

## ENDING POVERTY BY 2030: UNDP'S PERSPECTIVE AND ROLE

### State of Global Poverty

At the heart of the Sustainable Development Goals (SDGs) is a commitment “to eradicate poverty everywhere, in all its forms and dimensions by 2030”. With the 2030 Agenda for Sustainable Development, world leaders moved past poverty reduction and set out to achieve sustainable development that *leaves no one behind*. Their optimism was born from experience:

**Over the last 15 years, the world achieved the fastest rates of poverty reduction in human history. Over one billion people were lifted out of extreme poverty, including in some of the poorest countries in the world.**

In 2000, no one would have predicted that the first MDG target would be achieved 5 years early. By 2010, the number of poor people in the world had been cut in half. The global poverty rate declined from 37 percent in 1990 to 9.6 percent in 2015.

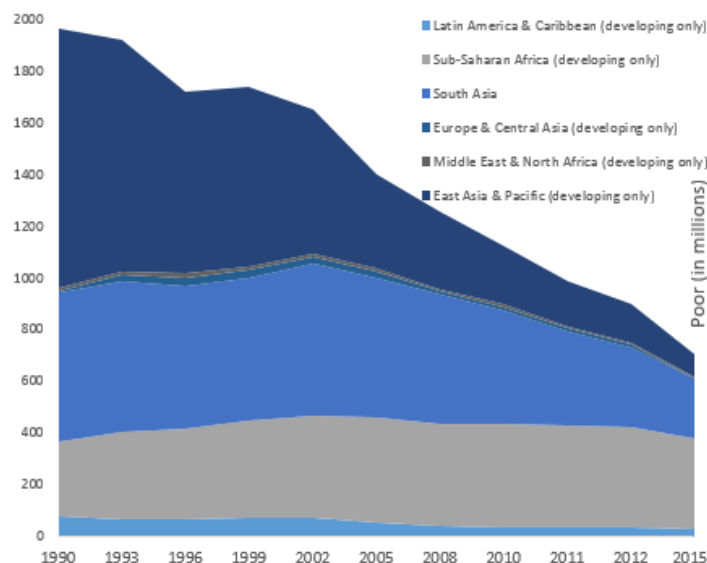
This suggests the real lesson of the MDGs: projections are not trajectories.

Remarkable leaps forward can and do happen, including in some of the world's poorest countries. The 17 SDGs were agreed in the wake of unprecedented gains under the MDGs. With determined leadership, the right policies, broad participation and global collaboration, extreme poverty can be eradicated by 2030.

Raising income levels will inevitably be only part of the story. Extreme poverty can be eradicated only where broad progress is made across the SDGs and where those in greatest danger of being left behind are given priority.

Eliminating income poverty will not guarantee poverty is eradicated in all its dimensions, including health, education, water and sanitation and the natural resources that provide for basic needs. This is because poverty is complex and multifaceted; it cuts across a varied array of human experience.

Figure: Extreme Poverty (less than US\$1.90 per day\*)



\*The World Bank updated the international extreme poverty line in 2015, from US\$1.25 per day to US\$1.90 per day to reflect 2011 costs of basic food, clothing, and shelter needs around the world - using PPP. The \$1.25 /per day was calculated using 2005 prices.

To eradicate poverty all of its interlinked dimensions must be tackled. Countries will need to simultaneously address inequalities, social exclusion, risk and vulnerability, the lack of decent work, and environmental degradation.

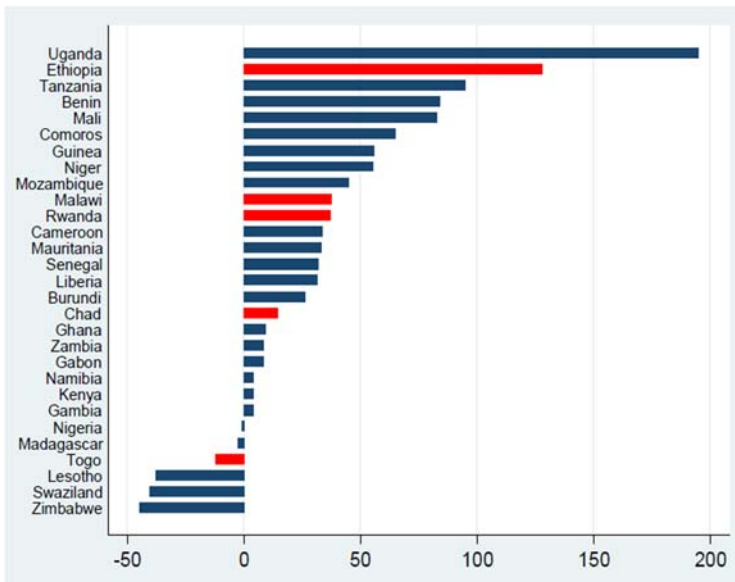
### Stocktaking: Who is poor today and where do poor people live?

