

Revisiting Socio-economic policies to address poverty in all its dimensions in Middle Income Countries

8 – 10 May 2018, Beirut, Lebanon

Concept Note for the capacity building workshop DESA, ESCWA and ECLAC

I. Background

There is global consensus among Governments, the United Nations system, the International financial institutions, civil society organizations, and academia that poverty is a multidimensional phenomenon that goes beyond income. By adopting the 2030 Agenda for Sustainable Development¹ in 2015, Member States underscored the need to address poverty in all its forms and dimensions. In addition, they placed poverty eradication at the center of the Agenda and pledged to “leave no one behind” and to “reach the furthest behind first”. While poverty eradication constitutes a stand-alone goal (SDG1), it is also mainstreamed into all goals and targets, highlighting its inter-linkages with other SDGs and its significance within the broader Sustainable Development Agenda.

Building on the lessons learned from the implementation of the Millennium Development Goals (MDGs), the 2030 Agenda underscores policy coherence and integration both horizontally (across various sectors) and vertically (across global, regional, national and sub-national levels). The scope of the Agenda is universal, and given the diverse economic, social, cultural and historical contexts of Member States, it does not prescribe a “one-size-fits all” approach. Rather, policymakers need to take in to account different national priorities, capacities and financial constraints in order to adopt and implement policies conducive to the achievement of the SDGs. This requires a new approach to poverty reduction with more holistic and coherent economic and social policies that address poverty in all its forms and dimensions, and integrate social, economic and environmental objectives in a balanced manner. This applies to all countries, including middle income countries where large number of people still living in poverty.

In recent years, it has been recognized that high and rising inequality poses major challenges to further progress in eradicating poverty. High levels of inequality have negative effects on economic growth and its sustainability. Inequality deprives lower-income households of the ability to stay healthy and accumulate physical and human capital, thereby lowering labour productivity and social mobility². Inequality is also inherent to social exclusion, not only of individuals but also of social groups. To end poverty and promote shared prosperity, it is fundamental to foster sustained equitable and inclusive growth, which will also promote social inclusion and enhance social cohesion.

The negative effects of climate change disproportionately affect people living in poverty and vulnerable situations, as they have limited assets and access to social protection, finance and adaptive technologies. Climate change may also cause high and volatile food and commodity prices, hitting poor households

¹ A/RES/70/1 Transforming our world: the 2030 Agenda for Sustainable Development

² A/72/158. SG’s report on Implementation of the outcome of the World Summit for Social Development and of the twenty-fourth special session of the General Assembly

hardest. Such trends pose greater challenges to the reduction of poverty, inequality and social exclusion, and increase demands for addressing poverty in its all forms and dimensions.

While the need for addressing poverty beyond income has been widely acknowledged, there are currently diverse views as to which dimensions should be included in approaches to address multidimensional poverty³. Some analysts argue that a holistic approach to poverty eradication, should include participation, empowerment, and rights-based dimensions alongside reduction of income poverty. Others deem important to address the multiple deprivations faced by vulnerable groups (children, youth, older persons, persons with disabilities, indigenous people, etc.). Non-income dimensions, such as access to food and nutrition, health, education, social protection, and decent work, as well as improved living standards and well-being, will be paramount. Holistic and multidimensional approaches to poverty reduction at the regional and national level, once developed, would support global efforts to implement effective policies and monitor progress in achieving the SDGs.

2. Regional Context

Since the adoption of the 2030 Agenda in September 2015, increasing efforts have been undertaken to revisit regional and national policies for reducing poverty, improving people's well-being, and developing comprehensive measures and analytical tools to monitor progress. In this process, countries face two inter-related and practical questions: 1) what are the key policies required to reduce poverty in all its dimensions at the national and sub-national levels; and 2) how to assess and evaluate the impact of these policies on people living in poverty and vulnerable situations.

To facilitate the implementation of the global indicator framework, all SDG indicators are classified into three tiers on the basis of their level of methodological development and the availability of data at the global level, as follows. Tier 1: Indicator is conceptually clear, has an internationally established methodology and standards are available, and data are regularly produced by countries for at least 50 per cent of countries and of the population in every region where the indicator is relevant. Tier 2: Indicator is conceptually clear, has an internationally established methodology and standards are available, but data are not regularly produced by countries. Tier 3: No internationally established methodology or standards are yet available for the indicator, but methodology/standards are being (or will be) developed or tested⁴. The challenge is that 8 out of the 10 indicators for SDG 1⁵ are classified Tier 2 or Tier 3 at the global level. Currently, at the national level, the measures to capture the effects of policies on people living in poverty has not been well established⁶.

