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ABOUT POVERTY AND INEQUALITY

**A BRIEF OVERVIEW OF ZEF
RESEARCH AND AN OUTLOOK**

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Reducing poverty and inequality is fundamental for achieving sustainable development. Viewing the poor in all their diversities as actors and not as passive aid recipients is an inherent part of ZEF's research philosophy. Poverty-related research is relevant across the developing world including its marginalized and indigenous peoples, women and gender minorities, and small-holder farmers. It inspires the interests of the international development community as manifested in the Millennium and, (succeeded by) the Sustainable Development Goals (SDGs).

Since its inception, ZEF has selected poverty and inequality as integral research themes and committed itself to undertaking inter and transdisciplinary research on this area. ZEF's Department of Economic and Technological Change explicitly included Poverty Reduction as a priority research area, besides Globalization and Trade and Modern Technologies (ICT and bio). ZEF has published more than 250 research publications on this topic since the institute's establishment.

Undertaking and disseminating comprehensive, empirical, policy-relevant research aiming to reducing poverty in developing and emerging economies is among ZEF's *raison d'être*. Hence, poverty and its associates; deprivation, marginality, hunger, food insecurity, malnutrition and inequality have remained a critical focus of ZEF research. Examining barriers that limit people's ability to avoid poverty, the structural factors that reproduce and reinforce poverty and political, technological and institutional enablers of poverty reduction remain relevant as large populations in the developing world are still below the limits permitting a life of dignity, and, for many, even below affording a healthy diet.

COMBATING POVERTY: THE WORLD IS NOT ON TRACK

The world is not on track to achieve the SDGs of ending poverty and reducing hunger and malnutrition. On the contrary, the COVID-19 pandemic has reversed decades of progress in poverty reduction, with 575 million people projected to be living in extreme poverty by 2030. Recent data also show an alarming increase in the number of undernourished people, revealing that significant challenges remain. Conflicts, climate

change, and economic slowdown, including the one engendered by the pandemic, continue to push more people into deprivation and precarity. Governments, international development agencies and civil society benefit from independent, high-quality, empirical analyses that show pathways out of poverty. ZEF has been providing this kind of analysis over the past 25 years. These analyses have been embedded in socio-political-cultural and environmental contexts and explored the transformative potentials of institutional, policy, and technological innovations – which continues to be a valuable approach.

KNOWLEDGE BASE FOR RESEARCH ON MULTIDIMENSIONAL ASPECTS OF POVERTY

Poverty is multidimensional in its causes and manifestations. So, for achieving a sustainable reduction and complete elimination of all forms of poverty, a holistic approach is required. Theoretical insights are important to guide poverty and inequality research, such as done by ZEF Distinguished Fellow Oded Stark in his work on the consequences of relative deprivation. Multidimensionality also entails that poverty is not only a lack of income or material resources, but it also implies limited access to intangible resources, social capital, services and necessities for a dignified life. Thus, sustainable solutions must incorporate externalities such as impacts on the environment, biodiversity and ecosystems and balance short-term and longer-term trade-offs between costs and benefits to economies, societies and ecologies.

PART OF THE PLAN: STRENGTHENING CAPACITIES

As reflected in its inter-and-trans-disciplinary research projects and consortia dedicated to capacity-building and science-policy advice, ZEF has tackled these challenges head-on. Moreover, ZEF's flagship doctoral and capacity-building programs have supported the training and skill-development of scientists with a range of disciplinary backgrounds and coming from over 100 countries worldwide to support developing countries enhance their internal capacities for research. ZEF's research projects and consortia encompass a range of critical backwards-and-forward-linkages to poverty, such as done within the large research program on agricultural innovations in Africa (PARI). Long-running collaborative research partnerships with universities and institutions in developing countries have examined poverty reduction in and vis-à-vis farming and agriculture, markets and trade, land use, urbanization and migration.



This body of research has investigated the drivers of poverty as well as strategies for poverty reduction. In addition, it has developed new methodologies of analysis, including the role of agricultural value-chains, land-use conflicts, implications of resource-allocation decisions on marginalized communities, rural-urban transitions and changes in land governance. Further research foci have covered the vulnerability of women and gender minorities, as well as small-holder farmers and communities and populations on the margins (of economies, societies and agro-ecologies) to climate-change impacts, and scalable adaptation and mitigation strategies. In addition, ZEF-research has extensively scrutinized people's health, nutrition, diets, disease environments, and water-resource access in relation to their poverty status.

