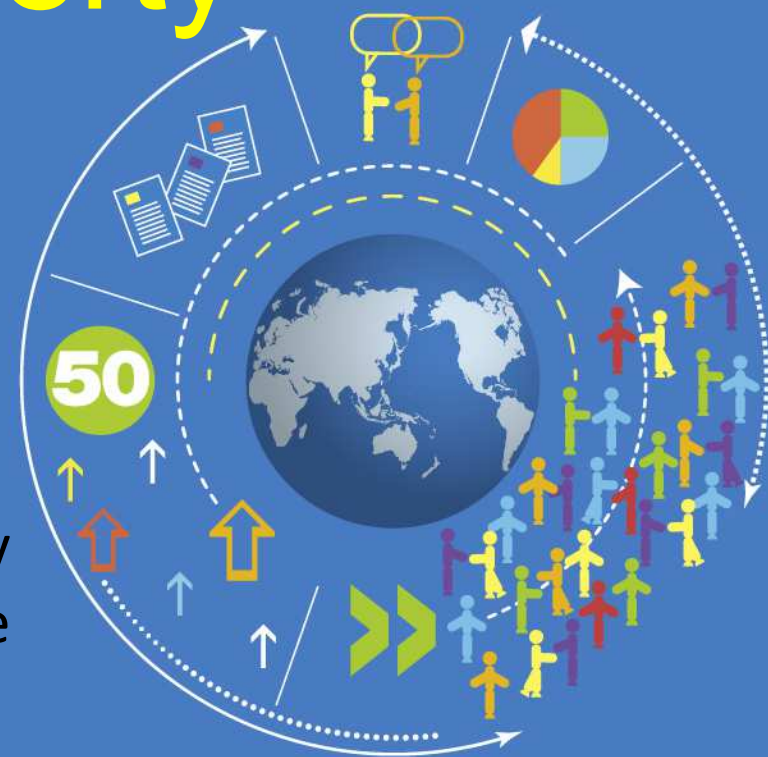


Enhancing Social Cohesion as a Means of Sustainable Poverty Eradication

Strategies for Eradicating Poverty
UN Headquarters, New York, 8-11 May.

