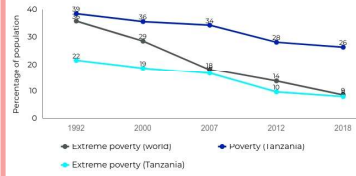


Globally, 734 million people struggle to fulfil their most basic needs, including access to food, water, education and sanitation (1). Eradicating such poverty is the crux in order to establish sustainability at the global level. Natural disasters exacerbate poverty and because the distribution of climate change impacts is highly unequal, it mainly affects the poorest regions around the world (2). Whereas it is these regions that have limited capacities and resources to adapt, cope and recover from such climate shocks (3). It is for this reason that SDG 1 should be a priority for governments, corporations and civil society. Surprisingly, however, SDG 1 remains the least commented on in corporate annual reports (4). And, government initiatives often insufficiently tackle the root causes, with Tanzania as a prime example. The country lists 8 poorest in the world (5), despite numerous government and civil measures (6). Alarming, COVID19 projections are only set to aggravate poverty conditions (7).

SDG 1 is highly interlinked to all other SDGs. The figure on the right (above) shows two rows of interlinkages: the inner row illustrates the SDGs that have a bidirectional linkage with SDG1; the outer row illustrates the SDGs that have a unidirectional linkage with SDG 1.

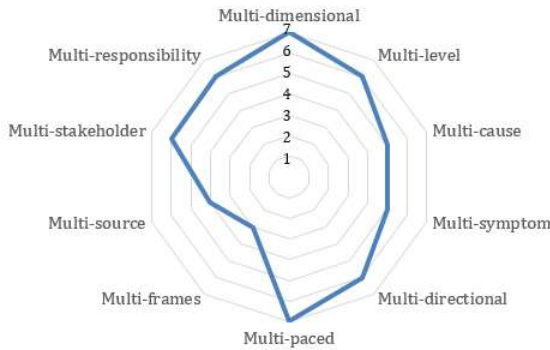


Poverty & extreme poverty in the world and in Tanzania



Poverty has a **wickedness score** of 55 (see graph below) and thereby can be defined as a true wicked problem which is systemic in nature and generally has no clear solution (20). Below, three dimensions with a high score and one dimension with a low score are expanded upon:

- **Societal Complexity:** an extremely wide range of stakeholders (score 6), with unclear and diverging stakes and responsibilities (score 6), is involved in addressing poverty all over the world (27).
- **Dynamic Complexity (10):** Tanzania is locked in a poverty trap, where positive intentions can have negative consequences due to the large number of (un)known variables and differences in interactions between elements (Multi-directional = 6). There's non-linearity, low-urgency of developed countries for implementing change and inertia of stakeholders (Multi-paced = 7) (27).
- **Structural Complexity:** Poverty is a multidimensional problem including all PESTEL aspects (score 7), thereby making it a systemic problem with impacts on all micro, meso and macro levels (score 6) (27).
- **Communicative Complexity:** It's clear what are the causes of poverty, while the right solution is debated (Multi-Frames = 3) (28). The problem can be easily identified through field research, but macro data might be skewed by corrupt governments (Multi-Source = 4).



Level 1: Intra-sector partnership **Level 2 / 3: Bipartite partnerships** **Level 4: Tripartite partnerships**



Corporate Solution

ACRE Africa is the largest agricultural insurance programme in Africa, connecting smallholder farmers to local insurance companies which allows them to make the investments needed to increase agricultural yields. The company, among others, tracks weather-related payment risks and offers a replanting guarantee when yields fail due to climate-related conditions (23). In order to keep transaction costs low and accessible, ACRE Africa partnered with M-Pesa to establish monetary transitions (23;24). Tanzania's economy largely depends upon the agricultural sector; it accounts for 27% of the national GDP and employs over half of the Tanzanian labor force (23). Poverty levels are significantly higher amongst individuals and communities dependent on agricultural earnings. Therefore, this is one of the greater challenges the country faces, where the solution mainly lies in enhancing agricultural output. As such, ACRE Africa is of great importance to establishing economic stability for rural farmers (24) and partially fills in the institutional voids (20). A potential pitfall, however, is the high interdependence with the weakly established government support for providing such index insurances (25). And more so, evidence points out that insured farmers increase their use of nitrogen and pesticides leading to higher soil erosion and biodiversity loss (26) - hence, undermining SDG 2, 3, 6, 12, 13 14 and 15.



Sustainable Development Goal 1



1.1: By 2030, eradicate extreme poverty for all people everywhere.



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.

