

Goal 1. Eradicate extreme poverty and hunger

1.1. Introduction

The first Goal proposed during the Millennium Summit reflects the commitment of the international community to significantly decrease extreme poverty and hunger by 2015. This is the central objective of the Millennium Development Goals (MDGs) since it directly reflects the intentions expressed in the Millennium Declaration which includes two targets, the first addresses extreme poverty and inequality –Target 1A, formerly Target 1-, and the second target refers to hunger and malnutrition –Target 1C, formerly Target 2-.

By early 2008, and in the context of the revisions conducted by the United Nations to the list of official indicators for monitoring the MDGs, it was decided to add a new target to MDG 1 regarding employment, thus acknowledging it as a crucial instrument to overcome poverty and improve the living conditions of the population worldwide (currently Target 1B).

At present the MDG 1 consists of nine (9) official indicators. In recent years, ECLAC has produced a number of proposals to generate information from additional or supplementary indicators allowing a deeper analysis of the situation as well as to improve monitoring of MDGs in Latin American and the Caribbean countries.

The proposed indicators relate to two main topics. First, such indicators take into consideration the methodology used to measure poverty, which is mostly applied in the countries of the region and considers poverty lines based on basic household consumption baskets and secondly, the indicators address the importance of adding a gender perspective in the studies conducted on poverty.



Consolidated List of Targets and Indicators Goal 1		
Type of indicator	N°	Indicators name
Target 1A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day		
Official	1.1	Proportion of population below \$1 per day (1a)
Supplementary		Population living below the poverty and extreme poverty lines
Supplementary		Population without own individual income (by sex and age)
Supplementary		Poverty femininity index
Official	1.2	Poverty gap ratio
Supplementary		Gini Index
Supplementary		Poverty Gap ratio based on national poverty lines
Supplementary		Poverty Gap ratio by sex of head of household
Supplementary		Proportion of poor female-headed households
Official	1.3	Share of poorest quintile in national consumption
Supplementary		Individual income distribution in quintiles by sex, population aged 15 years and over
Target 1B: Achieve full and productive employment and decent work for all, including women and young people		
Official	1.4	Growth rate of GDP per person employed
Official	1.5	Employment-to-population ratio
Official	1.6	Proportion of employed people living below \$1 (PPP) per day
Official	1.7	Proportion of own-account and contributing family workers in total employment
Supplementary		Youth Unemployment rate, aged 15-24 years
Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger		
Official	1.8	Prevalence of underweight children under-five years of age
Official	1.9	Proportion of population below minimum level of dietary energy consumption

1.2. Progress Evaluation on MDG 1 in Latin America and the Caribbean

For the proposed Target 1A of halving the proportion of people living under extreme poverty from 1990 to 2015, the definition of "extreme poverty" is that of the World Bank, that is, to live with less than \$1 per day purchasing power parity (PPP). It should be mentioned that the World Bank is currently revising the definitions of poverty and extreme poverty, i.e. living with less than \$2 and \$1 (PPP) per day respectively, as in the current scenario those numbers seem to be insufficient thresholds to properly reflect both phenomena. New information from new price surveys shall be available to create new reference values for this indicator.

The region, in particular in Latin American countries, the methodology used for analysis and to measure poverty and extreme poverty is based on poverty lines defined by basic consumption baskets which are contrasted with data from household income. The former data component comes from household surveys which are periodically conducted in most countries of the region and which have a long history.

Both measuring methods have their own advantages. On one hand, the World Bank's poverty line allows the comparison in absolute terms of the diverse realities present in countries worldwide. On the other hand, the methodology of national poverty lines allows for measurements, which are more relevant to each particular context, thus being more useful in terms of designing public policies and monitoring the development of such indicators over time.

Except in some cases, the value of extreme poverty lines in Latin American countries exceeds in magnitude the line corresponding to \$1 per day.

As shown in table 1, the incidence of extreme poverty in Latin American countries is a phenomenon of heterogeneous character. Notwithstanding, on average, a decrease is observed for this indicator, from 22.5% in 1990 to 14.4% in 2005 (A. León, 2008¹).

