



# BULLETIN on the eradication of poverty



No. 10

Time to End Poverty

Annual edition, 2003

## Poverty and hunger

*The joint observance of the International Day for the Eradication of Poverty and the World Food Day at the United Nations Headquarters in New York in October 2003 served to highlight the link between poverty and hunger. Some 842 million people worldwide are undernourished and almost all of them live in developing countries.*

### CONTENTS

Poverty and hunger .....	1
World poverty and hunger fact sheet .....	3
Microcredit and microfinance alleviate poverty worldwide .....	6/7
International Year of Microcredit 2005 .....	7
Regional Workshop on ageing and poverty .....	8
Expert group meeting on social funds and poverty eradication .....	9
Youth Employment Network update .....	9
Cooperatives and poverty .....	10
Eleventh observance of the International Day for the Eradication of Poverty .....	10
Message of the Secretary-General .....	11
Other observances .....	12
Activities, events and publications on poverty	
Economic Commission for Latin America and the Caribbean .....	13
Economic and Social Commission for Asia and the Pacific .....	15
Economic and Social Commission for Western Asia .....	15
Economic Commission for Africa .....	15
Other poverty-related events and publications .....	16

Progress to reduce hunger over the past decade has been mixed: The modest but steady gains worldwide during the early part of the decade - when the number of hungry people fell by 37 million - were diminished somewhat by evidence that the number of hungry people had risen by 18 million in the late 1990s.

### Regional performance

Latin America and the Caribbean is the only region that has achieved an overall decrease in the number of hungry since the mid-1990s, and the decline in the number of malnourished in 20 of the 24 countries in the region is attributed to the improved availability of food and the decline in extreme poverty. Yet, according to the Economic Commission for Latin America and the Caribbean, more than 20 per cent of the population in Bolivia, Guatemala, Haiti, Honduras, Nicaragua and the Dominican Republic still suffer from hunger.<sup>1</sup> The available data suggest that, for the most part, the problem of hunger in Latin America and the Caribbean is less a reflection of insufficient food supply than of insufficient access to food because of the poverty of the population.

In Asia, the incidence of malnutrition has fallen considerably in the past two decades against a background of strong economic expansion. Nevertheless, the region's large share of the world's population means that it still accounts for about two thirds of the world's malnourished - South Asia alone is home to one third of the world's malnourished. In several East Asian countries, rapid economic growth has been associated with a rapid decline in absolute poverty and with improvement in income distribution.<sup>2</sup> In other countries like China, Thailand, Pakistan and Malaysia, the data show that

<sup>1</sup> Social Panorama of Latin America 2002-2003, Economic Commission for Latin America and the Caribbean (ECLAC), ECLAC web site.

<sup>2</sup> World Bank. 1993. *The East Asian Miracle: Economic Growth and Public Policy*. Washington, D.C.: World Bank.



economic growth has been accompanied by rising income inequality. In these countries, gains in food security would have been greater if not for the negating effect of rising inequality.<sup>3</sup>

A study by the Food and Agriculture Organization of the United Nations highlights the fact that Asian countries which achieved stronger economic and agricultural growth have managed to reduce hunger, suggesting that hunger is essentially a poverty problem.<sup>4</sup> The study found compelling evidence that rapid income growth that is sustained for a long period leads to poverty reduction, resulting in improved food security and nutrition of the population. However, the study also noted that food security was correlated with lower population growth and increased economic and social development. Furthermore, Asian countries that gave priority to the development of human capabilities, such as through better access to basic schooling, health, and nutrition, directly enhanced well-being and also improved income distribution and raised average income over the longer term. Less successful countries suffered frequent food emergencies associated with civil strife, droughts and high rates of HIV/AIDS infection leading to low agricultural productivity.<sup>5</sup>

Progress has been slow in Africa. The International Food Policy Research Institute estimates that about one third of Africa's population is malnourished. Furthermore, according to the United Nations University Institute for Natural Resources on Africa, about 35 per cent of Africa's children is malnourished and by 2025, if current trends continue, Africa's food production will feed only 40 per cent of its projected 1 billion people.<sup>6</sup> Poverty, widespread political instability, low agricultural production due in part to degradation of natural resources, trade imbalances and the impact of HIV/AIDS are among the problems contributing to food insecurity.

The vicious cycle of poverty, exacerbated by

HIV/AIDS and the lack of adequate nutrition, is a serious challenge in Africa. The long-term impact of HIV/AIDS, particularly the loss of the agricultural workforce, has several important socio-economic ramifications, including low agricultural productivity and a rising number of orphaned children.

### Addressing poverty and hunger

There is no single formula to reduce poverty and hunger and country policies should be predicated on specific national circumstances.

Income distribution is an important consideration in the fight against poverty and hunger. FAO has noted that the link of growth to food security and nutrition might be blunted by highly unfavourable income distribution, as well as limited access of the poor to infrastructure, improved technology, and human capital formation. Rising inequality, left unchecked, could even dampen subsequent growth.<sup>7</sup> Despite technological advances that have revolutionized and increased agricultural production, food insecurity persists because of the persisting inequitable distribution of food supply. Several of the biggest Green Revolution successes of the past - India, Mexico, and the Philippines - achieved increases in grain production and exports. Nonetheless, hunger has persisted and the long-term productive capacity of the soil has been degraded.<sup>8</sup> A more equitable access to food - through the redistribution of food, the means of producing it or the purchasing power of poor people to buy it - is also essential. The adverse impact of pro-growth strategies on the environment, which could threaten food production in the long-run, should also be considered.

An initiative worth noting is the zero hunger programme of Brazil, which aims to address the root causes of poverty that result in hunger. The programme has two parallel strategies to fight hunger in the short and

<sup>3</sup> *Poverty Alleviation and Food Security in Asia: Lessons and Challenges*, FAO Regional Office for Asia and the Pacific, December 1998, FAO RAP Publication 1999/1.

