

MDGNET

LIST of the e-Discussion Contributions: 'Strengthening Efforts to Eradicate Poverty and Hunger'

8 March 2007; Prepared by Andrea Cuzyova (MDGNet Facilitator)

Find e-Discussion Background and reading materials at **e-Discussion Webpage:** [AMR Concept Note](#) and [e-Discussion Announcement Message](#)

E-Discussion

'Strengthening Efforts to Eradicate Poverty and Hunger'

The four-week-long moderated e-Discussion on 'Strengthening Efforts to Eradicate Poverty and Hunger' was a part of a larger process of global consultation – ECOSOC's Annual Ministerial Review (AMR) – that aims to assesses the progress in implementation of the internationally agreed development goals, including the MDGs.

The AMR process will identify development challenges and strive to improve global cooperation, coordination and coherence of efforts to meet the development objectives. The AMR will also highlight success stories and promising innovations to achieve development goals. In the case of MDGs in particular, these successes are shadowed by increasing poverty and hunger which jeopardize the achievement of the other MDGs.

In that regard, knowledge shared by practitioners and policy experts about country-level actions to reduce poverty and hunger will be indispensable in informing the global discussion, providing policy guidance and contributing to efforts to speed up implementation of the goals.

Launch Message:

Dear Colleagues and Friends,

We are pleased to invite you to take part in a four-week-long moderated **e-Discussion: 'Strengthening Efforts to Eradicate Poverty and Hunger'**. This e-Discussion is a part of a larger process of global consultation – ECOSOC's Annual Ministerial Review (AMR) – that assesses the progress in implementation of the internationally agreed development goals, including the MDGs. The [Concept Note](#) outlining the AMR process and providing background to the thematic focus of this year's AMR was shared with you in the [message sent from Mr. Kemal Derviş and Mr. José Antonio Ocampo](#) earlier this week.

Our focus of the next four weeks will be 'Strengthening Efforts to Eradicate Poverty and Hunger'. Halfway to the 2015 deadline to meet the MDGs, we are painfully aware that millions of people still live in extreme poverty and deprivation, in the regions of sub-Saharan Africa and Southern Asia in particular. Despite initial progress, hunger is again on the rise in some regions, notably in some regions of Africa and Asia. If we cannot overcome poverty and hunger, we cannot hope to reach the other development goals. Efforts to achieve the MDGs must be redoubled. To this end, the AMR process will highlight success stories and promising innovations, identify problems still requiring solutions, and strive to improve global cooperation, coordination and coherence of efforts to meet the development objectives. The knowledge shared by practitioners and policy experts about country-level actions to reduce poverty and hunger will be indispensable in informing the global discussion, providing policy guidance and contributing to efforts to speed up implementation of the goals. Therefore, we look forward to drawing on your expertise and experience. Your views, positions, and ideas will contribute to focusing the substantive part of the AMR process and will be channeled to the Report of the Secretary-General on this same topic.

The thematic focus of this year's AMR is broad. Therefore, we thought it might be helpful to indicate some priority areas for our discussion together with questions that can guide our interaction. Please, feel free to choose and address any of the priority areas and related questions based on your field of expertise, experience or interest. Please, select from the following:

Reduction of Jobless Growth:

- What national policies would assist developing countries to break the trend of jobless growth and generate youth employment in particular?
- In what ways can the broader international community support these efforts, including through trade policy?
- What are the existing useful diagnostic tools and methodologies used for identifying the constraints/challenges resulting in less optimal job creation and jobless growth?

Innovative National Policies to Reduce Rural and Urban Poverty:

- What national strategies and mechanisms work to reduce persisting rural poverty?
- Should rural-to-urban migration be discouraged? How can the urbanization of poverty be prevented?
- To what extent does the increase of asset ownership and access to financial services improves financial security and employment opportunities of the poor?

Global Governance of Trade:

- What are the critical changes that need to be made in the global governance of trade to enable equity and fairness in the international trading system?
- What innovative policies and strategies can countries use to ensure that the benefits of globalization are both inclusive and equitable, disproportionately benefit the poor and effectively shield them from its perils?

Short-term Response to Long-Term Solutions to Hunger:

- How can developing countries shift from short-term responses to hunger and food insecurity to long-term solutions? To what extent can biotechnology contribute to this end?
- What steps can developing countries take to mitigate and adapt to climate change, which threatens to affect food production?

Scaling-Up the Response:

- What are emerging opportunities and approaches for countries to increase fiscal space available for development through domestic resource mobilization?
- How can the international community best scale-up its financial support for the MDGs, and improve the effectiveness of aid?

We also wish to take this opportunity to thank all contributors for stimulating and substantive input and express appreciation for a very active participation in this month-long e-discussion. We do welcome reactions to the individual contributions, to the Summary and/or suggestions for future topics for e-discussions.

A special 'thank you' goes to the e-discussion guest moderators Nora Lustig, Donald Lee and Duncan Campbell who took time away from their schedules, prepared the e-discussion and guided it with their interventions.

Guest Moderators:

- **Nora Lustig**, Director Poverty Group Bureau for Development Policy, UNDP
- **Donald Lee**, OIC, Social Perspective on Policy Branch, Division for Social Policy and Development, UNDESA
- **Duncan Campbell**, Director, Policy Integration Department, ILO

[CONTRIBUTIONS were received from:](#)

1. [Camilo Ceita](#), Assistant Country Director, UNDP Angola
2. [Nikhil Seth](#), Director, Office for ECOSOC Support and Coordination, UNDESA
3. [Max Ooft #1, #2](#), Assistant Resident Representative, UNDP Suriname
4. [Margret Vidar](#), Human Rights Advisor, FAO
5. [Ruby Sandhu-Rojon](#), Country Director, UNDP Burkina Faso
6. [Daniel Kostzer](#), UNDP Argentina
7. [Ram Shankar](#), Senior Assistant resident Representative and Recovery Manager, UNDP Maldives
8. [Dag Ehrenpreis](#), UNDP IPC Brazil
9. [Robert Cherry](#), Research Associate, Brooklyn College, The University of New York, USA
10. [Massoom Farhad](#), Programme Officer, UNDP Afghanistan
11. [Robert I. Lerman](#), Professor of Economics, American University, Washington, USA
12. [Nora Lustig](#), Director, Poverty Group, Bureau for Development Policy (BDP), UNDP
13. [Vladimir Mikhalev](#), Policy Advisor, UNDP Regional Center Bratislava, Slovakia
14. [Fayyaz Baqir](#), Senior Advisor on Civil society, UN Resident Coordinator's Office, Pakistan
15. [Bipul Chatterjee](#), Deputy Executive Director, CUTS International, India
16. [Donald Lee](#), Officer-in-Charge, Social Perspectives on Development Branch, UNDESA
17. [Luke Wasonga](#), Capacity Development Advisor, UNDP Regional Service Centre, Johannesburg
18. [Diego Recalde](#), RASC Panama
19. [Yusuf Gumaa](#), Senior Economist, UNDP Kenya
20. [Zakir Hussain](#), Research Associate, Ministry of Labor, India
21. [Peter Whitney](#), Professor of Economics, American University, USA
22. [Oscar T. Brookins](#), Professor of Economics, Northeastern University, Boston, USA
23. [Clara Ikekeonwu](#), Professor of Linguistics, University of Nigeria, Nigeria
24. [C. Kenrick Hunte](#), Professor of Economics, Howard University, New Orleans, USA
25. [David Abbott # 1, # 2](#) Pacific Regional Macro Economic & Poverty Reduction Advisor, UNDP Fiji
26. [Amitava Mukherjee](#), Regional Advisor, Poverty Reduction, UNESCAP, Thailand
27. [Matilde Gomes Mendes](#), SNV, Guinea Bissau
28. [Derek Scissors](#), Intelligence Research and Department of Economics, George Washington University
29. [Luca Monge Roffarello and Sabrina Varma](#), UNDP THDU Geneva, Switzerland
30. [Leisa Perch](#), Programme Manager, UNDP/SRO Barbados & the OECS
31. [Duncan Campbell](#), Director, Policy Integration Department, ILO
32. [Chiranjibi Tiwari](#), Senior Advisor, Local Governance, SNV / Vietnam
33. [Isabel Ortiz](#), Senior Interregional Advisor, UNDESA
34. [Noha El-Mikawi](#), Policy Advisor for Governance and Poverty, UNDP Oslo Governance Center, Oslo, Norway

To view these contributions, please visit the [full list of individual contributions](#).

Resources:

Jobless growth and Rural Urban Migration

- [2007 World Development Report: Development and the next Generation](#), World Bank 2007
- [Jobless growth and the prospects for alleviation of poverty: India as a case in point](#), Oscar T. Brookins
- [Activating sustainable development through Government: Case of Daudzai](#) Project implement by Pakistan Academy for Rural Development – 1972
- [Review of National Action Plans](#), ILO

- [A Short Note on Unemployment in Pacific Island Countries \(PICS\)](#), UNDP 2007
- [World Migration Report 2005](#), IOM 2005

Hunger

- [Nutrition in Agricultural Development: The Case of Irrigated Rice Cultivation in West Kenya](#), Rudo Niemeijer et al. in Ecology of Food and Nutrition, Vol 22, pp 65-81
- [General Comment 12](#), CESCR 1999
- [Voluntary Guidelines to Support the Progressive Realization of the Right to Adequate Food in the Context of National Food Security](#), FAO Council 2004.
- [Global Concerns: Loss in Bio-Diversity and Its Impact on Agriculture](#), Dr. Amitava Mukherjee (UNESCAP Bangkok). This paper on micro-level hunger in India demonstrates that (i) there are pockets of hunger which affect very large number of people. Hunger must, therefore, be tackled at all levels: aggregate and local (micro) levels and that (ii) maintaining common proper resources are critical to people who can not find food grown by the use of technology.
- [Food Security in Contemporary India](#), Dr. Amitava Mukherjee (UNESCAP Bangkok). This paper shares ideas on with ideas on what countries can do for finding long terms solutions to food security.
- [Poverty and Famines: An Essay on Entitlement and Deprivation](#), Amartya Sen 1984

Climate

- [Working Group 1 report: Summary for Policy Makers](#), Intergovernmental Panel on Climate Change 2007
- [Climate Variability and the MDG Hunger Target](#), International Research Institute for Climate Prediction (IRI) 2004

Poverty and Inequality

- [Millennium Development Goals Report 2006](#)
- [The Fortune at the Bottom of the Pyramid](#), Professor C.K. Prahlad 2005
- [Poverty in focus: Social Protection and the role of Cash Transfers](#), UNDP IPC center 2006. This issue highlights the importance of social protection and the role of cash transfers in the struggle against poverty and hunger. It also covers many issues relating to poverty.
- [Poverty in Focus: What is Poverty? Concepts and Measures](#), UNDP IPC 2006
- [African Americans and the Social Benefits of Tight Labor Markets](#), *WorkingUSA* Vol 5 (Fall 2001): 106-118.
- [Welfare Transformed: Universalizing Family Policies that Work](#), Oxford University Press, forthcoming.
- [Prosperity for All? The Economic Boom and African Americans](#), (co edited with William Rodgers) Russell Sage, 2000.
- [Protocol four of the Social Partnership 2001-2004](#), government of Barbados on the Social Partnership Framework
- [The inequality predicament: report on the world social situation 2005](#), UNDESA, 2005
- [Flat World, Big Gaps: Economic Liberalization, Globalization and Inequality](#), Jomo K.S. and Baudot, 2007
- [The World is not Flat: Inequality and Injustice in our Global Economy](#), Nancy Birdsall, UNUWider 2005
- [Rising Inequality in the New Global Economy](#), Nancy Birdsall, UNUWider 2005
- [Making globalization Work](#), Joseph Stiglitz 2006
- [Globalization and its Discontents](#), Joseph Stiglitz 2002
- [How Rich Countries Got Rich...And Why Poor Countries Stay Poor](#), Eric Reinert 2007

Websites

- www.devinform.org - This database and others can help to identify constraints and challenges
- www.barbados.gov.bb – This website offers information on the Social Partnership framework which brings together the private and government sectors in Barbados.
- [UNDP International Poverty Center](#) – This website offers access to all publications by IPC
- [UNU Wider](#) – This website offers numerous resources on inequality and other topics

INDIVIDUAL CONTRIBUTIONS IN FULL:

Camilo Ceita, UNDP Angola wrote:

Breaking the trend of jobless growth

Dear Network Members and Colleagues,

I have chosen this theme due its importance to eradicate poverty and hunger. I am from a country where the economic growth is a fact due the oil and diamond incomes. However, those two sectors are capital intensive and do not, really, create jobs and allow a better income distribution within the population. In addition to that, the credit for the economy is only about 5% it means that there is not, yet, an enabling environment for investment.

How can it be reverted? The solution can come through the Private Sector as an effective way to Reduce Poverty. There are many encouraging results all over the world that demonstrate that the private sector has significantly contributed to economic growth, job creation, increasing incomes of the poor and ultimately poverty reduction. Private sector involves multinational corporations as well as micro, small and medium enterprises (including the informal sector). Even the poor entrepreneur in suburban areas or in the village can be an important and integral part of the private sector. Within the private sector in developing world micro, small and medium enterprises (MSMEs), on average, make up over 90% of enterprises and account for 50-60% of employment. The prevalence of MSMEs is more pronounced at the lower income level. In fact, many poor households rely on micro and small enterprises as their only source of income. The promotion of MSME is considered essential for making progress towards achieving the MDG of halving the fifth of the planet's people living on less than a \$1 day by the year 2015. However, for that is necessary that the government of Developing Countries can understand the importance of the sector and how useful it can be to "breaking the trend of jobless growth".

There are some constraints for MSMEs as tools to reduce poverty. We talk about the confrontation with various issues that hinder its growth. Various studies have cited constraints that include:

- i) lack of an enabling environment with restrictive laws and regulations and unsupportive or biased policies favoring more the bigger and formal businesses;
- ii) Macro-economic impediments (e.g. peace and political instability, lack of transparency and accountability, unsound macro-economic policies);
- iii) Lack of access to credit, training and other support services;
- iv) Cultural and gender issues; and v) the negative attitude regarding the informal sector.

The Commission on Private Sector Development cited three major structural challenges that confront the private sector in all developing countries, to varying degrees, namely:

- i) Micro enterprises and many small and medium enterprises operate informally;
- ii) Many small and medium enterprises have barriers to growth; and
- iii) A lack of competitive pressure shields larger firms from market forces and the need to innovate and become more productive.

The constraints faced by the private sector are multifarious and requires multifaceted approaches to overcome them. The Commission recommends that addressing the constraints to unleash the potential of the private sector will require programmes tailored to the needs of individual countries.

For this, we can count on several mechanisms that are being created to make diagnosis and analysis that can allow countries to go, sure, in this direction. The MDG country diagnosis, Peers review mechanism; etc. Developing countries **in particular African ones**, need urgently to revert the situation. They own of the most powerful development tools the youths. What they

need is just to give them the opportunities and show them the good way to move forward.

Regards

Camilo Ceita

Assistant Country Director
Poverty & Human Security
UNDP-ANGOLA

[Nikhil Seth](#), ECOSOC wrote:

What steps can developing countries take to mitigate and adapt to climate change, which threatens to affect food production?

Dear Colleagues,

I'd like to address a subject that I find both fascinating and frightening.

The recent report of Working Group 1 of the Intergovernmental Panel on Climate Change (February 2007) ominously states that "warming of the climate system is unequivocal, as is now evident from observations of increases in global average air and ocean temperatures, widespread melting of snow and ice, and rising global average sea level." Changes in precipitation amounts and an increase in extreme weather including droughts and heat waves are among those that have been scientifically observed and accepted as fact. Perhaps most alarming is the expectation that warming will continue even if greenhouse gas emissions are stabilized.

I sincerely hope that the recent reports and analytical studies will turn our energies to what can be done to mitigate the impact and reverse the negative trends before we reach the critical point where that is no longer possible.

In many respects the challenges are really serious and seemingly damaging for the future of our planet. It is becoming increasingly certain that the next several generations (at least) will have to grapple with the repercussions of humanity's actions. Much of the change is weather-related, such as increasing unpredictability, extreme weather events and shifting of climate zones. This is relevant to our e-discussion inasmuch as such climate change is certain to impact agricultural production as well as the rearing of animals and fish for human consumption. It is likely that regions will be affected differently, some benefiting and others suffering. The end results are highly dependent on the capacity to adapt.

There are programmes under the UNFCCC. The Global Environment Facility has established funds, such as the Least Developed Country Fund and the special Climate Change Fund, which could support activities, including agriculture.

