PART III

Chapter 15

Sustaining the global momentum to end poverty

by

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This chapter presents key themes discussed at the OECD’s recent Global Forum on Development. It argues that the monitoring of progress against global averages masks impressive progress in many – especially African – countries. This could be better captured by using a two-level approach: global goals and national targets. The chapter also highlights the need to consider both income and non-income dimensions of poverty, as well as a broader range of people than those falling below a defined income threshold. The chapter calls for linking poverty and inequality, integrating poverty with environmental objectives, strengthening multidimensional measures, developing statistical capacity and improving development co-operation and finance. Clear messages and measures that better reflect current understanding of poverty will help sustain global momentum as well as national efforts to end poverty in all its forms.
The global economic landscape has changed, and with it our understanding of what development and poverty are all about. The OECD’s 2013 Global Forum on Development focused on what the shifting dynamics of poverty mean for the poverty reduction policies to be pursued by governments, international organisations and others after the Millennium Development Goals expire in 2015. Key policy themes raised by forum participants (representing countries, institutions and stakeholders from all the world’s major regions) have been taken up by the UN High-Level Panel in its proposal for a new post-2015 global development framework (Chapter 11 and HLP, 2013).

The report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda places the eradication of extreme poverty as the central challenge, but addresses inequalities only tangentially (HLP, 2013). As expected, it advocates a universal agenda and goals, and it endorses the need to embrace national plans, strategies and targets to take account of countries’ different contexts. Strong cases were also made for inclusiveness and a “data revolution” (Chapter 16, Global approach 2). This is all very encouraging. But the final post-2015 framework has not yet been agreed and there is still much work to be done to come to terms with how we end poverty once and for all.

This chapter summarises the key themes emerging from the forum, which reflect much of the discussion around the post-2015 framework and what is needed to complete the unfinished business of ending poverty forever.

We need to redress uneven progress

Impressive gains against poverty have been made at the global level, but they have not been evenly distributed (Chapter 1). Estimates of extreme poverty, as measured by the proportion of people in the world living on less than USD 1.25 per day, were 20.6% in 2010, down from 43.1% in 1990 and 52.2% in 1981 (World Bank, 2013). According to this measure, the world has met the MDG 1a target of halving the rate of extreme poverty – five years ahead of the 2015 deadline. Advances have also been achieved in other indicators such as health, education and clean water (Kenny and Sumner, 2011).

Despite this progress, however, many people who have escaped poverty – as defined by MDG 1 – would still be counted as poor using other relative or national thresholds of income poverty, or when poverty is viewed as consisting of multiple dimensions (Table 15.1 and Chapter 3). Many also remain vulnerable because of a range of factors – such as unemployment, sickness, poor sanitation, social exclusion and old age – which could send them back into poverty.
Furthermore, the focus on progress globally masks uneven progress within countries. Many extremely poor people have been left behind during the MDG period because of the highly uneven distribution of overall income gains. This uneven distribution is also seen in other MDG areas. Some countries may report reaching a global MDG target, for example in child mortality at the national level, yet miss the target among the poorest in rural areas and ethnic minority groups (Save the Children, 2010; and Chapter 12).

Gender inequalities exacerbate the challenges faced by households, particularly in the poorest countries and among the most marginalised groups. These imbalances present barriers to progress in a range of areas, including the labour market, political participation and improved maternal health in both rural and urban areas (World Bank, 2012b; UN, 2012a, b).

Uneven progress towards the MDGs across countries, localities, population groups and gender reflects a fundamental weakness in the current framework – the way poverty is measured influences the targets chosen and the policies adopted.

By only measuring progress at the national and global levels, the goals do not provide incentives to reach the poorest and most marginalised groups experiencing the most extreme forms of poverty. Policies to reduce gender inequalities, for instance, are difficult to target or track because existing income measures are calculated at the household level (and therefore assume equal sharing within each household; Chapter 16, Global approach 1). The result: despite more than a decade of impressive progress towards meeting the MDGs globally, the most disadvantaged individuals and groups remain trapped in poverty. More needs to be accomplished.

**We need to shift the focus from poverty to well-being**

Risks at different stages of life and in various situations can move people in and out of poverty. Efforts to improve well-being should be judged as ineffective when those emerging from poverty fall back into it and when those who have been above the threshold become impoverished (Chapter 4). This is why, in addressing poverty, we need to monitor what is happening to society as a whole. The concept of “well-being” not only encompasses a

### Table 15.1. The multiple faces of poverty in low and lower-middle-income countries, 1998 and 2007

<table>
<thead>
<tr>
<th>Classification</th>
<th>Subgroup</th>
<th>Education poverty</th>
<th>Health poverty</th>
<th>Nutrition poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>All poor households</td>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Type of place of residence</td>
<td>Urban</td>
<td>15</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>Rural</td>
<td>85</td>
<td>83</td>
<td>82</td>
</tr>
<tr>
<td>Ethnicity of household head</td>
<td>Ethnic minority group</td>
<td>71</td>
<td>69</td>
<td>72</td>
</tr>
<tr>
<td></td>
<td>Largest ethnic group</td>
<td>29</td>
<td>32</td>
<td>28</td>
</tr>
</tbody>
</table>


“Show me statistics… better data [are] essential to end poverty… how can we make better decisions without them?”

