

Rethinking Poverty



Report on the World Social Situation 2010



United Nations

Department of Economic and Social Affairs

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Preface

Fifteen years ago, in Copenhagen, global leaders at the World Summit for Social Development described poverty eradication as an ethical, political and economic imperative, and identified it as one of the three pillars of social development. Poverty eradication has since become the overarching objective of development, as reflected in the internationally agreed development goals, including the Millennium Development Goals, which set the target of halving global extreme poverty by 2015.

Yet, global poverty levels have changed very little over the past two decades except in China and East Asia, which have been remarkably successful, and, to some extent, in India. Viewed in terms of the wider definition of poverty adopted by the 1995 Social Summit, which includes deprivation, social exclusion and lack of participation, the situation today may be even more deplorable than a money income poverty line would suggest.

Poverty levels remain stubbornly—and unacceptably—high in sub-Saharan Africa, where there has been little growth except in the half-decade before the current crisis, and in South Asia, despite more rapid and sustained growth. Experience has shown that economic growth alone is necessary, but not sufficient, to greatly reduce poverty in its many dimensions. Indeed, the mixed record of poverty reduction calls into question the efficacy of conventional approaches involving economic liberalization and privatization. Instead, Governments need to play a developmental role, with implementation of integrated economic and social policies designed to support inclusive output and employment growth as well as to reduce inequality and promote justice in society.

Such an approach needs to be complemented by appropriate industrial investment and technology policies as well as by inclusive financial facilities designed to effectively support the desired investments. In addition, new potentially viable production capacities and capabilities need to be fostered through developmental trade and other complementary policies. Structural transformations should promote decent work, while Governments should have enough policy, especially fiscal space, to enable them to play a proactive developmental role and to provide adequate universal social protection.

The world faces crises that pose challenges. The recent food and energy crises made hundreds of millions more vulnerable to hunger and poverty. Moreover, the current global financial and economic crisis threatens to wipe out much of the modest progress in poverty reduction since the 2000 Millennium Summit, while climate change increasingly threatens the lives of the poor. The negative economic and social impacts of these crises highlight vulnerability to poverty, and call into question the sustainability of global poverty reduction. This further underscores the need to rethink poverty reduction strategies and, more broadly, the underlying development paradigm.

This *Report on the World Social Situation* seeks to contribute to rethinking poverty and its eradication. It affirms the urgent need for a strategic shift away from the market fundamentalist thinking, policies and practices of recent decades towards more sustainable development- and equity-oriented policies appropriate to national conditions and circumstances. Such national development strategies, as called for by the 2005 World Summit, should seek to achieve the development goals. Responsible development and counter-cyclical macroeconomic policies to foster productive investments and generate decent employment must be at the core of this effort.

While some modest reforms of global economic governance have been instituted since 2008, too little is being done too slowly to significantly improve conditions, especially for the poor. Much more needs to be done to ensure food security as well as to provide adequate financing and technology support for developing countries to cope with climate change.

In this regard, the General Assembly, in resolution 62/205 of 19 December 2007, proclaimed 2008-2017 as the Second Decade for the Eradication of Poverty. In resolution 63/302 of 9 July 2009, it decided to convene a high-level plenary meeting of the Assembly on the Millennium Development Goals in 2010 to, inter alia, accelerate global progress towards poverty eradication. The *Report on the World Social Situation 2010* makes a compelling case for rethinking poverty and poverty reduction efforts. Ultimately, the primary task going forward is to implement coherent, sustainable approaches that put people at the centre of feasible national development strategies so as to rapidly improve the quality of life of current and future generations.

SHA ZUKANG

Under-Secretary-General for Economic and Social Affairs

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Explanatory notes

The following symbols have been used in tables throughout the *Report*:

Two dots (..) indicate that data are not available or are not separately reported.

A dash (—) indicates that the item is nil or negligible.

A hyphen (-) indicates that the item is not applicable.

A minus sign (-) indicates a deficit or decrease, except as indicated.

A full stop (.) is used to indicate decimals.

A slash (/) between years indicates a statistical year, for example, 1990/91.

Use of a hyphen (-) between years, for example, 1990-1991, signifies the full period involved, including the beginning and end years.

Annual rates of growth or change, unless otherwise stated, refer to annual compound rates.

Details and percentages in tables do not necessarily add to totals, because of rounding.

Reference to dollars (\$) indicates United States dollars, unless otherwise stated.

