

MDGNET

LIST of the e-Discussion Contributions: 'Strengthening Efforts to Eradicate Poverty and Hunger'

8 March 2007; Prepared by Andrea Cuzyova (MDGNet Facilitator)

Find e-Discussion Background and reading materials at e-Discussion Webpage: [AMR Concept Note](#) and [e-Discussion Announcement Message](#)

E-Discussion

'Strengthening Efforts to Eradicate Poverty and Hunger'

The four-week-long moderated e-Discussion on 'Strengthening Efforts to Eradicate Poverty and Hunger' was a part of a larger process of global consultation – ECOSOC's Annual Ministerial Review (AMR) – that aims to assesses the progress in implementation of the internationally agreed development goals, including the MDGs.

The AMR process will identify development challenges and strive to improve global cooperation, coordination and coherence of efforts to meet the development objectives. The AMR will also highlight success stories and promising innovations to achieve development goals. In the case of MDGs in particular, these successes are shadowed by increasing poverty and hunger which jeopardize the achievement of the other MDGs.

In that regard, knowledge shared by practitioners and policy experts about country-level actions to reduce poverty and hunger will be indispensable in informing the global discussion.

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Dear Colleagues and Friends,

We are pleased to invite you to take part in a four-week-long moderated **e-Discussion: 'Strengthening Efforts to Eradicate Poverty and Hunger'**. This e-Discussion is a part of a larger process of global consultation – ECOSOC's Annual Ministerial Review (AMR) – that assesses the progress in implementation of the internationally agreed development goals, including the MDGs. The [Concept Note](#) outlining the AMR process and providing background to the thematic focus of this year's AMR was shared with you in the [message sent from Mr. Kemal Dervi and Mr. José Antonio Ocampo](#) earlier this week.

Our focus of the next four weeks will be 'Strengthening Efforts to Eradicate Poverty and Hunger'. Halfway to the 2015 deadline to meet the MDGs, we are painfully aware that millions of people still live in extreme poverty and deprivation, in the regions of sub-Saharan Africa and Southern Asia in particular. Despite initial progress, hunger is again on the rise in some regions, notably in some regions of Africa and Asia. If we cannot overcome poverty and hunger, we cannot hope to reach the other development goals. Efforts to achieve the MDGs must be redoubled. To this end, the AMR process will highlight success stories and promising innovations, identify problems still requiring solutions, and strive to improve global cooperation, coordination and coherence of efforts to meet the development objectives. The knowledge shared by practitioners and policy experts about country-level actions to reduce poverty and hunger will be indispensable in informing the global discussion, providing policy guidance and contributing to efforts to speed up implementation of the goals. Therefore, we look forward to drawing on your expertise and experience. Your views, positions, and ideas will contribute to focusing the substantive part of the AMR process and will be channeled to the Report of the Secretary-General on this same topic.

The thematic focus of this year's AMR is broad. Therefore, we thought it might be helpful to indicate some priority areas for our discussion toge

1. [Camilo Ceita](#), Assistant Country Director, UNDP Angola
2. [Nikhil Seth](#), Director, Office for ECOSOC Support and Coordination, UNDESA
3. [Max Ooft #1, #2](#), Assistant Resident Representative, UNDP Suriname
4. [Margret Vidar](#), Human Rights Advisor, FAO
5. [Ruby Sandhu-Rojon](#), Country Director, UNDP Burkina Faso
6. [Daniel Kostzer](#), UNDP Argentina
7. [Ram Shankar](#), Senior Assistant resident Representative and Recovery Manager, UNDP Maldives
8. [Dag Ehrenpreis](#), UNDP IPC Brazil
9. [Robert Cherry](#), Research Associate, Brooklyn College, The University of New York, USA
10. [Massoom Farhad](#), Programme Officer, UNDP Afghanistan
11. [Robert I. Lerman](#), Professor of Economics, American University, Washington, USA
12. [Nora Lustig](#), Director, Poverty Group, Bureau for Development Policy (BDP), UNDP
13. [Vladimir Mikhalev](#), Policy Advisor, UNDP Regional Center Bratislava, Slovakia
14. [Fayyaz Baqir](#), Senior Advisor on Civil society, UN Resident Coordinator's Office, Pakistan
15. [Bipul Chatterjee](#), Deputy Executive Director, CUTS International, India
16. [Donald Lee](#), Officer-in-Charge, Social Perspectives on Development Branch, UNDESA
17. [Luke Wasonga](#), Capacity Development Advisor, UNDP Regional Service Centre, Johannesburg
18. [Diego Recalde](#), RASC Panama
19. [Yusuf Gumaa](#), Senior Economist, UNDP Kenya
20. [Zakir Hussain](#), Research Associate, Ministry of Labor, India
21. [Peter Whitney](#), Professor of Economics, American University, USA
22. [Oscar T. Brookins](#), Professor of Economics, Northeastern University, Boston, USA
23. [Clara Ikekeonwu](#), Professor of Linguistics, University of Nigeria, Nigeria
24. [C. Kenrick Hunte](#), Professor of Economics, Howard University, New Orleans, USA
25. [David Abbott # 1, # 2](#) Pacific Regional Macro Economic & Poverty Reduction Advisor, UNDP Fiji
26. [Amitava Mukherjee](#), Regional Advisor, Poverty Reduction, UNESCAP, Thailand
27. [Matilde Gomes Mendes](#), SNV, Guinea Bissau
28. [Derek Scissors](#), Intelligence Research and Department of Economics, George Washington University
29. [Luca Monge Roffarello and Sabrina Varma](#), UNDP THDU Geneva, Switzerland
30. [Leisa Perch](#), Programme Manager, UNDP/SRO Barbados & the OECS
31. [Duncan Campbell](#), Director, Policy Integration Department, ILO
32. [Chiranjibi Tiwari](#), Senior Advisor, Local Governance, SNV / Vietnam
33. [Isabel Ortiz](#), Senior Interregional Advisor, UNDESA
34. [Noha El-Mikawi](#), Policy Advisor for Governance and Poverty, UNDP Oslo Governance Center, Oslo, Norway

To view these contributions, please visit the [full list of individual contributions](#).

- § [A Short Note on Unemployment in Pacific Island Countries \(PICS\)](#), UNDP 2007
- § [World Migration Report 2005](#), IOM 2005

Hunger

- § [Nutrition in Agricultural Development: The Case of Irrigated Rice Cultivation in West Kenya](#), Rudo Niemeijer et al. in Ecology of Food and Nutrition, Vol 22, pp 65-81
- § [General Comment 12](#), CESCR 1999
- § [Voluntary Guidelines to Support the Progressive Realization of the Right to Adequate Food in the Context of National Food Security](#), FAO Council 2004.
- § [Global Concerns: Loss in Bio-Diversity and Its Impact on Agriculture](#), Dr. Amitava Mukherjee (UNESCAP Bangkok). This paper on micro-level hunger in India demonstrates that (i) there are pockets of hunger which affect very large number of people. Hunger must, therefore, be tackled at all levels: aggregate and local (micro) levels and that (ii) maintaining common proper resources are critical to people who can not find food grown by the use of technology.
- § [Food Security in Contemporary India](#), Dr. Amitava Mukherjee (UNESCAP Bangkok). This paper shares ideas on with ideas on what countries can do for finding long terms solutions to food security.
- § [Poverty and Famines: An Essay on Entitlement and Deprivation](#), Amartya Sen 1984

Climate

- § [Working Group 1 report: Summary for Policy Makers](#), Intergovernmental Panel on Climate Change 2007
- § [Climate Variability and the MDG Hunger Target](#), International Research Institute for Climate Prediction (IRI) 2004

