

Every effort counts

What families can do for eradicating poverty

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The Commission for Social Development contributes to the follow up to the 2030 Agenda for Sustainable Development, within its existing mandate, by supporting the thematic reviews of the high-level political forum implementation of the Sustainable Development Goals, including cross-cutting issues, which should reflect the integrated nature of the Goals as well as the interlinkages between on sustainable development on progress on the them, while engaging all relevant stakeholders and, where possible, feeding into and being aligned with the cycle of the high-level political forum, according to the modalities to be established by the General Assembly and the Economic and Social Council in the context of the high-level political forum.

Eradication of poverty is clearly enunciated in the Copenhagen World Summit for Social Development and the 2030 Agenda for Sustainable Development. Either developed, middle-income or developing countries are facing poverty challenges. Within the families, women, children, persons with disabilities, older persons and youth are the most affected. Many families across the globe suffer serious deprivations of basic human needs, with progress hampered by deep inequalities linked to income, access to nutritious food, quality education, job creation and healthcare.

The Division for Social Policy and Development of the Department of Economic and Social Affairs organized an Expert Group Meeting (1-3 June, 2016) on the priority theme of the fifty-fifth session of the Commission for Social Development: 'Strategies for eradicating poverty to achieve sustainable development for all'.

Experts gathered to discuss about poverty, education, health, social protection, agriculture development and structural transformation to present, evaluate and made recommendations of the most effective strategies that countries have adopted to eradicate poverty in all its forms and dimensions, including extreme poverty. [1]

Extract of the report of the Expert Group Meeting on Strategies for Eradicating Poverty to Achieve Sustainable Development Goals [New York, 1-3 June 2016]. Available at: <http://bit.ly/2kMpJdX>.

Such a broad and complex scenario might be better tackled by a holistic approach.

Health and social protection strategies

Investments in health save millions of lives and improve the well-being and quality of life of individuals. The resources that family units procure to the health of their members have great impact on poverty reduction through short- and long-term economic gains from improved health at the family level. Family members raised in healthy homes live longer, are more likely to save more, invest in education, and enable an environment, which leads to improved prospect of economic growth.

Another area, which significantly improves the health and the quality of life of the poor, is the availability of clean drinking water. Chlorine dispensers installed at community water sources disinfect drinking water against most bacteria while protecting water from recontamination. However charging even very small user fees substantially reduces adoption of preventive health products. A point-of-use chlorine dispenser, which can be directly installed at community water sources, is proven to be more effective in the area where no clean water or piped connections to households are available.

At the same time, several countries and regions have experienced how social protection contributes to reducing poverty and social exclusion. By establishing universal social protection systems, including social protection floors, countries can ensure that no family is left behind and that prosperity is shared. While social protection systems are widely accepted as major tools for addressing multiple dimensions of poverty and deprivation, the fundamental human right to social security remains unfulfilled for the large majority of the world's population. Only 27 percent of the globe's population enjoys access to comprehensive social security systems, whereas 73 per cent are covered partially or not at all [2].

The 2030 Agenda identifies a strong role for social protection in combatting poverty and reducing inequalities, and calls for universal approaches to social protection provision while accelerating efforts for the poor and vulnerable. Moreover, the Addis Ababa Action Agenda recognizes social protection as one of the core cross-cutting areas where initiatives are needed in order to be able to achieve the SDGs. As far as ILO is concerned, universal social protection coverage is at the core of its mandate, guided by ILO social security standards including the Social Protection Floors Recommendation, No. 202, adopted by 185 states in 2012.

Some of these examples narrow down to practical applications such as conditional cash transfers (CCTs). Experts have measure their impact in high-income countries and on human capital accumulation. These mechanisms could be used when the reason for under-investment is low demand for the given service (related to lack of information or low motivation), rather than just to lack of resources. The development of health care and educational services is the most appropriate policy

solution, however, when the major cause of low human capital investment (for example, dropout from school) lies on the supply side (the unavailability and/or poor-quality of services, etc.) [3].

For instance, in EU Member States with mature welfare states, the introduction of CCT programmes should take the context of a comprehensive package of welfare services and provisions into account. Thus the interaction between the incentives of the CCT programmes and incentives inherent in existing welfare schemes should be understood before introducing such benefit schemes. An additional issue is whether the general public and experts in EU Member States will accept CCTs. Policies are implemented in a context of societal values and beliefs about the role of the state and the relationship between citizens and the state. For instance, countries differ in the extent to which poverty is seen as a consequence of societal injustice such as in Nordic countries, or as a consequence of low individual effort such as in Eastern European countries, which might make a difference for the acceptance of CCT programmes.