The Sustainable Development Goals and their targets and indicators offer a robust framework for addressing poverty and promote well-being, within the principle of universalism. Addressing the inter-linkages between Goals allows for more integrated and effective multidimensional approaches. In this sense, key dimensions to consider are: eradicating extreme poverty; ending hunger; improving nutrition;

³ E/2017/69: SG's report Beyond gross domestic product: multidimensional poverty and the Sustainable Development Goals

⁴ For more information, see: <https://unstats.un.org/sdgs/iaeg-sdgs/tier-classification/>

⁵ The remaining 2 indicators fall under Tier 1 and are related to monetary poverty.

⁶ Inter-Agency Expert Group (April-2017) "Tier Classification for Global SDG Indicators"

ensure access to quality education, safe water and affordable energy; achieving gender equality; promoting productive employment and decent work for all; reducing inequality and promoting well-being. The broad focus on the sustainability of the development goals and indicators (see E/CN.3/2017/2, annex III) provides a valuable framework to assess and support progress in reducing poverty.

Another major shift from MDGs is the inclusion of specific targets covering key policy domains required for poverty reduction. For example, some of these targets are: Target 1.2. *“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”*; Target 1.3. *“implementing nationally appropriate social protection systems and measures for all.”*; Target 1.4 *“ensuring equal rights to economic resources, as well as access to basic services..., appropriate new technology and financial services ...”*, and *“build resilience of poor people against economic, social and environmental shocks and disasters”*, and *“create sound policy frameworks... to support accelerated investment in poverty eradication actions”*.

Against this backdrop, UNDESA in collaboration with ESCWA and ECLAC will host an inter-regional workshop on the theme, entitled: *“Revisiting socio-economic policies to address poverty in all its dimensions in middle-income countries”*. The workshop will have a strong regional focus by examining the experiences and challenges faced by middle income countries in the Arab and the Latin America and Caribbean in addressing poverty in its multiple dimensions. Participants will come from national governments, civil society organizations and academia and the United Nations System. They will identify areas that are critical to attain the objectives of SDG1 and share good policies and practices and lessons learned at the national and regional levels. Discussions at the workshop will also provide the basis for UNDESA, ESCWA and ECLAC to further elaborate key objectives and activities for a Development Account (DA) project proposal on addressing multidimensional poverty in the context of the 2030 Agenda for Sustainable Development in middle income countries in the Arab and the Latin America and Caribbean regions.

ESCWA region

Middle-income countries in Arab (ESCWA) region face particular challenge, as manifested in the huge turnout of people in public protests, the so called ‘Arab Spring’. The conflicts in many parts of the region since 2011 has led to increasing poverty and impoverishing the middle class⁷. For instance, three-quarters of people in the Arab region do not have access to social protection/assistance - a rate similar to those in sub-Saharan Africa and South Asia. Social protection is neither universal nor rights-based in the region. In addition, public expenditure policies have become uncertain since 2011. The initial years of the ‘Arab Spring’ witnessed increased public social expenditure, however, the last couple of years have witnessed aggressive fiscal consolidation by many governments in the region, which is led by reduction in subsidies for fuel and other commodities. In this context, there is a need to better understand the changing social policies in the Arab middle-income countries and their long-term vision in conjunction with addressing poverty.

⁷ ESCWA 2014. Arab Middle Class: Measurement and role in driving change. Symbol: E/ESCWA/EDGD/2014/2. Beirut: ESCWA.