Poverty and Inequality

- § [Millennium Development Goals Report 2006](#)
- § [The Fortune at the Bottom of the Pyramid](#), Professor C.K. Prahlad 2005
- § [Poverty in focus: Social Protection and the role of Cash Transfers](#), UNDP IPC center 2006. This issue highlights the importance of social protection and the role of cash transfers in the struggle against poverty and hunger. It also covers many issues relating to poverty.
- § [Poverty in Focus: What is Poverty? Concepts and Measures](#), UNDP IPC 2006
- § [African Americans and the Social Benefits of Tight Labor Markets](#), *WorkingUSA* Vol 5 (Fall 2001): 106-118.
- § [Welfare Transformed: Universalizing Family Policies that Work](#), Oxford University Press, forthcoming.
- § [Prosperity for All? The Economic Boom and African Americans](#), (co edited with William Rodgers) Russell Sage, 2000.
- § [Protocol four of the Social Partnership 2001-2004](#), government of Barbados on the Social Partnership Framework
- § [The inequality predicament: report on the world social situation 2005](#), UNDESA, 2005
- § [Flat World, Big Gaps: Economic Liberalization, Globalization and Inequality](#), Jomo K.S. and Baudot, 2007
- § [The World is not Flat: Inequality and Injustice in our Global Economy](#), Nancy Birdsall, UNUWider 2005
- § [Rising Inequality in the New Global Economy](#), Nancy Birdsall, UNUWider 2005
- § [Making globalization Work](#), Joseph Stiglitz 2006
- § [Globalization and its Discontents](#), Joseph Stiglitz 2002
- § [How Rich Countries Got Rich...And Why Poor Countries Stay Poor](#), Eric Reinert 2007

Websites

- § www.devinform.org - This database and others can help to identify constraints and challenges
- § www.barbados.gov.bb – This website offers information on the Social Partnership framework which brings together the private and government sectors in Barbados.
- § [UNDP International Poverty Center](#) – This website offers access to all publications by IPC
- § [UNU Wider](#) – This website offers numerous resources on inequality and other topics

INDIVIDUAL CONTRIBUTIONS IN FULL:

[Camilo Ceita](#), UNDP Angola wrote:

Breaking the trend of jobless growth

Dear Network Members and Colleagues,

I have chosen this theme due its importance to eradicate poverty and hunger. I am from a country where the economic growth is a fact due the oil and diamond incomes. However, those two sectors are capital intensive and do not, really, create jobs and allow a better income distribution within the population. In addition to that, the credit for the economy is only about 5% it means that there is not, yet, an enabling environment for investment.

How can it be reverted? The solution can come through the Private Sector as an effective way to Reduce Poverty. There are many encouraging results all over the world that demonstrate that the private sector has significantly contributed to economic growth, job creation, increasing incomes of the poor and ultimately poverty reduction. Private sector involves multinational corporations as well as micro, small and medium enterprises (including the informal sector). Even the poor entrepreneur in suburban areas or in the village can be an important and integral part of the private sector. Within the private sector in developing world micro, small and medium enterprises (MSMEs), on average, make up over 90% of enterprises and account for 50-60% of employment. The prevalence of MSMEs is more pronounced at the lower income level. In fact, many poor households rely on micro and small enterprises as their only source of income. The promotion of MSME is considered essential for making progress towards achieving the MDG of halving the fifth of the planet's people living on less than a \$1 day by the year 2015. However, for that is necessary that the government of Developing Countries can understand the importance of the sector and how useful it can be to "breaking the trend of jobless growth".

There are some constraints for MSMEs as tools to reduce poverty. We talk about the confrontation with various issues that hinder its growth. Various studies have cited constraints that include:

- i) lack of an enabling environment with restrictive laws and regulations and unsupportive or biased policies favoring more the bigger and formal businesses;
- ii) Macro-economic impediments (e.g. peace and political instability, lack of transparency and accountability, unsound macro-economic policies);
- iii) Lack of access to credit, training and other support services;
- iv) Cultural and gender issues; and v) the negative attitude regarding the informal sector.

The Commission on Private Sector Development cited three major structural challenges that confront the private sector in all developing countries, to varying degrees, namely:

- i) Micro enterprises and many small and medium enterprises operate informally;
- ii) Many small and medium enterprises have barriers to growth; and
- iii) A lack of competitive pressure shields larger firms from market forces and the need to innovate and become more productive.

The constraints faced by the private sector are multifarious and requires multifaceted approaches to overcome them. The Commission recommends that addressing the constraints to unleash the potential of the private sector will require programmes tailored to the needs of individual countries.

For this, we can count on several mechanisms that are being created to make diagnosis and analysis that can allow countries to go, sure, in this direction. The MDG country diagnosis, Peers review mechanism; etc. Developing countries **in particular African ones**, need urgently to revert the situation. They own of the most powerful development tools the youths. What they

need is just to give them the opportunities and show them the good way to move forward.

Yours sincerely,

Nikhil Seth
Director, Office for ECOSOC Support and Coordination UN Department of Economic and Social
Affairs

[Max Ooft](#), UNDP Suriname wrote

Contribution # 1

Dear Moderators and Network members,

Thanks for the opportunity to participate in this important discussion. I think the questions below are very targeted and well formulated. However, if we want to get recommendations out of this discussion that should direct us in focusing our

I wish to make a contribution to this debate taking an agriculture and rural development perspective. But first, I wish to acknowledge the contribution from Dag Ehrenpreis which makes a strong case for social protection for the poorest irrespective of the type of interventions put in place to create employment and to generate income for the poor. Some of the interventions can promise positive results but other may be counterproductive. Since the early 1990s there has been greater attention directed towards the need to stimulate the agricultural sector in Sub-Saharan Africa and to increase the production of export crops and food crops. Suggested policy measures include attractive and stable pricing, improvements in marketing arrangements, credit facilities and, extension services together with changes in farming practices. Essential changes in farming practices include the introduction of new crops and improved crop varieties, modern farming techniques and production methods, as well as alternative land tenure arrangements. Such measures, usually implemented through agricultural and rural development projects, invariably imply an accelerated transition from subsistence farming to market production.

Usually, the implicit assumption is that new crops and modern techniques factors leading to improved production automatically result in increased incomes and higher standards of living of the poor households. However, this is not necessarily the case. It has been demonstrated that introduction of cash crops (coffee, sugar and rice farming) may lead to negative impact on family nutrition in some countries. In a study done in Western Kenya in rice and sugar growing areas (Nutrition in Agricultural Development, 1988), it was emphatically illustrated that introduction of cash crops to smallholder led to worsening nutritional status. Positive nutritional effects may indeed emanate from increased production. Higher output of food crops may result in increased food availability; alternatively, increases in production of commercial non-food commodities may generate higher incomes which can be used to secure nutritional needs. There is substantial evidence that increases in productivity are often realized at the expense of the nutritional situation of the farming population. Different st

of DEX, at times the specialized agencies like FAO are not immediately mainstreamed into the interventions funded by UNDP.

Luke Wasonga

development of their countries – which is why identifying pertinent and innovative strategies to involve youth is critical. This is especially so when looking at current issues of immigration in the region. Nevertheless the World Bank's recently published 2007 World Development Report comments that seven of the eight Millennium Development Goals have outcomes that relate to young people and that even where young people are not the focus of the goals, their involvement can be important to their achievement.

African countries tend to define youth in a very broad age category (in some cases as young as 10, in some as old as 35), which has major implications for policy formulation, resource allocation and the development of youth programmes. Challenges faced by African youth include unemployment and underemployment, HIV/AIDS, a lack of education and skills, exclusion, limited infrastructure to meet youth interests, and civil war, regional conflict and unstable political environments. Add to that the struggle for identity, a sense of powerlessness and the impact of poverty, and the importance of addressing the needs of young people becomes obvious if African societies are to face a positive future. This requires that young people be viewed and supported as assets in the development of their countries – valuable, untapped resources – rather than as a problematic and marginalised majority.

Examples of the different ways in which African countries are approaching youth employment issues through volunteering include Niger where government and civil society organisations are working with international partners through a two-phase process to establish the legislative

allow the envisioning of tools, following the so called "rational planning" as Jan Tinbergen pointed out some 50 years ago. In this respect, and due to the relationship between employment and poverty, I would like to share with you some draft ideas.

Daniel Kostzer
Cluster of Social Development
UNDP Argentina

In capitalist societies the labor market plays a key role in the process of poverty reduction and improving living standards of the population. The labor market is the

- Š Reduces pressures on the unprotected informal labor markets: In countries with high informal or non-registered labor markets, the vulnerability of workers is immense, if all individuals have the opportunity to get a reasonably paid job, it will induce to wage increases and better working conditions in thos

Buenos Aires, February 2007

[Ram Shankar](#), UNDP Maldives wrote:

Jobless growth and innovative national policies to reduce rural and urban poverty
Short-term responses to long-term solutions to hunger
Scaling up the response

"Development requires the removal of major sources of unfreedom: poverty as well as tyranny, poor economic opportunities as well as systematic social deprivation, neglect of public facilities as well as intolerance or over activity of repressive states. ... economic unfreedom, in the form of extreme poverty, can make a person a helpless prey in the violation of other kinds of freedom."