Alexandre Kolev
OECD Development Centre

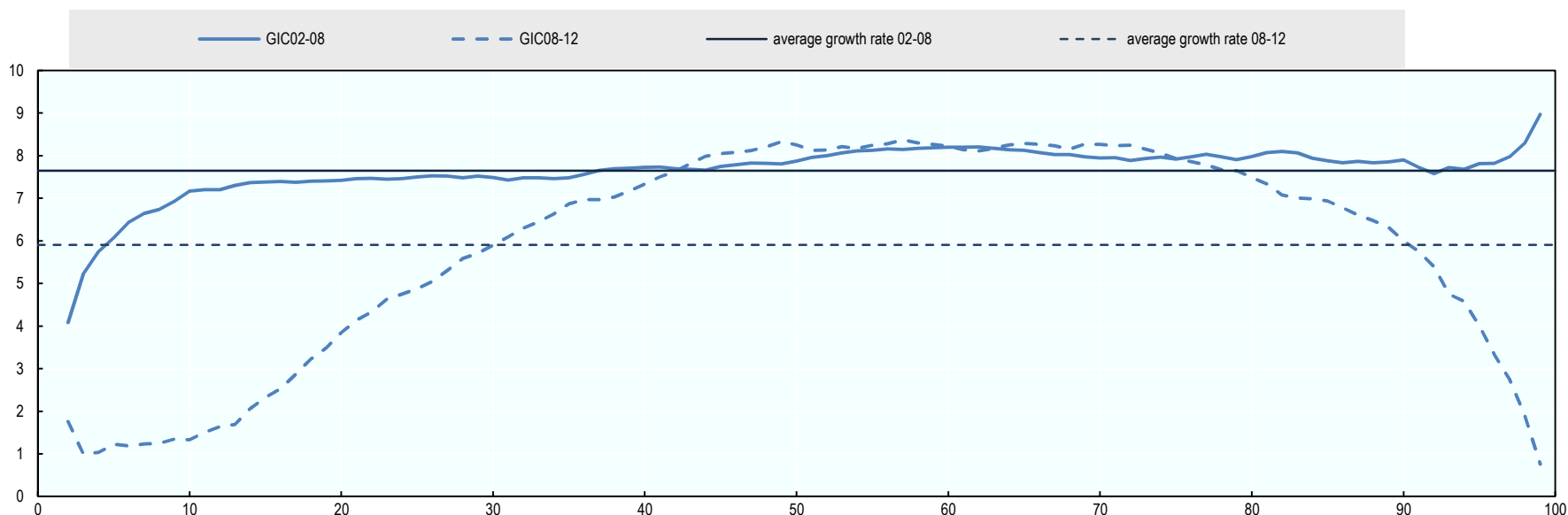


- Social cohesion is attracting considerable attention among policy makers across the world.
- A cohesive society can be understood as a society that strives for **social inclusion** and builds up the necessary **social capital** to create a common sense of belonging, and as a place where prospects exist for upward **social mobility**.
- Conceptually, social cohesion impacts on poverty reduction by sustaining long-term growth (growth sustainability) and by ensuring greater equity in the distribution of its benefits (growth with equity).

- ✓ Draw on OECD engagement with developing countries to illustrate through 7 concrete examples how fostering a social cohesion agenda in society can act as an effective and sustainable means for poverty reduction.

- ✓ **Looking beyond the bottom quintile and considering income changes in the entire distribution to support a more holistic policy dialogue on poverty**

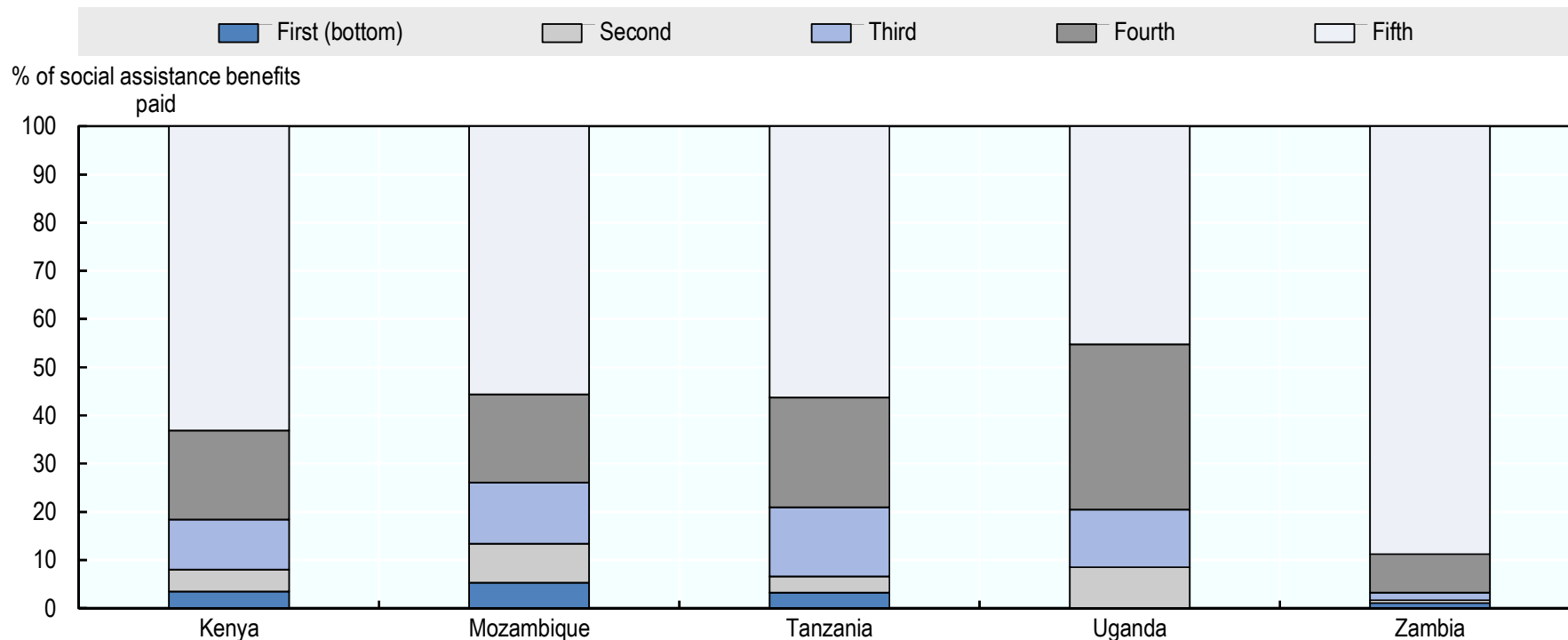
Figure 1. Growth Incidence Curves (GICs) of Adult-Equivalent Total After-Tax Income in Vietnam, 2002-2012