In Latin America cash transfer on poverty reduction, human capital accumulation and wellbeing have given some outcomes. Recent evidence from 13 countries shows that CCT programmes have contributed to reducing poverty rates at the national level. Relative to an internationally comparable poverty line of USD PPP 2.5/day, national poverty rates would be 1 to 2 percentage points higher—about 13 percent higher relative to average baseline rates—in the absence of CCTs. CCT programmes have also succeeded, however modestly, in bringing more children to school and keeping them in school longer. However, most countries that have introduced large-scale CCT programmes have not succeeded in making schooling universally accessible. In addition, subsequent growth in the scale of these programmes has over-stretched thin educational resources in many settings and has magnified the leakage of transfers to non-intended beneficiaries, substantially increasing administrative programme costs. As a result, the available evidence suggests that CCTs—despite raising average educational attainment—have not produced learning gains amongst target students [4].

While conditions matter, other aspects of programme design also seem to mediate programme effectiveness. In particular, easing educational resource-constraints and helping families negotiate savings restrictions that limit long-term educational investments show promise. Similarly, while the evidence on whether the return to transfer amounts is non-decreasing is mixed, recent evidence shows that small transfers that make education more salient without explicit formal incentives or conditions can be a cost-effective innovation.

In Vietnam's social protection programme major resources for social protection and poverty reduction have been invested from the State budget and other resources. In 2015, total expenditure on social protection reached about VND 307.03 trillion (an increase of VND 47.2 trillion compared to 2014), accounting for 6.61 per cent of GDP (an increase of 0.3 percentage-point compared to 2014). Every year, 320,000 new jobs are created by targeted labour policies. By the end of 2015, nearly 70 million people participated in health insurance,

accounting for 77 per cent of the population. By the end of 2015, more than 1,000 concentrated water supply facilities were built, increasing the proportion of rural families using clean water to 86 per cent. These investments were accompanied by a reduction in poverty rates: 14.2 per cent in 2010 to 4.5 percent in 2015. The rate of poor families at poorer districts declined from 32.6 per cent in 2014 to 28 percent in 2015. The Vietnamese social protection policy system is still cumbersome and overlapped. Currently, there are about 233 policy documents issued and implemented by the Party, National Assembly, ministries and different agencies. In addition, the coverage of social protection programmes is still narrow— only 3 per cent out of 20 per cent in need; some social protection programmes (for instance, vocational training programme for rural labourers) are not effective [5].

Most importantly, poverty reduction results are not sustainable with one third of the families that escaped from poverty falling back into poverty. Social protection is not inclusive yet: the poverty rate in some disadvantaged areas and groups (poorer districts, communes with special difficult circumstances, and ethnic minorities) remains high—between 50 and 70 per cent.

Quality Education and decent work creation

Nearly US\$10 trillion in total is needed to eradicate extreme and moderate poverty globally by 2030 if we attend the real magnitude of poverty challenges. Despite poverty has declined in many emerging and developing countries, it has tended to increase in the majority of advanced economies, including in terms of working poverty. The disparity among the gains is fragile and uneven. A decent work is paramount in the fight to reduce poverty. Hence, tackling persistent poor quality employment is critical in these efforts. Nearly one-third of those living in extreme and moderate poverty actually have a job, but these are often vulnerable in nature. In developed countries the lack of paid employment among poor households is even more striking. While in employment, 80 per cent of the working-poor are in wage and salaried employment but face more precarious employment conditions than the non-poor. Most of the working poor are employed in agriculture and rural areas. And the poor are particularly disadvantaged in terms of skilled occupations [6].

Evidence indicates that children in poor families have seen their learning outcomes improved in an efficient and cost-effective way after supporting education programmes focused on basic skills and direct instruction. There is little evidence that suggest that learning outcomes have improved due to high spending in education. But, “teaching at the right level”, procured by the close relations that a family unit can provide, has been found more effective. A simple assessment of the tools to identify student progress is therefore considered to be key to implement this model.

It is clear the good outcomes for families and their most vulnerable members when emphasizing on human development, especially quality education. Procuring quality education has proven to be so important in the

modern world of rapidly shifting labour markets [7]. Nevertheless, this has to be applied with caution and adjusted to each economic reality. Too much education could be risky if there were not jobs to match. In this regard, the impact of new technologies on employment and the labour market generates high levels of instability and uncertainty. No job seems to be spared from technical progress and the continual elimination of tasks and posts. Tools to sustain the movement of workers among different and new sectors of the economy are needed. Workers have to be technologically fit for making use of many of the jobs in the job market. In this regard social protection, capacity-building and re-employment mechanisms are needed. State capacity and families’ engagement will have an even greater role to play in societal success in the coming century than it did in the last century. In particular, the developmental State will be required to provide universal quality education. Therefore inclusion and equality would be much more closely linked to the expansion of capacities and competitiveness.