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In the context of the preceding point, increase in asset ownership and access to financial services needs to be backed up with adequate regulatory and governance framework - the case of the farmer's suicides is an example in point - high debts incurred by the farmers (that provided them access to financial services) but a lack of corresponding regulatory framework in ensuring adequate resources to pay back the loans has resulted in a failure of the system to safeguard the interests of the farmers, thus forcing them further into penury and despair.

Free trade agreements individually between countries and added cooperation through mechanisms such as ASEAN, and SAARC - the UN can and should encourage more agreements between similarly placed groups of countries following the European Union (EU) model. Exchange of goods, peoples and services between the south Asian countries is likely to positively affect all around between these countries.

To identify constraints and challenges, use existing databases such as DevInfo (www.devinfo.org <<http://www.devinfo.org/>>). There is an urgent need to consolidate different existing applications used by the UN system (and the World Bank) in analyzing constraints and challenges.

2. **Short-term responses to long-term solutions to hunger:**

Genetically modified food offers a vast range of options to feed the world's hungry that simply did not exist a few years ago. After adequately balancing the pros and cons, I believe that the world needs to take a stand on this matter and to actively encourage the usage of GM foods to feed the world's hungry.

A real expertise of the UN is to share best practices between regions and countries (especially through mechanisms such as the South-South Cooperation Unit) and of course, to provide expertise in the area of good governance. I believe that food is aplenty but **good governance is seriously lacking - including the governance of institutions and organizations that are meant to feed the poorest.**

Long-term solutions to hunger by governments of the world will come only by first admitting that there is a long-term problem. Many governments, including those in Africa, seem to shy away from admitting that there is long-term problem. One way of assisting these governments is for all UN agencies (including and especially the

Domestic resource mobilization - I would like to cite a relevant case study from Professor C.K. Prahlad's book on "The Fortune at the Bottom of the Pyramid (2005)," where he describes the story of ICICI Bank's Innovative Approach to Financing in India. In essence, ICICI banking group, and private and the second largest banking group in India, decided to enter the microfinance field in India because there was a vast unmet demand for credit in rural areas. ICICI saw a real opportunity (and need) in this area because many of the problems and risks with microfinance could be alleviated by the capital, expertise, scale and reach of a major bank. ICICI has piggy-backed and partnered with CSOs and existing microfinance institutions to serve and increase its rural banking presence. In other words, I am citing this example because I believe that the true engine of growth and measure to increase domestic resources lies with the private sector and related entrepreneurship. The UN and national governments need to encourage private sector to increase and redistribute resources within countries.

Effectiveness of aid and international financial support for the MDGs - We are halfway towards the achievement of the MDGs. Aid effectiveness can only be achieved with a proper system of accountability, transparency, funds distribution system and basic security in place - in other words, elements of good governance being in place for the achievement of MDGs. The UN has a particular role to play in this effort and the international community should best support any financial scale-up depending on the implementation of measurable governance reforms.

Sincerely,

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Dag Ehrenpreis, UNDP IPC Brazil wrote:

Poverty reduction is the result of several interacting factors, including importantly: redistribution of incomes, assets, and opportunities; pro-poor economic growth; and social provision and protection. A recent issue of IPC's journal *Poverty in Focus* highlights the importance of social protection and the role of cash transfers in the struggle against poverty and hunger. It is available at [Social Protection – the role of cash transfers](#) social, or http://www.undp-povertycentre.org/newsletters/Poverty_in_Focus_June_06.pdf.

Social protection aims to enhance the capacity of poor and vulnerable persons to manage economic and social risks, such as unemployment, exclusion, sickness, disability and old age. Policy interventions on behalf of poor people are known to improve their well-being by, among other things, moderating the impact of shocks causing sharp reductions in their income or consumption. Social protection and provision can also enhance the productive capabilities of poor men and women, reducing poverty and inequality and stimulating pro-poor growth.

Like other policy areas, social policies involve choices and priorities, for example between mere social safety nets and promotion of sustainable livelihoods, short term alleviation and long-term elimination of poverty, universal and targeted programmes, conditional and unconditional schemes, food and cash transfers, etc. Criteria must be set for selecting which households, and

who within them, should receive the benefits.

Dear Daniel;

land existed while the third component of agriculture “water” disappeared. This resulted in massive migration from rural to urban seeking alternative livelihood options.

The fourth reason for migration has been massive investment of government, aid agencies and private sector in urban cities that created job opportunities for skilled and unskilled labors. The fifth reason has been expansion of urban cities by the government and private investors initiating a number of residential schemes which not only attracted labor from the rural areas but also diverted rural investments to the cities. These constitute the major contributors to rural-urban migration, whereas tens of minor contributors also still exist.

On the question “***how can the urbanization of poverty be prevented***” I would like to propose the following points with the intention of minimizing pressure on urban centers and encouraging rural settlements:

1. Ensuring security for political practices and expressing believes, feeling secure, protecting investment, etc;
2. Clear policy of the government and aid agencies on rural development;
3. Rehabilitation of transitional water reso

earners in families headed by a middle income wage earner. There are people with more or less assets. There are people with no dependents. Thus, the variation in wages is a poor indicator of the variation in incomes relative to needs. By implication, priorities for who should qualify for employment of last resort are best allocated toward primary earners in families with children. (By primary earner, I mean the adult member with the highest prior earnings say, in the last month).

The second aspect is the issue of the use of wages vs. other supplements to assure a decent income. It is important to avoid wages well above the minimum to avoid crowding out existing jobs from the market and increasing costs in ways that contribute little or nothing to added income for the poor. After all, if one offers a job paying \$9 per hour in the public sector, no one will work on jobs paying up to \$9 per hour unless the employer raises wages. Some will raise wages, but without increases in productivity, the wage increases will be inflationary. Moreover, the high ELR wage rates will no doubt led to some reductions in jobs offered in the private sector, though this may take some time. Far better than offering "a reasonable salary" is to offer a low salary (one that involves minimum displacement) and to combine the worker's earnings with necessary supplements to help the family achieve adequate living standards.

Third, any ELR program must deal with the frequent trade-off between maximizing output values and minimizing displacement of regular public employees. Typically, the highest priority public expenditures are tasks that might be undertaken by

and hunger contain a number of universal principles but also many country specific features. This discussion will be a valuable contribution to country efforts by widening policy options and mechanisms that can be deployed within new PRSPs.

As an example of this process I would like to point out Uzbekistan which is currently developing a Welfare Improvement Strategy (an analogue of a PRSP) with support of a UNDP team provided by the Uzbekistan CO, the International Poverty Centre in Brasilia and by the Bratislava Regional Centre. It would be relevant to share the identified priorities of making economic growth in Uzbekistan more pro-poor and policies aimed at reduction of jobless growth and generation of employment. (Topic 1 of this e-Discussion). In Uzbekistan's context these issues are closely linked to Topic 2 of reduction of urban and rural poverty as lack of productive employment is understood as the main cause of poverty. In Uzbekistan lack of jobs generating sufficient income demonstrates itself in underemployment rather than in open unemployment, consequently the profile of poverty is characterized by large numbers of working poor. Unemployment according to available statistically is actually very low or 2 per cent of the workforce.

Uzbekistan has adopted the MDG1 of reduction of poverty by half by 2015. In accordance with this goal the objective of the new strategy is to reduce the poverty rate to 20% by 2010 and to 14 % by 2015. Dynamic economic growth and improvement of living standards form necessary preconditions for the reduction of poverty but policies will be implemented to ensure more equitable distribution of the fruits of economic growth. Poverty reduction elasticity to growth needs to be substantially increased from the 0.18 per cent reduction of poverty per one per cent of increase in GDP as observed in 2001-2005.

The Government of Uzbekistan has defined its strategic objective as increasing the contribution of economic growth to reduction of poverty and improvement of living standards by creation of employment and income generation. This objective translates in structural policy that will promote labor intensive sectors with the great employment potential, such productive agriculture, agro- and food processing, and services with a particular focus on small-scale and family entrepreneurship.

Development of agriculture in Uzbekistan is a strategic priority due to its labor intensity and its potential to improve income of the one third of the population employed in this sector, to promote rural development and improve living standards in rural areas where 63 per cent of the country's population live and where the majority of the poor are concentrated.