Approximately 702 million people continue to live in poverty today, as measured by those living on less than US\$1.90 per day. This fact however, does not tell us much about the deprivations that make people poor. The Global Multidimensional Poverty Index (MPI) attempts to fill this gap by considering a range of disadvantages poor people experience, including in education and health. The MPI found 1.6 billion people “multi-dimensionally” poor.

This discrepancy in income poverty and multidimensional poverty - suggests the importance of looking beyond only income measures. Understanding the depth, severity and cumulative impact of poverty's multiple dimensions is essential to eradicate it.

By all measures, poverty today is predominantly rural. 70 percent of the extreme poor live in rural areas; 60 percent work in agriculture. Women, people with disabilities, children, ethnic and linguistic minorities and indigenous people are all disproportionately represented in poor populations.

**Differences in estimates of multi-dimensional and monetary poverty in 29 sub-Saharan African countries (in %)**



Source: Data is from Alkire, S., J.M. Roche, M.E. Santos and S. Seth (November 2011) [ophi.qeh.ox.ac.uk](http://ophi.qeh.ox.ac.uk)

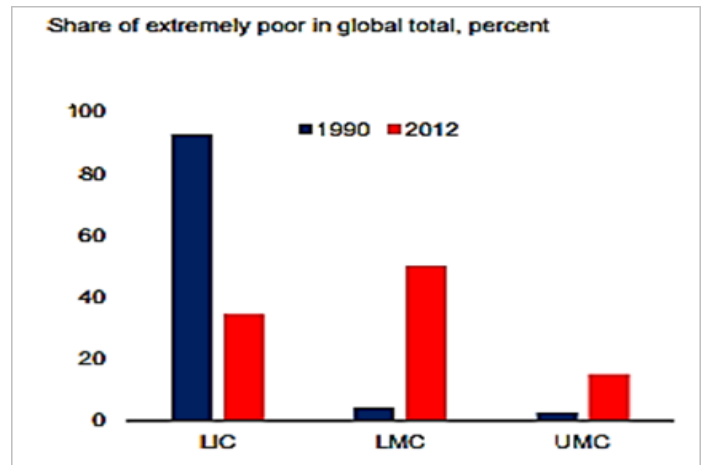
Note: Red bars are for countries where data used to estimate monetary and multi-dimensional poverty were collected in the same year.

Poverty reduction has been deeply uneven between regions and countries. A large proportion of global progress can be attributed to China's remarkable success in reducing poverty. China alone accounts for around three quarters the worldwide decline in extreme poverty over the past 30 years. Since 2000, however, the rest of the world (outside of China) succeeded in lifting more than 300 million people out of extreme poverty. Even without China, the developing world achieved the first MDG target.