Economy driven strategies

Economic growth alone is insufficient to eradicate poverty. Countries whose exports depend on natural resources and primary goods have seen the smallest improvements. Further, the presence of a large informal and rural economy reinforces the weak link between the exploitation of natural resources and poverty reduction. Narrowly based economic growth also exacerbates income inequality. Particularly striking is that even though the world’s poor makes up 30 per cent of total population, they receive only 2 per cent of its income. Therefore, economic growth alone is insufficient to end poverty. High-income inequality dampens the impact of growth on extreme poverty. To ensure that growth contributes to poverty eradication, a shift towards higher productivity sectors is required as well as raising productivity in the agricultural sector and enhancing linkages to markets. For poor rural families to move out of poverty, it is necessary to increase agricultural productivity, improve access to market opportunities, diversification into off-farm businesses and engagement in wage employment.

Another critical element in ensuring the creation of decent jobs is strengthening the rights of the poor. This will require that international labour standards reach the poor. Other critical elements include strengthening labour market institutions, including effective labour administrations and inspections, freedom of association and social dialogue. Countries should also focus on designing employment and income policies in order to help broaden the productive base. Labour market policies contribute to poverty reduction by raising skill levels, boosting participation in the labour market and facilitating transitions from informal to formal employment. Further, such policies enable employers to create jobs in new sectors required to alleviate poverty and at the same time equipping workers with the tools needed to take up these jobs. He further underscored the role of social protection in supporting the development of a productive workforce and in alleviating poverty among the most vulnerable. It is also critical to pay attention to new opportunities for poverty eradication such as rapid

technological change and the emergence of new patterns of globalization, including the extension of global value chains.

Microcredits and alternatives to credit are also among strategies to eradicate poverty. Research suggests two conclusions: 1) there is a potential role for credit for certain types of micro-entrepreneurs; and 2) certain populations, notably poorer women, may need different interventions or additional support to move out of poverty. Evidence from randomized studies evaluating the impact of microcredit on borrowers found that the demand for many of the microcredit products was modest, expanded credit access did lead some entrepreneurs to invest more in their businesses, and expanded business activity [8].

Nevertheless, evidence base increasingly shows the limited potential for microcredit to move large numbers of poor families out of poverty. The rapid growth of the microcredit industry demonstrates both the ability of the world's institutions to mobilize the resources needed to serve the poor, and the opportunities lost when those resources are not directed to proven interventions. While microcredit fails to justify such a large public investment on the basis of poverty reduction, it still has a number of positive impacts on the poor, including giving parents and family members greater freedom in choosing how they want to earn money.

There is still much to learn about how to optimize credit products to produce the greatest impact while protecting the poor from risk, and how to use savings to encourage investment into income-generating activities. The evidence base for the potential of other interventions to reduce poverty is much stronger, but there is more to learn about other interventions as well. So far the Graduation Approach and cash grants have the greatest track record in improving living standards for the poor. But these programmes are expensive and will require an investment far greater than the cost of delivering credit. Current research is investigating two broad sets of questions: whether cash grants can have the same long-

term impact as graduation programmes on the poor and most vulnerable families; and how to get the cost of graduation programmes down such that they can be scaled to large numbers of the extreme poor.

Family perspective among poverty eradication strategies

A family perspective, in which no member of the families is left behind from the efforts done to integrated policies and strategies to end extreme poverty, collaborate to the various innovative solutions implemented. In order to provide concise, evidence-based reviews of poverty eradication strategies, we need to highlight those that had worked and been effective. A family perspective is useful while monitoring development in poverty eradication given the multidimensional nature of the problem and the projected solutions. The families offer better conditions in which, people living in poverty are able to participate fully in the projected growth because they are the primary and earliest providers and fosters of schooling, health care, decent employment opportunities and financial resources. They also act as shields while avoiding the damages of major crises such as financial, political and climate related crises.

For the SDGs to be achieved, it is critical to recognize the political and social impact of the gains done so far. The results perceived by the people will play a crucial role in the future, when more actions are to be taken. What better than family members to foster, communicate and deliver good results early in the agenda. The households play an important role while planning for political transitions, building coalitions of support, getting the poor themselves and their representative organizations engaged, engaging local NGOs in public policy processes, strengthening national data collection and analysis, greater engagement of private actors, helping the poor become private agents of wealth creation to reduce inequality and making growth inclusive. Worldwide families have an important role for getting people out of poverty traps, especially by investing in education, health, skills and job creation.

[1] E/CN.5/2016/L.4

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[7] Yu, M. 'Industrial Structural Upgrading and Poverty Reduction in China'. Available at: <http://www.un.org/esa/socdev/egms/docs/2016/Poverty-SDGs/MiaojieYupaper.pdf>

[8] Goldberg, N. 'Poverty eradication through self-employment and livelihoods development: the role of microcredit, variations on traditional microcredit, and alternatives to microcredit'. Available at: <http://www.un.org/esa/socdev/egms/docs/2016/Poverty-SDGs/Goldberg-paper.pdf>