



The report in section VI provides a summary of views on the proposal to establish a world solidarity fund for poverty eradication. The views were sought by the Secretary-General in a note verbale sent to all Member States and all relevant stakeholders. In general, there was broad support for the proposal.

The report concludes with recommendations for further action to achieve the 2015 targets. A summary of coordination at the intergovernmental level and activities of the United Nations system in support of national efforts to eradicate poverty is provided in annex II.

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I. Progress in poverty reduction

fell faster in urban than in rural areas where there was higher unemployment and slower growth in wages. Poverty reduction has slowed in Pakistan, and in Sri Lanka there has been very slow progress in reducing poverty, despite adequate GDP growth.

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making slower progress than other regions. Urgent action is needed to address the HIV/AIDS pandemic: around 36 million people are currently living with HIV/AIDS.

II. Achieving the poverty reduction goal

14. Attaining the poverty reduction and other millennium development goals within the set time frame will not be easy. For many countries, it will be necessary to take concrete steps to ensure that faster and more pro-poor economic growth is achieved between now and 2015 if they are to have a real chance of meeting the 2015 target.

UNDP projections

15. UNDP has made projections to determine the extent to which countries are likely to achieve the poverty reduction and other millennium development goals. The results of the exercise, which was undertaken for non-OECD countries, are summarized in table 2.

16. With regard to the goal of halving the proportion of population living in extreme poverty by 2015, two different economic growth scenarios were studied. In the first, it was assumed that the pace and the pattern of future economic growth in the countries would be those observed during the 1990s; in the second scenario it was assumed that countries would achieve more broad-based — that is more pro-poor — growth over the period.

17. Projections using the first scenario suggest that only 11 countries, including India and China, would meet the target. The world would be 0.36 percentage points below the target.

to achieve the poverty reduction goal by 2015 unless significant improvements in economic and social development are achieved. It is beyond the scope of this report to discuss in detail the national, regional and international responses that are needed to ensure that countries can meet the goal by 2015. The discussion will therefore highlight only certain key responses to poverty which are articulated in the outcome document of the World Summit for Social Development (A/CONF.166/9) and of the twenty-fourth special session of the General Assembly,⁸ including the Programme of Action for the Least Developed Countries for the Decade 2001-2010, adopted by the Third United Nations Conference on the Least Developed Countries in 2001 (A/CONF.191/11) and the Plan of Action adopted by the United Nations Conference on Trade and Development (UNCTAD) at its tenth session in 2000 (TD/386).

28. It is important to reiterate and emphasize at the outset the multidimensional nature of poverty and that the goal of poverty reduction extends beyond the reduction of income or consumption poverty. In particular, due attention must be paid by countries and development partners to, inter alia, critical cross-cutting issues such as the status and role of women, gender equality, HIV/AIDS, infant and maternal mortality, problems of the urban poor, and sustainable development. Attention to poverty and its cross-cutting issues will ensure that the achievements will be broad-based and equitable in their outcomes and sustainable in the long term.

29. In order to make concrete progress towards achieving the poverty reduction goal by 2015, countries need to embark, therefore, on strategies to reshape their economies and, in many cases, reform their public sectors. This implies that particular attention must be paid by policy makers to accelerating both economic growth and social development and improving the distribution of income and wealth.

Accelerating economic growth

30. Rapid economic growth is the most powerful means by which countries can achieve higher living standards and reduce poverty. But faster economic growth will require Governments to implement policies that simultaneously encourage growth and macroeconomic stability, encourage improved productivity, and shift resources to more efficient sectors. It is important to recognize that successful

poverty reduction depends not only on economic growth but on growth that is pro-poor. Given that most of the world's poor still live in rural areas, there is a strong case for many countries to emphasize a rural-

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productivity of the poor, especially by improving basic education, health and the skills that would enable the

accounting and auditing standards and improving corporate governance, infrastructure and the efficiency of delivery of services. Industrial countries need to

further assistance to achieve desired economic and social development, including poverty reduction.

47. As of June 2001, 23 countries had reached their decision point, and two countries had reached completion point under the enhanced HIPC initiative framework and are now receiving debt service relief, which will amount to about \$34 billion over time, or a reduction of \$20 billion in the net present value of their outstanding stock of debt. This is approximately 70 per cent of the total relief projected to be delivered under the HIPC initiative.

