

# POVERTY ERADICATION

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UNITED NATIONS COMMISSION FOR SOCIAL DEVELOPMENT 49<sup>th</sup> SESSION  
High Level Panel on Poverty Eradication  
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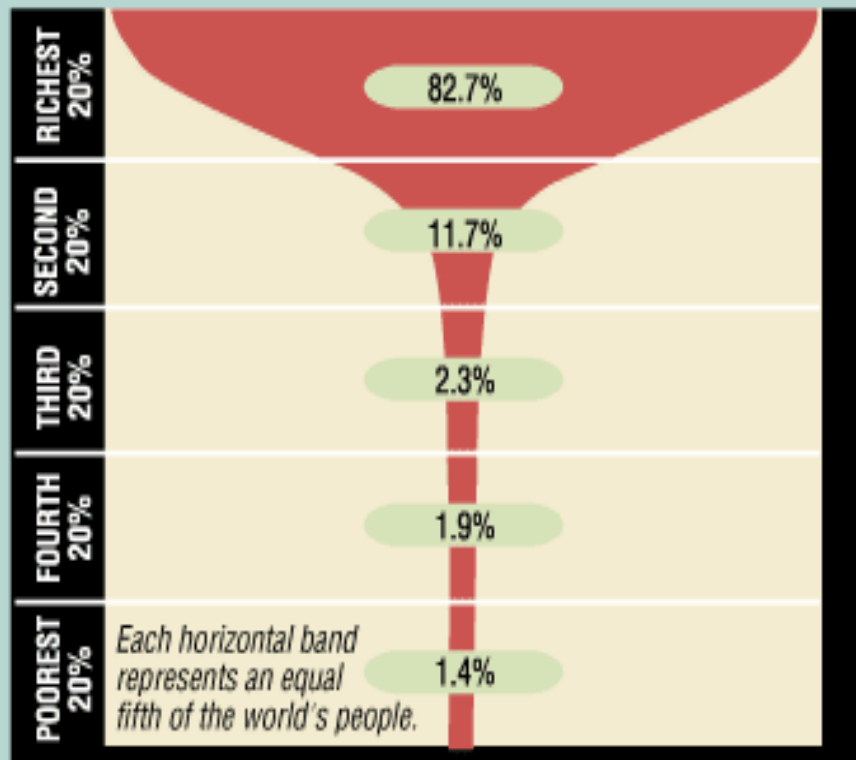


# Distribution of World Income:

## Development for whom?

### Distribution of world GDP, 1989

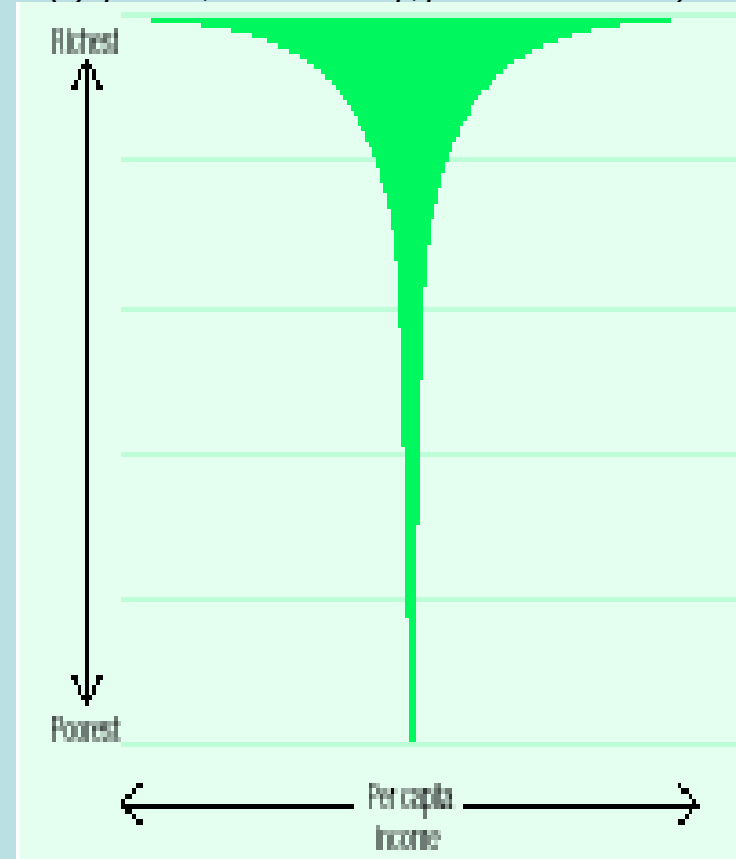
(percent of total, with quintiles of population ranked by income)



Source: United Nations Development Program, 1992, Human Development Report 1992 (New York: Oxford University Press for the United Nations Development Program).