Source: VHLSS. Note: A new sample frame was introduced in the VHLSS since 2010, based on the 2009 census.

- ✓ **Applying a social inclusion lens to solve the last mile problem of eliminating extreme poverty**

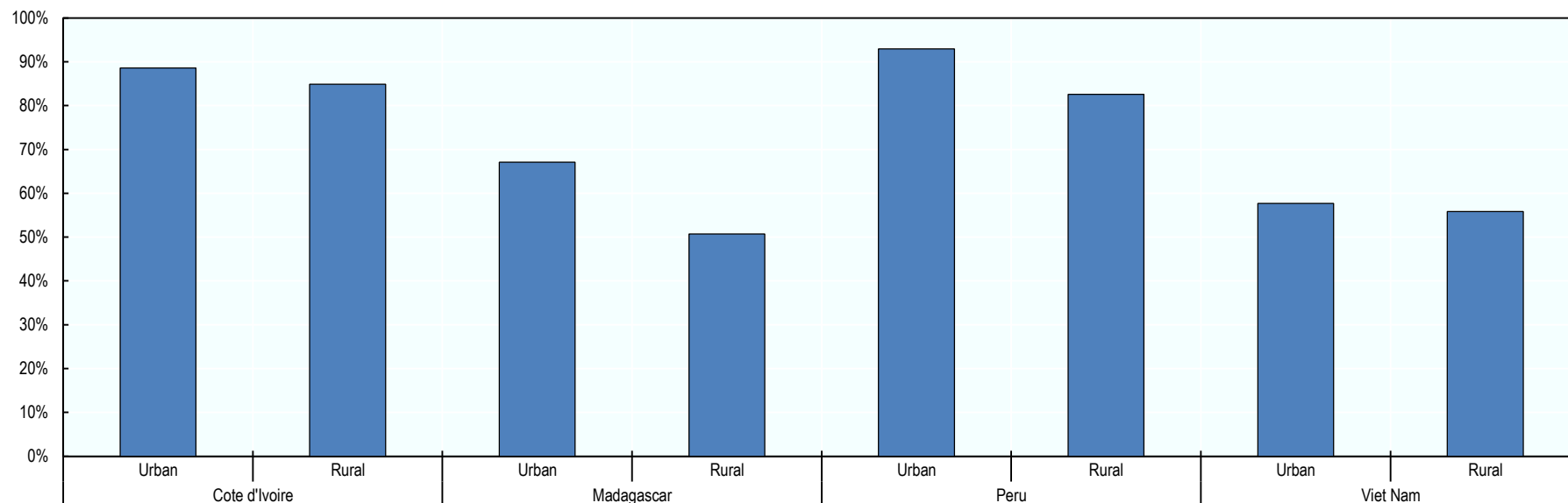
Figure 2. Incidence of social assistance benefits in East Africa by income quartiles



Source: OECD (2017) based on World Bank (2016), ASPIRE database.

