

# Poverty: An Enigma of Development

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## Abstract

*Poverty is the denial of basic human rights. It is today of concern to all societies. The main theme of the research is to highlight the factors behind this evil. The study also focuses on the role of international institutions. The research discusses the different socio-economic and political factors in this regard. The Approach of the research is analytical and comparative. The study also analyzes the role of international institutions to eradicate the poverty. The efforts made by big powers are also discussed. The researcher uses original and secondary sources. The references and conclusion is in the end.*

**Keywords:** Poverty, Millennium Developmental Goals, Capacity Building, IMF.

## Introduction

Modern poverty reduction and development programmes often have dignity as a central theme. Dignity is also a central theme of the Universal Declaration of Human Rights, the very first article of which starts with: "All human beings are born free and equal in dignity and rights."

The concept of dignity in development has been extensively explored by many, and related to all of the development sectors. The Asian Human Rights Commission released a statement in 2006 claiming that: "Human dignity is the true measure of human development". (Asian Human Rights Commission)<sup>1</sup>.

During the decades, development thinking has shifted from modernization and structural adjustment programs to poverty reduction. Under the former system, poor countries were encouraged to undergo social and economical structural transformations as part of their development, creating industrialization and international industrial policy. Poverty reduction rejects this notion, consisting instead of direct budget support for social welfare programs that create macroeconomic stability leading to an increase in economic stability leading to an increase in economic growth.

Poverty is a denial of basic human rights and is today of concern to all societies. The injustices, exclusions, deprivations and inequalities that poverty and especially extreme poverty, engenders and, above all their causes, must effectively be dealt with, if social justice and cohesion, economic and social progress, democracy and ultimately peace are to be further strengthened. Extreme poverty today affects 1.2 billion persons, of which three quarter live and work in rural areas.

## Fact Sheet

- 1.2 billion People live on less than U.S. \$1 dollar a day.
- Women represent the large majority of the world poorest.70% of the people living in poverty worldwide are female.
- Over 50% of Africa's population today lives below the poverty line.
- The number of poor people in Africa has almost doubled between 1981 and 2001 and the continent is home to virtually all the planets ultra poor. While they were approximately 264 million poor individuals in sub-Saharan Africa in 1981 the figure increased to 316 million in 2001.

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- Over the last fifteen years life expectancy in Africa has fallen to 46(15 years below India and Bangladesh).
- Africa's per capita income has declined by 13% since the 1980's while the number of Africans living in extreme poverty has doubled.
- Over nine million people die worldwide each year because of hunger.
- Approximately 1.2 Billion people suffer from hunger.
- Over 11 million children die from preventable causes before their fifth birthday.
- Every three seconds an African child dies from some preventable disease or malnutrition.
- Conditions of poverty and economic inequality foster the spread of HIV/AIDS. The poorer regions of the world bear the brunt of the pandemic. Sub-Saharan has the highest prevalence of the rate of HIV infection.
- Although there are numerous factors in the spread of HIV/AIDS, it is largely recognized as a disease of poverty, hitting hardest where people are marginalized and suffering economic hardship.
- Only 12% of those infected in developing countries were receiving appropriate treatment. (Poverty fact Sheet)<sup>2</sup>.

### **Millennium Development Goals**

In 2000, United Nations signed the United Nations Millennium Declaration, which includes eight Millennium Development Goals to be achieved by 2015 or 2020. This represented the first time that a holistic strategy to meet the development needs of the world has been established, with measurable targets and defined indicators.<sup>3</sup>(United Nations Statistics Division)

The first seven Millennium Development Goals present measurable goals, while the eighth lists a number of 'stepping stone' goals—ways in which progress towards the first seven goals could be made. Each goal uses indicators based on statistical series collected and maintained by respected organizations in each relevant field (usually the UN agency responsible but also the OECD, IMF and World Bank).<sup>4</sup> (International Development)

Because the MDGs were agreed as global targets to be achieved by the global community, they are independent of, but by no means unrelated to, individual national interests. The goals imply that every state has a set of obligations to the world community to meet and that other states, who have achieved those goals, have an obligation to help those who have not. As such they may represent an extension of the concept of human rights. The MDGs have catalyzed a significant amount of action, including new initiatives such as Millennium Promise. Most of these initiatives however work in small scale interventions which do not reach the millions of people required by the MDGs.

