



Chronic Poverty
Research Centre

Tackling chronic poverty

**The policy implications of research on
chronic poverty and poverty dynamics**



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Andrew Shepherd

with contributions from many people in the
Chronic Poverty Research Centre network,
and research assistance from Lucy Scott



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The Chronic Poverty Research Centre

The Chronic Poverty Research Centre (CPRC) is an international partnership of universities, research institutes and NGOs, established in 2000 with initial funding from the UK's Department for International Development (DFID).

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Acronyms and abbreviations

BRAC	Building Resources Across Communities
CPRC	Chronic Poverty Research Centre
CREATE	Consortium for Research on Educational Access, Transitions and Equity
CSO	Civil Society Organisation
DFID	UK Department for International Development
DHS	Demographic and Health Survey
DRT	Development Research and Training
GDP	Gross Domestic Product
GPN	Global Production Network
IFAD	International Fund for Agricultural Development
IFPRI	International Food Policy Research Institute
IIPA	Indian Institute of Public Administration
ILO	International Labour Organization
IMF	International Monetary Fund
IPC	International Poverty Centre
MDG	Millennium Development Goal
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
NCAER	National Council of Applied Economic Research
NGO	Non-governmental Organisation
PRGF	Poverty Reduction and Growth Facility
PRS	Poverty Reduction Strategy
PRSC	Poverty Reduction Support Credit
RECOUP	Research Consortium on Educational Outcomes and Poverty
SMEs	Small and Medium Enterprises
ST	Scheduled Tribe
UK	United Kingdom
UN	United Nations
UNESCO	UN Educational, Scientific and Cultural Organization
WHO	World Health Organization

Summary

The Chronic Poverty Research Centre (CPRC) was founded in 2000 to challenge, through research, the apparent omission of almost a billion people from the 2015 poverty target of the Millennium Development Goals. The first decade of the 21st century has illustrated the power of economic growth (especially in China) and human development to bring large numbers out of poverty. But a large number of people remain abjectly poor, among them almost half a billion people who are poor over long periods of time, their entire lives, and who may pass poverty to their children. The essential argument advanced in this report is that if these people are to escape poverty beyond 2015, they require additional policies and political commitment, underpinned by greater understanding and analysis, compared to what is currently practiced at global and national levels.

The CPRC has been a partnership of 10 developing country teams in Bangladesh, Burkina Faso, Ghana, India, Kenya, Niger, Senegal, South Africa, Tanzania and Uganda, with UK poverty researchers based at Manchester University, the Overseas Development Institute, London and other universities and Non-Governmental Organisations. It has pursued distinct and context-driven programmes of research and policy engagement at country level, as well as cross country thematic research on concepts, poverty dynamics and inter-generational transmission, assets, vulnerability, social exclusion and adverse incorporation. This has generated both quantitative and qualitative evidence about the extent, nature, causes and consequences of both chronic poverty and poverty dynamics, unpacking what has been a 'poverty black box', in partner countries and beyond. The international Chronic Poverty Reports have generated a global picture of chronic poverty and how to address it through better policies. Country partners have also produced summative reports at the national level. Other topical reports include Stemming Girls' Chronic Poverty on approaches to reforming the discriminatory social institutions which shape the realm of possibilities for girls and their families.

In one respect, mainstream thinking about poverty reduction has changed significantly during the decade of CPRC's existence. In 2000, social protection was on the international anti-poverty agenda as a measure against vulnerability to poverty under the World Bank's 'social risk management framework'. Following research carried out by CPRC and others (notably the Institute of Development Studies), and significant policy experimentation by governments, donors and NGOs, social transfers are now widely recognised as instruments which address chronic and extreme poverty. This is now a full fledged 'third leg' accompanying economic growth and human development in mainstream poverty reduction efforts, though with so far slow progress in low income countries. The existence of this 'third leg' is just as well, since the past decade has also brought further threats to the chronically poor in the shape of climate change and the fuel and food price spikes. And, given the large numbers of poor people now in Middle Income Countries, the practical possibilities for providing protection are greater than they were. Consideration of chronic poverty runs in parallel with a rise in interest in addressing inequality.

To escape poverty beyond 2015, the chronically poor require additional policies and political commitment, underpinned by greater understanding and analysis.

In other respects, there has been marginal change, and, given the disappointing results in terms of achieving the modest Millennium Development Goals targets, more radical change in thinking is now called for. The MDGs themselves have been marginally improved (for example, the important addition of universal access to sexual and reproductive health services), but critical factors preventing greater achievements have not been adequately addressed – principally, vulnerability, employment, and violent conflict.