In the past years agricultural policies were used to extract resources from the cotton sector to finance import substitution of oil, wheat, automobiles and other manufactured goods. This was achieved through government control of procurement and input prices, mandatory procurement of a large share of cotton output by the state, as well as by controlled exchange rate and credit mechanisms.

Agriculture will change its role from that of provider of resources for other sectors of the economy to a second engine of growth. Land ownership needs to be reformed to ensure access to land for the poor. Agricultural policy will aim at creating market incentives and increasing productivity of farms. In particular, pricing and procurement systems in the cotton sector will be gradually deregulated and liberalized but at the same will provide required levels of support and export incentives to producers.

Similarly, the labor intensive SME sector, especially in rural areas, will receive government support through improved business climate, access to credit, marketing and support services. The government will promote further development of micro crediting, credit unions, and cooperative societies as well as other initiatives that have proved effective in mobilizing and

empowering citizens and communities towards improvement of their livelihoods.

Apart from priority development of employment and income generating sectors of economic activity, such as agriculture and SMEs, poverty reduction requires measures to ensure more equitable distribution of incomes and enhanced social protection for the poor and vulnerable groups. Income distribution policies will aim to reduce the currently high real level of income inequality of 0.45 per cent as measured by Gini coefficient to a value of 0.36-0.38. Achieving greater equity of welfare of the people requires reduction of regional inequalities in the living standards, including elimination of disparities in employment opportunities and in access to social services and infrastructure.

The system of targeted child allowances and social assistance benefits has proved effective in alleviating most acute forms of deprivation but the volume of income transfers needs to be increased and its targeting strengthened in order to ensure substantial reduction of poverty. While the welfare of working citizens will be improved through economic opportunities and higher incomes, social assistance will target children and vulnerable groups including the elderly and disabled. The improved effectiveness of social assistance will be achieved by reforms aimed at improvement of planning, targeting and management of social expenditures, using the positive experience of the decentralized administration of social assistance by the local self-government - mahallas.

The above broad priorities need to be translated into specific tasks and policy tools, which is the current focus work on the Uzbekistan Welfare Improvement Strategy. The team looks forward to experiences and ideas shared in this e-mail discussion by colleagues from around the world. They will certainly be very stimulating for finalizing the policy package of the new Uzbekistan's strategy.

Best regards.

Vladimir

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[Bipul Chatterjee](#), CUTS International wrote:

Dear All,

With reference to the subject-mentioned e-discussion, our first submission is on the ***Priority Area on "Global Governance on Trade", particularly on the question - "What are the critical changes that need to be made in the global governance of trade to enable equity and fairness in the international trading system?"***

Our submission addressing this question is as follows.

A major threat/obstacle faced by the multilateral trading system under the aegis of the World Trade Organization (WTO) is on account of "democratic deficit" at the WTO. In principle WTO is a democratic organization, where each Member has one vote but the reality is different. There have been some positive changes in the recent years when large developing countries like Brazil and India are engaging with developed countries on more equal terms. LDCs (least developed countries), however, still do not have much say in the decision-making process. A solution to this "democratic deficit" should be found by emphasizing on the "development agenda of trade liberalization". WTO has not done enough to liberalize trade and linking that with development.

The farm goods market is still highly distorted. In services, developing countries have not been given market access under the modes of their interest, particularly on temporary movement of semi-skilled and unskilled workers. In industrial products most of the WTO Members have undertaken unilateral liberalization. Thus, all-round trade liberalization should be the main driver of the multilateral trading system. Only through meaningful trade liberalization, developing countries can obtain their due share in world trade. More over, the civil society has to be pro-actively engaged by the WTO and its Members. Its non-inclusion is deepening the democratic deficit in the system. It is only through civil society's engagement "effective partnership for development" can be operationalised and democratic deficit can be minimized. While the rich world will have to make its aid policy coherent with trade policy, the poor should make trade policy coherent with their poverty reduction strategies. The result will be a better social and political buy-in for trade liberalization driven by the multilateral trading system. The WTO Members have made a commitment in the Doha Declaration (Para 10) in this regard: "We shall therefore at the national and international levels continue to promote a better public understanding of the WTO and to communicate the benefits of a liberal, rules-based multilateral trading system."

Another major challenge is that of the "poor governance" of the multilateral trading system. WTO has not really succeeded in bringing in large developed countries to the terms of its agreements. The non-fulfillment of several Uruguay Round commitments by rich countries proves that they have been successful in manipulating the process to deny developing countries their rightful space in the world trade system. There is no systematic mechanism (other than the costly dispute settlement mechanism) by which the WTO can evaluate the fair evaluation of its agreements. A solution to this "poor governance" is to improve the decision-making process at the WTO. The membership of the WTO has crossed 150. Hence, it is not feasible to involve all Members in the decision-making process. However, the core negotiating group has to be representative in nature. During the GATT days it was the Quad - EU, USA, Canada and Japan - who ran the system. In the Doha Round this practice has been changed and large developing countries like Brazil and India are involved in core negotiations - a new Quad has emerged. Even this is not truly representative, and it needs LDC representation (Chair of G-90).

The third major challenge lies in the "dispute settlement system" of the WTO. It suits rich and large developing countries. Though the dispute settlement mechanism is one of the hallmarks of the WTO, poor countries often find it difficult to use it because of: low/non-existent capacity, no capacity to cross-retaliate and huge expenditure. An alternative and cost effective dispute settlement system, like the Swedish proposal for an Ombudsman, is to be in place along with capacity building of poor countries to take effective part in the dispute settlement mechanism. Secondly, the system could make financial compensation award to a poor country, which cannot use a retaliatory mechanism.

With kind regards,

Bipul

Bipul Chatterjee

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Nora Lustig, UNDP BDP New York wrote:

Global Governance of Trade: What innovative policies and strategies can countries use to ensure that the benefits of globalization are both inclusive and equitable, disproportionately benefit the poor and effectively shield them from its perils?

Rich countries can help reduce poverty and inequality in the developing world in several ways. Through the implementation of policies that reduce the wage gap between low- and high-skilled workers or between capital-owners and labor in the poorer country. Lowering international trade barriers for goods and services that employ low-skilled workers, encouraging foreign investment in labor intensive sectors and relaxing the restrictions for international migration in the richer country can do this. It is important to note that not all the reductions in trade barriers or migration restrictions will help. For example, reducing the barriers for goods that are intensive in the use of natural resources could actually exacerbate inequality and poverty in the country of origin. The same goes for relaxing migration restrictions for skilled workers.

The second way is to increase the resources available to the government of the poorer nation for redistributive policies. This can be done through foreign aid, debt reduction, or concessional loans. The cohesion or social funds implemented by Europe are an example of such policies. However, such policies will result in a sustainable redistribution only if the additional resources are invested in growth- and equity-enhancing sectors such as infrastructure in backward areas, human capital of the poor and the rule of law.

To help countries cope with the volatility of capital flows, an effective global financial safety net should be set in place. Otherwise countries need to accumulate an excessive amount of reserves to self-insure foregoing growth and benefits to the poor. In addition, in order to help poor countries improve their tax base, rich country governments should put in place mechanisms that reduce tax loopholes for poorer countries' rich.

Nora Lustig

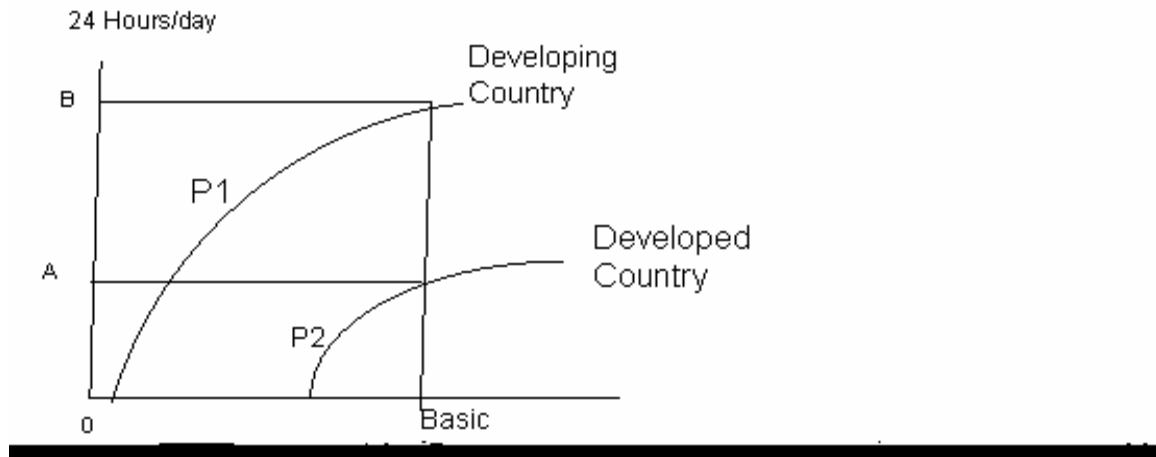
Director

Poverty Group/Bureau for Development Policy

United Nations Development Programme

Hours Spent on Basic Needs: Developed and Developing Countries :

Because of lower quality infrastructure (P1) developing countries spend more time to attain basic needs than Developed countries (P2); Hours saved = $B - A$; hours saved per day can then be used on asset building or income earning activities daily.



