

**Human Rights Council****Forty-fourth session**

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Agenda item 3

**Promotion and protection of all human rights, civil,  
political, economic, social and cultural rights,  
including the right to development****The parlous state of poverty eradication****Report of the Special Rapporteur on extreme poverty and human  
rights\****Summary*

The present report is submitted by the Special Rapporteur on extreme poverty and human rights, Philip Alston, pursuant to Human Rights Council resolution 35/19. The world is at an existential crossroads involving a pandemic, a deep economic recession, devastating climate change, extreme inequality, and an uprising against racist policies. Running through all of these challenges is the longstanding neglect of extreme poverty by many Governments, economists and human rights advocates.

By single-mindedly focusing on the World Bank's flawed international poverty line, the international community mistakenly gauges progress in eliminating poverty by reference to a standard of miserable subsistence rather than an even minimally adequate standard of living. This in turn facilitates greatly exaggerated claims about the impending eradication of extreme poverty and downplays the parlous state of impoverishment in which billions of people still subsist.

While the Sustainable Development Goals have achieved a great deal, they are failing in relation to key goals in the areas of, among others, poverty eradication, economic equality, gender equality and climate change. They need to be recalibrated in response to the coronavirus disease (COVID-19), the ensuing recession and accelerating global warming.

Poverty is a political choice and its elimination requires: (a) reconceiving the relationship between growth and poverty elimination; (b) tackling inequality and embracing redistribution; (c) promoting tax justice; (d) implementing universal social protection; (e) centring the role of government; (f) embracing participatory governance; and (g) adapting international poverty measurement.

\* The present report was submitted after the deadline so as to include the most recent information.



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## I. Introduction<sup>1</sup>

1. The world is at an existential crossroads involving a pandemic, a deep economic recession, devastating climate change, extreme inequality, and a movement challenging the prevalence of racism in many countries. A common thread running through all these challenges and exacerbating their consequences is the dramatic and long-standing neglect of extreme poverty and the systemic downplaying of the problem by many Governments, economists and human rights advocates.

2. Coronavirus disease (COVID-19) is projected to push more than 70 million additional people into extreme poverty, and hundreds of millions more into unemployment and poverty.<sup>2</sup> More than 250 million people are at risk of acute hunger.<sup>3</sup> Poor people and marginalized communities have been the hardest hit in almost every country, both in terms of vulnerability to the virus and its economic consequences. Climate change, temporarily eclipsed from the front pages, is also on target to exacerbate the phenomenon of “climate apartheid”, ensuring that low-income people bear the brunt of unconscionable climate policies designed to protect the status quo. And Governments continue to pour money into repressive practices and carceral systems, while depriving poor communities of basic rights such as decent health care, housing and education. While there is no magic bullet, taking extreme poverty seriously would address one of the main causes and consequences of these problems.

3. The first part of the present report criticizes the mainstream pre-pandemic triumphalist narrative that extreme poverty is nearing eradication. That claim is unjustified by the facts, generates inappropriate policy conclusions and fosters complacency. It relies largely on the World Bank’s measure of extreme poverty, which has been misappropriated for a purpose for which it was never intended. More accurate measures show only a slight decline in the number of people living in poverty over the past 30 years. The reality is that billions face few opportunities, countless indignities, unnecessary hunger, and preventable death, and remain too poor to enjoy basic human rights.

4. The second part argues that the international community’s principal policy response to poverty, through the Sustainable Development Goals, is inadequately framed, failing and in need of revitalization. The third part calls for a radical rethinking of existing approaches to poverty eradication.

## II. Extreme poverty is not being eradicated

5. Huge progress has been made in improving the quality of life for billions of people over the past two centuries, but it does not follow that “extreme poverty is being eradicated”.<sup>4</sup> Many world leaders, economists and pundits have enthusiastically promoted a self-congratulatory message, proclaiming progress against poverty to be “one of the greatest human achievements of our time,”<sup>5</sup> and characterizing the decline in the rate of absolute poverty to less than 10 per cent as “a huge achievement”.<sup>6</sup> Others have paid tribute to the role

<sup>1</sup> Bassam Khawaja and Rebecca Riddell undertook outstanding research and analysis for the present report, as did Victoria Adelmant. Martin Ravallion, Sanjay Reddy and World Bank officials provided immensely valuable advice, but share no responsibility for the final content.

<sup>2</sup> International Labour Organization, “As job losses escalate, nearly half of global workforce at risk of losing livelihoods”, 29 April 2020; Daniel Mahler and others, “Updated estimates of the impact of COVID-19 on global poverty”, World Bank Blogs, 8 June 2020.

<sup>3</sup> World Food Programme, “COVID-19 will double number of people facing food crises unless swift action is taken”, 21 April 2020.

<sup>4</sup> Steven Pinker, *Enlightenment Now: The Case for Reason, Science, Humanism, and Progress* (2018), p. 117 (Kindle edition).

<sup>5</sup> World Bank, “Decline of global extreme poverty continues but has slowed”, 19 September 2018.

<sup>6</sup> Martin Wolf, “The case for sane globalism remains strong”, *Financial Times*, 16 July 2019.

of economic growth and capitalism in lifting a billion people “out of dire poverty into something approaching a decent standard of living”.<sup>7</sup>

6. But these determinedly over-optimistic assessments generate many questions. What are the implications of serious challenges to the most prominent measure of global poverty upon which they rely? How can we reconcile them with so many other indicators that paint a far more troubling picture? Is the “huge achievement” as meaningful as touted? Can it withstand the onslaught of COVID-19 and climate change as well as the effects of extreme inequality, and if not, what does that tell us about how precarious progress has been? And how does the progress made compare to what could have been achieved with the immense wealth available?

## A. Misplaced reliance on the World Bank’s international poverty line

7. Almost all of these celebratory accounts rely one way or another on the World Bank’s international poverty line, under which the number of people in extreme poverty fell from 1.895 billion in 1990 to 736 million in 2015, and thus from about 36 to 10 per cent of the world’s population.<sup>8</sup> The United Nations has ensured the international poverty line’s status as the dominant benchmark by enshrining it as the main reference point in both the Millennium Development Goals and the Sustainable Development Goals. In addition, the financial and intellectual clout of the World Bank ensures that almost all of the most glowing accounts of progress use its international poverty line statistics.

8. Certainly, the line is a highly admirable initiative that has likely done more to raise awareness and foster collective intent than any other single effort. However, the picture it provides is far from complete and it is important to recognize its principal limitations.<sup>9</sup> Many of these have been acknowledged by World Bank officials, by a World Bank-appointed expert group, and even by the economist responsible for developing the modern international poverty line. Yet the limitations nonetheless represent a strong indictment of the single-minded focus on this particular line and its use by many commentators – and the World Bank – to underpin a misleading picture of progress against poverty.

9. What exactly is the international poverty line? The current line is derived from an average of national poverty lines adopted by some of the world’s poorest countries, mostly in sub-Saharan Africa.<sup>10</sup> Unlike many national lines, it is not based on any direct assessment of the cost of essential needs. It is an absolute line, constant in value, calculated and expressed using purchasing power parity dollars, which are designed to adjust for the costs of goods in different countries in a way that market exchange rates do not (notwithstanding the many challenges to the validity of the purchasing power parities). According to the World Bank, the line is a globally relevant yardstick that allows for the achievement of the same meagre needs in every country.

10. The current line of \$1.90 2011 purchasing power parity per day<sup>11</sup> represents what that amount could buy in the United States of America in 2011. Expressed in local currencies for the most recent years available, the line translates to living on 910.15 pesos per day in Chile, 7.49 yuan in China, 36.27 rupees in India, 22.49 pesos in Mexico, 355.18 naira in Nigeria,

<sup>7</sup> Abhijit V. Banerjee and Esther Duflo, “How poverty ends: the many paths to progress—and why they might not continue”, *Foreign Affairs* (January/February 2020), “Poverty in America”, *Bigger than Five*, TRT World, at minute 16:20. Available at <https://www.trtworld.com/video/bigger-than-five/poverty-in-america/5e031e03b53db8001717e81a>.

<sup>8</sup> World Bank, *Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle* (2018), p. 2.

<sup>9</sup> Issues outside the scope of the present report include critiques of the purchasing power parity rates, the methods of deriving previous international poverty lines and the consequences of shifting methodologies, and the problem of unidimensional money-metric approaches. Scholars including Sabina Alkire, Angus Deaton and Sanjay Reddy have shed immense light on these problems.

<sup>10</sup> Francisco H. G. Ferreira and others, “A global count of the extreme poor in 2012: data issues, methodology and initial results” (World Bank, October 2015), p. 39.

