

International Research on Poverty Reduction

Xiaolin Wang
Xiaoying Zhang

Towards 2030 – China's Poverty Alleviation and Global Poverty Governance



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International Research on Poverty Reduction

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Chapter 1

China's Success in Poverty Reduction and Its Contribution to Worldwide Progress Toward MDGs



China's remarkable achievements in poverty reduction in recent years have made it the first developing country to achieve the poverty-reduction target set by the Millennium Development Goals (MDGs). On its journey toward eradicating poverty, China has explored a few models befitting its national conditions. Apart from a focus on both government-led development programs and the social security system, the country gives full play to the roles of market and the general public in poverty reduction. In the meanwhile, China has taken an active part in improving global poverty governance. It strengthens international exchanges and cooperation in this area, sharing its good practices with other developing countries to help them achieve the MDGs and Sustainable Development Goals (SDGs) of the United Nations. This chapter begins with an overview of the progress toward MDGs' poverty-reduction targets before examining China's progress toward the targets and the country's contributions to the global fight against poverty.

1.1 MDG Poverty-Reduction Targets: Background, Action Plans and Achievements

1.1.1 *Launch of the Targets*

The year 2000 marks a milestone in the history of international development. At the United Nations Millennium Summit held in September of that year, leaders of 189 countries signed *the United Nations Millennium Declaration* (hereinafter referred to as the "Millennium Declaration"). The Declaration was translated into a roadmap setting out specific goals and targets to be reached by 2015, called the Millennium Development Goals (MDGs), incorporating eight goals of halving the proportion of

Table 1.1 MDGs' goal 1: Eradicate extreme poverty and hunger

Serial number	Contents
Target 1.A	Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day
Target 1.B	Achieve full and productive employment and decent work for all, including women and young people
Target 1.C	Halve, between 1990 and 2015, the proportion of people who suffer from hunger

Source Resolution 55/162 adopted by the UN general assembly

poverty-stricken people between 1990 and 2015, achieving universal primary education, promoting gender equality, reducing maternal and child mortality, combating HIV/AIDS and malaria, ensuring environmental sustainability, and developing a global partnership for development.

To help track and measure progress toward these eight goals, 21 targets and 60 indicators were developed. The primary goal of MDGs is to “eradicate extreme poverty and hunger,” comprising the following three targets. Target 1.A is to halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day, and the poverty line was later raised to USD 1.25 at 2005 purchasing power parity (PPP).¹ Target 1.B is to achieve full and productive employment and decent work for all, including women and young people. Target 1.C is to halve, between 1990 and 2015, the proportion of people who suffer from hunger. We believe that targets 1.A and 1.C constitute the goal of eradicating extreme poverty and hunger, while target 1.C is an important means of achieving them (see Table 1.1).

Between 1981 and 1990, roughly 1,950 million people lived in extreme poverty across the world. In the following decade until 2000, the number dropped from 1,926 million to 1,700 million, with a slight decrease of 226 million. But it was not the case in sub-Saharan Africa where the scale and proportion of poor population increased instead, or in South Asia where extreme poverty remained a major challenge. In this context, the United Nations Millennium Summit in 2000 made it one of the biggest global challenges to “eradicate extreme poverty.” The target to “halve the proportion of poor people” is a world-recognized development indicator that receives the most extensive, comprehensive and specific support.²

Poverty reduction has been made the overriding goal of MDGs not only because poverty poses the biggest obstacle for socioeconomic development of developing countries, but more importantly, poverty reduction is at the heart of all goals. The failure to achieve Goal 1 would make it impossible to attain Goal 2–7. Even if temporary relief could be achieved through short-term assistance programs, the results cannot be sustained.

¹The poverty line was updated to USD 1.25 a day measured at 2005 international prices adjusted for purchasing power parity (PPP).

²UN (2005).

1.1.2 Global Actions Toward Poverty Reduction

To achieve the MDGs in all respects, especially the goal of poverty reduction by the scheduled 2015, the signatory countries have jointly pledged to “create an environment—at the national and global levels alike—which is conducive to development and the elimination of poverty,” introduce policies and arouse wide public concern over development. Only in this way can it be possible to halve the proportion of over 1.9 billion people in extreme poverty by 2015. Such a “conducive environment” depends on the joint efforts of both developed and developing countries. The developed countries need to increase assistance to developing countries, particularly to Africa, helping removing capital, technological and management obstacles in the backward regions, and enabling the people below the poverty line to achieve leapfrog development. The developing countries have more to do, such as opening up their markets, adopting advanced development ideas, and expanding and deepening new-type South–South cooperation.