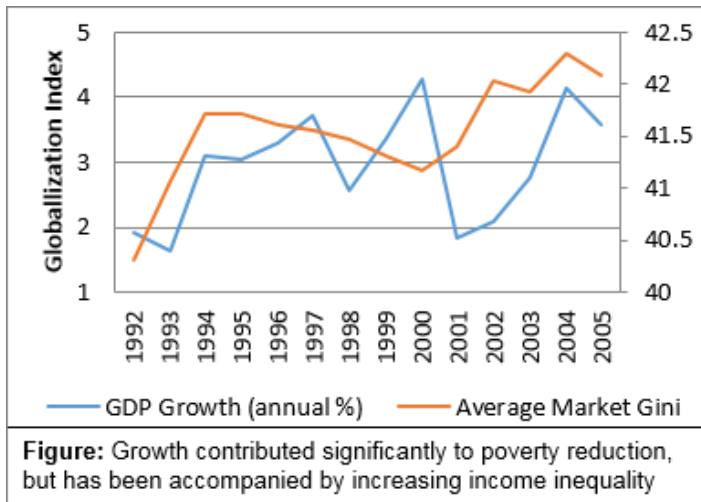


**Figure: Extreme poverty is concentrated in Sub-Saharan Africa**

There has been an important shift in the global distribution of poverty from low-income countries (LICs) to middle-income countries (MICs). In 1990, 93 percent of the world's poor people lived in LICs. Now, more than 70 percent of the world's poor live in MICs, mainly in Sub-Saharan Africa and South Asia (most are stable, non-fragile middle-income countries).



A majority of the world's poorest people now live in countries that moved from low- to middle-income country status after 1999- notably Pakistan (2008), India (2007), Nigeria (2008), and Indonesia (2003). Extreme poverty today is also increasingly concentrated in conflict-affected areas. Of the 24 countries that have high poverty rates and little record of poverty reduction, 13 had peacekeeping missions in the last decade<sup>1</sup>.



Sustained, strong economic growth has unequivocally been the biggest single factor responsible for poverty reduction in the past three decades. Some estimates suggest that growth in average incomes, accounts for between 70 and 95 percent of the poverty reduction that pulled over 1 billion people out of poverty between 1990 and 2015. Other estimates suggest that two-thirds of the reduction in global poverty results from growth, with the other third coming from greater equality<sup>2</sup>. Economic growth matters, and it matters greatly. No country has succeeded in reducing poverty without economic growth.

### “Last mile” challenges

During the MDG era, lifting people above the international line for extreme poverty was relatively easy due to the large segments living just below it. Small increases in income, spurred by growth or government transfers were enough to pull households over the threshold. Today, far fewer live just below the international extreme poverty line and more countries have achieved a lower overall poverty prevalence. The remaining poor are deeply poor and harder to reach.

**Under the SDGs therefore, more and more concerted effort is needed to lift people out of extreme poverty.**

Many of those that managed to escape extreme poverty continue to lack the capabilities, resources and opportunities to improve their lives and the prospects of their families. Macro or micro-level shocks or setbacks could thus, send poverty rates back up. A 5-year study in Chile, Mexico and Peru found that the probability of backsliding into poverty decreased as incomes rose, but remained significant even at incomes twice the poverty line<sup>3</sup>.

Increasingly, volatile capital flows, fluctuations of global markets and commodities, and climatic patterns make setbacks more likely; as do deadly natural disasters, intractable conflicts and the displacement they cause. The consequences are particularly dire for those with few resources or ability to

cope; their lives can easily be jeopardized. People in poverty are thus naturally averse to risks. Unfortunately, forgoing risk can mean forgoing changes that have longer-term benefits – such as investing in education or micro businesses, opening a savings account, or adopting new agricultural methods. **As risk and uncertainty grow more pervasive, vulnerability itself becomes a more important constraint to progress.** Indeed, at its most fundamental, extreme poverty has been defined as the inability of families to have enough food and resources to survive and to think and plan beyond short-term survival<sup>4</sup>.

Even in countries with impressive *average* rates of progress, many societies experience **rising inequalities** - between rich and poor people; women and men; people of different ethnicities, abilities, religions, and places of residence. A UNDP review found that more than 75 percent of people in developing countries live in societies where income is more unequally distributed than in 1990<sup>5</sup>.

Social unrest grows as societies become more unequal and large segments are shut out of opportunities, without voice or recourse. Entrenched inequalities can make it difficult to keep the peace and govern effectively, making it more difficult to improve lives and transform economies. A recent study comparing the world’s most equal and unequal countries found that a 1 percent increase in incomes in unequal countries produced a 0.6 percent reduction in poverty. In the most equal countries, it yielded a 4.3 percent cut<sup>6</sup>.

