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In 1995, during the historic World Summit for Social Development held in Copenhagen, 185 countries committed themselves to eradicating absolute poverty and adopting concrete plans and objectives to that end.

Among the measures and initiatives agreed on, the governments committed themselves to:

- a) By 1996, formulate national policies and strategies aimed at the considerable reduction of general poverty in the shortest time possible, also reduction of inequality and eradication of absolute poverty at a date to be established by each country, in consideration of its own context;
- b) Ensure provision of education, health, drinking water and sanitation to all those people who were in a situation of poverty, especially for women and children living in this situation;
- c) Promote access of poor people to credit, land, education, training, technology, and public services;
- d) Gear the budget towards social objectives in order to reduce inequalities and overcome poverty;
- e) Analyse the impacts of adjustment policies on social objectives and make efforts to ensure that «adjustment costs» are not paid by the poorest.

On their part, to achieve these objectives, the donor countries committed themselves to:

- a) Increase their official development assistance to reach the target of 0.7% of the GNP;
- b) Devote 20% of this amount to basic social services.

There was also a major commitment to policies to alleviate foreign debt in the poorest countries, in particular the countries of Africa, for whom the debt burden is seriously compromising their possibilities for economic and social development.

Today, Copenhagen+5 is a little over a year away. It is essential to assess the achievements of the past decade toward eliminating inequality and poverty, in order to take to that meeting lessons learned from past experience.

ERADICATION OF POVERTY IN THE WORLD: AN ASSESSMENT ON THE THRESHOLD OF THE YEAR 2000

POVERTY, FAR FROM BEING ERADICATED, IS GROWING

The number of poor people in the world is growing, and one-third of the population in developing countries lives in poverty. According to «global» measurement criteria (people living on less than one US dollar per day), the 1,227 million poor existing in 1987, had become 1,314 million by 1993. In percentages, poverty has dropped very little over the past few years and the objective of its eradication does not seem attainable in the short term. Table 1 shows the situation:

TABLE 1:

Evolution of poverty in the world (%) (population living on less than one us dollar per day)		
REGIONS	1987	1993
Latin America and the Caribbean	22.0	23.5
South Asia	45.4	43.1
Southeast Asia & the Pacific	28.8	26.0
Sub-Saharan Africa	38.5	39.1
Europe and Central Asia	0.6	3.5
Near East and North	22.0	22.0

Source: Poverty: <http://www.worldbank.org/poverty>. Children whose weight is under normal (UNDP, 1998).

Social indicators associated with poverty also reveal a negative situation: the prevalence of hunger and malnutrition continues to be high. Over 800 million people go hungry and 190 million children are underweight. They suffer a chronic, daily food deficit. The percentage of children under five who are

underweight averages 30%¹ in developing countries. Female illiteracy is 38%. Over 30% of the population in sub-Saharan Africa today has a life expectancy of less than 40 years.

Prospects for growth are not promising: consumption has stagnated in Latin America, North Africa and the Near East, and has fallen in sub-Saharan Africa. If growth decelerates over the next few years, poverty will probably become more serious. The situation is particularly serious in Southeast Asia, Africa and Latin America.

In Southeast Asia, analysts estimate² that poverty will double as a consequence of the crisis in these countries, and that the distribution of income will worsen. The number of people living under the poverty line in countries affected by the crisis will rise from 40 to 90 million people as a direct result of the economic collapse that started in Thailand in mid-1997. In the worst scenario possible, the number of people in a position of poverty in the Philippines, Thailand, Malaysia and Indonesia would more than double between 1997 and 2000.

In Latin America, the most unequal continent in the world, poverty has increased in absolute figures. World Bank and Economic Commission for Latin America statistics show that the number of poor people increased by about three million per year during the first half of the nineties. In Argentina, Peru, Paraguay, Nicaragua, Ecuador and the Dominican Republic, poverty has also increased in relative terms. This has happened in a context of economic growth and of overcoming the stagnation of the eighties. Some studies³ show that the low expectation for economic growth in Latin America in the medium term and the weak efforts to eliminate factors generating inequality will work against a reduction in poverty over the next ten years.

The trend toward an increase in poverty in Latin America does not seem to be surmountable in the medium term. Poverty in Latin America is basically rural and goes back a long time. It is related to low investment in «human capital» in countries that have not yet managed to consolidate themselves as nations. Poverty in these countries shows great fluctuations depending on circumstances related to the physical environment and the availability of natural resources. These countries are particularly affected by growing environmental problems. The constant reduction of per capita land area for crops, the depletion of soil, and the degradation of enormous forest areas caused by the use of wood for energy, contribute to food insecurity and make hunger and disease hard to eradicate.

Studies carried out by UNICEF also show that poverty is worsening⁴ and that, even in countries where the proportion of poor inhabitants has dropped, those living in conditions of extreme poverty have seen their living standard fall.

Table 2 shows a summary of those countries having data available for the 1990⁵ period, the last data available.

Table 2.