The UN system is working where they can. For example, FAO is working to reduce the impact of climate variability and climate change on food security. UNEP is working on innovative financing with its Finance Initiative. But are these current support efforts sufficient? What more could we do to speed up the efforts? What else could we do, in particular to reach out to farmers to increase their capacity for adaptation? Are there mechanisms for exchanging information on good practices and relevant technology?

I would be grateful for any thoughts and knowledge you can share from your experience in this area.

Yours sincerely,

Nikhil Seth

Director, Office for ECOSOC Support and Coordination UN Department of Economic and Social Affairs

Max Ooft, UNDP Suriname wrote

Contribution # 1

Dear Moderators and Network members,

Thanks for the opportunity to participate in this important discussion. I think the questions below are very targeted and well formulated. However, if we want to get recommendations out of this discussion that should direct us in focusing our efforts, I have a concern that they do not touch sufficiently on some root causes of poverty and more in particular, the way in which decisions are taken and policies are made/implemented/monitored. Poverty and poverty reduction are so closely linked to Governance questions related to power and politics, leadership and capacity strengthening, and empowerment, at national but also at global level.

The questions below should not be seen in isolation of those governance issues, or assumed to be dealt with in other forums.

This also relates to a more fundamental inward question, namely how do we in the development community foresee changes happening? Do we (as UN) go for a 'slow-but-steady' approach, which may lean dangerously towards 'business as usual' or do we become 'activists' (in the positive sense) for more speedy and potentially deeper changes, using knowledge as accelerator for change and as basis for advocacy and empowerment? Or do we leave it up to national circumstances? Also, do we focus on treating symptoms, or do we focus on addressing root causes? I realize I am putting forward the old questions but have they been answered appropriately and brought to the knowledge and especially the understanding of us practitioners out there?

I hope this is a probably-not-so-specific but useful contribution to the discussion. Warm regards,

Max.

Max Ooft

Assistant Resident Representative/Programme Specialist
UNDP Sub-Office Suriname

Contribution # 2

Dear Network members,

Thanks for your indications of support to the issues I raised before (below). In response to requests to elaborate somewhat on those, I will make the following notes and suggestions:

Changes (including the acceleration of responses) do not happen automatically. They require leaders willing to make policy changes that not everyone may like (especially those benefiting from the current situation); and/or a critical mass of people who are pushing hard enough for a positive change. In the ideal situation, those two critical factors go together in an inclusive/participatory manner respecting the rights and duties of all involved. Alternatively, as I

mentioned earlier, we can continue in the 'slow but steady mode' but it has been recognized that such is not an option any longer.

In my view, it is absolutely necessary but at the same time absolutely insufficient to examine only thematic issues such as jobless growth and urbanization and trade etc. If we really want changes and acceleration, we must also address root causes of poverty that are vested in Governance issues, power and politics, decision-taking and inclusiveness, access to information, respect for rights, capacity and empowerment, at national and global level.

Very concretely, I would propose that the options being put forward to the AMR must inherently include concrete and well thought out measures on the following aspects:

- Strengthen leadership (in its modern understanding of 'leadership' which includes not only the political leaders, bosses and top managers, but also good process facilitators and communicators, the researchers who can present informed and empiric options, the 'servants' who are able to translate the needs of their clients into the products and services that they offer, the inspiring optimists, and the hard workers who actually make changes happen after all the talking);
- Empower those who need changes the most (i.e. disadvantaged and vulnerable groups);
- Strengthen information exchange and mechanisms and forums for inclusive decision-taking, among others Media, Political Parties, Parliaments, regional and local representational systems.

There will certainly be other Governance measures not mentioned here -- the point is, scaling up anti-poverty measures must be packaged with Governance measures; let's not fool ourselves in thinking that we can solve poverty problems with pure anti-poverty packages. The UN is the only and best placed institution with the authority to propose and oversee such holistic packages, as an impartial and global institution.

Which brings me to my final point, namely to draw on existing knowledge and experiences within the UN. UNDP has functional knowledge networks and a wealth of hands-on and field experience on Governance, and certainly in the One-UN strategy, those strengths should by now be upgraded to be utilized more consciously at UN-wide level, with a view of adopting empirically tested governance guidance and practices for Global Governance (yes, I realize this is tricky but were we not discussing real changes in a fastly globalizing world?). At the same time, these field-tested best practices and policy guidance should at some stage become globally adopted guidance for governance practices at national level, thus matching bottom-up with top-down processes towards mainstreaming governance principles.

It will all require substantive thought, input and packaging of more holistic approaches; something also already ongoing in UNDP where we can learn from (accelerate our own learning!). The earlier we start as one development community, the more chance we have of making real changes.

Warm regards,

Max
Assistant Resident Representative/Programme Specialist
UNDP Sub-Office Suriname

[Luke Wasonga](#), UNDP Regional Service Centre, wrote:

I wish to make a contribution to this debate taking an agriculture and rural development perspective. But first, I wish to acknowledge the contribution from Dag Ehrenpreis which makes a strong case for social protection for the poorest irrespective of the type of interventions put in place to create employment and to generate income for the poor. Some of the interventions can promise positive results but other may be counterproductive. Since the early 1990s there has been greater attention directed towards the need to stimulate the agricultural sector in Sub-Saharan Africa and to increase the production of export crops and food crops. Suggested policy measures include attractive and stable pricing, improvements in marketing arrangements, credit facilities and, extension services together with changes in farming practices. Essential changes in farming practices include the introduction of new crops and improved crop varieties, modern farming techniques and production methods, as well as alternative land tenure arrangements. Such measures, usually implemented through agricultural and rural development projects, invariably imply an accelerated transition from subsistence farming to market production.

Usually, the implicit assumption is that new crops and modern techniques factors leading to improved production automatically result in increased incomes and higher standards of living of the poor households. However, this is not necessarily the case. It has been demonstrated that introduction of cash crops (coffee, sugar and rice farming) may lead to negative impact on family nutrition in some countries. In a study done in Western Kenya in rice and sugar growing areas (Nutrition in Agricultural Development, 1988), it was emphatically illustrated that introduction of cash crops to smallholder led to worsening nutritional status. Positive nutritional effects may indeed emanate from increased production. Higher output of food crops may result in increased food availability; alternatively, increases in production of commercial non-food commodities may generate higher incomes which can be used to secure nutritional needs. There is substantial evidence that increases in productivity are often realized at the expense of the nutritional situation of the farming population. Different studies point to various underlying economic, social and cultural development projects often fail to benefit all households in a given region because of their concentration on progressive farmers or because of one-sided attention to fertile or easily accessible areas. Wealthy farmers, moreover, often succeed in monopolizing agro-support services which may lead to a deterioration of the situation among the poorer segments of the farming population.

Income gains from cash crops often fall short of compensating for the loss of subsistence output, while project planners frequently fail to evaluate subsistence output accurately, and underestimate the financial costs of new agricultural techniques as well as the costs of the required household labour. Farmers are furthermore faced with low producer prices as a result of adverse price trends in the world market and heavy taxation and inefficient marketing procedures in many countries.

Introduction of cash crops at times lead to intricate cash transfer and disempowerment of the members of the household members depending on who controls the cash in-flow. Most often, the males tend to control the use of incomes generated. Cash-crop agriculture often puts an increased demand on female household labour thereby substantially reducing the time and effort that can be devoted to nutrition. This may lead to a lower time allocation for food crop cultivation but also to a diminished attention for food storage and food preparation, supervision of intra-family food distribution, child feeding and general child care.

Thus **effort to eradicate poverty and hunger need to introduce issues of income distribution at the household levels, balancing of the cash and food production and nutritional objectives in the agricultural and rural development interventions.** The increased joint work with FAO in this respect should be emphasized given that, with the advent

of DEX, at times the specialized agencies like FAO are not immediately mainstreamed into the interventions funded by UNDP.

Luke Wasonga

Regional Service Centre
Johannesburg, South Africa

Diego Recalde, RASC Panama, wrote:

Dear all, many thank for this opportunity to discuss this central matters.

Despite the multiple and different approaches to poverty and hunger eradication, at the end of the day I believe **the only sustainable way to provide additional resources to the poor if through the primary "redistribution mechanism (and policy)" available in any country: The national budget!!!** This can be **done**, of course, **only through progressive taxation**. The more you earn, the more you have to share.....A basic principle, more or less forgotten in many regions of the world....

This does not mean additional taxes; it only means **that people begin to pay their taxes**. In fact tax evasion is very high in the developing world and unless this situation is changed there nothing to be done.

All other "prescriptions" are, in my opinion, the second best option with limited sustainability and impact in the long run. Of course, the long run worries me a lot, like Keynes use to say: "In the long run we are doing to be dead" .

For the case of most Latin American countries, options would be limited to new debt (IFIs' loans), debt cancellation efforts and in general to palliatives, which are not sustainable in the long run. It is clear that by increasing any country's debt the long run becomes a nightmare ("bread for today and hunger for tomorrow").

The big change is moving forward the development agenda in relation to *a strong national budget*, with a responsible macro-fiscal management, from where to compensate the poor with adequate programmes for food security and poverty reduction including cash transfers like it happens in many countries in Latin America. In fact in this region, internal resources are large and could be available, too reduced poverty to less than half in less than 2015!! Many countries in this region have managed to increase taxation revenues in the last 8-10 years with small investments to support the creation of a small taxation office, like it happened in the developed world.

I believe that only with an increased and more sustainable (with less external/internal debt) national budget, it is feasible to produce the big jump and *allow to a whole new generation to have access to new opportunities for education, health, sanitation, food security and more....for human development*.

Follows some short responses trying to answer some of the questions below:

Diego Recalde
Programme Specialist
RASC, Panama

Margret Vidar, FAO wrote

Dear participants and moderators,

I am very pleased with the overall topic of this e-discussion, which is very timely. I am glad to participate in it.

I agree very much with Max Ooft's comment about the structural reasons for hunger and poverty and the need to address them. In recognition that the causes are deep-rooted, complex and closely linked to powerlessness, marginalization and discrimination, I would like to propose that the discussion include developments in human rights. Empowerment of the powerless to claim justice, access to services and protection from those more powerful, coupled with enforceable legal entitlements to minimum levels of assistance would go a long way toward hunger eradication and give real opportunities to people for crawling out of poverty. There are important lessons from a number of countries, particularly Brazil and India that indicate that power relations can be shifted with the force of human rights.

The UN system has been working on the integration of human rights into its programmes for almost a decade now; the accumulated knowledge from that time should be brought to bear on this important issue of hunger and poverty. Great strides have also been made in recent years in the understanding of the right to food and its implementation, notably through the adoption of General Comment 12 by the CESCR in 1999 and the Voluntary Guidelines to Support the Progressive Realization of the Right to Adequate Food in the Context of National Food Security by the FAO Council in 2004.

Best regards,

Margret Vidar
Human Rights Adviser
Right to Food Unit
FAO

Ruby Sandhu-Rojon, UNDP Burkina Faso wrote

Breaking the trend of jobless growth

Dear colleagues,

I would like to add on to the theme developed by Camilo on **breaking the trend of jobless growth by referring to another innovative mechanism – youth volunteering for development**.

Youth volunteering for development is a strategy for engaging young men and women in a range of activities that can improve youth participation and positively harness the energy, vigour and innovation of young people to contribute to the achievement of national and global goals – in particular the MDGs; - but more importantly in terms of the link with jobs - youth volunteering increases the self development of the youth and their employability. I would like to concentrate in particular on Africa.

In many of the African countries youth under the age of 24 constitute over a third of the total population. While young people are a recognised sector of society, they are too often viewed as recipients of government aid rather than as potential contributors to and active catalysts for the

development of their countries – which is why identifying pertinent and innovative strategies to involve youth is critical. This is especially so when looking at current issues of immigration in the region. Nevertheless the World Bank’s recently published 2007 World Development Report comments that seven of the eight Millennium Development Goals have outcomes that relate to young people and that even where young people are not the focus of the goals, their involvement can be important to their achievement.

African countries tend to define youth in a very broad age category (in some cases as young as 10, in some as old as 35), which has major implications for policy formulation, resource allocation and the development of youth programmes. Challenges faced by African youth include unemployment and underemployment, HIV/AIDS, a lack of education and skills, exclusion, limited infrastructure to meet youth interests, and civil war, regional conflict and unstable political environments. Add to that the struggle for identity, a sense of powerlessness and the impact of poverty, and the importance of addressing the needs of young people becomes obvious if African societies are to face a positive future. This requires that young people be viewed and supported as assets in the development of their countries – valuable, untapped resources – rather than as a problematic and marginalised majority.

Examples of the different ways in which African countries are approaching youth employment issues through volunteering include Niger where government and civil society organisations are working with international partners through a two-phase process to establish the legislative context and operational mechanisms to strengthen youth volunteering; Kenya in which a major youth policy initiative is in process within which youth volunteering is to be fostered; and Burkina Faso which is putting in place national infrastructure for the launch of a national corps of “Volunteers for Development”.

In addition to using public policy to shape the volunteering context, there are examples of programmes that can contribute to the growth of an enabling environment for youth volunteering for development, as is the case in Mali and Cape Verde.

In the process, the programmes are developing the young people themselves, equipping them with skills that are broadly applicable and encouraging the young participants to consider opportunities for further learning and new career directions.

The other key benefit is that the young volunteers see themselves as active development agents within their communities; in the process they have gained the admiration of their communities, and have acquired practical experience. Community participation fosters social capital by enhancing networking, building self-esteem and inculcating social skills such as communication and access to information.

Regards,

Ruby Sandhu-Rojon
Country Director
UNDP Burkina Faso

[Daniel Kostzer](#), UNDP Argentina wrote:

Breaking the trend of jobless growth

Dear participants of the e-discussion,

I think that MDGs constitute a very interesting instrument for social policy planning, since they

allow the envisioning of tools, following the so called "rational planning" as Jan Tinbergen pointed out some 50 years ago. In this respect, and due to the relationship between employment and poverty, I would like to share with you some draft ideas.

Daniel Kostzer
Cluster of Social Development
UNDP Argentina

In capitalist societies the labor market plays a key role in the process of poverty reduction and improving living standards of the population. The labor market is the *gear-box* that links the economic structure of a country, the institutional set-up and the well-being of the households in a dynamic and recursive way, defining income distribution, poverty levels, individual household and collective strategies, etc.

Within this conceptual framework it can be argued that there is no better way to struggle against poverty than job creation, and in this respect, economic growth seems to be the only way. This assertion should be rephrased, since economic growth has proven to be necessary, but not sufficient condition in order to generate jobs and reduce poverty. Growth without income distribution has little efficiency in order to reduce poverty. The higher the Gini coefficient is, the lower the probability of poor households will receive the benefits of economic growth in terms of income, maintaining or increasing the incidence and intensity of poverty.

At the same time, "bad jobs", badly paid, with no protection or stability, do not contribute to poverty reduction, worsening sometimes the problem and reducing degrees of freedom for policies.

The distributive potential of economic growth depends basically on the pattern of growth the economy presents e.g. the productive sectors that lead the process, as well the role of the state in terms of taxing and spending. The pattern of growth defines the backward and forward linkages and the employment multipliers in an input output framework, inducing to the creation of new jobs, e.g. the labor intensity of the economy. Obviously these depend heavily on the way in which the economy links to the international setting in terms of financial liberalization, foreign trade (exchange rate policy, trade institutions, trade agreements, etc.). The state, playing the role defined, defines the pattern of accumulation and distribution in the short run, progressive or not.

To think labor markets as some sort of residual or by-product from overall economic growth leads to wrong policy choices that ignore the profound interactions between employment, economic growth, institutions and human development. Unemployment is not a problem of matching between supply and demand; wages do not represent the marginal productivity of labor. Wages are not a mere cost of production, rather a dynamic factor in the process of economic growth.

That is why full employment should constitute the objective function of any strategy oriented to struggle against poverty, foster equity and human development. Particularly in countries where the main reason of unemployment is the shortage in aggregate demand with spare productive capacity. The problem is more complex and difficult to solve in those countries where the origin of unemployment is the result of a shortage in previous capital accumulation (e.g. full capacity with unemployment).

If full employment is an objective function it is central to evaluate and monitor the impact on employment of every economic and social policy, plan or programme implemented, in order to avoid negative impacts in this field. This requires the development of new and original tools to do

ex-ante assessment and reduce risks of job destructions, but also on-going evaluations that will allow changes in the direction if the results are not the desired. UNDP, ILO and DESA have in this field an important role to play, supporting the process of capacity building at national and sub-national level in terms of the statistics and the analytics required for these tasks. Wrong policies, designed and implemented overnight have proved to harm millions of people for long time with inter-temporal reproduction of poverty and exclusion.