### **Strategies for the Eradication of Poverty**

Governments and international organizations alike have placed poverty eradication at the centre of the global efforts to advance economic and social development. In a series of international conferences and most recently at the United Nations Millennium Summit, they have committed themselves to the international development goal of halving the proportion of people living in extreme poverty by the year 2015. The mid-point of the United Nations Decade for Poverty Eradication(1996-2005) has just been passed. Many initiatives have been taken both within and outside the United Nations system, with a view to creating synergies to overcome poverty.

In general, their principle objectives are to create a pro-poor policy environment;

- to increase resource flows to the poor

- to generate social capital and institutions enhancing access for the poor to knowledge, information and opportunities and to empower the poor and their communities
- United Nations Educational, Scientific and Cultural Organization (UNESCO) is well placed organization, to advocate the moral as well as the political imperative of poverty eradication. Poverty eradication is a significant condition for world peace and security. Promoting the right to development and education will therefore be one of UNESCO's tasks, complemented by advocacy in favor of right to development, and through supporting understanding and solidarity among humankind-both between countries and between populations divided by growing disparities.

The educational, cultural and science-related dimensions of poverty and anti-poverty policies are often neglected. The poverty paradigm has evolved from merely financial and monetary measures and definitions ("less than US \$1 a day") towards more human-centered concepts, such as deficiencies in "human capabilities", lack of social capital, vulnerability, lack of dignity, such broadened definition and understanding is rarely reflected in policies, strategies and policy documents.

The Highly Indebted Poor Countries Initiative (HIPC), launched by the World Bank and the International Monetary Fund in 1996, has focused on the need for countries to elaborate poverty reduction strategies in order to qualify for debt relief. Yet, too often they do not fully take into account the central role of education, the cultural dimension of development, gender equality, water and other natural resources, environmental considerations and governance arrangements-all of which can be addressed through contributions by UNESCO. The Ultimate goal must be formulation of comprehensive country-owned strategies developed in a participatory and inclusive manner, together with other multi- and bilateral partners. UNESCO has been called upon by its Member States, through various General Conference resolutions and Executive Board decisions, to make its specific contribution to poverty reduction through the design of an appropriate long-term strategy. The Executive Board concurred with the Director-General's subsequent proposal that poverty eradication be selected as a cross-cutting theme for the activities of the Organization as a whole. The following strategy defines the main parameters of a distinct UNESCO contribution to poverty eradication, in particular extreme poverty. (UNESCO)5.

### **International Economic Inequality**

International development institutions and International Organizations as the UN promote the realization of the facts that economic practices such as rapid globalization and certain aspects of international capitalism can lead to, and, allegedly, have led to an economic divide between countries, sometimes called the North-South divide. Such organizations often make it a goal and to help reduce these divides by encouraging co-operation amongst the Global South and other practices and policies that can accomplish this. (North-South Divide) 6.

Sometimes International development can also cause inequality between richer and poorer factions of one nation's society. For example, when economic growth boosts development and industrialization, it can create a class divide by creating demand for education, which in turn drives the cost of education higher through the principle of supply and demand, as people would want to be part of the new economic elite. Higher costs for education lead to a situation where only the people with enough money to pay for education can receive sufficient education to qualify for the better-paying jobs that mass-development brings about.

This restricts poorer people to lesser-paying jobs but technological development makes some of these jobs obsolete (for example, by introducing electronic machines to take over a job, such as creating a series of machines such as lawn mowers to make people such as

gardeners obsolete). This leads to a situation where poorer people can't improve their lives as easily as they could have in a less developed society. That is partially why institutions such as the Center for Global Development are searching for "pro-poor" economic policies. (Center for Global Development)7.

Dignity is also a central theme of the Universal Declaration of Human Rights, the very first article of which starts with: "All human beings are born free and equal in dignity and rights." Amit Bhaduri argues that full employment with dignity for all is both important and possible in India. (Bhaduri)8.

The concept of Participation is concerned with ensuring that the intended beneficiaries of development projects and programmes are themselves involved in the planning and execution of those projects and programmes. This is considered important as it empowers the recipients of development projects to influence and manage their own development—thereby removing any culture of dependency. It is widely considered to be one of the most important concepts in modern development theory. The UN System Network on Rural Development and Food Security describes participation as: "One of the ends as well as one of the means of development." (UNSNRD)9.