Countries having reduced poverty (by lines of income, national surveys)				
	STARTIN YEAR	%	END YEAR	%
Bangladesh	1991-92	42.7	1995-96	35.6
Bolivia	1990	52.0	1994	45.0
Brazil	1989	47.0	1995	43.0
Chile	1992	21.6	1994	20.5
China	1994	8.4	1995	6.5
Costa Rica	1989	28.0	1995	20.0
Dominican Rep.	1989	24.5	1992	20.6
El Salvador	1991-92	60.0	1996	52.0
Honduras	1989	73.0	1996	68.0
India	1992	40.9	1994	35.0
Jamaica	1989	25.0	1995	22.0

Source: World Bank Tables, 1998; *Overcoming Human Poverty*, UNDP, 1998.

RETHINKING POVERTY: PROBLEMS OF MEASUREMENT THAT HINDER FOLLOW-UP

The objective of reducing poverty has led to broad debate on its causes, its characteristics and its dimensions. Many efforts have been made to define a concept that would reveal the many facets of this phenomenon. Definitions of income have been complemented by definitions of poverty based on the concept of «unsatisfied basic needs», and UNDP coined the term «human poverty» to define poverty in terms of its results on people's living conditions.

National poverty measurements are usually based on levels of consumption or income: persons are considered to be poor if their consumption or income falls below a certain limit necessary to satisfy basic needs. This minimum level is called the «poverty line». As what is necessary to satisfy needs varies from society to society and from time to time, each country uses its own poverty

1 Data for 1990-1997, UNDP, 1998.

2 Richard Newfarmer, World Bank expert, cited in *The Business Times*, Bangkok, October 30th, 1998.

3 Londoño, Luis. *Poverty, inequality and human capital development in Latin America, 1950-2025*. World Bank Latin American and Caribbean Study. 1996, p.35.

4 In *Implementing the 20/20 Initiative: Achieving universal access to basic social services*. A joint publication of UNDP, UNESCO, UNFPA, UNICEF, WHO and the World Bank, September 1998.

5 For 1990, data was accepted from 1988 and 1989.

line, adapted to its level of development, its social norms and its values. National surveys generate this information.

There are also global poverty measurements that use the same definition of poverty line in order to standardise comparisons between countries. The World Bank uses as a reference line one or two US dollars per day.

Efforts have been made in recent years to find new ways of conceptualising poverty that incorporate dimensions in addition to income. One of these is the definition of «human poverty» as the lack of essential human skills such as literacy and sufficient food.

The commitment of making available reliable information on poverty is far from being fulfilled. There is an enormous scarcity of available data for all the countries, and data may not be for the same years. We also find discrepancies between information produced by the countries themselves and information provided by international organisations about those countries. Finally, the various efforts to measure poverty introduce an additional problem in follow-up of agreements: the enormous difficulty of dealing with widely varying results, as in Table 3.

ERADICATION STRATEGIES

The governments of 185 countries have undertaken to generate reliable statistics to measure poverty and develop appropriate plans for its eradication.

According to a survey taken by UNDP in 130 countries, national anti-poverty plans are being implemented in 33% (43 countries), and in 27% (35 countries) the struggle against poverty is included in national planning. 40 countries are preparing anti-poverty plans. Several countries have goals with established target years: 15 countries in Africa, 12 in Asia/Pacific, 2 in the Arab States, 7 in Eastern Europe/CIS and 8 in Latin America have defined objectives for the reduction of extreme poverty. With some exceptions,⁶ those countries that have defined poverty objectives are those with plans in operation. The data appears in Table 4.

Many countries have defined their anti-poverty strategies and have defined specific objectives with years and goals. A total of 37 countries have defined objectives against poverty, most of them in Southeast Asia and the Pacific and in Africa. In Latin America only Colombia, El Salvador, Honduras, Panama, Peru and Trinidad

& Tobago have poverty reduction goals, and only Panama has set the reduction target at 0%.

The figures show us that, although significant progress has been achieved regarding the definition of poverty and the definition of strategies to struggle against it, most countries have not defined goals or eradication deadlines. The contexts in which poverty thrives and is difficult to eradicate (rural poverty in Africa and South Asia, urban poverty in Latin America) will not be removed in the short term.

LESSONS FROM EXPERIENCE TO AVOID REPEATING ERRORS

Many anti-poverty studies recommend the use of two complementary strategies, depending on the type of problem in each country, to reduce poverty:⁷

- a) Strategies benefitting economic development of those sectors where poverty is more concentrated (eg, creation of income in rural areas, human resource use, widespread economic policies, creation of employment, etc.);
- b) Investments in human capital and in basic social services.

The most efficient strategy—according to UNDP, UNICEF and World Bank assessments—is strengthening of human skills and investment in human capital through globalisation of access to basic social services (BSS). All the studies have suggested that investment in basic education (especially for women and girls) and health have widespread and highly positive impacts on populations living in poverty.

However, not all the countries assign sufficient resources to achieving this objective. The 20/20 Initiative was established for this purpose, as a pact between developing countries and industrialised nations to assign 20% of the budgets of the former and 20% of official development assistance from the latter to BSS (primary education, primary health care, access to safe water and sanitation, adult literacy, reproductive health). Countries are still far from achieving these levels of allocation.

Access to BSS has positive impacts on the reduction of poverty when it is sustained over time: «human capital» requires sustained investment. For this purpose, institutional capacity and adequate

⁶ These countries are: Cameroon, Côte d'Ivoire, Kenya, Namibia, Central African Republic, South Africa, Tanzania, Bhutan, Nepal, Algeria, Tajikistan, Cuba and Honduras.

