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Eradicating poverty and promoting prosperity in a changing world: How it affects countries in special situations: LDCs and LLDC

From MDGs to SDGs

Over the last fifteen years, the 48 LDCs have made impressive progress on social and economic indicators. More children have access to schools with higher gender parity, progress on various health indicators have also been recorded, more people have access to sanitation and drinking water and the number of people living in extreme poverty declined by half falling from **1.9 billion in 1990 to 836 million in 2015**[1]. Many countries have shown commendable economic growth through several factors such as high commodity prices, aid flows and access to international capital markets[2]. However as with all LDCs, including the ones which recently graduated or are in the process, challenges remain in the economic growth which is vulnerable to impacts of climate change, natural disasters and overall does not address the issues of equality.

If we take the case of Bangladesh we see that the country has achieved impressive economic development as evidenced by its recently 'graduation' to a Lower Middle Income Country when its per capita income (US$1,080) crossed the WB's threshold of US$1,045[3]. The major drivers of this economic performance are the thriving garment sector (around 13 percent of the GDP) and remittance from the migrant labor (around 8.5 percent of the GDP[4]). Boomed in the early 80s, the garment sector as the world's second largest exporters exported garments worth just over US$ 24 billion in 2013-14 employing some 4 million workers in 4536 factories[5]. However, this growth does not reflect the millions uncounted for from the unpaid care work performed by women. For LDCs and LLDCs, economic growth is even more challenging in the face of the impacts of climate change and natural disasters and although disaster risk reduction and resilience is a key feature of development and policy agenda now, the implementation of these remain a challenge.

In the case of Bangladesh, the economic growth has not been inclusive of job creation in the sense that while there has been growth, joblessness has also become prominent in the recent years. Despite economic growth achieved in the recent years, it failed to create enough jobs particularly since 2013[6]. This could be attributed to the lack of policies that does not ensure that growth benefits are distributed among the population. Further the growing inequality is not equally borne by all sections of the community. The burden of unpaid care work pushes women to take up jobs which offer them little safety and security, and thus for LDCs and LLDCs, feminization of poverty is common and this translates to further marginalization. This feminization of poverty in turn effects the country's disaster risk reduction and resilience building. The South Asian Women's Resilience Index, jointly developed by ActionAid International and the Economist Intelligence Unit, assess the country's capacity for disaster risk reduction and recovery and the extent to which women's needs are considered in national resilience building reveals that South Asian countries still have a long way to go in terms of women focused national resilience building.

It is important to recognize that the economic performance of LDCs and LLDCs is not independent of the broader economic conditions and is indeed acutely impacted by the economic activity of the industrialized and emerging economies. It is here that we must take into cognizance the issue of financing for achieving the SDGs. While the global savings of 22 trillion USD is more than enough to achieve the 2030 agenda, it must also be accepted that the flow of resources will be guided by the market and not necessarily on the demand for it. In addition to financial resources in the form of aid, innovation and reform aimed at establishing and nurturing new revenue streams is a must for LDCs and LLDCs. Traditional forms of aid, development assistance and international public finance will continue to be important, but alone they will not be sufficient to finance the ambitious SDGs. A greater role for the private sector – from microenterprises to multinational corporations (MNCs) – will therefore be vital: innovation from private businesses, along with stronger alignment between business and public goals, will be a crucial tool in leveraging the finance needed over the coming fifteen years.