Table 1 (indicator 1C)

Incidence of extreme poverty as per national poverty lines

Latin American Countries. By 1990, 1997, 2002, and 2005

(in percentage)

Countries	Year of estimates	1990	1997	2002	2005
Argentina (a)	1990, 1997, 2002, 2005	-	-	-	-
Bolivia	1989, 1997, 2002, 2004	-	37.2	37.1	34.7
Brazil	1990, 1996, 2001, 2005	23.4	13.9	13.2	10.6
Chile	1990, 1996, 2000, 2003	13	5.7	5.6	4.7
Colombia	1991, 1997, 2002, 2005	26.1	23.5	24.6	20.2
Costa Rica	1990, 1997, 2002, 2005	9.9	7.8	8.2	7
Ecuador	1990, 1997, 2002, 2005	-	-	-	-
El Salvador	1995, 1997, 2001, 2004	21.7	23.3	22.1	19
Guatemala	1989, 1998, 2002	42	31.6	-	30.9
Honduras	1990, 1997, 2002, 2003	60.9	54.4	54.4	53.9
Mexico	1989, 1996, 2002, 2005	18.7	22	12.6	11.7
Nicaragua	1993, 1998, 2001	48.4	44.6	42.4	-
Panamá	1991 y 1997, 2002, 2005	-	-	17.4	15.7
Paraguay	1994 y 1996, 2001, 2005	-	-	33.2	32.1
Peru	1997, 2001, 2003	-	25.1	24.4	21.6
Dominican Republic	2002, 2004	-	-	20.3	24.6
Uruguay	1990, 1997, 2002, 2005	-	-	-	-
Venezuela (Bolivariana Rep.)	1990, 1997, 2002, 2005	14.4	20.5	22.2	15.9
Subregions (b)					
Central America, Panama, and Dominican Republic	1990, 1997, 2002, 2005	-	27.9	27.5	27.6
Andean Countries	1990, 1997, 2002, 2006	-	24.2	25.1	20.5
Latin America	1990, 1997, 2002, 2007	22.5	19	19.4	15.4

Source: León, Arturo (2008). Progresos en la Reducción de la Pobreza Extrema en América Latina. Dimensiones y políticas para el análisis de la primera meta del Milenio. Anexo estadístico, cuadro 4.

Complementary to this, the MDGs consider a measurement of poverty "depth". The poverty gap is the difference between the average income of poor (or extremely poor) population and the poverty (or extreme poverty) line expressed as a proportion of the value of the former.

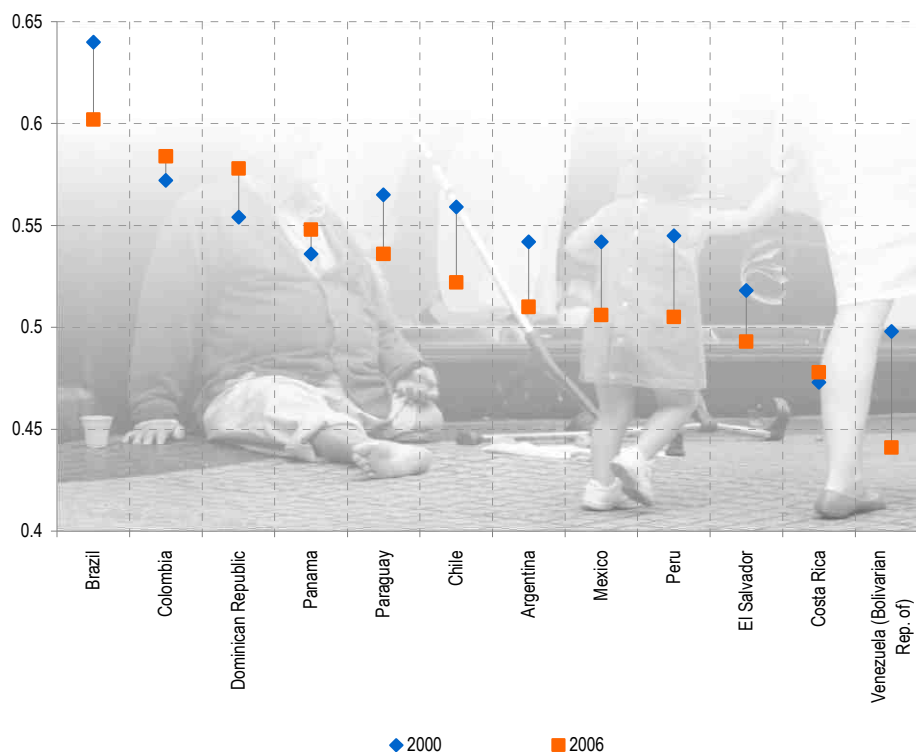
Moreover, another consideration is an indicator of income/consumption distribution of the population. The official indicator refers to the proportion of domestic consumption corresponding to the most impoverished quintile of the population. According to World Bank data², the Latin America and the Caribbean region is one of the regions with the highest rate of inequality, only comparable to Sub-Saharan Africa.