<sup>11</sup> Except where noted, poverty lines are expressed in 2011 purchasing power parity dollars.

1.41 euros in Portugal or 50.83 roubles in the Russian Federation.<sup>12</sup> The international poverty line is of course well below the national poverty lines of most countries, and accordingly generates dramatically lower numbers in poverty. For example, using the most recent comparisons available, Thailand has a poverty rate of 0.0 per cent under the international poverty line, but 9.9 per cent under the national line,<sup>13</sup> the United States, 1.2 per cent versus 12.7 per cent,<sup>14</sup> South Africa, 18.9 per cent versus 55 per cent,<sup>15</sup> and Mexico, 1.7 per cent versus 41.9 per cent.<sup>16</sup>

11. This section reviews many of the international poverty line's principal shortcomings, as reflected in the "fierce technical debate" surrounding it.<sup>17</sup> Whatever its merits, the international poverty line should not be treated as the pre-eminent basis on which to determine whether or not the world community is eradicating extreme poverty, let alone as the benchmark for Sustainable Development Goal 1 on poverty. The line is set so low and so arbitrarily as to guarantee a positive result and to enable the United Nations, the World Bank and many commentators to proclaim a pyrrhic victory.

### **Scandalous lack of ambition**

12. The international poverty line is explicitly designed to reflect a staggeringly low standard of living, well below any reasonable conception of a life with dignity. Under the measure, one can "escape" from poverty without an income anywhere near that required to achieve an adequate standard of living, including access to health care and education. This standard is a world apart from the one set by human rights law and embodied in the Charter of the United Nations.

13. A number of alternatives illustrate the possibility of a very different approach. For example, David Woodward has proposed a "right-based poverty line" consistent with a minimum morally acceptable standard of living. He found that achieving a global average infant mortality rate in 2010 would require a line 4.2 times higher than the World Bank's international poverty line used at the time.<sup>18</sup> In 2006, Peter Edward proposed an "ethical poverty line" that would enable people to achieve average human life expectancy, which produced a global poverty headcount around three times higher than that generated by the international poverty line at the time.<sup>19</sup>

### **Failure to achieve frugality**

14. While the World Bank defends the international poverty line on the basis that it is intended to cover an intentionally meagre set of basic needs, critics question how the line could cover even that. Robert Allen criticizes the line's reliance on 15 mostly tropical countries, rather than using any direct assessment of basic needs, thus ignoring higher spending on essentials like fuel and clothing in cold countries, and housing in wealthy countries. Using an austere approach to determine the lowest possible cost of a balanced 2,100 calorie diet and allowing for three square metres of living space, he calculates higher lines of \$2.63 in developing countries and \$3.96 in high-income countries.<sup>20</sup> His research generates a poverty headcount 1.5 times larger than that generated by the World Bank's line,

<sup>12</sup> Local currency conversions provided by the World Bank through email on 25 March 2020. The conversion years are: 2018, for Russian roubles, Mexican pesos, Nigerian naira and Thai baht; 2017, for euros in Portugal and Chilean pesos; 2016, for Chinese yuan; and 2014, for South African rand and Indian rupees.

<sup>13</sup> Figures for 2018. See World Bank, "Poverty & equity brief: Thailand", April 2020.

<sup>14</sup> Figures for 2016. United States Census Bureau, "Income and poverty in the United States: 2016", September 2017; World Bank, "Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of population)".

<sup>15</sup> Figures for 2014. World Bank, "Poverty & equity brief: South Africa", April 2020.

<sup>16</sup> Figures for 2018. World Bank, "Poverty & equity brief: Mexico", April 2020.

<sup>17</sup> Alex Cobham, *The Uncounted* (2020), p. 31.

<sup>18</sup> David Woodward, *How Poor is 'Poor'? Towards a Rights-Based Poverty Line* (2010), p. 38.

<sup>19</sup> Peter Edward, "The ethical poverty line: a moral quantification of absolute poverty", *Third World Quarterly*, vol. 27, No. 2 (2006), pp. 388–389.

<sup>20</sup> Robert Allen, "Absolute poverty: when necessity displaces desire", *American Economic Review*, vol. 107 (2017), p. 3713.

and suggests that simply meeting food or housing costs under that line could be extremely difficult, if not impossible, in certain countries.<sup>21</sup>

15. Sanjay Reddy has long argued that the World Bank’s approach is neither meaningful nor reliable, in part because it is not directly connected to the cost of basic needs and does not reflect “any ordinary language conception of poverty”.<sup>22</sup> He draws attention to the minimum food cost figure calculated by the United States Government of \$5.04 per day in 2011, which vastly exceeds the \$1.90 that the World Bank implies should have allowed a person to escape extreme poverty in the United States.<sup>23</sup>

### **Societal differences**

16. Others contend that the international poverty line does not take into account varying societal standards. While purchasing power parity rates in principle adjust for different prices of the same goods in various countries, they do not reflect differences in the basic goods required to escape poverty. A cell phone or transport costs may not be essential to work in a low-income country, but are imperative in a high-income one. Martin Ravallion, the principal architect of the World Bank’s absolute “dollar-a-day” line of 1990, has since argued that a truly global perspective on poverty actually requires a relative approach. He proposes a “weakly relative” line to account for the costs of social inclusion in richer countries.<sup>24</sup>

17. Sanjay Reddy advocates for a context-specific approach with a fixed “set of reference capabilities (freedoms to achieve specific beings and doings) that a person must be deemed to be able to have in order to be non-poor”.<sup>25</sup> Pricing this locally would do away with the need for a single global poverty line while allowing for international comparisons, and would eliminate the uncertainty raised by the purchasing power parities.

### **Gender inequalities**

18. The prevailing method of measuring poverty is well-known to obscure gender differences because its estimate of per capita consumption assumes all resources are shared equally within the household, whereas research from China,<sup>26</sup> Africa<sup>27</sup> and elsewhere shows widespread differences in resource allocation and consumption between women and men.<sup>28</sup> The implications are tremendous, since nearly 100 million people lived a mere 10 cents above the poverty line in 2015. Even a slight systemic imbalance could mean the exclusion of millions of women living below the World Bank’s line from global poverty figures.

19. Of course, this is a fundamental data-collection issue that extends beyond the World Bank.<sup>29</sup> To its credit, the World Bank readily acknowledges that its figures ignore intra-

<sup>21</sup> Ibid., pp. 3716–3717.

<sup>22</sup> Sanjay G. Reddy and Rahul Lahoti, “\$1.90 per day: what does it say?”, (The New School for Social Research, 2015), p. 11. See also Sanjay Reddy and Thomas Pogge, “How not to count the poor”, in Sudhir Anand, Paul Segal and Joseph E. Stiglitz, eds., *Debates on the Measurement of Global Poverty* (Oxford Scholarship Online, 2010).

<sup>23</sup> Reddy and Lahoti, “\$1.90 per day”, p. 12.

<sup>24</sup> Martin Ravallion, *The Economics of Poverty* (Oxford University Press, 2016), p. 340; Martin Ravallion and Shaohua Chen, “Global poverty measurement when relative income matters”, *Journal of Public Economics*, vol. 177 (2019), p. 10.

<sup>25</sup> Reddy and Lahoti, p. 12.

<sup>26</sup> World Bank, *Poverty and Shared Prosperity*, p. 134.

<sup>27</sup> Caitlin Brown, Martin Ravallion and Dominique van de Walle, “Are poor individuals mainly found in poor households? Evidence using nutrition data for Africa”, World Bank Policy Research Working Paper No. 8001 (March 2017), pp. 22–23.

<sup>28</sup> World Bank, *Poverty and Shared Prosperity*, pp. 125–149; Isis Gaddis and Dominique van de Walle, “Data gaps: the poor typical household surveys miss”, World Bank Blogs, 25 January 2016.