In countries with unemployment originated in the lack of aggregate demand the state must play the role of employer of last resort (ELR), providing a job to every person willing to work, at a reasonable salary that will allow the household to overcome poverty, at the same time that allows other kind of social interventions oriented toward the achievement of the MDGs.

General advantages of the ELR (Employer of last resort)

An employment program presents advantages in several dimensions.

- A. Political advantages:** It should be clear that an ELR is a program that needs a certain degree of political will and autonomy, and in that sense, presents some advantages to the policymaker that help in the implementation of such a program.
- Constitutes a global strategy against exclusion and poverty, by centering on the employment condition of the individual and restoring the citizenship status to vast sectors of the population, absent during the period of structural adjustment programs.
 - It a clear schema of social protection, not charity: Since an ELR program involves a social service by the individual, it cannot be considered a mere charity strategy, and should be envisioned as a social protection schema by the overall community, enhancing the political and social acceptability of the plan.
 - Reduces unemployment: Unemployment is one of the crucial variables that help in the appraisal of a political administration; and since the ELR reduces the involuntary unemployed to almost zero, it can be presented as an achievement.
 - Integrates and empowers excluded groups: It helps excluded collectives to extend nets and linkages via equality of opportunities, at least at the level of the program. It has a high level of self-targeting, thus making it superior to other type of social programs.
 - Allows the identification of problems for further interventions: Since poverty is multidimensional, the program helps to identify other problems that are hiding at the household level, under the sign of unemployment, and aids in the design of complementary interventions.

B. Social advantages of the ELR: The ELR is meant to reduce the exclusion that characterized the structural adjustment strategy implemented during the 80-90s in most of the countries of the region, generating what was called social disarticulation.

- Solves basic needs insufficiencies at the household level: A large number of households present unsatisfied basic needs, most of them due to the insufficiency of income, thus, leading to an increase in school drop-out rates, infant mortality, poor housing, dependency rate, etc. The provision of a basic income via a job-employment helps to solve that facet of the problem. Anyhow these do not preclude the need for other types of deep interventions, especially in the area of social infrastructure, education, health, democratic governance, etc.
- Improves human capital at individual, local, and national level: It is well known that the chances of an unemployed individual is lower the longer the unemployment period is; thus, the reinsertion into an employment schema that involves training is a very efficient way of avoiding this process of human capital deterioration.
- Involves beneficiaries in collective plans and projects: The beneficiaries of the program, some of them with years of unemployment, can be involved in collective plans, many of them designed at the grass roots level, restoring the social links and networks locally. Overall, enhances the feeling of participation at local level.

- Reduces pressures on the unprotected informal labor markets: In countries with high informal or non-registered labor markets, the vulnerability of workers is immense, if all individuals have the opportunity to get a reasonably paid job, it will induce to wage increases and better working conditions in those markets, some of them which are at the fringe of legality.

C. Local and regional advantages of the ELR

- It is basically counter-cyclical: As was stated above, the ELR has an important role in reducing the negative impact of the business cycle, as well as other effects, such as: climatic problems, external shocks, etc. at the local level, and avoiding the transfer of those negative effects to other sectors linked to the main employers in the region.
- Improves infrastructure and proximity services: Since the beneficiaries will be involved mainly in local community projects, these provides an improvement on the local infrastructure (sanitation, housing, better side-walks, irrigation schemas, road maintenance, schools and hospital maintenance, etc.), as well as services appropriated by the same local community and small scale business and inhabitants, such as: day care, school support, health support, etc.
- Generates multiplying and accelerating effects: Since the pattern of development and accumulation has changed from a homogeneous one to other one with the behavior of "mushrooms," it is very important to induce demand at local level in order to recover local activities that were, impacted by the disarticulation process. With an ELR, the injection of demand locally can restore part of those linkages destroyed by the institutional change.
- It is able to articulate with the productive sectors in order to create stable, good quality jobs: If the domestic demand is induced and some of the activities developed within the ELR program can be directed to foster the productive infrastructure of the region, it is more likely that the business community will take advantage of that potential. This does not mean that the beneficiaries should play the role of the subsidized labor force for the private sector, since this has proved to be harmful, (due to several factors that reduce the effectiveness of the ELR).
- Barely distorts local labor markets: Although this is not a major point in economies that have unemployment rates of two digits, labor market distortion is one of the arguments stated by those that defend free markets. Alternatives to of subsidizing private employment, however, of the various types are real distortions to the labor market, result in the piling up of people in the queue, and not generating enough jobs. On top of that some pervasive effects tend to occur, such as fictitious turn -over, massive lays- offs at the end of the program, etc.

Full employment programme and the MDGs

According to Jan Kregel, with a suitably designed ELR programme providing employment will satisfy the MDG 1 since will eradicate hunger and extreme poverty.

If the possibility of attending to school is used as a commitment to the recipients of the programme MDG2 of an universal primary education will also be achieved.

This kind of programme in general is very receptive of women, providing opportunities to promote gender equality, and since warranties an income to them, empower females (MDG 3). Within the same strategy, education and maternal care measures can be instrumented improving maternal health via prevention, as well the reduction of child mortality (MDG 4 and 5).

Obviously full employment is not a silver bullet in order to address all the dimensions of human development, it can be an interesting tool in that direction, especially in countries with some productive potential, that faced wrong economic policies that lead to an increase in poverty and exclusion, restoring some of the planning activities and tools that government abandoned during the years when market was seen as the most efficient instrument for resources allocation.

Ram Shankar, UNDP Maldives wrote:

***Jobless growth and innovative national policies to reduce rural and urban poverty
Short-term responses to long-term solutions to hunger
Scaling up the response***

“Development requires the removal of major sources of unfreedom: poverty as well as tyranny, poor economic opportunities as well as systematic social deprivation, neglect of public facilities as well as intolerance or over activity of repressive states. ... economic unfreedom, in the form of extreme poverty, can make a person a helpless prey in the violation of other kinds of freedom.”

-- Amartya Sen, *Development as Freedom* (1999), p. 3, 8.

Many thanks for the opportunity to contribute to this important discussion, which I believe goes at the very heart of the functioning of the United Nations System and its ability to respond effectively to global issues as basic as poverty and hunger. The reality is that poverty and hunger are issues affecting countries that are developed, developing and under-developed. Professor Sen's comments given above reveal the spiraling effect of hunger and poverty

Recently, the Toronto Star carried an analysis on poverty in Toronto, Canada ("Councilors seek to pressure province to raise minimum from \$ 8 an hour, Jan 30, 2007). A key point that arose in the article was the low hourly wage paid to wage laborers. The article noted that wage laborers "have rent to pay and families to feed, and they can't afford to do that on what they're earning. The minimum wage has failed to keep pace with inflation over the years." Similarly, recently, NDTV, one of India's top news channels ran a series on hunger among the poor children (mainly in rural area) as well as highlighting cases of suicides by farmers in the state of Maharashtra. As Amartya Sen rightly noted in his seminal book on "Poverty and Famines, there is enough food to go around - as the news series noted - maladministration in the running of the food centers where the rural children are fed, and the role of middle-men in swindling farmers and high debts incurred by the farmers have contributed to children going hungry and the farmers committing suicide out of sheer despair.

To answer some of the queries in the AMR:

1. Jobless growth and innovative national policies to reduce rural and urban poverty (both these questions are interlinked and so, I have combined them):

- In India, currently, there is a huge focus by multinational companies on urban centers, which have become over-crowded and have also resulted in dramatic price increases. Of course, this spurt in development of urban centers has resulted in a flood of immigrants from rural communities looking for various job opportunities. My suggestion therefore, is not discourage rural-urban migration, but to focus on the development of rural centers as the next frontiers of economic development, as has been done in China. In other words, rather than focus on an already expensive and overcrowded city such as Bangalore, focus efforts through development of national policy by developing infrastructure, and facilities for secondary growth centers, in rural areas to spin off the economic boom. This holds good for other countries as well and not just for India.

- In the context of the preceding point, increase in asset ownership and access to financial services needs to be backed up with adequate regulatory and governance framework - the case of the farmer's suicides is an example in point - high debts incurred by the farmers (that provided them access to financial services) but a lack of corresponding regulatory framework in ensuring adequate resources to pay back the loans has resulted in a failure of the system to safeguard the interests of the farmers, thus forcing them further into penury and despair.
- Free trade agreements individually between countries and added cooperation through mechanisms such as ASEAN, and SAARC - the UN can and should encourage more agreements between similarly placed groups of countries following the European Union (EU) model. Exchange of goods, peoples and services between the south Asian countries is likely to positively affect all around between these countries.
- To identify constraints and challenges, use existing databases such as DevInfo (www.devinfo.org <<http://www.devinfo.org/>>). There is an urgent need to consolidate different existing applications used by the UN system (and the World Bank) in analyzing constraints and challenges.

2. Short-term responses to long-term solutions to hunger:

- **Genetically modified food** offers a vast range of options to feed the world's hungry that simply did not exist a few years ago. After adequately balancing the pros and cons, I believe that the world needs to take a stand on this matter and to actively encourage the usage of GM foods to feed the world's hungry.
- A real expertise of the UN is to share best practices between regions and countries (especially through mechanisms such as the South-South Cooperation Unit) and of course, to provide expertise in the area of good governance. I believe that food is aplenty but **good governance is seriously lacking - including the governance of institutions and organizations that are meant to feed the poorest.**
- Long-term solutions to hunger by governments of the world will come only by first admitting that there is a long-term problem. Many governments, including those in Africa, seem to shy away from admitting that there is long-term problem. One way of assisting these governments is for all UN agencies (including and especially the World Bank group) to work closely **in building capacity of these governments through their PRSPs to target the issue of hunger, including provision of alternative crops and GM foods.**
- To answer Mr. Nikhil Seth's question in a previous contribution about what Governments can do in reaching out to farmers - I believe that we should use existing resources and expertise that the UN has in sharing best practices - build capacity and **train farmers on best practices on farming and alternative crops from other countries and usage of low-cost technology.**
- Re: climate change, apart from the efforts of governments collectively and individually, I believe that the UN can play a useful role here by mobilizing CSOs in various countries to educate local communities and people and to influence national and sub-national policy making processes.

3. Scaling-up the response:

- **Domestic resource mobilization** - I would like to cite a relevant case study from Professor C.K. Prahlad's book on "The Fortune at the Bottom of the Pyramid (2005)," where he describes the story of ICICI Bank's Innovative Approach to Financing in India. In essence, ICICI banking group, and private and the second largest banking group in India, decided to enter the microfinance field in India because there was a vast unmet demand for credit in rural areas. ICICI saw a real opportunity (and need) in this area because many of the problems and risks with microfinance could be alleviated by the capital, expertise, scale and reach of a major bank. ICICI has piggy-backed and partnered with CSOs and existing microfinance institutions to serve and increase its rural banking presence. In other words, I am citing this example because I believe that the true engine of growth and measure to increase domestic resources lies with the private sector and related entrepreneurship. The UN and national governments need to encourage private sector to increase and redistribute resources within countries.
- Effectiveness of aid and international financial support for the MDGs - We are halfway towards the achievement of the MDGs. Aid effectiveness can only be achieved with a proper system of accountability, transparency, funds distribution system and basic security in place - in other words, elements of good governance being in place for the achievement of MDGs. The UN has a particular role to play in this effort and the international community should best support any financial scale-up depending on the implementation of measurable governance reforms.

Sincerely,

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Dag Ehrenpreis, UNDP IPC Brazil wrote:

Poverty reduction is the result of several interacting factors, including importantly: redistribution of incomes, assets, and opportunities; pro-poor economic growth; and social provision and protection. A recent issue of IPC's journal *Poverty in Focus* highlights the importance of social protection and the role of cash transfers in the struggle against poverty and hunger. It is available at [Social Protection – the role of cash transfers](#) social, or [http://www.undp-povertycentre.org/newsletters/Poverty in Focus June 06.pdf](http://www.undp-povertycentre.org/newsletters/Poverty%20in%20Focus%20June%2006.pdf).

Social protection aims to enhance the capacity of poor and vulnerable persons to manage economic and social risks, such as unemployment, exclusion, sickness, disability and old age. Policy interventions on behalf of poor people are known to improve their well-being by, among other things, moderating the impact of shocks causing sharp reductions in their income or consumption. Social protection and provision can also enhance the productive capabilities of poor men and women, reducing poverty and inequality and stimulating pro-poor growth.

Like other policy areas, social policies involve choices and priorities, for example between mere social safety nets and promotion of sustainable livelihoods, short term alleviation and long-term elimination of poverty, universal and targeted programmes, conditional and unconditional schemes, food and cash transfers, etc. Criteria must be set for selecting which households, and

who within them, should receive the benefits. If schemes are conditional, then on what: participation in education, health, nutrition and/or work programmes? Is such participation by the poor and needy in fact constrained by demand or supply factors? Can institutional and management capacity cope effectively?

These are some of the issues policy planners need to consider, and the above-referred issue of *Poverty in Focus* covers many of them. The first article discusses the basic social policy choice of targeting vs. universalism, i.e. whether social benefits are a basic right for all citizens or need to be limited only to the truly needy and deserving. Policy regimes are usually somewhere between these two extremes, but where they lie on this continuum can be decisive in spelling out individuals' life chances and in characterizing the social order.

Then, a broad view of social protection for the poorest is presented, which envisages social protection as having both short- and long-term roles in poverty reduction; several illustrative project and programme examples are presented and then highlighted in text boxes throughout the journal in their regional context.

In South Africa, a proposal for a universal income grant has engendered an intense debate. The implications of such a scheme are analyzed in the following article, including both poverty reduction outcomes and the macro-economic feasibility. This is followed by an article summarizing an IPC study of conditional cash transfers in 15 African low-income countries, and a presentation of an unconditional cash transfer pilot scheme in Zambia.

The next region in this journal is Asia, where two new Indian laws guarantee employment for all poor households as well as the right to public information for full transparency; further, a pilot programme targeting the ultra-poor in Bangladesh shows promising results.

Then, the journal highlights the current trend in Latin America towards targeted and conditional cash transfers in response to the failure of universal social policies in reaching the poor and breaking inter-generational poverty. Although homegrown and originated with domestic funding, these programmes have received enthusiastic and substantial support from the international community, and they are being promoted elsewhere. What are the challenges and lessons from this region and how transferable are they? Another domestic model is provided by the Chile Solidario programme—a first attempt to construct a comprehensive social protection system.

Finally, there is a bilateral donor representative's view of the role of social protection with cash transfers in promoting pro-poor growth and poverty reduction; also how donors are working together with developing country partners for providing more effective support towards this end.

Welcome to the IPC website, where you will find many other documents of direct relevance for this e-debate for free downloading!

Dag Ehrenpreis

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Robert Cherry, Brooklyn College, wrote:

Dear Daniel;

I think that your highlighting the preeminent role of full employment policies is also important for the United States. In my own work, I have tried to stress how important high employment policies are for those on the margins of society – groups like welfare leavers and young black men, especially those with a criminal record. It is only when labor markets are tight that employers will be forced to hire from groups that they perceive as too risky. If one is interested in some evidence of the importance of high employment policies see:

African Americans and the Social Benefits of Tight Labor Markets. *WorkingUSA* 5 (Fall 2001): 106-118.

Welfare Transformed: Universalizing Family Policies that Work. Oxford University Press, forthcoming.

Prosperity for All? The Economic Boom and African Americans. (co edited with William Rodgers). New York: Russell Sage, 2000.

Robert Cherry
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Brooklyn College
Research Associate,
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[Massoom Farhad](#), UNDP Afghanistan, wrote:

Dear Moderators,

I wish responding to the majority of the questions raised, but I opt to nourish my thoughts to - ***should rural-to-urban migration be discouraged? How can the urbanization of poverty be prevented?*** The answer to the first part of the query is easy and simple as that "YES" the rural-urban migration should be discouraged, but how, which is a reflection to the second part requiring a profound focus.

I initially intend to elaborate on why people have been moving from rural to urban in Afghanistan context since the last 20-25 years. The pressure behind internal displacement was due to political trends/beliefs at the very beginning as the Afghan government gradually lost its control in the rural areas whilst opposition felt uncomfortable in areas under the government jurisdiction. This resulted in creation of geographical and political divisions between the government and opposition supporters - as simple is that cross-migration started, the government and its people confined in the cities whilst oppositions gathered in rural areas. In addition to many impacts, defection became living principles to criminals - do a crime here and join the next party to avoid punishment.

The second reason for migration was to look for better security options - liked and disliked by warlords and/or escape unsecured area.

The third reason was reduced livelihood options - almost 85% of Afghans were living in rural areas and engaged in agriculture as the main source of income. The infrastructures supporting production and supply of agricultural inputs and marketing of rural products, particularly roads and irrigation sources were abolished due to the war and drought. Consequently, labor force and

land existed while the third component of agriculture “water” disappeared. This resulted in massive migration from rural to urban seeking alternative livelihood options.

