

Swiss Working Paper on Poverty and Inequalities in the Post -2015 Agenda

The strength of a people is measured by the well-being of its weakest members;
Preamble of the Swiss Constitution

Recommendations for the goal framework:

Switzerland supports a post-2015 agenda which has the elimination of poverty, the reduction of inequalities¹ as two of the core elements:

1. **Overarching goal** Achieving Sustainable Development and eradicating extreme poverty in all its forms² while respecting planetary boundaries as well as fostering sustainable peace and safe societies, in fulfilment of human rights obligations and commitments.
The Post-2015 agenda must have an **overarching goal** establishing **eradication of multidimensional poverty** as central part of Sustainable Development. With such an overarching goal we aim at achieving coherence in- and encouraging the links between- the different goals, each addressing specific dimensions of poverty within sustainable development. *Leave no one behind* should be our vision.
2. **Standalone goal:** eradicating extreme income poverty and reduce income inequalities, as a continuation of MDG1 on the income dimension of poverty. Regarding income inequalities, proposals for target formulation at international level will need to be assessed.
3. **Cross-cutting:** The following issues should be addressed across all goals:
 - a. **Social inclusion, equal opportunities and access:** should be integrated in all goals and targets, a disaggregated analysis of data should allow to look at which groups are overrepresented among the poor according to different dimensions.
 - b. **Vulnerability** to risks is a factor maintaining people in poverty and a cause of impoverishment mainly linked with two broad categories of risks:
 - I. Conflict, violence and fragile situations are causes and consequences of poverty, inequalities and unsustainable development patterns. The multilayered drivers of conflict, violence and fragile situations should thus be addressed as a cross-cutting issue in all goals
 - II. People in poverty are disproportionately exposed and vulnerable to natural and man-made disasters (drought, floods, and economic crises) which are also major causes of impoverishment. Prevention and promoting resilience in particular through DRR should therefore be imbedded as a transversal theme and be considered as a contribution to the achievement of eradicating poverty.
4. **Process of implementation:** The future framework should entail guidance for the implementation, monitoring and evaluation of the goals. The post-2015 targets shall be rooted in the **human**

¹ In the paper it is referred to “inequalities” of opportunities, of development outcome ... experienced by groups or categories of people, it thus implicitly refer to inequities but avoid its use as being too abstract.

² Sustainable Development Network use the term “extreme poverty in all its forms” for the multidimensional concept of poverty embodied in the MDGs, comprising *inter alia* income poverty, hunger, gender inequality, lack of education, poor health and major epidemics, and lack of access to basic infrastructure services.” This is coherent with Agenda 21 understanding of poverty: Poverty is a complex multidimensional problem with origins in both the national and international domains



rights framework which is recognized as universal and legitimate at both national and international level.

- a. It should pave the way to a global governance system for social and economic rights and hence calls upon governments to mobilize legal and economic resources as well as broad public support to achieve them. Universal periodic reviews provide a useful model to strengthen government accountability.
- b. The implementation process has to bear in mind national political economy issues, mobilize alliances and solidarity of elites and gradually ensure **democratic and meaningful participation** of disadvantaged groups leading to ownership and accountability. Development partners shall follow a human rights based approach.

Global trends

Today about 1.2 billion people live in extreme poverty—nearly 700 million fewer than 1990. The table below shows 1) that the vast majority of people in extreme poverty live in 3 regions (EAP, SA, SSA³), 2) Extreme poverty by 2030 is likely to be concentrated in SA and SSA. A large proportion of poor people in Sub-Saharan Africa are today a long way from the poverty line and in South Asia where poverty is less deep, deprivation is highly multi-dimensional and the result of intersecting disadvantages that makes escaping poverty more difficult. Women still account for more than 70% of the people living in extreme poverty. Recent studies analyzing the relationship between care work and poverty argues that heavy and unequal care responsibilities are a major factor contributing to extreme poverty⁴. While the projections vary, many experts believe that fewer than 600 million is a realistic projection but also agree that 200 million—roughly 3% of the globe in 2030—is an ambitious but achievable target.