### Distribution of world GDP, 2000

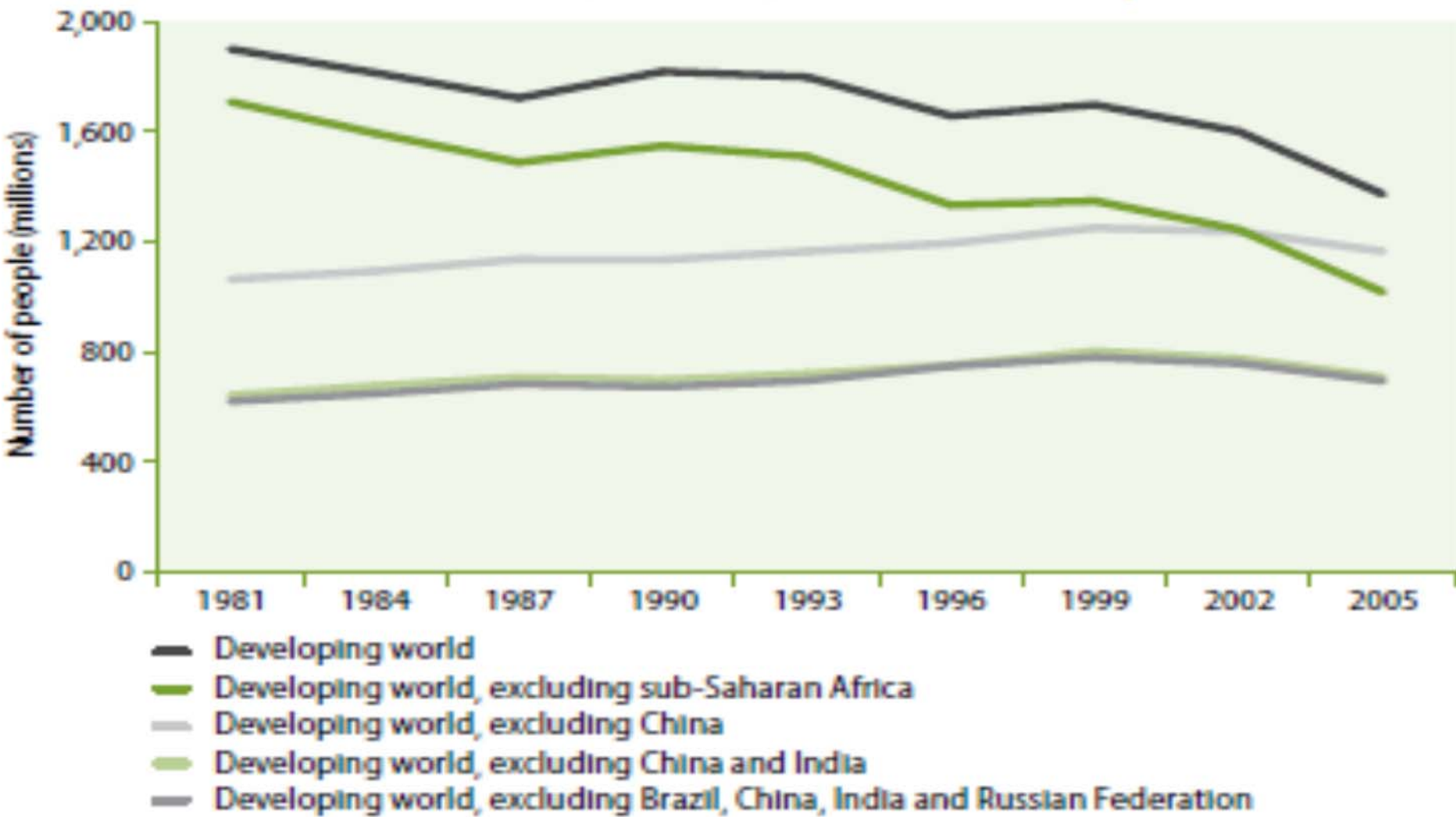
(by quintiles, richest 20% top, poorest 20% bottom)



Source: UNDP Development Report 2005

Poverty trends over time, with and without major countries and regions, 1981-2005

A. Number of people living on less than \$1.25 a day



Source: UN Report of the World Social Situation 2010

# Counting the Poor: Beware of statistics

Indonesia 1996: Sensitivity of poverty headcount (% people below poverty line) using different poverty lines

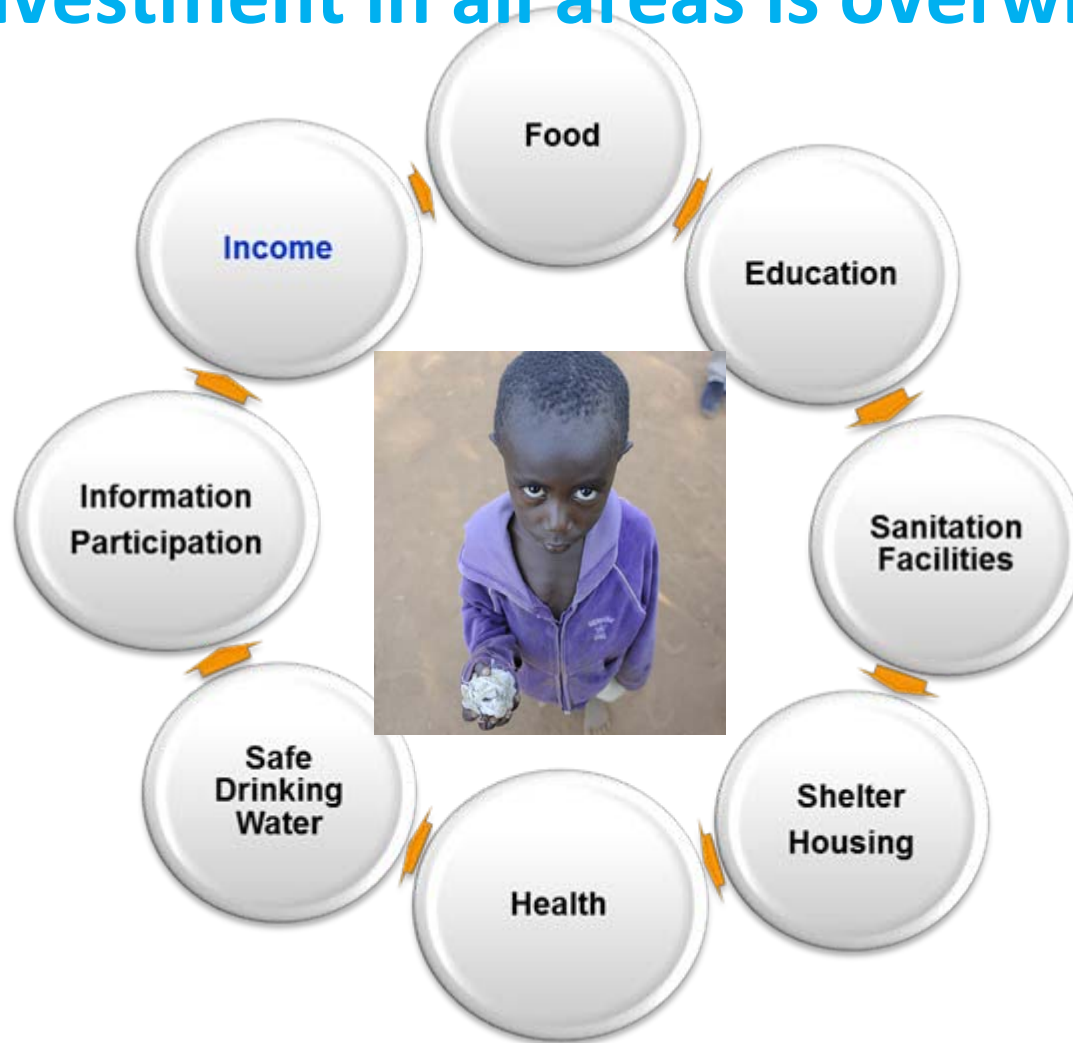
*A few cents = millions of people below poverty line*