The changes in policy emphasis required now to make greater progress towards the eradication of poverty and deprivation include the following 5 critical areas:

1. **Specific policies and programmes are needed to target the poorest people**, in addition to those already catering for the less poor. The poorest are very hard to reach, so policies need to be designed to overcome the multiple barriers they face. This includes rolling out national systems of social transfers as a practical entry point into the more difficult and context-specific questions around how economic growth and human development services can best include chronically poor people, and how society can progressively transform itself in favour of greater equity. Mexico and Brazil's conditional cash transfers provide the leading examples, followed by India's employment guarantee and Ethiopia's safety net programme.
2. **To be effective, policies need to be designed to address the structural causes of chronic poverty.** Social and political exclusion from key institutions, discrimination against chronically poor groups, and adverse incorporation into institutions and development processes are all facets of chronic poverty, which, if not addressed, may simply leave the basic reasons why people stay poor in place. While governments cannot wish away what are often deeply embedded aspects of institutional and societal functioning, they can show leadership through legislation, enforcement, and creating appropriate incentives for behaviour change. Reforming marriage laws and inheritance practices in favour of widows and divorced women provide live examples in several countries.
3. **Exiting poverty requires attention to job quality, as well as access to quality health services and education** needed to incorporate poor people more effectively in the labour market. Job quality is as important as the quantity of employment, and governments need to be freer to intervene sensibly in labour markets to achieve this. They also need to recognise that escaping poverty involves access to more than basic education and health services, and that, while the quality of the latter is critical, large-scale investment in post-primary education and health systems is also now needed. Finally, new **synergies** need to be achieved between (i) education and the labour market; and (ii) asset building, asset protection and improved market returns from assets.
4. **Better data is required to inform the design and monitoring of policy.** A particular priority is to invest in panel surveys, with accompanying qualitative research, which enable governments to measure deprivation and wellbeing over time. These investments will enable greater disaggregated understanding of changes in poverty and wellbeing, the causes of such changes, as well as better policy evaluation. Having such information in the public domain is critical for a transparent discussion on what best reduces poverty. For example, demonstration that Bangladesh's girls' education stipend was not making much difference to outcomes led to a substantial raising of the stipend.
5. **The post-2015 development framework needs to retain the eradication of poverty as its central goal.** There should be a clear completion date by which absolute poverty is eradicated. The remaining period to 2015 should be used intensively to experiment with approaches and programmes which can help set the direction of travel towards this goal. The target date for achieving the goal should be set sooner rather than later, given the greater difficulties eradicating poverty once the impacts of climate change escalate.

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The big idea: chronic poverty, the MDGs and and the CPRC

1

1 CPRC (2008). 'Annex E: estimates of regional and global numbers'. In *The Chronic Poverty Report 2008-09: Escaping Poverty Traps*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

These calculations have been challenged by Nandy, who has produced higher estimates – see Nandy, S. (2008). 'Misunderstanding' chronic poverty? Exploring chronic poverty in developing countries using cross-sectional demographic and health data', *Global Social Policy*, 8(1), 45-79.

Nandy's paper deals with two rather different issues: the use of Demographic and Health Surveys (DHS) data to produce an estimate of chronic non-monetary deprivation and a critique of the method used to produce initial estimates of global monetary chronic poverty in the Chronic Poverty Report (CPR) 2004-05. He also seeks to compare the results of the two approaches. Nandy's paper represents a substantial misrepresentation of the approach of the CPR. Further, his approach does not deal with global estimates of chronic poverty at all, but rather a non-comparable country specific estimate. The choice of indicators and poverty cut-off used for this require much fuller justification. In relation to the discussion of the CPR approach, we reject the assertion of a supposed 'mathematical error', as well as the validity of the country-specific comparisons he presents in his paper. Despite all this, we re-emphasize again that the estimates produced in the CPR were subject to a very large margin of error, given the severely limited data availability.

2 2005 is the latest year for which adequate figures are available. This updated range may be on the low side: it has been produced without increasing the proportion of the poor assumed to be chronically poor, although this would plausibly increase with a higher poverty line.

The persistence of widespread chronic poverty into the 21st century in such a prosperous world is a scandal.¹ At the new \$1.25 a day measure of global poverty, between 336 and 472 million people were estimated to be trapped in chronic poverty in 2005² – poverty they had experienced for many years (perhaps all their lives) and that had damaged (or was threatening to damage) their capabilities and those of their children irreparably. Living in chronic poverty increases the likelihood of poor health, illiteracy, reduced functioning/disability and dying from easily preventable causes. The global MDGs can be fully achieved only if chronic poverty is tackled effectively.

The origin of the CPRC lies in the process leading to the formulation of the MDGs in 2000-1. Once it was clear that the 2015 targets would focus on 'reducing poverty by half,' this immediately begged a question as to 'the other half' – those who would still be poor by 2015, many of whom had not yet been born. The originators of the CPRC felt it was unacceptable in such a rich world to write off such a substantial proportion of the world's population, to claim it was impossible to envisage that they too could achieve their potential. The purpose of the CPRC was then to provide evidence to policymakers about who would remain poor; why they would remain poor through to 2015 and after it; what their strategies are to escape poverty and deprivation; and what national and global policymakers can do to assist more people to escape poverty sustainably.