1 Source: León, Arturo (2008). Progresos en la Reducción de la Pobreza Extrema en América Latina (Progress in the reduction of Extreme Poverty in Latin America). Dimensiones y políticas para el análisis de la primera meta del Milenio (Dimensions and policies for analysis of the first Millennium Goal). Santiago, CEPAL, Naciones Unidas.

2 World Bank (2008), "World Development Indicators".

ECLAC has also proposed to consider the Gini Index as a supplementary indicator. For the Gini Index most of the countries have data available as it is a common measurement in studies for income distribution. Gini Index takes values from 0 to 1 where 1 corresponds to maximum inequality.

Chart 1 (Supplementary Indicator)
Gini Index
Latin American countries, 12 countries. 2000, 2006
(Index)



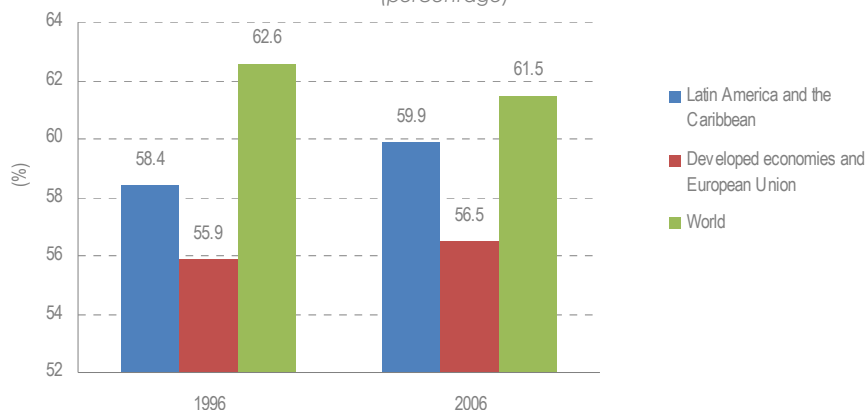
Source: Source: ECLAC on the basis of BADEINSO, Social indicators and statistics. Information download: september, 2008.

As shown in Chart 1, in most countries a decrease in the Gini Index is reported although of small magnitude.

The new Target 1B for employment considers four (4) official indicators. Gross Domestic Product (GDP) growth per individual employed, employment-population ratio, people employed with income below \$1 (PPP) per day, and self employed or working in a family business.

