



SDG 1: No poverty

End poverty in all its forms everywhere



With 193 governments coming together to agree a common framework to tackle 17 major world issues by 2030, business engagement to achieve them is seen as critical. So how do you understand the implications of the SDGs and prioritise them? How do you quantify and minimise the potential risks, and explore the opportunities?

This is an extract from PwC's Navigating the SDGs: a business guide to engaging with the UN Global Goals 2016 on SDG 1 No poverty. For more on the other 16 SDGs, go to www.pwc.com/globalgoals



What's the global challenge?

- The world succeeded in cutting the 1990 poverty rate in half by 2010, achieving the first Millennium Development Goal target five years ahead of schedule. Nevertheless, the number of **people living in poverty** remains unacceptably high: in 2012, 896 million people lived on less than \$1.90 a day.¹
- Poverty rates have declined in all regions, but the **rate of decline** has been **uneven**. East Asia achieved a dramatic fall in extreme poverty from 80% in 1981 to 7.2% in 2012 and South Asia saw a fall from 58% to 18.7% over the same period; but poverty in **Sub-Saharan Africa** still stood at 42.6% in 2012.²
- Poverty is not only an issue for the developing world and the principle of the SDGs, of leaving no-one behind, also applies to rich countries. Across the **OECD countries**, the average poverty rate (which is equal to the percentage of people whose income falls below the poverty line – defined as half the median household income) is 11.5%. This gives a measure of how widespread poverty is, defined by the respective national standard. The **US ranks 30th** out of the 34 OECD countries, with a **poverty rate of 17.4%**.³
- The poor are particularly **vulnerable to natural disasters, armed conflict, epidemics, economic shocks, food insecurity and climate change**. Such stresses often push those who have managed to get themselves out, back into poverty.
- The number of **people affected globally by disasters** has been increasing by an estimated 50,000 to 60,000 per decade since the early 1970s, with **250 million** affected per year over the last decade. Over **99% of deaths** already attributable to **climate-related changes** occur in **developing countries**, with children making up over 80% of those deaths.⁴

Why does it matter for business? And what can business do?

Poverty is both a risk and an opportunity for business

- ▶ Businesses that pay their staff wages that are below a living wage are at risk of **reputational damage**. Often it is staff employed indirectly via **contractors** who get the lowest pay. Increasingly, consumers expect companies to meet basic, minimum standards on pay, including for staff hired through contractors, and some are prepared to **vote with their feet** if they become aware of companies that do not. The pervasiveness of **social media** makes the exposure of issues more likely and the ensuing reputation damage potentially more devastating. On the upside, there is also evidence that higher wages can lead to **increased productivity**.⁵

? Do you pay all your staff a **fair or living wage** in all countries of operation? Do you require the same of **contractors**? Have you identified and addressed any potential **risks** relating to low pay in your operations? Do you track pay rates against productivity?

- ▶ Businesses are increasingly also considering fair pay in the context of their **supply chains**, both to manage potential reputational risk and as a **positive lever** for lifting people out of poverty.

? Do you include a living wage approach to **fair compensation** in your **supply chain policy**? Does this apply across the whole of your supply base? Have you assessed the reputational risk of not having such an approach?

- ▶ In recent years, an increasing number of companies are exploring **inclusive business** opportunities that bring benefits to their businesses as well as to the poor. 'Inclusive business models' are **commercially viable** and benefit businesses through **new markets, higher revenue, innovation and strengthened supply and distribution chains**. And they serve the poor by providing them with **access to products and services** as consumers, or by including them in the value chain as employees, suppliers or distributors, and empowering them through **skills development and earnings**.⁶ Often these business models incorporate an element of **microfinance or microcredit** as a key enabler for the poor to participate.

? What approaches are you using to support the poor to **access your products or services**? Would an **inclusive business model** help your company **access new markets** in developing countries? Have you considered how to include people from poorer communities in your **supply chain or distribution channels** and what business and social benefit this could deliver? What **partnerships** might help you do this?

You could also think about:

? Using **community investment** to help meet the needs of the poor, shaping your programmes so that they can be sustained when your support comes to an end and measuring the **social return on investment** to help you target your efforts for maximum impact.

? **Impact investment**⁷, i.e. investing corporate funds into projects that align with your company's **strategic objectives**, deliver **benefits to the poor**, and generate a **financial return** or, as a minimum, a return of capital.

Key links to other SDGs:



Goal 2 – Zero hunger: even though we are experiencing tighter world food markets, there is still enough food available. Many people are just too poor to afford it. Broad-based income growth is essential to reduce global hunger in a sustainable way.⁸

Goal 3 – Good health and well-being: poverty increases the chances of suffering from poor health by limiting, for example, the ability to access health services or treatments. Poor health can also stop people and their carers accessing work or education, trapping them in poverty.

