

HALF-TRUTHS, LIES AND POVERTY

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Since the Millennium Development Goals (MDG) were first set by the United Nations in the year 2000, much attention has been given to those pursuing the issue of poverty. Mohammed Yunis was awarded the Nobel Peace Prize in 2006 for his novel work through Grameen Bank, and Jeffrey Sachs, an influential academic at the Earth Institute in Columbia University, New York, appeared on the cover pages of major magazines describing what he considers as an effective strategy to end poverty. Even Bono, a highly acclaimed pop artist, entered the scene along with former president Bill Clinton to raise substantial money from governments for poverty programmes.

Undoubtedly, these and other well-known individuals and institutions must be credited for their efforts in tackling the world's largest and most pressing problem – poverty. But when they make assertions and projections that are either incorrect or unrealistic, the credibility and confidence of all efforts are affected. For example, Jeffrey Sachs wrote and promoted his programme claiming that poverty can be brought to an end in a short period if only sufficient money can be raised to implement his ideas; Yunis asked his admirers to quickly look for a plot to bury poverty – a premature death as a result of microcredit programmes worldwide. Since these pronouncements, the number of poor people in most developing countries (outside China) has in fact increased.

It is not just reputed individuals who are guilty of making these inaccurate or unrealistic claims and assertions to promote their own agenda and programmes. For many years until 2008, the World Bank has been saying that poverty has steadily declined over the past two decades, implying that the programmes supported by their extensive funding have contributed to this accomplishment. This claim is supported by the bank's pre-2008 published statistics that showed a decline in poverty rate to 21.4 percent in 2005 from 25.9 percent in 1999 for all developing

countries excluding China. But the bank failed to give sufficient importance to the fact that the number of people in poverty has in fact increased over the same period in most developing countries – a reflection of population increase proceeding at a faster pace than poverty decrease.

It was not just insufficient emphasis for a single statistic that was the mistake. Under pressure from many circles, the World Bank acknowledged in late 2008 higher levels of poverty than previously reported. The bank changed its view of poverty around the world by defining extreme poverty as living below \$1.25 per day from \$1.08 previously, adjusting for purchasing power parity. By this new yardstick, 1.4 billion people were seen to be living in extreme poverty — more than 28 percent of the population of all developing countries excluding China as of 2005. This reflects an upward revision by over 30 percent in the number of extremely poor people. Those living in extreme poverty as well as within the definition of \$2 per day actually increased in India, South Asia and Sub-Sahara region between 1999 and 2005. This significant adjustment raises questions on the reliability of important statistics put out by the world's leading poverty fighting institution.

Look at another example. For the past two decades, microfinance institutions have been claiming that they lend small amounts of money to the poor, especially women, who are able to start new businesses and come out financially successful as entrepreneurs. Many have described these for-profit ventures as the long-sought panacea to eliminate poverty. Microfinance companies have been able to attract substantial funds from philanthropic-minded investors and even major institutions such as the United Nations and several developmental banks based on their claim that the loans are mostly to the poor and 99 percent of the borrowers are able to repay the loans. These assertions were not questioned adequately by even those who call themselves developmental experts, but now the truth is slowly coming out. It is increasingly clear that the recipients of loans are mostly those well above the \$2 poverty level, and the high repayment rate is facilitated by their increased borrowing from local money lenders at exorbitantly high interest rates. There is very little evidence that these loans have made any noticeable impact on poverty.

In recent years, there has been considerable excitement among academicians and investors on the idea of social entrepreneurship to alleviate poverty. These institutions, many of them microfinance companies and small entrepreneurial ventures, argue that they directly serve the so-called "Bottom of the Pyramid" – those who belong to an untapped market segment wherein savvy businesses can earn attractive profit, while claiming to help the poor.

Once again, as researchers started looking into these claims, it became clear that hardly any of these social enterprises directly serve people who are below \$2 per day in income. Soon, the attempt to redefine the Bottom of the Pyramid started. The World Economic Forum restated this segment as those earning below \$8 per day, while some others expanded the definition to include even those earning below \$13 per day, yet still claiming that the poor are served. When nearly 75% of the population in countries like India and the entire sub-Saharan Africa earn less than \$2 per day, these even broader definitions are including almost everyone within the poor category; only the affluent are excluded. Such misstatements and inappropriate definitions impede efforts to achieve poverty reduction.

I can go on with many more examples of assertions that are not sufficiently supported by evidence in the poverty alleviation arena. Let me conclude this critique with examples of recent projections being put out by two of the highly reputed institutions in the world. According to Global Fund of the United Nations, current efforts to reduce malaria deaths, and the billions of dollars being spent on it, will result in eliminating malaria in successive countries from 2015. This implies saving nearly 1 million lives each year – the current rate of deaths from malaria – over the coming decade or so.

But when you closely examine the available data, there is no clear evidence that the present programme is eradicating malaria, though treatment programmes have been more effective. In order to prevent malaria, there are only three possibilities: first, eliminate all malaria-carrying mosquitoes; second, avoid all mosquito bites; third, discover a vaccine that can protect against malaria. The other choice is to ensure effective treatment of all those

who are infected so that death from malaria can be practically eliminated. The truth is that none of the above can be accomplished in the foreseeable future, let alone by 2020.

There is no initiative to eliminate all malaria carrying mosquitoes – an impossible task. The current effort, on the other hand, including those funded by the Gates Foundation, focuses mainly on offering mosquito nets for protected sleep, cost-effective treatment for those infected, and possibly finding a vaccine to prevent infection. But mosquito nets offer nothing more than a comfort time zone for a good night's sleep and do not have any relevance to mosquito bites inside and outside the home. Cost-effective treatment can be a big relief, but it does not reduce the incidence of malaria. As for the likely discovery of a vaccine by 2015 to protect against infection, it is far from certain that all the people in over 103 countries where malaria is prevalent can be vaccinated in five years, if not decades. In the face of these realities, it would be more prudent on the part of those combating malaria to express modest expectations.

These are depressing enough facts. I will be remiss if I neglect to say that all these individuals and institutions that are probably guilty of not presenting accurate accounts are also the ones that are doing some of the best work towards poverty alleviation. However, it would be far more constructive if they avoided the pitfalls of half-truths and outright lies when promoting their ideas and programmes.

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