While the CPRC was researching and engaging with policymakers on these issues between 2000 and 2010, active global policy discussions were being held on economic growth and poverty reduction; on the nature of the state and poverty reduction; and on social protection policies. Realising early on the significance of the dynamic processes of impoverishment that underlie any measure of poverty, and of chronically poor people's insecurity in the face of high levels of risk, the CPRC provided evidence that social protection had potential in addressing chronic poverty, as did improving the performance of health services to reduce substantial household expenditure on

ill-health.³ The Chronic Poverty Report 2008-09 emphasised the provision of basic services to the hard-to-reach alongside social protection as core policy prescriptions. Subsequently, it deepened its analysis of social protection⁴ and broadened its policy focus to include substantial work on transformative (or progressive) social change and fragile states.⁵ The focus on progressive social change has continued, with a major recent report issued on 'Stemming Girls' Chronic Poverty.'⁶ There was also a focus on the extremely important issue of economic growth in the global Chronic Poverty Reports,⁷ which emphasised agricultural growth and strategic urbanisation alongside social protection. But this was seen as a crowded field, and not the CPRC's comparative advantage, so a limited focus on economic growth in landlocked countries was selected as an important 'niche' for further policy analysis. Meanwhile, country partners were, in several cases and in different ways, working actively on what it is that enables chronically poor people to participate in economic growth.

For policymakers, the need now is to get inside the 'black box' of poverty reduction – the assumption that growth, combined with demographic or political change, will lead somehow to reduced poverty. Rather than poverty policy focusing on getting the headcount ratio down as rapidly as possible, it should zero in on the context specifics of removing the barriers to upward mobility for chronically poor people, reducing the risks of destitution for the already poor and preventing downward mobility into persistent poverty for the near-poor. This involves a different approach to designing policy and new poverty analytics. The evidence suggests that policy in developing countries has begun to generate disaggregated responses, though not in terms of poverty dynamics – perhaps because the poverty analytics need to develop alongside this.⁸

1. What is chronic poverty?

The chronically poor are poor over many years, and may pass their poverty on to the next generation. One of the reasons for interest in the extent to which and why people are poor over long periods of time is that it may become harder to escape poverty the longer you are poor, which is a finding of much research in rich countries. If this is true, there is a premium on escaping poverty as soon as possible, or at whatever point in the life course it is most possible. The limitation of the MDG 2015 target is apparent in this context – if several hundred million people simply have to wait, significant opportunities will be lost which may be hard to recapture later. Box 1 illustrates how wellbeing status of already poor adults can gradually decline over a lifetime, despite a good start in terms of education. Amin and Rohima's story shows the importance of ill-health, family disintegration and exploitative work.

In practice, researchers have often been limited to exploring progress made (or not made) between two points of time when panel surveys are conducted following the same households – and sometimes these surveys are relatively close together. The CPRC has used such valuable evidence, which is still collected all too rarely, but has supplemented it with qualitative (and even, in Senegal, innovative quantitative) life history-based work to obtain a longer time perspective as well as deeper insights into why people remain poor or are upwardly/downwardly mobile; as well as with work on intergenerational transmission of poverty. This has given researchers new perspectives on the nature and causes of chronic poverty and socioeconomic mobility. More governments have

³ CPRC (2004). *The Chronic Poverty Report 2004-05*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

⁴ CPRC (2008). 'Chapter 3: Addressing insecurity through social protection'. In *The Chronic Poverty Report 2008-09: Escaping Poverty Traps*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Barrientos, A. and Nino-Zarazua, M. (2011). *Social Transfers and Chronic Poverty: Objectives, Design, Reach and Impact*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

⁵ CPRC (2008). 'Chapter 5: Transformative social change'; and 'Chapter 6: Ending violent conflict and building a social compact'. In *The Chronic Poverty Report 2008-09: Escaping Poverty Traps*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

⁶ Jones, N., Harper, C., Watson C., et al. (2010). *Stemming Girls' Chronic Poverty: Catalysing Development Change by Building Just Social Institutions*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

⁷ CPRC (2008). 'Chapter 4: Economic growth and chronic poverty'. In *The Chronic Poverty Report 2008-09: Escaping Poverty Traps*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

⁸ Grant, U. and Scott, L. (2011, forthcoming). 'Chronic poverty in policy: a reflection on the CPRC's impact on donor policy and national policies, 2005-2010'. Background Paper. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Box 1: Declining wellbeing status over time – Amin and Rohima⁹

Amin, 61, lives with his 43 year-old wife, Rohima, in Kurigram district, northwest Bangladesh. They regularly go without food as a result of poverty and they are both suffering from chronic illnesses. Their only income source is a very small shop in the local village bazaar and half a decimal of land where their house is situated. They keep a small number of chickens and ducks and catch some fish locally.

Amin attended school up to Class 9, which was unusual for the time in poor rural families. After this, he started working as an agricultural day labourer. His father had 50 decimals (0.5 acres) of land which he sold to pay for Amin's education and living expenses, as he was the oldest son. His brothers and sisters did not receive much education because the family was short of money. Amin's father maintained his family by selling bananas and fish.