Goal 5 – Gender equality: women with equal rights are better educated, healthier, and have greater access to land, jobs and financial resources. Their increased earning power in turn raises household incomes. And evidence shows that where women have greater involvement in household decision-making, children go on to have better prospects and higher well-being, reducing poverty in future generations.⁹

Goal 8 – Decent work and economic growth: job creation and improving employment for all helps address one of the key causes of global poverty – the lack of work. For many companies, their biggest impact on poverty will be through creating decent work and economic growth.¹⁰

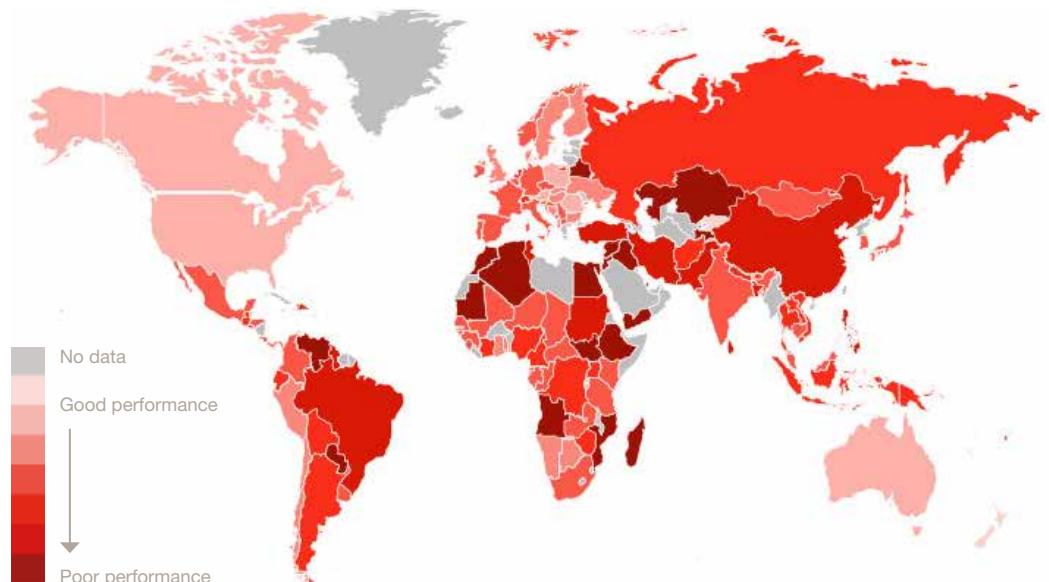
Goal 13 – Climate action: the poor are particularly vulnerable to climate change – building the resilience of communities to climate related hazards and natural disasters contributes to the achievement of target SDG 13.1 which is focused on resilience and adaptation at the country level.

**Targets
in focus**

This SDG has seven targets, the first of which is “By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day”. Target 1.4 is shown in the heat map. By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance. For details on the remaining targets, please see ‘Global Goals and targets’ on page 5.

The lie of the land – exploring the distance to cover to achieve

Target 1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance



Case Study

Company: Danone

Sector: Food Production

Region/country of impact:
Bangladesh

Aligns to: SDG 1 and SDG 17



Innovative partnership to address malnutrition and poverty

Global Challenge: Bangladesh is one of the world's poorest countries, 80% of its population live on two dollars a day and have no access to basic goods or services. One in two children suffer from malnutrition.

Business Response: Danone's mission, since it began has been "bringing health through food to as many people as possible". This vision was truly tested when Franck Riboud, CEO of Groupe Danone, met Muhammad Yunus, founder of Grameen Bank in 2005. This meeting led to the creation of Grameen Danone Foods Ltd (GDFL), the aim of which was to set up a small yoghurt plant in Bogra, Bangladesh, to promote local development and bring health to the community. GDFL was set up as a partnership and both parties contributed initial capital investment. GDFL developed a yoghurt which is enriched with zinc, iron, iodine, vitamin A, and accounts for 30% of a child's recommended daily nutrients; its brand name is "Shukti Doi" which means "strength yoghurt" in Bengali; and it is being sold at an affordable price to the local community. The milk for the production comes from local micro-farmers; and the yoghurts are distributed by a network of Rural Sales Women, commonly known as Jita. The business has a status of "social business enterprise", where any potential profits are spent on welfare of the local people and community development.

Benefits: The most important benefit is that the new yoghurts became a good supplement to children's diet and that it improved their overall health. Other benefits to the local people have included: employment for women distributing yoghurts; employment opportunities with fair wages and development of new skills for the plant workers; and for farmers – having a market for their milk.