The fourth reason for migration has been massive investment of government, aid agencies and private sector in urban cities that created job opportunities for skilled and unskilled labors. The fifth reason has been expansion of urban cities by the government and private investors initiating a number of residential schemes which not only attracted labor from the rural areas but also diverted rural investments to the cities. These constitute the major contributors to rural-urban migration, whereas tens of minor contributors also still exist.

On the question “***how can the urbanization of poverty be prevented***” I would like to propose the following points with the intention of minimizing pressure on urban centers and encouraging rural settlements:

1. Ensuring security for political practices and expressing believes, feeling secure, protecting investment, etc;
2. Clear policy of the government and aid agencies on rural development;
3. Rehabilitation of transitional water resources and exploring alternative options;
4. Strict restrictions on urban housing schemes and improving housing facilities in rural villages;
5. Restrictions on provision of any types of credits / micro financing to establish small enterprises in the urban cities;
6. Supporting the revival of tradition rural enterprises in the villages;
7. Provision of subsidies to rural inhabitants on energy and water consumption, etc;
8. Provision basis services such us clinics, schools and access to justice;
9. Encouraging private sector investments in the rural area to ensure sustainability of the services;
10. Such a policy should also encompass private sector investment with respect with planned intervention; and others

Regards,

Massoom Farhad

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Robert I. Lerman, American University, wrote:

Dear discussion participants,

Although I am an advocate of **last resort employment** and indeed worked for such a plan when I participated in policy development for President Carter's welfare reform proposal, one must be very careful about such plans if they are not to backfire.

One key aspect of any discussion of jobs and income must begin by noting that not all jobholders have the same earnings requirements to escape poverty or low-income status. There are second

earners in families headed by a middle income wage earner. There are people with more or less assets. There are people with no dependents. Thus, the variation in wages is a poor indicator of the variation in incomes relative to needs. By implication, priorities for who should qualify for employment of last resort are best allocated toward primary earners in families with children. (By primary earner, I mean the adult member with the highest prior earnings say, in the last month).

The second aspect is the issue of the use of wages vs. other supplements to assure a decent income. It is important to avoid wages well above the minimum to avoid crowding out existing jobs from the market and increasing costs in ways that contribute little or nothing to added income for the poor. After all, if one offers a job paying \$9 per hour in the public sector, no one will work on jobs paying up to \$9 per hour unless the employer raises wages. Some will raise wages, but without increases in productivity, the wage increases will be inflationary. Moreover, the high ELR wage rates will no doubt led to some reductions in jobs offered in the private sector, though this may take some time. Far better than offering "a reasonable salary" is to offer a low salary (one that involves minimum displacement) and to combine the worker's earnings with necessary supplements to help the family achieve adequate living standards.

Third, any ELR program must deal with the frequent trade-off between maximizing output values and minimizing displacement of regular public employees. Typically, the highest priority public expenditures are tasks that might be undertaken by public employees if the budget were higher. But, putting ELR people in those jobs may induce protests by public employee unions who wish to preserve those jobs for their members. On the other hand, putting people to work on jobs that would never be funded will inevitably make the output look like it has low value. Moreover, the government will save little in terms of reduced costs for high priority public outputs. At worst, the program will develop a terrible reputation because the output does not have to meet a market test and will often be considered of little value.

I wish I had time to discuss these points in more detail, go into other relevant points, and send relevant writings by me and others. Before closing, let me reiterate my support well-structured work-conditioned approaches to helping the poor.

Sincerely,

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Vladimir Mikhalev, UNDP Regional Center Bratislava wrote:

Dear Colleagues,

The topic of the this **e-discussion is very welcome and timely in view of the current efforts of many countries in developing a new round of PRSPs and UNDP efforts to support these processes and align them with MDGs.** Policies aimed at eradicating poverty

and hunger contain a number of universal principles but also many country specific features. This discussion will be a valuable contribution to country efforts by widening policy options and mechanisms that can be deployed within new PRSPs.

As an example of this process I would like to point out Uzbekistan which is currently developing a Welfare Improvement Strategy (an analogue of a PRSP) with support of a UNDP team provided by the Uzbekistan CO, the International Poverty Centre in Brasilia and by the Bratislava Regional Centre. It would be relevant to share the identified priorities of making economic growth in Uzbekistan more pro-poor and policies aimed at reduction of jobless growth and generation of employment. (Topic 1 of this e-Discussion). In Uzbekistan's context these issues are closely linked to Topic 2 of reduction of urban and rural poverty as lack of productive employment is understood as the main cause of poverty. In Uzbekistan lack of jobs generating sufficient income demonstrates itself in underemployment rather than in open unemployment, consequently the profile of poverty is characterized by large numbers of working poor. Unemployment according to available statistically is actually very low or 2 per cent of the workforce.

Uzbekistan has adopted the MDG1 of reduction of poverty by half by 2015. In accordance with this goal the objective of the new strategy is to reduce the poverty rate to 20% by 2010 and to 14 % by 2015. Dynamic economic growth and improvement of living standards form necessary preconditions for the reduction of poverty but policies will be implemented to ensure more equitable distribution of the fruits of economic growth. Poverty reduction elasticity to growth needs to be substantially increased from the 0.18 per cent reduction of poverty per one per cent of increase in GDP as observed in 2001-2005.

The Government of Uzbekistan has defined its strategic objective as increasing the contribution of economic growth to reduction of poverty and improvement of living standards by creation of employment and income generation. This objective translates in structural policy that will promote labor intensive sectors with the great employment potential, such productive agriculture, agro- and food processing, and services with a particular focus on small-scale and family entrepreneurship.

Development of agriculture in Uzbekistan is a strategic priority due to its labor intensity and its potential to improve income of the one third of the population employed in this sector, to promote rural development and improve living standards in rural areas where 63 per cent of the country's population live and where the majority of the poor are concentrated.

In the past years agricultural policies were used to extract resources from the cotton sector to finance import substitution of oil, wheat, automobiles and other manufactured goods. This was achieved through government control of procurement and input prices, mandatory procurement of a large share of cotton output by the state, as well as by controlled exchange rate and credit mechanisms.

Agriculture will change its role from that of provider of resources for other sectors of the economy to a second engine of growth. Land ownership needs to be reformed to ensure access to land for the poor. Agricultural policy will aim at creating market incentives and increasing productivity of farms. In particular, pricing and procurement systems in the cotton sector will be gradually deregulated and liberalized but at the same will provide required levels of support and export incentives to producers.

Similarly, the labor intensive SME sector, especially in rural areas, will receive government support through improved business climate, access to credit, marketing and support services. The government will promote further development of micro crediting, credit unions, and cooperative societies as well as other initiatives that have proved effective in mobilizing and

empowering citizens and communities towards improvement of their livelihoods.

Apart from priority development of employment and income generating sectors of economic activity, such as agriculture and SMEs, poverty reduction requires measures to ensure more equitable distribution of incomes and enhanced social protection for the poor and vulnerable groups. Income distribution policies will aim to reduce the currently high real level of income inequality of 0.45 per cent as measured by Gini coefficient to a value of 0.36-0.38. Achieving greater equity of welfare of the people requires reduction of regional inequalities in the living standards, including elimination of disparities in employment opportunities and in access to social services and infrastructure.

The system of targeted child allowances and social assistance benefits has proved effective in alleviating most acute forms of deprivation but the volume of income transfers needs to be increased and its targeting strengthened in order to ensure substantial reduction of poverty. While the welfare of working citizens will be improved through economic opportunities and higher incomes, social assistance will target children and vulnerable groups including the elderly and disabled. The improved effectiveness of social assistance will be achieved by reforms aimed at improvement of planning, targeting and management of social expenditures, using the positive experience of the decentralized administration of social assistance by the local self-government - mahallas.

The above broad priorities need to be translated into specific tasks and policy tools, which is the current focus work on the Uzbekistan Welfare Improvement Strategy. The team looks forward to experiences and ideas shared in this e-mail discussion by colleagues from around the world. They will certainly be very stimulating for finalizing the policy package of the new Uzbekistan's strategy.

Best regards.

Vladimir

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Bipul Chatterjee, CUTS International wrote:

Dear All,

With reference to the subject-mentioned e-discussion, our first submission is on the ***Priority Area on "Global Governance on Trade", particularly on the question - "What are the critical changes that need to be made in the global governance of trade to enable equity and fairness in the international trading system?"***

Our submission addressing this question is as follows.

A major threat/obstacle faced by the multilateral trading system under the aegis of the World Trade Organization (WTO) is on account of "democratic deficit" at the WTO. In principle WTO is a democratic organization, where each Member has one vote but the reality is different. There have been some positive changes in the recent years when large developing countries like Brazil and India are engaging with developed countries on more equal terms. LDCs (least developed countries), however, still do not have much say in the decision-making process. A solution to this "democratic deficit" should be found by emphasizing on the "development agenda of trade liberalization". WTO has not done enough to liberalize trade and linking that with development.

The farm goods market is still highly distorted. In services, developing countries have not been given market access under the modes of their interest, particularly on temporary movement of semi-skilled and unskilled workers. In industrial products most of the WTO Members have undertaken unilateral liberalization. Thus, all-round trade liberalization should be the main driver of the multilateral trading system. Only through meaningful trade liberalization, developing countries can obtain their due share in world trade. More over, the civil society has to be pro-actively engaged by the WTO and its Members. Its non-inclusion is deepening the democratic deficit in the system. It is only through civil society's engagement "effective partnership for development" can be operationalised and democratic deficit can be minimized. While the rich world will have to make its aid policy coherent with trade policy, the poor should make trade policy coherent with their poverty reduction strategies. The result will be a better social and political buy-in for trade liberalization driven by the multilateral trading system. The WTO Members have made a commitment in the Doha Declaration (Para 10) in this regard: "We shall therefore at the national and international levels continue to promote a better public understanding of the WTO and to communicate the benefits of a liberal, rules-based multilateral trading system."

Another major challenge is that of the "poor governance" of the multilateral trading system. WTO has not really succeeded in bringing in large developed countries to the terms of its agreements. The non-fulfillment of several Uruguay Round commitments by rich countries proves that they have been successful in manipulating the process to deny developing countries their rightful space in the world trade system. There is no systematic mechanism (other than the costly dispute settlement mechanism) by which the WTO can evaluate the fair evaluation of its agreements. A solution to this "poor governance" is to improve the decision-making process at the WTO. The membership of the WTO has crossed 150. Hence, it is not feasible to involve all Members in the decision-making process. However, the core negotiating group has to be representative in nature. During the GATT days it was the Quad - EU, USA, Canada and Japan - who ran the system. In the Doha Round this practice has been changed and large developing countries like Brazil and India are involved in core negotiations - a new Quad has emerged. Even this is not truly representative, and it needs LDC representation (Chair of G-90).

The third major challenge lies in the "dispute settlement system" of the WTO. It suits rich and large developing countries. Though the dispute settlement mechanism is one of the hallmarks of the WTO, poor countries often find it difficult to use it because of: low/non-existent capacity, no capacity to cross-retaliate and huge expenditure. An alternative and cost effective dispute settlement system, like the Swedish proposal for an Ombudsman, is to be in place along with capacity building of poor countries to take effective part in the dispute settlement mechanism. Secondly, the system could make financial compensation award to a poor country, which cannot use a retaliatory mechanism.

With kind regards,

Bipul

Bipul Chatterjee
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Nora Lustig, UNDP BDP New York wrote:

Global Governance of Trade: What innovative policies and strategies can countries use to ensure that the benefits of globalization are both inclusive and equitable, disproportionately benefit the poor and effectively shield them from its perils?

Rich countries can help reduce poverty and inequality in the developing world in several ways. Through the implementation of policies that reduce the wage gap between low- and high-skilled workers or between capital-owners and labor in the poorer country. Lowering international trade barriers for goods and services that employ low-skilled workers, encouraging foreign investment in labor intensive sectors and relaxing the restrictions for international migration in the richer country can do this. It is important to note that not all the reductions in trade barriers or migration restrictions will help. For example, reducing the barriers for goods that are intensive in the use of natural resources could actually exacerbate inequality and poverty in the country of origin. The same goes for relaxing migration restrictions for skilled workers.

The second way is to increase the resources available to the government of the poorer nation for redistributive policies. This can be done through foreign aid, debt reduction, or concessional loans. The cohesion or social funds implemented by Europe are an example of such policies. However, such policies will result in a sustainable redistribution only if the additional resources are invested in growth- and equity-enhancing sectors such as infrastructure in backward areas, human capital of the poor and the rule of law.

To help countries cope with the volatility of capital flows, an effective global financial safety net should be set in place. Otherwise countries need to accumulate an excessive amount of reserves to self-insure foregoing growth and benefits to the poor. In addition, in order to help poor countries improve their tax base, rich country governments should put in place mechanisms that reduce tax loopholes for poorer countries' rich.

Nora Lustig
Director
Poverty Group/Bureau for Development Policy
United Nations Development Programme

C. Kenrick Hunte, Howard University wrote:

Dear Participants,

I am indeed grateful for the opportunity to join the discourse on poverty reduction in developing countries. I believe that in order to reduce poverty in developing countries, the emphasis has to be focused on changing the way rural households allocate their time on a daily basis to meet basic needs (Maslow 1943). Income earning strategies are important, but until we can change

the manner in which rural households collect and store drinking water for family use, we will not have a lasting effect on poverty reduction.

For persons in the developed countries, collecting and using clean water is not a concern that warrants any serious attention, as it is delivered in the home and is available 24/7/365. This availability of fresh water in the home saves time, and in terms of its costs, it is a small share of the household budget.

In contrast, accessing fresh water in Sub-Saharan Africa (SSA), for example, is time consuming, difficult and expensive, requiring several trips a day. Women are usually burdened with this task and it hinders multi-tasking and reduces opportunities for asset-building and asset-earning activities, such as women starting small businesses using microfinance, or spending more time with their children, which is a special asset-building activity.

I am of the view that reducing poverty in rural areas is premised on the following idea:

"that reducing the time spent by women on activities that provide basic needs and reallocating the time saved (the freeing of underemployed labor hours) to asset building and asset earning activities is the approach that must be taken, if poverty is to be reduced. In particular, I contend that fresh water delivered in or closer to the home is one such activity that must be undertaken more vigorously by those in charge of poverty reduction programs."

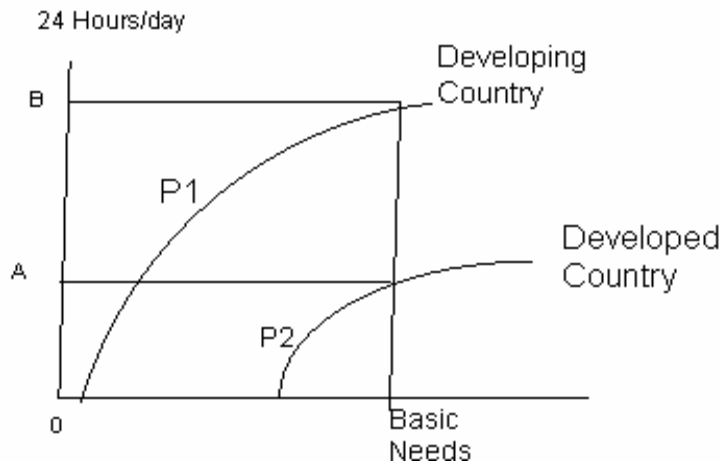
In The Millennium Development Goals Report 2006, page 19 it states in the heading that, 'world targets for safe drinking water are in sight, but coverage remains spotty in rural areas'. It further states in the report that, "(T)he largest urban-rural disparities are found in parts of sub-Saharan Africa, where city dwellers are twice as likely to have safe water as their rural counterparts."

I contend that an immediate investigation is warranted to ascertain what are the constraints and problems retarding the successful completion of this goal of delivering fresh water in rural communities. Specifically, a study should be undertaken of what approaches have been successful and what financial commitments have been made in delivering fresh water in rural communities. Lessons learned about delivering fresh water successfully should then be replicated across affected regions so as to ensure the goal of delivering fresh water is achieved and hours spent by women on this activity is reduced.

Secondly, I have not seen a study (maybe there are such studies) which measures the time spent by women collecting and transporting water in SSA by rural/poor women. I would argue that saving one to two hours per day per woman in a village of a few hundred women, because of the access to well/or freshwater, will go a long way to asset building through learning new skills or engaging in micro enterprise activities that raises income. The main reason for this outcome is because of the lower quality of basic needs infrastructure in developing countries than in developed countries (see diagram below). Consequently, drinking water in or close to the home allows the productivity of the household to be relatively higher, as it improves hygiene standards and strengthens disease control mechanisms.

