

TST Issues Brief: POVERTY ERADICATION¹

I. Stocktaking

Globally, the MDG target with regard to extreme poverty is estimated to have been reached – the proportion of people living below \$1.25 (PPP) per day in developing regions fell from 47 per cent in 1990 to less than half this value in 2010, five years before the target date².

While the global target has been reached, there is **considerable variation across regions and countries**. For example, at the regional level, the proportion of people living below the extreme poverty line fell, over 1990 to 2008, from 56 to 47 in sub-Saharan Africa; from 51 to 34 in Southern Asia, from 60 to 13 in China, from 45 to 17 in South-Eastern Asia, from twelve to six in Latin America and the Caribbean, from five to three in Western Asia and from five to two in North Africa. Likewise, there are differences in this poverty statistic across groups of countries in special situations: reductions from 65 to 47 for least developed countries (LDCs) and from 53 to 32 in land locked developing countries (LLDCs); and stagnation at 30 for small island developing states (SIDS) over the period 1990 to 2008. Significant variations are also observed across and within countries.

Apart from these different rates of progress, certain other characteristics of the world's poor help define the situation as it exists today. First, a **disproportionately large number continue to be extremely vulnerable**. One indicator of this is that the proportion of people living below the slightly higher \$2 per day poverty line³ has changed by a far smaller degree, declining from 65 percent in 1990 to 43 percent in 2008. This signifies that while many may indeed have escaped *extreme* poverty, such gains could be fragile: large numbers remain perilously close to falling into poverty, should they experience shocks they are unable to cope with. For the poor, a shock of even a relatively short duration can have long term adverse consequences.

Second, **extreme poverty tends to be more pronounced in rural areas**. Although many developing countries are urbanizing, with the absolute number of the poor increasing rapidly in towns and cities, poverty remains more widespread and more entrenched in the villages. A 2010 estimate found approximately 35 percent of the total rural population in developing countries to be living in extreme poverty. In these areas, the poor tend to be small producers, landless agricultural workers and family farmers – including fisher folk, pastoralists and those dependent on forests. Their rights to land and the other natural resources that underpin their livelihoods is not always secure, and the degrading quality of these resources due to climate change and unsustainable management practices renders their condition increasingly precarious with impacts felt along both income and non-income dimensions. At the same time, their access to services and markets can be well below what is available to urban populations, making their escape from poverty even more challenging. This can be especially marked in LDCs, where around 70 percent of the population continues to be in rural areas.

¹ The Technical Support Team is co-chaired by the Department of Economic and Social Affairs and the United Nations Development Programme. This note has benefited from contributions and comments by DESA, ESCAP, FAO, IFAD, ILO, OHCHR, OHRLLS, PBSO, UNAIDS, UNDP, UNEP, UNESCO, UNFPA, UNICEF, UNV, UN-WOMEN, WFP, WMO and the World Bank.

² The absolute number of the poor has also declined significantly, but at a less appreciable rate due to population growth.

Third, even after taking the rural-urban variation into account, **certain population groups** are disproportionately represented among the poor, and face additional constraints – such as poorer access to productive resources and markets – in escaping poverty. These include women; persons with disabilities; children; in many cases, indigenous peoples or those from cultural or ethnic sub-groups; and those living in geographically remote or conflict-affected areas⁴. Again, some of these population groups may have livelihoods and well being that are closely intertwined with natural resources and the environment.

Fourth, income alone presents only a partial picture of **poverty which is multidimensional**, with several inter-linked aspects such as limited or inadequate opportunities and capabilities. These additional dimensions include hunger and food/nutrition insecurity; lack of access to basic, quality services such as health care, education and sanitation; a lack of empowerment and civic participation; lack of personal security and others. Several of these dimensions, especially for the poor, are closely related to the environment – for example health is directly affected by declining environmental quality in ways that the poor may find harder to address individually. These multiple dimensions of poverty – when suitably measured – convey a more complete picture than provided by the income indicator alone, while also helping devise policies to assist in escaping poverty.

The multiple dimensions of poverty help to frame the nature of the challenges to be faced in setting a goal to eradicate extreme poverty. At current rates of progress, it is estimated that there will still be about a billion people in extreme poverty in 2015. If we are seeking to *eradicate* poverty, then the aspiration is for a world where no one – regardless of physical location, gender, age, health, disability status, ethnic identity etc. – is poor at any time over his/her life cycle; and that this is maintained across generations. Such an aspiration can only be met if multiple deprivations that curtail life opportunities (including structural factors such as discrimination, violence and conflict) can be addressed jointly, in a manner that is sustainable over time and across generations⁵. For example, measures to eradicate poverty in this sense would need to combine social protection; employment and livelihoods generation; and the proper nourishment and education of children to enable their cognitive development for the future.