- ✓ **Revisiting the role of youth entrepreneurship to give disadvantaged young people a real chance to find decent work**

Figure 3. Share of young entrepreneurs with profits below average youth wage in selected developing countries

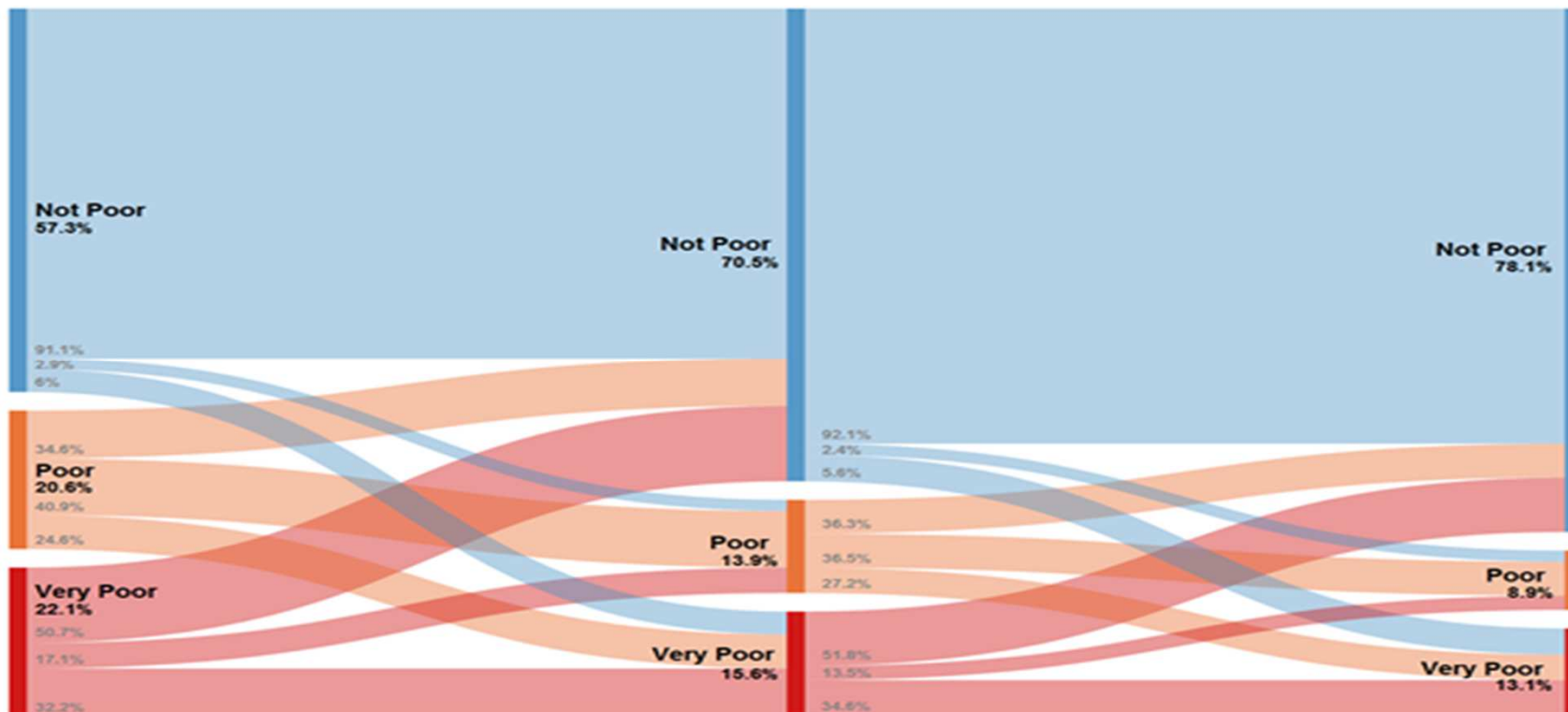


Note: Agriculture excluded. Youth are aged 15-29 and adults 30-64.

