

# SDG 1

## End poverty in all its forms everywhere

### The new goal on poverty: A welcome paradigm shift

BY ROBERTO BISSIO, SOCIAL WATCH

The first goal in the new sustainable development agenda is very ambitious and sets a high standard for the international community: End poverty in all its forms everywhere.

Ending poverty is an aspiration that is implicit in the 1945 United Nations charter that includes in its preamble the determination “to promote social progress and better standards of life in larger freedom.” The Universal Declaration of Human Rights (1947) established “freedom from fear and want” as “the highest aspiration of the common people.” And in 1973 Robert McNamara, then president of the World Bank, speaking to his board of directors in Nairobi, proposed a concrete target:

“We should strive to eradicate absolute poverty by the end of this century. That means in practice the elimination of malnutrition and illiteracy, the reduction of infant mortality, and the raising of life-expectancy standards to those of the developed nations.”<sup>1</sup>

McNamara had a clear notion of the relation between poverty and inequalities:

“The basic problem of poverty and growth in the developing world can be stated very simply. The growth is not equitably reaching the poor. And the poor are not significantly contributing to growth (...).

“Despite a decade of unprecedented increase in the gross national product of the developing countries, the poorest segments of their population have received relatively little benefit. Nearly 800 million individuals – 40 percent out of a total of 2 billion – survive on incomes estimated (in U.S. purchasing power) at 30 cents per day in conditions of malnutrition, illiteracy, and squalor. They are suffering poverty in the absolute sense.”<sup>2</sup>

To confront this problem, he said, developed countries should commit to increasing ODA up to 0.7 percent of their GDP by 1975, as pledged in a 1970 General Assembly resolution and improve the terms of trade of developing countries. The latter should, in turn, tackle internal inequalities, particularly through land reform, since absolute poverty was then mainly a rural problem.

By the end of the twentieth century none of those targets were met. Only a few developing countries seriously tackled inequalities (and those that did became the economic ‘miracles’ of the following years), trade negotiations did not reduce agricultural subsidies or non-tariff barriers in the North for the products of poor countries and ODA never surpassed half of the pledged 0.7 percent except in a handful of countries. As a result, the 2000 Millennium Declaration estimated the number of people in absolute poverty, renamed “extreme poverty” at 1 billion. The Millen-

1 Cf. McNamara (1973).

2 Ibid.

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nium Declaration, unanimously adopted by Member States, promised to “spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected.”<sup>3</sup> But the target agreed upon in the Millennium Development Goals (MDGs) was not to end poverty, but only “to halve, by the year 2015, the proportion of the world’s people whose income is less than one dollar a day and the proportion of people who suffer from hunger and, by the same date, to halve the proportion of people who are unable to reach or to afford safe drinking water.”<sup>4</sup>

Later the baseline for that promise was changed to the year 1990, by which some 400 million Chinese who had been lifted from extreme poverty in the last decade of the 20<sup>th</sup> century could be included in the accounting. Thus, by 2015 the number of people living on under US\$ 1.90 a day (the revised extreme poverty line announced by the World Bank in October 2015) is still estimated by the World Bank at over 900 million people, but because the world population has grown the proportion living in extreme poverty has been halved or more than halved and the mission was declared accomplished.

In April 2013, long before the SDGs had been agreed, World Bank President Jim Yong Kim announced that the new “highly ambitious” target of his institution was to be “ending extreme poverty in the world by 2030.”<sup>5</sup> This would be what he called a “historic opportunity” and “a chance – for the first time ever – to end extreme poverty within a generation.”<sup>6</sup>

Actually, for the World Bank experts “ending extreme poverty” means keeping it below 3 percent, rendering the target less ambitious. According to the World Bank’s own projections, poverty under the new line of US\$ 1.90 a day was already below 10 percent of world population in 2015. If current growth rates are maintained and inequality does not get worse, the

goal could be attained globally before 2030 (but still leaving extreme poverty in Sub-Saharan Africa at 15%)<sup>7</sup> – without any major effort or changes in current policies. Moreover, if growth rates decrease, the target could still be achieved through only slightly better income distribution.

Thus, when the diplomats met in New York to agree on the commitments to include in the 2030 Agenda, civil society pressure for a more ambitious goal led them to formulate SDG 1 itself as to “end poverty in all its forms everywhere.” This formulation acknowledges very clearly that poverty cannot be defined only by income poverty, and that it is not concentrated only in low-income countries.

When it came to the targets, the World Bank definition of extreme poverty was identified as the first target, but a second target commits countries to “by 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.”