POVERTY LINE IN US\$ per person/day	POVERTY LINE Equivalent US\$ per person/month	POVERTY LINE Equivalent Rupiah per person /month	HEADCOUNT POVERTY (% population below poverty line)	MILLIONS OF PEOPLE BELOW POVERTY LINE
<b>0.27</b>	<b>8.38</b>	<b>62,870</b>	<b>9.75</b>	<b>22.0</b>
<b>0.29</b>	<b>8.80</b>	<b>66,021</b>	<b>12.10</b>	<b>26.1</b>
<b>0.30</b>	<b>9.22</b>	<b>69,165</b>	<b>14.55</b>	<b>31.4</b>
<b>0.32</b>	<b>9.64</b>	<b>72,309</b>	<b>17.40</b>	<b>37.6</b>
<b>0.33</b>	<b>10.06</b>	<b>75,452</b>	<b>20.18</b>	<b>43.6</b>
<b>0.34</b>	<b>10.47</b>	<b>78,596</b>	<b>23.03</b>	<b>49.7</b>

Source: United Nations: Social Policy. Policy Notes for National Development Strategies, 2008

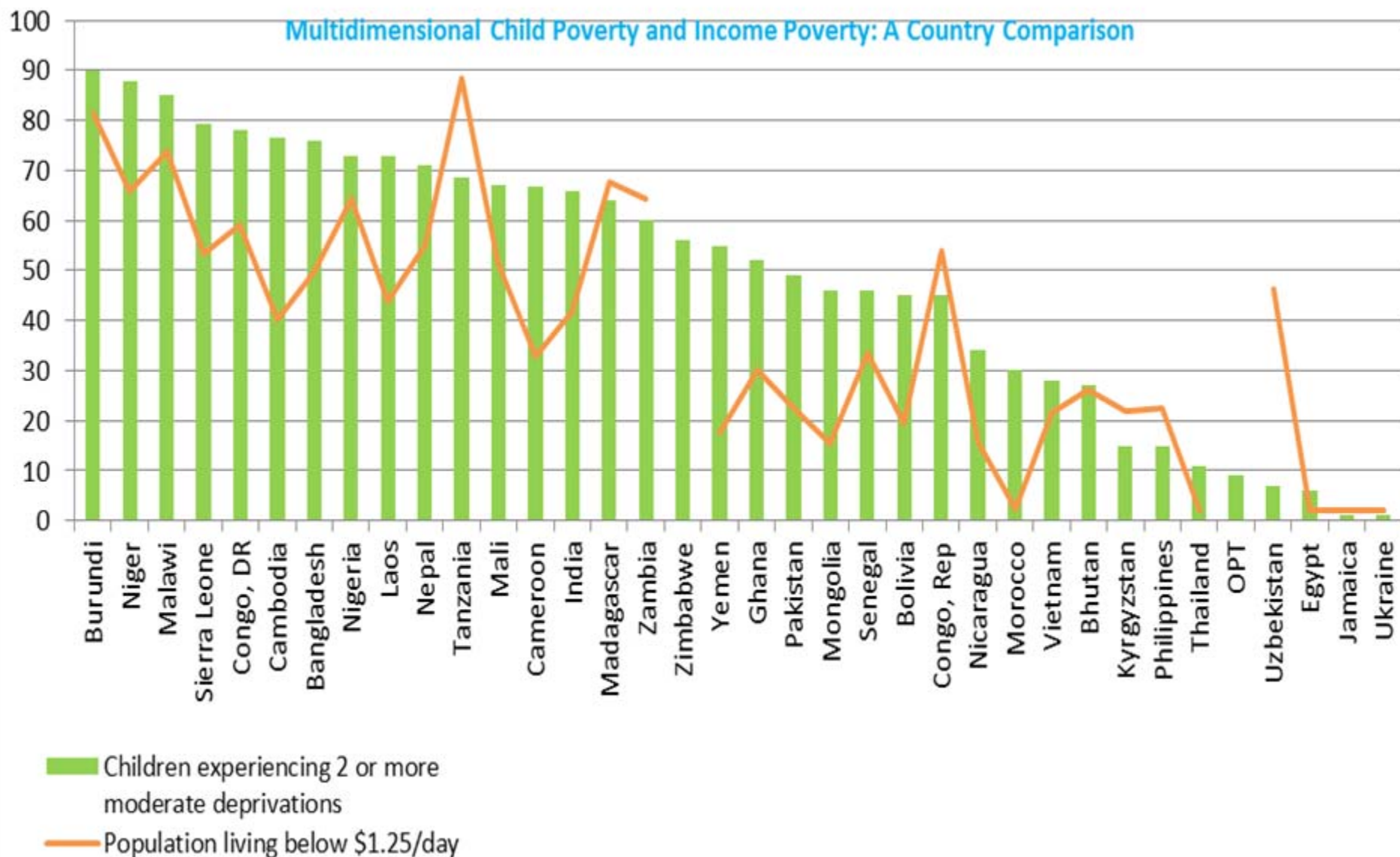
**But poverty is beyond a few cents...**