<sup>29</sup> Caroline Criado-Perez, *Invisible Women: Data Bias in a World Designed For Men* (Chatto & Windus, 2019), pp. 113–118.

household inequalities,<sup>30</sup> has recently highlighted this phenomenon, and is exploring innovative methods for understanding individual poverty.<sup>31</sup>

### Overlooked groups

20. The success story also airbrushes out the situation of hundreds of millions who are missing or severely underrepresented in survey data.<sup>32</sup> They often come from groups disproportionately affected by poverty, including homeless people, pastoralists, migrant workers, refugees and displaced persons, people affected by armed conflict, people residing in households but not considered members (such as domestic workers), and those in informal settlements.<sup>33</sup>

### Outsized contribution of China

21. Much of the progress reflected under the World Bank's line is due not to any global trend but to exceptional developments in China, where the number of people below the international poverty line dropped from more than 750 million to 10 million between 1990 and 2015,<sup>34</sup> accounting for a large proportion of the billion people "lifted" out of poverty during that period. This is even starker under higher poverty lines. Without China, the global headcount under a \$2.50 line barely changed between 1990 and 2012.<sup>35</sup> And without East Asia and the Pacific, it would have increased from 2.02 billion to 2.68 billion between 1990 and 2015 under a \$5.50 line.<sup>36</sup>

## B. World Bank's response

22. The World Bank's response to critics of the international poverty line has been resolutely ambivalent. It has accepted the validity of many of the criticisms, acknowledged certain shortcomings, and recognized the need for multiple indicators of poverty and human development. However, it continues to give the line top billing in its messaging, much of its research, and its most high-profile analyses of global trends. For all of its careful qualification, the World Bank is explicit that its focus remains on lifting people above that line.<sup>37</sup>

23. In 2015, the World Bank sought advice on how best to measure and monitor global poverty by appointing a 24-member Commission on Global Poverty, led by Anthony Atkinson. It subsequently accepted many of the report's 21 recommendations, conceding, for example, that there are legitimate questions over whether its line is too low to define a person as poor in all countries.<sup>38</sup> In 2018, it introduced a "societal poverty line" relative to countries' consumption levels, under which the poverty headcount has been nearly stagnant for 25

<sup>30</sup> Paul Romer, Ana Revenga and Francisco H.G. Ferreira, "Monitoring global poverty: a cover note to the report of the commission on global poverty" (18 October 2016), p. 3.

<sup>31</sup> World Bank, *Poverty and Shared Prosperity*, p. 144.

<sup>32</sup> Alex Cobham estimates that over 350 million people are "systematically excluded from surveys and census data". (*The Uncounted*, p. 157.) See also Anthony Atkinson, *Measuring Poverty around the World* (Princeton University Press, 2019), p. 128.

<sup>33</sup> Atkinson, *Measuring Poverty*, pp. 129–130; United Nations Environment Programme, "Putting sustainable pastoralism on the global agenda", 23 June 2017; United Nations, "Refugees", available at [www.un.org/en/sections/issues-depth/refugees/](http://www.un.org/en/sections/issues-depth/refugees/); International Organization for Migration, "Global Migration Trends", available at [www.iom.int/global-migration-trends](http://www.iom.int/global-migration-trends).

<sup>34</sup> World Bank, "Poverty and equity data portal," available at <https://povertydata.worldbank.org/poverty/country/CHN>.

<sup>35</sup> Peter Edward and Andy Sumner, "Global inequality and global poverty since the cold war: how robust is the optimistic narrative?", Global Challenges Working Paper Series No. 1 (2017), figures 6–9.

<sup>36</sup> World Bank, "Regional aggregation using 2011 PPP and \$1.9/day poverty line", available at [iresearch.worldbank.org/PovcalNet/povDuplicateWB.aspx](http://iresearch.worldbank.org/PovcalNet/povDuplicateWB.aspx).

<sup>37</sup> World Bank, *Poverty and Shared Prosperity*, p. 3.

<sup>38</sup> *Ibid.*, pp. 3 and 8.

years.<sup>39</sup> It also reported on two higher-value lines that it considers typical of lower- and upper-middle-income countries: \$3.20 and \$5.50, respectively.<sup>40</sup>

24. Although the Commission urged the World Bank to develop a basic needs-based estimate rather than relying on the yardsticks chosen by 15 of the world's poorest countries, the World Bank maintained that "it would be paternalistic and disrespectful to question the choices" made by those countries.<sup>41</sup> This most uncharacteristic deference sits uneasily alongside the World Bank's determination to influence various other domestic policy choices and the compelling concerns raised about national poverty lines in countries such as China,<sup>42</sup> India<sup>43</sup> and Malaysia.<sup>44</sup> In 2019, a key World Bank official acknowledged that "poverty is a complex, multifaceted phenomenon" and that "a richer menu of poverty indicators is needed".<sup>45</sup>

25. Overall, the World Bank's response fails to engage adequately with the concern that the line is too low in certain countries to achieve even a frugal standard of living. And it sidesteps tough questions about the validity of purchasing power parity rates, the risks of using a reference group comprised of tropical and less urbanized countries, and whether the international poverty line really captures what it purports to.

26. Moreover, the World Bank continues to characterize the international poverty line as a "crucial way" of measuring progress,<sup>46</sup> and States continue to base key policy prescriptions on it. This enables it to conclude that extreme poverty is disappearing in most regions of the world. World Bank staff may attempt to downplay the international poverty line's significance by pointing to work using alternative lines and national definitions, but this belies the prominence of the line in the public consciousness, its role in shaping the narrative of success promoted by the World Bank, the United Nations and others, and its impact on the past 30 years of international policymaking. While it may be a fool's errand to pursue a single "true" poverty line, that does not mean all lines are equally valid. The World Bank's approach is woefully inadequate as the basis for a shared understanding of progress on poverty.

### C. Failure to eliminate poverty

27. Using a more defensible line generates a radically different understanding of progress against poverty. Even under the World Bank's line, the figures are terrible: 700 million people living under \$1.90 a day is abhorrent. But, using more realistic measures, the extent of global poverty is vastly higher and the trends discouraging.

28. Rather than 1 billion people lifted out of poverty and a global decline from 36 per cent to 10 per cent, many lines show only a modest decline in rate and a nearly stagnant headcount. The number living under a \$5.50 line held almost steady between 1990 and 2015, declining from 3.5 to 3.4 billion, while the rate dropped from 67 per cent to 46 per cent.<sup>47</sup> Using Martin Ravallion's weakly relative line, the number in poverty declined slightly from 2.55 billion to 2.3 billion between 1990 and 2013, falling from 48 to 32 per cent.<sup>48</sup> Under the World Bank's societal poverty line, the headcount declined from 2.35 billion to 2.1 billion between 1990

<sup>39</sup> Ibid., pp. 7–8.

<sup>40</sup> Ibid., p. 7.

<sup>41</sup> Romer, Revenga and Ferreira, "Monitoring global poverty: a cover note", p. 7.

<sup>42</sup> Andrew Martin Fischer, *Poverty as Ideology: Rescuing Social Justice from Global Development Agendas* (Zed Books, 2018), p. 74.

<sup>43</sup> Angus Deaton, "Price trends in India and their implications for measuring poverty", *Economic & Political Weekly*, vol. 43, No. 6 (9 February 2008).

<sup>44</sup> Kenneth Simler, "An idea whose time has come: increasing Malaysia's poverty line", World Bank Blogs, 15 October 2019.

<sup>45</sup> Francisco H.G. Ferreira, "Measuring and monitoring global poverty at the World Bank: a brief overview", presentation at World Bank Headquarters, 5 March 2019, p. 22.

<sup>46</sup> World Bank, *Poverty and Shared Prosperity*, p. 3.

<sup>47</sup> Ibid., p. 83.

<sup>48</sup> Martin Ravallion, "On measuring global poverty", National Bureau of Economic Research Working Paper No. 26211 (2019), pp. 22–23.

and 2015, and the rate declined from 44.5 per cent to 28.5 per cent.<sup>49</sup> Today, the leading global non-monetary measure of deprivation, the Multidimensional Poverty Index, covering 101 developing countries, yields a poverty rate of 23 per cent.<sup>50</sup>

29. Even under the World Bank's line, the trends in certain regions are deeply troubling. Between 1990 and 2015, the number of people living under the line in sub-Saharan Africa and the Middle East rose by some 140 million.<sup>51</sup> Appallingly, the standard of living of the world's poorest, surviving on just half of the World Bank's austere line, has increased only a small amount in 30 years.<sup>52</sup>

30. The world is not even close to ending poverty. While Sustainable Development Goal 1 calls for a rate of zero under the international poverty line by 2030, the World Bank does not foresee an end to poverty even under that line. Assuming that every country grows as it did between 2005 and 2015 (which is doubtful), the World Bank projects a poverty rate of 6 per cent in 2030.<sup>53</sup> Under a \$5.04 line, projections show 28 per cent of the world, or 2.35 billion people, in poverty in 2030.<sup>54</sup> These projections will deteriorate immensely as COVID-19 continues to ravage economies and public health.

31. Moreover, climate change will make a mockery of these projections, since few Governments are taking the drastic steps needed to address emissions or their impact on poverty. As of 2016, climate change was projected to push 100 million people below the international poverty line by 2030.<sup>55</sup> If forecasts used a more realistic poverty line and fully priced in the counterproductive impact of carbon emissions, the future would look even grimmer.