### UNDP working to end extreme poverty

In the context of ending global poverty, UNDP’s overarching vision is to help countries achieve the simultaneous eradication of poverty and significant reduction of inequalities and exclusion. To this end, UNDP focuses on overcoming three fundamental drivers of poverty: **slow and job-less growth, vulnerability and conflict, and inequalities and exclusion.**

#### 1. Addressing slow and job-less growth

Economic growth and the policies that support it, provide the bulk of the force that pulls people out of poverty and into higher living standards. Growth is a necessary but insufficient condition to generate significant improvements in the lives of poor people. The pace and pattern of growth, and the unique combination of policies and interventions that surround growth, matter greatly for poverty eradication.

This is why UNDP focuses on helping countries to achieve inclusive and sustainable growth. For growth to be inclusive and sustainable, it must be sustained robustly over a period of time,

shared broadly across different sectors, create livelihoods and foster productive employment opportunities for the poor and excluded, without compromising environmental sustainability. UNDP is helping countries to shape and implement efforts that improve services, boost productivity and bring opportunities to the communities where poor people live and the sectors where they work.

In 50 countries, UNDP is helping governments implement the Secretary-General's Sustainable Energy for All initiative in partnership with the private sector, civil society and local communities. Making reliable and affordable energy accessible to all people by 2030 will not only free women of time-consuming chores, improve services, and power agriculture – but can also enable poor communities to attract investment and grow competitive businesses.

At UNDP, we help people in poor communities learn skills demanded by the labour market, access new markets and grow local businesses. Many countries seek to make structural changes to their economies, boost agricultural productivity and expand their industrial and service sectors. UNDP helps them make the most of high growth rates and identify new sources of investment to realize these transformations – by laying the ground for competitive and labour-intensive growth sectors that are accessible to poor people.

With the support of UNDP in 2014, 11.2 million people (5.7 million women) benefited from improved livelihoods in 94 countries, and 920,000 new jobs (41 per cent for women) were created in 77 countries.

**UNDP helps countries to break out of cycles of “job-less” growth** by supporting countries to ensure that the benefits of growth are shared by women, men and children. UNDP has a track record of assisting countries in the generation of productive employment and job opportunities, particularly for youth and women, and supporting countries to build capacity and create an enabling environment for business development.

Going forward, UNDP will help countries use far-sighted SDG strategies to manage trade-offs, identify and pursue market opportunities and strengthen local capacities that can boost trade and competitiveness. UNDP is convinced that young people, empowered by communication technologies and their own creativity, can establish new businesses, connect them to global value chains and help their countries leap frog into higher value-added sectors. They can only do this where sufficient training, support and opportunities are made available.

Through its Green Commodities work, UNDP has helped Ghana, Ethiopia, Indonesia and others raise incomes and boost growth, while sustaining their natural resources. National tri-partite platforms enable private sector actors to call attention to market opportunities for sustainable commodities and agree on the steps to realize them - with governments and local producers. Governments can use the platforms to facilitate sector-wide transitions to sustainable production, enhance rural infrastructure, expand access to credit, etc. Small scale producers use the platforms to secure training in new sustainable methods, clarify and improve land tenure.

## 2. Addressing vulnerability and conflict

UNDP is determined not to leave behind those experiencing or recovering from crisis, conflict and violence, or suffering the impacts of climate change. UNDP has a team dedicated to assisting countries to recover from conflict and natural disasters and strengthen their resilience. This includes support for climate change adaptation and SDG strategies and partnerships that advance national and local capacities to deliver contributions to the 2030 Agenda and the UNFCCC Paris Agreement on Climate Change.

UNDP considers risk management, governance and peacebuilding, conflict prevention and environmental management as vital parts of the poverty agenda. UNDP works to foster enduring political settlements to conflicts, establish credible security and dispute mechanisms and strengthen the rule of law – increasingly in ways that bridge humanitarian and development efforts.

UNDP supported Ethiopia to develop a weather index insurance to reduce the vulnerability of smallholder farmers increasingly facing erratic rainfall and crop failure. Around 300 smallholder farmers benefited from Ethiopia's first weather index insurance claims payment to covers loss for crop failure due to El Nino in 2015.

UNDP prioritizes strengthened capacities and state legitimacy as key to resilience. UNDP focuses on building trust by strengthening the capacities of governments to deliver reliable and quality services and improving communication between citizens and government. UNDP also engages subnational authorities and civil society counterparts to boost participation, transparency and accountability, establish citizen feedback mechanisms, and improve cooperation between levels of government.