Thus Member States have committed themselves to address poverty in “rich” countries as well as “poor” ones, an objective that was part of the Social Summit resolution of 1995 but not picked up by the MDGs.<sup>8</sup> According to the way in which the US Census Bureau, for example, calculates poverty, 46.7 million people in the US (15% of the population) were poor in 2015.<sup>9</sup> The European Union estimates that a total of 120 million people (24% of its population) are at risk of poverty and social exclusion, including one of every four children and one of every five people over age 65.<sup>10</sup> In Japan poverty affects 16 percent of the population.<sup>11</sup> In a number of rich and poor countries, poverty has increased since the global financial and economic crisis of 2008 and subsequent austerity pol-

3 Cf. UN (2000).

4 Ibid. para. 19 (emphasis added).

5 Cf. Kim (2013).

6 Ibid

7 Cf. World Bank (2015).

8 “We commit ourselves to the goal of eradicating poverty in the world, through decisive national actions and international cooperation, as an ethical, social, political and economic imperative of humankind.” Commitment 2 of the World Summit for Social Development, cf. United Nations (1995).

9 Cf. DeNavas-Walt/Proctor (2015).

10 Cf. Eurostat (2015).

11 Cf. The Economist (2015).

icies. To reverse that trend and cut poverty by half in fifteen years would surely require a major revision of current policies.

Even though Target 1.2 mentions “poverty in all its dimensions”, the Multidimensional Poverty Index (MPI) is not yet among the proposed indicators. The

MPI is computed by the Oxford Poverty and Human Development Initiative<sup>12</sup> for non-OECD countries and has been included in UNDP’s Human Development Report since 2010. The World Bank poverty study ac-

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12 Cf. OPHI (2016).

## Leaving no one behind calls for far-reaching changes in the way development agencies operate

BY XAVIER GODINOT, INTERNATIONAL MOVEMENT ATD FOURTH WORLD

For some development agency staff, involving people living in poverty in development programmes appears to be too difficult, time-consuming and costly. Some have developed forms of ‘willful blindness’ over the exclusion of the poorest people in the projects they finance, classified as such and analyzed by Jean-Michel Séverino, former Vice-President of the World Bank and former Chief Executive Officer of Agence Française de Développement. Refusing to see this exclusion as problematic makes it possible to avoid difficulties, while exacerbating inequalities and the marginalization of the poorest people.

Encouraging and even facilitating the voluntary participation of people living in poverty should not be regarded as an optional choice in development projects, as it is an obligation under human rights principles. The Guiding Principles on Extreme Poverty

and Human Rights, adopted by the UN General Assembly in December 2012, states in article 38: “States must ensure the active, free, informed and meaningful participation of persons living in poverty at all stages of the design, implementation, monitoring and evaluation of decisions and policies affecting them.”

New mechanisms of participation, empowerment and transparency need to be created at local, national and international levels. For example, in designing all development projects, directors should be encouraged to identify and involve people who are experienced in relations with marginalized populations (representatives of residents, representatives from associations, professionals, etc.) in order to convey the expectations of the latter to leaders and donors and implement participation in the field. This participation is impossible if the efforts made

by project managers to get the poorest populations involved are not encouraged and supported by the managers of development agencies, and if they in turn are not encouraged and supported by the line ministries in partner countries. It requires calling into question the standard performance criteria, which are often those of a bank: substantial and rapid disbursements, short-term results and visibility.

“Leaving no one behind” in development, as called for by the 2030 Agenda, involves designing long-term programmes that can reach those hardest to reach segments of the population. This requires profound changes in the rationale for the way in which development agencies operate. A first step in this regard should be creating staff incentives towards increasing people’s participation, especially the most vulnerable, in achieving all of the goals.

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knowledges that the MPI “is one possible implementation” of Target 1.2 and that “demand for harmonized multidimensional poverty assessment at the country and global levels is likely to rise.”<sup>13</sup> Adoption of this indicator would likely make the poverty figures higher, as the study concludes: While “the poor tend to be simultaneously deprived in multiple dimensions (...) a person may be considered to be non-poor according to the traditional income-based measure despite being subject to multiple deprivations in other dimensions.”

