SDG 1 – HLPF

CONTRIBUTION FROM FAO

For individual SDGs:

- **What is the current status of the Goal or target, in terms of actual measured progress and trends?**

Global extreme poverty declined significantly since 1990. Between 1990 and 2017, the number (and proportion) of people living below the international extreme poverty line (USD1.90 PPP a day) declined from 1.9 billion (36 percent of the population) to 696 million (9.3 percent of the population)[1]. However, the pace of poverty reduction had been slowing down in recent years, even before the COVID-19 pandemic.

Despite the progress in the reduction of extreme poverty, it is important to acknowledge that large parts of the global population had escaped extreme poverty only narrowly and could be classified as moderately poor (USD3.10 per day). Hence, they were at risk of falling back into it in the advent of an economic shock as the one we face today. In fact, progress in the reduction of poverty at higher international monetary poverty lines had been slower than the progress observed in extreme poverty.[2]

Multidimensional poverty, on the other hand, decreased in most countries in the last 20 years. In about 65 developing countries, home to 96 percent of the population of the 75 countries with available data, multidimensional poverty reduced significantly over this period[3].

Finally, a greater focus on rural areas is needed to achieve SDG1. Indeed, globally, around 80 percent of the extreme poor and 75 percent of the moderate poor live in rural areas.[4] The share of rural inhabitants in developing countries that live in extreme poverty is almost three times higher than the share of those living in urban areas,[5] and more than the double when considering moderate poverty.[6] Population growth in the poorest regions will continue to increase the number of poor residing in rural areas, and the global profile of extreme poverty will remain predominantly rural even after the pandemic. Therefore, addressing rural poverty is fundamental for the achievement of SDG1, as well as for most SDGs, with 70 percent of the targets requiring action in rural areas[7].

- **What has changed since the last time this Goal was reviewed at the HLPF?**
    - Any deviations in progress from what was expected (including due to COVID-19)?

The COVID-19 pandemic is estimated to push an additional 119 million to 124 million people into extreme poverty in 2020. Using the USD3.20 international poverty line, the additional poor are estimated to be 228

[1] World Bank. 2021. PovcalNet. http://iresearch.worldbank.org/PovcalNet/povOnDemand.aspx
[2] *Ibid.*
[3] OPHI & UNDP. 2020. Multidimensional Poverty Index - Report 2020. 1–52 pp.
[4] Castañeda, Andrés & Doan, Dung & Newhouse, David & Nguyen, Minh Cong & Uematsu, Hiroki & Azevedo, João Pedro, 2018. "**A New Profile of the Global Poor**," World Development, Elsevier, vol. 101(C), pages 250-267.
[5] Over 18 per cent of rural inhabitants in developing countries live in extreme poverty, compared to almost 6 per cent of urban residents. Castaneda et al. 2018.
[6] Ibid
[7] Carolina Trivelli and Julio A. Berdegué, Rural Transformation: Looking Towards the Future of Latin America and the Caribbean, 2030: Food, Agriculture and Rural Development in Latin America and the Caribbean, Document No. 1 (Santiago, Food and Agriculture Organization of the United Nations (FAO), 2019).

million. The total number of additional extreme poor may rise to as many as 163 million people during 2021, depending on the severity of the economic slowdown[8].

The impacts of COVID-19 on multidimensional poverty are expected to occur mainly due to increases in undernourishment and drop in school attendance, as well as disruptions to health services. Based on the increased deprivations in schooling and nutrition, it was predicted that, under a conservative scenario, the increase in deprivations caused by the COVID-19 crisis may set multidimensional poverty levels back by 9.1 years, with an additional 490 million people falling into multidimensional poverty in 2020[9].

- Additional obstacles or opportunities in implementation including through interlinkages with other Goals, and connections to related processes?

SDG1 and SDG2 are closely linked. From the point of view of food consumption, the ability of the poor in both rural and urban areas to achieve nutritious and healthy diets depends on their availability and affordability. Healthy diets are unaffordable for about 40 percent of the world's population, while about 20 percent of people cannot even afford a diet that simply meets required levels of essential nutrients.[10] The cost of a healthy diet is much higher than the international extreme poverty line, established at USD1.90 PPP a day;[11] therefore, eliminating poverty alone will not make healthy diets affordable for everyone. In addition, as a result of potential - and already observed - impacts of the pandemic on agri-food systems[12], an additional 83-132 million people were estimated to be added to the numbers of the hungry by the end of 2020.[13] This is in addition to the nearly 700 million people who were living in extreme food insecurity, even before the pandemic.

Beyond poverty, income and social inequalities directly affect the prospects of achieving sustainable food systems. Inequalities undermine the capacity of the economic system to reduce poverty, and ultimately hinder economic growth itself.[14] In this regard, addressing the multidimensional causes of poverty necessarily calls for addressing structural inequalities that prevent the poor and peoples leaving in vulnerable situations to participate to and benefit from development policies and economic growth, highlighting the interface between SDG1 and SDG10.