Amin was 25 and Rohima was 12 when they married. Their son, born in 1981, showed little interest in education and attended school only up to Class 2. He ran away from home when he was about 12 and is now pulling a rickshaw in Dhaka where he lives with his wife. Rohima suffered from typhoid in 1985. She was treated by a village doctor at a cost of Tk450. She was ill for 15-16 days, but the fever continued for over a year. Amin considers this time the second most serious crisis of his life, after his own illness from 1992 to date.

During 1982-1992, Amin worked in a brick field, where he earned Tk10-20 a day and received board and lodging. This work was physically hard and he developed asthma, which stopped him working. Amin and Rohima could afford only cheap medicine, but even this cost Tk4,000. Rohima had to go to her neighbours to ask for food to feed her husband. In 2006, Amin was admitted to hospital for other problems; no medical expenses were incurred other than some medicine that cost Tk50, but he was unable to work for over a month. At that time, he sold hens for Tk1,300, a goat for Tk500 and some ducks, and he also took loans from others. Amin considers this the third worst crisis in his life to date.

Amin and Rohima are getting older now and are both chronically ill. They have no relatives to help them during hard times, and only Tk240 in savings. Amin still suffers from illness caused by the harsh working conditions in the brickfield. They have very few assets and a precarious income from the small shop they run and the other small-scale income-generating activities they are involved in. It is likely that their situation will deteriorate as their ability to work declines. They have very little confidence in receiving help from their son. The future does not look bright for them.

There is a premium on escaping poverty as soon as possible, or at whatever point in the life course it is most possible.

accepted there is a need for panel data over this period: the Ugandan government has realised afresh the value of panel data – after interacting with CPRC researchers over several years it decided to undertake a new panel survey in 2008; the government of Tanzania likewise; and South Africa now has a National Income Dynamics Survey.¹⁰

The two international Chronic Poverty Reports have painted a picture of who the chronically poor are. In summary, they are often multi-dimensionally deprived and may experience preventable deaths early (and so are not even counted). They are mostly economically active, but are poor because of their positions within households, communities and countries. The Chronic Poverty Report 2008-09 described five 'traps' which separately, and very powerfully together, keep people poor: insecurity; limited citizenship; spatial disadvantage; social discrimination; and poor-quality work opportunities. Spatial inequality within countries leads to concentrations of chronically poor people; some *countries* are also chronically deprived (Figure 1). Box 2 further illustrates what it means to be chronically poor, using the words of a mother and washerwoman in Senegal, and provides evidence of strategies to survive and even attempt to escape poverty through enterprise or education.

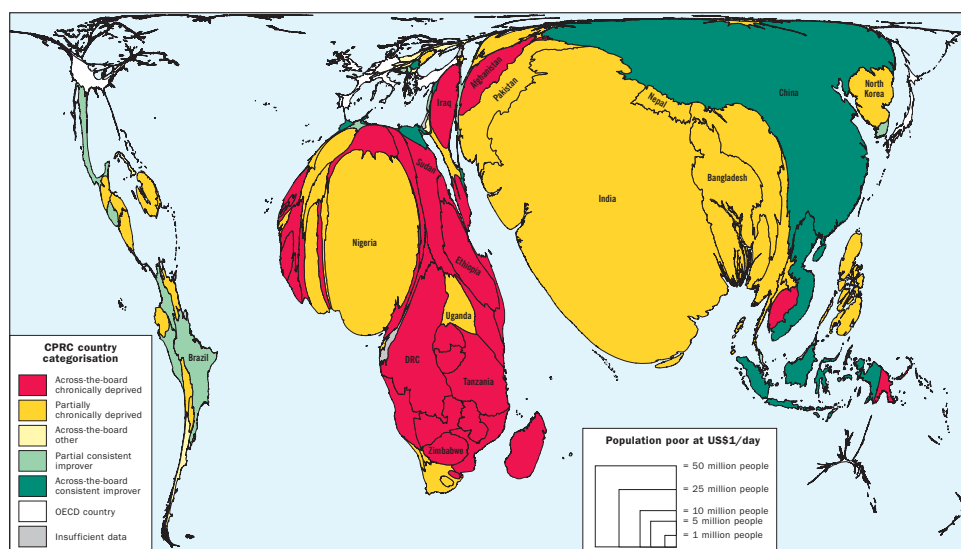
⁹ Adapted from: Davis, P., Haque, R. and Akhter, B. (2010). 'Life history: Amin, male, aged 61, Srirampur village, Kurigram district'. Bath: Social Development Research Initiative. (Ed.) Louisa Frears.

¹⁰ A growing number of governments have started panel household surveys, some under the World Bank's Living Standards Measurement Survey Integrated Surveys on Agriculture Initiative.

The chronically poor are often multi-dimensionally deprived and may experience preventable deaths early.

They are mostly economically active, but are poor because of their positions within households, communities and countries.