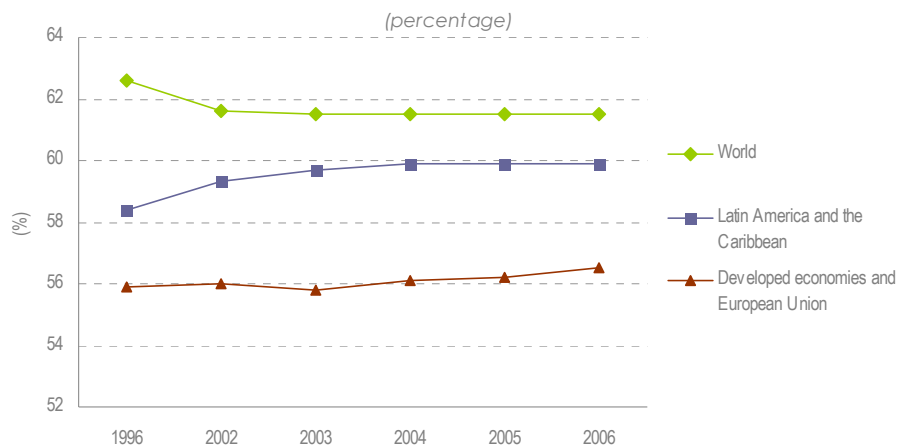
While it is true that these are new official indicators for MDGs, countries and the International Labour Organization (ILO) have been monitored them for a long time by. It is for this reason that information is available although the monitoring of those indicators will become more systematic in this context.

Chart 2 (indicator 1.5)
Employment to Population ratio. Population aged 15 and over
 Latin America compared to the world. 1996 - 2006
 (percentage)



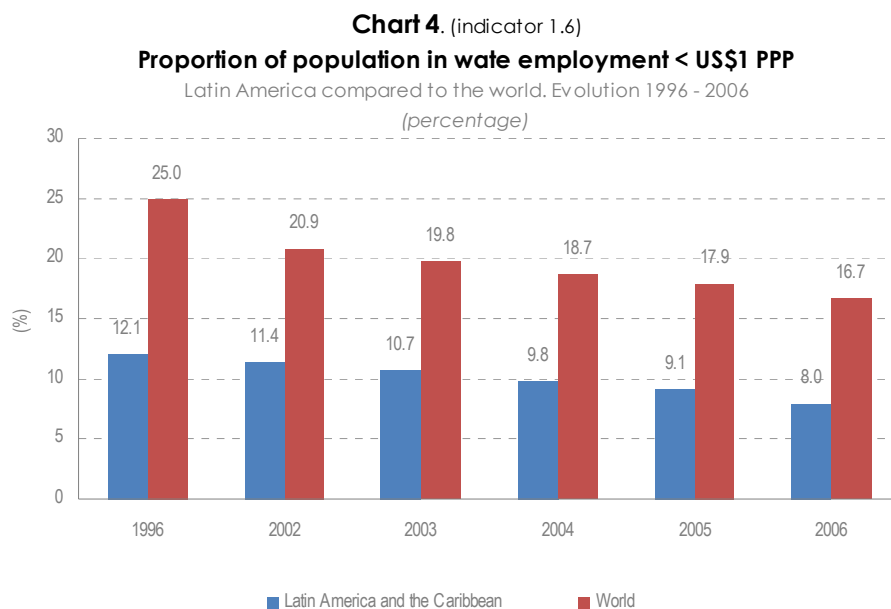
Source: ILO, International Labour Organization: Trends Labour Force Model (Key indicators of the Labor market - KILM)

Chart 3 (indicator 1.5)
Employment to Population Ratio. Population aged 15 and over
 Latin America compared to the world. Evolution 1996 - 2006
 (percentage)



Source: ECLAC on the basis of ILO, International Labour Organization: Trends Labour Force Model (Key indicators of the Labor market - KILM)

As shown in Charts 2 and 3, the employment-population ratio reaches almost 60% in Latin America and the Caribbean. This figure is greater than developed economies and European Union countries, and has been increasing during the last decade. However, this indicator does not provide any information about the quality of employment this population has access to. In consequence, other indicators such as poor workers, are considered. As shown in Chart 4, the proportion of workers with income below \$1 PPP per day amounted to 12% in 1996, figure that dropped to 8% in 2006.