- New/promising openings for tracking progress, including from additional data sources?

Oxford's and FAO Rural Multidimensional Poverty Index can support member countries and partners in assessing different drivers of poverty in rural areas and design more effective policies to address those. Since 2020, FAO has also implemented a poverty marker in its project cycle, which is and will ensure the Organization better reports on and accounts for its work towards achieving SDG1.

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[8] Lakner, C., Yonzan, N., Gerszon-Mahler, D., Castañeda, A. & Wu, H. 2021. Updated estimates of the impact of COVID-19 on global poverty: Looking back at 2020 and the outlook for 2021. In: World Bank Data Blog [online]. https://blogs.worldbank.org/opendata/updated-estimates-impact-covid-19-global-poverty-looking-back-2020-and-outlook-2021

[9] OPHI & UNDP. 2020. Multidimensional Poverty Index - Report 2020. 1–52 pp.

[10] **Herforth, A., Bai, Y., Venkat, A., Ebel, A. & Masters, W.A.** 2020. *Cost and affordability of healthy diets across and within countries. Background paper for The State of Food Security and Nutrition in the World 2020*. Rome, FA

[11] Ibid

[12] The "agri-food system" covers the journey of food from farm to table – including when it is grown, fished, harvested, processed, packaged, transported, distributed, traded, bought, prepared, eaten and disposed of. It also encompasses non-food products that also constitute livelihoods and all of the people as well as the activities, investments and choices that play a part in getting us these food and agricultural products. Report of FAO Council CL166 (2021). http://www.fao.org/3/nf693en/nf693en.pdf.

[13] FAO, IFAD, UNICEF, WFP and WHO. 2020. The State of Food Security and Nutrition in the World 2020. Transforming food systems for affordable healthy diets. Rome, FAO.

[14] Birdsall, Ross and Sabot, 1995; Bourguignon, 2000; Ravallion and Chen, 1997

- What are promising strategies to accelerate action (by UN and partners) and to mobilize other stakeholders to advance implementation?

FAO, in close collaboration with the UN Department of Economic and Social Affairs, is leading the drafting of this year's Report of the Secretary General on Eradicating rural poverty to implement the 2030 Agenda for Sustainable Development. The report calls for countries to consider an inclusive, sustainable and healthy diet-oriented food system approach to rural development to reduce poverty and promote economic inclusion.

Eradicating poverty and promoting a rural development that leaves no one behind calls for multisectoral policy coordination among key ministries and stakeholders at national and local level, and renewed efforts in terms of financing such development and adressing climate change. In addition, producer organizations, family farmers and small-scale producers play a central role in fostering sustainable agricultural production and rural development. Public and private research institutions can contribute to raise productivity of nutritious foods and help reduce their cost, while enhancing access to innovative technologies. Such a multisectoral and partnership-focused approach at the country level is at the centre of FAO's Hand-in-Hand initiative. The HIH aims at reducing poverty by improving agricultural potential through investing in innovative, inclusive and productive value chains and building human capital.

- How would one monitor action for implementing these?

Advances in data generation and its creative use are closing important data gaps[15]. Methods that combine household survey data and remote sensing (GIS spatial) data (from satellites or drones) to profile poverty are becoming increasingly accessible and used by country governments to target interventions, including in rural areas. The response to COVID-19 is also accelerating the use of advanced (and digitalized) prediction techniques that use unconventional data sources.

Cross-cutting issues for SDGs 1, 2, 8 and 17

- How can increasing poverty and hunger be tackled while transforming economies and food systems towards increased resilience and lowered climate/environmental impacts?

Promoting the sustainable management of natural resources is urgent for two main reasons. First, because food systems account for a third of global greenhouse emissions. Second, the rural poor disproportionally bare the impacts of climate change, as the majority depend on agricultural activities based on access to natural resources and a predictable and favorable climate, and threatens food security and access to water, also menacing already fragile endowments by damaging infrastructure and eroding natural resources and ecosystems. Climate change poses enormous challenges for small-scale and family farmers, forest dependent people and affects fishers and fishing communities, who are directly exposed to coastal erosion, ocean acidification and floods. The rural poor also face more difficulty in adapting to climate change due to limited investment capacity to diversify or adopt climate resistant technologies. Indeed, according to the Global Humanitarian Assistance Report (2018), about 59 percent of the extreme poor live in vulnerable and fragile contexts due to climate change and conflicts, or both.