48. Bilateral and multilateral creditors should pursue debt relief vigorously and expeditiously, taking steps to provide significant and immediate debt relief to the poorest countries. Low-income countries with fragile economies, no matter how skilled their economic management, may find themselves unable to service debt obligations under certain circumstances (e.g., during natural calamities or economic catastrophes, such as major drops in the price of export commodities or other terms-of-trade shocks). In those circumstances, special measures to alleviate the burden of debt servicing obligations, and even debt cancellation, may be needed.

V. Global campaign for poverty eradication

49. The proposal to launch a global campaign to eradicate poverty was first raised at the twenty-fourth special session of the General Assembly which invited the Economic and Social Council to consolidate the ongoing initiatives and actions established in the Copenhagen Declaration and Programme of Action, the first United Nations Decade for the Eradication of Poverty (1997-2006) and the recommendations contained in the [report of the twenty-fourth special session] with a view to launching a global campaign to eradicate poverty.¹¹ It should be noted that the High-level Panel for Financing for Development has recommended the launching of a campaign for international development goals which would act as an effective catalyst for political support for development aid. Moreover, the Secretary-General has proposed a practical, action-oriented "campaign" in order to meet the millennium goals.¹²

50. The recommendation made at the twenty-fourth special session concerning the launching of a global

campaign to eradicate poverty is extremely wide-ranging in scope and implies two broad components: first, the "consolidation" of relevant initiatives and activities by the international community; and, secondly, the launch of a major advocacy effort. The United Nations system can take the lead in supporting the first component by enhancing the coordination and coherence of its own activities. In terms of the second component, the United Nations system can play a supportive, yet catalytic role, at the global, regional and national levels.

51. The global campaign will provide valuable focus and coordination to efforts at all levels to achieve the Millennium Declaration goal as well as the goal to eventually eradicate poverty within the framework of the first United Nations Decade for the Eradication of Poverty. However, in order to realize this vision for the campaign there needs to be clear direction for the efforts of Member States, the international community and the United Nations system. The capacity of the Organization to coordinate such initiatives and to play effectively its role of facilitator and advocate will require Governments to offer support and the donor community to strengthen the resources it provides.

52. The Economic and Social Council considered the note by the Secretariat on the global campaign for poverty eradication (E/2001/84) at its substantive session of 2001. It decided to keep the matter under review in the context of its work on coordinated follow-up to major United Nations conferences and summits and invited the Secretary-General to report to the Council in 2002 on the matter.

VI. Views on the proposal to establish a world solidarity fund

53. In its resolution 55/210, the General Assembly welcomed favourably the proposal submitted regarding the establishment of a world solidarity fund for poverty eradication and requested the Secretary-General to undertake the necessary consultations with Member States and all relevant stakeholders, bearing in mind the voluntary nature of the contributions, and to report to it at its fifty-sixth session.

54. In accordance with that request, the Secretary-General sought the views of Member States through a note verbale dated 16 February 2001. A number of organizations of the United Nations system were also

establish a fund for poverty eradication and stressed the need for avoiding the duplication of activities of United Nations funds and programmes. The Economic Commission for Europe (ECE) emphasized that serious consideration should be given to developing criteria and targets for the fund and avoiding overlapping of the efforts among United Nations funds and programmes. The Economic and Social Commission for Asia and the Pacific (ESCAP) noted that should the proposal materialize, it could be a possible source of funding for poverty eradication activities planned in the ESCAP region in the biennium and beyond. The Economic and Social Commission for Western Asia (ESCWA) stressed that at a time when the poor were threatened to become further marginalized, the initiative would enhance the role of the United Nations as an agent working to improve the status of vulnerable populations. The Food and Agricultural Organization of the United Nations (FAO) pointed out that the feasibility for creating such a fund needed to be carefully appraised and its merits compared with other proposals being developed for raising resources to finance the implementation of the Millennium Declaration. The proposal might be submitted for

another funding level, which must be managed, and therefore, could be counterproductive.