Figure 1: Cartogram of \$1/day poverty by country¹¹



Box 2: What does it mean to be chronically poor?¹²

'I grew up in the huts. Our house caught fire three years in a row. We lost everything and became poor. Our neighbours helped us with millet and some clothes. I never had the chance to go to French speaking school. I had three years at an Arabic school. At ten years old I started working as a domestic servant. I got married to him at thirteen. My oldest boy is now twenty. At the beginning things went a bit better, but now that I've got children... (she cried). He went to sea after the Tabaski (Aïd el Kebir) and I've had no news (now September, several months later) and he's sent nothing. I manage all on my own. I live here with his family, but we don't share meals. Let's hope that things will improve. God is great. My oldest has also gone to sea. He occasionally sends me something. My daughter went to Dakar to find work as a servant. She said: 'mother, let me go to Dakar so I can help you buy my school supplies when I get back, and some clothes. Her younger sister has stopped school, she didn't finish the year, she says she's going to work to help me as she can't bear my situation.'

TP, 34-year-old washerwoman, eight children and two deceased, Senegal

2. The CPRC

The CPRC has existed since 2000 as a multi-country, multi-institutional partnership, led from the University of Manchester in the UK. It has had three streams of work: research, policy analysis and policy engagement, seeking to mix programmes of work relevant at the country level with thematic programmes looking for explanations of the chronic poverty and poverty dynamics that are observed. The approach has allowed country partners considerable autonomy in deciding research priorities. This has had the advantage that it has been able to generate significant interest among and, in a number of countries, some influence on policymakers. This diversity has also constrained the production of generalisable findings. Thematic work since 2005 has focused on poverty dynamics; intergenerational transmission of poverty; assets and assetlessness; insecurity, vulnerability and risk; and adverse incorporation and social exclusion – themes recognised as important following the first five years of more inductive research.

¹¹ CPRC (2008). *The Chronic Poverty Report 2008-09: Escaping Poverty Traps*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

¹² Life story from Rokhaya Cissé, Dakar: Lartes/IFAN, Université Cheikh Anta Diop. Author's translation.

The CPRC has taken as its major audience national policymakers (especially ministries of finance, prime ministers'/presidents' offices and key sectoral ministries), but also international and national poverty policy communities, social movements and civil society leaders. This paper is designed for the international poverty policy community. Other synthesised outputs have been developed for national poverty policy communities and are referred to here.¹³

3. Chronic and severe poverty: no shortcuts on data

A major objective of the second phase of the CPRC was to analyse the relationship between severe and chronic poverty, thinking that, since most countries produce data on severe poverty, these could act as a proxy for chronic poverty, for which fewer countries have data. The conclusion of our analysis is that, whereas the severely poor are most often chronically poor – so severe poverty is generally a good predictor of chronic poverty – there are chronically poor households that are not severely poor. Severe poverty is therefore an inadequate proxy for chronic poverty – it covers a proportion of the chronically poor but not the whole.¹⁴ This is an important new research finding (Box 3).

For practical targeting purposes, focusing on the severely poor would be a good starting point if the objective were to intervene to interrupt chronic poverty. There would be little error of inclusion, though the exclusion error could be significant. This finding also

Box 3: The relationship between chronic and severe poverty

Tackling chronic poverty is an urgent issue. But a major challenge to achieving this is a lack of knowledge about its extent. Assessing chronic poverty requires panel data, whereby the poverty status of each specific household can be assessed at different points in time. However, this is available in only about 20 developing countries, and many datasets are not easily accessible or comparable across countries. Given this, can extreme poverty, measured at one point in time, be an adequate proxy for chronic poverty? The CPRC used 23 panel datasets from 12 countries to examine if households living in extreme poverty (according to national food poverty lines) during the first round of data collection remained in chronic poverty over the length of the panel.

The extent to which extreme poverty serves as a proxy for chronic poverty varies significantly according to the context, and reflects, in part, the gap between the extreme poverty line and the national poverty line, which is the reference for chronic poverty. Where extreme poverty is a reasonable proxy for chronic poverty, the extreme poverty line is 80% or more of the national poverty line. Where extreme poverty underestimates chronic poverty, the extreme poverty line is 60% or less of the national poverty line.

In some contexts, then, extreme poverty can substantially underestimate the numbers living in chronic poverty. However, it often serves as a much better identifier that somebody is chronically poor. In two-thirds of cases, more than 60% of people living in extreme poverty at the start of the panel are persistently poor during subsequent data collection. Where extreme poverty is a less successful identifier of chronic poverty is in contexts of rapid economic growth, when reasonable numbers of households can raise their income significantly over the length of the panel.

Extreme poverty can serve as a fairly reliable predictor of chronic poverty, therefore. It is also almost certainly better than any alternative candidate.

13 Final country reports or synthesised outputs have been completed:

Bangladesh: Sen, B., Ali, Z. (forthcoming, 2011). 'Low accumulation, high vulnerability and greater exclusions: why the chronically poor cannot escape poverty in Bangladesh, or elsewhere in South Asia'. In Brunt, J. and Shepherd, A. (eds.) *Addressing Chronic Poverty*. London: Palgrave MacMillan.