**UN Multidimensional Poverty: The need for public investment in all areas is overwhelming**





# Multidimensional Child Poverty



# Challenges: Gender inequalities

- Women deliver babies and take care of household members
- In developing countries, where most of the poor are, women work far longer hours than men
- Women produce between 60% and 80% of food in most developing countries (80% to 90% in Sub-Saharan Africa)
- Women are half of the world's population, their unpaid work is an obstacle to poverty eradication and equity

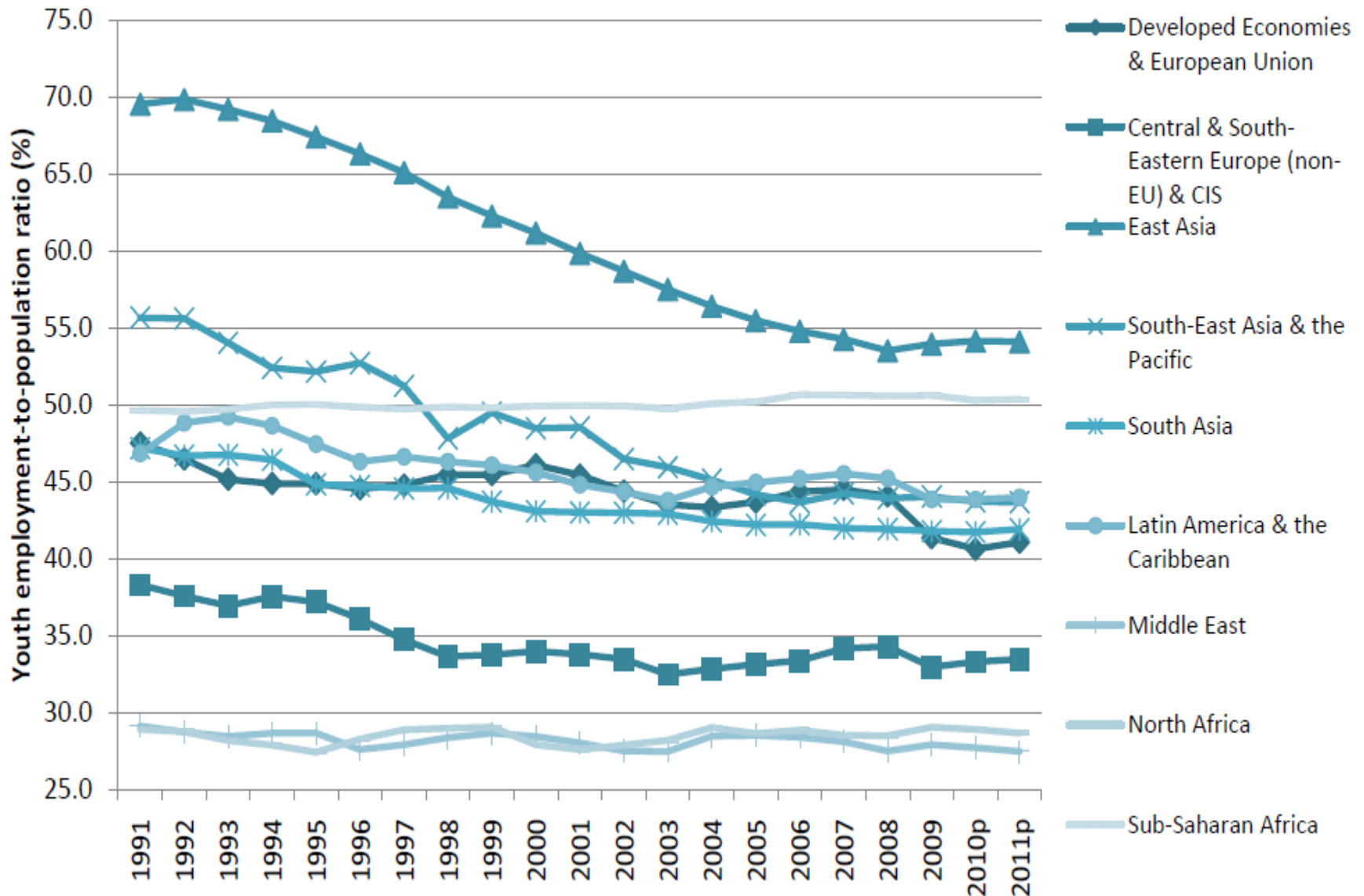
# Challenges: Unemployment

- Jobless growth before crisis
- Jobless recovery
- Youth employment an urgent priority (eg. North Africa and Middle East)



