

**49th Session of the Commission for Social Development
United Nations Headquarters, New York,
9 - 18 February 2011**



PRIORITY THEME: POVERTY ERADICATION

Background Note*

In its resolution 2010/10 of 22 July 2010, the Economic and Social Council decided that the priority theme for the 2011-2012 review and policy cycle would be poverty eradication, taking into account its interrelationship with social integration and full employment and decent work for all. The Commission will review the theme at its current session.

Since the World Summit for Social Development, in 1995, poverty eradication has become the overarching objective of development. Despite the crisis, the world is still on track to halve the proportion of the population living on less than \$1.25 a day by 2015. However, attaining the MDG poverty target is but one step towards the commitment to poverty eradication made at the World Summit on Social Development. Close to 900 million people will still be living in extreme poverty by 2015, even if the global target is reached. With less than five years remaining before the target date of 2015, actions to accelerate progress, building on successes and lessons learned, are especially pressing in those regions which lag behind in reducing poverty, and where social and economic inequalities remain strong.

Much of the progress in reducing extreme poverty and raising living standards has taken place in Eastern Asia, and particularly in China. Other regions have been less successful: Sub-Saharan Africa and parts of Eastern Europe and Central Asia are currently not on track to meet the poverty target. While the forecasted declines in income poverty at the global and regional levels are encouraging, poverty remains high and intractable in many countries. Also, while global poverty trends mask regional diversity, regional trends conceal very different national experiences, even across countries with similar income levels. In low-income countries of Sub-Saharan Africa alone, estimated income poverty in 2005 ranged from 13.1 per cent, in Mauritania, to 86.1 per cent, in Liberia.

Although the MDG poverty target is income-based, extreme poverty is not simply a lack of adequate income. Individuals living in poverty experience multiple deprivations, restrictions in opportunities and social exclusion. Many of the countries that have succeeded in reducing income poverty, still face important challenges in ensuring access to education, health, food and other basic goods and services. For example, the number of undernourished people increased from 817 million in 1990-1992 to over 1 billion in 2009, and it is estimated to be 925 million in 2010.¹

* Prepared by the Social Perspective on Development Branch, Division for Social Policy and Development, Department of Economic and Social Affairs.

¹ Food and Agriculture Organization of the United Nations, *The State of Food Insecurity in the World 2010. Addressing food insecurity in protracted crisis*.

For information only

Health and education are vital to break the cycle of poverty and to prevent its inter-generational transmission. Yet people living in poverty face obstacles in accessing health care and formal education and die prematurely, often from easily preventable health problems. Disease, in turn, can push vulnerable families into poverty. These linkages underline the vicious circle that exists between income poverty and poor health and low levels of education.

Countries face diverse economic, social and political challenges to achieving poverty eradication, including lack of sustained and sustainable economic growth, growth without productive employment, social and economic inequalities, economic shocks, environmental hazards and conflict. Fast economic growth and macroeconomic stability are necessary for sustained poverty reduction. However, economic growth alone does not suffice. The poor are often locked out of the economic growth processes, especially in highly unequal societies, where they may not have access to productive resources, including land, markets or transportation and communications infrastructure. In a majority of countries, increasing income and wealth inequalities have limited the effectiveness of economic growth in reducing poverty.²

Employment is a crucial channel through which income growth can be widely shared and an essential means of social integration. Adequately remunerated jobs provide income security, access to social protection, a better health and educational status and ultimately a way out of poverty. Where growth has generated and sustained sufficient increases in productive employment, its benefits have been more equitably distributed. The economic crisis has so far led to sharp falls in employment and wages. Globally, the number of jobless persons is estimated to have reached 210 million in mid-2010, up from 178 million in 2007.³ The longer the distress in labour market persists, the more affected workers, their families and their communities run the risk of being trapped in long-lasting poverty. In this regard, the impact of the crisis on youth, who are disproportionately affected by unemployment and overrepresented in low-wage jobs in the informal sector, is a major area of concern.