⁷ Particularly the «papers» prepared for the Workshop on Knowledge Networking for Poverty Reduction, United Nations Development Programme, New York, September 11–12, 1997. These are: Paul R. Gregory, *Macroeconomics policy, structural factors and poverty: The Russian and Ukrainian transitions*, Jean Luc Dubois: *Comparisons of national poverty reduction strategies: Cameroon, Ethiopia, Mali, Senegal, Comparative poverty reduction strategies in sub-Saharan African countries: The case of Ghana, Malawi, Tanzania, Uganda and Zimbabwe*, Larbi Jaidi: *Stratégies nationales de réduction de la pauvreté: Egypte, Tunisie, Maroc*, Marc Raffinot: *Etude comparative des stratégies nationales de réduction de la pauvreté: Côte d'Ivoire, Benin, Burkina Faso, Madagascar*, Richard Pomfret: *A comparative study of national poverty reduction strategies: Uzbekistan, Kazakstan, Kyrgyz Republic*, Irena Topinska: *Transition to the market and poverty alleviation strategies: Bulgaria, Hungary, Poland, Romania*. A Case Study for the UNDP Project GLO/96/510, University of Warsaw, Department of Economics, September 1997; Diana Alarcon: *National poverty reduction strategies of Chile, Costa Rica and Mexico: Summary and findings*; A.R.Khan: *A comparative analysis of poverty reduction strategies in selected Asian countries*. Also: *Poverty alleviation and macroeconomic policies: Lessons from past experience*, ILO, 1997.

TABLE 3.

Differences in estimates							
	NATIONAL ESTIMATES*		INTERNATIONAL ESTIMATES*			UNDP DATA Global Survey, 1998**	
	Survey Year	National %	Survey Year	Population below USD 1 a day	Population below USD 2 a day	Survey Year	National % (gen.)
Côte d'Ivoire		-	1988	17.7	54.8	1995	36.8
Gambia	1992	64.0		-	-	1993	30.0
Ghana	1992	31.4		-	-	1997	30.0
Mauritania	1990	57.0	1988	31.4	68.4	1996	50.4
Senegal		-	1991-92	54.0	79.6	n/year	32.0
Uganda	1993	55.0	1989-90	69.3	92.2	1997	66.3
Zambia	1993	86.0	1993	84.6	98.1	1997	69.0
Philippines	1991	54.0	1991	28.6	64.5	1994	35.5
India	1994	35.0	1992	52.5	88.8	1993-94	36.0
Malaysia	1989	15.5	1989	5.6	26.6	1996	8.3
Mongolia	1995	36.3		-	-	1997	25.8
Sri Lanka	1990-91	35.3	1990	4.0	41.2	1997	25-30
Viet Nam	1993	50.9		-	-	1996	4.2
Kyrgyzstan	1993	40.0	1993	18.9	55.3	1996	50.0
Moldova, Rep. of		-	1992	6.8	30.6	1997	43.0
El Salvador	1992	48.3		-	-	1994	61.0
Honduras	1992	50.0	1992	46.9	75.7	1994	67.2
Panama		-	1989	25.6	46.2	1997	37.1
Trinidad & Tobago	1992	21.0		-	-	1996	35.9

* World Bank estimates, 1998 (<http://www.worldbank.org/poverty>).

** *Overcoming Human Poverty*, UNDP, 1998.

resources are necessary. Resources should be obtained through increased public expenditure, improved efficiency in the allocation of this expenditure, and adequate external assistance. Although many studies point out that public expenditure for BSS should be maintained, even *vis-à-vis* severe economic situations, experience shows that economic crisis are generally accompanied by adjustment mandated cuts in social services. Hence beyond the normative postulate of an increase in efficiency and efficacy of social services, adjustments have been largely negative in terms of social development and only in exceptional cases have these adjustments implied positive measures.

Analyses of the 20/20 Initiative show that poorer people benefit less from public expenditure on health and education than do those with higher income. To achieve a more equitable distribution of the benefits, these studies suggest making inter-sectoral transfers of expenditure to the benefit of BSS. This goes hand in hand with the recommendations by multilateral bodies towards a «privatisation» of social services, such as tertiary health care or secondary or tertiary education.

Accumulated experience shows that extreme care should be taken with such statements. The aim must be that the lowest income sectors benefit from this expenditure. The aim is not a cut in social public spending that takes resources away from BSS and contributes funds to the training of «human capital». This conceals a dilemma of «false equity». What must be sought is greater inter-sectoral transfer, eg, from defense spending to BSS. Expenditure for debt service is frequently much higher than expenditure for social services in these countries.

Finally, studies suggest that institutional capacity should be created to implement anti-poverty strategies. This refers to strengthening the State's capacity, weakened by a decade of reforms that have contributed to financial unsustainability without improving its effective functioning. Only the State can ensure the sustainability of anti-poverty policies over time. This conclusion would seem to indicate that a «post Washington consensus» climate is setting in, whereby the role of political institutions and the State in particular is being revalued, even if only to «establish a favourable environment» for the market. Some suggestive titles, such as

TABLE 4.

