

Tackling chronic poverty¹



What is Chronic Poverty?

The distinguishing feature of chronic poverty is extended duration in absolute poverty. Therefore, chronically poor people always, or usually, live below a poverty line, which is normally defined in terms of a money indicator (e.g. consumption, income, etc.), but could also be defined in terms of wider or subjective aspects of deprivation. This is different from the transiently poor, who move in and out of poverty, or only occasionally fall below the poverty line.

Key points

- Addressing the challenge of chronic poverty is a difficult task, but one that is now feasible because of the rapidly emerging knowledge base on the nature of chronic poverty and 'what works for the poorest.'
- Action must be nationally specific, and can build on four main pillars – effective social protection programmes and systems, human development for the hard to reach, economic growth that includes chronically poor people, and progressive social change.
- The post-2015 development framework will need to respond to the vulnerability of poor people, protect the assets they accumulate and ensure returns to those assets are higher. Health and education services will need to focus on the poorest. The emphasis on ending gender and other discrimination needs to be strengthened.

Chronic poverty and the Millennium Development Goals

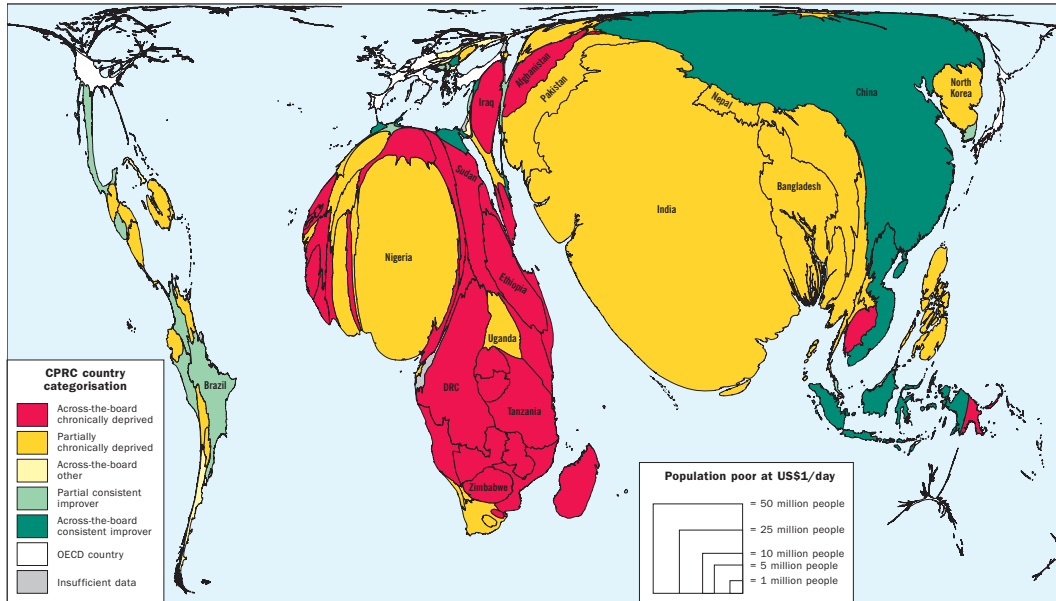
'Some poverty passes from one generation to another as if the offspring sucks it from the mother's breast' (Focus group with disabled women in Uganda, CPRC, 2004:v)²

Nearly half a billion people are chronically poor, and MDG projections estimate that at least 800 million people will still be living in extreme poverty in 2015. Chronically poor

people experience deprivation over many years, often over their entire lives, and commonly pass poverty on to their children. Many chronically poor people die prematurely from health problems that are easily preventable. For them, poverty is not simply about having a low income: it is about multi-dimensional deprivation – hunger, under-nutrition, dirty drinking water, illiteracy, having no access to health services, social isolation and exploitation. Such deprivation and suffering exists in an affluent world that has the knowledge and resources to eradicate it.