In 2015, around eight percent of the world's population lived in extreme poverty (less than \$1.90 a day), down from nearly 36 percent in 1992 (8). Between 2007 and 2018 Tanzania's national poverty rate fell from 34.4 to 26.4 percent, and extreme poverty fell from 12 to 8 percent (10), see the graph on the left (below). Although Tanzania recorded remarkable economic growth and a persistent decline in poverty, poverty was not reduced as much as the population grew, resulting in an increase in the absolute number of poor people. Compared to other developing countries, Tanzania's growth elasticity of poverty is low. Furthermore, the Gini coefficient went up from 38.5 in 2007 to 39.5 in 2018, showing an increasing income inequality and a remaining vulnerability: for every four Tanzanians who moved out of poverty, three fell into it. Millions of non-poor people living just above the poverty line are at risk of slipping below it (10).

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.

Access to the governmental Productive Social Safety Nets (PSSN) program is essential for meeting basic consumption needs for many Tanzanians, but its coverage is limited. PSSN reached 15% of extremely poor households and 14% of poor households. However, without PSSN, poverty would have been about 2% higher, which translates to an additional 1 million poor people, and extreme poverty would also rise from 8 to 9.2% [700,000 people] (10).

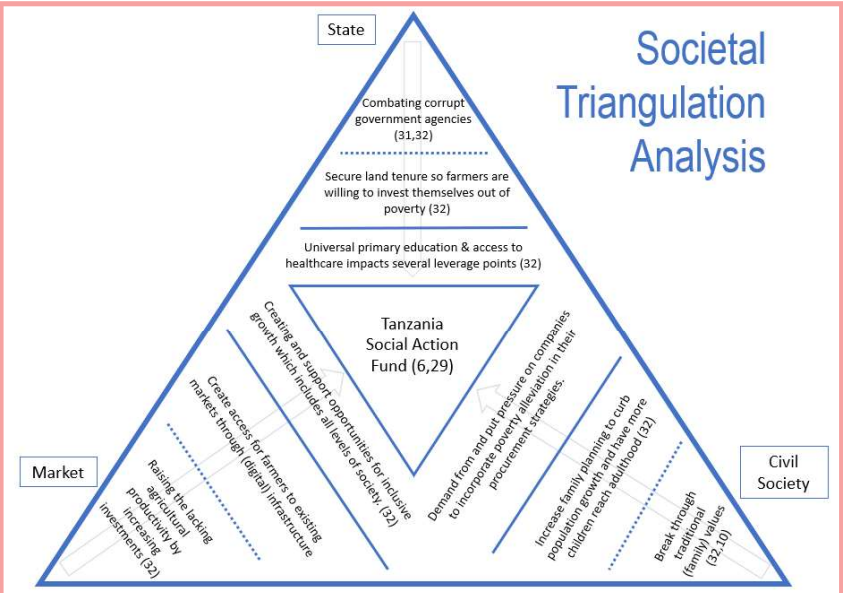
1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services,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

In 2018, 25.3% of Tanzanians had access to proper sanitation and 29% to electricity (11). This is lower than the global average of 45% for sanitation (12) and 89% for electricity (13). Tanzanians' access to those services is increasing, but at a significantly lower rate than the global average (11).

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.

It's estimated that, because of the COVID-19 pandemic and subsequent global recession, poverty rates will increase for the first time since 1990. Developing countries are most at risk during – and in the aftermath – of the pandemic, not only as a health crisis but as a devastating social and economic crisis over the months and years to come (14). In Tanzania, it is estimated that the crisis could push 500,000 more citizens below the extreme poverty line, particularly those in urban settings relying on self-employment and informal/micro enterprises. Extreme events are likely to pose the greatest climate change threat to Africa (15). In Tanzania, they are likely to take the form of drought, floods and tropical storms – all of which are expected to become more frequent, intense and unpredictable (16).

Sub targets 1.A and 1.B are not reviewed, as they are merely supportive for the other targets and are implied in the review already.



Front Runner

Access to financial services is key in order to alleviate poverty; the better developed the financial system, the speed up the reduction in poverty levels (17). M-Pesa recognizes this key sector and successfully established a market share of 43% in Tanzania in 2018.



The company provides access to financial services to over 7 million people, of which a large share has a mobile phone, yet limited access to a bank account - hereby specifically addressing sub targets 1.4 (18). Moreover, the company reduces the risks of robbery and corruption, while enabling governments to implement a sound tax-system and dispense social security payments - hereby specifically addressing sub-targets 1.5 and 1.7. Besides, M-Pesa has partnered with a variety of organizations in Tanzania, including NGOs and for-profits (19).

Strengths:

To establish sustainable development, companies need to grasp the complexity to establish business opportunities (20). The business model by M-Pesa clearly exemplifies this notion. More so, by introducing groundbreaking partnerships, the company assimilates the importance of the multi-stakeholder perspective; a core component concerning wicked problems (20).

Weaknesses:

Inclusive sustainable development requires joint responsibility and leadership from both the private and public sector (20; 21). A realistic pitfall of M-Pesa is that it is seen as a substitute for the much-needed social policies hence, possibly retracting the development of government policies (22)