32. Despite vast resources, many high-income countries have failed, under national measures, to seriously reduce poverty rates, which are often in the double digits. In some cases, poverty has risen alongside increasing homelessness, hunger and debt. Between 1984 and 2014, poverty rose in countries such as Australia, Ireland, New Zealand and the United Kingdom of Great Britain and Northern Ireland.<sup>56</sup> One in seven children in Organization for Economic Cooperation and Development (OECD) countries live in income poverty, and child poverty rates increased in almost two thirds of those countries in recent years.<sup>57</sup> While people speak of a "growing middle class", most of that group lives a highly precarious existence, below the \$10-a-day line associated with permanent escape from poverty.<sup>58</sup>

#### D. COVID-19: a pandemic of poverty

33. The impact of COVID-19 will be long-lasting, but much-needed structural responses have been sorely lacking. According to the World Bank, the pandemic will erase all poverty alleviation progress achieved over the past three years, and will push 176 million people into poverty at the \$3.20 poverty line.<sup>59</sup> Rather than resolving to address the inadequacy of their public health and social protection systems in response to the pandemic, many Governments have seen COVID-19 as a passing challenge to be endured, ignoring the indispensability of large-scale economic and social restructuring. Others have taken it as an opportunity to

<sup>49</sup> Espen Beer Prydz and Dean Jolliffe, "Societal poverty: a global measure of relative poverty" (World Bank, 11 September 2019); World Bank, *Poverty and Shared Prosperity*, p. 77.

<sup>50</sup> United Nations Development Programme (UNDP), *Human Development Report 2019*, p. 68.

<sup>51</sup> World Bank, *Poverty and Shared Prosperity*, p. 42.

<sup>52</sup> Martin Ravallion, "Are the world's poorest being left behind?", *Journal of Economic Growth*, vol. 21 (2016), p. 162.

<sup>53</sup> World Bank, *Poverty and Shared Prosperity*, p. 24.

<sup>54</sup> Sanjay G. Reddy, "Global absolute poverty: The beginning of the end?" (10 February 2020), tables 8–9.

<sup>55</sup> Stephane Hallegatte and others, *Shock Waves: Managing the Impacts of Climate Change on Poverty* (World Bank, 2016).

<sup>56</sup> Atkinson, *Measuring Poverty*, p. 199.

<sup>57</sup> OECD, "Poor children in rich countries: why we need policy action" (October 2018).

<sup>58</sup> Peter Edward and Andy Sumner, *The End of Poverty: Inequality and Growth in Global Perspective* (Palgrave Pivot, 2019), p. 40.

<sup>59</sup> Mahler and others, "Updated estimates".

undermine or restrict human rights. And rather than acknowledging how badly efforts to “end poverty” have been faring, and how relentlessly the pandemic has exposed that fact, most actors are doubling down on existing approaches that are clearly failing.

34. The public health community’s mantra for coping with COVID-19 encapsulates the systemic neglect of those living in poverty. The pithy advice to “stay home, socially distance, wash hands, and see a doctor in case of fever” highlights the plight of the vast numbers who can do none of these things. They have no home in which to shelter and no food stockpiles, live in crowded and unsanitary conditions, and have no access to clean water or affordable medical care. Far from being the “great leveller”, COVID-19 is a pandemic of poverty, exposing the parlous state of social safety nets for those on lower incomes or in poverty around the world. Poor people are more likely to be exposed to, and least likely to be protected from, the virus. They experience the impact of lockdowns, layoffs and closures far more dramatically. The majority of “essential workers” are poorly paid, badly protected and unsupported by emergency assistance. In the understandable rush to re-open economies, they risk becoming sacrificial lambs.

35. Shockingly skewed illness and mortality rates have tracked and exposed racial and class divides. In some of the world’s richest nations, health-care systems have proven grossly inadequate, and race, gender, religious and class discrimination have skewed access to housing, food, education and technology in ways that have yielded radically different outcomes. Gaping North-South disparities have been exposed. And many national and local Governments, constrained by austerity policies, lack the will, resources and administrative capacities to step in effectively. Meanwhile, multilateralism has been gravely wounded and, with a few exceptions, international solidarity has been conspicuously lacking.

36. If social protection floors had been in place, the hundreds of millions left without medical care, adequate food and housing and basic security would have been spared some of the worst consequences. Instead, endless pressures to promote fiscal consolidation, especially over the past decade, have pushed social protection systems closer towards nineteenth century models rather than late twentieth century aspirations. When combined with the next generation of post-COVID-19 austerity policies, the dramatic transfer of economic and political power to the wealthy elites that has characterized the past 40 years will accelerate, at which point the extent and depth of global poverty will be even more politically unsustainable and explosive.

### III. Recalibrating the Sustainable Development Goals

37. The Sustainable Development Goals and the 2030 Agenda for Sustainable Development aim to provide a “shared blueprint for peace and prosperity”.<sup>60</sup> They were adopted in September 2015 with great fanfare and are the dominant framework through which poverty eradication efforts and development policy are structured at the global level. But five years later, it is time to acknowledge that the aspiration to provide a “supremely ambitious and transformational vision”<sup>61</sup> is failing in key respects.

38. This critique recognizes that the Sustainable Development Goal process has been a game-changer in important ways and has been used to very good effect in many settings.<sup>62</sup> The goals have made a very significant contribution to promoting awareness, galvanizing support and framing the broader debate around poverty reduction. They have been especially valuable in contexts in which they provide the only available entry point for discussions of contentious issues. Nevertheless, the time has come for a re-evaluation in light of deeply disappointing results to date and a range of new challenges.

<sup>60</sup> See <https://sdgs.un.org/goals>.

<sup>61</sup> 2030 Agenda, para. 7.

<sup>62</sup> Barbara Adams, “Democratic global governance: if it doesn’t challenge power it isn’t democratic”, in *Spotlight on Sustainable Development 2019* (New York, Center for Economic and Social Rights, 2019), p. 36; Markus Kaltenborn, Markus Krajewski and Heike Kuhn, eds., *Sustainable Development Goals and Human Rights* (Springer Open, 2019).

## A. Lack of adequacy and impact

39. In relation to poverty, Sustainable Development Goal 1 begins with a call for an end to poverty in all its forms everywhere. Yet the targets set do not actually seek to eliminate poverty.<sup>63</sup> The first target is aimed at ending poverty as measured by the World Bank's international poverty line, at best a bare subsistence goal that, even if met, would leave billions facing serious deprivation. The second calls for reducing the proportion of people living in poverty under national measures by just half, a failure of ambition in a period of unparalleled wealth and inequality. The third, relating to social protection, stops conspicuously short of establishing a meaningful requirement for social protection floors, instead calling for vague and far less meaningful implementation of "systems" which might include floors, and "substantial" rather than universal coverage.

40. In short, the Goal 1 targets are patently inadequate to actually end poverty, and the prospects of achieving them are rapidly receding. Official United Nations reporting acknowledges that even before COVID-19, the pace of global poverty reduction was decelerating and that target 1.1 of the Sustainable Development Goals would not be met by 2030.<sup>64</sup>

41. In terms of inequality, Sustainable Development Goal 10 calls for reducing inequality within and among countries, and the Sustainable Development Goal's rallying cry is: "Leave no one behind." In reality, as Oxfam has noted, "economic inequality is out of control".<sup>65</sup> While the Secretary-General has observed that inequality is "soaring",<sup>66</sup> and various United Nations entities have produced incisive analyses of inequality,<sup>67</sup> the annual Sustainable Development Goals report treats inequality as just another box to tick. The report notes that "inequality within and among countries is a persistent cause for concern, despite progress in some areas".<sup>68</sup> This superficiality epitomizes the broader failings of the Sustainable Development Goals process to engage meaningfully with inequality. Analysis of voluntary national reviews shows that Sustainable Development Goal 10 also scores very low in terms of attention from Governments.<sup>69</sup>

42. Part of the problem is that despite the lofty goal, the targets and indicators set for realizing Sustainable Development Goal 10 are weak by design. They set an agenda of "shared prosperity", focusing on inclusive growth rather than actual reduction of inequalities.<sup>70</sup> Target 10.1, for example, focuses entirely on the rate of income growth within the bottom 40 per cent of the population – ignoring the situation of the wealthiest. This conveniently sidesteps necessary questions around wealth redistribution, elite capture of economic gains, growth achieved through carbon emissions, and inequitable fiscal policies. It treats inequality reduction as a problem to be solved through overall income growth, which flies in the face of recent history and is even more deeply problematic in light of the impacts of COVID-19 and climate change. And despite the importance of tackling gender inequality,

<sup>63</sup> Reddy, "Global absolute poverty".