Countries having poverty strategies, definitions and estimates					
No. of Countries that:	AFRICA	ASIA/PACIF	ARAB STATES	EUROPE EASTERN/CI	LATIN AMERICA/CARIBBEAN
Have a definition of general poverty by income	35	13	7	12	19
Have extreme poverty estimates	36	19	11	16	25
Have absolute poverty estimates	36	16	9	16	22
Have implemented national anti-poverty plans	Benin Cape Verde Gambia Ghana Guinea Lesotho Madagascar Mali Mauritania Mozambique Senegal Togo	Cambodia China Korea, Rep. of Philippine Iran Islamic Rep. of Malaysia Mongolia Sri Lanka	U. Arab Emirates Tunisia Jordan Sudan	Azerbaijan Kazakstan Moldova, Rep. of Uzbekistan	Brazil Chile Colombia Costa Rica Jamaica Mexico Paraguay Peru Dominican Rep.

Beyond the Washington Consensus: Institutions Matters,⁸ show that toward the end of the century, the impacts of the Asian crisis and the economic and financial unsustainability of much of the «transition toward market economies» (starting in the countries of the former Soviet block and ending with experience cut short in Africa), are obliging governments to reconsider the role of the State.

In the poorest countries, however, the State's capacity is minimal and corruption is at a maximum. Institutional capacity-building must be accompanied by the affirmation of transparency. In many developing countries, if not in the majority, the lack of full citizenship and scant State development have resulted in high levels of corruption that hinder poor people's access to available resources. The recent tragedies in Honduras and Nicaragua have shown this drama as never before. If the poor are to have access to basic resources, transparency channels must be ensured. Here again, the role of NGOs has proven fundamental.

The other complementary strategy that is recommended relates to the way growth generates income opportunities for the lowest income sectors, in particular, through employment. However, the new accumulation models, capital mobility, adjustment strategies (in particular, reduction of public expenditure), and forms of foreign capital investment do not contribute to the creation of employment. Unemployment is even seen as a «cost» of the application of adjustment policies.

Problems arising from unemployment, including increase of poverty and inequality, demand a return to previously criticised Keynesian precepts of public investment in infrastructure: in addition to creating employment, such programmes help to extend facilities to the poorest populations.

Policies for the creation of employment should especially consider the characteristics of poverty: policies to promote the agricultural sector are essential when poverty is basically rural, and policies promoting the creation of urban employment are essential in contexts of urban poverty. Employment must also imply a minimum coverage and salary, as a condition for the eradication of poverty. The «maquila» experience in Central America (assembly plants) is not positive from the standpoint of working conditions and in many cases implies a retrocession in the human rights struggle.

WHO ARE THE POOR AND HOW MUCH DO THEY PARTICIPATE?

Action to eradicate global poverty should take into account that poverty is not one but many. Poverty is not the same everywhere and consequently measures that are to benefit the

⁸ World Bank Latin American and Caribbean Studies. Viewpoints, 1998.

poorest should be tailored to the situation in each country. In particular, special consideration is needed for those most affected by poverty, inequality and social marginality.

As may be seen in Table 6, rural poverty figures are always higher than the national averages. Rural poverty differs from urban poverty, which is very high in some regions such as Latin America.

In most sub-Saharan African countries, East Asia and the Pacific, over 60% of the population are employed in agriculture with very low levels of productivity and income. For these countries, strategies to fight rural poverty are essential. Studies suggest that strategies should prioritise development in the sectors where poverty is concentrated (in most cases the agricultural sector). This should be combined with strategies on food security, natural resource management and training in business skills.

In Latin America, poverty is essentially urban. Cities grow and suburban populations live in miserable «shanty town» conditions with problems of sanitation, water and overcrowding. The Brazilian «favelas» exemplify these shanty towns, which symbolise Latin American poverty. In Latin America, the eradication of poverty depends mainly on investment in human capital, as Southeast Asian countries have done admirably for the last 20 years.

The impact of poverty on women is greater than on men, it is more serious and it grows in greater proportion. Cultural, economic, legal and political factors are behind the so-called «feminisation» of poverty. Structural adjustment policies have hastened this process by cutting free public services and thereby making families (that is to say women) responsible for looking after children, the elderly and the sick.

The international community has been ambiguous and fallacious on the feminisation of poverty. On the one hand, they talk of greater spouse collaboration in the domestic context (women heads of households are multiplying at alarming rates). On the other hand, they are stepping up efforts to get countries to reduce public spending, with negative consequences on expenditures for essential public services.

The success of anti-poverty policies depends on the degree to which strategies exist to empower people living in poverty. It has frequently been underscored that an important limitation on anti-poverty programmes is the scant participation given to the people involved, in addition to the risks that may arise from the limited participation of stakeholders in plans applied to them. Since poor people lack influence and political power, their capacity to obtain available resources is limited. Assistance policies will not improve the situation unless poor people are empowered.

Governments and international funding bodies have shown considerable ambiguity with respect to empowerment. They have often stimulated structural reform programmes that partially or totally dismantled the autonomous organisations of civil society, in many cases substituting poor peoples' autonomous capacity for initiative by private initiatives in the name of «efficiency». If poor people do not ally with their neighbours, however, they are

at the mercy of State co-optation or of assistance from those who may see them as a politically «manipulable mass». The many studies that show the withdrawal of public expenditure to the benefit of middle level sectors, together with widespread public perception that the middle classes have taken over the goods of the poor, work against the possibility of an effective political alliance between the middle class and the poor. Historical-political studies show,⁹ however, that this is the only alliance capable of transforming prevailing power structures and ensuring reasonable levels of equity.