Figure 1: Cartogram of US\$1/day poverty by country and country categorisation



Source: CPRC (2008). *Chronic Poverty Report 2008-09: Escaping Poverty Traps*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

CPRC’s research reveals that most chronically poor people live in sub-Saharan Africa or South Asia (Figure 1). Commonly, they are landless people, agricultural labourers, very small farmers, pastoralists, casual workers in the urban informal sector or people who are dependent on others for their livelihoods (older people, orphans and the disabled).

The Millennium Development Goals set out to eradicate poverty. The first step towards this was to reduce the percent incidence of poverty by half by 2015, compared to 1990, a target which will probably be achieved globally, underpinned by China’s massive achievements. But the goal is to *eradicate* poverty. Does this mean that decision makers can carry on with ‘business as usual’ after 2015, investing in economic growth and basic human development? No, as CPRC research reveals that additional policies are required both nationally and internationally.

What is chronic poverty and why does it occur?

CPRC defines chronic poverty as income poverty or multi-dimensional poverty that is experienced for many years (usually more than five years), often for a whole lifetime, and/or is passed from one generation to the next. The causes of chronic poverty vary according to context but are usually multiple and often overlaid. For example, a family in India may be trapped in poverty because it lives in an isolated rural area, has few economic opportunities, is dependent on casual agricultural labour, and is discriminated against because it is low-caste and its members are illiterate and have poor health. A set of interacting and reinforcing factors ensure that they cannot advance their economic or social position. The most common causes of chronic poverty are combinations of poor work opportunities, insecurity

and poor health, social discrimination, limited citizenship and spatial disadvantages (Figure 2).³

Our research has shown that most chronically poor people are economically active, and so it is not lack of work but the poor quality and insecurity of work that underpins their economic position, often especially true for women. However, people who are economically dependent on others – older people, widows, orphans and disabled people – are often also trapped in poverty. Social discrimination – on the basis of class, religion, ethnicity, gender, caste, age and other factors – often ensures that poor people cannot improve their economic prospects nor access basic services. This means they are poor and they stay poor.

Chronically poor households generally have low levels of assets (natural, material, financial, human and social) and are highly vulnerable to co-variate risk (floods, droughts, violent conflict) and idiosyncratic risk (ill-health, job loss, assault). Their development strategies, gradually building their household’s control over and access to assets over the years, are commonly thwarted by sudden events that wipe out any gains they have made.

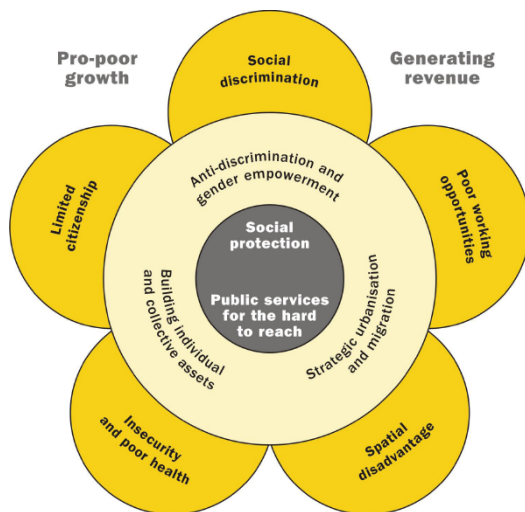
What policies and actions can reduce chronic poverty?

Addressing the challenge of chronic poverty is a difficult task but this is now feasible because of the rapidly emerging knowledge base on ‘what works for the poorest?’⁴ CPRC research has shown that:

- Policies and action need to be context and group specific. What ‘works’ varies with ‘who’ is chronically poor and the specific opportunities and vulnerabilities they face.



Figure 2: Poverty traps and policy responses



Source: CPRC (2008). *Chronic Poverty Report 2008-09: Escaping Poverty Traps*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

- National (and often sub-national) policy and action is much more important than international policy and action – the latter can provide support but cannot substitute for the former; and
- While general poverty reduction policies (economic growth and human development) often help the chronically poor, additional policies explicitly focused on their interests and problems must be pursued.