The challenge facing Arab middle-income countries in the reform is further compounded with the inadequacy in poverty measures to capture national priorities and inform policies. This can be seen clearly with the surprisingly low poverty rates based on the global multi-dimensional poverty index (MPI) for the Arab middle-income countries. For example, for Egypt and Tunisia, the Human Development 2016 report indicated that the incidence of multidimensional poverty is only at 4.2 per cent and 1.2 per cent respectively. Such low level of multidimensional poverty for middle income countries is highly questionable given the disparities in achievements in health, education and standard of living indicators among their population, and that several of them are facing crises situations since the start of the decade. More importantly, a contextualized region-specific MPI indicates significantly higher poverty rates as well as higher disparity in Arab middle-income countries. The Arab Poverty Report sheds light on these issues and suggests that the region has a much higher rate of MPI than that of the global MPI and urges attention of governments to formulate effective economic and social policies.

ECLAC region

Latin America and the Caribbean is a middle-income region, but is beset by very high levels of inequality and the persistence of poverty.

Latin America's social inequality matrix is heavily conditioned by its production matrix, which is characterized in turn by great structural heterogeneity. Thus, the first and most basic determinant of inequality is socioeconomic stratum. Nonetheless, gender, racial, ethnic and territorial inequalities and those connected to the different stages of the life cycle are also axes of this matrix and crucial determinants of the size and reproduction of the gaps identified in some of the main areas of social development and the exercise of rights, such as income levels and access to production resources, education, health care, decent work, social protection and opportunities for participation, among others.

The axes structuring the social inequality matrix intersect, reinforcing and linking up with one another throughout the life cycle and giving rise to a multiplicity of inequality or discrimination factors that operate simultaneously or cumulatively over time. The confluence of multiple types of inequality and discrimination characterizes the "hard cores" of poverty, vulnerability and social exclusion, entrenching and reproducing them.

Still, between 2002 and 2014, progress was made in reducing monetary poverty, whose incidence decreased from 45.9% to 28.5% of the population. This positive result was due not only to a favorable economic context and improvements in the labor market, but also to a string of social policy initiatives, most notably the expansion and redefinition of policies and programmes to overcoming poverty and promoting social inclusion. These include conditional cash transfer programmes, which have a multi-dimensional focus and tend to foster coordination among the different sectors of the state devoted to social policy. Progress in the region has also been made with respect to measurement of the multiple dimensions of poverty and inequality. Several countries, for instance, have adopted official multidimensional poverty measures.

II. Meeting Objectives:

The objective of the workshop is to enhance the participant's knowledge to formulate a coherent and integrated social and economic policy framework to effectively address multiple causes of poverty and inequality and enhance the quality of life and well-beings of all people in middle income countries.

- Discuss the main challenges facing middle-income countries in reducing poverty within the context of the 2030 Agenda and SDGs,
- Identify the inter-linkages among social, economic and environmental objectives to tackle poverty in middle income countries
- Exchange good practices and lessons learned – policy framework, integrated and coherent approaches, strategies to address the multiple dimensions of poverty
- Brainstorm the main social policy and social protection reforms and strategies needed to accelerate the poverty reduction
- Exchange good practices at the national level in developing national multidimensional poverty measures to inform policies
- Identify the capacity and institutional gaps facing countries in the reform and implementation of poverty reduction policies

III. Key issues for discussion

The workshop aims to examine national experiences in developing poverty reduction policies oriented toward achieving the SDGs, with a focus on the examination of macro-fiscal and economic policies, as well as social policy, including social protection. Moreover, the workshop will discuss challenges, lessons learned and good practices, with an aim to improve evidence-based policy-making, including analysis, policy formulation, implementation, monitoring and evaluation. Discussions will also address the institutional mechanisms that promote more coherent and integrated approaches to poverty reduction, and the necessary coordination among different sectors and stakeholders. The workshop will contribute to enhance the knowledge of participants and help DESA, ESCWA and ECLAC to identify a set of recommendations to develop a framework to support countries at policy and analysis level to address poverty in all its dimensions.

IV. Venue and timeline of the meeting

The workshop will take place from 8 – 10 May 2018 at the UN House (ESCWA), Beirut, Lebanon.

V. Participants

The workshop will include about 25 participants drawn from government ministries and agencies responsible for social-economic development, as well as from academia, research institutions and civil society organizations within ESCWA and ECLAC regions. (Countries proposed: *Colombia, Ecuador, El Salvador, Egypt, Iraq, Jordan, Lebanon, Mexico, Morocco and Palestine*). There will also be some experts working on issues related to development and multi-dimensional poverty, as well as representatives of UNDESA, ESCWA, ECLAC and other UN agencies.