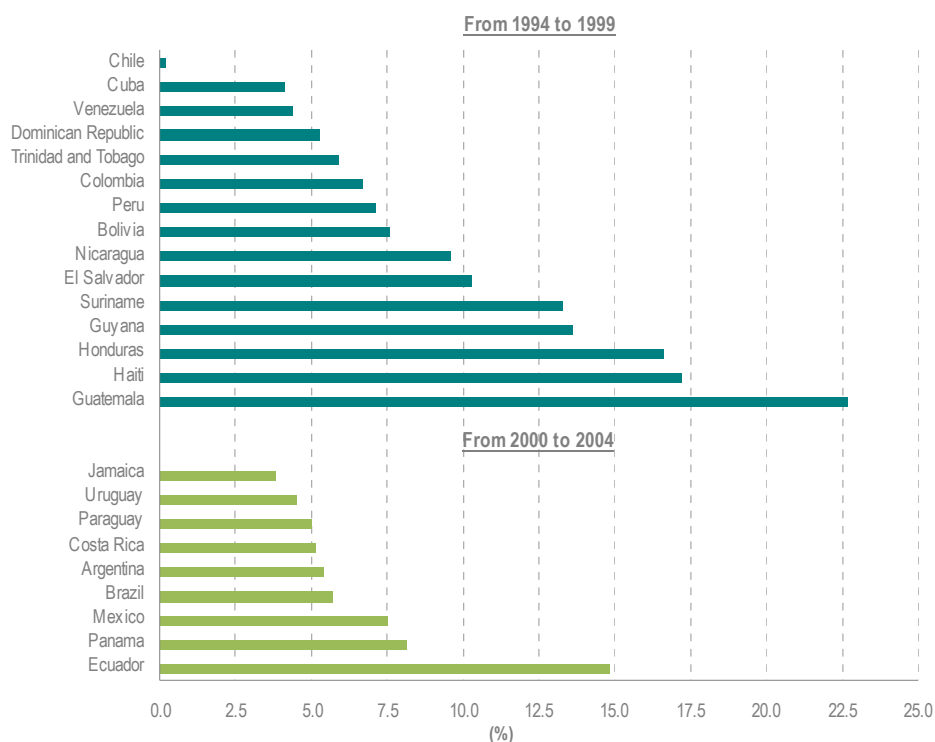
Fuente: ECLAC on the basis of ILO, International Labour Organization: Trends Labour Force Model (Key indicators of the Labor market - KILM).

Target 1C refers to the population whose food consumption is insufficient. It considers two (2) indicators, prevalence of underweight children under-five³, and proportion of the population below minimum level of dietary energy consumption.

In the case of children under-five, the regional situation is very heterogeneous. While is true that the region has made great progress in improving children's health, the problem still persists in several countries, with 15% or 20% of children considerably under the average weight for their age (see Chart 5).

³ Underweight is defined as a weight lower than 2 or 3 standard deviations below the average weight of the population for a given age group.

Chart 5 (indicator 1.8)
Prevalence of underweight children under-five years of age
 Latin America and the Caribbean countries. (From 1994 to 1999) and (from 2000 to 2004)*
 (percentage)