<sup>4</sup> *Ibid.*

<sup>5</sup> *Ibid.*

<sup>6</sup> Ernest Harsh, "Food security through science", Africa Recovery, United Nations,

<http://www.un.org/ecosocdev/geninfo/afrec/subjindx/134food.htm>

<sup>7</sup> *Poverty Alleviation and Food Security in Asia: Lessons and Challenges*, FAO Regional Office for Asia and the Pacific, December 1998, FAO RAP Publication 1999/1

<sup>8</sup> *12 Myths about Hunger*, Food First Institute for Food and Development Policy,

<http://www.foodfirst.org/pubs/backgrdrs/1998/s98v5n3.html>



## World poverty and hunger fact sheet

### Background

- 1.2 billion people live on less than \$1 a day, the absolute poverty level.<sup>1</sup>
- 24,000 persons die each day due to hunger, 16,000 of whom are children under five years of age.<sup>2</sup>
- 800 million people, or one in every six, are malnourished, 200 million of whom are children.
- The average life expectancy of people living in areas with chronic hunger is 38 years. People living in wealthy nations have an average life expectancy of 70 years.<sup>3</sup>
- Access to food is a basic human right that is no different from the right to life.

Poverty and hunger are closely linked - those who live in poverty are likely to suffer from hunger or malnutrition. Poverty and hunger are often caused by lack of education, employment and healthcare.

### Regional Manifestations

- Nearly one half of the world's hungry are in South Asia and one third are in sub-Saharan Africa.<sup>4</sup>
- South Asia is home to about one third of the world's malnourished; about one out of every five persons in the region is chronically undernourished.
- In Latin America and the Caribbean, about 55 million people have suffered from some degree of malnutrition in the past decade.
- Undernourished populations in India (233 million), South Asia, China (119 million) and sub-Saharan Africa (196 million) represented roughly 9 per cent of the world's population in 2000.<sup>5</sup>

### Global Action

The United Nations, FAO, and the World Bank have made concerted efforts to tackle poverty and hunger simultaneously. The Millennium Development Goal target to halve poverty and hunger by 2015 is proving to be a strong motivating force that is driving the efforts of governments and organizations worldwide to urgently address poverty and hunger reduction.

Economic growth and more equitable access to resources and markets in the context of sustainable development are essential for poverty reduction and food security worldwide. These are challenges that require broad multilateral cooperation among governments, civil society and the private sector.

<sup>1</sup> See report of the Secretary-General on the implementation of the United Nations Millennium Declaration (A/58/323), para. 52

<sup>2</sup> [http://www.wfp.org/country\\_brief/hunger\\_map/facts.html](http://www.wfp.org/country_brief/hunger_map/facts.html)

<sup>3</sup> FAO "The State of Food Insecurity in the World, 2002", <http://www.fao.org/docrep/005/y7352e/y7352e00.htm#TopOfPage>

<sup>4</sup> <http://www.thp.org/>

<sup>5</sup> <http://www.fao.org/worldfoodsummit/english/newsroom/focus/focus2.htm>



longer term. The two-prong approach aims to provide food for the hungry as an emergency response and to improve professional training, reduce poverty and stimulate food production over the long term. Early results show tangible outcomes, according to FAO, which recently signed a \$5.8 million agreement with Brazil to strengthen its collaboration and support of the country's programme.<sup>9</sup>

In Africa and Asian countries, traditional yet modern farming methods have had improved yields. Through sustainable agricultural initiatives in 17 African countries, some 730,000 households in the past 20 years have substantially improved food production and household food security.<sup>10</sup> Such methods rely less on expensive chemicals and pesticides and promote instead locally available natural resources, crop rotation, organic manures as fertilizers and botanicals for pest control. Food production has been increased and resource degradation reduced as a result. Scaling up such initiatives will require policy support.

## Challenges

Issues of food production and distribution, as well as the trade of agricultural products, are key to the long-term solutions to the challenges posed by poverty and food insecurity.

It is important to invest in research that aims to improve food production and reverse the degradation of natural resources as well as to promote the advantages of producing indigenous crops. The role of women as managers of natural resources and guardians of indigenous knowledge on food crops and useful plants should be tapped. Increasing production by using genetically modified food is an alternative that is also being carefully studied, with particular consideration given to its possible negative impacts. Population growth can also be a threat to food security.

In most cases, access to food is a problem of distribution. In countries where there is enough food for the population, the poor cannot afford to buy. For



Maria Clara Chet de Rivera and Martha Zoila Caballeros Ruiz, delegates of ATD Fourth World, Guatemala during the observance of the International Day for the Eradication of Poverty

example, in Argentina - the fourth biggest exporter of food in the world - the deepening poverty incidence due to the economic crisis has resulted in the deaths of children from malnutrition.<sup>11</sup> In addition, food distribution is affected by increasing urbanization, which has shifted the demand for food from cereal to meat products. Owing to economic progress, for example, the Chinese are eating more meat.

Trade of food and agricultural products is vital for food security, poverty alleviation and growth. Food imports contribute to the supply of basic foodstuffs in many of the world's poorest countries. In addition, agricultural exports are an important source of rural income and foreign exchange. Since most people in the developing world live in the rural sector and rely on agriculture, it is important to have free and fair trade in agricultural products.

At the follow-up development round of the World Trade Organization trade negotiations in Cancun, much expectation was generated for a balanced trade regime that would make a real difference for the poor, especially in the least developed countries. This expectation stems from imbalances in the existing trade regime: subsidies in advanced countries exceed the total income of sub-Saharan Africa; the average European subsidy per cow matches the \$2 per day poverty level at which billions of people barely subsist; America's \$4 billion cotton

<sup>9</sup> FAO strengthens commitment to Brazil's Zero Hunger Programme, FAO Newsroom,

<sup>10</sup> Vidal, John, "Famine in Africa: Controlling their own destiny: If southern Africa is to improve crop yields, communities must take control", The Guardian, Manchester (UK) 30 Nov 2002, p.8

<sup>11</sup> Baldock, Hannah, "Child hunger deaths shock Argentina: Economic crisis sharpens poverty in world's fourth biggest food exporting country", The Guardian, Manchester (UK) 25 Nov. 2002, p.15.