62. International Cooperation for Development and Solidarity, a non-governmental organization, supported the proposal to establish a world solidarity fund and noted that there was an urgent need for a global official development assistance campaign (to reach 0.7 per cent of GNP in all donor countries and above) and innovative resources for poverty eradication. The revenues from currency transaction taxes represented a new source of public finance, which could be partially used to finance such a fund.

VII. Recommendations

63. In view of the urgency of the tasks to halve the proportion of people living on less than \$1 a day by 2015, in particular, and to eradicate poverty, in general, and of the need for concerted effort by all Governments and stakeholders to meet those goals, the following recommendations are submitted for consideration by the General Assembly:

Recommendation 1

Despite progress by many countries to put in place poverty reduction strategies, the implementation of those strategies has not proceeded at the same pace in all countries. Thus, the General Assembly may wish to urge Governments that have not already done so to incorporate goals and targets for combating poverty into their national strategies for socio-economic development and for Governments to work towards the effective implementation of their poverty reduction strategies.

Recommendation 2

Since, on the basis of current conditions, not all countries are likely to achieve the poverty reduction goal by 2015, the General Assembly may wish to urge Governments to implement policies that will accelerate pro-poor economic growth and social development, taking into account the multidimensional nature of poverty. In this regard, the General Assembly may wish to urge the international community to support developing countries fully in their efforts to implement poverty reduction strategies. With respect to trade, developed countries should be urged to improve market access for the agricultural and manufactured exports

from developing countries, eliminate export subsidies, reduce support for domestic agriculture producers and eliminate remaining trade barriers in manufacturing.

Recommendation 3

In light of the additional financial resources urgently required to enable countries to achieve the poverty reduction goal as well as the other Millennium development goals, the General Assembly may wish to urge Governments to continue to implement policies to enhance domestic financial resources further and to promote foreign direct investment and other private capital flows, and to put them to efficient use. The General Assembly may also wish to urge Governments to take steps to put into place a transparent, stable and predictable framework for private investment and an institutional infrastructure that allows its efficient implementation.

Recommendation 4

Although it is recognized that the bulk of the savings available for a country's investment will always come from domestic sources, ODA and other official assistance which complement domestic efforts and foreign private capital flows can be critically important in helping developing countries and countries with economies in transition to achieve the poverty reduction goal. The General Assembly may wish to urge the developed countries that have not done so to commit themselves to achieving the target of 0.7 per cent of their GNP for overall official development assistance by a specified date and the target of earmarking 0.15-0.20 per cent of GNP as official development assistance for the least developed countries as agreed, as soon as possible. In this regard, developing countries, donors and development partners should also strive to improve the effectiveness of ODA.

Recommendation 5

Although the enhanced HIPC initiative has made steady progress, the external debt overhang in poor countries still constitutes a serious obstacle to their development efforts and economic growth, particularly with respect to their ability to attain the poverty reduction goal by 2015. The General Assembly, therefore, may wish to urge multilateral and bilateral creditors to take appropriate action to provide faster, deeper and broader debt relief for HIPC, inter alia, by

providing new and additional resources necessary to fulfil the future financial requirements of the enhanced HIPC initiative.

Annex I

Tables

Table 1

Population living on less than \$1 per day and head-count index in developing and transitional economies, selected years, 1987-1998

<i>Region</i>	<i>Number of people living on less than \$1 per day (millions)^a</i>		
	<i>1987</i>	<i>1990</i>	<i>1998</i>

Table 2
Millennium Development goals for development and poverty eradication: a summary of progress

<i>Goal (for 2015)</i>	<i>Achieved^a</i>	<i>On track^b</i>	<i>Lagging^c</i>	<i>Far behind^d</i>	<i>Slipping^e</i>	<i>Number of countries far behind or slipping</i>		
						<i>Total</i>	<i>Least developed countries</i>	<i>Sub-Saharan Africa</i>
Extreme income poverty								
Halve the proportion of people living in extreme poverty								
Business-as-usual growth pattern	-	11	4	39	31	70	14	17
Pro-poor growth pattern	-	29	6	19	31	50	9	13
Hunger								
Halve the proportion of people suffering from hunger	6	37	3	23	17	40	16	21
Gender equality								
Eliminate disparity in primary education	15	57	2	13	1	14	9	9
Eliminate disparity in secondary education	39	25	3	16	2	18	10	12
Infant and child mortality								