In accordance with the *United Nations Millennium Declaration* and the *Road Map towards the Implementation of the United Nations Millennium Declaration* (hereinafter referred to as the Road Map), the implementing bodies of MDGs constitute three groups: UN and other international development agencies, developed countries (mainly OECD-DAC member countries) and developing countries. The participants include signatory governments, the UN system, intergovernmental organizations, international and regional agencies, among others.³

1. Role and actions of the United Nations

The Millennium Declaration, the Road Map and various initiatives have all mentioned to enhance the role of the UN in achieving the MDGs, mainly in top-level planning, policy dialogue, demonstration projects and accountability supervision. Apart from the above-mentioned Road Map, the UN has led various types of planning and feasibility studies, such as the UN Millennium Project between 2002 and 2005. Led by the United Nations Development Programme (UNDP), the project was carried out by 10 task forces comprising more than 250 experts. Based on the survey into seven countries, including Dominican Republic and Ethiopia, the project analyzed the progress and difficulties during the implementation of MDGs and developed a feasible global action plan to fulfill the commitments of MDGs by 2015. The project report, consisting of one master report and 13 sub-reports, released in 2005 with a master report and 13 sub-reports, is recognized by the UN as comprehensive.⁴

To meet the poor countries’ need for external aids, the UN has promoted North-South cooperation through effective and genuine dialogues among development organizations, countries, as well as a raft of preferential policies. Such efforts include the WTO Doha round of multilateral trade negotiations in 2001, UN General Assembly Special Session on HIV/AIDS in 2001, *Brussels Programme of Action for the Least*

³UN (2001).

⁴UN Millennium Project (2005).

Developed Countries adopted in 2001, International Conference on Financing for Development in 2002, the 2005 World Summit and *The Paris Declaration on Aid Effectiveness* adopted in 2005.⁵

In addition, the UN carried out demonstration projects for rural development, such as the Millennium Villages Project (MVP) jointly developed by the UNDP, Japanese government and Columbia University. Instead of setting up new villages, the MVP chose existing African villages with relative political stability but in severe poverty and hunger, with a view to improving the living conditions of the poor through agricultural development. Between 2004 and 2006, the MVP was carried out in 12 villages located in Ethiopia, Ghana, Kenya, Malawi, Mali, Nigeria, Rwanda, Senegal, Tanzania and Uganda.

The UN played an important role in monitoring and evaluation as well. Following a raft of policies and actions toward MDGs, it mobilized the private sector, non-government agencies and other social forces by various means to actively participate in and monitor the MDGs projects. It also developed a meticulous self-monitoring and third-party evaluation system. In accordance with the UN Resolution 55/162 adopted on December 18, 2000 and the UN Resolution 56/95 adopted on December 14, 2001, the Secretary-General of the UN is requested to prepare an annual report on progress achieved by the United Nations system and member states in implementing the Millennium Declaration. In 2005, the Inter-Agency and Expert Group on MDG Indicators began to publicly release *The Millennium Development Goals Report* on a yearly basis. The Group is led by the Department of Economic and Social Affairs of the United Nations Secretariat, comprising representatives from a number of UN agencies, such as United Nations Environment Programme (UNEP) and UNDP, as well as from international organizations outside the UN system, like the World Bank and IMF.

2. Role and actions of developed countries

MDGs indicate that the poverty and inequality across the world could be fundamentally attributed to many developing countries, especially those in Africa, that have been marginalized in the process of globalization. During the global economic boom in the 1990s, these poor countries benefited little from world trade, investment and technological progress. Given their lack in factors and home-grown driving force for development, the extensive global intervention has been made a must for the development of these countries and for the delivery of benefits from economic development to the least developed regions.

Such global intervention is mainly achieved by increasing the official development assistance (ODA) from developed countries, referring to the member states of the Organization for Economic Cooperation and Development's Development Assistance Committee (OECD-DAC). The MDGs roadmap calls for increasing international development assistance for multiple times and setting out the "Goal 8" to help track progress toward the developed countries' commitment "to take special

⁵OECD (2005).

measures to address the challenges of poverty eradication and sustainable development in Africa, including debt cancellation, improved market access, enhanced ODA and increased flows of foreign direct investment, as well as drugs and technology.” Specifically, it includes the commitment by DAC member states to contribute 0.7% of their gross national income (GNI) as ODA, double aid to Africa, increase aid to the least developed countries (LDCs), increase aid for trade to developing countries, expand the developing countries’ duty-free access to the markets of developed countries, among others. Judging from the annual reports on MDGs, however, the commitment has never been fulfilled, especially after the financial crisis.