Target 1.3, on social protection floors, like Target 1.2, amplifies the definition of poverty and the way it is assessed. The State of Food Insecurity in the World 2015, published by the UN Food and Agriculture Organization (FAO), explains:

“(S)ocial protection systems have been critical in fostering progress towards the hunger and poverty targets in a number of developing countries. Social protection directly contributes to the reduction of poverty, hunger and malnutrition by promoting income security and access to better nutrition, health care and education. By improving human capacities and mitigating the impacts of shocks, social protection fosters the ability of the poor to participate in growth through better access to employment.”<sup>14</sup>

Moreover, this target – and its positive spillover impact on national economies – is equally valid for countries in the global North. Traditionally, the development machinery has thought of antipoverity efforts in the South and strengthening of social protection in the North as contradictory objectives. When Social Watch started to make the case, in 1995, that the commitments made in the Social Summit also required rich countries to improve social protection in their own societies, a development cooperation minister from a Nordic country pointed out that “if you insist on that point what you will get is a reduction of the ODA budget because problems at home should have priority.”<sup>15</sup>

In practice, though, what happens is the opposite. The same social and political forces that defend social security, health and education expenditures in OECD countries are those that defend development cooperation from budget cuts. And in the last several years emerging economies such as China and Brazil that have been carrying out massive and successful anti-poverty programs at home have also simultaneously increased their own South-South cooperation initiatives.

According to the ILO, “a basic floor of social transfers is globally affordable at virtually any stage of economic development”<sup>16</sup> and thus its implementation is mainly an issue of political will.

Target 1.4 completes the paradigm change by mentioning “equal rights”, including those to land and resources in a poverty context. This formulation echoes the Guiding Principles on Poverty and Human Rights, approved by the United Nations in 2012:

“Poverty is an urgent human rights concern in itself. It is both a cause and a consequence of human rights violations and an enabling condition for other violations. Not only is extreme poverty characterized by multiple reinforcing violations of civil, political, economic, social and cultural rights, but persons living in poverty generally experience regular denials of their dignity and equality.”<sup>17</sup>

Target 1.5, on reducing vulnerability in face of climate-related disasters anchors this goal in the context of sustainable development, where the people living in poverty are victims of catastrophes that they had no responsibility in creating.

Targets 1.a and 1.b, which focus on means of implementation are perhaps vague, but they are coherent and logical. Resources have to be mobilized and for least developed countries this means assistance from their richest peers. Further, everywhere appropriate institutional frameworks are needed if we are to ensure, for example, that the rich are properly taxed

13 Cf. World Bank (2015).

14 Cf. [www.fao.org/hunger/key-messages/en/](http://www.fao.org/hunger/key-messages/en/) and FAO (2015).

15 Interview with the author.

16 Cf. ILO (2016).

17 United Nations (2012), para. 3.

so that the resources needed to implement the goals can be mobilized.

SDG 1 and its targets are thus a major departure from conventional thinking: they address poverty in all countries and in its multiple dimensions, they open the gates to alternative measures of poverty, such as the Multidimensional Poverty Index, they link the elimination of poverty to human rights and climate change and they point to the means that need to be mobilized to make it all happen.

But in the ongoing debate about how to measure those commitments the targets on means of implementation risk being diluted or even distorted. Target 1.b, for example, aims at creating policy frameworks based on pro-poor and gender-sensitive development strategies, but the current indicator

looks only at public spending at national level, ignoring the regional and international support aspect of the target.

After the 2008 global financial and economic crisis, the initial countercyclical surge in government expenditures was short lived and was soon replaced by austerity programmes recommended by the IMF that encouraged governments to cut spending. Countries will have to choose between following those recommendations – frequently linked to loan conditionalities – or expanding the pro-poor spending as mandated by the 2030 Agenda.

The June 2016 issue of the IMF's quarterly magazine, *Finance & Development* includes an article by well-known IMF research economists Jonathan D. Ostry, Prakash Loungani, and Davide Furceri on

## Targets for SDG 1

- 1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$ 1.25 a day
- 1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions
- 1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable
- 1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
- 1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters
  - 1.a Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions
  - 1.b Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions

the negative impacts of fiscal austerity policies.<sup>18</sup> They argue:

“The notion that fiscal consolidations can be expansionary (that is, raise output and employment), in part by raising private sector confidence and investment, has been championed by [economists and policy makers]. However, in practice, episodes of fiscal consolidation have been followed, on average, by drops rather than by expansions in output (...). The increase in inequality engendered by financial openness and austerity might itself undercut growth, the very thing that the neoliberal agenda is intent on boosting. There is now strong evidence that inequality can significantly lower both the level and the durability of growth.”<sup>19</sup>

Thus, what is good for the economy and what is good to fight poverty and reduce inequalities are finally converging. Even if more than four decades later than originally promised, the 2030 Agenda and its goal to end poverty in all its forms everywhere provide the opportunity to become really transformational and signal an historic turn towards justice and sustainability.

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18 Cf. Ostry et al. (2016).

19 Ibid.

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