This can be done if we bring to bear our collective knowledge on poverty reduction. Since the MDGs were formulated, we have arrived at a much clearer understanding of poverty and what is needed to escape it. First, it is now accepted that **robust and stable economic growth** – measured in terms of increasing GDP/capita – is necessary to reduce poverty, but not sufficient in and of itself. Not all countries that experience similar periods of rapid growth reduce poverty by similar extents. Growth that creates decent work and livelihood opportunities for the poor is more likely to be accompanied by accelerated poverty reduction. In addition, lower inequality can enhance the impact of growth on poverty, and reduce the chances of conflict. Achieving the sustainable, equitable and inclusive growth that will be necessary to eradicate poverty, while conserving the environment – including as a source of services upon which the poor depend, will require access to modern energy, other technological innovations, sustainable environmental stewardship, as well as forward looking macroeconomic policies.

⁴ At a global level, a greater number of the extremely poor now live in countries classified as middle income (MICs) rather than those classified as low income (LICs). However the challenges to – and opportunities for – reducing poverty can be similar across countries, irrespective of which of these two classes they happen to be grouped into.

⁵ For example, adequate nutrition during the first 1,000 days from conception is necessary for cognitive development, and therefore for benefiting from education and making best use of labor market opportunities; and nutrition that is gender- and age-sensitive would contribute to maintaining the productive capacity of individuals.

Second, policies that foster quality growth need to be complemented by **those that can directly accelerate and sustain poverty reduction across all segments of the population**. This presupposes **strong national ownership** of, and political commitment to, a poverty reduction agenda – another necessary condition for success, as demonstrated by the MDGs. These policies and measures could include – but not be limited to – provision of universal access to basic services ensuring quality nutrition, health, and education outcomes; empowering individuals to seize economic opportunities; well-designed social protection schemes that would, progressively, result in a nationally defined social protection floor and help protect against sudden shocks; also developing the capacity better to predict and prepare for such shocks. For countries/populations faced by recurrent natural disasters or other crises, the immediate humanitarian response would need to dovetail into longer term development interventions that build capacity and provide sustainable outcomes. Better managed natural resources can themselves strengthen the resilience of the poor, by both reducing the likelihood of natural hazards and offering resources to cope with them.

Third, these policies would need **to address pro-actively the specific constraints faced by distinct population groups, including differentiated approaches for women and girls and those facing marginalization**. For example, in rural areas inequitable and insecure access to productive assets, markets and services make it harder for the poor to escape poverty. Lack of opportunities and support for adopting sustainable livelihoods may hasten the degradation of the natural resource base, thus further exacerbating poverty. Proactive measures may also be needed to address different forms of discrimination, for example those related to gender or disability; also to promote full respect for the rights of minorities and indigenous peoples. The lack of access to quality basic services in remote areas – such as modern energy – can limit economic opportunities for both men and women. Women and girls can face demands on their time in order to meet household needs for energy and water – thus further limiting their options for remunerative occupations and civic participation. In fact, expanded opportunities and the empowerment of women and girls, including their access to sexual and reproductive health and rights, can have positive multiplier effects on accelerating the pace of not just poverty eradication, but other goals as well.

Fourth, **policies that may accentuate or perpetuate poverty and exclusion, or cause a deterioration in the natural environment, would need to be identified and their impacts ameliorated**. These could include, among others, excessively narrow macroeconomic policies; regressive tax systems; poorly designed subsidies whose benefits are captured by the non-poor, representing a loss of resources that could have been better focused on poverty eradication; land management and tenure systems, among others. Many of these policies – such as poorly targeted subsidies – can hasten the deterioration of environmental quality, further hurting the poor.

Fifth, **governance challenges** that limit the ability to deliver increasingly well-targeted, people sensitive and effective services in an efficient manner have to be resolved. Solutions, depending on the country context, could include the better use of science and technology applications (for example through ICT), administrative decentralization, accountability, strengthened access to justice, and a better use of community organizations. Higher quality, more timely and better disaggregated data are needed for improved policy design, implementation and accountability. In many cases, such solutions would only have longer term impact if they are accompanied by strengthening of institutional capacities.

Poverty eradication requires that the **three dimensions of sustainable development – the economic, social and environmental – be brought together in mutually supportive ways**. Degrading natural

resource stocks, climate change, and unsustainable management of the natural resource base and ecosystems will limit our ability to reduce poverty and ensure inclusion now and for generations in the future, as well as threaten to undo some of the progress already made. Unsustainable patterns of production and consumption can, through adverse environmental impacts, disproportionately affect the well-being of the poor through multiple channels; and widening disparities and inequalities can themselves threaten the continuity of progress towards improving human development. A broader structural transformation is needed to ensure the enduring well-being of all, and this must happen in the context of a broader sustainable development agenda.