Gender and urban rural disparities continue to pose serious challenges to poverty eradication. Though there has been considerable progress in reducing gender inequality in the past three decades, women remain disadvantaged relative to men in most spheres of life. Gender inequality reflects social structure, culture and values and these dimensions manifest themselves in unequal opportunities and outcomes for girls and women. Throughout the world there are large disparities in well-being between urban and rural residents. Even though poverty has been growing faster in urban than in rural areas, the incidence of poverty is still higher in rural areas.

Economic shocks, conflict and climate change must also be considered in policy eradication programmes. Economic shocks take many forms and can, without warning, push people into poverty, or push the poor into deeper poverty. Conflict and climate change have

² See Stephan Klasen, "Economic growth and poverty reduction: measurement and policy issues". OECD Development Center Working Paper No. 246. (September 2005).

³ International Labour Organization, *Weak employment recovery with persistent high unemployment and decent work deficits. An update on employment and labour market trends in G20 countries*. An ILO Report published on the occasion of the G20 Summit in Seoul, 11-12 November 2010.

For information only

significant and dynamic links with poverty. People who live in poverty or who are vulnerable to poverty are often ill-equipped to stave off their onset, and tend to suffer most from their effects.

Emphasis on balancing public budgets has often resulted in declines in public investment in infrastructure, technologies and human capital, all of which are critical for economic growth and employment creation. Public spending in agriculture, in particular, declined between 1980 and the early 2000s. However, agriculture is still the main source of livelihood for poor women and men. Small- and medium-size farms provide employment to a majority of the population in developing countries. Countries with large agricultural sectors that have focused on raising small-holder on- and off-farm productivity by increasing access to inputs –mainly fertilizer and high-yielding seeds–, infrastructure, information and markets, have seen significant increases in agricultural output.

Insofar as social protection measures shield people from various shocks and enhance their capacity to manage and overcome situations that affect their well-being, they are essential to reduce vulnerability and prevent the deterioration in living conditions. During economic crises, social protection systems perform an important role as social and economic stabilizers. In the long-term, social protection can help individuals and families build human capital and improve their livelihood prospects, thereby addressing the underlying causes of poverty.

Overall, countries that have successfully reduced income poverty and improved social conditions on a broad scale have developed comprehensive social protection policies covering a majority of the population. While the structure of social protection systems should vary depending on specific country contexts, some broad guidance has been given on the basic building blocks of a comprehensive social security system. A basic social protection floor, in countries lacking it, should comprise a basic set of essential, context-appropriate social transfers and access to essential services, including health care, education and adequate nutrition. This social protection floor is affordable, even in the poorest countries, if implemented progressively and the costs are less significant if the potential consequences of not investing in social protection are factored in.

Success cases regarding poverty reduction show that social policy must be an integral part of a broader development strategy if it is to address the conditions that cause and perpetuate poverty. Universal access to basic social protection and to social services, especially health and education, are necessary to break the intergenerational cycle of poverty, maintain social cohesion and strengthen the social contract. However, they will have a limited impact on poverty and vulnerability if they are not complemented by broader interventions that address discrimination, access to resources and their redistribution.

For more details, see [Report of the Secretary-General on poverty eradication \(E/CN.5/2011/3\)](#)

For information only

Suggested questions for discussion

- ❖ In regions and countries where poverty has not improved or even worsened, what are the key factors that have impeded poverty eradication efforts? What policy lessons can be taken from poverty success stories and applied in such cases?
- ❖ It has been observed that countries at similar income levels exercise a substantial degree of discretion regarding public expenditure, as well as the share of public resources allocated to social expenditure. What successful measures have countries taken to mobilize and allocate the public resources needed to eradicate poverty?
- ❖ Is poverty eradication being given priority in government planning strategies? If not, what can be done to ensure it receives appropriate attention, based on good practices as well as lessons learned? How can the international community help place poverty eradication at the top of national policy agendas?
- ❖ If the global target is reached as is expected, close to 900 million people will still be living in extreme poverty by 2015. How might we measure success in poverty eradication moving forward beyond 2015?