Hours Spent on Basic Needs: Developed and Developing Countries :

Because of lower quality infrastructure (P1) developing countries spend more time to attain basic needs than Developed countries (P2); Hours saved = $B - A$; hours saved per day can then be used on asset building or income earning activities daily.



Best regards.
C. Kenrick Hunte
Professor of Economics
Howard University

Clara Ikekeonwu, University of Nigeria wrote:

Dept. of Linguistics, Univ. of Nigeria, Nsukka
Member, Status of Women Committee, International Federation of Univ. Women.

Dear All,

The topic of this e-discussion is not only very relevant but also, from its presentation, gives substantial room for a fairly comprehensive discussion through the diverse sub-themes.

I will in this submission direct attention to the ***"reduction of jobless growth" and "innovative national policies to reduce rural urban poverty"***.

Firm Labour laws/regulations could greatly help developing countries get more of their youth employed. In many cases the employers including the government do not have any clear perceptible regulations they follow in employment. There are, of course some "documented policies which are strictly speaking, paper tigers. The result is a bloated, directionless Civil service that leaves little or no room for the infusion of new blood. Over aged personnel hang on tenaciously to their jobs and there appears to be no one to enforce the retirement requirement. Corrupt practices often frustrate the effective application of such rules also.

When workers retire, they do so to face pain and penury, their retirement benefits are generally not paid. For other employers of labor the story is not heartwarming. The emphasis is on maximizing gains. A job that would demand ten able-bodied young men and women would be

given to probably three retirees for a pittance. The retirees would only be too happy to do the job, if nothing more, to eke out a living in their pensionless retirement. The government should endeavor to check these excesses if something concrete would be done in the reduction of jobless growth. The international community especially, European and American, could help out in this issue by liberalizing their trade policies so that quality goods produced in these developing countries are allowed to be sold in their countries. They should also site companies in the developing countries. The current situation where the developing countries serve basically as zones that provide raw materials and no industries are sited in them for the utilization of the raw materials can only compound the problem of the jobless growth.

For the rural-urban drift the key factor is the feminization of poverty. In many developing countries the woman is the sole manager/mentor of the family. I hesitate to use the expression, "bread winner" which over the years has, rightly or wrongly been ascribed to the man of the house. The average African woman is saddled with the responsibility of catering for both her husband and the children yet she is malnourished, uneducated and unenlightened. Her children leave for the nearest urban centre as soon as they are able to find their way there. Of course, they do all sorts of menial jobs in the urban centres since they are neither well educated (if at all) nor skilled in any particular job. The population of the urban centres grows in leaps and bounds. Shanties and sub-human habitation spring up in various parts of the urban centres creating demographic problems and taking criminal activities to a new level.

Most rural areas of developing countries do not have basic amenities such as portable water, electricity etc. If these facilities are provided industrialist may be encouraged to cite industries, especially agro-industries in these areas and this will check the rural urban drift to some extent.

Certainly, increase in asset ownership and access to financial services would greatly improve security and employment opportunities. This becomes very crucial, if such services are made available also to women who indeed bear the brunt of poverty and its implications. The significant role of women in the socio-economic development of nations and communities has been amply demonstrated in Mohammed Yunus, winning of the 2006 Nobel Prize. The bank through which he performed the feat can be called a women's bank. The Grammeen Bank started with Mohammed Yunus making available to 15 village women a very liberal Micro credit facility. The success story is there for all to see.

Finally, I would like to sum up that the issues raised here need the combined effort of all, not only governments. People outside government but who have the empowerment financially or otherwise must think of what to do to alleviate poverty in their community. Women must be empowered to break the vicious cycle of poverty. In summary, it should be a policy of all hands on deck and women in focus.

Thank you.

Prof. Clara Ikekeonwu
Dept. of Linguistics, Univ. of Nigeria, Nsukka
Member, Status of Women Committee, International Federation of Univ. Women.

Oscar T. Brookins, Northeastern University wrote:

I think the observations made here about India, although particular to India, offer some insight into the problems of growth, inequality and prospects for the world's impoverished peoples.

While generalization is not appropriate from India to the developing world at large we can learn from other's experiences.

Jobless growth and the prospects for alleviation of poverty: India as a case in point,

by Oscar T. Brookins

Oscar T. Brookins, Ph.D.
Associate Professor of Economics
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Peter Whitney, wrote:

In reaction to contributions from [Robert Cherry](#), Brooklyn College, [Massoom Farhad](#), UNDP Afghanistan and [Robert I. Lerman](#), American University.

It also depends heavily on labor law. In Argentina when I lived there in early 1990s and in Brazil where I have lived for five years at different times, local labor laws made it virtually impossible to lay someone off so employers were very reluctant to hire until they were 90% certain that a new product or service might be a hit in the market and would justify such hiring.

In the U.S., for your case regarding African Americans, Davis-Bacon, a deliberately anti African-American piece of legislation as it was drafted, had an important impact. When employers are freer to hire and fire, employment levels are higher. E.g., in Chile, to compare another Latin American country, labor laws were stripped of some of their constraints and employment as a percent of the population reached all time historical highs in the 1970s and continued high to this day. Unemployment came down except for the dark days of the second oil shock and an overvalued currency at the time. It is still not as low as they would wish - education is a key obstacle and they need to further their education reform begun in the 1970s when they got school enrollment way up from the past - but is better than its neighbors. I have lived in Chile and witnessed the early improvements.

Peter Whitney reacted to contributions received from [Donald Lee](#) wrote.

Answer: more flexible labor laws. If labor laws make it hard and expensive to fire, employers are reluctant to take on new hires. I have seen that in several countries. A high labor tax also hurts. There are many forms of tax on labor.

Zakir Hussain, Ministry of Labor, India wrote:

Dear Respected Sir

Thanks for providing me opportunity to participate and deliberate on such an important issue which utmost requires serious concerns of all conscious mind feeling an iota of responsibility to help alleviate more than 3 billion population whose earnings are within \$1 and \$2a day living side by side with well fed, well clad population on the same earth.

I am associated with National Labour Institute, involved in research on all aspects Labour. I have deeply been affected and have understood the harrowing lives of the poor fellows, especially in field surveys. My area of specialization is Migration and Economic Development, particularly the

causes, which leads economic migration and the enormous potential unleashed by the remittances, which has now been taken seriously as one of the important means through which the poor can effectively be alleviated from their wretched condition. The significance of Remittance is also been realized by the former UN Secretary-General Kofi Anna in 2005 Report *Larger Freedom* citing migration as 'one of the major substantive issues of the day'. Others and me too realize that international Migration resulting into huge counterflow of remittances, approximately \$232 billion (in 2005 by World Bank) can be a powerful resource in the hand of developing countries to utilize this stable and *non-quid pro-quo* types of financial flows for their economic development and reduce poverty at large. In this regard, the developing countries are the largest recipients. If we combine internal migration (migration which is taking place due to lack of earning opportunities in their localities) , which is also the result of economic deprivation, and international migration, the counterflow of remittances to their native places, by my research experiences and field surveys in the is direction, I am sure that the quantum of the counterflow of remittances would even be larger than what we may guesstimate at given the state of research and understanding on the issue.

The significance of remittances further enhances when we analyze the nature of the flow and its impact on mitigating, if not removing fully, the severity of poverty and helpful in achieving some specific MDGs, for instance, MGD-1, 3,4,5,6, etc quite effectively.(In this direction, several international and country-specific studies have exposed and analyzed the micro and macro developmental impact of remittances on society and country.)

I would like to draw the kind attention of the team that I am also part of one of the ILO's Project studying on the *Successful Return Migrants* doing businesses and how much they are helpful in creating new economic opportunities by investing their remittance in their respective localities as well as circulating the experiences they acquired in different countries. This is really working effectively not only by changing the economic profile of the families of the return migrants but also circulating new, innovative ideas as well as new ways of lives in their respective regions, and to our satisfaction we found in our All India survey that women are benefiting most.

I have briefly shared my some of the experiences how migrants can be new agents of economic change in their respective countries through their toils, both internal and external.

In fact, the significance of the counterflow of remittances has recently been realized but still its micro and macro patterns of utilization are not understood adequately. This needs developing a comprehensive and deep mechanism which can channel the remittances into meaningful economic utilization. It is correct, as also I found during my several field level surveys, that remittance money are not effectively utilized by the recipient households and this fact has also been realized and accepted by the very recipient households themselves and they used to show their helplessness how to use their "blood money", which they call, in a meaningful manner which can generate income for them and stop their migration. they are really ignorant or need effective policy-guidance and system's support to invest their remittances creatively.

The importance of remittances enhances more in a country like India which has emerged as a top remittance-receiving nation in the world, approximately more than \$24.6 billion in 2006 on one hand and more than a quarter of the billion plus population is living below the poverty line on the other hand.

The interest of UNCTAD in utilizing remittances for the purpose of poverty reduction and removal would be, of course, a magnificent move as well as induce the best minds to join their heads in this effort.

I am sending this mail in hast.

I am interested to know and work more in this direction. Please tell me more how I can be a part of your effort.

Warm Regards.

Zakir Hussain
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Yusuf Gumaa, UNDP Kenya wrote:

Dear Network members and Moderators,

Thank you for the opportunity to participate in this e-discussion. Certainly the topic of the debate is very timely, given the current global development context of rapid global economic growth since the early 1990s, but at the same time the distance between the poorest and the richest countries has been widening and inequalities intra-national and international have been rapidly increasing. What does the evidence say about poverty? Overall income poverty reduction slowed down in the 1990s. Poverty fell in the past decade at one fifth the 1980-96 rate; with SSA having lower average income today than in 1990 and the share of people living on less than \$1 a day increased from 44.5% in 1990 to 46.5% in 2002. What should the policy response be?

The root causes of poverty can be summarized as: lack of income and assets to satisfy basic needs- - food, shelter, clothing and reasonable levels of health and education; vulnerability to adverse shocks and the inability to cope with them; lack of voice and power in the institutions of the state and society. Policy responses should be directed towards the root causes of poverty, which are closely linked to the interaction between growth and distribution; productivity; empowerment of the disadvantaged and vulnerable groups; sustainability, and lack of peace and security. Exogenous causes of poverty (including recurrent droughts and foreign interference) further reinforce endogenous factors. Much of poverty is related to loss of livelihoods caused by dislocation of the economy and the society. Loss of livestock (a key source of household income in SSA) below some minimal level can lead to the impossibility to recover (i.e. poverty trap). For example, in Somalia the minimum herd size to sustain six- member household during livelihood shocks, is estimated as 12.6 livestock units and that 80% of the population depend on livestock and natural resource activities. These resources are under threat due to drought and environmental degradation of rangelands. Huge areas that once covered by trees in Somalia have been reduced to treeless plains for charcoal export for livelihoods by the poor. Obviously this suggests that poverty is the enemy of sustainable livelihoods by encouraging short term decision making in order to ensure immediate survivability, and creating a vicious spiral of poverty and environmental degradation.

Policies required include:

1. New developmental models based upon renewable energy to ensure that environmental degradation is taken into account. This so because the logic of growth based on fossil fuel has given rise to an exponential increase in climate change related environmental disasters which also create poverty. ODA can be made on environmental grounds and in so far as aid packages raise incomes and alleviate poverty, environment may benefit and

- poverty trap can be avoided.
2. Biotechnology in agriculture, fisheries and livestock should be encouraged in poor countries together with fair trade of agricultural commodities via WTO and the potentially large resource transfers from trade can support the technical and the institutional capacity in biotechnology for poor countries.
 3. Good governance and leadership commitment to eradicate poverty and hunger through the path of good growth, good distribution of income and well targeted social expenditures by governments is extremely important. We have been taught by Joseph Stiglitz (Nobel Prize winner) that "if policy makers get it wrong, whole nations can be destroyed".

I hope this useful to the discussion.

Warm regards

Yusuf Taha Gumaa
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[Fayyaz Baqir](#), UNDP Pakistan wrote:

Dear All,

I would like to attach a brief on Pakistan's extremely successful experience in addressing the question of jobless growth through activation of government system and participation of beneficiary community ([Activating sustainable development through Government](#))

Fayyaz Baqir

Senior Advisor on Civil society
UN Resident Coordinator's Office
Pakistan

[Donald Lee](#), UNDESA

Thanks to everyone for the wide-ranging comments which have been informative and thought-provoking.

On employment

What national policies would assist developing countries to break the trend of jobless growth and generate youth employment in particular?

There is need to ensure that employment generation is a primary objective of national policies. Macroeconomic management which stresses price stabilization over employment generating growth inhibits the ability of an economy to create opportunities for poor people to escape poverty. But, it must be stressed that macroeconomic stability is fundamental to creating an enabling environment for employment growth and poverty reduction. What needs to happen more is for policy makers, particularly central bankers, to ensure that they take into account the full ramifications their actions upon employment and poverty.

The notion that very low inflation is an appropriate macroeconomic goal is not supported by the empirical literature. Evidence from the OECD economies that pioneered inflation targeting shows that the outcomes have not been always superior to those attained by OECD economies that did not pursue inflation targeting. Are central banks in developing countries becoming too inflation averse? Integrating employment concerns in macroeconomic management can restore some balance in the way that policy-makers set goals and priorities. It would entail setting realistic job creation targets that would, as a minimum, be consistent with absorbing new entrants to the work-force. On the basis of this, national policies should then be addressing the requisite economic growth rate, policy initiatives and the budgetary framework.

Moreover, placing employment creation targets at the centre of macroeconomic management creates the environment for exploring ways in which the growth process can be made employment-intensive and thus reduce the burden on the growth rate alone to produce the required number of jobs to meet policy goals. The encouragement of small and medium-sized enterprises (SMEs) to act as key vehicles for job creation is one policy option that is much vaunted but can be discouraged by inappropriate macroeconomic policies that maintain entry barriers to new and existing businesses, make the regulatory environment complicated and unpredictable and do not promote the education and training system needed to support the human resource needs of SMEs. The ILO has long argued that Governments can influence the employment intensity of growth by incorporating the use of labor-based rather than equipment-based production methods in its public investment policy.

Much of the new employment generated by economies has to be directed to providing jobs to young people now currently unemployed or to those that will enter the labor force each year. The Youth Employment Network established by the former Secretary-General, Kofi Annan has spearheaded action to address youth employment at the global level. The growing number of countries that have or are preparing national action plans for youth employment is raising awareness of the need to not only create more jobs but more jobs for youth. DESA and the ILO secretariat recently published a review of the national action plans which is available online at <http://www.un.org/esa/socdev/poverty/documents/National.Action.Plans.2007.pdf>

On Governance

I would like to highlight a posting by Max Ooft, UNDP Suriname, which, I believe, addressed an issue crucial to our efforts to end the human cost of continuing poverty and hunger. Max drew our attention to the importance of a holistic approach to poverty and hunger reduction in which efforts to scale up anti poverty measures should be accompanied by due attention to Governance issues. In his words "let's not fool ourselves in thinking that we can solve poverty problems with pure anti-poverty packages."

Like Max, I believe that in many countries faced with the huge task of reducing hunger and poverty, good governance is a prerequisite for sustainable poverty reduction. We all know too well that: If power is abused, or exercised in weak or improper ways, the poor ultimately are the most likely to suffer. When governance is weak, it negatively affects the delivery of services and benefits to poor people who need them most. The influence of powerful interest groups can bias policies, programs, and spending away from the poor. Further, the absence of or weak property rights, police protection, and legal services not only prevents the poor from securing their homes and other assets but also limits their access to other assets that can facilitate the establishment and operation of and operating of businesses. Strengthening governance is therefore an essential precondition for improving the lives of the poor.

The major challenge I see is how we can ensure, in the short and medium term, that essential governance reforms are put in place that will facilitate and support, rather than hinder, national and international efforts to reduce extreme poverty and hunger.

Donald Lee
Officer-in-Charge
Social Perspective on Development Branch
Division of Social Policy and Development
Two UN Plaza, DC2 -1358

David Abbott, UNDP Fiji wrote:
Innovative Policies to Reduce Poverty in Pacific Island Countries (PICs)

I am pleased to offer a few thoughts on these issues from a Pacific perspective. In comparison with the extremes of poverty which exist in many parts of Africa and Asia, poverty in the Pacific is often described more in terms of hardship (living in small remote and isolated island communities where transport problems can severely constrain development opportunities) and the consequent lack of access to services and employment.