Members of the Tapori Movement observing the International Day for the Eradication of Poverty

subsidies to 25, 000 well off farmers bring misery to 10 million African farmers and more than offset America's foreign aid to some of the affected countries.<sup>12</sup>

Poor farmers cannot escape the poverty trap if they are to compete with products subsidized by the richest countries in world trade and in their own domestic markets. Efforts to reach agreement on reducing or eliminating agricultural subsidies in rich countries, which depress world prices and undermine the livelihoods of poor farmers in developing countries, are necessary.

Similarly, the crisis in commodities needs to be addressed. Since the mid-1990s, several major export commodities have seen a sharp decline in prices. In Zimbabwe, for example, the cost of basic commodities such as maize and vegetable oil increased by 1,000 per cent in 2002, leaving very few who could afford to feed themselves adequately.<sup>13</sup> Deteriorating terms of trade

have had an adverse impact on human development through reduced employment, lower wages and incomes, vulnerable livelihoods and reduced access to basic social services.

Thus, the challenges of increasing agricultural production through modern, as well as traditional, methods suited to each country's conditions, and a more equitable distribution of food supply are issues to be considered in the debates.

In addition, the role of fair trade, the reduction or elimination of protectionist measures and agricultural subsidies in rich countries, and commodity price stabilization measures are all issues that need to be addressed in reducing poverty and hunger.

<sup>12</sup> *Will Cancun Promote or Undermine Development?*, Joseph Stiglitz, Project Syndicate, August 2003

<sup>13</sup> Akbar, Arifa, "Food is key to fighting AIDS", The Independent, London (UK) 18 Oct 2003, p.10.



## Policy considerations and conclusion

From a policy viewpoint, it is useful to identify the immediate, underlying and basic causes of food and nutrition insecurity. It is also helpful to act to redress food insecurity within the context of other development goals.

Food for work and relief programmes are two popular examples of public response to insecurity in access to food. Provision of credit to certain target groups is another example.

Maximum programme benefits should be directed to people suffering from severe poverty, making use of the poverty incidence (proportion of the population that is poor) as the indicator for budget allocation.

Potential gains in food supply via agrobiotechnology (genetically engineered food) must be weighed against considerations of ethics, safety and intellectual property rights. The possible adverse impact of new production technologies on small-scale farmers, biodiversity and the environment needs to be factored into policy decisions.

FAO advocates a two-prong approach: There should be direct and immediate public action targeting the hungry, such as food assistance and access to safe drinking water. This short-term response should be complemented by investment in agricultural and rural development. Examples of such long-term initiatives include investment in the research and development of productive and well-adapted crop varieties and their dissemination, particularly in Africa.<sup>14</sup>

Rapid technological advances have been responsible for the overall increase in agricultural production globally. However, that increase has not been shared evenly. Hunger and malnutrition continue to be a problem in vulnerable areas that are mired in poverty and untouched by technology.

Policies that address more equitable and sustainable food and agriculture production and distribution, allow poor farmers from developing countries to compete in the world market and offer innovative approaches to feed the hungry should open up opportunities for achieving food security and

improving the lot of the poor. Establishment of these policies will require the commitment of national and local governments, as well as regional and international support.

### Microcredit and microfinance alleviate poverty worldwide

#### Recent success stories from microfinance and microcredit programmes:

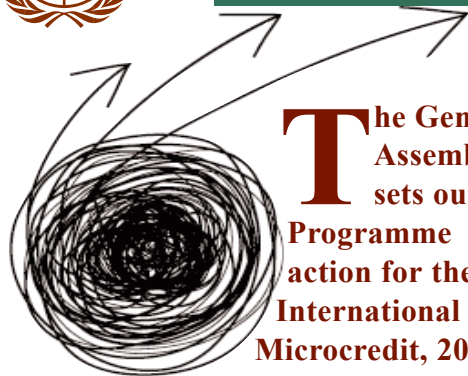
Research in Indonesia conducted by the Consultative Group for the Poor - a consortium of donors of which the United Nations Capital Development Fund is a member - found that microcredit borrowers increased their incomes by 12.9 per cent compared to increases of 3 per cent in the incomes of control groups.

In another study, Freedom from Hunger found that clients in Ghana had increased their incomes by \$36 per annum compared to \$18 per annum for non-clients. Beneficiaries of microcredit were not only able to increase their earnings but, more importantly, were able to diversify their incomes. Eighty per cent of microcredit beneficiaries reported secondary sources of income versus 50 per cent among non-clients.

A study of Bank Rakyat Indonesia borrowers on the island of Lombok reported that, on average, the incomes of clients had increased by 112 per cent and that 90 per cent of households had moved out of poverty.

A study of SHARE clients in India found that three quarters of the clients who participated in the programme for longer periods saw greater improvements in their assets. They further found that cash flow was smoothed by diversification of earnings, increased employment of family members and reliance on small businesses.

<sup>14</sup> FAO Press Release 01/69,



**The General Assembly sets out the Programme of action for the International Year of Microcredit, 2005**

**UN Year of Microcredit 2005**

In its resolution 57/266, the 58th Session of the General Assembly emphasized the role of microcredit as an effective tool in the fight against extreme poverty.

Microcredit and microfinance have received increasing attention as effective anti-poverty tools. Microcredit has successfully contributed to lifting people out of poverty in many developing countries by providing, inter alia, small business loans to the poor, in particular to poor women and thereby enabling them to start small businesses. It is important to recognize, however, that people living in poverty deserve access to a range of financial tools that can enhance their ability to increase income, build assets and mitigate vulnerability in times of economic stress. The provision of this range of financial services to the poor is often referred to as microfinance.