Take ODA for instance. According to the Millennium Declaration, *Brussels Programme of Action for the Least Developed Countries for the Decade 2001–2010* and the *2002 Monterrey Consensus of the International Conference on Financing for Development*, DAC member states should contribute 0.7% of their GNI as ODA to developing countries. From 2000 to 2015, Luxembourg, Denmark, Norway and Sweden were the only countries that did so every year, the Netherlands and the UK met the target for some years, while some traditional donors, like the USA, never met the target. The average ODA/GNI of the DAC member states stood at 0.2–0.3% (see Fig. 1.1).

3. Missions and actions of developing countries

Among the MDGs signatories, a large number of developing countries, especially those in Africa, are the most marginalized in the process of globalization. Apart from a favorable external environment, efforts from within these countries are needed if

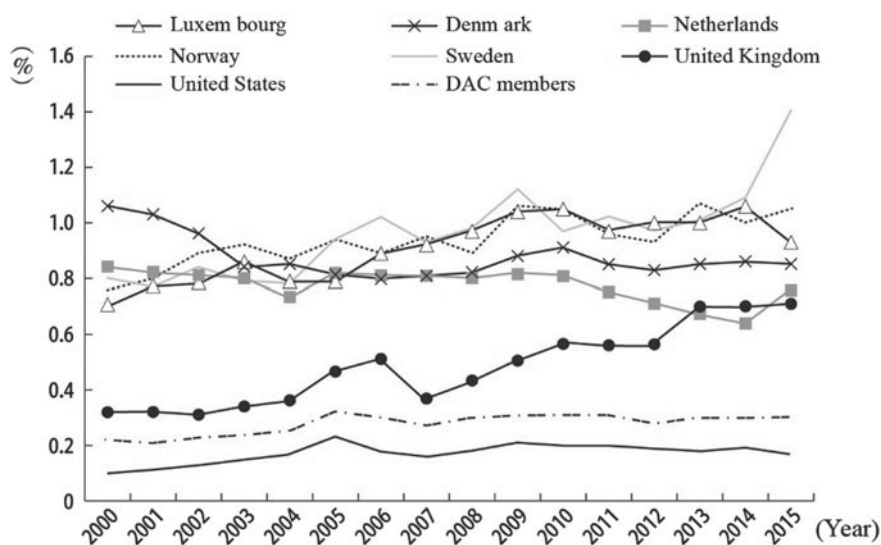


Fig. 1.1 ODA/GNI of DAC members and some other countries (2000–2015). Source <https://data.oecd.org/oda/net-oda.htm>

they are to achieve MDGs. Unlike Agenda 21, another global action plan of the UN, the MDGs signatories are not required to develop corresponding national roadmaps to ensure the attainment of the goals. Driven by the awareness-raising efforts of the United Nations, African leaders have pledged on various occasions to make sure governments uphold the rule of law, human rights, democracy, good governance, and open markets, strengthen infrastructure, support agriculture and manufacturing, boost education, training and services, and step up efforts to prevent HIV/AIDS and other infectious diseases. However, most developing countries would incorporate MDGs into their national mid- and long-term development strategies and policies, instead of putting together a policy package designed specifically for MDGs. In Africa, in particular, the lack of funds has become the root cause for the failure of many policies.

The UN has observed in the early-stage assessment that Africa would be a key area for poverty production: about half of its population on the continent lives below the poverty line.⁶ That was why UN has since the very beginning adopted action plans geared toward meeting the special needs of Africa. These include efforts to build a new type of partnership with African countries and to establish the African Union. Other than that, however, the UN imposed no requirements on each country in terms of actions to be taken.

1.1.3 Progress of MDGs in Poverty Reduction

Thanks to the joint efforts of the UN and various actors over the first 15 years since the launch of MDGs in 2000, the targets of “halving the proportion of people living below the poverty line and of people who suffer from hunger” have been reached, despite the impact of global disasters like the 2008 financial crisis and some regional security issues. To begin with, as we reach the end of the MDG period, extreme poverty has declined significantly. In 1990, nearly half of the population in the developing world lived on less than USD 1.25 a day; that proportion dropped to 14% in 2015. Second, the number of people living in extreme poverty has declined globally by more than half, falling from 1,926 million in 1990 to 836 million in 2015. Most progress has occurred since 2000 (see Fig. 1.2). Third, the number of people in the working middle class—living on more than USD 4 a day—has almost tripled between 1991 and 2015. This group now makes up half the workforce in the developing regions, up from just 18% in 1991. Fourth, the proportion of undernourished people in the developing regions has fallen by almost half since 1990, from 23.3% in 1990–1992 to 12.9% in 2014–2016.⁷

Results differed among different regions, with Asia consistently outperforming Africa, and East and Southeast Asia outperforming South Asia. The goal of eradicating extreme poverty and hunger has been achieved overall, but to various degrees

⁶UN (2002).

⁷UN (2015).