Although they are urbanising, many Pacific societies are still very much oriented towards rural and outer island subsistence lifestyles. Traditionally there was little need for cash income. This is changing; fees for education, health care and other government services (often resulting from fiscal reform programmes); the wider availability of power and communication facilities and small retail businesses, coupled with growing preferences for imported foods and consumer goods have all led to greater demands for cash even in the most remote island communities. For urban dwellers with little access to subsistence production, the need for a cash income for basic living expenses is even greater; the need for cash is often exacerbated by traditional social and community obligations in both urban and rural areas which increasingly involve money gifts rather than the traditional gifts of food and craft items.

In the Pacific region, data on youth unemployment suggests that on average only around one quarter to one third of all those leaving school are likely to be able to find regular work in the formal sector, as ever the less schooling the worse the prospects. Youth unemployment is therefore one of the most critical issues facing Pacific Island governments. The increasing monetisation of Pacific Island economies coupled with the lack of economic opportunities in the rural areas is consequently leading to higher rates of rural-urban migration. This is being accompanied by rising rural dependency ratios; actual declines in population in some places and falling rural agricultural production, weakening food security and greater vulnerability.

To address these issues PICs have begun to investigate and adopt some innovative ideas to reduce rural/outer island depopulation and increase opportunities.

In Tuvalu the Falekaupule (Outer Island Development) Trust Fund (FTF) provides a potential model for other small community based development programmes. The FTF comprising funds contributed by government, donors and the communities themselves is invested in international capital markets. Each year if the fund has been successful in increasing its real value a distribution is made to the participating communities. The distribution can be used for community based development projects which are determined and managed by the communities. Thus communities are much less dependent on central government funding and can set their own priorities according to their own perceived needs and circumstances. The FTF therefore has an

ability both to enhance household and community infrastructure and other island based services, as well as to directly create employment during the construction and implementation phases of the projects; through increased incomes to individuals in the communities it also has the ability to help stimulate additional private enterprises as incomes will be spent on consumer durables, transport equipment etc, all of which will need maintenance, repairs and spare parts. As incomes rise so families will no doubt wish to expand and improve their houses giving rise to additional employment opportunities for private construction. Hopefully this will encourage more young people to remain in their rural environments thus helping to relieve pressures in the urban centres. The FTF will be a key factor in this process.

Although investment returns have fluctuated with the up and downs of global markets the past two years have seen the communities receive very significant distributions and major projects are now being implemented. UNDP is supporting the programme through strengthening local governance and accountability mechanisms and capacities. With the increased financial flows to these communities better governance processes are likely to be critical to the long-term success of the FTF. Tuvalu also has a similar national government Trust Fund which provides resources to the annual budget. This has become an innovative tool for increasing the fiscal space available to Tuvalu. These two similar trust fund mechanisms are being developed for a number of other small Pacific island countries.

In Fiji and Solomon Islands rural banking initiatives supported by UNDP financial literacy programmes are also playing an important role in helping rural communities to cope with increasing monetisation of their traditional lifestyles. In Fiji a longitudinal study of the rural banking and financial literacy programme will be undertaken during 2007 to measure the impact of the programme on rural poverty and livelihoods. It is believed that this study will be a global first to measure the actual impact of financial literacy on poverty.

To assist in addressing the youth unemployment issue more directly UNDP is piloting an entrepreneurship in the school curriculum in Samoa; this will help to give young people a better grounding in financial and entrepreneurship issues before they leave school and thus give them new tools with which to face their futures.

Recently completed negotiations with New Zealand have set up a mechanism for a number of PICs to send temporary workers to that country. This will give many young people their first opportunity for employment. These short term opportunities will complement those in the seafaring and international security industries which also provide many Pacific Island young men with offshore employment. In Fiji particularly the growth of the security industry has enabled the country to replace many of the jobs lost in the garment industry, albeit the new opportunities have been largely for young men rather than the young women who worked in the garment sector.

A further innovative mechanism for PICs has been the development of an Enterprise Challenge Fund, recently approved for AusAID funding, which will aim to both enable SMEs to expand their activities into new locations and at the same time create employment opportunities as they do so.

Of course many fundamental problems still remain; access to land for development, better regulatory and enabling environments for private sector investment, improved governance standards but progress is being made in PICs. In trade the participation of three or four countries from the region in the Integrated Framework is now being pursued.

Best regards

David

Contribution # 2:

Hi Duncan,

Your contribution to the above e-discussion on employment and job-less growth last week has prompted me to share with you the following [short note on unemployment in Pacific Island countries](#). This was not intended to be a rigorous analysis of the unemployment situation but rather a briefing note on some of the issues to my non-economist colleagues in the Pacific Centre who were considering aspects of governance and CPR. However it does, I feel, capture some of the particular issues facing PICs. I hope you will find it interesting anyway.

Regards

David

<p>David Abbott Pacific Regional Macro Economic & Poverty Reduction Advisor 2nd Floor, YWCA Building Ratu Sukuna Park, Suva, Fiji Islands Tel.: +679 3300399 ext. 220 Fax.:+679 3301976 URL: http://regionalcentrepacific.undp.org.fj</p>

Matilde Gomes Mendes, SNV wrote:

Increasing production, employment and income for reduction of Jobless Growth

Guinea Bissau covers an area of 36.125 km² with a population of approximately 1,390 000 inhabitants. According to the 2004 National MDG Report, approximately 80% of the population is below the poverty line living with less than US\$2 per day, out of these 20% lives in extreme poverty with less than US\$1 per day. Agriculture, fishery, cattle and forest resource exploitation have been key source of national revenue and main sectors for community subsistence and income. It provides 85% of employment and contributes for nearly 93% to exports

Education:

School-age children represent approximately 6, 4% of the population of GNB. According to the latest statistics, net school enrolment rate is 41%. The illiteracy rate is 63, 4%, and is significantly higher for women. Completion rate up to 5th grade is estimated at 43.6 %.

Local production:

Guinea Bissau is a country with a still very traditional agricultural production system. The family food stock lasts only 5 to 6 months. Cashew campaign covers a great part of deficit but even though in August the situation gets back again - no enough food available for families- which causes rupture of seed stock in many situation. There is no income growing cycle. All production is consumed along the year as it's not sufficient there is usually an attempt to cover the deficit with other types of income, unfortunately, at the end it's also consumed seeds.

Pilot experience for change:

It has been developed in 2 communities in south and in 3 communities on East of Guinea Bissau methodologies to enhance local systems for participatory and gender balance rural economic development. Programmes are been promoted by two national NGOs with SNV capacity strengthening support.

Main challenges:

How local community participate actively in process of local gender balanced economic development through their own resources and traditional basic expertises:

- Optimizing natural resource management;
- Improving access to financial decentralised services;
- Increasing production, and income generating opportunities;
- Assuring sustainable capacity for investment that creates opportunities for employment;

Input:

- SNV capacity strengthening services on gender and microfinance;
- Fund from DAS – UICN.NL, FAO, WFP;
- Technical assistance of ONG promoters;
- Local resources (land, traditional equipment, labour force, traditional know-how);

Result:

Tow communities in sought that were considered very vulnerable because of lack of alternative source of income and high food deficit – is now developing tow lines of production, one for consumption and another one for income and employment generating opportunities;

The others in East which are being affected considerably by emigration of active labour forces – is now developing local system of microfinance that allows them to improve their economic capacity to develop different activities that allows self – employment and even mobilise additional labour forces for – in other extent they are facilitating access to some basic services at local level.

Progress indicators:

It's already diagnosed:

- Tow traditional system of saving and credit in East that could fit to modern microfinance models for economic investment;
- Tow methodology in south to develop economic programmes for consumption and economic empowerment;

International community and Government engagement:

At this specific case for:

- The communities in sought is being developed a integrated process on Communities forest management – ownership, participation, leadership, legitimacy, empowerment resources;
- The communities in East are developing approach on improving market access for their products - ownership, participation, leadership, legitimacy, empowerment resources.
- It is being developed additional dynamics on:
- Lobby and advocacy on enabling environment (engagement mobilization, political dialogue, resource and synergy mobilization);

Matilde Gomes Mendes
SNV
Guinea Bissau

[Amitava Mukherjee](#), UNESCAP wrote:

Please see attached two papers on Hunger. The first one on micro-level hunger in India demonstrates:

[Global Concerns: Loss in Bio-Diversity and Its Impact on Agriculture](#) that :

- That although there may be no hunger at the aggregate level, there are pockets of hunger which affect very large number of people. Hunger must, therefore, be tackled at all levels: aggregate and local (micro) levels
- Maintaining common proper resources are critical to people who can not find food grown by the use of technology.

The second paper with ideas on what countries can do for finding long terms solutions to food security: [Food Security in Contemporary India](#).

Thanks and regards
AmitavaA Mukherjee

Regional Advisor
UNESCAP, Thailand

[Leisa Perch](#), UNDP SRO Barbados and the OECS wrote:

Dear Colleagues:

Thank you all for a very rich discussion. I think most of us monitoring the discussion have been impressed and learned so much from the discussion it is sometimes hard to think what we can add to it.

I felt in particular that the comments made by Max, Dag, C. Kenrick Hunte, Ram and David reflected many of my own concerns both in terms of the issues of poverty facing the Caribbean as well as within the SIDS context. Max brought to the table a very valid point re where we go from here and that these are in essence going to be very different approaches. And without being prescriptive at the global level how can UNDP's corporate strategy and approach perhaps provide the space and guidance for the COs to adopt either depending on the enabling environment and other factors.

Critically however as to the issues of how we make this happen:

Reduction of Jobless Growth:

- **What are the existing useful diagnostic tools and methodologies used for identifying the constraints/challenges resulting in less optimal job creation and jobless growth?**

I would suggest here true investigative work amongst those seeking employment to better understand their challenges as well as diagnostic work to link educational attainment and access to the job market. Labour market studies which tap into both the needs of job seeker and the employer could be useful. Partnership between UNDP and ILO is perhaps a good place to start. New sector development also needs to look beyond economic cost-benefit analysis and also seek to identify the labour market needs and ensure a link to vocational and or tertiary level opportunities so that when a new sector emerges you have the labour force to support it. However, when an industry is developed and most of the management and skilled labour needs to be imported then it will result in limited impact particularly where it is needed. In addition, countries may need to strategize existing and new sectors which can have spin offs into other areas e.g. the sugar industry can spin off into (i) rum and brandies; (ii) juices; (iii) use of cane for other purposes including craft. Also creativity is key – the market will not simply produce more jobs. True partnership between government, the private sector and the labour sector is also

key – in Barbados there is a Social Partnership framework which has been longstanding and quite successful in managing issues such as commodity prices and affordability as well as working together in overall strategies for sustained economic growth. More information is found at www.barbados.gov.bb. An example of the Protocol document is attached.

Innovative National Policies to Reduce Rural and Urban Poverty:

- **What national strategies and mechanisms work to reduce persisting rural poverty?**

Engagement with rural communities and the rural poor is key as well as a good understanding of the nature of the dynamic. Another is ensuring that overall national policies have some spatial reference and ensures that rural persons have equal access to services including creative opportunities. It also I think requires us to ensure that economic development takes place in rural communities as well as in urban centres. Experience in the OECS where I work points though to the need for engagement with the stakeholders and ensuring that we work with them to identify how they can help themselves. Part of our inevitable solution to rural poverty is finding a way to maximize rural resources for economic and social development. Without that the danger is that we provide a solution that fits the market analysis of today but do not provide them with the tools to adjust to future ones. One mechanism I can point to is an example from Barbados where there is both an Urban Development Agency and a Rural Development Agency. The strategies are of course different while the goals may in fact be very similar. In order to reduce rural-urban drift – there will need to be a similar no of opportunities for employment and growth as is usually perceived in urban areas including critical services.

- **To what extent does the increase of asset ownership and access to financial services improves financial security and employment opportunities of the poor?**

The increased access to assets and economic resources as well as ownership can undoubtedly improve financial security. However unless we treat with the community and the persons themselves it may not be sustainable. If we do not also support emotional intelligence and other life skills, these assets may hence become temporary solutions. As a person relatively new to the area of gender mainstreaming and women’s empowerment – three years later I have also learnt that we must also address the enabling environment. In many cases the majority of the poor households are headed by women. We also need to employ strategies that take into consideration their burden of care – for example enhancing the access of women to training often needs to also consider daycare or child care facilities. Equally enhancing ownership of assets without the owner understanding the asset and how it could be leveraged and how it should be protected could result in loss of the very asset down the road.

Global Governance of Trade:

The major challenge I think we face with global trade right now is best expressed from a paper our office commissioned recently on a Strategy to address Poverty and Agriculture which notes the following: In the context of WTO AoA, there is the presupposition that the liberalization of trade in agricultural products will improve and widen access to markets, expand global trade and contribute to higher income growth. In light of the heavy emphasis on the expansion of production and trade rather than on the sustainability of livelihoods systems, especially for the poor and disadvantaged, the WTO AoA *treats trade as an end in itself, rather than a means to an end*”. And though the existing governance arrangements do recognize the vulnerability of countries and sectors, the enforcement of these aspects I think remains very much weaker than is needed. I am not a trade expert but from all that I have seen and from the work in rural

livelihoods linked to agriculture which is where much of my interaction on global trade comes in – there is a sense that the focus is not always on addressing inequalities but perhaps an underlying concept that the market will balance things out. I also think we may have to consider what it is possible to trade mechanisms to do and not do and perhaps the need for the underlying strategies at the national level which can facilitate re-distribution of wealth.

- **What innovative policies and strategies can countries use to ensure that the benefits of globalization are both inclusive and equitable, disproportionately benefit the poor and effectively shield them from its perils?**

I think this would call for a change in fundamental thinking and the representational nature of the negotiations. The problem is that the poor are rarely at the table since most negotiations are likely to be based on existing or future business interests. It would require countries aggressively bringing both issues to the table and also considering industries/sectors and arrangements that can realistically bring impacts to the poor. I am not sure how realistic this is. Equally, perhaps, it may require a space being open for those watchdog NGOs who are closer to these issues to be able to voice concerns and be part of the Governance arrangements. Moreover that government negotiation teams include social partners and be built on sound information and data which speaks to these issues. Some of the weakness I think that the smaller nations face, and here I think of the Caribbean, is that we don't have the facts and the statistics to bring to the table about where the impacts are or may likely be.... Not only to present mere numbers but what these represent in terms of the population and the productive workforce and in particular how many men and women who may be the sole breadwinners may be impacted.

Short-term Response to Long-Term Solutions to Hunger:

- **What steps can developing countries take to mitigate and adapt to climate change, which threatens to affect food production?**

I think developing countries have already been taking steps – the Caribbean has been working on this quite concretely through GEF and other funding for the last 8 or more years. Countries need to know what their vulnerabilities are including the social and economic impacts those vulnerabilities will bring and that includes using effective techniques for social inquiry such as economic valuation. It also requires efforts on the part of government to encourage the population to adapt and may include environmental levies and other economic instruments to balance the scales between “conventional technologies” and more environmentally-friendly and climate-friendly technologies. It also will require a stepped up advocacy campaign for the contributors and those industrializing to do more to reduce emissions. An Inconvenient Truth is a great start And it will require leadership by one of the powerhouse countries to demonstrate the total commitment required. In the end though knowing where vulnerabilities lie and tying the science into economic and social planning will assist a lot in particularly identifying threats to food production. However for the Caribbean where much of our food is imported – there is an even larger issue of food security. It requires a commitment to research and data collection which remains to a large extent on the sidelines of decision-making. This can be as simple as the policy in Bermuda restricting the number of cars per household and in the country. It also is about mandating building code application and encouraging compliance through specific tax relief or insurance rebates.

Scaling-Up the Response:

- **How can the international community best scale-up its financial support for the MDGs, and improve the effectiveness of aid?**

Consistency is key here and it can be done by living up to our commitments...all of us. IT means that each of us must take our responsibility as an individual advocate seriously and call our leaders to act as necessary and it also requires leaders to take action even uncomfortable action for the "global good". The world is now uncomfortably small at times and the consequences in one part of the world eventually ricochet in another part of the world – sooner or later. There should be clear commitment to the MDGs which includes direct and clear support to data collection and monitoring. Effective action cannot be taken until countries can truly assess where they are and where they need to be and that can only be done with the capacity and tools to do so.

Regards

Leisa

Leisa Perch

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UNDP is the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life. We are on the ground in 166 countries, working with them on their own solutions to global and national development challenges. As they develop local capacity, they draw on the people of UNDP and our wide range of partners.

Duncan Campbell, ILO wrote:

Dear colleagues,

Over the past few weeks, I have been truly impressed by the many insightful comments and, in fact, useful policy ideas that have e-merged from this e-discussion. Taken together, I think they'd constitute an important contribution not only to policy spheres but to curricula in development economics as well.