<sup>64</sup> E/2020/57, para. 9.

<sup>65</sup> Oxfam, *Time to Care: Unpaid and Underpaid Care Work and the Global Inequality Crisis* (2020), p. 9.

<sup>66</sup> *Financing for Sustainable Development Report 2020* (United Nations publication, Sales No. E.20.I.4), p. iii.

<sup>67</sup> UNDP, *Tackling Social Norms: A Game Changer for Gender Inequalities* (2020); *World Social Report 2020: Inequality in a Rapidly Changing World* (United Nations publication, Sales No. E.20.IV.1); and *Financing for Sustainable Development*.

<sup>68</sup> *The Sustainable Development Goals Report* (United Nations sales publication, Sales No. E.19.I.6), p. 42.

<sup>69</sup> Sakiko Fukuda-Parr and others "Voluntary national reviews reports – what do they (not) tell us?", paper prepared the Committee for Development Policy (2019), p. 4.

<sup>70</sup> Sakiko Fukuda-Parr, "Keeping out extreme inequality from the SDG agenda: the politics of indicators", *Global Policy*, vol. 10, Supp. 1 (January 2019), p. 61; Ignacio Saiz and Kate Donald, "Tackling inequality through the Sustainable Development Goals: human rights in practice", *The International Journal of Human Rights*, vol. 21, No. 8 (2017), pp. 1032–1033.

at the current rate of economic growth, closing the gender gap in economic opportunity is projected to take 257 years.<sup>71</sup>

43. In relation to climate change, Sustainable Development Goal 13 calls for urgent action to combat climate change and its impacts. In his 2020 report on progress towards the Sustainable Development Goals, the Secretary-General notes that “the global community is far off track to meet either the 1.5 or 2°C targets called for in the Paris Agreement”.<sup>72</sup> Despite the Secretary-General’s own concerted campaign, the Sustainable Development Goals have had little impact in slowing global warming. Indeed, their focus on economic growth without due consideration for its environmental impact or the extent to which it is currently tied to emissions and extraction is deeply problematic.

## B. Unrealized transformative potential

44. Talk of transformation is hollow unless accompanied by a theory of change. In the case of the Sustainable Development Goals, the key components of any viable theory – empowerment, funding, partnership and accountability – have each been marginalized.

### Empowerment

45. The Sustainable Development Goals are replete with references to transformation, empowerment, collaboration and inclusion. But these concepts are illusory if people are unable to exercise their human rights. Despite almost 20 mentions of human rights in the text, there is not a single reference to any specific civil and political right, and human rights in general remain marginal and often invisible in the overall Sustainable Development Goal context. Moreover, many of the Goals, even if fulfilled, would fall short of meeting existing human rights obligations. At the country level, many Governments sideline or even reject the inclusion of rights in their Sustainable Development Goal programming.

46. Most Sustainable Development Goal reports by the United Nations and the World Bank pay little heed to rights, with the exception of gender.<sup>73</sup> They rarely discuss substantively the impact of discrimination, the absence of rights-respecting institutional decision-making structures, or the development consequences of even egregious rights violations. At a time when civil society is under sustained attack in many countries around the world, and space for meaningful democratic engagement is shrinking dramatically, in one 2020 report, the Department of Economic and Social Affairs limply observes that “some countries are providing support to non-state actors to build their capacities for engagement on the 2030 Agenda, establishing funding mechanisms to empower their actions and engagement”.<sup>74</sup> Unfortunately, Sustainable Development Goal reporting too often tends to describe the glass as being one-fifth full rather than four-fifths empty.

### Funding and partnership

47. The success of the Sustainable Development Goals relies heavily on adequate funding, but as the Inter-Agency Task Force on Financing for Development concluded, “international economic and financial systems are not only failing to deliver” on the Sustainable Development Goals, but there has also been “substantial backsliding in key action areas”.<sup>75</sup> The outlook is even worse in light of the COVID-19 recession, inadequate official development assistance, growing debt, trade wars and climate change. In addition, “poverty, corruption, and tax evasion limit domestic resources in developing countries”.<sup>76</sup>

<sup>71</sup> UNDP, *Tackling Social Norms*, p. 1.

<sup>72</sup> E/2020/57, para. 112.

<sup>73</sup> See United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), *Turning Promises into Action: Gender Equality in the 2030 Agenda for Sustainable Development* (2018).

<sup>74</sup> Department of Economic and Social Affairs, *Multi-Stakeholder Engagement in 2030 Agenda Implementation: A Review of Voluntary National Review Reports (2016–2019)* (2020), p. 6.

<sup>75</sup> *Financing for Sustainable Development*, p. xvii.

<sup>76</sup> United Nations, “30 business titans join UN push to scale up private sector investment for sustainable

48. The response of the international community has been to rely ever more heavily on private sector funding, which is increasingly presented as the only viable way forward. The Secretary-General stated that business must “move further and faster ... to meet the global goals” and has argued that “corporate leadership can make all the difference to creating a future of peace, stability and prosperity on a healthy planet”.<sup>77</sup> Corporations have been enthusiastic in demonstrating their embrace of the Sustainable Development Goals, though much of this has been superficial, such as boasting of female workforce participation.<sup>78</sup>

49. The central strategy is “to use public funds more sparingly [and] ensure a better mobilization of private capital”.<sup>79</sup> But there are many problems with this approach. First, it begs the crucial question as to whether privatization in its various forms is capable of achieving many of the Sustainable Development Goals, especially for the most vulnerable, whose inclusion may not be profitable. There are powerful reasons to doubt this.<sup>80</sup> Second, it recasts the overall Sustainable Development Goal enterprise as one focused largely on the building of infrastructure and prioritizes an enabling business environment over empowering people. Third, the role of Governments is downplayed, often relegated to insuring private investments. Fourth, all too little is done to promote domestic revenue mobilization, leaving in place destructive fiscal policies, systematic tax avoidance strategies, and illicit outflows that entrench poverty and inequality. Fifth, the commitment in the 2030 Agenda to “a revitalized Global Partnership”, promoting “solidarity with the poorest and with people in vulnerable situations”, is lost in the fog of an overriding focus on public-private partnerships with troubling track records.<sup>81</sup>

### Accountability

50. The drafters of the 2030 Agenda explicitly rejected the concepts of monitoring and accountability in designing the Sustainable Development Goal follow-up and review processes. The resulting system is characterized by its voluntary nature, deference to national choices, and institutional arrangements that minimize opportunities for sustained scrutiny.<sup>82</sup> The principal mechanism is the high-level political forum on sustainable development, which meets for eight days each year and has garnered high levels of stakeholder attendance. In 2020 it is expected to spend 23 hours considering 47 voluntary national reviews submitted by States.<sup>83</sup> Its main outcome is a ministerial declaration, largely negotiated in advance.

51. Many reforms have been put forward, designed to respond to concerns about the superficiality of the review process, the marginality of civil society, the formalism of the outputs, and the lack of meaningful engagement with voluntary national reviews at the national level. One close observer has described the high-level political forum as “a platform that welcomes all and challenges none”, criticized the “cherry picking, self-promotion and self-positioning” of stakeholders and emphasized the need to add “quality and independent oversight, and robust accountability”.<sup>84</sup>

52. National accountability mechanisms have not fared much better. While few independent assessments have been undertaken, available reports are not encouraging.<sup>85</sup>

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development”, press release, 16 October 2019.

<sup>77</sup> “Progress toward sustainable development is seriously off-track”, *Financial Times*, 4 November 2019.

<sup>78</sup> See, for example, Private Equity International, “Why SDGs are a game changer”, 14 February 2018.

<sup>79</sup> Djeneba Doumbia and Morten Lykke Lauridsen, “Closing the SDG financing gap – trends and data”, EM Compass Note No. 73 (International Finance Corporation, October 2019), p. 3.

<sup>80</sup> A/73/396; and Alessandra Cepparulo, Giuseppe Eusepi and Luisa Giuriato, “Public-private partnership and fiscal illusion: a systematic review”, *Journal of Infrastructure, Policy and Development*, vol. 3, No. 2 (2019), p. 288.

<sup>81</sup> See European Network on Debt and Development, *History RePPPeated: How Public Private Partnerships Are Failing* (2018).

<sup>82</sup> Kate Donald and Sally-Anne Way, “Accountability for the Sustainable Development Goals: a lost opportunity?”, *Ethics & International Affairs*, vol. 30, No. 2 (2016), p. 206.