Sound microfinance is having a positive impact on the lives of poor people. Evidence from microfinance programmes demonstrates that access to financial services can enable poor people to improve their health, nutrition, education and the school enrolment of their children. Financial services can also help to improve the stability and growth of micro-enterprises.

Poor people in most countries, however, still do not have access to formal financial services. The challenge is to expand the reach of microcredit and microfinance and develop more effective financial services for poor people on a sustainable basis.

The resolution supports the Programme of Action for the International Year of Microcredit, 2005. Observance of the Year will provide an occasion to raise awareness of the importance of microcredit and

microfinance in the eradication of poverty, to share good practices and to further enhance financial sector development that supports sustainable pro-poor services in all countries.

The Secretary-General of the United Nations, Kofi Annan, said that the International Year of Microcredit, 2005 underscored the importance of microfinance as an integral part of the collective effort to meet the Millennium Development Goals.

**Microcredit and microfinance alleviate poverty worldwide**

**In Bolivia, the incomes of Crédito con Educación Rural clients increased by two thirds after joining the programme. Moreover, 80 per cent of clients said their savings had increased, whereas 78 per cent had not had any savings prior to programme participation.**

**In Honduras, a study undertaken by Save the Children reports that clients participating in credit and savings programmes increased their earnings, allowing them to send many of their children to school and reducing student dropout rates.**

**In Bangladesh, BRAC found that basic education competency among 11 to 14 year-old children in client households doubled to 24 per cent in three years, overtaking children in non-client households by 14 per cent.**

Sustainable access to microfinance helped alleviate poverty by generating income, creating jobs, allowing children to go to school, enabling families to obtain health care, and empowering people to make the choices that best served their needs. The stark reality was that most poor people in the world still lacked access to sustainable financial services, whether it was savings, credit or insurance. The great challenge ahead was to address the constraints that excluded people from full participation in the financial sector. The International Year of Microcredit, 2005 offered a pivotal opportunity for the international community to





engage in a shared commitment to meet the challenge. By working together, it was possible and necessary to build inclusive financial sectors that helped people improve their lives.

The resolution designated the United Nations Capital Development Fund and the United Nations Department of Economic and Social Affairs to jointly coordinate the activities of the United Nations system in preparation for and in observance of the International Year of Microcredit, 2005.

According to the Programme of Action, the United Nations will join together with Member States, non-governmental organizations, the private sector and civil society to raise public awareness, build sustainability in the microcredit and microfinance sectors, and promote innovative partnerships. Although microcredit and microfinance have already had a positive impact on the household budgets and quality of life of millions of poor people, many of them are still denied access to financial services that could raise their standard of living and protect them against economic setbacks. The International Year of Microcredit, 2005 will encourage and support the growth of microcredit and microfinance sectors to best serve the needs of a wide variety of poor clients.

Mark Malloch Brown, Administrator of the United Nations Development Programme (UNDP) said that microfinance was much more than simply an income generation tool. By directly empowering poor people, particularly women, it had become one of the key driving mechanisms towards meeting the Millennium Development Goals, specifically the overarching target of halving extreme poverty and hunger by 2015.

For additional information on the International Year of Microcredit, 2005, please contact Emily Krasnor at the United Nations Capital Development Fund, tel: (212) 906-6308, e-mail: [emily.krasnor@undp.org](mailto:emily.krasnor@undp.org) or Sarangerel Erdembileg at the Department of Economic and Social Affairs, tel: (212) 963-4720, e-mail: [erdembileg@un.org](mailto:erdembileg@un.org)

## Regional workshop on ageing and poverty

29-31 October 2003

The Regional Workshop on Ageing and Poverty was held in Dar es Salaam from 29 to 31 October 2003. It was hosted by the Government of the United Republic of Tanzania and organized by the United Nations Department of Economic and Social Affairs in association with HelpAge International.

Some 70 participants representing government officials, civil society, UNDP, the United Nations Population Fund, the World Bank and the Department for International Development of the United Kingdom attended the Workshop.

The Workshop explored the practical links between the agreements made at the Second World Assembly on Ageing in Madrid in 2002 and the poverty-related programmes of the Governments of sub-Saharan Africa. The commitments in the Madrid International Plan of Action on Ageing, 2002 call for governments to integrate older persons into national and international development frameworks. In particular, it was deemed important that older persons be included in programmes designed to achieve the Millennium Development Goals, especially the goal pertaining to poverty reduction.

The underlying principle of the Workshop was that Millennium Development Goals could not be achieved unless older persons were full participants in, and beneficiaries of, the related action programmes of the Goals -not merely as targets of poverty programmes but also as contributors to their success. The Workshop reviewed the evidence on ageing and poverty across Africa and elsewhere and developed recommendations for governments, international financial institutions, development agencies and civil society for the incorporation of ageing into national poverty reduction strategy papers and the Goals.

Some of the key recommendations of the Workshop were the need, inter alia, to integrate and align policies related to older persons into future poverty and development processes, including programmes of the Millennium Development Goals; to include consultations with the older poor, analysis of





their poverty situations and appropriate responses to the poverty of older persons in poverty policies and programmes, including poverty reduction strategy papers and the Goals, to monitor the equitable access of the older poor to social and other services; to give older poor more voice and influence in national poverty-related consultations and budget; and to include targeted income transfers to the older poor in poverty programmes.

For more information, please visit:  
<http://www.un.org/esa/socdev/ageing/age-wkshp-tz.htm>

## Expert group meeting on social funds and poverty eradication

15 - 16 October, 2003, United Nations, New York

The expert group meeting brought together a small group of practitioners and experts familiar with social fund projects and practices to discuss the impact of social funds on poverty alleviation. The meeting focused on the contributions social funds have made to poverty eradication as well as on how those funds could be better utilized for the benefit of the poor.