Table: Proportion of the world extreme poverty by regions, evolution and trends

	EAP [%world poor]	ECA [%world poor]	LAC [%world poor]	MENA [%world poor]	SA [%world poor]	SSA [%world poor]	#World poor [Million]	World poor %	#World pop [Billion]
1990	49%	0%	3%	1%	32%	15%	1908	43%	4.43
2010	21%	0%	3%	1%	42%	34%	1215	21%	5.89
2030 ⁵	7%	0%	4%	2%	37%	49%	624	7%	8.42

Source: for 1990/2010 PovCalNet, for 2030 projections International Futures model (from ODI:2013/CPRC forthcoming)

Analyzing what happened during the last 20 years shows that:

- an **emerging global “middle class”** has seen unprecedented increase in their real income over the period (“probably the profoundest global reshuffle of people’s economic positions since the Industrial revolution”⁶). This increase is likely to be the “measurable” part of the empowerment they experienced the last two decades. This population has much clearer expectations regarding e.g the quality of public services and is increasingly holding their respective government to account, transforming the political economy landscape of many countries. Whether these emerging voices will support issues of poverty and environmental sustainability will be crucial.
- During the same period the poorest strata of the world population have seen no increase in their income. Growth and crisis have unevenly impacted on the livelihoods of the world population, lifting millions of people out of poverty but also leading to “severe income disparity”, one of the most worrying global risks according to the WEF⁷. **Extreme and growing inequalities** especially

³ EAP : East Asia and Pacific, ECA : Europe and central Asia, LAC: Latin America and the Caribbean, MENA: Middle East and North Africa, SA: South Asia, SSA: Sub-Saharan Africa

⁴ Report of the UN Special Rapporteur in Extreme Poverty and Human Rights 2013

⁵ Estimation from IF baseline scenario, in comparison : Ravallion (2012) estimated world extreme poverty by 2030 by 3-15%, Chandy et al (2012) by 1.5-15.2, Edward and Sumner (2013) by 0.3-0.9 Billion

⁶ World Bank Milanovic:2012

⁷ Global Risks 2014: World Economic Forum

within countries constitute a threat to social cohesion, and a challenge for peace and safe societies.

- **Changing demographic patterns** including: **aging** (a trend for an increasing number of developing countries), a reducing (but still significant) number of youthful societies, **migration** responding to spatial inequalities (both to cities and cross-border) and **urbanization**. From about half of the world population today, it is expected that the rural population will remain constant while the urban population will more than double by mid-century. These demographic dynamics are important factors on vulnerability and issues like food security.
- **Food water energy nexus**: increase in global population, changing consumption patterns of a growing middle class and a mix of energy still heavily dependent on fossil fuel with growing impact on climate change and natural resource degradation. As hunger, lacks of access to water and to energy are core dimensions of poverty, this nexus must be managed in a pro-poor way while acknowledging the planetary boundaries.

Lessons from MDGs

Driven by a combination of economic growth, better policies, and the global commitment to the MDGs, which provided an inspirational message for the whole world, the last two decades have seen the fastest reduction in poverty in many dimensions. The target of reducing extreme income poverty by half in comparison to 1990 has been reached way before the deadline of 2015. While this has primarily become possible due to an overwhelming contribution from China thanks to its impressive economic growth, this proof that the **eradication of extreme poverty in all its forms is now possible** is probably the most important success of the MDGs. The persistence of world poverty is no longer a fate of humanity; it has become a matter of political choices.

The focus of the MDGs on global and national averages and at aggregated data has masked inequalities. MDGs have also not taken into account risks and vulnerability (to natural shocks, crises and conflicts). The fact that the MDGs were not fully aligned with internationally agreed human rights standards as well as the way they have frequently been used - focusing on a single target, ignoring linkages and adopting silo approaches - induced ineffective actions failing to address the systemic nature of poverty and inequality.

The post-2015 agenda should not “only” be about finishing the business started with the MDGs, but should take a **universal scope** as poverty, inequalities and the new challenges are interlinked and matters of concern for all countries with common but differentiated responsibilities.