Particular attention has to be given to trade-offs between poverty eradication and natural resource management concerns. While climate change calls for the urgent transformation production and consumption patterns, if not carefully designed, policies could have negative implications for the rural

[15] World Bank, World Development Report 2021: Data for better lives. Washington, DC. Available at: https://www.worldbank.org/en/publication/wdr2021

poor's livelihoods, which need to be taken into account. For example, a shift towards a more sustainable economy could result in a net increase of approximately 18 million jobs across the world; however, there could be net job losses in the Middle East and in Africa due to the dependence of these regions on fossil fuel and mining, respectively.[16]

- How can economic recoveries be shaped to ensure more inclusive and sustainable patterns of growth that generate decent jobs and support carbon-neutrality and a better balance with nature?

Efforts in *building back better* from COVID and eradicating poverty must be aligned with the call for transforming agri-food systems. Indeed, it is not only crucial to feed a growing world with better nutrition; but a food systems approach to rural development also carries an enormous potential for poverty reduction in terms of the generation of employment opportunities and supporting a green recovery that addresses climate change and the sustainable managing of natural resources.

Globally, about 76 per cent of the rural workers who are extremely poor engage in agriculture. And more than 80 percent of the rural self-employed are informal. Moreover, it is estimated that approximately 2.7 billion people globally, more than a third of humanity, derive their livelihoods from small-scale food production.[17] It is also estimated that at least 4.5 billion people, almost six out of ten people in the world, rely on agri-food systems for their incomes, including those employed in food value chains, those self-employed and in family labor, and those in informal, migrant and seasonal wage labor.[18] These populations are largely affected by poverty, with over 1.2 billion rural people living in moderate to extreme poverty.[19]

Hence, working towards sustainable food systems implies working for and with the poor. Indeed, labor intensity of green growth is crucial for poverty eradication and for ensuring a just transition towards environmentally sustainable economies. Policies will require identifying green job opportunities for the poor in rural areas, and practices such as organic farming and local value addition through processing could offer income opportunities for the poor. However, some green practices will require a workforce with higher skills which will need to be fostered by public action and access to relevant pluralistic services through advisory, business and market support.

- How can food systems be transformed to deliver better nutrition for all, while improving their balance with nature?

Adopting a territorial approach for the transformation of food systems can benefit the strengthening of local agri-food systems by facilitating the access of consumers to local producers, promoting a sustainable local development and improving food and nutrition systems;[20] in addition, it builds on participatory mechanisms for the design of such policies and facilitates addressing environmental and economic shocks, while promoting a better access to essential services and infrastructure. Policies should aim at establishing short circuits of food commerce and commercialization by strengthening rural and urban linkages and developing spaces and infrastructure to promote *producers to consumers* market places, such as public markets, traditional market places and local grocery stores. The promotion of specific crops and value chains over

[16]ILO. 2018c. World Employment and Social Outlook: Greening with jobs. Geneva, ILO. 1–190 pp.
[17] Woodhill, J., Hasnain, S. & Griffith, A. 2020. What future for small-scale agriculture? Oxford, Environmental Change Institute, University of Oxford. 60 pp.
[18] UN. 2020. Eradicating rural poverty to implement the 2030 Agenda for Sustainable Development. Report of the Secretary General. New York.
[19] Castañeda, A., Doan, D., Newhouse, D., Nguyen, M.C., Uematsu, H. & Azevedo, J.P. 2018. A New Profile of the Global Poor. World Developmen
[20] Forster, T., Penagos, A., Scherr, S., Buck, L. & Ramirez, E. 2021. Territorial Approaches for Sustainable Development. Stocktaking on Territorial Approaches – Experiences and Lessons. Bonn, Germany, GIZ. 102 pp.

others, to be identified in partnership with relevant actors at territorial level, can lead to a bigger impact in poverty eradication, while also generating nutritional benefits.

In addition, investing in human capital is of fundamental importance to ensure food security and nutrition, which also has returns in terms of productivity. Indeed, while access to education is first and foremost a human right, a large body of evidence highlights that investing in education has a direct impact in the employability and productivity of individuals,[21] but also on enhancing food security and nutrition,[22] especially for children, adolescents and youth. Addressing the multifaceted challenge of malnutrition and lack of access to healthy diets calls for a systemic policy approach, with nutrition sensitive education, health, social protection and WASH policies. Successful country experience in poverty eradication, such as China, Viet Nam and Thailand, underscore the fundamental role of equalizing human capital assets.

- What are some ways to create fiscal space to combat poverty and hunger and respond to the COVID-19 crisis in ways that enable more inclusive, equitable, resilient and sustainable development?