Local participants in development projects are often products of oral communities. This has led to efforts to design project planning and organizational development methods, such as participatory rural appraisal, which are accessible to non-literate people.

### **Capacity Building and Poverty Reduction**

Institutional Capacity is used for a country's administrative and management capacity, particularly with respect to implementing economic policies. This encompasses a wide range of activities:

- The ability to collect the statistical information needed for effective policy implementation, and to do so in line with internationally accepted standards;
- The ability to effectively plan government expenditures and the delivery of public services at both the central and local government levels; the public sector's aid absorption and project implementation capacity; the effectiveness of agencies to fight corruption and enhance governance; the establishment and preparation of appropriate regulatory and prudential frameworks for companies and banks; the protection of poverty rights and the promotion of competition and of a market-based economic system in general.

### **Role of IMF**

The International Monetary Fund (IMF) is strongly committed to this task, and is devoting a substantial share of its own human and financial resources around \$100million in 2001 to technical assistance and training. These activities are focused on the institution's core macroeconomic and financial areas of responsibility coordinated with other agencies where appropriate. These include public finance and administration, financial sector development, and development of sound statistical systems.

Assistance is targeted to support member countries' reform efforts and development goals. Particular emphasis is placed on providing technical assistance for capacity building, recognizing that capacity limitations rather than lack of political will—often impede implementation of economic reforms.

The IMF is providing an increasingly share of its technical assistance through a regional country-based approach. In 1993, in cooperation with other donors, the IMF launched the Pacific Island Regional Technical Assistance Center ((PFTAC) to address the special capacity building needs of small island countries in the Pacific. A similar center, also launched with multi-donor support, was opened in 2001 in the Caribbean. These centers have similar objectives;

- To help focus TA on capacity building:
- To raise the effectiveness of IMF TA projects through faster response
- To increase positive externalities by sharing regionally based experiences and improving coordination with other TA providers.

At the global level, the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries is an interagency effort aimed at facilitating coordination of trade-related technical assistance. The International Tax Dialog is a less formalized initiative that brings together developing countries to improve tax administration through discussion and better coordination of technical assistance. The Paris21 task Team on Statistical Capacity Building Indicators, chaired by the IMF, is one of several initiatives aimed at improving statistical capacity

The Core areas of IMF Technical Assistance are:

- Monetary and Exchange Affairs
- Fiscal Affairs
- Statistics
- Trainings (IMF) 10.

Meeting of the Millennium Development Goals will require that all donors improve their focus on capacity building in poor countries and ensuring that their assistance is delivered in a coordinated way. In playing its part, the IMF will focus assistance more sharply on its areas of expertise, ensuring that its efforts will be fully complementary to those of the World Bank, UNDP, and other development partners.

## Conclusion

In the light of above discussion, it is concluded that poverty is hurdle in the way of national and international development. Reducing poverty in the world's poorest countries depends on a substantial effort from the countries themselves, especially in implementing reforms needed to improve economic performance. The millennium Development Goals (MDGs)-global targets for 2015 that the world's leaders set at a September 2000 summit meeting-are an ambitious agenda for reducing poverty. It is suggested that:

- The International community makes a concerted effort to help poor countries develop the institutional capacity needed to reach the MDGs.
- Sound macroeconomic policies, including a transparent and enabling domestic business environment and an efficient financial sector based on the rule of law, are fundamental. This requires effective macroeconomic management capacity, including legislative and regulatory abilities and debt management skills.
- Reduction poverty requires strong government financial management skills, multi-year expenditure programs, and effective expenditure monitoring.
- The need to raise revenue for development and poverty reduction calls for good tax administration skill.
- Improvement in statistical capacity are crucial for better poverty and social impact analysis and to facilitate more effective monitoring of countries' progress toward their development goals.
- Improvements in the capacity to deliver public services to the population, especially the poor, are crucial to translate both tax revenue and foreign aid into poverty reduction. Indeed, it will also be important in winning increased aid from donors. These measures are helpful to meet the Millennium Development Goals (MDGs) to eradicate the evil of poverty world over, particularly, from developing countries.

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