Table 3
Projected poverty in 2015 for high- and low-inequality countries

<i>Poverty incidence, 2015, as percentage of 1990 level</i>		<i>Annual per capita growth needed to halve poverty by 2015</i>	
<i>No change, past growth</i>	<i>No change, pro-poor</i>	<i>With pro-poor conditions</i>	<i>With higher growth</i>

Annex II

Coordination at the intergovernmental level and activities of the United

countries' progress towards the goals, assess the cost implications and identify resource requirements. The meeting has contributed to the promotion of a coherent approach and common efforts to achieve international development goals, particularly poverty eradication.

C. General Assembly

7. In the United Nations Millennium Declaration, adopted by the Millennium Summit held in September 2001, heads of State and Government pledged to halve, by the year 2015, the proportion of the world's people whose income is less than \$1 a day. To that end, Governments resolved to create an environment at the national and global levels which is conducive to development and to the elimination of poverty. They were committed to an open, equitable, rule-based, predictable and non-discriminatory multilateral trading and financial system. They also expressed concern over the obstacles developing countries face in mobilizing resources needed to finance their sustained development and were determined to ensure the success of the High-level International and Intergovernmental Conference on Financing for Development and to deal comprehensively and effectively with the debt problems of low- and middle-income countries. The Millennium Declaration also set out time-bound development targets with regard to safe drinking water, equal access for boys and girls at all levels of education, reduction of maternal and under-five mortality, HIV/AIDS and improvement of slums.

II. Activities of the United Nations system in support of national efforts

A. Administrative Committee on Coordination

8. At its first regular session of 2001, the Administrative Committee on Coordination (ACC) addressed the role of the United Nations system in the follow-up processes to the Millennium Summit, 8.

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on how these differ across countries and in different social groups or income strata within countries.

11. The Department's Thematic Group on Poverty, together with the Office of the Special Coordinator for Africa and the Least Developed Countries, organized a workshop on globalization and poverty in Africa in May 2001, to address what the United Nations system and the Department, in particular, should do to implement the "globalization for all" strategy in Africa proposed in the Millennium Declaration. It was agreed that current strategies of the United Nations system should focus on providing assistance for poor African countries to get access to the fruits of globalization through improved terms of trade.

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integrated regional training programme. A manual for community development workers was prepared to facilitate the implementation of programmes and projects by non-governmental organizations, government institutions and United Nations agencies.

18. In October 1999, ESCWA, in coordination with UNICEF, organized a microfinance training workshop on strategic planning and best lending practices to reach the poor in the Palestinian refugee camps in Lebanon, with the aim of raising their living standards through job creation. During 2000, a series of workshops for the training of trainers in community development took place in Jordan, the Syrian Arab Republic and Lebanon. The aim of the project was to encourage the participation of the rural community, including all social groups. The workshops were organized in coordination with UNDP and UNICEF. Additional regional workshops will be held later in the biennium.

19. ESCWA also published a number of research papers dealing with poverty and launched a project entitled "Promoting self-reliance, with particular emphasis on employment: community based rehabilitation in Bourj El Burajneh". The aim of the project is to empower people with disabilities in their community through training for sustainable livelihoods. The project is implemented in cooperation with the Ministry of Social Af

into the world economy, improving market access, facilitating the flow of financial resources and implementing fully and effectively all initiatives already launched regarding debt relief. The international community should consider further measures that would lead to durable solutions to the external debt burden of developing countries. The Declaration also emphasized the need to develop specific proposals for overcoming growing urban poverty.

24. The International Labour Organization (ILO) strives to maximize its efforts to reduce and ultimately eliminate the extreme poverty that afflicts the poorest in the world while setting in place policies that secure those gains in the future. This is reflected in three recent ILO documents:

- (a) Poverty reduction and decent work in a

important poverty implications due to the particularly negative impact of crisis on the poor.

31. At the country level, the Fund provides assistance and advice supporting high quality, pro-poor growth and price stability. The advice helps countries implement fiscal and monetary policies that are sustainable and supported by external financing that is consistent with achieving strong growth and debt sustainability. In providing that advice and support, the Fund directly contributes to the first of the international development goals — reducing the proportion of people living in extreme poverty by half.