This project offered Danone an opportunity to learn how to develop a low-cost nutritious product and how to sell to the poor, which they can now replicate in other parts of the world. They have also learned a new way of food fortification, which the company is now applying in their other brands e.g. Densia and Activia (which are also sold in Europe). In terms of new market entry strategy, starting up with a smaller scale operation in a new territory, proved to be easier and also less risky.

Source: Danone Communities

<http://www.danonecommunities.com/en/node/567>

<http://www.fastcompany.com/1734931/corporate-social-responsibility-how-you-can-profit-and-kick-poverty-out>

<http://content.time.com/time/magazine/article/0,9171,2010077,00.html>

<http://www.danonecommunities.com/en/project/jita>

Global Goals and targets

Please note 'Targets' are referenced as n.1 n.2 n.3 etc. 'The means of implementing the targets' are referenced as n.a n.b n.c etc.



Goal 1. End poverty in all its forms everywhere

- 1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day
 - 1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions
 - 1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable
 - 1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
 - 1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters
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- 1.a Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions
 - 1.b Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions

Sources

- 1 World Bank, Poverty: Overview webpage <http://www.worldbank.org/en/topic/poverty/overview>
- 2 World Bank, Poverty: Overview webpage <http://www.worldbank.org/en/topic/poverty/overview>
- 3 Kroll, Sustainable Development Goals: Are the rich countries ready? 2015 <http://bit.ly/1K4ACNc>
- 4 Webster, Mackinnon et al., The Humanitarian Costs of Climate Change, 2008 <http://fic.tufts.edu/assets/humanitarian-cost-of-climate-change-2008.pdf>
- UNICEF, Strengthening Resilience through Disaster Risk Reduction, 2014 http://www.unicef.org/post2015/files/Disaster_2pager_FINAL_web.pdf
- 5 Wolfers, J., and Zilinsky, J., Economists: Pay workers a living wage to increase productivity, 2015 <http://www.sott.net/article/291554-Economists-Pay-workers-a-living-wage-to-increase-productivity>
- 6 UNDP, Creating Value for All: Strategies for Doing Business with the Poor, 2008 <http://bit.ly/1WnRXZA>
- 7 Global Impact Investing Network, Impact investment webpage <https://thegiin.org/impact-investing>
- 8 OECD, Solving the food crisis, 2013 <http://www.oecd.org/agriculture/solving-the-food-crisis.htm>
- 9 UNDP, UNDP - Gender and Poverty Reduction webpage <http://bit.ly/1xRcquk>
- 10 PwC, Make it your business: Engaging with the Sustainable Development Goals, 2015 https://www.pwc.com/gx/en/sustainability/SDG/SDG%20Research_FINAL.pdf

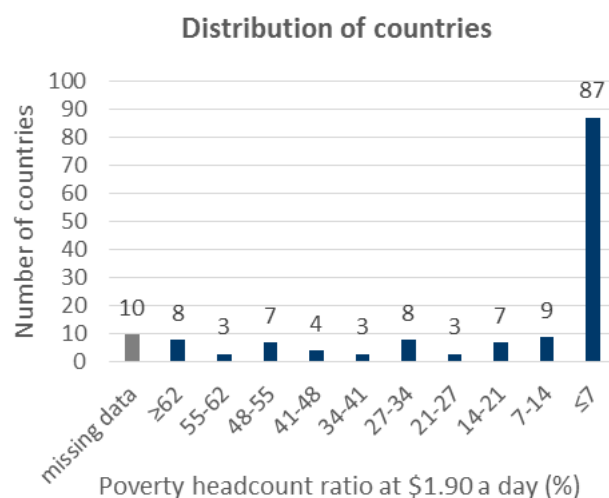
How well are countries performing against the indicators that sit behind the SDG goals and targets?

SDG 1 Indicator Profile: Poverty headcount ratio at \$1.90 a day
(NB. this table is from the SDG Index & Dashboards - Global Report)



Poverty headcount ratio at \$1.90 a day (%)