# Challenges: Employment

Youth employment-to-population ratio, by region, 1991 to 2011

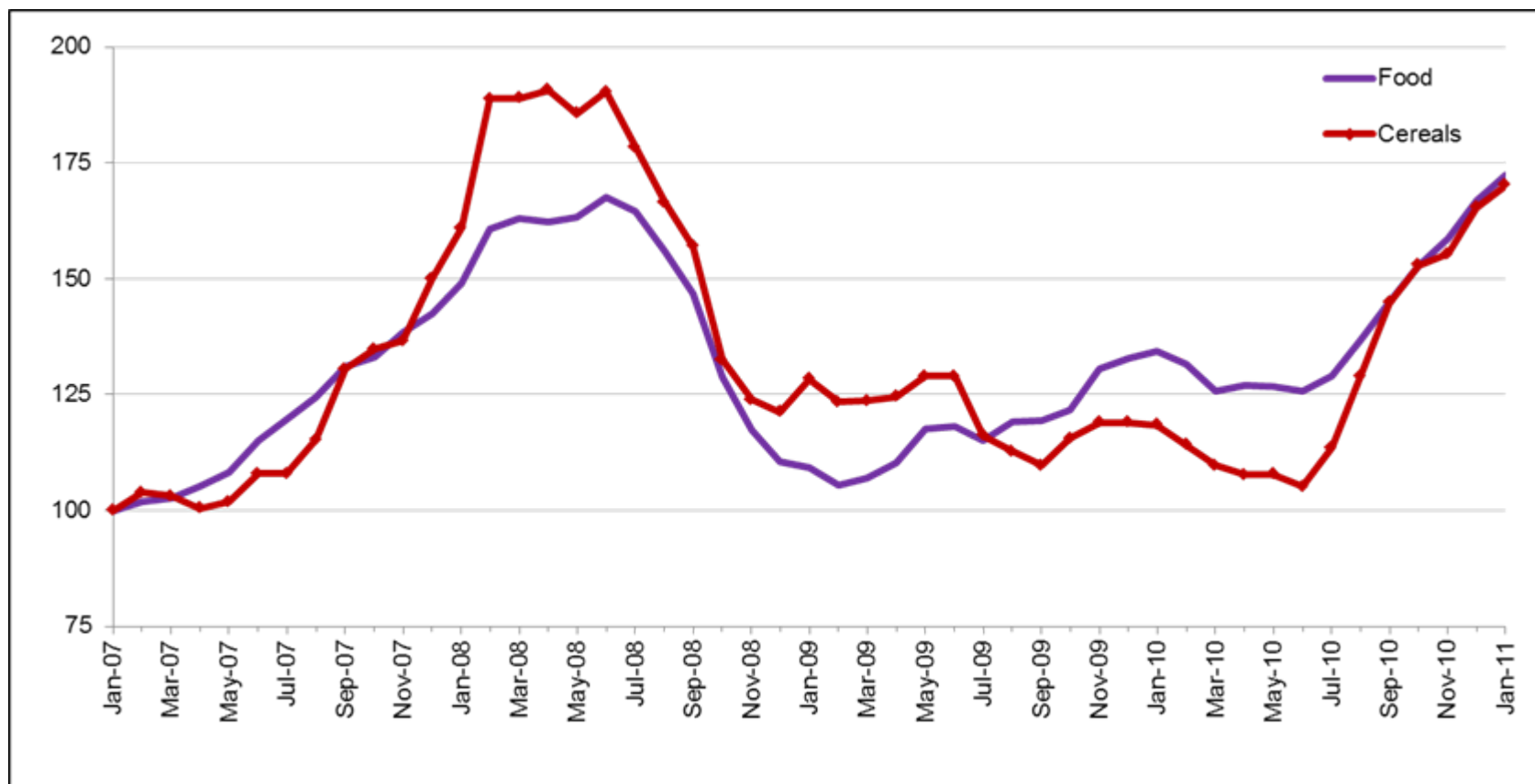


Source: ILO 2010



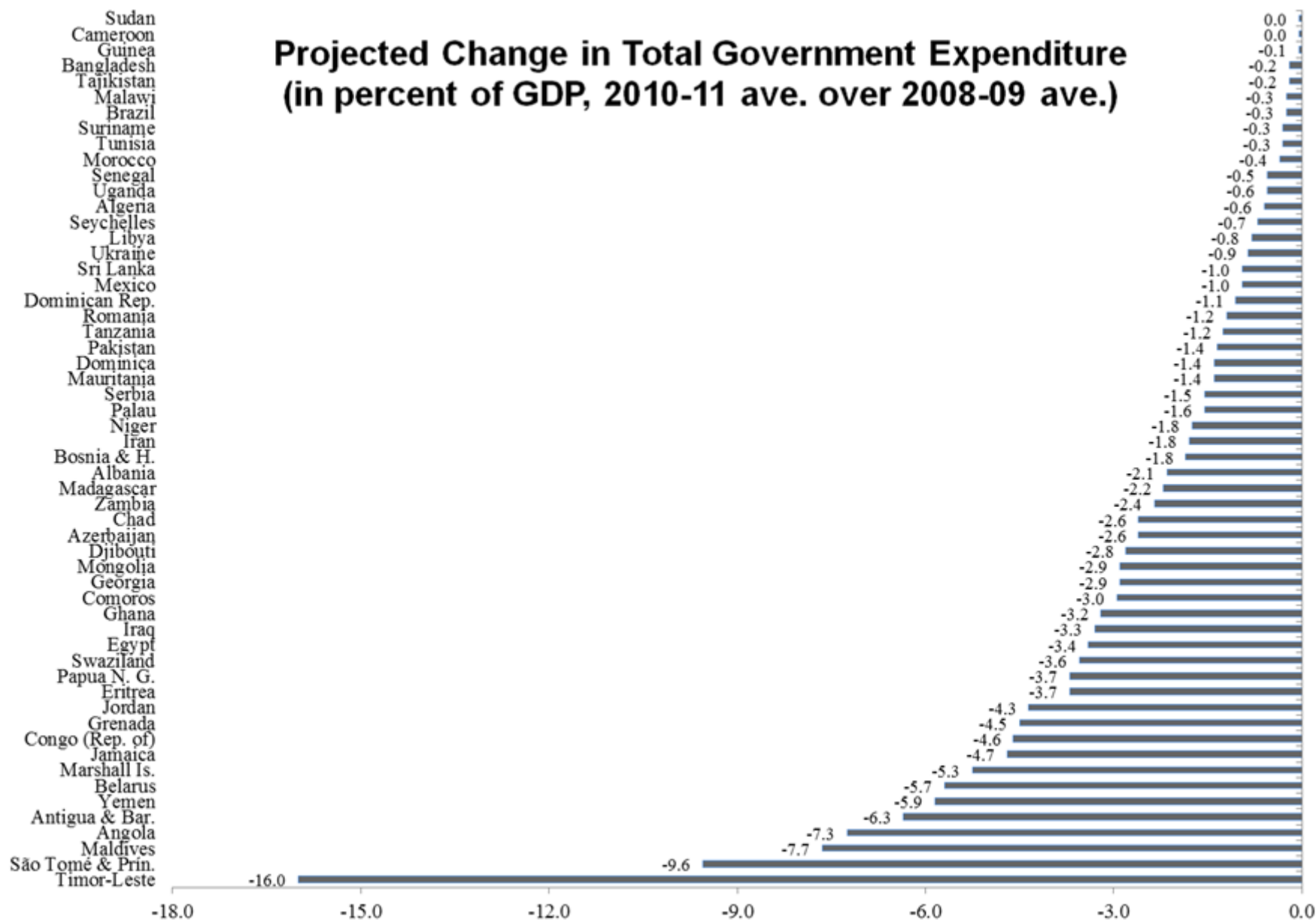
# Challenges: Cumulative Impacts of Food, Financial and Economic Crisis