Best regards.
C. Kenrick Hunte
Professor of Economics
Howard University

Clara Ikekeonwu, University of Nigeria wrote:

Dept. of Linguistics, Univ. of Nigeria, Nsukka
Member, Status of Women Committee, International Federation of Univ. Women.

Dear All,

The topic of this e-discussion is not only very relevant but also, from its presentation, gives substantial room for a fairly comprehensive discussion through the diverse sub-themes.

I will in this submission direct attention to the ***"reduction of jobless growth" and "innovative national policies to reduce rural urban poverty"***.

Firm Labour laws/regulations could greatly help developing countries get more of their youth employed. In many cases the employers including the government do not have any clear perceptible regulations they follow in employment. There are, of course some "documented policies which are strictly speaking, paper tigers. The result is a bloated, directionless Civil service that leaves little or no room for the infusion of new blood. Over aged personnel hang on tenaciously to their jobs and there appears to be no one to enforce the retirement requirement. Corrupt practices often frustrate the effective application of such rules also.

While generalization is not appropriate from India to the developing world at large we can learn from other's experiences.

[Jobless growth and the prospects for alleviation of poverty: India as a case in point](#),

by Oscar T. Brookins

Oscar T. Brookins, Ph.D.
Associate Professor of Economics
Northeastern University
301 Lake Hall
360 Huntington Avenue
Boston, MA 02115-5000

[Peter Whitney](#), wrote:

In reaction to contributions from [Robert Cherry](#), Brooklyn College, [Massoom Farhad](#), UNDP Afghanistan and [Robert I. Lerman](#), American University.

It also depends heavily on labor law. In Argentina when I lived there in early 1990s and in Brazil where I have lived for five years at different times, local labor laws made it virtually impossible to lay someone off so employers were very reluctant to hire until they were 90% certain that a new product or service might be a hit in the market and would justify such hiring.

In the U.S., for your case regarding African Americans, Davis-Bacon, a deliberately anti African-American piece of legislation as it was drafted, had an important impact. When employers are freer to hire and fire, employment levels are higher. E.g., in Chile, to compare another Latin American country, labor laws were stripped of some of their constraints and employment as a percent of the population reached all time historical highs in the 1970s and continued high to this day. Unemployment came down except for the dark days of the second oil shock and an overvalued currency at the time. It is still not as

causes, which leads economic migration and

Warm Regards.

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[Yusuf Gumaa](#), UNDP Kenya wrote:

Dear Network members and Moderators,

Thank you for the opportunity to participate in this e-discussion. Certainly the topic of the debate

- poverty trap can be avoided.
2. Biotechnology in agriculture, fisheries and livestock should be encouraged in poor countries together with fair trade of agricultural commodities via WTO and the potentially large resource transfers from trade can support the technical and the institutional capacity in biotechnology for poor countries.
 3. Good governance and leadership commitment to eradicate poverty and hunger through the path of good growth, good distribution of income and well targeted social expenditures by governments is extremely important. We have been taught by Joseph Stiglitz (Nobel Prize winner) that "if policy makers get it wrong, whole nations can be destroyed".

I hope this useful to the discussion.

Warm regards

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[Fayyaz Baqir](#), UNDP Pakistan wrote:

Dear All,

I would like to attach a brief on Pakistan's extremely successful experience in addressing the question of jobless growth though activation of government system and participation of beneficiary community ([Activating sustainable development through Government](#))

Fayyaz Baqir

Senior Advisor on Civil society
UN Resident Coordinator's Office
Pakistan

[Donald Lee](#), UNDESA

Thanks to everyone for the wide-ranging comments which have been informative and thought-provoking.

On employment

What national policies would assist developing countries to break the trend of jobless growth and generate youth employment in particular?

There is need to ensure that employment generation is a primary objective of national policies. Macroeconomic management which stresses price stabilization over employment generating growth inhibits the ability of an economy to create opportunities for poor people to escape poverty. But, it must be stressed that macroeconomic stability is fundamental to creating an enabling environment for employment growth and poverty reduction. What needs to happen more is for policy makers, particularly central bankers, to ensure that they take into account the full ramifications their actions upon employment and poverty.

The notion that very low inflation is an appropriate macroeconomic goal is not supported by the empirical literature. Evidence from the OECD economies that pioneered inflation targeting shows that the outcomes have not been always superior to those attained by OECD economies that did not pursue inflation targeting. Are central banks in developing countries becoming too inflation averse? Integrating employment concerns in macroeconomic management can restore some balance in the way that policy-makers set goals and priorities. It would entail setting realistic job creation targets that would, as a minimum, be consistent with absorbing new entrants to the work-force. On the basis of this, national policies should then be addressing the requisite economic growth rate, policy initiatives and the budgetary framework.

Moreover, placing employment creation targets at the centre of macroeconomic management creates the environment for exploring ways in which the growth process can be made employment-intensive and thus reduce the burden on the growth rate alone to produce the required number of jobs to meet policy goals. The encouragement of small and medium-sized enterprises (SMEs) to act as key vehicles for job creation is one policy option that is much vaunted but can be discouraged by inappropriate macroeconomic policies that maintain entry barriers to new and existing businesses, make the regulatory environment complicated and unpredictable and do not promote the education and training system needed to support the human resource needs of SMEs. The ILO has long argued that Governments can influence the employment intensity of growth by incorporating the use of labor-based rather than equipment-based production methods in its public investment policy.

Much of the new employment generated by economies has to be directed to providing jobs to young people now currently unemployed or to those that will enter the labor force each year. The Youth Employment Network established by the former Secretary-General, Kofi Annan has spearheaded action to address youth employment at the global level. The growing number of countries that have or are preparing national action plans for youth employment is raising awareness of the need to not only create more jobs but more jobs for youth. DESA and the ILO secretariat recently published a review of the national action plans which is available online at

The major challenge I see is how we can ensure, in the short and medium term, that essential governance reforms are put in place that will facilitate and support, rather than hinder, national and international efforts to reduce extreme poverty and hunger.

Donald Lee
Officer-in-Charge
Social Perspective on Development Branch
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Two UN Plaza, DC2 -1358

David Abbott, UNDP Fiji wrote:
Innovative Policies to Reduce Poverty in Pacific Island Countries (PICs)

I am pleased to offer a few thoughts on these issues from a Pacific perspective. In comparison with the extremes of poverty which exist in many parts of Africa and Asia, poverty in the Pacific is often described more in terms of hardship (living in small remote and isolated island communities where transport problems can severely constrain development opportunities) and the consequent lack of access to services and employment.

Although they are urbanising, many Pacific societies are still very much oriented towards rural and outer island subsistence lifestyles. Traditionally there was little need for cash income. This is changing; fees for education, health care and other government services (often resulting from fiscal reform programmes); the wider availability of power and communication facilities and small retail businesses, coupled with growing preferences for imported foods and consumer goods have all led to greater demands for cash even in the most remote island communities. For urban dwellers with little access to subsistence production, the need for a cash income for basic living expenses is even greater; the need for cash is often exacerbated by traditional social and community obligations in both urban and rural areas which increasingly involve money gifts rather than the traditional gifts of food and craft items.

In the Pacific region, data on youth unemployment suggests that on average only around one quarter to one third of all those leaving school are likely to be able to find regular work in the formal sector, as ever the less schooling the worse the prospects. Youth unemployment is therefore one of the most critical issues facing Pacific Island governments. The increasing monetisation of Pacific Island economies coupled with the lack of economic opportunities in the rural areas is consequently leading to higher rates of rural-urban migration. This is being accompanied by rising rural dependency ratios; actual declines in population in some places and falling rural agricultural production, weakening food security and greater vulnerability.