Burkina Faso: Wetta, C., Kabore, S., Kibora, L., Nikiema, A., Kone, M., Konde, M., Malgoubri, M., Zida, P.M.F., Abdourahyme, S., Ouedraogo, H. (2011). *Pauvreté Chronique et Transitoire au Burkina Faso: Une Analyse de la Dynamique à Partir de Données Agricoles*. Uagadougou: CEDRES Projet de Recherche sur la Pauvreté Chronique (PRPC) and CPRC.

Niger: Sidikou, H.A., Seydou, M., Garba, S. (2011). *Rapport de la Recherche-Pilote sur la Pauvreté Chronique en Milieu Rural Nigerien*. Niamey: Institut de Recherche en Sciences Humaines, Université de Niamey; Institut National de la Statistique, Réseau MARP- Niger.

India: Kapur Mehta, A., Shepherd, A., Bhide, S., Shah, S., Kumar, A. (2011). *India Chronic Poverty Report: Towards Solutions and New Compacts in a Dynamic Context*. New Delhi: Indian Institute of Public Administration.

Senegal: Salam Fall, A., Antoine, P., Cissé, R., Dramani, L., Sall, M., Ndoye, T., Diop, M., Doucouré, B., Ballé Sylla, M., Ngom, P. Faye, A. (2011). *Les Dynamiques de la Pauvreté au Sénégal : Pauvreté Chronique, Pauvreté Transitoire et Vulnérabilités*. Dakar: LARTES-IFAN

Tanzania: Kessy, F.L., Mashindano, O. and Shepherd, A. (2011, forthcoming). *Translating Growth into Poverty Reduction: beyond the numbers*. Oxford: James Currey.

Uganda: CPRC/DRT (2011, forthcoming). *Uganda Chronic Poverty Report 2: Is anyone listening?*. Kampala: Development Research and Training and CPRC.

14 McKay, A. and Perge, E. (2010) 'Is severe poverty a good proxy for chronic poverty? Evidence from a multi-country study'. *CPRC Working Paper* 179. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Current policies largely leave escaping chronic poverty to those who are most excluded and discriminated against or face poor opportunities, while actively promoting the interests of others – which is extremely unjust.

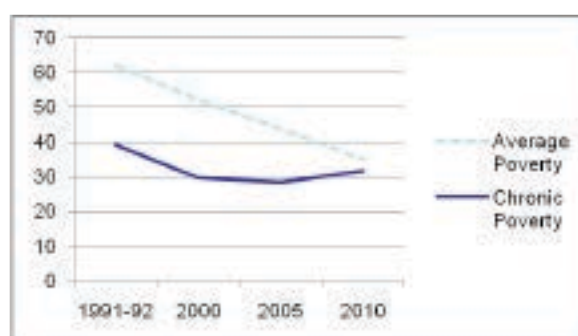
illustrates the case for good panel data as the basis for measuring chronic poverty. There is no shortcut, although in the poorest countries severe poverty may be quite a good proxy for chronic poverty.

4. Why is chronic poverty important?

Why is it important that policymakers disaggregate poverty in this way and develop differentiated responses? Justice calls for it, and the biggest gains in welfare are to be gained by doing it. Current policies largely leave escaping chronic poverty to those who are most excluded and discriminated against or face poor opportunities, while actively promoting the interests of others – which is extremely unjust. As such, political and economic elites (global and national) have ethical reasons for attempting to include and enhance opportunity, but also pragmatic reasons. Economically, having a significant group of people who are poor for long periods represents a drag on growth, as they demand few goods and services.¹⁵ Politically, and especially where discrimination is involved, the state's legitimacy may be questioned: chronically poor people may have little to lose if they have few prospects of improving their situation when all around them they can see others doing so. Finally, it can be done. There is growing evidence that there are policies that do address chronic poverty. If this is true, is it not negligent to avoid taking action?

These are general reasons for taking chronic poverty seriously. There is a more context-specific reason too. As countries reduce absolute poverty, more of the poverty which is left behind is chronic. Bangladesh has done well in reducing the incidence of poverty as a whole. But recent research shows that most remaining poverty is now chronic (Figure 2). This means that the government will have to take it more seriously than in the past if it wants to eradicate poverty overall.¹⁶

Figure 2: Trends in average and chronic poverty, Bangladesh 1991/2-2010



¹⁵ Perry, G.E., Arias, O.S., López, J.H., Maloney, W.F. and Servén, L. (2006). *Poverty Reduction and Growth: Virtuous and vicious circles*. Washington D.C.: The World Bank

¹⁶ Sen, B., Ali, Z. and Begum, S. (2011, forthcoming). 'Chronic Poverty in Bangladesh.' Manchester, UK and Dhaka, Bangladesh: Chronic Poverty Research Centre (CPRC) and Bangladesh Institute of Development Studies.