Arguments for the centrality of poverty and inequalities in the post-2015 goals framework on Sustainable Development

1. Eradication of multidimensional poverty as part of the overarching goal

Poverty is not about abstract discussions but about the battle of ordinary people to change their lives. Participatory studies of what poor people experience consistently describe poverty as being **multidimensional**. The link between water, education and gender equality is a good example of the multidimensional and interlinked nature of poverty. For hundreds of millions, adequate water supply and sanitation is a prerequisite for escaping the poverty trap. Apart from the direct impact on people's health and the resulting financial burden for medical treatment, inadequate water supply and sanitation also has negative effects on educational opportunities (many school days lost due to diseases related to water and sanitation), gender equality (lack of toilets in schools as major factor in deterring girls from continuing their education, particularly after puberty) and social inclusion of the most vulnerable groups.

Poverty eradication and the sustainable management of natural resources are mutually reinforcing public goods: poverty and oppression are often linked with unsustainable exploitation and destruction

of natural resources, including biodiversity, arable land, water, and others. On the other hand, economic growth and increasing wealth have led to an increasing production of goods, that is linked with increasing consumption and, also, for example CO₂-emissions. Consequently, planetary boundaries are increasingly discovered to have real consequences. In the long run, social justice and participation for all can only be realized if the consumption of natural resources does not exceed clearly defined boundaries. The economic, social, and environmental dimensions of sustainability being interdependent and mutually reinforcing, no efforts to promote one dimension can be done ignoring the others.

Shared economic prosperity, human development and global sustainability of natural systems need to be addressed as the interdependent parts of the same goal of sustainable development. While MDGs focused on developing countries, the post-2015 goals must inspire support from the public (consumers and citizens), private sector, scientists, civil society and governments and therefore need to be universal.

2. Standalone goal on the income dimension of poverty and inequalities

In continuation of the MDG1, the eradication of extreme poverty is among the undisputed goals for the post-2015 goals framework. There is a wide consensus that 1) the impacts of economic growth and crises during the past decades have been uneven, 2) inequalities and exclusion of certain groups from development need to be tackled, 3) extreme inequalities are detrimental to global development as a whole.

Through the creation of jobs with fair wages and social benefits, wide layers of society in all countries can benefit from economic growth, with possible significant progress in poverty reduction in developing and emerging economies. Poor employment opportunities and prospects for the future tend to lead to frustration and social exclusion, especially among the young. In many countries, young people are particularly subject to unemployment, low pay and insecure jobs. Jobs that ensure human dignity and fair pay («decent work») mean more than a life without poverty: enabling people to work productively and earn a decent livelihood also helps to build self-esteem and social cohesion; it also seeks to ensure equal development opportunities for men and women. The Decent Work Agenda – as developed in the ILO and supported throughout the UN system – contributes to promoting inclusive development and poverty-reducing growth. Effective implementation of international labor standards (ILO) should be promoted to ensure decent working conditions.

3. Addressing vulnerability and impoverishment across all goals

From the perspective of the dynamic of poverty, a broad body of research⁸ has shown that risks and vulnerability to risks are a major factor for both: maintaining people in poverty and pushing people in poverty. As **impoverishment** is nearly as widespread as escaping poverty⁹, preventing impoverishment is central for the eradication of poverty.

3a. Conflict, violence and fragile situations are tightly linked as causes and consequences and in a mutually reinforcing relation with poverty and inequalities – in particular inequalities between groups that threaten social cohesion. Conflict, violence and weak institutions are major threats to the sustainability of development progress in terms of basic service delivery, human development, economic prosperity and infrastructure, social networks and environment as well as major cause of people displacement. Conflicts and violence and the lack of access to trusted and inclusive institutions not only have greater negative impacts on vulnerable people, but are themselves a trigger of vulnerability. It is thus imperative to include these challenges in a new framework. Furthermore,

⁸ See for instance Chronic Poverty Adviser Network, www.chronicpovertynetwork.org and ODI.

⁹ 20 panel data from 14 countries over different periods from 1982 to 2011 show that in nearly half of the cases the rate of descend into poverty exceeds the rate of escape of poverty. (CPAN/ODI: 2013)

since issues related to conflict, violence and fragile situations affect men and women in different ways, these issues need to be addressed in a gender-sensitive way.

Among the countries that are unlikely to meet any MDGs most are fragile or have a history of conflict. It is also estimated that for the first time in history the majority of the world's poor will soon live in fragile and conflict-affected states if they do not already. It is thus crucial to consider the links between poverty, violence, conflict and fragile situations in a new framework.