My own comments on this concluding day of the interchange can be kept brief. They concern the question of "jobless growth". And the first comment is that the latter is a misnomer. As EC Commissioner for Development, Louis Michel, puts it: "there's no shortage of work, just a shortage of jobs." Or, as World Bank Chief Economist François Bourguignon said: it is not as much a question of the need for "more and better" jobs, as it is for one of "more better jobs".

ILO puts global unemployment at 6.3 % in 2006 – a rate unchanged over 2005, despite a half decade of quite respectable global growth. Clearly, however, "unemployment" is not really all the meaningful conceptually as a description of global labour market distress. Indeed, the concept of unemployment doesn't tell the full story even of OECD labour markets where, irrespective of unemployment rates, those counted as "employed" constitute a rising share of those in precarious, insecure, underemployment.

The problem, thus, is one of global "underemployment", rather than unemployment. It is a question not of jobless growth, but of good jobless growth. It is here where the disparity between growth and labour market performance is most acute. Again, despite fairly heady

growth for five years, the number of \$2 a day working poor (1.37 billion) has inched down very modestly and still accounts for almost 50% of the global labour market.

Many of you have evoked international policy orientations to address this challenge. Many of you have also underscored distributional imbalances and the consequent need for redistributive mechanisms. With these I can only agree. Although the multilateral system has now rallied around the need to put employment and decent work far higher up the totem of policy priorities, there need to be tools to do that. Here are a few things we are thinking about at ILO – we're thinking about some of the answers, too, but for the time being, just the questions:

- What does a concept of “full employment” mean in an open, world economy with circumscribed policy options?
- Both in dominant theory over the past 25 years and in fact, “employment” had become a residual – something that “market fundamentalism” or “macroeconomic fundamentals” or whatever we wish to call it would deliver. What does it mean to make productive employment “central” to macroeconomic policies?
- How has policy incoherence been to blame for distressing labour market performance – i.e. classically, a global trade architecture protecting 5,000 US cotton farmers at the expense of (many more) jobs and development in Africa?
- “Lewisian” development does not appear to be occurring in many countries, where the transition is often from labour surplus in agriculture to unproductive jobs in the urban informal service economy. (service jobs as a share of total global employment surpassed agriculture for the first time ever in 2006...) Does this not imply that we should be thinking not only of inter-sectoral transformation but also of productivity (and even employment) increases in the sectors/regions where the poor live and work?

Colleagues and I at the ILO are beginning to explore answers to these questions, and this e-discussion has been a stimulating contribution to that effort.

Duncan Campbell
Director
Policy Integration Department
ILO

[Chiranjibi Tiwari](#), SNV Vietnam wrote:

Dear participants,

The ongoing e-discussion attracts views from different perspectives. I tend to agree with Professor Kenrick Hunte on the need to rethink the ways of improving the access to basic services in rural areas. His example of time spent in fetching water in Sub-Saharan Africa illustrates how the associated opportunity costs make access to basic services more expensive in rural areas in developing countries compared to that in developed countries.

In rural areas, people's lack of access or expensive access to basic services such as safe drinking water and sanitation, health facilities, education is the key factor holding them on poverty. Developing countries and development agencies at large have put huge efforts on improving poor people's access to basic services. However, sustainable access to basic services of the poor largely depends on the opportunity these efforts provide to the poor to make informed decisions and to build their assets (including financial, social/political, natural and human capitals) to buy better services. In the age of globalization, major challenge lies on how to ensure benefits to the poor and excluded households of rapid economic growth.

Vietnam has a good example to share on the challenges of making globalization work for the poor. While the government is trying to promote the economic and social rights of rural poor and ethnic minorities in Vietnam through targeted policies, implementation of these policies is rather slow compared to the pace of urbanization and economic development. While there are huge investments on large infrastructures such as hydro-power development (large dam construction) to meet the growing demands of rapid urbanization, ethnic minorities (who are generally the poorest in Vietnam) are the people most affected by poor implementation of resettlement policies. In most resettlement areas, basic services such as drinking water supply, sanitation, primary health facilities, primary schools and roads are poorly developed. In addition, local citizens making livelihoods through river based economy are deprived of these economic opportunities while not yet fully availed of the new opportunities in the resettlement areas.

SNV - Netherlands Development Organization has been involved in capacity building of local stakeholders for the improved livelihoods of ethnic minorities and poor farmers in rural areas of Vietnam. By integrating the concepts of *market access to the poor (financial capital)*, *water and sanitation facilities (physical capital)*, *collaborative forestry management (natural capitals)* and *responsive and accountable local governance (human, social and political)*, SNV aims to contribute to the improved income, employment and opportunities of the poor and sustainable access to improved basic services delivery. SNV promotes the concept of *value chain development* to integrate rural communities into the markets. By combining market access to the poor with community ownership and accountability in the provision of basic services delivery, SNV has successfully contributed to pro-poor growth and reduced urbanization of poverty in Vietnam. Sub-national capacity strengthening and building macro-meso-micro linkages are integral of SNV strategies.

SNV experience shows that harmonization of efforts by governments, donors, private sector and civil society; enabling environment for good partnerships; and capacity building at local level would contribute to reduce *jobless growth and urbanization of poverty*. Coordinated efforts by the state and non-state actors are necessary to effectively integrate poor into markets and to safeguard benefits to the poor of the rapid economic growth. Civil society can play a bridging role between the positive impacts of globalization and eradication of poverty and hunger.

Best regards,
Chiranjibi

Chiranjibi Tiwari
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Connecting People's Capacities

SNV is dedicated to a society where all people enjoy the freedom to pursue their own sustainable development. Our advisors contribute to this by strengthening the capacity of local organisations.

Isabel Ortiz, UNDESA wrote:

Dear Colleagues,

Thanks for organizing this e-discussion and for the opportunity to participate. Below I am presenting a few priority areas for poverty reduction to complement the very good contributions received.

The Need to Understand Poverty, Inequality and Growth at a Global Scale

While the most acute and unacceptable manifestations of poverty occur in developing countries, poverty and unemployment have also re-emerged in developed economies. More than two decades of orthodox policies have eroded the living conditions of citizens around the world. The end of the post-war boom in the 1970s made policy makers abandon Keynesian approaches and replace them with supply-side policies, under the correct assumption that growth would be helped if companies sharpened their competitive edge. But global demand continued stagnating, leading to a squeeze of corporate profits, shakeout of labour, slow down of growth of fixed investment and thus a decrease in demand for capital. This generated pressure on lowering wages, flexibilizing labour markets and reducing corporate/income taxes, thus increasing income inequality and eventually making the welfare state unsustainable (at current contribution levels). Gross public sector debt became as high as 70% of national income in OECD countries, and this made policy-makers to further curtail social expenditures and privatize social services. With the debt crisis in 1982, developing countries were forced to adopt the same orthodox model applied to developed economies (structural adjustments, reducing controls on capital and trade, curving public expenditures, privatization), which led to maintaining or deepening social deprivation. Paradoxically, most of these savings went to support private sector companies in the public effort to generate growth (tax breaks, incentives, bailouts, etc), so the average citizen has experienced a significant decrease in welfare, while growth has remained low, unemployment and public debt high, because these orthodox short-term policies do not address the long-term structural causes of the problem: overproduction and global excess capacity in a context of weak effective demand.

Recent studies show the consequent gross escalation of income inequality in the late decades of the 20th century (UNDESA, 2005; Birdsall, 2005; UNUWIDER, 2006; Jomo K.S. and Baudot, 2007). At the beginning of the 21st century, half of the world's population is below the 2 dollar-a-day poverty line, the richest 1 per cent of adults owns 40% of global assets, and the richest 10% of adults accounts for 85% of total world assets; in contrast, the bottom half of the world adult population owns barely 1% of global wealth . This is a result of the choice of economic and social policies in the last decades.

The Need for a "New Deal" at a Global Scale

A different set of policies is urgently needed to redress global asymmetries. At the international level, it is essential to abandon short-termism in policy-making, and discuss a longer-term global economic and social management, a "New Deal" for both developed and developing countries, in which the benefits of globalization are more equally shared by all.

This does not only require a better global governance of trade, as several contributors have pointed, but also better governance of finance (beyond debt relief), both at the international and national levels, to correct continual shocks and instabilities in today's financial markets, regulating them through a new financial architecture that supports development and stability, fights short-term speculative capital flows, tax evasion and money laundering.

Global social policies are also important to manage international migration, avoid the "race to the bottom", prevent cross-border spread of diseases (e.g. SARS, avian flu, malaria, etc), promote transfers from rich to poor regions/populations (e.g. like EU Regional Funds) or mitigate negative social impacts of globalization, among other topics.

The Need for Redistribution

The extreme inequality in the world distribution of income and assets seriously undermines the effectiveness of global growth in reducing poverty, it is essential to bring redistribution to the development agenda. Redistribution has been out of the development discourse for decades; however, it is a legitimate goal of public policy, to balance the tendency of the market to concentrate resources. Redistribution may be achieved through domestic taxation, significantly increased and better quality development aid (J. Sachs notes that poverty could be eradicated with 1% of the combined GDP of OECD countries) and, given donors unmet commitment of 0.7% new proposed international sources such as taxes on short-term speculative financial transactions, on arms trade, pollution and others.

Redistribution is not only positive from the perspective of social justice, it is also an economic need, to boost global demand and productivity. Highly unequal societies are associated with lower rates of growth. Egalitarian distribution patterns encourage domestic demand and thus growth; greater effective demand (consumption ratios) of the lower income groups generates a larger domestic market. Thus the reduction of poverty may not only alleviate human suffering, a goal in itself, but also have a primary role to sustain growth and well-functioning markets.

The Need to Mainstream Equity in National Development Strategies

Poverty reduction requires mainstreaming equity into economic and social policies:

(a) Promoting employment-generating growth : As Donald Lee pointed, macroeconomic policies are critical to create jobs; employment should be a primary objective and not to be "crowded out" by a narrow focus on inflation control and fiscal discipline. Some argue that moderate rates of inflation may be acceptable given the positive effects of an expansive monetary and fiscal policy on aggregate demand. Macroeconomic policies must also ensure that public expenditures in the social sectors are maintained at satisfactory levels. Additionally, an adequate exchange rate policy combined with an investment/industrial policy stimulates output and employment growth. Fiscal, monetary, and exchange rate policies should be consistent with employment-generating growth and public investment strategies. Both private and public sector enterprises can be an engine of growth and employment; for them to contribute to poverty reduction, an enabling environment and effective regulatory framework should be enforced to promote competition, enforce fair practices and standards, and ensure that essential goods and services are affordable and reach the poor.

(b) Equitable sector policies that provide opportunities, assets and incomes to the poor: As highlighted by Dag Ehrenpreis and Max Ooft, poverty reduction requires going beyond targeted poverty programmes. It requires mainstreaming equity across public policies —from agriculture to energy— making them progressive and benefitting all. For instance, sector policies that enable the poor to build, buy or have access to natural assets (land, property, natural resources), finance (credit), and have access to social services (education, health, social protection). Many public policies in developing countries had very limited coverage and ended benefiting the wealthy. Incidence benefit analyses developed around the world for a variety of public policies evidence that generally, if well-designed, the following public investments are equitable:

- Education and health: Expanding coverage of free primary and secondary services
- Infrastructure: rural electrification, affordable water and sanitation, rural roads, affordable public transport systems
- Social Protection: Virtually all social security/welfare programmes are progressive, especially non-contributory social pensions. Food security programmes are essential to tackle short-term vulnerability to hunger.
- Labour: Decent work agenda, passive labour policies (labour regulations such as adequate wage policies or labour standards), and active labour market policies

- (promoting SMEs, cooperatives, public works, guaranteed job schemes, employment services, skills development programmes, etc); here what is important to understand is that it is not only about creating employment, many poor people work but cannot bring their families out of poverty, it is also about adequate salary and working conditions.
- Inclusive finance: Development banks, expanding bank branching, rural banks, microfinance, preventing financial crisis/failures.
 - Decentralization, if good governance at the local level, attending to equalizing redistributing formulas securing transfers between regions
 - Rural development programmes ensuring access to land, water, markets, livestock, credit for smallholders
 - Urban development and housing focused on low-income areas

Alter alia, the following do not benefit the poor:

- Defense/military expenditures
- Health: Urban hospitals far from urban marginal areas, specialized clinics (cardiology etc.)
- Infrastructure: Large infrastructure projects -e.g. dams, nuclear power plants, etc
- Social Protection: Private funded pensions
- Financial sector: Reform/rescue of banking system (transfers to large banks)

(c) Ensuring good governance by supporting efficient, accountable, transparent, and responsive public administrations, with a mandate and capacity for pro-poor interventions; ensuring legal systems that are equitable and accessible to the poor; enforcing law and order; building public management free of political distortions with decentralized mechanisms for broad-based participation in the delivery of public services and efforts to minimize the likelihood of these services being captured by local elites; promoting progressive tax systems and adequate allocations for social services; fighting nepotism and corruption.

(d) Empowering the poor and excluded groups by enhancing their capacity to influence the institutions that affect their lives and strengthening their participation in political and economic processes. Organizing the poor and excluded groups to fight for their rights was a critical factor in promoting social progress in developed countries - social development would have not happened without the fight of unions and civil rights groups. Empowerment and social mobilization are intrinsically linked to the broader agenda of good governance, transparency, and accountability of the government to its citizens.

(e) Fighting Exclusion and Gender Disparities . The increasing feminization of poverty is now a well-recognized trend. The gender division of labour and responsibilities for household welfare translate in non-paid work and lack of opportunities. Gender disparities frequently result in gender based inequality in access and control of resources and discrimination against women's basic rights, e.g. education, employment, inheritance, registration. To reduce poverty and to advance the status of half the world's population, support must be provided to the development of gender-sensitive policies. Other excluded groups (e.g. caste, indigenous peoples) require specific policies.

The Need to Count the Poor: Harmonizing Poverty Statistics

The definition and measurement of poverty (and in general social statistics) are highly politicized. Poverty tends to be understated as it implies public policy failures. This is why international organizations started using the one and two-dollar-a-day poverty lines; but these too has obvious flaws. National poverty lines use different methodologies and are often not comparable. Usually based on the per capita expenditure needed to attain 2000-2500 calories per day, plus a small allowance for non-food consumption, often inadequate to cover basic needs -clothing, drinking

water, housing, access to basic education and health, among others. If these elementary needs were fully accounted, the number of people living in poverty would soar.

At the end of the 2nd World War, there was a concerted international effort to harmonize economic statistics across countries (GDP, GNP, BOP, M/X, etc). The same effort needs to occur for social statistics.

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Dag Ehrenpreis, UNDP IPC Brazil wrote:

Dear Isabel,

Thanks for an excellent contribution, and for mentioning mine too. Your last section raises an issue that was one of those highlighted in the recent theme issue of the IPC journal *Poverty in Focus*, which I am the editor of, on ***What is Poverty? Concepts and Measures***. In case you have not seen it, here is the link to it on our website: http://www.undp-povertycentre.org/pub/IPCPoverty_in_Focus009.pdf. I'd be pleased to send some printed copies to you and DESA colleagues.

The next theme issue will be on Pro-Poor Growth, to be published this month. The following one will be on Inequality. I have noted some interesting DESA Working Papers on aspects of this issue, which I am considering to include in shortened article form, e.g. those of Woodward-Simms and Gabriel Palma.

Best regards,
Dag

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Yusuf Gumaa, UNDP Kenya

Dear Network members and Moderators,

Thank you for the opportunity to participate in this e-discussion. Certainly the topic of the debate is very timely, given the current global development context of rapid global economic growth

since the early 1990s, but at the same time the distance between the poorest and the richest countries has been widening and inequalities intra-national and international have been rapidly increasing. What does the evidence say about poverty? Overall income poverty reduction slowed down in the 1990s. Poverty fell in the past decade at one fifth the 1980-96 rate; with SSA having lower average income today than in 1990 and the share of people living on less than \$1 a day increased from 44.5% in 1990 to 46.5% in 2002. What should the policy response be?

The root causes of poverty can be summarized as: lack of income and assets to satisfy basic needs- - food, shelter, clothing and reasonable levels of health and education; vulnerability to adverse shocks and the inability to cope with them; lack of voice and power in the institutions of the state and society. Policy responses should be directed towards the root causes of poverty, which are closely linked to the interaction between growth and distribution; productivity; empowerment of the disadvantaged and vulnerable groups; sustainability, and lack of peace and security. Exogenous causes of poverty (including recurrent droughts and foreign interference) further reinforce endogenous factors. Much of poverty is related to loss of livelihoods caused by dislocation of the economy and the society. Loss of livestock (a key source of household income in SSA) below some minimal level can lead to the impossibility to recover (i.e. poverty trap). For example, in Somalia the minimum herd size to sustain six- member household during livelihood shocks, is estimated as 12.6 livestock units and that 80% of the population depend on livestock and natural resource activities. These resources are under threat due to drought and environmental degradation of rangelands .Huge areas that once covered by trees in Somalia have been reduced to treeless plains for charcoal export for livelihoods by the poor. Obviously this suggests that poverty is the enemy of sustainable livelihoods by encouraging short term decision making in order to ensure immediate survivability, and creating a vicious spiral of poverty and environmental degradation.

