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# Obstacles in efforts to cut global poverty

THE global economic crisis has slammed efforts to cut poverty worldwide, but plans are still on track to meet a key goal by 2015, the World Bank said.

However, elsewhere in the fight to improve conditions in poor countries, the picture was less rosy.

"The global economic crisis has slowed the pace of poverty reduction in developing countries, and is hampering progress toward the other Millennium Development Goals (MDGs)," the bank's Global Monitoring Report 2010 said.

It estimated the crisis will leave 53 million more people in extreme poverty five years from now than would have been the case otherwise.

The United Nations has identified eight goals that range from halving extreme poverty to halting the spread of HIV/AIDS and providing universal primary education, by the target date of 2015.

Hunger, child and maternal health, gender equality, access to clean water and disease control were all affected by a global slump that worsened after the collapse of US investment bank Lehman Brothers in 2008, the report said.

"The financial crisis was a severe external shock that hit poor countries hard," a statement quoted IMF deputy

managing director Murilo Portugal as saying.

"The crisis struck just when developing countries were making significant strides, especially on poverty," Delfin Go, a World Bank economist who was the report's lead author told a press briefing after the report's release.

"Poverty rates were falling in all regions, even in Africa the rate was falling about one per cent a year," he noted.

Portugal said progress made in the 1990s had reduced inflation, strengthened government finances and gave them better access to private capital markets.

"All those efforts prior to the crisis paid off," he told the press briefing. "It meant that countries were in a stronger position to respond to the crisis."

As a result, the estimated 920 million people who will likely be extremely poor in 2015 should represent a cut nearly of nearly 50 per cent from the 1.8 billion in such conditions in 1990, the World Bank noted.

"Based on these estimates, the developing world as a whole is still on track to achieve the first MDG of halving extreme income poverty from its 1990 level of 42 per cent by 2015," it said.

Asia has done a particularly good job of reducing extreme poverty, and has already seen the rate of extreme poverty plunge from nearly 55 per cent of its population in 1990 to just under 17 per cent in 2005.

That level is expected to fall to 5.9 per cent in 2015.

But World Bank chief economist Justin Yifu Lin warned that while things were looking up on the anti-poverty front, progress in other indicators, including health indicators, had fallen behind.

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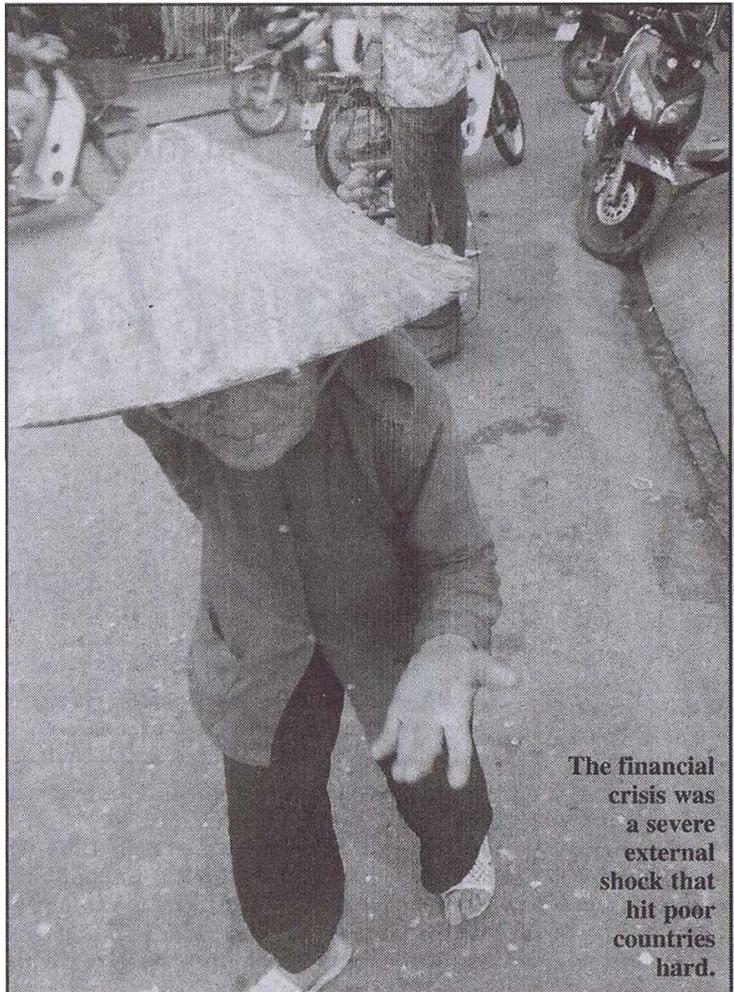
"We will not reach most targets" by 2015, he acknowledged.

The report called for more aid in addition to 234 billion dollars in commitments from the IMF, World Bank and other international financial institutions.

The international aid organization Oxfam called the findings "a wake-up call for the international community."

Oxfam said that G20 and other donor countries had "renege on aid commitments this year," forcing poor countries to resort to domestic borrowing to finance spending.

"Now they are cutting spending prematurely to avoid a new debt crisis," the aid group said, before warning that "the biggest impact of the crisis for the world's poorest people is yet to come."



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