A response to COVID-19 and a medium to long-term recovery will require substantial public fiscal space, as well as the support of private sector and increased ODA from countries. Yet, before the pandemic, in 2019, 25 countries already spent a higher ratio of total government expenditure on debt service than in social protection, health and education combined,[23] putting at risk the human capital of a whole generation, exacerbating poverty and pre-existing vulnerabilities in Sub-Saharan Africa in particular.[24]

One important source of funding for rural areas is climate finance directed for agriculture, forestry, and land use; yet, this only reached USD 20 billion per year in 2017/2018 or only 3 percent of the total tracked global climate finance for the period.[25] Within this amount, small-scale agriculture obtains about half, with close to USD 10 billion or 1.7 percent of the total climate finance. Considering that small-scale producers and rural dwellers are at the forefront of the climate change challenges, their support to adaptation and mitigation seems largely underfunded.

Investments in agri-food systems have to be geared towards reducing inequalities and promoting a more sustainable pattern of production that foster an enhanced used of natural resources and protect biodiversity, allow for more accessible healthy diets and reduce poverty. Such areas of investment include fostering more diverse commercialization schemes and markets and invest in policies that incentivize the production of healthy and nutritious food, ensuring accessible food prices for vulnerable and poor populations, for example through developing public procurement policies to balance the access of small-scale producers to consumers.

- How can transformations towards carbon neutrality also promote sustainable consumption and production?

Environmentally focused interventions that seek to enhance the benefits of ecosystems and local knowledge offer important opportunities for marginalized communities, particularly those relying on small-scale agricultural activities that will be largely left out of more industrialized and dynamic agricultural systems.[26] Climate related interventions should also create the necessary social and economic incentives for

[21] UNICEF. 2015. *The Investment Case for Education and Equity*. New York, USA, UNICEF. 140 pp.
[22] UNICEF. 2019. *State of the World's Children 2019: Children, food and nutrition*. New York, USA, UNICEF. 258 pp
[23] (2021). COVID-19 and the Looming Debt Crisis: Protecting and Transforming Social Spending for Inclusive Recoveries, *Innocenti Research Report* no. 01, UNICEF Office of Research - Innocenti, Florence
[24] UNICEF Eastern and Southern Africa Regional Office. 2020. *COVID-19: Upending Investments in Human Capital Across Eastern and Southern Africa. Social Policy Working Paper*. Nairobi, UNICEF ESARO.
[25] Chiriac, D. & Naran, B. 2020. *Examining the Climate Finance Gap for Small-Scale Agriculture*. Climate Policy Initiative. 60 pp.
[26] Barbier, E.B. 2020. Is green rural transformation possible in developing countries? *World Development*, 131: 104955.

communities to adopt climate-smart practices or foster the sustainability of restoration investments and the reversal of their impacts, including, for example, through the creation of strong forward and backward linkages between restored livelihoods and the rest of the economy.[27]

- How should these transformations also ensure that no one is left behind?

Given the extent to which the poor participate in agri-food systems, there is a need to transform them in a way that they can reduce poverty and inequality; on the other hand, reducing poverty and inequality is a precondition to achieve sustainable food systems because poverty and inequality are a cause of food insecurity, malnutrition, poor environmental management, economic exclusion, and lack of resilience. Hence, policy changes affecting the transformation of food systems will need to be designed and continuously monitored to ensure that the poor also benefit from growth and inequalities are reduced.

- What are the opportunities to be realized (and pitfalls to be avoided) in the immediate and medium terms towards these ends? How can international cooperation support?

The Secretary-General launched a Decade of Action in September 2019, urging countries, development partners, and society at large to scale up actions to deliver the Sustainable Development Goals by 2030, including a minimum set of investments to eradicate extreme poverty. In addition, the 2021 World Food System Summit, and its ongoing preparation, represent an important platform for all stakeholders to renew efforts to achieve SGD1 and SDG2 in particular.

Finally, it is worth highlight the significant expansion of social protection programmes to respond to the impacts of COVID worldwide. Countries and partners should seize the momentum to strengthen national social protection systems to expand coverage, including in rural areas, to eradicate poverty and hunger, but fundamentally to strengthen rural livelihoods and promote rural households' economic and social inclusion.

Food systems are an integral part of our societies, and therefore have a strong interface with social, economic, environmental and cultural systems; so societal inequalities yield inequalities in food systems. International cooperation should support policy changes s geared towards adopting a multisectoral approach to transforming food systems and reducing poverty, as both agendas require coherent and coordinated policies to achieve synergic impact, optimize the use and allocation of resources and guarantee transparency and accountability. Developing inclusive, gender and nutrition sensitive value chains is also of key importance. Finally, and transversal to value chains related interventions, a key set of socio and economic policies are central to address broader inequalities in access to social protection, decent labour opportunities and participatory mechanisms.

[27] Serraj, R. & Pingali, P., eds. 2019. *Agriculture & Food Systems to 2050: Global Trends, Challenges and Opportunities*. Singapore, World Scientific Publishing Co. Pte. Ltd. 678 pp.