
Chapter 1: Poverty Reduction in an Interdependent World

The UK and the Millennium Development Goals

1.1 In September 2008 governments, activists, businesses, and individuals came together at the United Nations in New York in a Call to Action to address global poverty. Over twenty years after images of suffering from Ethiopia sparked a public outcry and drove governments to action, this meeting was a testament to how far the world has come. In the years since that famine, the challenge of reducing poverty and the needs of the world's poorest people have been brought centre stage as never before.

1.2 No one should underestimate the task we face. Today 900 million people around the world will go to sleep hungry tonight.¹ Some 25,000 children will die today from easily preventable and treatable diseases.² And 1.4 billion people still live on less than \$1.25 a day – more than two-thirds of them are women and girls.³

1.3 But neither should we ignore the progress already made. The last 25 years have seen 500 million fewer people living in poverty despite the rapid growth in the world's population.⁴ Real incomes in the developing world have doubled.⁵ Two-thirds of countries

are now classified as electoral democracies.⁶ Health is improving – child mortality has almost halved, and life expectancy has increased by over five years.⁷ In the last decade alone deaths from measles in Africa have fallen by 90% and the number of children in developing countries out of school has dropped by 28 million.⁸

1.4 This has been no accident. These improvements are the result of the hard work of governments and people in developing countries: entrepreneurs who create businesses and jobs; doctors and nurses who go to work each day in difficult conditions for little money to vaccinate children and deliver basic health care; citizens, civil society organisations and women's rights activists who risk harassment or imprisonment for demanding more accountable and effective government.

1.5 But they also reflect an unprecedented effort on the part of some of the richest countries and international organisations, especially over the last decade, to address the problems facing the poorest people. Since the UN Millennium Summit set out a new consensus around reducing global poverty and the eight Millennium

Development Goals (MDGs) (see box and annex), powerful practical steps have been taken to address the problems of the poorest.

1.6 In 2002 the Monterrey Conference on Financing for Development struck a new bargain: developing countries would make faster progress on improving government,

Millennium Development Goals

Goal 1 Eradicate extreme poverty and hunger

- Halve, between 1990 and 2015: the proportion of people whose income is less than \$1 a day; and the proportion of people who suffer from hunger.

Goal 2 Achieve universal primary education

- By 2015: all children able to complete a full course of primary schooling.

Goal 3 Promote gender equality and empower women

- Eliminate gender disparity in all levels of education by 2015.

Goal 4 Reduce child mortality

- Between 1990 and 2015: reduce by 2/3 the under-five mortality rate.

Goal 5 Improve maternal health

- Between 1990 and 2015: reduce by 3/4 the maternal mortality ratio.

Goal 6 Combat HIV and AIDS, malaria and other diseases

- By 2015 halt and reverse the spread of HIV and AIDS.

Goal 7: Ensure environmental sustainability

- Integrate the principles of sustainable development into country policies and program and reverse the loss of environmental resources;
- Halve, by 2015, the proportion of people without access to safe drinking water, and basic sanitation;
- By 2020, improvement in the lives of at least 100 million slum dwellers.

Goal 8: Develop a global partnership for development

- Develop further an open, rule-based, predictable, non discriminatory trading and financial system.
- Official development assistance: address the special needs of the least developed countries.
- Market access: address the special needs of landlocked countries and small island developing states.
- Deal with the debt problems of developing countries in order to make debt sustainable in the long term.
- Others:
 - Implement strategies for decent and productive work for youth.
 - Provide access to affordable, essential drugs in developing countries.
 - Make available the benefits of new technologies.

while donors committed themselves to extra funding. And in 2005, against the background of the Make Poverty History campaign and the Live 8 concerts, the Group of Eight (G8) richest countries agreed in Gleneagles, chaired by the UK, to increase aid – doubling it for Africa – and provide additional debt relief.

1.7 The amount of aid has grown and is now better directed to what works. More than \$110 billion of debt has been cancelled, releasing money to be used for clinics, schools, clean water and essential infrastructure.⁹

1.8 The UK has been at the forefront of these improvements. Britain's aid budget has more than tripled since 1997 and now helps lift 3 million people out of poverty each year.¹⁰ And the UK has led the way not only in increasing investment, but in changing the way development is done.

“Since the Department was established in 1997, the UK has gained a reputation for international leadership on development. The UK is seen to offer a powerful model for development co-operation by the OECD.”