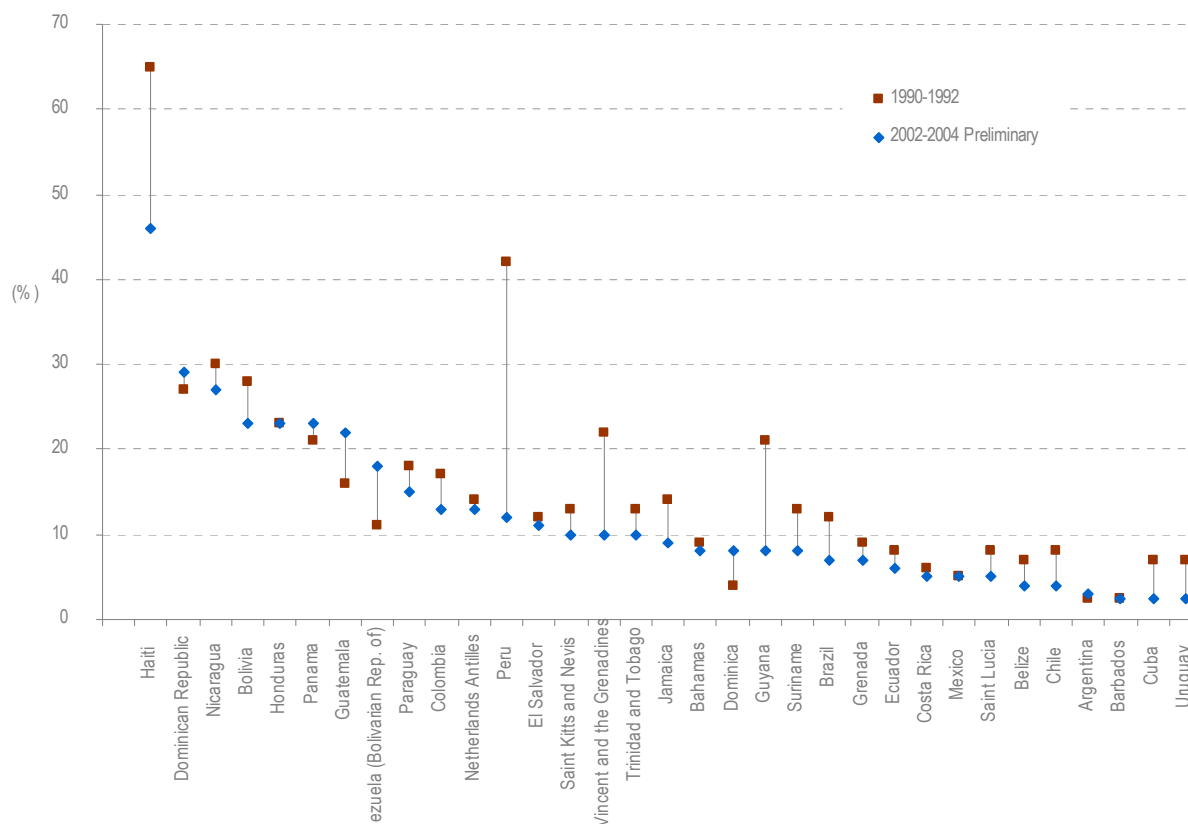
Notes:

* Data comes from Household surveys conducted in the countries in the following years: Argentina: 1995 - 1996; Bolivia, El Salvador: 2003 - 2004; Brazil: 1996; Chile: 2004; Colombia, Cuba, Guyana, Haiti, Peru, Suriname, Trinidad and Tobago, Venezuela: 2000; Costa Rica: 1996; Ecuador, Jamaica: 1999; Guatemala, Dominican Republic: 2002; Honduras, Nicaragua: 2001; Mexico: 1998-1999; Panama: 1997; Paraguay: 1998; Uruguay: 1994 - 1995.

Source: ECLAC on the basis of: WHO, World Health Organization. 2006. Global Database on Child Growth and Malnutrition. Information download: September, 2008.

On the other hand, the second indicator also shows a diverse reality. There are countries, for instance, such as Haiti where the proportion of the population with insufficient dietary consumption increased in almost 20 percentage points during 1990-1992 and 2002-2004, while other countries such as Mexico and Chile where the proportion has been low and has even decreased in the same period.

Chart 6 (Indicator 1.9)
Proportion of Population below minimum level of dietary energy consumption
 Latin America and Caribbean Countries
 (percentage)



Notes:

2.5 value = or < 2.5.

Source: ECLAC on the basis of: FAO Statistic Division. FAOSTAT Online database. Information download: September, 2008.

The Global Progress Report on MDGs 2008 emphasizes the multi-dimensional character of poverty and how sensitive this phenomenon is in the context of different countries. In particular, a reference is made to the increase in food prices and its likely negative effect on meeting this goal by 2015. Also, the importance of incorporating a gender focus in these areas as it is well accepted that women are more deeply affected by these phenomena.

Latin America and the Caribbean region are in a good position to reach the targets of MDG1. However, it will be necessary to continue supporting efforts to achieve them, especially in those countries that lag behind.