NECESSARY RESOURCES ARE INCREASINGLY MEAGER

Poverty is growing in a world of persistent external debt, cuts in official development assistance (ODA), and increased restrictions on government spending dictated by economic reform and structural adjustment policies. The reduction of poverty in many countries seriously affected by situations of generalized poverty, depends largely on external assistance and debt cancellation.

Reforms in the eighties and nineties imposed reductions on government spending, while the budget share of interest payments on foreign debt and internal debt have quadrupled in the past 15 years. For sub-Saharan African countries in particular, strong dependence on external resources has generated severe indebtedness that absorbs a good part (if not most) of generated income. The growth prospects of many poorer countries are paralysed by overwhelming debt service. Sub-Saharan Africa pays over 14% of income from exports in debt service, Southern Asia pays 22% and Latin America and the Caribbean, 33%.

Despite this problem of debt, not much effort has been made on debt cancellation. The Initiative for the Reduction of the Debt of the Highly Indebted Poor Countries, promoted by the IMF and the World Bank, has not been very successful and few countries will benefit from it. One important limitation is that it only applies in countries that have a history of structural adjustment going back at least six years.

A second problem facing the poorest countries is the reduction, not only relative, but absolute, of development assistance. Official development assistance (ODA) began dropping at the beginning of the eighties and has fallen steadily since the early nineties. Today, it is at its all time minimum (0.22%)—not even one-third of 0.7% of the GNP which the donor countries are committed to providing. The UNDP report *Overcoming Human Poverty* (1998) observes with concern «that while in 1997 ODA rose in 11 of the 14 donor non-Group of Seven countries, in the Group's member countries, the level is now 0.19%. And the four donors who have maintained their ODA above 0.7% are not

⁹ Rueschemeyer, Dietrich, Stephens, E.H., & Stephens, John D. *Capitalist Development and Democracy*. Chicago, University of Chicago Press, 1992.

members of the Group of Seven» (p. 16). Table 5 shows this situation.

A third problem facing countries with populations living in poverty is the relatively small sums allocated by governments and donor countries to funding BSS (Basic Social Services). The 1996 Oslo Consensus and the 1998 Hanoi Consensus recognised that international assistance was essential to eradicate absolute poverty and universalise access to BSS.

Present allocations are less than one-third the funds needed to achieve universal coverage of BSS (calculated at USD 220 billion).

Studies carried out in the framework of the 20/20 Initiative¹⁰ show that present expenditure should be increased by at least 50% to achieve the social development goals established by the Summit meetings. On average, the countries studied allocate 13% of their budget. An analysis of thirty country studies carried out by UNDP (1998) shows that: a) most of the developing countries and donors have assigned less than the minimum required to ensure universal access to BSS over the next five to ten years; b) on average, BSS receive 12% to 14% of national budgets and 15% of ODA. The last column in Table 5 illustrates this situation.

TABLE 5.

Development assistance, by donor countries					
OFFICIAL DEVELOPMENT ASSISTANCE: variations in percentages					
	ODA as % of GNP (1996)	ODA as % of GNP (1997)	ODA goals	% of variation in real terms	% assigned to BSS
Australia	0.29	0.28	0.7	3.6	10.86
Austria	0.28	0.26	0.7	8.4	7.98
Belgium	0.35	0.31	0.7	-4.8	5.93
Canada	0.31	0.36* *	0.7	20.8** **	6.57
Denmark	1.04	0.97	1	3.3	9.87
Finland	0.34	0.33	0.7	3.7	9.69
France	0.48	0.45	0.7	-3.8	-----
Germany	0.32	0.28	0.7	-10.9	14.6
Ireland	0.3	0.31	0.7	8.9	8.12
Italy	0.2	0.11	0.7	-45.2	4.74
Japan	0.2	0.22	0.7	9.6	10.99
Luxembourg	0.41	0.5	0.7	19.6	-----
Netherlands	0.83	0.8	0.9	2.7	8.09
New Zealand	0.21	0.25	0.7	22.1	1.44
Norway	0.85	0.86	1	5.9	9.93
Portugal	0.21	0.25	0.7	27.3	1.11
Spain	0.22	0.23	0.7	10.9	9.16
Sweden	0.82	0.76	1	-5.9	9.44
Switzerland	0.34	0.32	0.4	-4.2	2.7
United Kingdom	0.27	0.26	0.7	-2.2	4.19
United States	0.12	0.08	none	-35.5	15.37

* 0.33 when adjusted for IDA payments; * no growth when adjusted for IDA payments.¹¹

Sources: *The Reality of Aid, 1997/1998*; *The Reality of Aid 1998/1999*, Earthscan, London; and *Better reporting on donor support to BSS: Opportunities and constraints*. Technical report prepared by Development Initiatives, OECD/DCD and UNICEF for the Hanoi Meeting on the 20/20 Initiative, held from October 27th–29th 1998.

¹⁰ In: *Implementing the 20/20 Initiative, op.cit.* p.21

¹¹ Denmark introduced the new system of national accounts, ENS95, in 1997, which led to an upward revision of GNP. This, combined with other technical factors, caused a downward adjustment of the final Danish ODA/GNP ratio to 0.97 in 1997.