Civil Service Capability Reviews 2009:
Department for International Development:
Progress and next steps

1.9 The creation of DFID in 1997 was a crucial part of this transformation. Its mission of reducing poverty has been enshrined in law and backed by a government department with a seat in Cabinet. These changes have brought an international poverty focus to policy making across government. It has enabled the UK to build new relationships, new expertise, and new ways of working with partner governments and with those on the frontline. These have increased the effectiveness of development support, based on the recognition that developing countries are primarily responsible for their own development.

1.10 Most importantly, it has enabled the UK to move beyond simply giving aid to support genuine, stable and sustainable development.

1.11 Internationally too, the UK has played a role in raising the profile of poverty reduction and accelerating improvements in the way that developing countries are supported. The UK has actively promoted the MDGs as the guiding framework for development partnerships. In 2005 the UK used its Presidencies of the G8 and the European Union to press for the Gleneagles commitments on aid, trade and debt. And the UK worked closely with the UN Secretary-General to deliver the Call to Action campaign in 2008, championing the EU Agenda for Action and renewed commitment by the G8 to the MDGs.

1.12 Much has been achieved but this is no time for complacency. The world has changed profoundly. The combination of global recession, climate change and ever more complex and enduring conflict threaten to undermine the gains already made and put further progress at risk.

A different world: poverty reduction and our shared interests

1.13 The world is in the middle of the worst global economic downturn for 60 years. The volume of world trade has fallen at the fastest rate in over 40 years, and economic growth has stalled. In the UK people have lost their jobs and some their homes.

1.14 The downturn has had an effect on all of us. But the world's poor have been among the hardest hit. Lower levels of investment and money sent home from abroad have already cut annual financial flows to developing countries by over \$800 billion since 2007 – roughly six times global yearly aid flows. Some 30 to 50 million more people worldwide could lose their jobs in 2009 – and because of the global downturn up to 90 million people could remain in poverty and 400,000 more children could die each year.¹¹

1.15 It is difficult for numbers to convey the human cost. Lost jobs and cuts in services hit hardest those groups – including women, the young, old and the disabled – who live and work on the margins of society. Unless effective action is taken, the downturn will permanently set back progress in reducing poverty. It is not only one generation that will sink back into poverty – their children will also suffer for the rest of their lives. Girls taken out of school because their family can no longer afford it find it hard to return. Children who have too little to eat today will be physically and mentally stunted for the rest of their lives.

1.16 The impact of the economic crisis is a stark reminder that the gains made in moving toward the MDGs can be fragile. Even temporary setbacks to growth put a

halt to poverty reduction. The lesson from recent decades and the current crisis is clear. If countries do not grow, and grow consistently, they cannot reduce poverty sustainably. Increased priority must be given to ensuring the poorest countries enjoy growth that is resilient, inclusive and enduring.

1.17 But a focus on growth alone will not be enough. The crisis, and the experience of the years immediately preceding it have made it abundantly clear that unless the fundamental challenges of climate change and natural resource depletion and conflict are also tackled we will not be able to address the reverses of the last year, let alone make further progress towards the MDGs.

1.18 A **climate crisis** is already upon us. The world is getting hotter, rainfall patterns are changing and frequency and levels of flooding and droughts in some areas of the world are increasing. Climate change is a contemporary problem, not a future threat. Every country, rich or poor, faces serious and possibly catastrophic consequences, including extreme weather events, water shortages, environmental degradation, large-scale migration and a collapse of agricultural production.



Bangladesh: a rise in sea levels may permanently flood 6-8% of land by 2050, forcing several million people to relocate. (DFID – Chars Livelihoods Programme)

1.19 At current levels of temperature increase, by the end of the century there will be an extra 600 million people affected by malnutrition and 1.8 billion living in countries where water has become more scarce.¹² If sea levels rise by just one metre, a fifth of Bangladesh could disappear under water, displacing 30 million people.¹³ To meet the MDGs and to build a platform for genuine and sustainable progress demands intensified effort to find a global solution to climate change and to help developing countries address its causes and effects.

1.20 We will also need to give greater priority to our efforts to tackle the effects of **conflict and state fragility** on the poorest. Violent conflict and weak governance lie at the root causes of much poverty. Around a third of the 1.4 billion people below the poverty line today live in fragile countries, as well as half of the children who die before they reach their fifth birthday and half of the children who are not in primary school.¹⁴

1.21 Conflict and weak governance do not only cause poverty but also act as a brake on future growth. They force out the investment and entrepreneurship needed to help lift economies, create jobs and transform prospects for people. These are countries in which the international community finds it most difficult and expensive to work.