Social funds are often basic social services providers in national systems, funded and supported by external institutions. While much research has been conducted on the adaptation of social funds to local circumstances, especially in the wake of financial and economic crises, there is limited research of consequence that has examined the actual impact of the funds on poverty alleviation.

Social funds were discussed within the broader context of development practices and poverty alleviation and specific examples were provided to illustrate how these funds worked in the field. Poverty targeting and its benefits in alleviating poverty among the poorest, such as women and the marginalized, were also discussed. The impact of social funds projects such as infrastructure work, employment schemes and disaster relief on poverty reduction were discussed in local contexts in which participants had direct, first-hand experience.

The opportunity to present tactical groundwork

alongside theoretical academic research benefited and challenged participants to discuss and propose policy and institutional frameworks that would ensure that social funds are more effective in poverty reduction.

The meeting made a number of useful recommendations that defined government and institutional roles, focused on the poorest of the poor and provided long-term employment and income opportunities.

For more information, please visit:  
[http://www.un.org/esa/socdev/poverty/poverty\\_egm2.htm](http://www.un.org/esa/socdev/poverty/poverty_egm2.htm)

## Youth Employment Network

The Youth Employment Network was established by the Secretary-General to tackle the pressing issues of unemployment and underemployment, particularly among youth, as well as a means to alleviate poverty and hasten economic recovery.

The high-level panel of the Network held its second meeting in Geneva in July 2003. The panel recommended that the Network take the following five steps:

- Endorse the high-level panel's recommendation on the four thematic areas of focus and stressed the need to translate policies into concrete action at the country level, based on the road maps produced by the panel's four working groups;
- Encourage governments to design and implement national action plans for youth employment, as called for in General Assembly resolution 57/165;
- Propose the promotion of social dialogue on youth employment, inviting representatives of employers and workers to participate in the design and implementation of the action plans;
- Invite youth organizations all over the world to advise on the design of youth employment programmes, to contribute to their implementation and to help governments monitor progress towards their commitments on youth employment and to work with the high-level panel in an ongoing advisory capacity;
- Mobilize a resource base on twinning and partnership, with leadership from the World Bank and the



International Labour Organization. In relation to resource mobilization, it was noted that Sweden had provided the initial funding for the Network Secretariat and that discussions had been initiated with Spain, Germany and Finland as future potential partners.

Action at the national level, on the implementation of the Network's activities takes on urgency in the next phase. So far, the launching of the Youth Employment Network has brought a sense of awareness and urgency to the task of providing young people with access to decent and productive work. The Network has demonstrated that diverse partners in the international community can work together to address the various dimensions of this challenge.

For more information, read the Network newsletter  
<http://www.ilo.org/public/english/employment/strat/yen/>

## Cooperatives and poverty

Nearly 800 cooperators gathered in Oslo, Norway from 30 August to 5 September 2003 for the General Assembly of the International Cooperative Alliance and related events. The Assembly highlighted the role cooperative enterprises can play both in alleviating poverty and in effectively organizing economic activity, even in the more developed nations of the world.

Juan Somavia, Director-General of the International Labour Organization, in addressing the Assembly, noted that whether it was voice and representation in the community, creating jobs and reducing poverty, combining values and profits, or making globalization more fair and inclusive, the cooperative enterprise, the cooperative movement, must be considered a central actor for more just, more productive, more balanced societies.

The Assembly reviewed the challenges facing the world where, despite unprecedented economic growth, poverty and hunger continue to afflict millions of people. Gender issues, the challenges of Africa, and the role of young cooperators in building the cooperative movement for the twenty first century were also given particular attention. In addition, the Assembly discussed the

different experiences around the world on how cooperatives have been instrumental in development initiatives and how the cooperative movement can contribute to achieving the Millennium Development Goals.

The Assembly adopted a resolution on cooperative development in which it reminded members and partners of the important role of women in all development activities and the need to include a gender and youth perspective when addressing cooperative development. It also called for greater contributions by governments, international donor organizations and other development agencies to cooperative development and requested Alliance members in the industrialized world to increase their efforts to promote development in the developing world. Finally, members affirmed their resolve to actively support the Alliance's development programme and the campaign against poverty.

## Eleventh observance of the International Day for the Eradication of Poverty 17 October, 2003

Joint events to mark the International Day for the Eradication of Poverty and World Food Day were held on 17 October 2003 in New York to focus attention on the plight of victims of extreme poverty and hunger.

World Food Day is observed on 16 October each year and is intended to heighten public awareness of the world food problem and to strengthen solidarity in the struggle against hunger, malnutrition and poverty. These joint events were co-organized by the Department of Economic and Social Affairs, FAO and the International Movement ATD Fourth World.

The commemoration for the International Day for the Eradication of Poverty was held in the United Nations Garden where children and adults representing poor communities gathered. United Nations Under-Secretary-General for Economic and Social Affairs, José Antonio Ocampo, delivered the message of the Secretary-General for the Day. This was followed by messages by the President of the Economic and Social Council, Gert

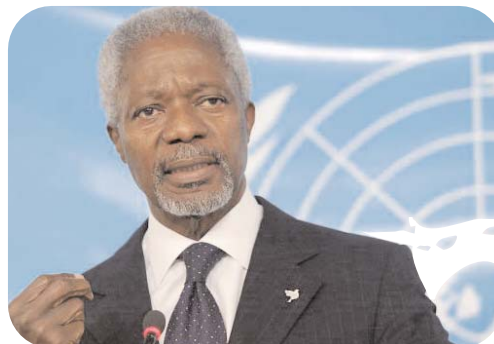


## MESSAGE OF THE SECRETARY-GENERAL

17 October 2003

*Yesterday, we observed World Food Day. Today, we observe the International Day for the Eradication of Poverty. This year, we are holding joint events in recognition of the close links between hunger and poverty.*