There are four main pillars to build on:

1. Effective social protection programmes and systems – reviewing, redesigning, reforming and expanding existing systems, and establishing new ones is a policy priority. In the longer term the goal is to move from patchworks of programmes to ‘systems’ that provide support to all vulnerable people and households so that they participate more effectively in development.⁵
2. Human development – *beyond* basic health and education for the hard to reach. Access to quality primary, but also post-primary and vocational education for girls, as well as boys, is critical to lifting households out of long term poverty, as is linking education to the labour market. Access to quality health and reproductive health services are critical to preventing downward mobility into chronic poverty, and improving chronically poor people’s chances of escape.⁶
3. Economic growth that includes chronically poor people on good terms. In addition to basic infrastructure investments in roads, bridges and other infrastructure that connects disadvantaged rural areas to national markets,⁷ attention to the quality as well as quantity of jobs and self-employment opportunities created, and the ability of poor youth and young adults to take them up.
4. Policies supporting progressive social change – social and political action that directly challenges the social orders (caste, gender, race and class relations) and the social practices (lower pay for women, seizing

the assets of widows, child labour and debt bondage) which perpetuate chronic poverty. The chronically poor are in need of the ‘good society’ which will understand that chronic poverty is structural, and cannot be blamed on the poor themselves.

While there is no ‘best practice’ policy for tackling chronic poverty, in many contexts **social protection programmes** (non-contributory pensions, child support grants, cash for work schemes) can provide an initial practical solution to the needs of the poorest while opening up the political space to address issues of social discrimination and unfair power relations, and the quality of economic growth.⁸

While the CPRC research has much to say about ‘what to do’ (selecting and designing effective policies) it has proved much more difficult to draw conclusions about ‘how to do it’ (how to challenge the vested interests of local and national elites and/or the political economy of foreign aid). We have two tentative findings in this area. First, that an increased focus on making sub-national strategies and governance more effective is merited. Second, that new coalitions of interest groups and organisations are needed to support the efforts of chronically poor people, as examples from Burkina Faso⁹ and India have shown.¹⁰ The findings of our sister research centre, the Centre for the Future State, also provides insights into ‘how’ to advance forms of pro-poor governance that could also benefit the chronically poor¹¹.

Moving forward: the post-2015 development framework and the chronically poor

What are the implications for the post 2015 development agenda? There are five:

1. Global and national policy communities need to acknowledge and respond to the high levels of *vulnerability* poor people experience, finding ways to ‘bless’ social transfers, and other needed forms of social protection (asset insurance would be an example), and especially in Least Developed Countries which have such high levels of economic vulnerability. This also responds to climate change which is increasing poor people’s vulnerability.
2. New policy thinking, and space for experimentation without the overwhelming constraints of ideology about not intervening in labour markets, needs to go into implementing what has already been introduced into the MDGs on employment¹² – so that *job quality* issues actually feature alongside jobs created, and there is an open debate on what is useful by way of intervention and regulation. While there are active debates and some policy innovation in some Middle Income Countries, significant additional attention is needed in Least Developed Countries.
3. Joining up development policies and programmes focused on (a) asset building, (b) making markets work for the poor and (c) social protection is one example of the way in which it is the *synergies* among policies and interventions which will allow more

The Chronic Poverty Research Centre (CPRC) is an international partnership of universities, research institutes and NGOs, with the central aim of creating knowledge that contributes to both the speed and quality of poverty reduction, and a focus on assisting those who are trapped in poverty, particularly in sub-Saharan Africa and South Asia.

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people to escape poverty.¹³ A development framework which emphasises individual targets does not help achieve such synergies.