International Food Price Indices, Jan. 2007-Jan. 2011  
(Jan. 2007=100)



Source: FAO 2011, UNICEF calculations

# Challenges: Governments Contracting Public Expenditures as part of Fiscal Consolidation Exercises 2010-11



See: Ortiz, Chai, Cummins and Vergara 2010: Prioritizing expenditures for a Recovery for All UNICEF [http://www.unicef.org/socialpolicy/index\\_56435.html](http://www.unicef.org/socialpolicy/index_56435.html)

# United Nations: Poverty Eradication Requires A New Paradigm

- **Economic decisions are taken without considering their social impacts; if negative impacts, these may be mitigated but social progress cannot be achieved by this approach**
- **Mainstreaming EQUITY in international, regional and national decision-making is fundamental to reduce global imbalances**

**Some points from UN National Development Strategies Policy Notes and examples of work of UN agencies in following slides**

# Bringing Equity to the Development Agenda

1980s-90s Orthodox Policy Advise	New Paradigm: Development for All
✗ Growth priority through deregulation, free markets, minimalist governments, residual social policies	➤ Growth and equity through active promotion of national development. Social and economic development integrated
✗ Anti-inflationary measures as core monetary policy	➤ Accommodating macroeconomic framework; eg employment targeting instead of inflation targeting
✗ Fiscal balance/discipline, minimal taxation	➤ Fiscal space for development and redistributive purposes
✗ Cuts in public expenditures, avoiding fiscal deficits	➤ Public investment for development
✗ Export-led growth	➤ Developing internal/domestic markets, selective export policy
✗ Privatization of public assets services, minimalist government	➤ Building state capacity to promote development, public investment, technology policy

1980s-90s Orthodox Policy Advise	New Paradigm Development for All
✗ Residual social policies – a cost (minimal, <i>targeted to the poor</i> ), safety nets	➤ Social Policies as an investment. Universal policies (for all), redistribution back in the development agenda
✗ Commercialization of social services, cost recovery (fees for services)	➤ Public services, eg UNICEF School Fee Abolition Initiative; UNRISD, other UN agencies
✗ Labor flexibility, productivity	➤ ILO Decent work agenda
✗ Social Protection: pension reform	➤ ILO, WHO, UNICEF et al Social Protection Floor
✗ Human Rights: endorsed but not implemented	➤ Empowering people through rights and standards (all UN agencies)
✗ No interest for culture and values (intangible)	➤ Important for tackling exclusion, discrimination (UNWOMEN, UNFPA...)
✗ No attention at sources of conflict	➤ Conflict prevention (UNDP)



# The case for Equity:

- Social Justice
- But equity also contributes to growth:
  - Inequality is economically inefficient / dysfunctional
  - Consumption concentrated in top income deciles in all countries
  - 2011: Depressed world markets, lack of demand, excess capacity  
Questioning export-led model, surplus cannot be absorbed by world markets. Need for domestic markets as a development strategy.
  - Raising the incomes of the poor increases domestic demand
  - And enhances human capital and productive employment
- And equity builds political stability
  - Poverty and gross inequities tend to generate intense social tensions and violent conflict
  - Social benefits ensure the political/electoral support of citizens

# The Case for Employment-generating Growth

- Poverty eradication requires macroeconomic policies that support employment-generating growth and structural change
- Industrial and agricultural policies, infrastructure
- Financial services for real economy growth + branching out to local level, promoting SMEs, family business, cooperatives
- Reduce vulnerability to shocks including commodity prices



# The Case for a Social Protection Floor

- A social protection floor below which nobody should fall
- Universal access to
  - Essential social services (health, education...)
  - Social transfers (old-age pensions, child and disability benefits...)
- Important not only for poverty eradication, but also for political stability, social development, raising productivity and nation building



•For women's development, action is needed to share the costs of social welfare, care work and reproduction

# The Case for Social Inclusion and Empowering People

- Addressing discrimination, prejudice, abuse, lack of voice, powerlessness
- Values matter: tolerance, non-violence, solidarity, respect for diversity