*Approximately 1.2 billion people struggle to survive on less than a dollar a day. An estimated 840 million suffer the gnawing pain of hunger, and as many as 24,000 people, many of them children, die every day as a result. People who are hungry are more susceptible to disease, and find their capacity to work diminished as well. Hunger also impairs children's ability to learn, with consequences that are felt long after childhood is over. There is no time to lose if we are to reach the Millennium Development Goal -- agreed by all the world's countries -- of halving by 2015 the proportion of people who live on less than a dollar a day and the proportion of people who suffer from hunger.*



H. E. Mr. Kofi Annan

*The achievement of that goal -- and all the other Millennium Development Goals -- depends on many things. But none is more vital than forging a truly global partnership for development - which is itself one of the Millennium Development Goals. Such a partnership requires bold reforms from many developing countries. But it also requires bold action from developed countries.*

*An essential component is a trading system that is both free and equitable. The failure of the recent World Trade Organization meeting in Cancún to reach agreement on reducing and ultimately phasing out tariff and non-tariff barriers is a source of great concern. These barriers shut out many developing countries from the markets of developed countries - stunting growth, stifling opportunity and starving millions of people who want to trade their way out of poverty.*

*The Monterrey and Johannesburg conferences on financing for development and sustainable development also set out key parameters and commitments for building a global partnership for development. Some progress has been made, but much more needs to be done to meet those commitments.*

*A world that is not advancing toward the Millennium Development Goals - a world mired in the deprivation of hunger, the prevalence of disease and the despair of poverty -- will not be a world at peace. On this day, as we recall the link between poverty and hunger, let us also recall the link between development and peace. And in that spirit, let rich and poor alike rededicate themselves to achieving the Millennium Development Goals.*



Rosenthal of Guatemala, and the Permanent Representatives of France and Burkina Faso to the United Nations. The ceremony was well attended and drew attendees from non-governmental organizations, United Nations staff and the general public who came to demonstrate solidarity with those who endure poverty, hunger and violence on a daily basis, and to renew their commitment to fight poverty and hunger everywhere.

The ATD Fourth World invited two representatives of very poor families in Guatemala, Clara Chet de Rivera and Marta Zoila Caballeros, to share testimonies about what it means to build solidarity with others, despite living in extreme poverty. There was also a performance of songs in Spanish, English and Arabic by the Peace of Heart Choir, which was formed to promote diversity and mutual understanding.

To mark World Food Day, FAO organized a special ceremony at the Dag Hammarskjöld Auditorium on the theme working together for an international alliance against hunger. The event included a video conference

that brought together children from the Tapori Network, an international network of children concerned about poverty, and children from Zimbabwe to discuss poverty and hunger. The children from the Tapori network also performed a play based on an African folktale.

### Other observances

To commemorate the International Day for the Eradication of Poverty, the Economic and Social Commission for Western Asia (ESCWA) in partnership with the World Bank, held panel discussions to address the link between poverty and food security in the region. The themes for the three panel discussions were "Is there a food security issue in the .region?", "Rights-based approach to poverty in the ESCWA region" and "Combating poverty in Lebanon".

The panel discussions were intended to promote dialogue and stimulate debate on poverty issues in a more lively and interactive way. There was integrated and multisector coverage of issues with panelists drawn from



Mr. José Antonio Ocampo, Under-Secretary-General of the Department of Economic and Social Affairs greets Crystal of the Tapori Movement





the United Nations agencies, governments, non-governmental organizations, academia, the media and the private sector.

The United Nations Information Service/Economic and Social Commission for Asia and the Pacific observance of the International Day for the Eradication of Poverty was held in Bangkok at the United Nations Conference Centre. The celebration was organized in collaboration with UNDP, the International Movement ATD Fourth World and World Vision.

The programme included testimonies contributed by persons who had overcome adverse circumstances. There were panel discussions on the themes "Barriers to reaching the poor: Do they exist and how do we overcome them?" and "Building new pathway towards cooperative future with the poor".

A small exhibition by United Nations families and non-governmental organizations, including the sale of products made by groups of persons with disabilities and the poor, were also featured as part of the event marking the Day.

### UNDP Viet Nam

On the occasion of the International Day for the Eradication of Poverty, UNDP Resident Representative Jordan Ryan released a statement to celebrate the achievements of Viet Nam in poverty eradication.

Viet Nam leads the developing world in reducing its poverty rate from 60 per cent in 1990 to 29.1 per cent in 2002. The success is attributed mainly to the results of a broad-based reform process (*doi moi*) launched in 1986.

Source: "Viet Nam succeeds in poverty reduction: UNDP chief", Anh Minh, The Saigon Times Daily, Ho Chi Minh City, Oct 21 2003. p.1

## Activities, events and publications on poverty

### Economic Commission for Latin America and the Caribbean

The 2002-2003 edition of the Social Panorama of Latin America analyses a number of issues relating to the Millennium Development Goals. Three of the document's five chapters on poverty, hunger and gender-based inequalities assess the outlook for Latin

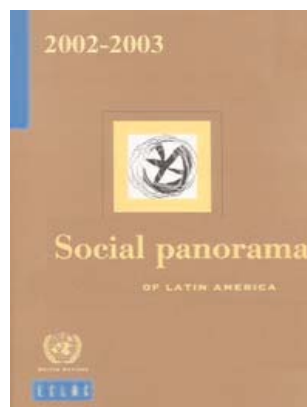
American countries in terms of achieving Millennium Development Goals by the year 2015.

The chapter on efforts to combat hunger in the region, which was prepared with support from the World Food Programme (WFP) provides background information on the scale of undernourishment and child malnutrition in 24 Latin American and Caribbean countries during the past decade, including discussion of trends in this regard and their underlying causes.