Policies required include:

1. New developmental models based upon renewable energy to ensure that environmental degradation is taken into account. This so because the logic of growth based on fossil fuel has given rise to an exponential increase in climate change related environmental disasters which also create poverty. ODA can be made on environmental grounds and in so far as aid packages raise incomes and alleviate poverty, environment may benefit and poverty trap can be avoided.
2. Biotechnology in agriculture, fisheries and livestock should be encouraged in poor countries together with fair trade of agricultural commodities via WTO and the potentially large resource transfers from trade can support the technical and the institutional capacity in biotechnology for poor countries.
3. Good governance and leadership commitment to eradicate poverty and hunger through the path of good growth, good distribution of income and well targeted social expenditures by governments is extremely important. We have been taught by Joseph Stiglitz (Nobel Prize winner) that "if policy makers get it wrong, whole nations can be destroyed".

I hope this useful to the discussion.

Warm regards

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Luca Monge Roffarello and [Sabrina Varma](#), THDU Geneva, wrote:

We would like to contribute to two main elements of the e-discussion on eradicating poverty and hunger:

1. Reduction of Jobless growth: In what ways can the broader international community support efforts, including through trade policy?

We advocate taking the following elements into account:

- Identifying linkages between trade and employment (the recent WTO-ILO study on Trade and Employment: challenges for policy research is a good start. In summary, the study contends that due to restructuring of the economy as a result of trade liberalisation, both job creation and destruction are involved, and whilst in the short run net employment effects may be positive or negative, in the long run efficiency gains are expected to lead to overall positive employment effects. Where parts of the labour force are affected negatively, labour and social policies are needed in order to redistribute some of the gains from winners to losers
- Therefore, trade alone will not deliver benefits and interventions are needed to ensure equity
- This requires the need for policy space and allowing for countries to pursue their priorities through national development plans, PRSPs etc (colleagues may refer to previous e-discussions on the issue of policy space in the context of Trade and Industrial Policy in September 2006)
- Support to promote selective interventions in strengthening labour-intensive industries/employment led growth, creation of backward/forward linkages throughout the economy, undertake structural adjustments where required (eg. through trade related technical assistance, Aid for Trade etc)
- In this regard, achieving an 'optimum balance between different economic sectors' including manufacturing, as suggested by Eric Reinert in a new 2007 study entitled 'How Rich Countries Got Rich...And Why Poor Countries Stay Poor', published by Constable is key to realising the potential in important sectors such as agriculture and moving up the value-added chain
- Also linked to policy space, developing countries must be able to maximise the benefits from trade-related investment (eg. in terms of transfer of technology and domestic content) and government procurement - as these are also important tools for job creation
- Multilateral trade reforms in key areas of interest to developing countries such as agriculture would make a positive contribution, as would allowing for appropriate flexibility in the context of industrial tariffs and agriculture for food security and livelihood purposes. In addition, addressing mobility of lower skilled workers through mode 4 discussions at the WTO would have a significant impact.

2. Global Governance of trade - What are the critical changes that need to be made in the global governance of trade to enable equity and fairness in the international trading system?

We advocate the following :

- Addressing lopsides rules in key areas such as agriculture - as mentioned above
- Giving effect to Special and differential treatment which recognises the development priorities of developing countries
- The global trading environment is a reflection of the unbalanced decision making process at the WTO where developed countries interests dominate and there is weak/select representation of developing countries
- An overloaded agenda, heavy meeting schedules, inadequately skilled and experienced negotiators and lack of capacity and no representation in Geneva in some cases exacerbate the situation
- Actual WTO decision making processes are also based on passive consensus - therefore silence or not being present is taken as agreement
- This style of consensus has also led to lack of transparency in decision making at the WTO through the increasing prevalence and acceptance of informal, unrecorded select group meetings which has either left many developing countries vulnerable to pressure tactics and/or left many smaller countries marginalised
- Therefore there is a need to address these 'democratic deficit' type issues, mentioned by Bippul Chatterjee as WTO institutional reform issues: these include to consider mechanisms for active consensus; negotiating norms and rules for informal processes; review of procedures for ministerial conferences and the preparatory process; clear guidelines and rules for chairs of WTO bodies; limiting further expansion of WTO agenda
- In reality the scope for innovation is restricted due to limited policy space as mentioned above
- Much rule making is also taking place out of the WTO and in bilateral FTAs especially between developed and developing countries which exacerbates power imbalances - this needs to be addressed so that developing countries do not continue to pay high costs by undertaking unfavourable WTO-plus commitments.

Luca Monge Roffarello and Sabrina Varma
THDU Geneva

Derek Scissors, George Washington University, wrote:

I apologize for skipping over more recent contributions but I wanted to follow closely on Donald Lee's point (repeated below), as my initial agreement with him leads to another realm.

The point of agreement: very low inflation should not in itself be a primary macro objective. It therefore should not be allowed to interfere overmuch with pro-growth policies that would ease employment pressure and thereby reduce poverty. It's certainly true that high inflation has unfortunate consequences, but many of these are mitigated when the rate of inflation is stable, even at a higher-than-ideal level. A typical objection of the IMF and other external bodies is it is much easier to suffer an inflation spiral when starting at typical annual inflation of, say, 10% than when starting at 5%. And an obvious solution is to tolerate higher rates of inflation but require relatively harsh stabilization provisions in case of dangerous shocks, such as from food shortages or global oil. This immediately transforms the issue into one of credibility; it's all well and good for the government to promise to act decisively to prevent hyperinflation, but it cannot be trusted to do so under duress.

There may not seem to be a way out of this bind. A tight fiscal policy would establish credibility but interfere with the anti-poverty campaign that a pro-growth, pro-employment stance is intended to amplify. There is, though, at least one more route by which the government can burnish its credibility while perhaps also striking a direct blow against poverty: clarifying and enforcing property rights.

Some development economists may translate making property rights central as merely making the relatively wealthy more secure. But a more transparent specification of even very skewed allocations of property rights can improve broad social welfare. A pointed case is agricultural reform in the People's Republic of China almost 30 years ago. In the aftermath of the Cultural Revolution, poverty was ubiquitous. Moreover, the wealth that existed was concentrated in urban areas and denied completely to rural dwellers -- when necessary at the point of a gun -- under an all-encompassing registration system. In this environment, it was quite natural to think that enhancement of land rights in rural areas was not only a complete waste of time, as there was so little to divide, but was actually intended to codify the system where urbanites had exclusive rights to the true wealth of the country.

Yet the results were magnificent: quick and explosive increases in agricultural productivity and income. An example: grain supply rose 120m tons over five years at the same time non-grain agricultural output nearly doubled. Income data are less precise but there were almost certainly broad double-digit annual income increases starting by 1981 where there had been outright declines as recently as 1976. Further, this was perhaps the heaviest blow in the battle against hunger in the history of an economy where starvation had been seen just a few years earlier and mass starvation less than 20 years before that. Referring back, the increase in farm productivity also had the effect of removing very strong (if hidden) inflation pressure from food costs.

The harm of failing to specify property rights is also apparent. The post-Tiananmen version of market reform is yet to include property rights incentives for farmers, leading directly to a growing wealth gap between rural and urban areas, one was fading into memory in 1986.

I do not mean to cite the Chinese case to oversell the property rights option. From my limited experience elsewhere in Asia and Africa, there does seem to be scope for nearly immediate wealth gains from solving collective goods problems. However, even in the case where the direct impact of sharper property rights is minor, it is still a means to establish credibility to domestic and foreign holders of wealth and potential holders of wealth that does not require painfully restricted monetary or fiscal policy. The ideal laws can be constructed easily with help from the relevant international institutions. Establishing credibility does not require perfect enforcement but rather a visible defense of property rights against the greatest local threat, whether that be corporations poaching previously unassigned but occupied land, state arms clearing out long-time residents in the name of development, or squatters overrunning well-managed small plot farms. This obviously needs to be evaluated on a case-by-case basis.

I realize the crucial role of clear property rights in the development process is widely acknowledged. It may be, though, that the potential for immediate wealth creation is understated in some areas and, more likely, that the role of property rights delineation and enforcement in establishing government credibility and thus creating additional policy options has been somewhat neglected.

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Noha El-Mikawi, UNDP Oslo Governance Center wrote:

I have followed this e-discussion with great interest. Many voices have referred to a direct link between poverty and inequality, on the one hand, and bad governance on the other. Donald Lee agreed with Max Ooft that governance is a prerequisite for sustainable poverty reduction. If power is abused, policies are derailed by powerful interest groups, services are not delivered to the poor, property right is concentrated in the hands of the few, police is not offering protection to all equally and legal services are not available to all, then poverty reduction policies will not have the intended effect. Yusuf Gumaa selected lack of voice and power as one of the root causes of poverty and recommended good governance as one of the policies required to eradicate poverty. Isabel Ortiz drew attention to the political nature of many of the policies that reduce poverty, with special reference to decentralization as a means of attending to equality through formulas redistributing and securing transfers among regions. Max Ooft proposed that the Annual Ministerial Review of ECOSOC should receive concrete measures on three aspects: 1) how to strengthen leadership on all levels of society to make changes happen, 2) how to empower the powerless, and 3) how to strengthen information exchange.

These views encourage us to identify (1) national and local institutions that deliver on the MDGs in a responsive manner with special attention to issues of jobless growth, urban/rural poverty, hunger, trade and aid effectiveness and (2) processes of planning, budgeting, policy identification, implementation and monitoring that are participative, inclusive and empowering again with respect to the same issues identified in the opening note of this e-discussion. This entails stressing the importance of electoral cycles as processes of dialogue and consensus regarding poverty reduction strategies, parliaments and local councils as institutions of legislation for and oversight of poverty reduction plans, courts as mechanisms of accountability for the delivery on social, economic and cultural rights (including rights to food, clean water, sanitation, etc), political parties as key institutions for aggregating interests including those of vulnerable groups and devising policies that protect and promote their interests and finally of the media that has huge and underutilised potential to promote the MDGs, to play a more active role in raising awareness on poverty issues and providing a forum for the voiceless to be heard. We need to better diagnose and find policy options for civil society empowerment, public private partnerships and accountability in order to impact directly on progress towards the MDGs.

In this vein, it is not effective if poverty reduction strategies or MDG-based development plans remain apolitical, shying away from asking difficult questions about who is responsible for what, what (who) is standing in the way of progress toward job-creating growth, reduced rural/urban poverty, reduced hunger, more effective trade policies, what are the needed governance reforms and how to get there within the next 10 years at which cost/benefit. Of course we are not going to declare the end of history, solving all poverty problems, in 2015. However, if by working hard to achieve the MDGs and to improve progress towards more democratic governance would also mean the promotion of leadership for change, civic engagement and justice and accountability while increasing the likelihood of policies of inclusive growth and effective social protection, then we will have put sustainable development on the right path.

Strengthening linkage between poverty reduction and democratic governance requires:

- A commitment to an analysis of power and of drivers of change to be coupled with an institutional investment in in-house capacity to do it (the Oslo Governance Centre's forthcoming "LEADING training" will address this need).
- Attentiveness to windows of opportunity or strategic moments that present themselves within countries/regions and that make a linkage of democratic governance and poverty reduction easier to propagate and pursue. Such moments include regional peer review mechanisms (e.g. African Peer Review Mechanism), national poverty reduction strategies linked to the MDGs or the hosting of international events such as the International Conference on New and Emerging Democracies which was pivotal for Mongolia's MDG9 on human rights and governance.
- Tools to help make that linkage conceptually clear and relevant for policy making. Here the Oslo Governance Center OGC of the Democratic Governance Group of BDP contributes to the development of tools on poverty and governance in the following ways:

Capturing Experience on Governance and the MDGs: Consensus is there on the need for good governance to reduce poverty. Commitment has been made on democratic governance to ensure that growth strategies to reduce poverty are also inclusive and responsive. With more integrated UN-wide country presence, a marriage of democratic governance and MDG-based poverty reduction is becoming imperative in three areas:

- (i) Responsive and effective institutions that plan, budget, and deliver on the MDGs
- (ii) Equitable, participative processes of planning and monitoring of MDG progress
- (iii) Capacity development to enhance national ownership, leadership and mindsets.

OGC will be capturing available good practice in the UN system, identifying examples of strong linkage between democratic governance institutions and processes, on one hand side, and poverty reduction and the MDGs, on the other. Some questions will be addressed with the provision of tools:

- How to measure and monitor progress towards a pro-poor and gender sensitive role for the state that is rights-based and encouraging of partnership and entrepreneurship to deliver on the MDGs. This includes how to understand and foster the role of national and local public administration institutions, national parliaments and local councils, economic regulatory and accountability institutions (including the judiciary & customary justice mechanisms)
- How to measure and monitor progress towards pro poor and gender sensitive processes of participation (such as – but not only- UN supported electoral processes) to enhance the dynamics of inclusive citizenship. This includes how to understand and foster the enabling and empowering access to information and how to measure progress in this crucial area of governance.
- How to enhance ownership, leadership and mindsets through evidence based policy making that includes government and society as well as through communication for development and for empowerment.

Governance Indicators: As UNDP collaborates with national counterparts on national planning and reporting (NHDRs & PRSPs) and as UNDP encourages sub-national planning and reporting (MDGRs and localization of MDGs), it is important to include governance indicators into the technical and economic diagnostic, policy identification, and reporting exercises. This would help define the governance deficits, identify the institutions and processes for reform, set milestones and indicators to monitor progress so that democratic governance reform delivers on the MDGs. The Oslo Governance Center OGC has an initiative designed to extend UNDP's work on nationally-owned governance measurement processes with a national level focus that includes three priority elements:

1. ***The principle of national ownership*** – that governance indicators are nationally owned and there is a buy in (through an inclusive consultative process) of government, civil society and other key stakeholders about what and how democratic governance should be measured.
2. ***National capacity development*** – most developing countries have weak data collection and data analysis capacities. Support to national processes of assessing and monitoring democracy must have a focus on building national capacities
3. ***National Development Plans*** – governance assessment (baseline setting) and monitoring systems should be harmonised and aligned with the national development plan consistent with the Paris Declaration.

The core aim of UNDP's OGC work in this area is to improve national capacities and capabilities for evidence-based policy making. Evidence-based policy making in a democratic context means that wherever possible public policy decisions should be reached after an open and inclusive debate which is informed by careful rigorous analysis using sound and transparent data. In many developing countries there are problems related to the supply and use of democracy and governance related data and statistics. The initiative facilitates focused organisational learning on various aspects of governance measurement through supporting learning events bringing together country-level colleagues with external expertise, as well as the development of several knowledge products and guidance based materials for policy makers and UNDP programme staff.

It is important to stress from the outset that this corporate strategic initiative is not meant to introduce any arbitrary governance rating, but rather it emphasizes the interdependence of governance services in order to provide an optimal sustainable governance response through UNDP policy advice and programming. This will also facilitate programme countries' potential joint collaboration with UNCT/UNDP CO in assessing needs for capacity development of respective governance institutions.

The initiative will draw upon various checklists and assessment tools already in existence, in and outside of the UNDP. While working on the development of the capacity tools, steps will also be undertaken to further define the most appropriate range of policy options which are available to address deficits in democratic governance. The OGC indicators project was designed to assess the quality of existing democratic governance indicators, as well as to build national capacities for measurement and assessment of governance performance. Work in a number of pilot countries has already taken place (Mongolia, Philippines, Malawi) to help national counterparts develop pro-poor, gender sensitive democratic governance indicators. Other countries are also requesting OGC support, e.g. Egypt, Tunisia, Afghanistan. The proposed corporate strategic initiative leverages these pilot efforts to help develop national assessment tools in democratic governance. UNDP will also work collaboratively with other institutions

An Example of How to Empower While Reducing Rural/Urban Poverty OGC continues to contribute to UNDP cross-practice initiative on land governance, and to research the relation between property rights, poverty reduction, gender empowerment & conflict prevention, working closely with the Drylands Development Centre of the Environment and Energy group of BDP and the gender group of BDP. That will include a series of policy briefs on land, property rights and democratic governance for poverty reduction and conflict prevention. That will also include a website of resources and capturing and disseminating UN-wide field experience and innovations.

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