Kenya, Nairobi: rioters block a road in the Kibera slum. Supporters of the opposition Orange Democratic Movement (ODM) led protests against suspected vote rigging after disputed election results. (Panos – Frederic Courbet)

1.22 The provision of basic services also has a critical role to play. They are fundamental to people realising their rights and fulfilling their hopes for a better life. They are also vital to meeting the underlying challenges. Without education economies will not have the skills they need to innovate, grow and manage their environment. Without good health the burden of sickness will curb productive capacity and prevent families and communities from breaking out of the cycle of deprivation.

1.23 Strong public services are central to ensuring that everyone, particularly women, can take advantage of new opportunities, and protect themselves from changing threats.

1.24 The government remains committed to fulfilling its commitment to basic services. However, this alone will not be able to solve the challenge posed by growth, climate change and fragility. To do so we will also need to directly address their underlying causes.

A common cause

1.25 Building fair and sustainable growth, tackling climate change and promoting peace and stability are three challenges facing the world's poorest and most vulnerable people today. Unless all three are tackled the MDGs will be pushed far out of reach. This matters not just for the poorest, but for all of us. For we live in an interdependent world and our futures are tied together.

1.26 The evidence of interdependence is all around us in the products we consume, the holidays we take and the events and issues that have come to dominate our lives. A financial crisis caused by US sub-prime lending – itself fuelled by global financial imbalances – has destabilised our banks. A flu outbreak in Mexico has led to a pandemic around the world. State failure and radicalisation such as

in Afghanistan and Pakistan has brought terror to New York and London as well as Mumbai and Islamabad. Decades of rapid industrialisation in the USA and Europe has accelerated climate change: unsustainable growth in Asia could add to the problem.

1.27 For many, the moral imperative to end poverty is reason enough to act. As the world becomes richer and more sophisticated, we increasingly have the means to end poverty, and our excuses for failing to do so are becoming progressively more threadbare. But in the 21st Century, **development is not merely a moral cause, it is also a common cause.** The success and security of other countries profoundly affect our own success and security. Justice, security and prosperity are indivisible: none of us can fully enjoy them unless we all do. Building Britain's future and building our common future go hand in hand.



Mali: Dr Sidiki Toe with a new solar panel that will power a fridge and electric lights at the Kaara health centre. The electricity allows the doctor more time to see and treat patients in the evening. (Panos – Abbie Trayler-Smith)

1.28 Our **common prosperity** depends on shared, sustainable growth. Britain's fastest growing export markets are low and middle income countries. Today there are more middle income people in India than the entire population of the United States. We all suffer from weak financial regulation, the financial impact of imbalances in trade, and the action of tax havens.

1.29 Our **common security** depends on the emergence of stable and effective states around the world. Instability of fragile countries does not respect international borders. Eight of the top ten UK asylum applicant nationalities are from fragile countries.¹⁵ Shipping lanes have been disrupted by pirates based in Somalia, a country with a desperately weak government. Drugs destroy lives and communities in Europe and America and are increasingly transported through poorer countries with fewer means to control the traffic. Weak government and feelings of exclusion become breeding grounds for resentment and radicalism, threatening peace and security around the world.

1.30 We share our **common climate.** Unless steps are taken now, we will compromise our children's climate inheritance. The result will be more environmental refugees – with no way to continue living in their home country, but unwanted in other countries struggling to manage their own scarce natural resources. Large parts of low-lying countries will flood as sea defences come under pressure. The 2007 summer floods cost the UK about £3 billion.¹⁶ Unless we change, the costs to the economy from climate change will be more damaging than the current recession.¹⁷

1.31 Faced with the reality of interdependence, development is not only morally right, it is wise. The UK's National Security Strategy recognises that in tackling poverty, particularly through supporting stable, effective and responsive governance, we not only promote the security and development of poor people, but also help address the underlying drivers of conflict and fragility, which contributes to our own security.¹⁸ More effective states in poorer countries could make it more difficult for terrorist organisations to recruit from, train in and transit those countries.

1.32 The last White Paper in 2006 outlined these challenges and set us down the path to address them. But to cement progress we will need to go further. And this will require us to take some new approaches.