32. Apart from general macroeconomic stability, Fund-supported programmes put particular emphasis on well-targeted public expenditure on health and education and other poverty-reducing programmes. The Fund continues to rely primarily on the World Bank for advice on the design of well-targeted, efficient and effective expenditure policies, which forges a closer link between public spending and results. The elaboration of policies to help meet targets of social indicators, including those linked to the international development goals, is an integral element of countries' poverty-reduction strategy papers in programmes supported by poverty reduction growth facilities. Those national strategies will thus address goals such as: enrolling all children in primary school; achieving gender equality; reducing infant mortality by one half; and reducing maternal mortality by three fourths.

33. To protect the poor in the short run and sustain progress already achieved towards the international development goals, Fund-supported programmes continue to include social safety nets to cushion the negative impact of economic reforms and external shocks on vulnerable groups. Social safety nets were expected to be more systematically incorporated into poverty-reduction growth facilities and other Fund-supported programmes.

34. In addition to continuing with efforts to improve the well-being of the poor, IMF contributes to the monitoring of progress towards international development goals in three ways: disseminating information of growth rates in countries; reporting th8232 8wliation of592. Tc orti278 Tc 0 Tw (33.) Tj 14.0708 0 TD 0

poverty and suffering from hunger by 2015 and promoting the sustainable development of the least developed countries. Major new commitments were made at the Conference. They include the commitment to provide financial resources for the implementation of the enhanced HIPC initiative; debt relief; the need to explore a moratorium on debt service payments; untying aid to the least developed countries; and working towards duty-free and quota-free market access for all the products of the least developed countries. With regard to debt and the debt-servicing problems of those countries, UNCTAD believes a bolder approach is needed. It calls for an objective and comprehensive assessment by an independent panel of experts on issues related to debt sustainability, eligibility for debt reduction, the amount of debt reduction needed, conditionality, and modalities regarding the provision of necessary funds. Meanwhile, UNCTAD calls for an immediate suspension of the debt-service payments of all HIPCs, with no consequent additional interest obligations being incurred until the panel has made its recommendations and agreement has been reached on reduction of the debts of the least developed countries.

53. With regard to the plight of African countries, UNCTAD's report "Capital flows and growth in Africa" (UNCTAD/GDS/MDPB/7) found that growth in Africa continues to be too erratic and too slow to permit an increase in both living standards and domestic savings. Since private capital inflows, particularly FDI, lag behind rather than lead growth, the task of filling the resource gap inevitably falls on official financing. Breaking the vicious circle of low growth and poverty requires, inter alia, a sustained injection of external financing in amounts large enough (double the current flows of ODA), to give a major push to the region to accelerate and maintain growth at levels higher than in the past and thereby reduce aid dependency in the future. Furthermore, the report stressed that, while the quantity of ODA is important, it is equally important that aid be given on the basis of the real requirements of the recipients and not be tied and donor-driven. Also it is important for specific poverty reduction strategies to be combined with strategies for the development of infrastructures, rural development, capacity-building and diversification. The report emphasized that adjustment programmes need to be reviewed in order to take into account the realities of individual African economies. The desire of the international community to reduce absolute poverty

by half should be combined with a strategy that addresses poverty on all continents.

54. With regard to the link between trade and poverty reduction, what is needed is a better understanding of how international trade policy

food security, water, economic growth, globalization and urbanization.

58. UNU recently completed a major research initiative on the links between poverty, inequality and growth. The research created an extensive database on inequality trends within countries over the past few decades. The trends are sobering: since the early-mid 1980s, inequality has risen — in many cases sharply — in most countries. The analysis highlights several worrying conclusions: rising inequality makes it much more difficult to reduce poverty, and high levels of inequality can also depress the rate of growth. In order to meet the 2015 poverty target, it will be essential to make pro-growth policies more distributionally favourable.

59. Given the increasing concern that information is becoming a factor, like income, by which countries are classified as rich or poor, UNU has undertaken a major research initiative highlighting the importance of information technology (IT) for economic growth. The worrying aspect is that many developing countries have neither invested in IT nor benefited from the rapid