To address these issues PICs have begun to investigate and adopt some innovative ideas to reduce rural/outer island depopulation and increase opportunities.

In Tuvalu the Falekaupule (Outer Island Development) Trust Fund (FTF) provides a potential model for other small community based development programmes. The FTF comprising funds contributed by government, donors and the communities themselves is invested in international capital markets. Each year if the fund has been successful in increasing its real value a distribution is made to the participating communities. The distribution can be used for community based development projects which are determined and managed by the communities. Thus communities are much less dependent on central government funding and can set their own priorities according to their own perceived needs and circumstances. The FTF therefore has an

ability both to enhance household and community infrastructure and other island based services, as well as to directly create employment during the construction and implementation phases of the projects; through increased incomes to individuals in the communities it also has the ability to help stimulate additional private enterprises as incomes will be spent on consumer durables, transport equipment etc, all of which will need maintenance, repairs and spare parts. As incomes rise so families will no doubt wish to expand and improve their houses giving rise to additional employment opportunities for private construction. Hopefully this will encourage more young people to remain in their rural environments thus helping to relieve pressures in the urban centres. The FTF will be a key factor in this process.

Although investment returns have fluctuated with the up and downs of global markets the past two years have seen the communities receive very significant distributions and major projects are now being implemented. UNDP is supporting the programme through strengthening local governance and accountability mechanisms and capacities. With the increased financial flows to these communities better governance processes are likely to be critical to the long-term success of the FTF. Tuvalu also has a similar national government Trust Fund which provides resources to the annual budget. This has become an innovative tool for increasing the fiscal space available to Tuvalu. These two similar trust fund mechanisms are being developed for a number of other small Pacific island countries.

In Fiji and Solomon Islands rural banking initiatives supported by UNDP financial literacy programmes are also playing an important role in helping rural communities to cope with increasing monetisation of their traditional lifestyles. In Fiji a longitudinal study of the rural banking and financial literacy programme will be undertaken during 2007 to measure the impact of the programme on rural poverty and livelihoods. It is believed that this study will be a global first to measure the actual impact of financial literacy on poverty.

To assist in addressing the youth unemployment issue more directly UNDP is piloting an entrepreneurship in the school curriculum in Samoa; this will help to give young people a better grounding in financial and entrepreneurship issues before they leave school and thus give them new tools with which to face their futures.

Recently completed negotiations with New Zealand have set up a mechanism for a number of PICs to send temporary workers to that country. This will give many young people their first opportunity for employment. These short term opportunities will complement those in the seafaring and international security industries which also provide many Pacific Island young men with offshore employment. In Fiji particularly the growth of the security industry has enabled the country to replace many of the jobs lost in the garment industry, albeit the new opportunities have been largely for young men rather than the young women who worked in the garment sector.

A further innovative mechanism for PICs has been the development of an Enterprise Challenge Fund, recently approved for AusAID funding, which will aim to both enable SMEs to expand their activities into new locations and at the same time create employment opportunities as they do so.

Of course many fundamental problems still remain; access to land for development, better regulatory and enabling environments for private sector investment, improved governance standards but progress is being made in PICs. In trade the participation of three or four countries from the region in the Integrated Framework is now being pursued.

Best regards

David

Contribution # 2:

Hi Duncan,

Your contribution to the above e-discussion on employment and job-less growth last week has prompted me to share with you the following [short note on unemployment in Pacific Island countries](#). This was not intended to be a rigorous analysis of the unemployment situation but rather a briefing note on some of the issues to my non-economist colleagues in the Pacific Centre who were considering aspects of governance and CPR. However it does, I feel, capture some of the particular issues facing PICs. I hope you will find it interesting anyway.

Regards

David

<p>David Abbott Pacific Regional Macro Economic & Poverty Reduction Advisor 2rd Floor, YWCA Building Ratu Sukuna Park, Suva, Fiji Islands Tel.: +679 3300399 ext. 220 Fax.:+679 3301976 URL: http://regionalcentrepacific.undp.org.fj</p>

Matilde Gomes Mendes, SNV wrote:

Increasing production, employment and income for reduction of Jobless Growth

"Guinea Bissau covers an area of 36.125 km² with a population of approximately 1,390 000 inhabitants. According to the 2004 National MDG Report, approximately 80% of the population is below the poverty line living with less than US\$2 per day, out of these 20% lives in extreme poverty with less than US\$1 per day. Agriculture, fishery, cattle and forest resource exploitation have been key source of national revenue and main sectors for community subsistence and income. It provides 85% of employment and contributes for nearly 93% to exports

Education:

School-age children represent approximately 6, 4% of the population of GNB. According to the latest statistics, net school enrolment rate is 41%. The illiteracy rate is 63, 4%, and is significantly higher for women. Completion rate up to 5th grade is estimated at 43.6 %.

Local production:

Guinea Bissau is a country with a still very traditional agricultural production system. The family food stock lasts only 5 to 6 months. Cashew campaign covers a great part of deficit but even though in August the situation gets back again - no enough food available for families- which causes rupture of seed stock in many situation. There is no income growing cycle. All production is consumed along the year as it's not sufficient there is usually an attempt to cover the deficit with other types of income, unfortunately, at the end it's also consumed seeds.

Pilot experience for change:

It has been developed in 2 communities in south and in 3 communities on East of Guinea Bissau methodologies to enhance local systems for participatory and gender balance rural economic development. Programmes are been promoted by two national NGOs with SNV capacity strengthening support.

Main challenges:

How local community participate actively in process of local gender balanced economic development through their own resources and traditional basic expertises:

- § Optimizing natural resource management;
- § Improving access to financial decentralised services;
- § Increasing production, and income generating opportunities;
- § Assuring sustainable capacity for investment that creates opportunities for employment;

Input:

- § SNV capacity strengthening services on gender and microfinance;
- § Fund from DAS – UICN.NL, FAO, WFP;
- § Technical assistance of ONG promoters;
- § Local resources (land, traditional equipment, labour force, traditional know-how);

Result:

Tow communities in sought that were considered very vulnerable because of lack of alternative source of income and high food deficit – is now developing tow lines of production, one for consumption and another one for income and employment generating opportunities;

The others in East which are being affected considerably by emigration of active labour forces – is now developing local system of microfinance that allows them to improve their economic capacity to develop different activities that allows self – employment and even mobilise additional labour forces for – in other extent they are facilitating access to some basic services at local level.

Progress indicators:

It's already diagnosed:

- § Tow traditional system of saving and credit in East that could fit to modern microfinance models for economic investment;
- § Tow methodology in south to develop economic programmes for consumption and economic empowerment;

International community and Government engagement:

At this specific case for:

- § The communities in sought is being developed a integrated process on Communities forest management – ownership, participation, leadership, legitimacy, empowerment resources;
- § The communities in East are developing approach on improving market access for their products - ownership, participation, leadership, legitimacy, empowerment resources.
- § It is being developed additional dynamics on:
- § Lobby and advocacy on enabling environment (engagement mobilization, political dialogue, resource and synergy mobilization);

Matilde Gomes Mendes
SNV
Guinea Bissau

[Amitava Mukherjee](#), UNESCAP wrote:

Please see attached two papers on Hunger. The first one on micro-level hunger in India demonstrates:

[Global Concerns: Loss in Bio-Diversity and Its Impact on Agriculture](#) that :

- š That although there may be no hunger at the aggregate level, there are pockets of hunger which affect very large number of people. Hunger must, therefore, be tackled at all levels: aggregate and local (micro) levels
- š Maintaining common proper resources are critical to people who can not find food grown by the use of technology.

The second paper with ideas on what countries can do for finding long terms solutions to food security: [Food Security in Contemporary India](#).

Thanks and regards
AmitavaA Mukherjee

Regional Advisor

key – in Barbados there is a Social Partnership framework which has been longstanding and quite successful in managing issues such as commodi

livelihoods linked to agriculture which is where much of my interaction on global trade comes in – there is a sense that the focus is not always on addressing inequalities but perhaps an underlying concept that the market will balance things out. I also think we may have to consider what it is possible to trade mechanisms to do and not do and perhaps the need for the underlying strategies at the national level which can facilitate re-distribution of wealth.