For more information visit:

<http://www.eclac.cl/default.asp?idioma=IN>

### Region's poverty indices stagnate: Summary of Social Panorama of Latin America 2002-2003



In 2002, the number of Latin Americans living in poverty reached 220 million people (43.4 per cent), of which 95 million (18.8 per cent) were indigents. These are among the estimates presented by the Economic Commission for Latin America and the Caribbean (ECLAC) in its study, Social

Panorama of Latin America 2002-2003.

The report goes on to observe that progress towards overcoming poverty in the region ground to a halt in the past five years, with poverty and indigence rates remaining practically constant since 1997. The sole exception was 2000, when better economic performance brought with it a reduction in the incidence of poverty by more than 4 million people.

At the country level, these indicators changed little for most countries over the period 1999 to 2002. However, there were notable exceptions as in the cases of Argentina and, to a lesser degree, Uruguay, both of which suffered serious declines in living conditions. In Argentina, poverty rates in urban areas almost doubled, rising from 23.7 per cent to 45.4 per cent, while indigence grew threefold, from



6.7 per cent to 20.9 per cent. In contrast, Mexico and Ecuador were the only countries studied that posted measurable declines in poverty and indigence in their urban areas during this period.

ECLAC projections for 2003 indicate that these regional rates will rise yet again, owing mainly to the lack of growth in per capita gross domestic product (GDP). Living conditions in most countries should remain relatively unchanged, except in Venezuela, where poverty could rise significantly, and in Argentina, where it is likely that renewed economic growth should reduce poverty rates.

### **Magnitude of hunger in the region**

Almost 55 million people in Latin America and the Caribbean were suffering from some degree of malnutrition toward the end of the past decade. In a special chapter on hunger, prepared in cooperation with WFP, ECLAC estimates that 11 per cent of the population is undernourished. Almost 9 per cent of children under five years of age suffer from acute malnutrition (low weight-for-age) and 19.4 per cent from chronic malnutrition (low height-for-age). This last indicator is particularly alarming because its negative effects upon children are irreversible.

The ECLAC report provides information for 18 Latin American countries on public social expenditure and focuses on the impact of slowing economic growth. In the past decade, social expenditure per person rose to an average of 58 per cent in the region. The study concludes that despite a significant slowdown in the expansion of social expenditure posted by virtually all countries from 1990 to 1997, the higher priority assigned to social areas within GDP prevented larger declines in per capita spending.

### **Women now have more education but remain poorer**

ECLAC reports that more women than men live in poverty in Latin America. Female household heads have less monetary income than men in poor and high-income households. Single parent households, mostly headed by women, also suffer from additional disadvantages associated with the lack of unremunerated domestic labour.

Latin American women have higher educational levels than men and women in the workforce average more years of education. They nonetheless suffer from more severe unemployment, wage discrimination and restricted working hours than do men. During the 1990s, women's participation in the workforce rose more quickly than men's. But while male unemployment rates rose by 2.9 per cent from 1990 to 1999, women's rose by 6.1 per cent.

ECLAC rated the progress in women's political participation and management positions as still too slow, except in countries where affirmative action policies have been implemented.

An examination of household surveys makes it possible to estimate income poverty among females. The data show that the percentage of women over 15 years of age earning no income was much higher than that of men and, in urban areas, 45 per cent of women versus 21 per cent of men lacked their own income.

The last chapter of the report reviews labour conditions and employment policies in Latin America. It reports that while all governments have ratified the fundamental international charters on non-discrimination in employment, this is not the case with children's labour and regulations governing the minimum working age in the region, which still do not conform to international standards.

From 1998 to 2003, collective labour laws were reformed in Colombia, as were labour codes in Chile and Guatemala, and laws governing collective bargaining in Cuba. In Mexico and the Dominican Republic, social security laws were changed. Nevertheless, the problem of noncompliance with legislation remains.

To mitigate the negative effects of changing modes of employment and rising job insecurity, governments have implemented a range of policies. Passive policies include unemployment insurance, while active ones include credits to small businesses and intermediation in job searches. In Latin America, just six countries - Argentina, Brazil, Chile, Ecuador, Uruguay and Venezuela - have unemployment insurance.

The whole document is available in both English and Spanish on the ECLAC website: <http://www.eclac.cl>



## **Economic and Social Commission of Asia and the Pacific**

A new Poverty and Development Division was created in January 2003 as part of the organizational restructuring in ESCAP, which seeks to blend research, analysis, and operational activities. The new division will focus on: the provision of basic services to the poor through public-private partnerships; management of water resources for poverty reduction; and support for local governments and regional networks in poverty reduction activities. It will also support urban poverty reduction programmes in such areas as slum improvement, women in local government and human security; the participation of the urban poor in environment management; and introduction and communications technology and other poverty issues. A special area of concern is women's representation in policy-making bodies. The Division will seek to promote regional cooperation and exchange of experiences through capacity-building of national, subnational and local governments, non-governmental organizations, research and training institutes as well as regional institutes and networks.

In conjunction with UNDP, ESCAP has published a regional report entitled "Promoting the Millennium Development Goals in Asia and the Pacific: meeting the challenges of poverty reduction," which is geared towards improving cooperation among countries in the region and highlighting success stories and best practices. The report identifies slow economic growth, declining official development assistance, uneven distribution of income and unfavourable social conditions as some of the key obstacles to reducing poverty and achieving the other Goals in Asia and the Pacific. The report notes that the achievement of the Goals in Asia and the Pacific relies heavily on sustained economic growth and improved equity, as well as on increased levels of external aid.

For more information, visit [www.unescap.org/pdd/](http://www.unescap.org/pdd/)

## **Economic and Social Commission for Western Asia**

In accordance with the recommendations of the World Summit for Social Development, ESCWA is currently in the second phase of a region-wide project

aimed at promoting the provision of universal access to basic services and building an integrated vision of social policies. Social policy in the region is plagued by poor integration, uncoordinated programmes, and administrative neglect, and has suffered as a result of privatization of basic services and a reduction in social expenditure. ESCWA has created a programme of country profiles, with information on poverty, policy, and practice for each country in the region. The country profiles will include reference material for decision makers and researchers alike, and will serve as platforms for the exchange of information and experiences in national social policy formulation, implementation and monitoring. Particular attention will be given to the effect of social policies on women, youth, the aging as well as other vulnerable groups.