II. Overview of goals proposed so far

1. **Various proposals have been made for SDGs related to poverty – and are compiled, for example, at:**
 - a) ODI: <http://tracker.post2015.org/>
 - b) North-South Institute: <http://cidpnsi.ca/blog/portfolio/tracking-post-2015/>
 - c) Stakeholder Forum:
<http://www.sustainabledevelopment2015.org/einventory/searchinventory.php>
 - d) European Report on Development, 2013:
http://www.erd-report.eu/erd/report_2012/documents/FullReportEN.pdf

Many of these propose the eradication of extreme poverty, with some proposing target dates such as 2025 or 2030. Poverty eradication also features prominently in the ongoing national and thematic consultations being supported by the UN Development Group.

III. Recommendations for a possible way forward

While several of the MDGs can arguably be considered as reflecting the multiple dimensions of poverty, the **two that constitute MDG 1 – extreme poverty and hunger – are strongly linked**. Each of these is associated with well-defined indicators, and targets are defined in terms of desired value of the indicators relative to their starting points. There are no indicators that can be construed as recommending a particular course of action towards achieving the targets for MDG 1 – unlike, for example, the goal on maternal health which includes both a desired target for the maternal mortality ratio (MMR), as well as an indicator on the percentage of births attended by skilled birth attendants – with an increase in the latter expected to lead to an improvement in the MMR.

Although limited in many ways, these **indicators and targets for MDG1 retain the virtues of simplicity, objective measurability, easy communicability and – as shown through experience – ease of adaptability to country circumstances**. It may be desirable for poverty SDG(s) to retain such characteristics – although in order to achieve eradication, the target(s) would most likely be set in absolute and not relative terms, include non-income dimensions, and encourage disaggregation in order better to understand and address various forms of inequality. However, as the process for developing them moves forward, it might be desirable also to consider:

- a. Is the current \$1.25 per day poverty line an adequate measure for eradicating income poverty;

- b. To what extent – and in what manner – should the multiple dimensions of poverty – including those most closely affected by environmental quality – be reflected as separate/joint parts of a poverty outcome that takes sustainability into account;
- c. How can goals and targets be best designed to take into account the special circumstances of especially vulnerable countries, or those that are conflict-affected;
- d. Should some of the means to this end – e.g. social protection, access to modern energy services, skills-based education, full employment and decent work – require separate goals and targets and, if so, what criteria should guide their selection;
- e. How can goals and targets be designed in meaningful ways for marginalized or excluded groups;
- f. What is needed to make goals for economic growth and poverty eradication consistent with those intended to achieve a more sustainable use of natural resources and improve the quality of the environment, and;
- g. How should goals for sustainable management of the natural resource base and ecosystems be translated into national action?

While an indicator of income poverty may well be retained as part of SDG(s) related to poverty eradication, the **multiple dimensions of poverty suggest that there will also be others that are closely related to achieving the poverty outcome**. Although there are proposals for a single overarching metric to measure multidimensional poverty⁶, previous experience with composite indices related to the MDGs suggests that individual indicators tend to be preferred for ease of interpretation. It may be possible, however, to *supplement* the tracking of different sets of poverty indicators with an overall composite index, or through other indicators that track changes in well being at a composite level.

One way of including these multiple dimensions could be to **reflect the manifestations of poverty in all relevant SDGs, with appropriate targets and indicators, while accommodating environmental sustainability objectives**. For example a goal for sustainably improving the nutritional status for all could have several different targets and indicators, including ones that seek to ensure calorie adequacy for productive work and adequate nutrition for cognitive development.

Some of the direct manifestations and structural factors that contribute to eradicating poverty can be **are addressed within the existing set of MDGs** – basic education, gender equality, mortality reduction and health improvements – while others are being discussed in relation to the post-2015 agenda, notably employment, energy and inequalities. However, even when picked up as an issue in the current set of MDGs, there may be scope for further refining targets and indicators to emphasize the relationship to poverty eradication and environmental sustainability – for example there could be targets and indicators related to the economic empowerment of women within the context of a goal on gender equality; or for ensuring the access of vulnerable populations to ecosystem services in the context of goals for sustainable management of those ecosystems. However, it may be more difficult – but not impossible – to design separate poverty related indicators covering sustainable management of the global commons, even though there is a clear link to poverty eradication.

The ‘poverty-focused’ goals could accordingly sit alongside others that address (i) poverty-environment nexus issues such as those relevant for water, health, food security, energy, resilience, and (ii) integrated and sustainable management of natural resources and ecosystems.

⁶ See for example the Multidimensional Poverty Index (MPI) of the Oxford Poverty & Human Development Initiative: <http://www.ophi.org.uk/policy/multidimensional-poverty-index/>

In sum, the long term success of a set of Sustainable Development Goals would hinge on the extent to which they address the multiple dimensions of human poverty, including through sustainable and inclusive growth, and the environment dimension of sustainable development. The relationships are complex, but sufficiently well understood to indicate a way forward that will bring together the imperatives of eradicating poverty, reducing inequality, strengthening resilience, improving the efficiency of natural resource use, improving the quality of environmental assets, and ensuring the sustainability of gains across generations.