<sup>83</sup> See <https://sustainabledevelopment.un.org/hlpf/2020>.

<sup>84</sup> Adams, “Democratic global governance”.

<sup>85</sup> Hannah Birkenkotter and others, “A tale of multiple disconnects: why the 2030 Agenda does not

Given the resources and energies invested in the overall enterprise, it could and should do far more to hold Governments and other stakeholders to account.

53. Instead of promoting empowerment, funding, partnerships and accountability, too much of the energy surrounding the Sustainable Development Goal process has gone into generating portals, dashboards, stakeholder engagement plans, bland reports and colourful posters. Official assessments are rarely critical or focused, and they often hide behind jargon.

### C. Revisiting the 2030 Agenda

54. The dramatic uptick in poverty from COVID-19 and the accompanying economic debacle should provide an impetus to revisit the 2030 Agenda. The official response to date has been that “the 2030 Agenda must be preserved” and the Sustainable Development Goals must be reached.<sup>86</sup> But doubling down on an inadequate and increasingly out-of-date approach is especially problematic. First, the commitment to at least 7 per cent annual gross domestic product (GDP) growth in least developed countries is both likely unattainable and at odds with emerging challenges to the traditional growth paradigm.<sup>87</sup> Rapidly growing debt in low- and middle-income countries and the demands for fiscal consolidation that will follow COVID-19 support packages also need to be factored into a new equation.

55. Second, the past five years have brought a much broader awareness of the perils of climate change and the need to infuse the entire development process with a new environmental urgency. Continuing resistance in most countries to decoupling economic growth from fossil fuels, despite the opportunities presented by the COVID-19 emergency, makes the Sustainable Development Goal growth targets almost impossible to achieve without far exceeding the Paris Agreement’s inadequate limit of 2°C of global warming by 2100.<sup>88</sup> Climate change is already exacerbating poverty and threatens to undo the last 50 years of progress in development and poverty reduction.<sup>89</sup> Overreliance on emissions-intensive economic activity to combat poverty is self-defeating.<sup>90</sup>

56. Third, the Sustainable Development Goals were drawn up without reflecting the potentially game-changing impact of digital technologies across many key development sectors. This is now recognized by the Inter-Agency Task Force on Financing for Development and is the subject of extensive analysis by the World Bank and others.<sup>91</sup> The undoubted benefits need to be very carefully weighed against many potential abuses and the risk of exacerbating marginality, inequality and exclusion.<sup>92</sup>

57. The Sustainable Development Goals should not be abandoned but nor should the status quo be set in stone. The pressing challenge is to reflect on ways in which the overall package, including targets and indicators, can be reshaped and supplemented in order to achieve the key goals which otherwise look destined to fail. Business as usual should not be an option.

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(yet?) contribute to moving German gender equality struggles forward” (UN-Women, 2019); Cameron Allen and others, “Assessing national progress and priorities for the Sustainable Development Goals (SDGs): experience from Australia”, *Sustainability Science* (2019).

<sup>86</sup> United Nations, *A UN Framework for The Immediate Socio-Economic Response to COVID-19* (2020), p. 3.

<sup>87</sup> Sam Adelman, “The Sustainable Development Goals, anthropocentrism and neoliberalism”, in Duncan French and Louis J. Kotzé, eds., *Sustainable Development Goals: Law Theory and Implementation* (Edward Elgar Publishing, 2018), p. 34.

<sup>88</sup> Jason Hickel, “The contradiction of the Sustainable Development Goals: growth versus ecology on a finite planet”, *Sustainable Development*, vol. 27, No. 5 (September/October 2019), p. 873.

<sup>89</sup> A/HRC/41/39.

<sup>90</sup> International Energy Agency, *Sustainable Recovery* (2020).

<sup>91</sup> *Financing for Sustainable Development*, pp. 15–36; [www.worldbank.org/en/publication/wdr2021/overview](http://www.worldbank.org/en/publication/wdr2021/overview).

<sup>92</sup> A/74/493.

## IV. Steps towards ending poverty

58. Continued large-scale global poverty is incompatible with the human right to an adequate standard of living, and the right to life alongside the right to live in dignity. The failure to take the necessary steps to eliminate it is a political choice and one that leaves firmly in place discriminatory practices based on gender, status, race and religion, designed to privilege certain groups over others.<sup>93</sup>

59. In recalibrating the Sustainable Development Goals and launching a sustained campaign to really end poverty in all its forms, the following steps are crucial.

### A. Reconceive the relationship between growth and poverty elimination

60. Economic growth is at the core of the Sustainable Development Goals, the engine relied upon to lift people out of poverty. Despite compelling critiques<sup>94</sup> of the simplistic orthodox formulation that “growth is good for the poor”,<sup>95</sup> mainstream economists and leading international organizations have been reluctant to adopt more balanced approaches.<sup>96</sup>

61. In too many cases, the promised benefits of growth either do not materialize or are not shared. Countries that experience resource booms often do not see benefits outside that sector.<sup>97</sup> Natural resource extraction employs relatively few people and can actually decrease the poverty-reducing impact of other sectors.<sup>98</sup> Poverty gaps have increased in major hydropower States compared to non-hydropower States.<sup>99</sup> Commercial agriculture, mining and other land-intensive industries have contributed to significant displacement of communities around the world,<sup>100</sup> separating people from land they depend on for food, shelter and livelihoods, and resulting in impoverishment.<sup>101</sup> Industrial mining by multinationals often substantially decreases food security<sup>102</sup> and displaces jobs in artisanal mining.<sup>103</sup>

62. The argument that pro-market policies automatically benefit the poor is likewise at odds with the evidence. Traditional pro-growth policies, such as lower corporate tax rates, labour “reforms”, deregulation, austerity-driven cuts to services, and privatization can have devastating effects on the well-being of poor people and the State’s capacity to reduce poverty. Unless they are carefully calibrated, shrinking public services, liberalizing trade,

<sup>93</sup> Thomas Piketty, *Capital and Ideology* (2020), p. 2.

<sup>94</sup> Joseph Stiglitz and others, *Measuring What Counts: The Global Movement for Well-Being* (2019); Jason Hickel and Giorgos Kallis, “Is green growth possible”, *New Political Economy*, vol. 25, No. 4 (2020); Kate Raworth, *Doughnut Economics* (2017).

<sup>95</sup> David Dollar, Tatjana Kleineberg and Aart Kraay, “Growth still is good for the poor”, World Bank Policy Research Working Paper No. 6568 (August 2013).

<sup>96</sup> For tentative steps, see *Financing for Sustainable Development*, pp. 179–180.

<sup>97</sup> Andrew Warner, “Natural resource booms in the modern era: Is the curse still alive?”, International Monetary Fund Working Paper WP/15/237 (2015), pp. 32–33.

<sup>98</sup> Luc Christiaensen, Lionel Demery and Jesper Kuhl, “The (evolving) role of agriculture in poverty reduction: an empirical perspective”, *Journal of Development Economics*, vol. 96, No. 2 (November 2011), p. 252.

<sup>99</sup> Benjamin K. Sovacool and Götz Walter, “Internationalizing the political economy of hydroelectricity: security, development and sustainability in hydropower states”, *Review of International Political Economy*, vol. 26, No. 1 (2019), p. 68.

<sup>100</sup> See, e.g. Oxfam and others, *Common Ground: Securing Land Rights and Safeguarding the Earth* (2016).

<sup>101</sup> See, e.g., Christophe Gironde and Gilda Senties Portilla, “From lagging behind to losing ground: Cambodian and Laotian household economy and large-scale land acquisitions”, in Christophe Gironde, Christophe Golay and Peter Messerli, eds., *Large-Scale Land Acquisitions: Focus on South-East Asia* (2015), pp. 189–190.

<sup>102</sup> Tim Wegenast and Jule Beck, “Mining, rural livelihoods and food security: a disaggregated analysis of sub-Saharan Africa”, *World Development*, vol. 130 (June 2020), p. 7.