Source: OECD (2017). Côte d'Ivoire ENSETE 2014, Madagascar ENEMPSI 2012, Peru ENAHO 2014, and Viet Nam HBIS 2014.

- ✓ **Monitoring income mobility as a first step towards a more effective strategy for sustainable poverty reduction**

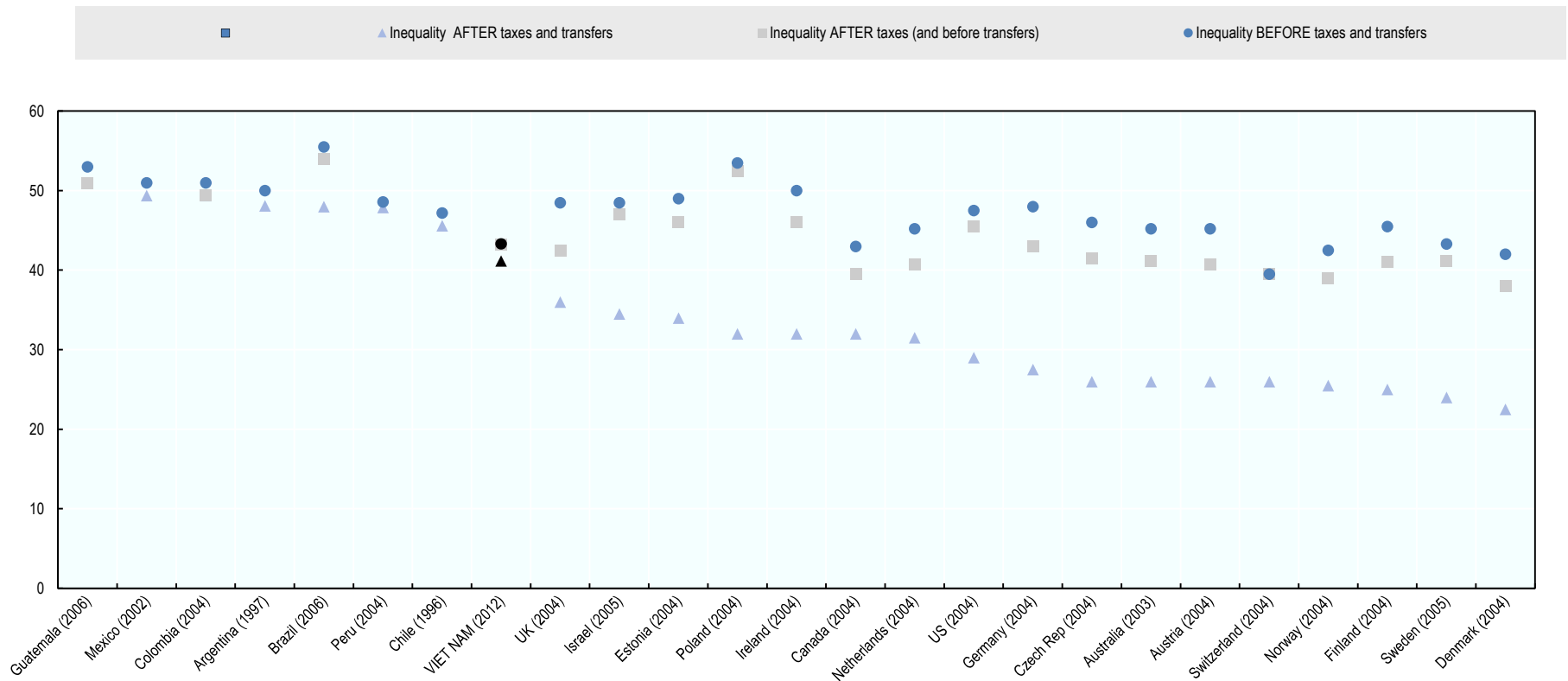
Figure 4. Poverty Transitions in Cambodia based on administrative data



Source: OECD (2017) based on the IDPoor data.