Olusegun Obasanjo, former President, Nigeria
country’s entire population and multiple dimensions; it also accommodates changes throughout a person’s life. A well-being approach helps us understand the implications of excessive inequality, and can encourage policies for more inclusive and sustainable economic growth in both developed and developing countries. Clarifying the connection between poverty and well-being has the potential to turn existing technocratic policy approaches on their head. Future policies might be better served by considering how to support the efforts of poor people to achieve well-being and by removing the obstacles that undermine their efforts. This will require closer examination of current concepts and constraints, such as data availability and reliability. It also calls for examining the impact of continued or worsening income and other inequalities on the prospects of future generations.

How do we shape the future?

The forum highlighted the following themes that should be part of a post-2015 framework if it is to speak for all of us.

**Tackle poverty and inequality simultaneously**

In a world of environmental and economic insecurity, future global development will need to focus on the quality – as well as the quantity – of growth. Future goals should promote inclusive and sustainable economies that enable the poorest to participate in and benefit from growth. A wide range of social policies will be essential to ensure greater resource distribution that can reduce poverty and inequalities (Chapter 6). A first step is to use concepts, measures and data that enable a better understanding of the possible linkages.

**Set global goals, but recognise national realities**

“MDGs are useful, but national targets must be set by countries according to their own development priorities”.  
Otaviano Canuto, former Vice-President and Head of the Poverty Reduction Network, World Bank

The MDGs were useful drivers of global and national initiatives on poverty reduction, but were not adapted to countries’ particular circumstances and did not take account of the fact that different countries started at different levels of development. In order to address this, the forum participants supported a two-level approach involving high-profile global goals alongside national goals with country-specific targets and indicators. All countries will have a role to play in a post-2015 framework. Yet, it will be important that individual countries define how to incorporate global goals into their own national goals and targets.

**Find better ways of measuring poverty**

We need poverty and well-being measures and statistics that are better at tracking the disparities among the extreme poor, broadening the view of poverty to incorporate the well-being of all people. The data need to capture the social and economic inequalities underpinning uneven progress, and the implications of such progress for current and future generations. It is also clear from a growing body of evidence that those living in poverty value freedom from fear and violence, social inclusion and honest governance just as highly as good incomes, education and health (Pollard et al., 2011; My World Survey, 2013).
A range of poverty measures can help build truer profiles of those in poverty and allow for better-targeted policies. These can be used alongside the MDGs’ absolute USD 1.25 per day measure of income poverty, which should continue to be used for continuity and credibility:

- **Multidimensional Poverty Index**: The MPI measures a range of deprivation factors, such as poor health, lack of education, inadequate living standards, lack of income, disempowerment, poor quality of work and threat of violence. It is currently used in more than 100 countries (Alkire and Sumner, 2013; and Chapter 3).

- **Well-being measure**: Calculates well-being across or within countries based on topics identified as essential in terms of material living conditions and quality of life. A variety of similar indices on well-being have emerged worldwide, such as the OECD’s Better Life Index which prioritises 11 specific indicators of well-being.3

- **Social cohesion measure**: A range of measures focused on the political and socio-cultural domains of life (OECD, 2012).

- **Social Institutions and Gender Index (SIGI)**: Focuses on factors underlying discrimination against women, including a wide range of social institutions and practices.4

Forum participants urged that the range of measures currently under discussion be examined and their relationships to one another clarified to help countries tailor measures of absolute and relative income poverty and other deprivations to their specific contexts.

**Generate more, and better, data**

Weak capacity in generating and managing data – a major challenge in many countries – needs to be addressed (Chapter 16, Global approach 2). Poor-quality or absent data will undermine the effectiveness of any new development framework. Generating global and national momentum for change becomes harder when the empirical basis is absent. The statistical-capacity challenge becomes more acute as new measures (e.g. well-being) and ways of understanding the situation of specific groups (e.g. women, indigenous peoples) called for in a post-2015 framework demand more and better data. Actions suggested at the forum included:

- **Adopt a specific post-2015 goal, target and indicator for data quality, availability and usability.** This should be linked to strengthening investment in national statistical institutes, as outlined in the Busan Action Plan for Statistics (endorsed by over 130 countries and organisations; PARIS21, 2011), and by supporting the multi-member Partnership in Statistics for Development in the 21st Century (PARIS21).