## The Case for Tackling Sources of Conflict

- Importance of early warning, voicing grievances, dispute resolution



# Fiscal Space Exists

- **There is national capacity to fund economic and social development even in the poorer countries. This may require moving away from orthodox approaches. Main options:**
  - **Improved taxation**
  - **Reprioritization of expenditures**
  - **External financing and debt relief**
  - **Domestic borrowing**
  - **More accommodating macroeconomic framework (eg tolerance to some inflation, fiscal deficit)**
  - **Fighting illicit financial flows**
  - **Use of reserves for national development**

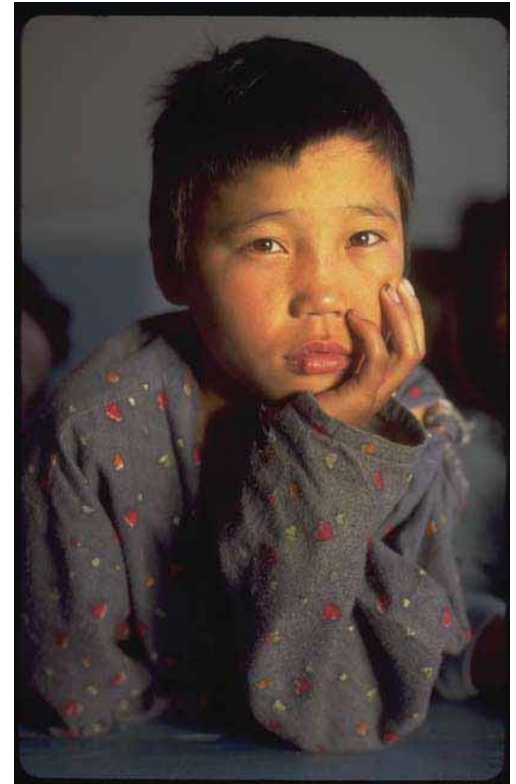


# Fiscal Space: Improved Taxation

**Increasing domestic revenues:**

**Examples**

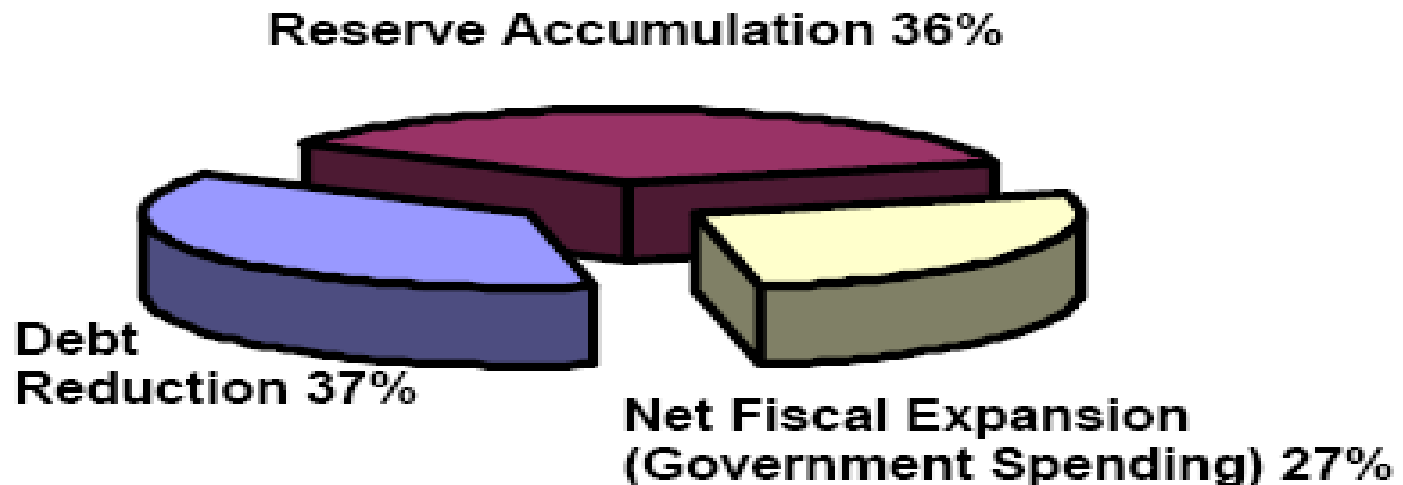
- **Expanding tax base**
- **Taxing financial sector (IMF report)**
- **Bolivia: royalties on hydrocarbons fund national development plan**
- **Mongolia Development Fund from copper exports financing universal child benefit**



# Fiscal Space: Use of Reserves

- Increasing global reserve accumulation since 1998
- Little is left to governments to spend on social and economic development