THE NEGATIVE IMPACT OF ADJUSTMENT POLICIES AND OF THE «RETURN TO THE MARKET»

A basic assumption of economic theory on the relationship between growth and poverty is that economic growth will automatically «trickle down» toward the more underprivileged sectors of society and improve their standard of living. Many studies show the deficiencies of this theory and the ambiguity of the relationship between growth and reduction of poverty.

Studies are conclusive (UNDP, 1998: p.42) regarding the negative impact of economic recession on poverty: poor people are most vulnerable to negative growth. Positive growth, on the other hand, does not have a direct relationship with poverty. A UNDP study (1998)¹² of 38 countries shows that neither moderate nor accelerated growth are guaranteed to reduce poverty.

Excessive focus on anti-inflation policies that predominated in «first generation» reforms does not seem to have contributed to the eradication of poverty. While hyperinflation made life harder for the poorest people who were unable to defend themselves from deterioration of their basic salaries, the effects of moderate policies focused exclusively on inflation are very much under discussion since they generate recessive impacts. The benefits of privatisation are similarly being questioned. Countries such as Viet Nam have given the world lessons on «heterodoxy». They have curbed pressure for «orthodox» adjustment by seeking forms of adjustment that do not cut social public spending and that mitigate the negative influence of trade liberalisation on social goods such as employment.

The recent Asian crisis and probable slowing of the economy in all developing countries flash a red warning signal on the situation of the poor, the vulnerable and the underprivileged of this world. If governments do not agree on a solution that will help to mitigate the negative effects of the new accumulation models, the world will become increasingly unequal and also poorer.

Increasing inequality in the world will be responsible in a good measure for the persistence of poverty. Inequality reduces the positive impact that economic growth could have on poverty. Inequality contributes to minimising the benefits of growth for the poor. Just as the poor are most vulnerable to recession, they also have the least capacity to benefit from growth. The greater the inequality between groups and persons, the lesser will be the «trickle down» effect. It is imperative to agree on joint action regarding equity and poverty and not to focus exclusively on the latter.

Inequality in the world is on the rise, not only among people but also among countries. The effects of globalisation tend to increase the inequality gap between rich and poor people within countries and between rich countries and poor countries. The

pernicious effects of economic integration are to be seen: «While world growth has slowed, the difference in per capita growth rates between industrialized and developing countries has widened» (UNDP, 1998: p.48).

Third World countries suffer most from this worsening of inequality, both across and within borders. Latin American, African and former Socialist block countries are the most dramatically unequal. Latin America continues to be marked by a fatal inequality that is a «good» example of how—despite the economic recovery of the nineties—poverty reduction is curbed by a stong persistence of inequality.

In the countries of the former Socialist block, transition from a planned economy to a market economy has entailed an enormous redistribution, but in a regressive sense. Inequality is growing, intensifying the incidence of poverty and creating forms of poverty so far unknown in that region. Furthermore, save for a few exceptions, economic performance has remained mediocre and insufficient.

As for Africa, studies indicate that the trends in inequality reduction follow trends in poverty reduction. Africa's problems arise from the multiplication of the negative effects of inequality and negative growth rates and nothing seems to indicate that either phenomenon will be mitigated in the short term.

CONCLUSIONS

To describe poverty today in isolation from inequality or exclusion, to ignore that it results from prevailing accumulation models, or to discuss it without also discussing the negative impact of adjustment policies on lower income sectors, displays ignorance of the problem. It is equally false to discuss strategies to empower the poor in isolation from the impoverished middle classes. Such discussion is as useless as talk of the positive impact on the poor of a good operation of the market, since the poor are not in the market.

To eradicate poverty, a «POLICY» in a capital sense is required. The development model that is aggravating the situation of the poor in the world, increasing their numbers and strengthening existing patterns of inequity while creating others needs to be revised. A development style that degrades the environment and excludes millions of people from any access to social goods such as education, health and jobs has to change. The gap between countries and between people is becoming increasingly unsalvageable. If Copenhagen+5 does not incorporate substantial criticism of prevailing development models, the objectives of poverty reduction will be no more than ethical imperatives: they will lack the capacity to be politically imposed on anybody. ●

¹² Rodriguez, F.C. *Evaluation of Poverty Alleviation Programmes: The Lessons Learned*. Draft document for the Network of Knowledge for the Reduction of Poverty, New York, SEPED/UNDP, 1998.

TABLE 6.