<sup>103</sup> Ben Radley, “A distributional analysis of artisanal and industrial wage levels and expenditure in the Congolese mining sector”, *The Journal of Development Studies*, vol. 56, No. 10 (2020), p. 1.

and deregulating labour markets can hurt workers.<sup>104</sup> Privatization of services disproportionately hurts poor people, often leading to higher user fees and cuts to wages in pursuit of disproportionately high profits for investors.<sup>105</sup>

63. Fiscal consolidation programmes promoted for decades by the International Monetary Fund (IMF) and others have been linked to poorer labour conditions,<sup>106</sup> weaker labour rights,<sup>107</sup> decreased State capacity,<sup>108</sup> reduced health-care access and higher neonatal mortality.<sup>109</sup> While the IMF has recently sought to distance itself from this legacy, its principal prescriptions have barely changed and its social protection initiatives seem designed to defuse criticism rather than protect the poor.<sup>110</sup>

## B. Tackle inequality and embrace redistribution

64. There are various ways to reduce extreme inequality, but redistribution is an essential element. The global economy has doubled since the end of the cold war,<sup>111</sup> yet half the world lives under \$5.50 a day, primarily because the benefits of growth have largely gone to the wealthiest. Between 1980 and 2016, the top 1 per cent captured 27 per cent of total real income growth,<sup>112</sup> and in 2017 captured 82 per cent of new wealth.<sup>113</sup> Meanwhile, incomes of the poorest have grown far slower than global GDP.<sup>114</sup> The bottom 50 per cent now have less than 1 per cent of total global wealth, while the top 1 per cent hold 45 per cent.<sup>115</sup>

65. Using historic growth rates and excluding any negative effects of climate change (an impossible scenario), it would take almost 100 years to eradicate poverty under the World Bank's international poverty line and 200 years under a \$5 per day line (agenda 2230!). This would also require a 15- or 173-fold increase in global GDP, respectively.<sup>116</sup>

66. Significant redistribution is indispensable. A "pro-poor" growth scenario necessitates a far smaller increase in global GDP and eradicates poverty much sooner.<sup>117</sup> If every country reduced its Gini index by 1 per cent per year, it would have a larger impact on global poverty than increasing each country's annual growth 1 percentage point above current forecasts.<sup>118</sup>

<sup>104</sup> Robert Blanton and Dursun Peksen, "Economic liberalisation, market institutions and labour rights", *European Journal of Political Research*, vol. 55 (2016), p. 482.

<sup>105</sup> In the Public Interest, *How Privatization Increases Inequality* (2016).

<sup>106</sup> Nathan Martin and David Brady, "Workers of the less developed world unite? A multilevel analysis of unionization in less developed countries", *American Sociological Review*, vol. 72, No. 4 (2007), p. 562.

<sup>107</sup> Robert Blanton, Shannon Lindsey Blanton and Dursun Peksen, "The impact of IMF and the World Bank programs on labor rights", *Political Research Quarterly*, vol. 68, No. 2 (2015), p. 324.

<sup>108</sup> Bernhard Reinsberg and others, "The world system and the hollowing out of State capacity: how structural adjustment programs affect bureaucratic quality in developing countries", *American Journal of Sociology*, vol. 124, No. 4 (2019), p. 1222.

<sup>109</sup> Timon Forster and others, "Globalization and health equity: the impact of structural adjustment programs on developing countries", *Social Science and Medicine* (2019).

<sup>110</sup> Compare International Trade Union Confederation, *The IMF's Renewed Supply-Side Push: Four Decades of Structural Adjustment and Austerity Conditionality* (2020), and IMF, "A strategy for IMF engagement on social spending", Policy Paper No. 19/016 (14 June 2019).

<sup>111</sup> Edward and Sumner, *The End of Poverty*, p. 3.

<sup>112</sup> Facundo Alvaredo and others, *World Inequality Report* (World Inequality Lab, 2018), p. 46.

<sup>113</sup> Oxfam, "Richest 1 percent bagged 82 percent of wealth created last year while poorest half of humanity got nothing", 22 January 2018.

<sup>114</sup> David Woodward, "Incrementum ad absurdum: global growth, inequality and poverty eradication in a carbon-constrained world", *World Social and Economic Review of Contemporary Policy Issues*, vol. 4 (2015), pp. 50 and 58.

<sup>115</sup> Credit Suisse Research Institute, *Global Wealth Report 2019*, p. 2.

<sup>116</sup> Woodward, "Incrementum ad Absurdum", p. 58.

<sup>117</sup> *Ibid.*, p. 60.

<sup>118</sup> Christoph Lakner and others, "How much does reducing inequality matter for global poverty", World Bank Policy Research Working Paper No. 8869 (2019), p. 14.

### C. Move beyond the aid debate and promote tax justice

67. Since the 1950s, debates over a just international order have focused heavily on official development assistance from the North to the global South. In 2019, close to 30 OECD countries provided \$152.8 billion, in the form of grants or low-interest loans.<sup>119</sup> While such funds are vital, they pale in significance against the overall balance sheet. Low- and middle-income countries pay \$756 billion annually in principal repayments and \$213 billion in interest on an overall external debt of \$7.8 trillion.<sup>120</sup> Following centuries of colonial exploitation, developing countries continue to be net providers of resources to the rest of the world.<sup>121</sup> Large-scale debt forgiveness is necessary, especially in the wake of COVID-19.

68. Social justice commitments are nowhere better reflected than in the fiscal system, and coordinated global tax reform that reduces mass avoidance and evasion will be crucial. Fair and equitable taxation can lay the foundations for a society that respects and promotes well-being for all. Yet the terms “taxation” and “fiscal” appear but once each in the 2030 Agenda. The assumption seems to be that those issues only relate to the challenge of financing. But taxation, both as a symbol of solidarity and burden-sharing, and as a reflection of deeper values, must be front and centre in any set of policies to eliminate poverty. International policies fall far short of entrenching even a thin notion of tax justice, either at the national or international level. In many African countries, individuals in the bottom 40 per cent of income pay more in taxes than they receive in cash benefits through subsidies and direct transfers.<sup>122</sup>

69. Low tax revenue has hobbled the capacity of Governments to undertake redistributive policies.<sup>123</sup> In 2015, multinationals shifted an estimated 40 per cent of their profits to tax havens<sup>124</sup> and global corporate tax rates have fallen from an average of 40.38 per cent in 1980 to 24.18 per cent in 2019.<sup>125</sup> There are now hundreds of thousands of tax havens worldwide,<sup>126</sup> depriving States of as much as \$650 billion in tax avoidance by multinationals, with developing countries losing an estimated 6 to 13 per cent of their total tax revenue as a result.<sup>127</sup>

70. The United States has been the global trendsetter in reducing corporate, personal and estate taxes over the past four decades, popularizing techniques that enable massive tax avoidance and facilitate the proliferation of global tax havens. The result is that many billionaires in the United States pay a lower overall tax rate than anyone else.<sup>128</sup>

71. International cooperation and tax reform is necessary, but a crucial first step is transparency. A common set of indicators for tracking income and wealth should be prioritized in the next revision of the System of National Accounts. Governments should publish income, wealth and effective tax rates of top earners, and require multinationals to publish country-by-country reporting data.

<sup>119</sup> OECD, “Aid by DAC members increases in 2019 with more aid to the poorest countries” (2020).

<sup>120</sup> World Bank, *International Debt Statistics 2020*, p. 17.

<sup>121</sup> Global Financial Integrity, *Financial Flows and Tax Havens: Combining to Limit the Lives of Billions of People* (2015), p. 15.

<sup>122</sup> Kathleen Beegle and Luc Christiaensen, eds., *Accelerating Poverty Reduction in Africa* (World Bank, 2019), p. 260.

<sup>123</sup> Emmanuel Saez and Gabriel Zucman, *The Triumph of Injustice: How the Rich Dodge Taxes and How to Make Them Pay* (W.W. Norton & Company, 2019).

<sup>124</sup> Thomas Tørsløv, Ludvig Wier and Gabriel Zucman, “The missing profits of nations”, National Bureau of Economic Research, National Bureau of Economic Research Working paper No. 24701 (April 2020), p. 27.

<sup>125</sup> Tax Foundation, “Corporate tax rates around the world, 2019”, p. 2.

<sup>126</sup> Saez and Zucman, *The Triumph of Injustice*, p. 64.

<sup>127</sup> Alex Cobham and Petr Jansky, “Global distribution of revenue loss from corporate tax avoidance: re-estimation and country results”, *Journal of International Development*, vol. 30, No. 2 (2018), pp. 207 and 221.

<sup>128</sup> Emmanuel Saez and Gabriel Zucman, “How to tax our way back to justice”, *The New York Times*, 11 October 2019.

## D. Implement universal social protection

72. Innumerable reports have characterized social protection as an indispensable foundation for reducing poverty and achieving the Sustainable Development Goals. Yet most Governments remain largely unmoved by exhortations. As a result, 230 years after Thomas Paine made a compelling case for societies to protect everyone against sickness, disability, unemployment and old age,<sup>129</sup> 4 billion people, over half of the world's population, enjoy no such minimal level of support.<sup>130</sup> This is an extraordinary indictment of the global fight against extreme poverty.