✓ Reconciling fiscal policy with equity and poverty reduction

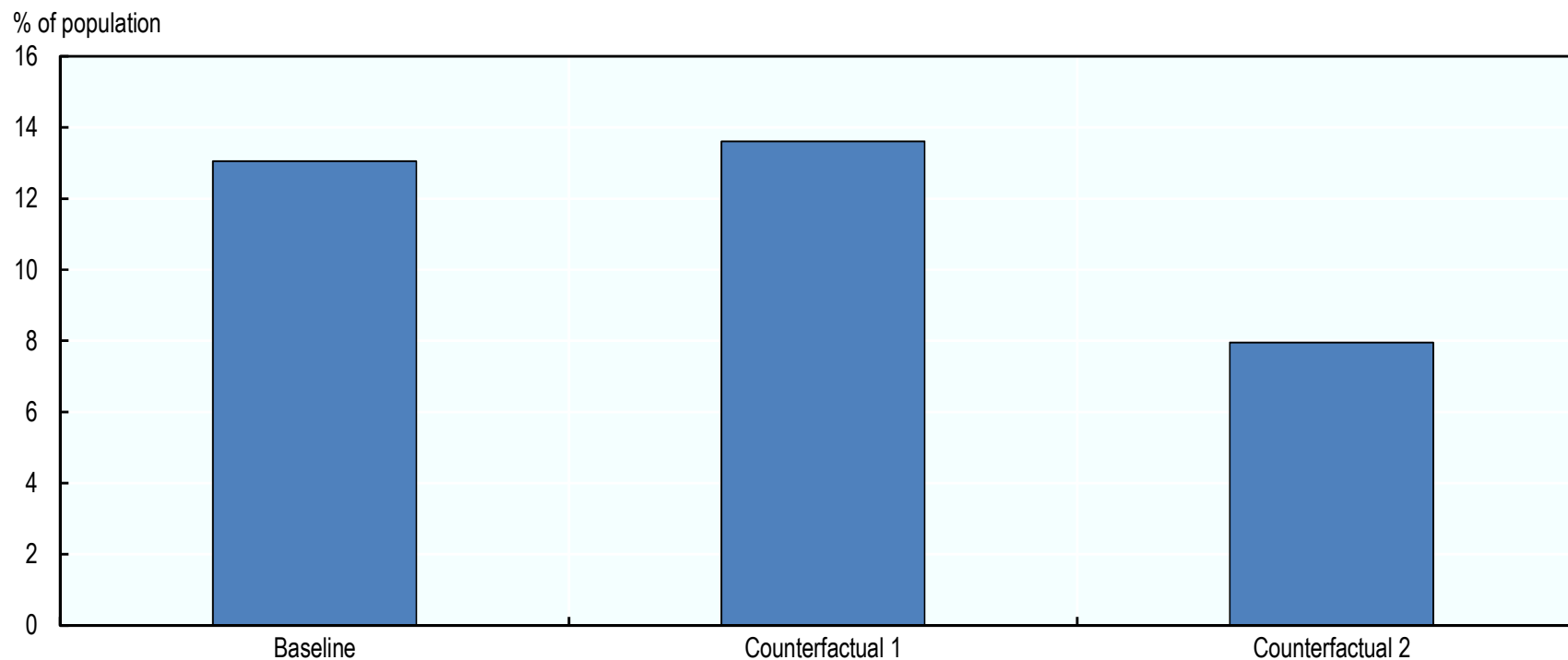
Figure 5. Inequality before and after taxes and transfers



Source: Authors' calculation based on VHLSS 2012 for Viet Nam; OECD, 2008 for Argentina, Chile, Mexico and Peru, and OECD, 2013a for remaining countries.

