



United Nations Research Institute for Social Development

# UNRISD

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BRIEF

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## Combating Poverty and Inequality

A set of social development goals agreed by world leaders at the Millennium Summit placed poverty reduction at the heart of the international development agenda. Ongoing crises, and the social unrest they generate, have now forced inequality into the centre of attention of national and global leaders. The level and pattern of inequality within and between countries is now widely recognized as the critical problem—hindering inclusive growth, undermining social cohesion and acting as a barrier to poverty reduction and thus the achievement of the MDGs. UNRISD research findings, based on an extensive inquiry that examined poverty and inequality from a developmental and social policy perspective, provide key lessons that need to underpin a transformative development agenda beyond 2015.

### From poverty reduction to sustainable and inclusive development

Contemporary poverty reduction strategies have paid insufficient attention to the lessons of history. They have increasingly focused on “targeting the poor”, to the neglect of key institutional, policy and political dimensions that may be both causes of poverty and inequality, and obstacles to their reduction. Evidence from countries that successfully reduced poverty over relatively short time frames shows that progress occurred principally through state-directed strategies combining economic development objectives with active social policies in ways that are mutually supportive. It also shows how poverty outcomes are shaped by complex interconnections of ideas, institutions, policies and practices across the social, economic and political spheres.

The UNRISD report highlighted three crucial elements for a sustainable and inclusive development strategy.

- **A renewed focus on employment**, with attention to patterns of growth and structural change (whether in the agricultural, industrial or service sectors) that generate and sustain jobs that are adequately remunerated and accessible to all, regardless of income or class status, gender, ethnicity or location.
- **Comprehensive social policies** that are grounded in universal rights, that generate a social contract for redistribution among citizens and their governments, and that are supportive of structural change, social cohesion and democratic politics.

- **Accountable states and active citizens**, with political arrangements that ensure states are responsive to the needs of citizens and that the poor or disadvantaged have influence in how policies are made.

### Key messages for a post-2015 agenda

**Economic growth is important, but alone it does not necessarily reduce poverty and inequality.**

**Employment represents a critical channel through which additional income generated by growth can be widely distributed throughout a population.**

Where poverty has been reduced successfully and sustainably, governments used policy interventions to facilitate employment-centred structural transformations of their economies. They invested substantially in infrastructure; channelled credit to specific productive activities; and pursued well-managed industrial and agricultural policies, as well as social policies that improved the skill levels and welfare of the population.

**Equality and redistribution matter for poverty reduction.** The MDGs do not directly address inequality. It is often assumed that absolute poverty or income level, rather than distribution, matter. However, high levels of inequality make it difficult to reduce poverty even when economies are growing; and poor countries are generally more unequal than rich ones. Poverty and inequality are part of the same problem. Inequality manifests itself in relation to class or income status, gender and ethnicity, and also across various dimensions, such as employment, earnings and access to social services. There is a strong case for redistributive

*High levels of inequality make it harder to reduce poverty even when economies are growing.*

*When a substantial proportion of a country's population is poor, it makes little sense to detach poverty from the dynamics of development.*



policies to address these dimensions of the poverty problem.

**Social policy is an integral part of the development strategies of countries that have transformed their economies and reduced poverty relatively quickly.**

A number of welfare policies are feasible and affordable for countries at fairly low levels of income. For social policy to be effective as a transformative instrument against poverty and inequality, it must transcend its residual role of safety net and engage with broad public policy issues of distribution, protection, production and reproduction. Successful countries have tended to invest substantially in education and skills development, as well as in health and social protection. Social policies must also address the unpaid work that goes into sustaining families, households and societies by investing in infrastructure and basic services, and thus reducing the unpaid care work done largely by women.

**The linkages between policies and institutions in the social, economic and political spheres must be recognized if poverty is to be fought effectively.**

Poverty reduction is not just about having the right economic policies; it is also about pursuing appropriate social policies and types of politics that elevate the interests of the poor in public policy. Similarly, policy coherence goes beyond effective implementation and coordination. Securing the benefits of potential synergies between policies requires conscious design of both economic and social policies, backed by sufficiently powerful coalitions to ensure their implementation.

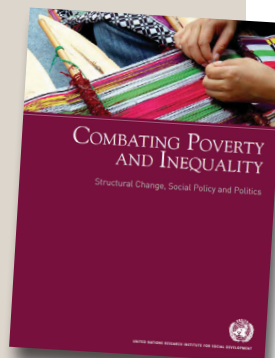
**Politics matters for poverty reduction.** The protection of civic rights, active and organized citizens, well-organized and representative political parties, and effective states with redistributive agendas are all important for sustained progress towards poverty reduction. The participatory framework of the PRSPs (often “consultation” without the power to effect real change) is of limited effectiveness in the

absence of these conditions. Strategies to reduce poverty and inequality require institutionalized rights that allow citizens to organize and contest public policies as autonomous actors; political parties that are embedded in broad social coalitions; social pacts that give a broad range of groups voice and influence in shaping development policies and outcomes; and democratic regimes that are sufficiently competitive to allow for periodic alternations in power and prevent ruling parties from becoming complacent.

**There is no one right way to reduce poverty.** Most countries that have successfully reduced poverty adopted heterodox policies that reflected their national conditions, rather than fully embracing market-conforming prescriptions. Countries and peoples must be allowed the policy space to adopt different models of development where aspects of livelihood and food security, land reform, cultural rights, gender equity, social policy and associative democracy figure prominently.

### Combating Poverty and Inequality: Structural Change, Social Policy and Politics

This report engages with current policy debates on poverty and inequality from a developmental and social policy perspective. It assesses a range of contemporary approaches to poverty reduction; identifies key institutional, policy and political issues overlooked in current poverty reduction strategies; and examines the contradictions, complementarities and synergies between policies and institutions in the social, labour market and macroeconomic spheres. (UNRISD, Geneva, October 2010)



The United Nations Research Institute for Social Development (UNRISD) is an autonomous research institute within the UN system that undertakes multidisciplinary research and policy analysis on the social dimensions of contemporary development issues.

Through our work, we aim to ensure that social equity, inclusion and justice are central to development thinking, policy and practice.

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*“The most important report of the past 20 years about poverty and inequality”*

-Timo Voipio  
Ministry for Foreign Affairs  
of Finland

## About Beyond 2015 Briefs

UNRISD's “Beyond 2015” Briefs contribute research-based insight and analysis to the dialogue around the post-MDG development agenda. They highlight key information in a concise format, with references to further in-depth reading, useful to policy makers, activists and academics alike.

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