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The following abbreviations have been used:

AIDS	acquired immunodeficiency syndrome
AP	always poor
CCTs	conditional cash transfers
CPI	consumer price index
DAC	Development Assistance Committee
ECA	Economic Commission for Africa
ECLAC	Economic Commission for Latin America and the Caribbean
EFA	Education for All
ESCAP	Economic and Social Commission for Asia and the Pacific
EU	European Union
EWI	Employing Workers Indicator
FAO	Food and Agriculture Organization of the United Nations
FDI	foreign direct investment
GDP	gross domestic product
GNI	gross national income
GNP	gross national product
HDI	human development index
HIPC	Heavily Indebted Poor Countries

HIV	human immunodeficiency virus
ICP	International Comparison Program
ILO	International Labour Organization
IMF	International Monetary Fund
NAMA	non-agricultural market access
NP	never poor
ODA	official development assistance
OECD	Organization for Economic Cooperation and Development
PETI	Child Labour Eradication Programme
PPP	purchasing power parity
PRSPs	Poverty Reduction Strategy Papers
SAP	structural adjustment programme
SP	sometimes poor
TIM	Trade Integration Mechanism (International Monetary Fund)
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
VAT	value-added tax
WHO	World Health Organization

For analytical purposes, countries are classified as belonging to either of two categories: more developed or less developed. The *less developed regions* (also referred to as *developing countries* in the *Report*) include all countries in Africa, Asia (excluding Japan), and Latin America and the Caribbean, as well as Oceania, excluding Australia and New Zealand. The *more developed regions* (also referred to as *developed countries* in the *Report*) comprise Europe and Northern America, plus Australia, Japan and New Zealand.

The group of *least developed countries* comprises 49 countries (as of 31 July 2009): Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Samoa, Sao Tome and Principe, Senegal, Sierra Leone, Solomon Islands, Somalia, Sudan, Timor-Leste, Togo, Tuvalu, Uganda, United Republic of Tanzania, Vanuatu, Yemen and Zambia. These countries are also included in the less developed regions.

In addition, the *Report* uses the following country groupings or subgroupings:

Sub-Saharan Africa, which comprises the following countries and areas: Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mayotte, Mozambique, Namibia, Niger, Nigeria,

Réunion, Rwanda, Saint Helena, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Togo, Uganda, United Republic of Tanzania, Zambia and Zimbabwe.

East Asia and the Pacific, which comprises the following countries and areas: American Samoa, Cambodia, China, Fiji, Indonesia, Kiribati, Democratic People's Republic of Korea, Lao People's Democratic Republic, Malaysia, Marshall Islands, Micronesia (Federated States of), Mongolia, Myanmar, Palau, Papua New Guinea, Philippines, Samoa, Solomon Islands, Thailand, Timor-Leste, Tonga, Vanuatu and Viet Nam.

South Asia, which comprises the following countries: Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

Middle East and Northern Africa, which includes the following countries and area: Algeria, Djibouti, Egypt, Iran (Islamic Republic of), Iraq, Jordan, Lebanon, Libyan Arab Jamahiriya, Morocco, Syrian Arab Republic, Tunisia, Occupied Palestinian Territory and Yemen.

Eastern Europe and Central Asia, which includes the following countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Montenegro, Poland, Romania, Serbia, Slovakia, the former Yugoslav Republic of Macedonia and the successor countries of the former Union of Soviet Socialist Republics, comprising the Baltic republics and the member countries of the Commonwealth of Independent States. These countries are also referred to as *transition economies* in this Report.

Heavily indebted poor countries (as of 30 July 2009): Afghanistan, Benin, Bolivia, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Eritrea, Ethiopia, Gambia, Ghana, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, Kyrgyzstan, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Somalia, Sudan, Togo, Uganda, United Republic of Tanzania and Zambia.

Landlocked developing countries: Afghanistan, Armenia, Azerbaijan, Bhutan, Bolivia, Botswana, Burkina Faso, Burundi, Central African Republic, Chad, Ethiopia, Kazakhstan, Kyrgyzstan, Lao People's Democratic Republic, Lesotho, Malawi, Mali, Mongolia, Nepal, Niger, Paraguay, Republic of Moldova, Rwanda, Swaziland, Tajikistan, the former Yugoslav Republic of Macedonia, Turkmenistan, Uganda, Uzbekistan, Zambia and Zimbabwe.

Small island developing States and areas: American Samoa, Anguilla, Antigua and Barbuda, Aruba, Bahamas, Bahrain, Barbados, Belize, British Virgin Islands, Cape Verde, Commonwealth of the Northern Mariana Islands, Comoros, Cook Islands, Cuba, Dominica, Dominican Republic, Fiji, French Polynesia, Grenada, Guam, Guinea-Bissau, Guyana, Haiti, Jamaica, Kiribati, Maldives, Marshall Islands, Mauritius, Micronesia (Federated States of), Montserrat, Nauru, Netherlands Antilles, New Caledonia, Niue, Palau, Papua New Guinea, Puerto Rico, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Sao Tome and Principe, Seychelles, Singapore, Solomon Islands, Suriname, Timor-Leste, Tonga, Trinidad and Tobago, Tuvalu, United States Virgin Islands and Vanuatu.