ESCWA has also begun publishing a regional report on integrated social policies, which will have a focus on poverty and serve as a resource and empowerment tool and will act as an impetus for effective and integrated social policy. The report will draw upon the country profiles and will be published every two years. The next issue is to be published in 2004.

On 20 June 2003, ESCWA held a workshop in Beirut, on social indicators, with emphasis on the Millennium Development Goals and Indicators, to promote the Millennium Declaration. The workshop, organized in collaboration with UNDP, included statisticians from national statistical offices, development experts from national and regional organizations as well as representatives of United Nations specialized agencies, such as the ILO, the United Nations Children's Fund, the World Health Organization and the United Nations Educational, Scientific and Cultural Organization.

For more information, visit: <http://www.escwa.org.lb>

## **Economic Commission for Africa**

African countries and the Economic Commission for Africa (ECA) participated in the third Tokyo International Conference on African Development (TICAD III), held from 29 September to 1 October 2003. TICAD is a leading platform for African development



since its inception at the first Tokyo conference in 1993. A regional workshop held in Nairobi, for East and North Africa, prior to the conference in Tokyo, reviewed the following: progress in reducing poverty; Africa's integration into the global economy; the goals agreed on at TICAD II five years ago; and global partnerships for African development. Regional participants called on TICAD III to focus on consolidating peace in the war-torn continent, and improving governance -- including a wider role for civil society, and promoting agriculture, which they spotlighted as a leading engine of growth. Other priorities endorsed at the Tokyo conference included support for the private sector, building national and regional infrastructure, strengthening human resources, mobilization against HIV/AIDS and other infectious diseases, and improving water supplies. Also highlighted was information and communications technology as an area for productive cooperation between Asia and Africa.

ECA also organizes a forum on the African learning group on the poverty reduction strategy paper, to facilitate peer learning on the experiences with the strategy papers in Africa. The most recent meeting of the forum was held from 18 to 21 of November 2002 in Brussels. The focus of the learning group is to share best practices, identify national capacity gaps, formulate recommendations for actions by various stakeholders (African Governments and civil society organizations, African research institutions, and the private sector) and advocate for change in aid modalities and approaches. The learning group also aims to stimulate dialogue on transforming development relations between African countries and their key external partners for increased aid effectiveness and enhanced development impact. ECA considers poverty to be Africa's most pressing development challenge, and looks toward policies that guarantee broad-based economic growth as the key to poverty eradication

For more information, visit: <http://www.uneca.org/prsp>

## Other poverty-related events and publications

### **World Conference on Inequality, Poverty and Human Well-being**

Helsinki, 30-31 May 2003

**United Nations University/World Institute for Development Economics Research**

The Conference provided an opportunity to review recent advances in analytical concepts and methods and identify ways in which future research on inequality, poverty and human well-being can make best use of the advances. The topics covered included: Measuring human well-being; spatial inequality; global trends in inequality and poverty; micro simulation studies; and modeling approaches (dynamic, and computable general equilibrium models etc). The conference catered primarily to researchers from the academic, government and development communities, with over 140 economists and experts attending.

For more information, go to the conference website:  
<http://www.wider.unu.edu/conference/conference-2003-2/conference2003-2.htm>

### **Macroeconomic performance and poverty reduction**

Working paper, April 2003 (Anne Epaulard, IMF Institute)

This paper investigates the link between macroeconomic performance and the change in the poverty rate among 47 episodes of growth and 52 episodes of economic downturn in developing and transition economies.

Read the paper here:  
<http://www.imf.org/external/pubs/ft/wp/2003/wp0372.pdf>





### **The impact of external indebtedness on poverty in low-income countries**

Working paper, March, 2003, (Loko, Boileau; Mlachila, Montfort P.; Nallari, Raj; Kalonji, Kadima D.; Policy Development and Review Department.)

This paper explores the relationship between external debt and poverty. A number of observers have argued that high external debt is a major cause of poverty. Using the first-differenced general method of moments estimator, the paper models the impact of external debt on poverty, measured by life expectancy, infant mortality, and gross primary enrolment rates, while duly taking into account the impact of external debt on income. The paper thus endeavours to bring together the literature that links external debt with income growth and poverty. The main conclusion is that once the effect of income on poverty has been taken into account, external debt indicators have a limited but important impact on poverty.

Read the paper here:  
<http://www.imf.org/external/pubs/ft/wp/2003/wp0361.pdf>

### **How not to count the poor**

(Sanjay G. Reddy and Thomas W. Pogge, Barnard College, presented at the "Leading Edge Roundtable" sponsored by the Human Development Report office and the Ford Foundation's Peace and Social Justice Program)

The paper argues that the estimates of the extent, distribution and trend of global income poverty provided in the World Bank's World Development Reports for 1990 and 2000/01 are neither meaningful nor reliable because: the World Bank uses an arbitrary international poverty line unrelated to any clear conception of poverty; it employs a misleading and inaccurate measure of purchasing power "equivalence" that creates serious and irreparable difficulties for international and inter-temporal comparisons of income poverty; and it extrapolates incorrectly from limited data and thereby creates an appearance of precision that masks the high probable error of its estimates. The systematic distortion

introduced by these three flaws may have led to an understatement of the extent of global income poverty and to an incorrect inference that it has declined. The paper concludes that a new methodology of global poverty assessment, focused directly on the ability of the poor to achieve the most elementary income-dependent human capabilities, is both feasible and necessary.

Read the paper here:  
<http://www.columbia.edu/~sr793/count.pdf>

Bulletin on the Eradication of Poverty  
United Nations Secretariat  
Room DC2-1358  
New York, NY 10017  
United States of America