Development co-operation in a changing world

1.33 Meeting the challenges of interdependence requires a combination of measures to ensure the provision of services that promote fairness, well being and human rights with initiatives that attack the root causes of the three pressing crises the developing world faces. This will require a new approach to international development. Our objectives of poverty reduction and sustainable development will remain the same. With five years to go until 2015 the need to marshal our resources to make a final push in pursuit of the MDGs is more pressing. But we need to change what we do, where we do it and how we work.

1.34 **We will need to work in places where the international community has traditionally found it hardest to have an impact.** Conflict zones and fragile countries are difficult places to work, but it would be

a mistake to focus only on easy to reach people or places. Traditional approaches to development have sometimes proved expensive and can fail to address the root causes of fragility including preventing conflict and building the basis for durable stability. We must recognise the link between politics, security and development and the way these forces shape people's lives.

1.35 **We will need to work more internationally than before.** Climate change and its causes cross international borders and defy the ability of any single country to manage. International agreements on trade will be more important than ever for releasing the growth potential of developing countries. And tackling the causes of conflict and state fragility will need a degree of scale, resources and co-ordinated action that can only be provided at international level. The last decade has seen us work ever more closely with other donor countries, through an evolving network of international institutions. We will need to go even further in strengthening the support of, and investment in, international institutions if we are to achieve our goals.



Angola: a seamstress shows off one of her dresses made with the help of microfinance business schemes in Luanda. (Panos – Thomas Havisham)

1.36 The new challenges, and the changing landscape of global economic power with the rise of Asia, now call for different ways of working with a broader range of international partners and a fundamental change in the way our international institutions operate. We will need to work more through international institutions but combine greater support with a drive for change to make them fit for the future, linking resources to reform.

1.37 We will need to develop broader and deeper partnerships. Capable, accountable and responsive states are critical for development. Yet many of the challenges cannot be solved through state action alone. In fragile countries, alternative mechanisms and deeper partnerships with civil society organisations and faith groups are needed to reach the poorest people where an effective state does not exist, for helping to build institutions and for holding those institutions to account. Climate change will require support at international level and work with communities at local level. And promoting growth will demand partnership with, and encouragement of, vibrant entrepreneurs. We need to build on Britain's world class non-government sector, universities, and many thousands of active citizens who recognize international development as essential.

1.38 We will need to strengthen our working across government. These problems will require far more integration of our efforts across the UK government on areas such as state fragility, climate negotiations and trade deals.

1.39 And we will need to guarantee delivery and ensure that the money we spend counts. Working on harder problems and in harder places will mean that we will need to be even more watchful

to ensure that our investments produce the best results. The public is right to demand that we subject all our partners – and every pound we spend ourselves – to the highest scrutiny. But we also need to focus our efforts where we can have most impact and explain not only what we will do more of, but where we will do less.

1.40 Development co-operation is not charity – it is a partnership of mutual respect, in a common interest. This approach recognises our interdependence and the interdependence of our support to developing countries with other national objectives. Pursuing our common interest is not an add-on or an afterthought to British government policy – it is a common thread running through the way we approach global issues.

A path of opportunity

1.41 None of this will be easy. Britain could ignore these profound changes and try vainly to stave off threats to our future on our own, restricting foreign trade, closing our borders and building bigger flood barriers. But ultimately this is futile: unless we address the causes of these problems, we cannot protect ourselves from their consequences.

1.42 We need to do this because it is in the interests of millions of people around the world trapped in poverty and it is also in our national interest to help them. Our path forward should be guided by recognition that prosperity, security and justice can only be sustained when they are shared. This is an opportunity to build a future that commits us to:

- renew our belief in the moral imperative of poverty reduction and achievement of the MDGs.

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- promote the pursuit of human rights, improved governance and equity for all.
 - work with others who also crave a prosperous and secure future.
 - release the energy and potential of every person, wherever they live: men and women, young and old.
 - move to growth paths that will prevent further damage to our planet.
 - promote peace and states that will provide a secure future for millions of the most marginalised.
 - change the policies of rich countries that hold back or put at risk development, by fighting climate change, trade restrictions and corruption.

1.43 The financial crisis presents an unprecedented challenge to our dedication to development and our resolve to reduce poverty. But it also provides an opportunity to rethink our priorities and how to deliver them.

1.44 Helping the developing world to overcome its challenges is not only the right thing to do, it is also in all our interests. It will require us not only to meet our existing commitments, but also to make changes in the way that we work. This White Paper explains how we will do that.