3b. Disasters and in particular the impact of climate change such as droughts and floods which **have strong impacts on poverty**, are major factors of impoverishment. Natural disasters represent one of the biggest threats to food security in the 21st century. Poor people are disproportionately exposed and vulnerable to disaster risks and it is therefore likely that these risks will have the biggest impact on the poorest and most marginalized in the next decades. On the one hand, disaster risk reduction and management in all different areas is a crucial contribution as it can dramatically reduce the impact of such shocks on poor people's lives. On the other hand, the prevention of natural hazards through protecting and sustainably managing the natural resource base is equally crucial to avoid such shocks.

Social protection can be an effective way to promote inclusive, equitable and sustainable development. It can have a transformative role in contributing to long-term inclusive and sustainable growth while also enhancing resilience against natural and manmade disasters, as well as economic and social crises. By ensuring at least a minimum well-being through a guaranteed access to essential goods and services that provide protection against life contingencies, social protection can play a pivotal role in freeing people from fear of poverty and deprivation. It also promotes opportunities for individuals by helping people to overcome constraints that block their participation in the productive system in a rapidly changing economic, social and environmental context. Social protection provide a way to make poorest people, a majority of them women and girls, benefit from growth. The Social Protection Floor Initiative led by the ILO and the WHO provides useful guidance.

4. Ensuring social inclusion and addressing discrimination and inequalities across all goals

While the nature, extent and effects of inequalities are shaped by country specific politics and policies, **high level of inequalities, in particular of gender inequalities, is among the main obstacles to Sustainable Development and poverty reduction** in almost all countries. Extreme inequalities have harmful social, economic, environmental and political effects, excluding people from opportunities. Unequal opportunities lead to poor outcomes which in turn undermine future opportunities confirming and reproducing inequalities. Multiple and intersecting discrimination and linked deprivation based on gender, disability, urban / rural, or group identity are mutually reinforcing, most resistant to change and therefore responsible for persistent poverty and inequality. Social exclusion or the adverse terms by which poor people take part in society, like bonded labor, lead to poverty and inequality traps and contribute to the intergenerational-transmission of poverty. **Promoting social inclusion** as a concept of justice and fairness based on trusted and inclusive institutions, aims at breaking this vicious circle, empowering poor, vulnerable and marginalized populations and addressing structural factors. A transformative approach is needed in order to address structural causes of discrimination.

Addressing poverty and inequality starts with the understanding that poor people are not a homogeneous mass but rather differentiated on the basis of issues such as occupation, social position, gender, age, place of residence or ethnicity. Social inclusion leads to questions such as "why some people lack access to education, health, and other services or receive poorer-quality services. It exposes the multidimensional nature of chronic deprivation arising from social exclusion, (...). It underscores that deprivation arising from social exclusion tends to occur along multiple axes at



once”¹⁰. Indicators that measure the level of achievement of the targets must therefore allow a disaggregated analysis of data (by sex, age, occupation, disability and ethnicity ..) throughout the goal framework and in that way can trigger a debate around why certain groups or categories of people are overrepresented among the poor. In that way, the future framework can provide a solid basis to analyze the realization of human rights and guidance to prioritize most disadvantaged groups.

5. Process of implementation: participation

The future framework should entail guidance for its implementation, monitoring and evaluation ensuring inclusive **and meaningful participation that leads to ownership and accountability**. It is easier to get policies and programs right on paper, but far more difficult to put them into practice. The real challenge is to implement policies at the local level, to make them deliver and responsive to people’s expectations and needs. The importance of poor people’s participation is supported by ample evidence: “how people experience interventions in their lives is as important to them as what the intervention can offer them”¹¹. Prerequisite for the dignity of poor and excluded groups are respect and recognition of their identities, realities and aspiration.

Development partners shall follow a **human rights based approach**. From a human rights perspective, poverty eradication is a matter of justice, obligations and commitments, and not only a policy option. It entails responsibilities of states towards their own population, as well as international cooperation and private actors including international corporations. Beyond periodic reporting, making responsibilities and commitment explicit provides the prospect for more transparency and accountability, which has been demanded both by the post-2015 global consultation and the HLP. Therefore the future framework shall be based on the UN Universal Declaration of Human Rights and existing human rights instruments.

¹⁰ Inclusion matters, World Bank :2013

¹¹ See www.participate2015.org