✓ Reconciling fiscal policy with equity and poverty reduction

Figure 6. Poverty headcount rate according to taxes and transfers in Cambodia: baseline and counterfactual scenarios (2014)

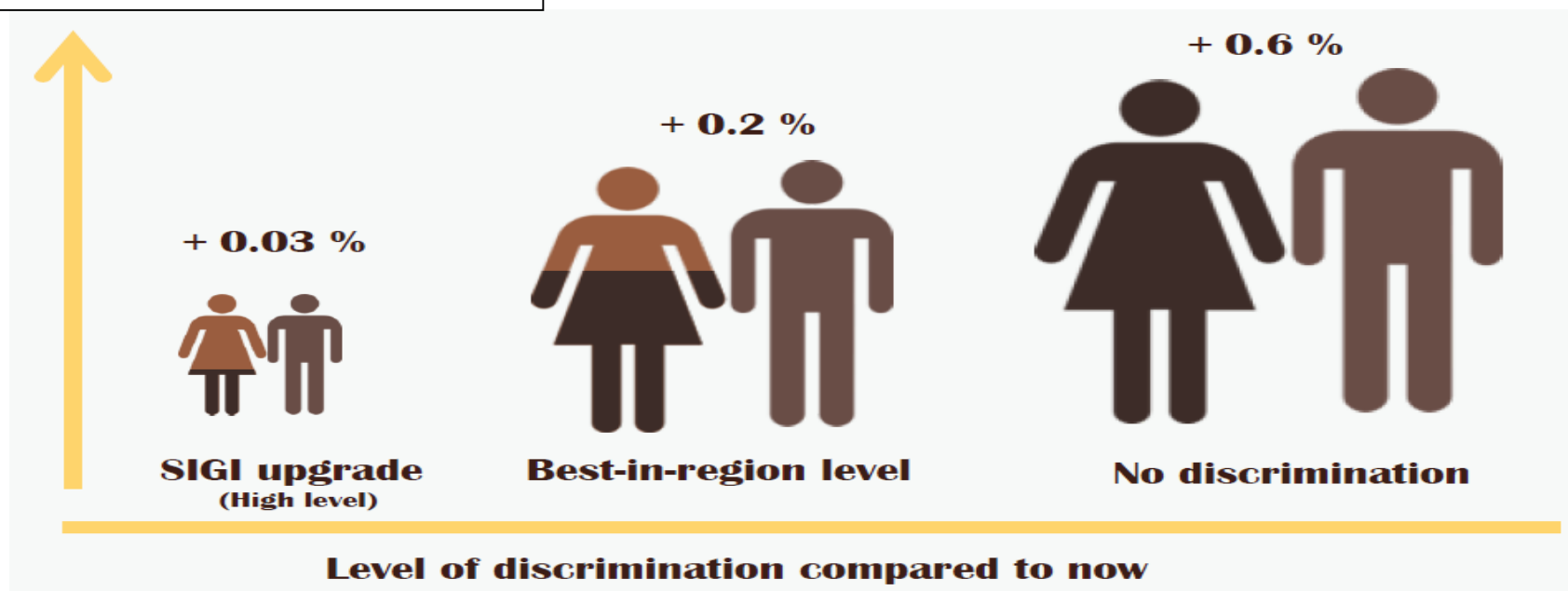


Notes: Baseline (status quo) = transfers and taxes; counterfactual 1 = taxes, no transfers; counterfactual 2 = transfers, no taxes.
Source: OECD (2017) based on NIS (2014), *Cambodia Socio-Economic Survey 2014*.