- **Bring in statisticians to help define targets and indicators.** This will provide a “reality check” on their feasibility and relevance for measuring progress.

- **Make use of new technologies and new sources to support data collection.** For example, involve civil society and the private sector in data collection, monitoring and accountability.

**Integrate poverty and environmental objectives**

Beyond focusing on the social and economic dimensions of poverty, the forum highlighted the newer challenges raised by climate change and unsustainable consumption and production patterns, which strain the natural resource base on which all depend for survival. The poorest – already the most vulnerable to food, fuel and financial shocks – will become even more vulnerable if there is greater competition for natural resources. It is therefore essential that the future development framework secure sustainable progress on poverty, inclusive growth and the environment.
Any future agreement needs to recognise that making progress on poverty and human well-being is inextricably linked to sustainable environmental systems and natural resources. Sustainability needs to become a core priority of all development endeavours. It should encompass both global public goods (such as a stable climate; Chapter 13) and country-specific assets (such as forests).

**Improve development co-operation and finance**

The MDGs brought the world closer together, yet we need to do better. Development in a post-2015 world needs to take place in a climate of increasing co-operation among all stakeholders. This means governments, parliamentarians, multilateral and regional institutions, civil society, non-governmental organisations (NGOs), foundations, and the private sector all working together as equals. This is the only way to resolve complex issues, for example in the areas of trade, migration and the environment.

The framework must also work out how to finance the achievement of the new goals. As outlined in Chapter 14, with the right tax structures in place, and with innovative approaches by the private sector, development finance can come from within developing countries themselves. Likewise, ways need to be found to improve international development co-operation and finance, including improved tracking of the wide sources and types of funding. The current official development assistance (ODA) concept is the only systematic means in existence today to monitor the efforts and commitments of “traditional” donors, but it is struggling to keep up with growing diversity and complexity. A post-2015 financing framework should:

- **Agree on new measures of development finance that better capture how development is funded today.** We all need to know if the resources allocated are enough to achieve the goals agreed. One measure could aim to provide a better indication of the totality of development-related budgetary efforts. Ideally, this would also include South-South co-operation (Chapter 16, Global approach 3). A second measure could aim to better account for resources (public and private) actually coming into developing countries (sometimes referred to as “recipient benefit”).
- **Use ODA to attract other finance.** While ODA no longer accounts for the majority of financial flows towards the developing world, it nevertheless remains the largest single block of resources whose primary motivation is development. Better understanding of the interactions between ODA and other finance – foreign direct investment, remittances from migrants and guarantees (even though not always motivated by development objectives) – can help us use ODA to bring on board additional finance and maximise development impact (Chapter 14).
- **Finance global public goods.** The process of working towards a set of post-2015 goals has already started to generate discussion of how to monitor the financing of global public goods (e.g. preventing contagious diseases, protection of biodiversity, mitigation of and adaption to climate change; Chapter 13) and other development “enablers”. Robust statistical methods to monitor the financing of these goods are needed.
- **Promote innovative development finance.** Innovative financing mechanisms have strong potential to complement traditional aid (Chapter 14).
Conclusions

The OECD will continue to support the international community’s efforts towards a post-2015 framework for all, especially in its areas of particular expertise where it can add the most value. A new series of Post-2015 Reflections (OECD, 2013) is looking at how to incorporate these ideas, those of the authors of this report, and those emerging from the 2013 Global Forum on Development, into the post-2015 development framework.5

One of the greatest challenges in defining a post-2015 development framework will be developing clear messages and measures that reflect our better understanding of poverty, and that will sustain the global momentum to end it in all its forms. The challenge is even greater as the complex nature of poverty, and its deep links with factors such as natural resources, become increasingly clear. This is also an opportunity we cannot afford to miss: the MDGs demonstrated that we can come together across the world and make a clear, measurable difference in peoples’ lives. We can do so again.

Notes

1. The Global Forum on Development was the first in a series of three forums to be held over the next three years focusing on “Preparing for the Post-2015 World”. These events provide a venue for high-level policy makers, academia, civil society and the private sector to exchange perspectives and explore challenges, opportunities and lessons learned about current poverty reduction policies and methods for fostering progress and social cohesion. The forum was highly interactive. The quotes highlighted in the text are points made by speakers that participants then shared more widely. For more see www.oecd.org/site/oecdgfd.

2. Relative changes reflect country progress in relation to initial starting positions, while absolute measures show change regardless of the starting point (Chen and Ravallion, 2012).


5. Next year’s Global Forum will address those structural economic impediments to growth that limit further and sustainable reductions in poverty.

References


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