§ **What innovative policies and strategies can countries use to ensure that the benefits of globalization are both inclusive and equitable, disproportionately benefit the poor and effectively shield them from its perils?**

I think this would call for a change in fundamental thinking and the representational nature of the negotiations. The problem is that the poor are rarely at the table since most negotiations are likely to be based on existing or future business interests. It would require countries aggressively bringing both issues to the table and also considering industries/sectors and arrangements that can realistically bring impacts to the poor. I am not sure how realistic this is. Equally, perhaps, it may require a space being open for those watchdog NGOs who are closer to these issues to be able to voice concerns and be part of the Governance arrangements. Moreover that government negotiation teams include social partners and be built on sound information and data which speaks to these issues. Some of the weakness I think that the smaller nations face, and here I think of the Caribbean, is that we don't have the facts and the statistics to bring to the table about where the impacts are or may likely be.... Not only to present mere numbers but what these represent in terms of the population and the productive workforce and in particular how many men and women who may be the sole breadwinners may be impacted.

Short-term Response to Long-Term Solutions to Hunger:

§ **What steps can developing countries take to mitigate and adapt to climate change, which threatens to affect food production?**

I think developing countries have already been taking steps – the Caribbean has been working on this quite concretely through GEF and other funding for the last 8 or more years. Countries need to know what their vulnerabilities are including the social and economic impacts those vulnerabilities will bring and that includes using effective techniques for social inquiry such as economic valuation. It also requires efforts on the part of government to encourage the population to adapt and may include environmental levies and other economic instruments to balance the scales between “conventional technologies” and more environmentally-friendly and climate-friendly technologies. It also will require a stepped up advocacy campaign for the contributors and those industrializing to do more to reduce emissions. An Inconvenient Truth is a great start And it will require leadership by one of the powerhouse countries to demonstrate the total commitment required. In the end though knowing where vulnerabilities lie and tying the science into economic and social planning will assist a lot in particularly identifying threats to food production. However for the Caribbean where much of our food is imported – there is an even larger issue of food security. It requires a commitment to research and data collection which remains to a large extent on the sidelines of decisions.

Consistency is key here and it can be done by living up to our commitments....all of us. IT means that each of us must take our responsibility as an individual advocate seriously and call our leaders to act as necessary and it also requires leaders to take action even uncomfortable action for the "global good". The world is now uncomfortably small at times and the consequences in one part of the world eventually ricochet in another part of the world – sooner or later. There should be clear commitment to the MDGs which includes direct and clear support to data collection and monitoring. Effective action cannot be taken until countries can truly assess where they are and where they need to be and that can only be done with the capacity and tools to do so.

Regards

Leisa

Leisa Perch

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UNDP is the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life. We are on the ground in 166 countries, working with them on their own solutions to global and national development challenges. As they develop local capacity, they draw on the people of UNDP and our wide range of partners.

Duncan Campbell, ILO wrote:

Dear colleagues,

Over the past few weeks, I have been truly impressed by the many insightful comments and, in fact, useful policy ideas that have e-merged from this e-discussion. Taken together, I think they'd constitute an important contribution not only to policy spheres but to curricula in development economics as well.

My own comments on this concluding day of the interchange can be kept brief. They concern the question of "jobless growth". And the first comment is that the latter is a misnomer. As EC

growth for five years, the number of \$2 a day working poor (1.37 billion) has inched down very modestly and still accounts for almost 50% of the global labour market.

Many of you have evoked international policy orientations to address this challenge. Many of you have also underscored distributional imbalances and the consequent need for redistributive mechanisms. With these I can only agree. Although the multilateral system has now rallied around the need to put employment and decent work far higher up the totem of policy priorities, there need to be tools to do that. Here are a few things we are thinking about at ILO – we're thinking about some of the answers, too, but for the time being, just the questions:

- § What does a concept of "full employment" mean in an open, world economy with circumscribed policy options?
- § Both in dominant theory over the past 25 years and in fact, "employment" had become a residual – something that "market fundamentalism" or "macroeconomic fundamentals" or whatever we wish to call it would deliver. What does it mean to make productive employment "central" to macroeconomic policies?
- § How has policy incoherence been to blame for distressing labour market performance – i.e. classically, a global trade architecture protecting 5,000 US cotton farmers at the

Vietnam has a good example to share on the challenges of making globalization work for the poor. While the government is trying to promote the economic and social rights of rural poor and ethnic minorities in Vietnam through targeted policies, implementation of these policies is rather slow compared to the pace of urbanization and economic development. While there are huge investments on large infrastructures such as hydro-power development (large dam construction) to meet the growing demands of rapid urbanization, ethnic minorities (who are generally the poorest in Vietnam) are the people most affected by poor implementation of resettlement policies. In most resettlement areas, basic services such as drinking water supply, sanitation, primary health facilities, primary schools and roads are poorly developed. In addition, local citizens making livelihoods through river based economy are deprived of these economic opportunities while not yet fully availed of the new opportunities in the resettlement areas.

SNV - Netherlands Development Organization has been involved in capacity building of local stakeholders for the improved livelihoods of ethnic minorities and poor farmers in rural areas of Vietnam. By integrating the concepts of *market access to the poor (financial capital)*, *water and sanitation facilities (physical capital)*, *collaborative forestry management (natural capitals)* and *responsive and accountable local governance (human, social and political)*, SNV aims to contribute to the improved income, employment and opportunities of the poor and sustainable access to improved basic services delivery. SNV promotes the concept of *value chain development* to integrate rural communities into the markets. By combining market access to the poor with community ownership and accountability in the provision of basic services delivery, SNV has successfully contributed to pro-poor growth and reduced urbanization of poverty in Vietnam. Sub-national capacity strengthening and building macro-meso-micro linkages are integral of SNV strategies.

The Need to Understand Poverty, Inequality and Growth at a Global Scale

While the most acute and unacceptable manifestations of poverty occur in developing countries, poverty and unemployment have also re-emerged in developed economies. More than two decades of orthodox policies have eroded the living conditions of citizens around the world. The end of the post-war boom in the 1970s made policy makers abandon Keynesian approaches and replace them with supply-side policies, under the correct assumption that growth would be helped if companies sharpened their competitive edge. But global demand continued stagnating, leading to a squeeze of corporate profits, shakeout of labour, slow down of growth of fixed investment and thus a decrease in demand for capital. This generated pressure on lowering wages, flexibilizing labour markets and reducing corporate/income taxes, thus increasing income inequality and eventually making the welfare state unsustainable (at current contribution levels). Gross public sector debt became as high as 70% of national income in OECD countries, and this made policy-makers to further curtail social expenditures and privatize social services. With the debt crisis in 1982, developing countries were forced to adopt the same orthodox model applied to developed economies (structural adjustments, reducing controls on capital and trade, curving public expenditures, privatization), which led to maintaining or deepening social deprivation. Paradoxically, most of these savings went to support private sector companies in the public effort to generate growth (tax breaks, incentives, bailouts, etc), so the average citizen has experienced a significant decrease in welfare, while growth has remained low, unemployment and public debt high, because these orthodox short-term policies do not address the long-term structural causes of the problem: overproduction and global excess capacity in a context of weak effective

The extreme inequality in the world distribution of income and assets seriously undermines the effectiveness of global growth in reducing poverty, it is essential to bring redistribution to the development agenda. Redistribution has been out of the development discourse for decades; however, it is a legitimate goal of public policy, to balance the tendency of the market to concentrate resources. Redistribution may be achieved through domestic taxation, significantly increased and better quality development aid (J. Sachs notes that poverty could be eradicated with 1% of the combined GDP of OECD countries) and, given donors unmet commitment of 0.7% new proposed international sources such as taxes on short-term speculative financial transactions, on arms trade, pollution and others.

Redistribution is not only positive from the perspective of social justice, it is also an economic need, to boost global demand and productivity. Highly unequal societies are associated with lower rates of growth. Egalitarian distribution patterns encourage domestic demand and thus growth; greater effective demand (consumption ratios) of the lower income groups generates a larger domestic market. Thus the reduction of poverty may not only alleviate human suffering, a goal in itself, but also have a primary role to sustain growth and well-functioning markets.