**Figure 3: How Official Development Aid is Used in Sub-Saharan Africa**



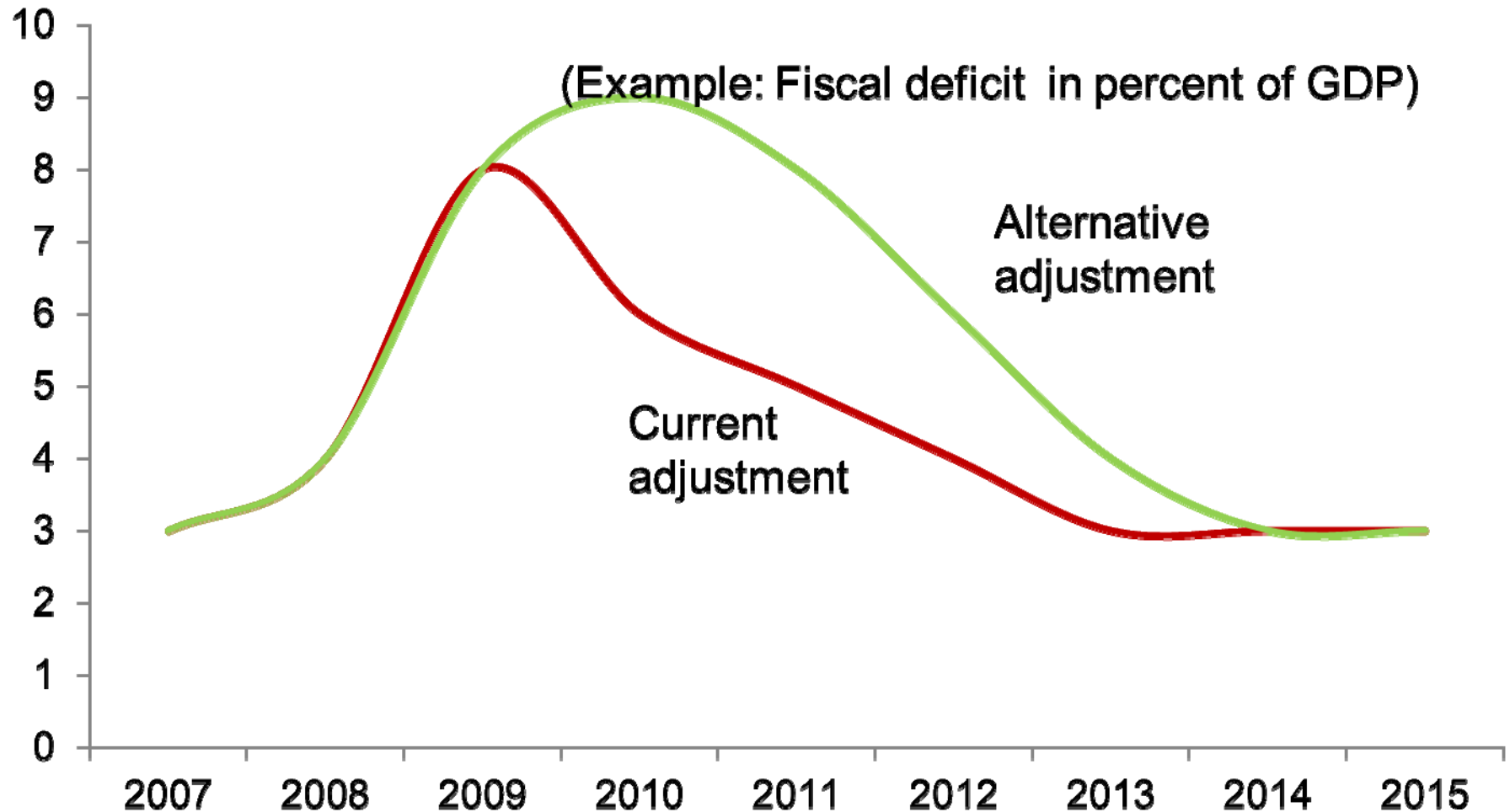
Source: IMF (2007) *The IMF and Aid to Sub-Saharan Africa*, Washington DC. p. <https://www.imf.org/external/np/ieo/2007/ssa/eng/pdf/report.pdf>

# Fiscal Space: More Accommodating Macroeconomic Framework

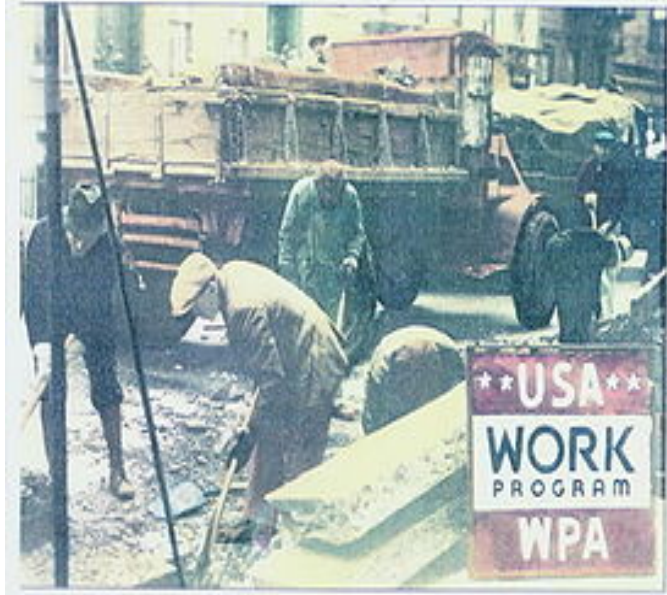
macroeconomic stability					grey area													macroeconomic instability						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
inflation rate																								

Country	Fiscal Deficit Targets (2007 over 3 years)	Reduction % GDP	What this could buy for one year
Cameroon	-0.7 to 0.7	-1.4	Could have doubled health expenditure
Ghana	-9.7 to -5.7	-4.0	Could have doubled primary healthcare expenditure each year of the 3-year program
Rwanda	-9.9 to -8.0	-1.9	Could double the health and education budget in each of three program years

# Need to discuss a set of alternative policy options for social and economic recovery



# 1929 Crisis led to the New Deal



- Bank reforms
- Social Security Act
- Employment programs (public works), collective bargaining, minimum wages
- Farm/rural programs

2009-

## The Crisis as an Opportunity

- A new socially-responsive development model
- Another type of growth - Increasing incomes through transfers and employment – changing the productive structure
- Raising domestic consumption/expanding internal markets
- Reducing social exclusion through social services, including a social protection floor for all
- Empowering people through rights and preventing conflict



# ERADICATING POVERTY IS OUR GENERATIONAL DUTY

## Thank you

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Based on work by UNICEF, UNDESA, UNDP, ILO, UNWOMEN, UNRISD, FAO, WHO, UNESCO, UNFPA, and other UN agencies