5. Selection of key issues in this paper

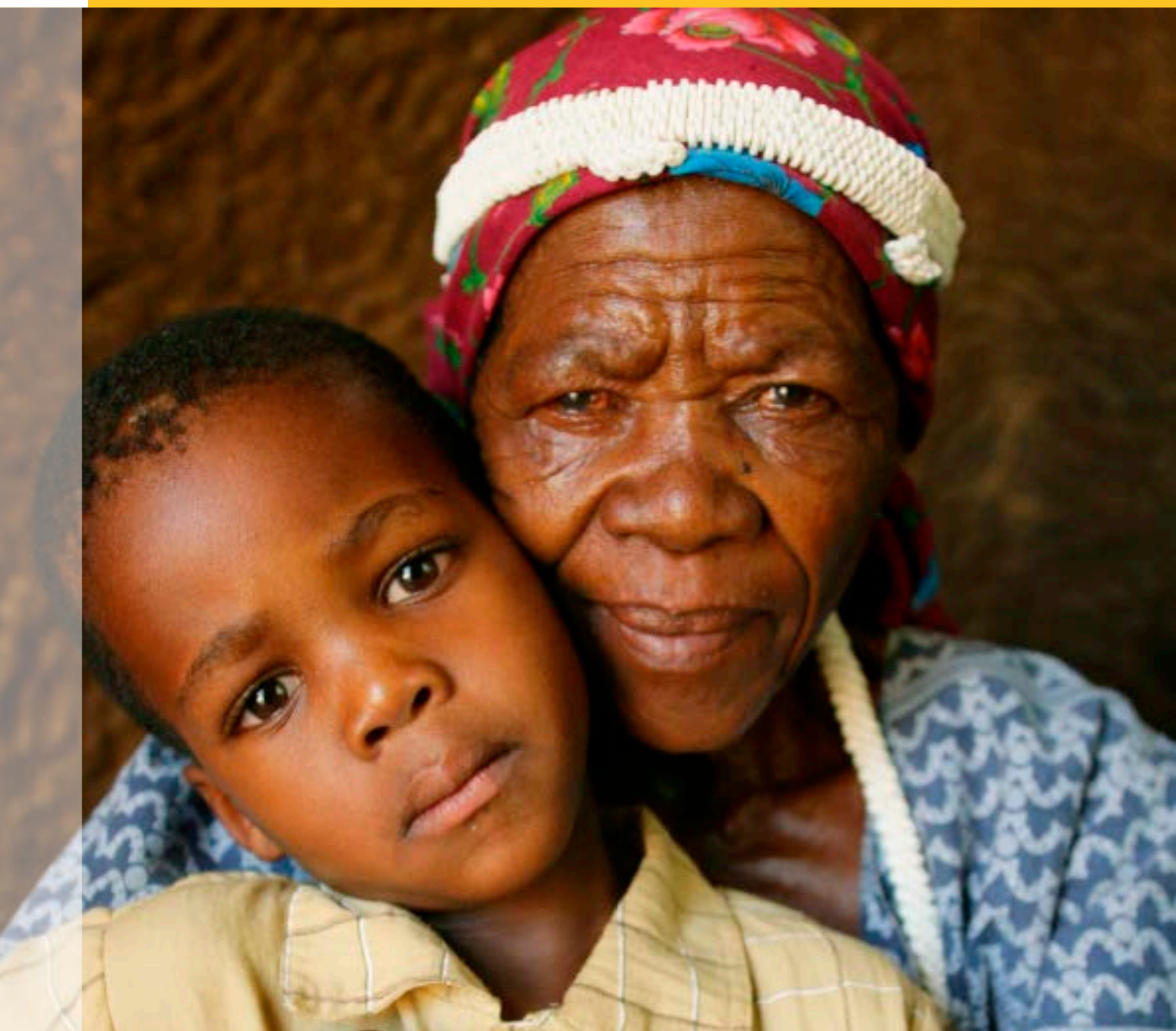
This synthesis paper attempts to focus on what is new or different; what is actionable; and what is strategic as far as addressing chronic poverty is concerned. This relates to the big development policy discussions of the era – on economic growth, on the nature

of the state and on social change. It focuses on issues where there is demand for knowledge and brings relevant evidence to the table. The key messages are about both policy content and, to a lesser extent, process. They may support existing knowledge and policy or add something new. New knowledge or policy recommendations are highlighted. Table 1 gives a brief summary of the new knowledge generated by the CPRC and its policy implications.