The Need to Mainstream Equity in National Development Strategies

Poverty reduction requires mainstreaming equity into economic and social policies:

(a) Promoting employment-generating growth : As Donald Lee pointed, macroeconomic policies are critical to create jobs; employment should be a primary objective and not to be "crowded out" by a narrow focus on inflation control and fiscal discipline. Some argue that moderate rates of inflation may be acceptable given the positive effects of an expansive monetary and fiscal policy on aggregate demand. Macroeconomic policies must also ensure that public expenditures in the social sectors are maintained at satisfactory levels. Additionally, an adequate exchange rate policy combined with an investment/industrial policy stimulates output and employment growth. Fiscal, monetary, and exchange rate policies should be consistent with employment-generating growth and public investment strategies. Both private and public sector enterprises can be an engine of growth and employment; for them to contribute to poverty reduction, an enabling environment and effective regulatory framework should be enforced to promote competition,

(promoting SMEs, cooperatives, public works, guaranteed job schemes, employment services, skills development programmes, etc); here what is important to understand is that it is not only about creating employment, many poor people work but cannot bring their families out of poverty, it is also about adequate salary and working conditions.

Inclusive finance: Development banks, expanding bank branching, rural banks, microfinance, preventing financial crisis/failures.

Decentralization, if good governance at the local level, attending to equalizing redistributing formulas securing transfers between regions

Rural development programmes ensuring access to land, water, markets, livestock, credit for smallholders

Urban development and housing focused on low-income areas

Alter alia, the following do not benefit the poor:

Defense/military expenditures

Health: Urban hospitals far from urban marginal areas, specialized clinics (cardiology etc.)

Infrastructure: Large infrastructure projects -e.g. dams, nuclear power plants, etc

Social Protection: Private funded pensions

Financial sector: Reform/rescue of banking system (transfers to large banks)

(c) Ensuring good governance by supporting efficient, accountable, transparent, and responsive public administrations, with a mandate and capacity for pro-poor interventions; ensuring legal systems that are equitable and accessible to the poor; enforcing law and order; building public management free of political distortions with decentralized mechanisms for broad-based participation in the delivery of public services and efforts to minimize the likelihood of these services being captured by local elites; promoting progressive tax systems and adequate allocations for social services; fighting nepotism and corruption.

(d) Empowering the poor and excluded groups by enhancing their capacity to influence the institutions that affect their lives and strengthening their participation in political and economic processes. Organizing the poor and excluded groups to fight for their rights was a critical factor in promoting social progress in developed countries - social development would have not happened without the fight of unions and civil rights groups. Empowerment and social mobilization are intrinsically linked to the broader agenda of good governance, transparency, and accountability of the government to its citizens.

(e) Fighting Exclusion and Gender Disparities . The increasing feminization of poverty is now a well-recognized trend. The gender division of labour and responsibilities for household welfare translate in non-paid work and lack of opportunities. Gender disparities frequently result in gender based inequality in access and control of resources and discrimination against women's basic rights, e.g. education, employment, inheritance, registration. To reduce poverty and to advance the status of half the world's population, support must be provided to the development of gender-sensitive policies. Other excluded groups (e.g. caste, indigenous peoples) require specific policies.

The Need to Count the Poor: Harmonizing Poverty Statistics

The definition and measurement of poverty (and in general social statistics) are highly politicized. Poverty tends to be understated as it implies public policy failures. This is why international organizations started using the one and two-dollar-a-day poverty lines; but these too has obvious flaws. National poverty lines use different methodologies and are often not comparable. Usually based on the per capita expenditure needed to attain 2000-2500 calories per day, plus a small allowance for non-food consumption, often inadequate to cover basic needs -clothing, drinking

water, housing, access to basic education and health, among others. If these elementary needs were fully accounted, the number of people living in poverty would soar.

At the end of the 2nd World War, there was a concerted international effort to harmonize economic statistics across countries (GDP, GNP, BOP, M/X, etc). The same effort needs to occur for social statistics.

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Dag Ehrenpreis, UNDP IPC Brazil wrote:

Dear Isabel,

Thanks for an excellent contribution, and for mentioning mine too. Your last section raises an issue that was one of those highlighted in the recent theme issue of the IPC journal *Poverty in Focus*, which I am the editor of, on ***What is Poverty? Concepts and Measures***. In case you have not seen it, here is the link to it on our website: http://www.undp-povertycentre.org/pub/IPCpoverty_in_Focus009.pdf. I'd be pleased to send some printed copies to you and DESA colleagues.

The next theme issue will be on Pro-Poor Growth, to be published this month. The following one will be on Inequality. I have noted some interesting DESA Working Papers on aspects of this issue, which I am considering to include in shortened article form, e.g. those of Woodward-Simms and Gabriel Palma.

Best regards,
Dag

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Yusuf Gumaa, UNDP Kenya

Dear Network members and Moderators,

Thank you for the opportunity to participate in this e-discussion. Certainly the topic of the debate is very timely, given the current global development context of rapid global economic growth

since the early 1990s, but at the same time the distance between the poorest and the richest countries has been widening and inequalities intra-national and international have been rapidly increasing. What does the evidence say about poverty? Overall income poverty reduction slowed down in the 1990s. Poverty fell in the past decade at one fifth the 1980-96 rate; with SSA having lower average income today than in 1990 and the share of people living on less than \$1 a day increased from 44.5% in 1990 to 46.5% in 2002. What should the policy response be?

The root causes of poverty can be summarized as: lack of income and assets to satisfy basic needs- - food, shelter, clothing and reasonable levels of health and education; vulnerability to adverse shocks and the inability to cope with them; lack of voice and power in the institutions of the state and society. Policy responses should be di

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- § Addressing lopsided rules in key areas such as agriculture - as mentioned above
- § Giving effect to Special and differential treatment which recognises the development priorities of developing countries
- § The global trading environment is a reflection of the unbalanced decision making process at the WTO where developed countries interests dominate and there is weak/select representation of developing countries
- § An overloaded agenda, heavy meeting schedules, inadequately skilled and experienced negotiators and lack of capacity and no representation in Geneva in some cases exacerbate the situation
- § Actual WTO decision making processes are also based on passive consensus - therefore silence or not being present is taken as agreement
- § This style of consensus has also led to lack of transparency in decision making at the WTO through the increasing prevalence and acceptance of informal, unrecorded select group meetings which has either left many de

Some development economists may translate making property rights central as merely making the relatively wealthy more secure. But a more transparent specification of even very skewed allocations of property rights can improve broad social welfare. A pointed case is agricultural reform in the People's Republic of China almost 30 years ago. In the aftermath of the Cultural Revolution, poverty was ubiquitous. Moreover, the wealth that existed was concentrated in urban areas and denied completely to rural dwellers -- when necessary at the point of a gun -- under an all-encompassing registration system. In this environment, it was quite natural to think that enhancement of land rights in rural areas was not only a complete waste of time, as

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Noha El-Mikawi, UNDP Oslo Governance Center wrote:

I have followed this e-discussion with great interest. Many voices have referred to a direct link between poverty and inequality, on the one hand, and bad governance on the other. Donald Lee agreed with Max Ooft that governance is a prerequisite for sustainable poverty reduction. If power is abused, policies are derailed by powerful interest groups, services are not delivered to the poor, property right is concentrated in the hands of the few, police is not offering protection to all equally and legal services are not available to all, then poverty reduction policies will not have the intended effect. Yusuf Gumaa selected lack of voice and power as one of the root

A commitment to an analysis of power and of drivers of change to be coupled with an institutional investment in in-house capacity to do it (the Oslo Governance Centre's

1. ***The principle of national ownership*** – that governance indicators are nationally owned and there is a buy in (through an inclusive consultative process) of government, civil society and other key stakeholders about what and how democratic governance should be measured.
2. ***National capacity development*** – most developing countries have weak data collection and data analysis capacities. Support to national processes of assessing and monitoring democracy must have a focus on building national capacities
3. ***National Development Plans*** – governance assessment (baseline setting) and monitoring systems should be harmonised and aligned with the national development plan consistent with the Paris Declaration.

The core aim of UNDP's OGC work in this area is to improve national capacities and capabilities for evidence-based policy making. Evidence-based policy making in a democratic context means that wherever possible public policy decisions should be reached after an open and inclusive debate which is informed by careful rigorous analysis using sound and transparent data. In many developing countries there are problems related to the supply and use of democracy and governance related data and statistics. The initiative facilitates focused organisational learning on various aspects of governance measurement through supporting learning events bringing together country-

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