Way-forward

While the development agenda encapsulates the 'whole society' approach, the translation of the agenda to policies is still somewhat male dominant. To make the critical change a feminist approach is required to realize the full potential of the society. An ActionAid study reveals that women in developing countries would be **9 trillion USD** better off if their pay and access to work was the same as men. Important point to note here is that this figure could be much higher as LDCs and LLDCs struggle with low wages. Specifically, the economic thinking needs a major shift to address women's economic equality through the following:

- Guarantee women's access to and employment of decent work opportunities
- Recognize, reduce and redistribute the unpaid care responsibilities that fall disproportionately on women
- Ensure that economic policies work for women, not against them, and the pursuit of growth at any cost
- Promote women's agency and leadership at all levels
- Ensure women's equality continue to be high on the agenda of SDGs
- Ensure knowledge and technological transfer without condition to LDC and LLDC with an emphasis on targeting young women and men

Linked to this, the second recommendation pertinent to realizing the SDGs, is financing. While LDCs and LLDCs recognize the need for financing to implement the SDGs, the progress and commitment for ODA is somewhat limited and the responsibility falls back on the country to generate the additional funding. Taking the case of Bangladesh, even though revenue growth in the country is constrained by low tax revenue ratio, "corporate tax" has remains an untapped area within tax structure. Therefore, increasing tax revenue depends on the extent the potentials of "corporate tax" is harnessed.

Evidence suggests that while large corporations can avoid paying taxes through abusive practice of tax treaties, small and medium sized companies and salaried workers are left to pay the tax bill.

Thus, shareholders benefit, whilst workers and smaller companies pay the bill. This creates inequality in the society[7]. In the context of Bangladesh, **85 million USD was given away through dividend tax breaks** while the prevailing reality is that **23% of the population (37 million people) is at risk of hunger, 49% of the of children in in primary school fail to complete a full five-years education, 43.3% people living in poverty**. Again, women and children bear the brunt end of inequality. When the government loses out revenue and key public services remain underfunded, women often fill the gap by providing unpaid labor and care which remains unaccounted for.

Concluding remarks:

Two years since the adoption of the SDGs, and we are still waiting for many of the words to be turned into action. Some great work has been done, but one area that is still falling behind is with the translation of the principles of inclusion, participation and collaboration. This is resulting in poverty reduction schemes, disaster risk reduction, and other activities being inappropriate and ineffective for those on the ground. We risk getting trapped with the "Clouds but little rain" again - where national governments are implementing policies, but the effects aren't trickling down to the bearers of risk. Unless policies are informed by the knowledge and capacities of local people, particularly women, we will struggle to meet the ambitious targets of the SDGs.

This requires more **systematic** collaboration between governments and communities to address barriers in addition to the financing of SDGs. 1) a lack of full understanding of the benefits of collaboration, 2) a lack of capacity to collaborate, and 3) a lack of accountability to collaborate. We need to work together to address these three barriers. We need a comprehensive study on collaborative mechanisms and approaches. We need investment into collaborative capacity building. And we need to monitor the extent to which local people, particularly young women and men, are being included.

While challenges persist, opportunities also prevail in the SDG Agenda. Essential building blocks have been laid out in the last fifteen years in terms of social and economic growth which countries, especially LDCs and LLDCs can leverage off. Growth that would ensure to 'leave no one behind' is an important reflection that economic growth should not simply reduce inequality but also target removing gender inequality, and taking targeted initiatives for young women and men.

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[2] Financing the SDGs in the least developing countries (LDCs): Diversifying the Financial Tool-box and Managing Vulnerability, May 2016, Joint publication by UNDP and AFD

[3] Rahman, Mustafizur and Bari Estiuaque (2017) The Political Economy of Change - Escaping the Middle-Income Country Trap: Perspectives from Bangladesh, a report prepared by the Centre for Policy Dialogue in partnership with Friedrich-Ebert-Stiftung Bangladesh Office, pp. 2.

[4] Remittance lowest in six years, The Daily Star, 03 July 2017, accessed 03 July 2017

[5] AtionAid (2015) Diversify and Conquer: Transforming Bangladesh into an Industrialized Economy, pp. 3-4.

[6] Job Scarce Despite Higher Economic Growth -CPD, Star Business Report, May 26, 2016.

[7] http://read.somo.nl/story/tax-free-profits/, TAX-FREE PROFITS: Welcome to the Geography of Tax Avoidance