### 3. Addressing inequalities and exclusion

On average — and taking into account population size — income inequality increased by 11 percent in developing countries between 1990 and 2010<sup>7</sup>. Moreover, within many households income can be unequally distributed between women, men and children, resulting in intra-household income inequalities. Intra-household income inequalities are strongly associated with gender-based violence, while growing inter-household income inequalities can increase political and social tensions, and, in some circumstances, can drive conflict and instability. The resulting risk-levels and systemic vulnerability are detrimental to economic growth, poverty reduction and social mobility.

Processes of social exclusion — driven by multiple economic, social, political and cultural factors — play a major role in entrenching inequalities of outcomes and opportunities. Social exclusion denies many the opportunities and capabilities they need to improve their lives.

Women, empowered and freed from discrimination are a proven and powerful driver of poverty reduction and economic growth. UNDP and the African union are working together to overcome barriers to women's full participation. In many African countries, more women than men work in agriculture and are involved in every aspect of agricultural production. Yet, women farmers are estimated to be some 30 percent less productive than their male counterparts – due to the lack of equal access to capital and credit; insurance; tools, good seeds, fertilizer, and equipment; training; land ownership, inheritance, and tenure rights. By ensuring women equal rights and access to resources, countries can boost agricultural output and raise women's incomes – and thus generate inclusive growth and help break cycles of hunger and poverty.

UNDP is committed to helping countries grow their economies in ways that enable all people to benefit and participate in economic growth process.

#### We see two segments at particular risk:

**The first** are those who live in “pockets” of extreme poverty - left behind due to market or governance failure; exclusion or discrimination. The vast majority in this category live in middle income countries with high *average* rates of progress. Many live in remote communities, largely disconnected from society or belong to marginalized groups facing multiple, compounding sources of discrimination.

**The second** high risk population live in particularly poor countries which have been, thus far, largely cut off from globalization. An analysis undertaken for “The Last Mile”, identified 24 countries with both a high prevalence of extreme

poverty and a poor track record of poverty reduction. 265 million people live in extreme poverty in these 24 countries. Without strong partnerships, adequate and effective development cooperation, they face a high risk of being left behind.

Colombia used the MDGs to reduce gaps in achievement between its regions and municipalities. UNDP worked with national and local authorities and stakeholders to establish locally-appropriate MDG targets and strategies; and translate them into results that improved lives and the prospects of Colombia's poorest regions. UNDP raised the visibility of the MDGs in each region and engaged the media and candidates for local office. An assessment of the commitment of local governments to poverty reduction found better results where UNDP intervened. Colombia has embarked on a similar exercise to implement the SDGs at local levels.

Universal access to quality services, effective social protection systems and measures targeting excluded groups have proven an effective “triple punch” – to generate durable poverty reduction. Local economic development, public works, youth employment schemes, social insurance, cash transfers and school feeding programmes have all helped countries reverse the fortunes of marginalized communities. UNDP helps countries learn from each other's experiences and develop and implement policies fully adapted to local realities.

By adopting the 2030 Agenda, all countries are committed to end the discrimination and exclusion that leave segments of their populations in poverty, with little ability to escape. UNDP helps countries understand the multiple hurdles marginalized and excluded groups face to climb and stay out of poverty, track their relative progress, and learn from experiences of others. By implementing the SDGs at all levels, including sub-national levels, more attention can be drawn to persistent gaps within countries.

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#### NOTES

<sup>1</sup> The Last Mile in Ending Extreme Poverty, Laurence Chandy, Hiroshi Kato, Homi Kharas, Editors, 2015

<sup>2</sup> The Economist “Not always with us” June 1st, 2013

<sup>3</sup> Lopez-Calva and Ortiz-Juarez 2014, National poverty lines ranged btw US\$4 and \$5.00 in 2005 PPP

<sup>4</sup> The Last Mile in Ending Extreme Poverty, Laurence Chandy, Hiroshi Kato, Homi Kharas, Editors, 2015

<sup>5</sup> UNDP Report, Humanity Divided: Confronting Inequality in Developing Countries, 2014

<sup>6</sup> Martin Ravallion, World Bank 2015

<sup>7</sup> UNDP Report, Humanity Divided: Confronting Inequality in Developing Countries, 2014