ROLE OF TECHNOLOGICAL INNOVATIONS: OPPORTUNITIES AND RISKS

Research has indicated that poverty reduction among the most vulnerable - women, minorities, small-holder farmers and the marginalized - is enabled by innovations in agricultural technologies and practices, access to markets and finance, strengthening value chains and improving infrastructure through public and private investments. Such innovations include climate-smart agriculture practices, resilient crop varieties, and sustainable natural-resource management including agro-ecological and bio-economic approaches. Thus, the impacts of climate change on rural communities' livelihoods can be mitigated and their vulnerability to poverty due to climate change reduced. Besides, infrastructure investments in transport, energy, water and information including digital landscapes can alleviate multiple challenges simultaneously. Such investments

can comprise improving rural populations' access to markets and employment, reducing the burden of communicable diseases, increasing productivity, alleviating women's time burdens, reducing information asymmetries and fostering horizontal and vertical sectoral integration.

However, new technologies not only provide new opportunities but can also pose risks. Digital transformation, Artificial Intelligence (AI) and Robotics do bear the risk of social polarization. Future research and policy agenda must therefore ensure that the benefits of AI and Robotics are accessible to the poor and marginalized, while mitigating potential adverse effects. Potential benefits can be reaped from health, labor market, and social protection schemes such as applying AI-supported precision tools for medicine and farming, and considering special taxes to address labor displacement. However, more research and modelling analyses will be needed to facilitate the pro-poor impact of AI and Robotics on vulnerable populations.

IMPACTS OF ZEF-RESEARCH AND OUTLOOK

Providing robust scientific evidence of how interventions have impacted outcomes along with conveying assessments of externalities to policymakers is a key part of ZEF's poverty-related research activities. Insights from ZEF-research on poverty have regularly been considered by political bodies, including the United Nations in the context of their summits, the German Government and the European Union. Governments of countries in the Global South have also drawn on ZEF-research findings related to poverty. The Scientific Group of the UN Food Systems Summit, in close collaboration with ZEF-research, produced and dissemina-

ted over 50 original briefs and papers on Science and Innovation for Food Systems, many of which relate to poverty reduction.

ZEF has contributed to analyzing the cost of achieving zero hunger, i.e., SDG 2. ZEF-analyses of patterns in official development assistance (ODA) show a significant increase in ODA allocated to food security and rural development, particularly in sub-Saharan Africa over the past two decades. Successful interventions include agricultural research and development, social protection programs, and small-scale irrigation expansion.

Well-functioning markets facilitate poverty-reducing economic growth and development. But, markets alone do not end extreme poverty, and often do not reduce inequality. Thus, research for policy and for empowering poor people has to address these aspects. The need for coordinated efforts to address poverty will remain on the research agenda for a long time.

RECOMMENDATIONS

- Reducing poverty and inequality is fundamental for achieving sustainable development. The poor, in all their diversities, should be treated and considered as actors and partners in research and innovation initiatives.
- The world is not on track to achieve SDGs No. 1 and 2 for ending extreme poverty and hunger. As poverty is multidimensional in its causes and manifestations

research must apply a holistic approach for achieving a sustainable reduction and complete elimination of all forms of poverty and so does policy research.

- Resilience and protection: Conflicts, climate change, and economic slowdown continue to push more people into deprivation. Investment in resilience, e.g. social security and protection systems, needs to be scaled up.
- Innovation can enable poverty reduction among the most vulnerable. Job creation among youth is critical. New technologies such as digital transformation, AI and Robotics offer opportunities, but only when their benefits are accessible to the poor and marginalized, thus mitigating potential adverse effects.
- Empowerment: Well-functioning markets facilitate poverty-reducing economic growth and development. But, markets alone do not end extreme poverty, and often do not reduce inequality. So, research for policy and for empowering poor people has to address these aspects.
- Context and ecology: Sustainable solutions must incorporate externalities such as impacts on the environment, biodiversity and ecosystems and balance short-term and longer-term trade-offs between costs and benefits to economies, societies and ecologies.

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Over the past 25 years, ZEF researchers have aimed to find science-based solutions to promote sustainable development and planetary health. ZEF's research divisions and groups have conducted inter- and transdisciplinary research in, for, and with emerging economies and on global issues with its collaborating research partners around the world. In this special "ZEF 25 Years" Policy Brief series we focus on some of our core research themes.