Poverty in the world: latest data				
Population below the poverty line				
	Survey year	Rural (%)	Urban (%)	National (%)
Albania	1996	-	-	19.6
Algeria	1995	30.3	14.7	22.6
Argentina	1991	-	-	25.5
Bangladesh	1995-96	39.8	14.3	35.6
Benin	1995	-	-	33.0
Brazil	1990	32.6	13.1	17.4
Burundi	1990	-	-	36.2
Chile	1994	-	-	20.5
China	1995	9.2	< 2	6.5
Colombia	1992	31.2	8.0	17.7
Dominican Rep.	1992	29.8	10.9	20.6
Ecuador	1994	47.0	25.0	35.0
El Salvador	1992	55.7	43.1	48.3
Estonia	1994	14.7	6.8	8.9
Gambia	1992	-	-	64.0
Ghana	1992	34.3	26.7	31.4
Guinea-Bissau	1991	60.9	24.1	48.8
Honduras	1992	46.0	56.0	50.0
Hungary	1993	-	-	25.3
India	1994	36.7	30.5	35.0
Indonesia	1990	14.3	16.8	15.1
Jamaica	1992	-	-	34.2
Jordan	1991	-	-	15.0
Kenya	1992	46.4	29.3	42.0
Kyrgyzstan	1993	48.1	28.7	40.0
Lao People's Dem. Rep.	1993	53.0	24.0	46.1
Lesotho	1993	53.9	27.8	49.2
Malawi	1990-91	-	-	54.0
Mauritania	1990	-	-	57.0
Mauritius	1992	-	-	10.6
Mongolia	1995	33.1	38.5	36.3
Morocco	1990-91	18.0	7.6	13.1
Nepal	1995-96	44.0	23.0	42.0
Nicaragua	1993	76.1	31.9	50.3
Nigeria	1992-93	36.4	30.4	34.1
Pakistan	1991	36.9	28.0	34.0
Paraguay	1991	28.5	19.7	21.8
Peru	1991	68.0	50.3	54.0
Philippines	1991	71.0	39.0	54.0
Poland	1993	-	-	23.8
Romania	1994	27.9	20.4	21.5
Russian Federation	1994	-	-	30.9
Rwanda	1993	-	-	51.2
Sri Lanka	1990-91	38.1	28.4	35.3
Tanzania	1991	-	-	51.1
Thailand	1992	15.5	10.2	13.1
Trinidad & Tobago	1992	-	-	21.0
Tunisia	1990	21.6	8.9	14.1
Uganda	1993	-	-	55.0
Ukraine	1995	-	-	31.7
Viet Nam	1993	57.2	25.9	50.9

TABLE 7.

Other forms of measuring poverty: the International Line					
International poverty line					
	Survey year	nation %	Survey year	% USD1 a day	% USD2 a day
<i>Countries having under 20% poor</i>					
Belarus		..	1993	< 2	6.4
Hungary		..	1993	< 2	10.7
Russian Federation		..	1993	< 2	10.9
Kazakhstan		..	1993	< 2	12.1
Poland		..	1993	6.8	15.1
Algeria	1995	22.6	1995	< 2	17.6
Lithuania		..	1993	< 2	18.9
Morocco	1990-91	13.1	1990-9	< 2	19.6
<i>Countries having a poor population of between 20% and 30%</i>					
Colombia	1992	17.7	1991	7.4	21.7
Tunisia	1990	14.1	1990	3.9	22.7
Bulgaria		-	1992	2.6	23.5
Jordan		-	1992	2.5	23.5
Tailandia	1992	13.1	1992	< 2	23.5
Jamaica		-	1993	4.3	24.9
Turkmenistan		-	1993	4.9	25.8
Malaysia		-	1989	5.6	26.6
Moldova, Rep. of		-	1992	6.8	30.6
<i>Countries having a poor population of between 31% and 40%</i>					
Venezuela		-	1991	11.8	32.2
Estonia		-	1993	6.0	32.5
Chile	1994	20.5	1992	15.0	38.5
Mexico		-	1992	14.9	40.0
<i>Countries having a poor population of between 41% and 50%</i>					
Sri Lanka	1990-91	35.3	1990	4.0	41.2
Brail		-	1995	23.6	43.5
Costa Rica		-	1989	18.9	43.8

While... «New estimates show that the world's 225 richest people have a combined wealth of over USD 1 trillion, equal to the annual income of the poorest 47% of the world's people (2.5 billion).»

PNUD. Informe sobre Desarrollo Humano, 1998.

TABLE 7. (cont.)

Other forms of measuring poverty: the International Line					
International poverty line					
	Survey year	nation %	Survey year	% USD1 a day	% USD2 a day
<i>Countries having a poor population of between 51% and 60%</i>					
Guinea	-	-	1991	26.3	50.2
South Africa	-	-	1993	23.7	50.2
Egypt	-	-	1990-9	7.6	51.9
Côte d'Ivoire	-	-	1988	17.7	54.8
Czech Republic	-	-	1993	3.1	55.1
Kyrgyzstan	-	-	1993	18.9	55.3
Pakistan	-	-	1991	11.6	57.0
China	1995	6.5	1995	22.2	57.8
Indonesia	1990	15.1	1995	11.8	58.7
Nigeria	1992-93	34.1	1992-9	31.1	59.9
<i>Countries having a poor population of between 61% and 70%</i>					
Botswana	-	-	1985-8	33.0	61.0
Philippines	1991	54.0	1991	28.6	64.5
Ecuador	1995	-	1994	30.4	65.8
Zimbabwe	-	-	1990-9	41.0	68.2
Mauritania	-	-	1988	31.4	68.4
<i>Countries having a poor population of between 71% and 80%</i>					
Rumania	-	-	1992	17.7	70.9
Lesotho	-	-	1986-8	48.8	74.1
Nicaragua	-	-	1993	43.8	74.5
Honduras	-	-	1992	46.9	75.7
Guatemala	-	-	1989	53.3	76.8
Kenya	-	-	1992	50.2	78.1
Senegal	-	-	1991-9	54.0	79.6
<i>Countries having over 80% of the population in a position of poverty</i>					
Slovakia	-	-	1992	12.8	85.1
Nepal	-	-	1995	50.3	86.7
Rwanda	-	-	1983-8	45.7	88.7
India	1994	35.0	1992	52.5	88.8
Ethiopia	-	-	1981-8	46.0	89.0
Niger	-	-	1992	61.5	92.0

TABLE 8.