73. Five reasons stand out for this failure. First is the absence of an essential normative foundation. The World Bank, OECD and IMF, for example, steadfastly avoid relating their efforts in any way to the existence of a human right to social protection. It remains, at best, just another policy option. Second, very few Governments have accorded priority to social protection, at least until massive protests prompt deeper reflection.<sup>131</sup> Third, the key institutional actor, the IMF, has adopted a lukewarm and heavily qualified stance towards social protection, despite a flurry of studies and protestations. Fourth, the neoliberal policy prescriptions that shape the overall approach of the international financial and economic regimes are simply incompatible with according priority to social protection. Fifth, austerity policies, which have dominated much of the landscape since 2010 and are likely to enjoy a new post-COVID-19 resurgence, leave little room for social protection.<sup>132</sup>

74. The time has come to take social protection seriously, both as a human right and as a genuinely indispensable element of any poverty elimination strategy.

## E. Centre the role of government

75. Just as the privatization agenda has gained excessive prominence in the Sustainable Development Goal context, so too can philanthropy jeopardize Governments' capacity to set priorities, provide funding and implement programmes. Some 2,000 billionaires now hold more wealth than 60 per cent of the global population,<sup>133</sup> and many are worth more than the GDP of entire countries. While some have made vital contributions to well-being and amplified the voices of people in poverty, the overall situation presents serious challenges.

76. Billionaires are able to amass such fortunes thanks to policies that tax labour more than capital and facilitate tax avoidance or minimization. As tax rates fall, often after intensive lobbying, and funding for crucial services like education and health care declines, Governments rely more on private giving.<sup>134</sup> Such contributions are then rewarded from the public purse through tax incentives.<sup>135</sup> Some donors give in areas where they had previously pressed for government cuts, shifting social support from the public to the private arena.<sup>136</sup> The result is a weakened public system, an empowered role for the wealthiest, and rights

<sup>129</sup> Thomas Paine, *Rights of Man* (1791).

<sup>130</sup> *Promoting Inclusion through Social Protection* (United Nations publication, Sales No. E.17.IV.2), p. 9.

<sup>131</sup> Between 2010 and 2014, 122 countries reduced expenditure on social protection as a percentage of GDP (*Promoting Inclusion*, p. 9). The majority of OECD countries reduced their social spending between 2015 and 2018 (OECD, *Social Spending* (2020), available at <https://data.oecd.org/chart/67Gk>).

<sup>132</sup> Isabel Ortiz and Matthew Cummins, "Austerity: the new normal, a renewed Washington Consensus 2010–24" (Initiative for Policy Dialogue and others, October 2019); Amanda Shriwise, Alexander E. Kentikelenis and David Stuckler, "Universal social protection: is it just talk?", *Sociology of Development*, vol. 6, No. 1 (2020).

<sup>133</sup> Oxfam, "World's billionaires have more wealth than 4.6 billion people", 20 January 2020.

<sup>134</sup> Chiara Cordelli, "Reparative justice and the moral limits of discretionary philanthropy", in Rob Reich, Chiara Cordelli and Lucy Bernholz, eds., *Philanthropy in Democratic Societies: History, Institutions, Values* (The University of Chicago Press, 2016), p. 244.

<sup>135</sup> Alec MacGillis, "The billionaires' loophole", *The New Yorker*, 7 March 2016.

<sup>136</sup> David Callahan, *The Givers: Wealth, Power, and Philanthropy in a New Gilded Age* (Knopf, 2017), pp. 241–243.

bearers dependent on “generosity” and handouts.<sup>137</sup> Despite claims of greater private sector efficiency, there is little efficient about tens of thousands of foundations, each with duplicate staff and overhead, competing to identify and implement worthwhile projects.<sup>138</sup>

77. Philanthropy is less likely to expose and tackle unjust underlying structures. Some philanthropists have profited from many of the very patterns driving poverty, including the erosion of labour protections and stable employment, increasing real estate prices in low-income neighbourhoods, and tax cuts.<sup>139</sup> Large corporations such as Facebook, Google and Apple are touting philanthropic initiatives all while engaging in large-scale tax avoidance, depriving Governments of billions while budget cuts are endangering social protection programmes.<sup>140</sup>

78. Philanthropic giving is not a democratic or transparent process, moving efforts to address poverty behind closed doors. It is a form of private political power, one in which wealth can dictate policy without regulation or accountability.<sup>141</sup> Above all, it is no replacement for an equitable tax system or robust publicly funded programmes that fulfil the human rights of all people and work to eliminate extreme poverty.<sup>142</sup>

## F. Embrace participatory governance

79. For all of the talk of participation and partnership, people who have experienced poverty are largely shut out of policymaking processes. When they oppose policies ostensibly designed to help them, they are ignored. Instead, ideological arguments, misinformation, stereotypes and anecdotes are used to advance the goals of the powerful under the guise of reducing poverty.<sup>143</sup> Policymakers routinely blame poor people for their situation, ignoring systemic factors, such as the unavailability of decent work, unaffordable living costs, adverse institutional arrangements, and the perverse actions of policymakers themselves. Governments need to listen more attentively and to foster genuine public discussion of policies to eliminate poverty and promote an adequate standard of living for all.

## G. Adapt international poverty measurement

80. The current international poverty line should not be the main focus of the international community in characterizing the extent of global poverty. The United Nations should prioritize its own measures, which often more meaningfully reflect deprivations. The World Bank should explore measures that are explicitly tied to the satisfaction of basic needs and capabilities. Although doing so would not address core criticisms, the World Bank should at least foreground measures that give a more complete picture in their publications and research, such as the societal poverty line or higher monetary lines.

81. An important starting point is to generate crucial data. This includes information on within-household inequality and on groups underrepresented in and excluded from surveys. As valuable as a more realistic global headcount would be, no one measure can replace the broad dashboard of multidimensional indicators that reflect modern expectations of a life free of poverty, aligned with human rights guarantees.

<sup>137</sup> Ryan Pevnick, “Philanthropy and democratic ideals”, in Reich, Cordelli and Bernholz, *Philanthropy in Democratic Societies*, p. 226.

<sup>138</sup> Callahan, *The Givers*, p. 26.

<sup>139</sup> Andrew Carnegie, “The gospel of wealth” (1889), available at [www.carnegie.org/about/our-history/gospelofwealth/](http://www.carnegie.org/about/our-history/gospelofwealth/); Anand Giridharadas, *Winners Take All: The Elite Charade of Changing the World* (Knopf, 2018), p. 165.

<sup>140</sup> Callahan, *The Givers*, p. 49; Jesse Drucker and Simon Bowers, “After a tax crackdown, Apple found a new shelter for its profits”, *The New York Times*, 6 November 2017.

<sup>141</sup> Reich, Cordelli and Bernholz, *Philanthropy in Democratic Societies*, pp. 2, 68–69 and 72.

<sup>142</sup> See, for example, Tim Schwab, “Bill Gates’s charity paradox”, *The Nation*, 17 March 2020.

<sup>143</sup> Ravallion, *The Economics of Poverty*, pp. 5–6.

## V. Conclusion

82. In evaluating poverty eradication, the international community should stop hiding behind an international poverty line that uses a standard of miserable subsistence. The United Nations should have the courage of its convictions and acknowledge that the scale of global poverty is far more accurately reflected in its own indicators and reporting.

83. Supporters of the Sustainable Development Goals should acknowledge that there is a deep deficit of political motivation underlying the current malaise in which key goals in the areas of, among others, poverty eradication, economic inequality, gender inequality and climate change, are very far from being achieved. To avoid sleepwalking towards assured failure while pumping out endless bland reports, new strategies, genuine mobilization, empowerment and accountability are needed. Recalibrating the Sustainable Development Goal framework itself in response to fundamentally changed circumstances is an urgent first step.

84. Ever-greater reliance on the private sector to defeat global poverty, whether through purchasing power parities or philanthropy, is a blind alley. Businesses are not motivated, managed, empowered or incentivized to perform many of the essential public functions being systematically outsourced to them. This trend represents an abdication of responsibility by Governments and international organizations.

85. Extreme poverty is and must be understood as a violation of human rights. Protestations of inadequate resources are entirely unconvincing given the determined refusal of many Governments to adopt just fiscal policies, end tax evasion and stop corruption. Poverty is a political choice and will be with us until its elimination is reconceived as a matter of social justice. Only when the goal of realizing the human right to an adequate standard of living replaces the World Bank's miserable subsistence line will the international community be on track to eliminate extreme poverty.

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