✓ Why tackling gender discrimination in social institutions matters for inclusive growth

Figure 7. Annual increase in the world GDP growth rate associated with greater gender parity in social institutions

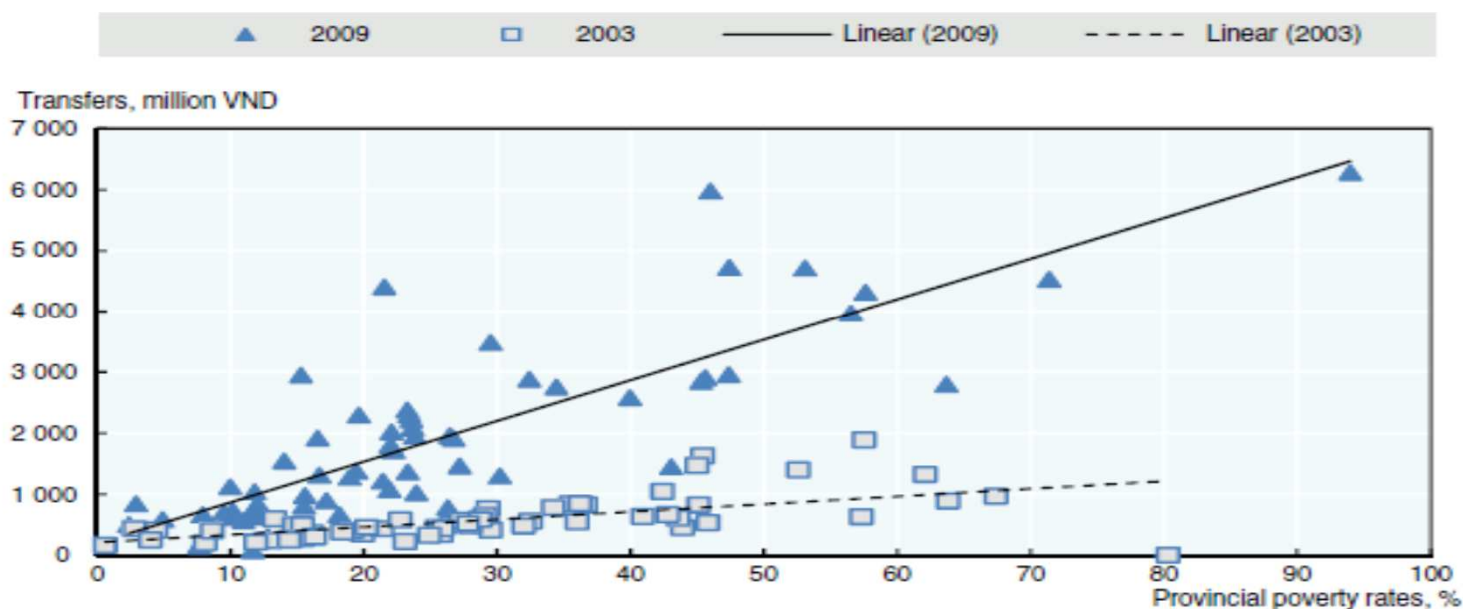
Annual world GDP growth rate



Source: Ferrant and Kolev (2017).

- ✓ **Achieving poverty reduction through greater accountability and better governance: focus on fiscal decentralisation**

Figure 8: Fiscal transfers and poverty rates by provinces in Vietnam, 2003-2009



Source: OECD (2015): Social Cohesion Policy Review for Vietnam.

- ❑ Effective strategies to reduce poverty call for government interventions affecting not only directly the poor but also the middle class and top income earners.
- ❑ There is a strong need to reconcile social protection with fiscal policy.
- ❑ Extreme poverty eradication requires simplifying poverty targeting mechanisms for social protection through the lens of social cohesion.
- ❑ There is a need to reconsider the role of youth entrepreneurship in strategies to promote decent work for youth and to find other and more effective ways to respond to the employment challenge of youth.
- ❑ Promote good governance by developing accountability mechanisms especially at provincial and local municipal level.
- ❑ Tackling gender-based discrimination in social institutions is an engine for inclusive growth.



Thank You!