4. Gender, horizontal and other major 'intersecting' inequalities¹⁴ and discrimination need addressing head on. This can be done at the international level through a much stronger focus on measuring equality and progress towards it within the development framework, and at the national level through fostering open and evidence based public debate on inequalities and chronic poverty leading to relevant, context-specific policy change.
5. Finally, on *human development*, countries need the space to move well beyond getting basic service provision right, though that remains a priority in many; through strengthening demand for services, linking education to economic development, and investing in poor people's access to post-basic services. This has implications for how any future goals are framed.

Policy-makers and researchers must ensure that they **disaggregate** poverty and well-being (the poor are not a homogeneous group); seek to understand poverty **dynamics**; give more consideration to the **duration** of poverty, and especially **inter-generational poverty**; and, recognise that **differentiated** policy responses are needed to reach the poorest.

A focus on policy must not mask the fact that our research reveals that it is the chronically poor themselves who are the leading actors in overcoming their poverty. Nothing could be further from the truth than the perception of some elites that the chronically poor are dependent and passive. Most people in chronic poverty are striving and working hard to improve their livelihoods and the prospects for their children, in difficult circumstances that they have not chosen. Outsiders, the people reading this document, must support the efforts of the chronically poor but appreciate their agency. The chronically poor and poorest may need help but they are not helpless.

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Endnotes and References

- 1 Over 2000 to 2010, the DfID-financed Chronic Poverty Research Centre (CPRC), a partnership of universities, research institutes and NGOs, has conducted research and policy analysis on why chronic poverty occurs and what can be done to reduce it. This policy brief summarises the findings of CPRC's final synthesis report Shepherd, A et al (2011). *Tackling chronic poverty: The policy implications of research on chronic poverty and poverty dynamics*. Manchester, UK: Chronic Poverty Research Centre (CPRC).
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- 3 CPRC (2008). *Chronic Poverty Report 2008-09: Escaping Poverty Traps*. Manchester, UK: Chronic Poverty Research Centre (CPRC).
- 4 Lawson, D. et al. (Eds) (2010). *What Works for the Poorest?*. Warwickshire: Practical Action Publishing.
- 5 Barrientos, A. and Nino-Zarazua, M. (2011). *Social transfers and chronic poverty: objectives, design, reach and impact*. Manchester: Chronic Poverty Research Centre (CPRC).
- 6 CPRC (2008). *Chronic Poverty Report 2008-09: Escaping Poverty Traps*. Manchester, UK: Chronic Poverty Research Centre (CPRC).
- 6 Ibid.
- 7 Ibid.
- 8 Mehta, A., et al. (2011). *India Chronic Poverty Report: Towards Solutions and New Compacts in a Dynamic Context*. Chapter 4. New Delhi: Indian Institute of Public Administration.
- 8 Barrientos, A. and Nino-Zarazua, M. (2011). *Social transfers and chronic poverty: objectives, design, reach and impact*. Manchester, UK: Chronic Poverty Research Centre (CPRC).
- 9 Barrientos, A and Hulme, D. (2008). *Social Protection for the Poor and Poorest*. Basingstoke: Palgrave Macmillan.
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- 10 Mehta, A. et al. (2011.) *India Chronic Poverty Report: Towards Solutions and New Compacts in a Dynamic Context*, Chapter 6. New Delhi: Indian Institute of Public Administration.
- 11 Centre for the Future State (2010). *Upside Down Governance*. Brighton: Institute of Development Studies.
- 12 United Nations Development Group (2010) *Thematic Paper on MDG: Eradicate Extreme Poverty and Hunger: Review of Progress, 2010*. New York: UNDP.
- 13 This point was emphasised in the World Bank's Global Monitoring Report 2008 on the MDGs (Washington D.C.).
- 14 Kabeer, N. (2010). *MDGs, Social Justice and the Challenge of Intersecting Inequalities*. Policy Brief 3. London: Centre for Development Policy and Research.

CPRC publications are available at www.chronicpoverty.org.

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