



PRESS RELEASE

Poverty is not decreasing as the World Bank claims, argues a civil society monitoring organization

New York, September 22 – On the eve of a UN presidential meeting on poverty reduction the mainstream consensus that globalization is reducing poverty around the world was challenged today by Social Watch, a network of 400 civil society organizations in 70 countries. The World Bank latest estimates, announced last August, claim that extreme poverty has been reduced by half in the last 25 years and that therefore the internationally agreed goals for 2015 can be met.

Social Watch published today a Basic Capabilities Index showing that since the UN Millennium Declaration was adopted in the year 2000, the satisfaction of basic social needs that characterize poverty situations is not progressing enough or even regressing in a majority of countries.

In the Millennium Declaration the heads of State and government of the world promised to “spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected”, and resolved therefore “to halve, by the year 2015, the proportion of the world’s people whose income is less than one dollar a day”. This commitment is the first of eight Millennium Development Goals.

The Basic Capabilities Index, made public today by Social Watch, provides a consistent general overview of the health status and basic educational performance of each country and is proven to be in close correlation to the measurement of other capabilities related to countries’ social development. Out of 176 countries for which Social Watch computed a BCI figure, only 21 register noticeable progress in relation to how they were in 2000. Other 55 countries show progress that is slight and slow, while 77 countries are stagnant.

UN Secretary-General Ban Ki-moon has highlighted that “the MDGs set time-bound targets, by which progress can be measured.”

The measurability of the MDGs is key to their success. Same as the Olympic Games base their appeal in the simple notion that all players abide by the same rule and a set of impartial referees and scorekeepers guard the integrity of “fair play”, the MDGs derive their capacity to motivate decision-makers and mobilize public support in their being time-bound and measurable.

In order to monitor progress towards the MDGs at a global level and country by country, the eight goals were subdivided in 48 indicators, ranging from the proportion of the population below USD 1 a day (adjusted by the purchasing power parity of their income) to the percentage of internet users. Since January 15, 2008 the list of indicators has been officially expanded to more than 60, so as to be able to include data on issues like employment that were not counted before.

In real life, though, for most of the developing countries there are no accurate or updated data for many, if not most, of those 60 indicators, and the set is too complicated for non-experts. Thus, the World Bank-defined poverty line of USD 1 a day became the de facto yardstick with which progress was being measured. In 2000 the figure of 1.2 billion people living in poverty was massively circulated and quoted indirectly by the heads of state themselves in the Millennium Declaration: “We will spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected.”

By October 2007 the number of people living in extreme poverty had been reduced substantially: “Nearly one billion people live on just USD 1 a day” said World Bank President Robert B. Zoelick in his address to the Board of Governors of his institution. By June 2008, the draft Accra Action Agenda on aid, authored mainly by donor governments and the secretariats of the World Bank and the OECD stated that “progress has been made. Fifteen years ago, one of every three people lived on less than one dollar a day; today, that figure has been reduced to one in five. Yet one billion people still live in extreme poverty”.

All of a sudden, in August 26, 2008 the World Bank announced that poverty estimates had been revised and the number of extremely poor people was actually 1.4 billion in 2005. An overnight increase of almost 50%! Yet, according to Martin Ravallion, director of the Bank’s Research Group, “the developing world is poorer than we thought but no less successful in the fight against poverty”. In order to substantiate such an optimistic view, the team led by Ravallion and Shaohua Chen revised the poverty figures all the way back to 1981 and claimed the previous estimates were mistaken. According to their reassessment, the proportion of poor people has been cut to half in the last 25 years and, therefore, it can still be reduced enough to meet the MDG number 1 by 2015.

Social Watch coordinator Roberto Bissio argues that the USD 1 a day indicator is the wrong indicator. But “even if the concept behind that indicator had been right, we know now that the estimates were wrong. And even if the new estimates and their recalculated history are right, the trend of the last years is not a forecast of the future”. The World Bank has indeed recognized that its August estimates “do not yet reflect the potentially large adverse effects on poor people of rising food and fuel prices since 2005”.

Using three simple indicators available for most countries in the world and averaging them in a way that any secondary school student can repeat, the national and international trends in the fight against poverty can easily and convincingly be assessed. The resulting picture is not rosy. “Policy makers need to understand that the credibility of their commitments relies, like in the Olympic Games, in honest scorekeeping, independent referees and rules that do not change in the middle of the game. An adverse half time result might be bad news for the coach, but it allows a change of strategies for the second half”, concludes Bissio.

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