| Country | Value/Rating | Country | Value/Rating |
|----------------|--------------|------------------------|--------------|
| Argentina | 0* ● | Spain | 0* ● |
| Australia | 0* ● | Sweden | 0* ● |
| Austria | 0* ● | Switzerland | 0* ● |
| Azerbaijan | 0 ● | Trinidad and Tobago | 0* ● |
| Belarus | 0 ● | Ukraine | 0 ● |
| Belgium | 0* ● | UAE | 0* ● |
| Canada | 0* ● | UK | 0* ● |
| Chile | 0* ● | USA | 0* ● |
| Croatia | 0* ● | Uruguay | 0* ● |
| Cyprus | 0* ● | Venezuela | 0* ● |
| Czech Republic | 0* ● | Bosnia and Herzegovina | 0.1 ● |
| Denmark | 0* ● | Iran | 0.1 ● |
| Estonia | 0* ● | Jordan | 0.1 ● |
| Finland | 0* ● | Moldova | 0.1 ● |
| France | 0* ● | Serbia | 0.1 ● |
| Germany | 0* ● | Thailand | 0.1 ● |
| Greece | 0* ● | Malaysia | 0.3 ● |
| Hungary | 0* ● | Turkey | 0.3 ● |
| Iceland | 0* ● | Mongolia | 0.4 ● |
| Ireland | 0* ● | Mauritius | 0.5 ● |
| Israel | 0* ● | Albania | 1.1 ● |
| Italy | 0* ● | Macedonia | 1.3 ● |
| Japan | 0* ● | Costa Rica | 1.7 ● |
| Kazakhstan | 0 ● | Jamaica | 1.7 ● |
| Korea, Rep. | 0* ● | Montenegro | 1.7 ● |
| Kuwait | 0* ● | Sri Lanka | 1.7 ● |
| Latvia | 0* ● | Tunisia | 2 ● |
| Lithuania | 0* ● | Bulgaria | 2 ● |
| Luxemb. | 0* ● | Bhutan | 2.2 ● |
| Malta | 0* ● | Paraguay | 2.2 ● |
| Netherlands | 0* ● | Dominican Republic | 2.3 ● |
| New Zealand | 0* ● | Armenia | 2.4 ● |
| Norway | 0* ● | Mexico | 2.7 ● |
| Oman | 0* ● | Kyrgyzstan | 2.9 ● |
| Poland | 0* ● | Panama | 2.9 ● |
| Portugal | 0* ● | Morocco | 3.1 ● |
| Qatar | 0* ● | Vietnam | 3.2 ● |
| Romania | 0 ● | El Salvador | 3.3 ● |
| Russia | 0* ● | Peru | 3.7 ● |
| Saudi Arabia | 0* ● | Ecuador | 4.4 ● |
| Singapore | 0* ● | Tajikistan | 4.7 ● |
| Slovakia | 0* ● | Brazil | 4.9 ● |
| Slovenia | 0* ● | | |



| Country | Value/Rating | Country | Value/Rating |
|---------------|--------------|------------------|--------------|
| Colombia | 6.1 ● | Bangladesh | 43.7 ● |
| Cambodia | 6.2 ● | Gambia | 45.3 ● |
| Bolivia | 7.7 ● | Tanzania | 46.6 ● |
| Gabon | 8 ● | Mali | 49.3 ● |
| Pakistan | 8.3 ● | Niger | 50.3 ● |
| Nicaragua | 10.8 ● | Sierra Leone | 52.3 ● |
| Mauritania | 10.9 ● | Benin | 53.1 ● |
| China | 11.2 ● | Nigeria | 53.5 ● |
| Georgia | 11.5 ● | Haiti | 53.9 ● |
| Guatemala | 11.5 ● | Togo | 54.2 ● |
| Philippines | 13.1 ● | Burkina Faso | 55.3 ● |
| Nepal | 14.9 ● | Lesotho | 59.7 ● |
| Sudan | 14.9 ● | Rwanda | 60.3 ● |
| Indonesia | 15.9 ● | Zambia | 64.4 ● |
| South Africa | 16.6 ● | CAR | 66.3 ● |
| Cabo Verde | 17.6 ● | Liberia | 68.6 ● |
| Botswana | 18.2 ● | Mozamb. | 68.7 ● |
| Honduras | 18.9 ● | Malawi | 70.9 ● |
| India | 21.3 ● | Congo, Dem. Rep. | 77.2 ● |
| Namibia | 22.6 ● | Burundi | 77.7 ● |
| Ghana | 25.1 ● | Madagascar | 81.8 ● |
| Congo, Rep. | 28.7 ● | Afghanistan | n/a ● |
| Cote d'Ivoire | 29 ● | Algeria | n/a ● |
| Cameroon | 29.3 ● | Egypt | n/a ● |
| Lao PDR | 30 ● | Guyana | n/a ● |
| Angola | 30.1 ● | Iraq | n/a ● |
| Uganda | 33.2 ● | Lebanon | n/a ● |
| Ethiopia | 33.5 ● | Myanmar | n/a ● |
| Kenya | 33.6 ● | Suriname | n/a ● |
| Guinea | 35.3 ● | Yemen | n/a ● |
| Senegal | 38 ● | Zimbabwe | n/a ● |
| Chad | 38.4 ● | | |
| Swaziland | 42 ● | | |

Source : World Bank (2016). Years : 2009-2013. Detailed metadata and quantitative thresholds used for each indicator are available online at www.sdgindex.org. Data refer to the most recent year available during the period specified.

* Assumed to be 0% (see Annex 1 for details)

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