Albania where the youth make up more than 50% of the population;

¹⁵ This text is a summary version of a note prepared by Robin Milton, Social Development Adviser, as a contribution to a EMAP social exclusion paper.

- the complex patchwork of geographically interwoven ethnic and national identities;
- the outcome of the emergence of countries from war and conflict (e.g. heavy reconstruction needs; large displacement of people);
- the impact of transition to free market economies (e.g. sharply rising unemployment, particularly for women, outpacing alternative job creation);
- the effects of large-scale migration (e.g. positive benefits from remittances versus greater vulnerability from family break up / abandonment);
- the effects of redefining rights/responsibilities between state and citizens in social support (e.g. erosion / reform of financially unsustainable and poorly targeted social protection systems);
- the effects of weaknesses in the rule of law (e.g. rise of organised crime, and human trafficking as a key facet).

Ethnicity remains a critical factor in social exclusion. The Roma exist as a minority group in almost all countries in Southeast Europe and figure almost consistently amongst those living below national poverty lines. The redrawing of 'national boundaries' in *the wake of the wars* in the former Yugoslavia has influenced ethnic relations: in Kosovo, Kosovar Albanians are now the majority and dominate state institutions, and the Kosovar Serbs face constraints in accessing property, jobs and public services. Intersecting with disadvantages shaped by ethnic identity and conflict, *displacement* remains a significant phenomenon affecting inclusion in social and economic life. In Serbia and Montenegro there remain large populations of IDPs and refugees (mostly Kosovar Serbs). Lacking status as citizens, many, particularly those located in poorer municipalities with already high unemployment and stretched social services, struggle to find work, and face resentment in accessing social support. *Gender* is also a highly significant factor as illustrated by the widening gap between female and male employment levels, notably amongst the young. Age, and notably youth unemployment, is another manifestation of social exclusion, leading some to migrate, work in the informal sector or get involved in organised crime.

■ DFID response

DFID's Western Balkans Regional Assistance Plan argues that, '...while conflict and insecurity have contributed to the emergence of poverty and social exclusion, they have in turn contributed significantly to the instability and conflict in the region.'

DFID's main response has been the development of social protection activities with a focus on influencing multilateral approaches. Initially aiming at programming and policy dialogue at a technical level (i.e. on content of social policies), there has been stronger focus on 'upstream' policy dialogue, conducted with multilaterals and governments.

Multilaterals have differing approaches. The Bank is driven mainly by concerns to develop fiscally sustainable social policy frameworks and reducing the role of the state. Programmes are sometimes not built upon an adequate understanding of poverty and social exclusion. By contrast, the social model promoted by the EC is rights-based and envisages the state retaining a role in many areas of social provision. Furthermore, the EC, in relation to existing and aspiring member states, has particular policy instruments for tackling social exclusion: National Employment Action Plans and Social Inclusion Plans. In practice, at this juncture the Bank is the most involved in reforming social policy the region, with the EC relying heavily on Bank leadership here and risking limited

influence on the direction of policy reform. DFID has attempted to position itself between the Bank and the EC, promoting a mix of these two broad approaches.

DFID has a close relation with the World Bank with regard to: joint programming; advocacy for the inclusion of social policy programmes in forthcoming Country Assistance Strategies in line with poverty reduction strategies; coherence of conditionality with poverty reduction strategies in structural adjustment lending for social protection; improved communication with the EC on sequencing reform; and integration of equity and participatory dimensions in programmes.

Engagement with the European Commission on social policy reform per se has been more ad hoc than with the Bank; DFID's message is that the EC should give stronger support in its policy dialogue and programming to social policy reform now early on in the accession process. The key lesson from the recently acceded-countries is to invest more in social policy reform earlier on in the accession process. Relative inertia on the social front is in part determined by the fact that much of social policy reform is not a formal requirement for European Accession, and therefore the incentives to support it and address it are weaker than for other reforms. 'European Partnerships' provide greater scope for action. DFID has successfully lobbied for inclusion of progress on social protection as a short term priority in the first EPs for Albania.

Support to national governments in the formulation and implementation of poverty reduction strategies has included attention to:

- identification of socially excluded groups in poverty assessment and diagnosis;
- generating civil society perspectives on social determinants of social exclusion;
- how support to such groups can be mainstreamed and reflected in policy measures across sector priorities captured in the strategies.

Over the last four years DFID has designed and implemented about 15 different social policy programmes or projects. These cover a number of areas of social policy, including: poverty monitoring; employment and labour; pensions; social assistance; social and health insurance; and social care. They include:

- In Albania, the Social Services Delivery Project involves developing community-based approaches to social care (e.g. deinstitutionalisation, civil society partnerships; improved local mapping of vulnerable groups).]
- In Serbia, the Employment Promotion Programme is piloting approaches to labour redeployment, and reform of state employment services towards promoting active labour market measures).
- In Kosovo, the Social Protection Programme has involved reconstruction of Centres for Social Work, and the provision of mobile, accessible services for Kosovar Serbs in enclave communities (e.g. social security/pensions claims; social services).
- In Serbia and BiH, two similar programmes are piloting partnership approaches to service delivery (social care) through Community Action Projects targeting poorly served groups.

Finally, there is one project directly addressing social exclusion: a regional initiative addressing minority rights in the south-east Europe, including exclusion facing the Roma.

This programme, implemented by Minority Rights Group International as a part of its Diversity and Democracy Programme in the region, focuses on strengthening the capacity of human and minority rights civil society groups to fulfil more effective advocacy roles.

- Findings

The Western Balkans show how there is a range of intersecting factors that contribute to social exclusion: ethnicity, gender, and age as well as conflict, displacement, economic transition and unemployment. It also highlights differing donors' approaches and the incentives they put in place; poverty reduction strategies and EU accession processes are not always in sync. DFID is able to interact with a range of actors, such as government, civil society and donors, and to facilitate social policy reform processes.

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