Income concentration in the world				
Countries	Previous year	Gini Index	Last available year	Gini Index
Algeria	1988	38.73	1995 a,	35.3
Argentina	1989	47.59		
Armenia	1989	39.39		-
Australia	1989 c,	33.7	1990	41.72
Austria	1987 c,	23.1		
Bahamas	1993	45.29		
Bangladesh	1992	28.27		
Belarus	1993 c,	21.6	1995	28.53
Belgium	1992 c,	25		
Bolivia	1990	42.04		
Botswana	1986	54.21		-
Brazil	1989	63.42	1995 c,	60.1
Bulgaria	1992 c,	30.8	1993	34.42
Canada	1991	27.65	1994 c,	31.5
Central African Rep.	1992	55		-
Chile	1994	56.49		
China	1992	37.6	1995 c,	41.5
Colombia	1991	51.32	1995 c,	57.2
Korea, Rep. of	1988	33.64		-
Costa Rica	1989	46.07	1996 c,	47
Côte d'Ivoire	1988	36.9		
Czech Rep.	1993 c,	26.6	1994	28.26
Denmark	1992 c,	24.7		
Dominican Rep.	1989 c,	50.5	1992	49
Ecuador	1994 a,	46.6		
Egypt	1991	32		
El Salvador	1990	44.77	1995 c,	49.9
Estonia	1993 c,	39.5	1995	36.63
Finland	1991 c,	25.6		
France	1989 c,	32.7		
Germany	1989 c,	28.1		
Ghana	1992	33.91		
Greece	1988	35.19		-
Guatemala	1989	59.6		

- a. Refers to expenditure shares by percentiles of population.
b. Ranked by per capita expenditure.
c. Refers to income shares by percentiles of population.
d. Ranked by per capita income.

TABLE 8. (cont.)

Income concentration in the world				
	Year	Index	Year	Index
Honduras	1993	54.0	1996 c,	53.7
Hong Kong	1991	45.0		
Hungary	1993	27.9		
India	1992	32.0	1994 a,	29.7
Indonesia	1993	31.7	1995 a,	34.2
Ireland	1987 c,	35.9		
Israel	1992 c,	35.5		
Italy	1991	32.2		
Jamaica	1991	41.1		
Japan	1990	35.0		-
Jordan	1991 a,	43.4		
Kazakstan	1993	32.7		
Kenya	1992 a,	57.5		
Kyrgyzstan	1993	35.3		
Lao People's Dem. Rep.	1992	30.4		
Latvia	1993	26.0		
Lesotho	1987	56.0		
Lithuania	1993	33.6		
Luxembourg	1985	27.1	1991 c,	26.9
Madagascar	1993	43.4		
Malaysia	1989	48.4		
Malawi	1985	59.9		-
Mauritania	1988 a,	42.4		
Mauritius	1991	36.9	1995	36.7
Mexico	1992	50.3		
Moldova, Rep. of	1992	34.4		
Mongolia	1995 a,	33.2		
Morocco	1991	39.2		
Nepal	1995- a,	36.7		
Netherlands	1991 c,	31.5		
New Zealand	1990	40.2		
Nicaragua	1993	50.3		
Niger	1992	36.1		
Nigeria	1992- a,	45.0		
Norway	1991 c,	25.2		
Pakistan	1991 a,	31.2		

TABLE 8. (cont.)

Income concentration in the world				
	Year	Index	Year	Index
Papua Nueva Guinea	1996 a,	50,9		
Paraguay	1990	39,8	1995 c,	59,1
Perú	1994	44,9		
Filipinas	1991	45,0	1994 a,	42,9
Polonia	1992 a,	27,2	1993	33,1
Portugal	1991	35,6		
Puerto Rico	1989	50,9		-
Rumania	1992 c,	25,5	1994	28,7
Federación de Rusia	1993 c,	31,0		
Rwanda	1983- a,	28,9		
Senegal	1991	54,1		
Sierra Leona	1989 a,	62,9		
Eslovaquia	1992 c,	19,5		
Eslovenia	1993 c,	29,2		
Singapur	1989	39,0		
España	1989	25,9	1990 c,	32,5
Sri Lanka	1990	30,1		
Sudáfrica	1993 a,	58,4		
Suecia	1992 c,	25,0		
Tailandia	1992 a,	46,2		
Taiwán	1993	30,8		
Tanzanía	1993	38,1		
Túnez	1990	40,2		
Turkmenistán	1993	35,8		
Turquía	1987	44,1		
Ucrania	1992	25,7		
Uganda	1992	40,8		
Reino Unido	1986 c,	32,6	1991	32,4
Estados Unidos	1994 c,	40,1		
Uruguay	1989	42,4		-
Venezuela	1990	53,8	1995 c,	46,8
Viet Nam	1992	35,7	1993 a,	35,7
Yemen	1992 a,	39,5		
Yugoslavia	1990	21,9		-

a. Refers to expenditure shares by percentiles of population.
 b. Ranked by per capita expenditure.
 c. Refers to income shares by percentiles of population.
 d. Ranked by per capita income.