Table 1: New knowledge produced by the CPRC and its policy implications

New knowledge: research findings	Policy implications
Social assistance (social transfers) addresses chronic and severe poverty.	This is a practical approach to a problem that can otherwise seem intractable. The critical issue is to facilitate national systems of social protection in low income countries.
Economic growth has reduced severe and chronic poverty less than poverty as a whole, and less than the average across the population.	This indicates a range of special measures are necessary to include the chronically poor, on the composition of growth; the functioning of the labour market; achieving synergies between assets markets and protection; integrating deprived regions; and working with young people.
Job quality is as important as the quantity of employment generated by economic growth, unless there is no growth, when the priority is kick-starting growth.	Governments should develop or support the development of labour standards applicable to major labour-intensive sectors (agriculture, construction, manufacturing).
Chronic poverty is highly political and relational in nature.	The nature of the social contract has a big impact on whether the chronically poor remain poor. Policymakers need to stimulate the 'good society.'
Chronically poor people are adversely incorporated as much as socially excluded.	Improving the quality of jobs and of institutions (markets, the family, the community) is an important part of addressing chronic poverty.
Descents into poverty can be sudden; getting out of poverty is often gradual, over a long period of time.	National poverty analyses need to examine poverty dynamics using quantitative panel surveys and linked qualitative research.
Most severely poor people are also chronically poor.	Severe poverty is a good starting point for policymakers to target the chronically poor.
(Panel) household survey data combined with life histories and other qualitative research produces a richer analysis of the nature and causes of chronic poverty and poverty dynamics.	National statistics organisations should produce more nationally representative panel datasets, which can be combined and sequenced with qualitative research.
It is possible to divide countries' poverty situation and causes into a three-way matrix (see Table 4).	International organisations could work out where in this matrix a particular country sits, and develop their assistance strategies accordingly.
Significantly greater women's agency is necessary to reduce chronic poverty in many situations.	Governments need to revisit legislation and social norms on inheritance, and women's access to property.

As countries reduce absolute poverty, more of the poverty which is left behind is chronic.



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Chronic poverty: unpacking the poverty ‘black box’

2

Policymakers need to know how to include the chronically poor: if they cannot be included in development on good terms, poverty as a whole cannot be eradicated.

Among the 1.4 billion absolutely poor people in the world, almost half a billion are chronically poor – that is, they are poor over a long period of time or a lifetime, and may pass their poverty on to the next generation. Poverty eradication happens through a combination of large-scale social and economic change, policy actions and specific interventions. Addressing chronic poverty is a particular challenge, as it requires opportunities for the chronically poor to engage in and benefit from economic growth, it requires progress towards the development of a ‘good society’ and the protection of poor people against multiple risks. Policymakers need to know how to include the chronically poor: if they cannot be included in development on good terms, poverty as a whole cannot be eradicated.

In order to develop appropriate policies for such large numbers of people a disaggregated analysis and differentiated policy response is required.

1. The four ‘ds’

An up-to-date analysis of poverty will **disaggregate**; focus on **duration** and **dynamics**; and, produce a **differentiated** policy response. It will also examine the prospects of ‘coming generations’ – children and young people.

Disaggregation is critical. Not all poverty is the same, in terms of severity, duration, the dimensions of deprivation and people’s occupations and important social categories (gender, age, socioeconomic status).¹⁷ More countries are disaggregating along these lines in their poverty analyses and more international agencies are recognising the poorest, the chronically poor or the persistently vulnerable.¹⁸ Overall, the level of knowledge available on poverty – dynamics, dimensions, severity and causes – has increased dramatically since 2000.

¹⁷ Addison, T., Hulme, D. and Kanbur, R. (2008). *Poverty Dynamics: Interdisciplinary Perspectives*. Oxford: Oxford University Press.

¹⁸ Gibson, S. (2011, forthcoming). ‘Chronic poverty in policy: a reflection on the CPRC’s impact on donor policy and national policies, 2005-2010’. Manchester, UK: Chronic Poverty Research Centre (CPRC).

19 McKay, A. and Perge, E. (2010) 'Is severe poverty a good proxy for chronic poverty? Evidence from a multi-country study'. *CPRC Working Paper 179*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

20 CPRC held a conference on conceptual understandings of chronic poverty and poverty dynamics in 2006, where major thinkers on poverty attended and engaged in debating the CPRC's core ideas. This resulted to a book by Addison, T., Hulme, D. and Kanbur, R. (2008). *Poverty Dynamics: Interdisciplinary Perspectives*. Oxford: Oxford University Press.

The ideas from this conference stood that test, and have proved useful in guiding empirical research in many contexts, as explored in Shepherd, A. and Brunt, J. (eds.) (2011, forthcoming). *Addressing Chronic Poverty*. London: Palgrave Macmillan.

21 Barrientos, A. (2007). 'Does vulnerability create poverty traps?'. *CPRC Working Paper 76*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

22 The assumption of perfect inter-temporal transfers is unrealistic (the poor are credit-constrained) and the distinction does not address the issue of long-term trends in welfare.

23 Baulch, B. and Davis, P. (2009). 'Parallel realities: exploring poverty dynamics using mixed methods in rural Bangladesh'. *CPRC Working Paper 142*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Baulch, B. (ed.) (2011 forthcoming). *Why Poverty Persists? Poverty Dynamics in Asia and Africa*. Cheltenham: Edward Elgar.

Moser, C. (2007). 'Introduction'. In Moser, C. (ed.) (2007) *Reducing Global Poverty: the Case for Asset Accumulation*. Washington, DC: The Brookings Institute.

24 Krishna, A. and Shariff, A. (2011). 'The irrelevance of national strategies? Rural poverty dynamics in states and regions of India 1993-2005'. *World Development*, 39 (4), 533-549.

Narayan, D., Pritchett, L. and Kapoor, S. (2009). *Moving Out of Poverty: Success From the Bottom Up*. Washington, DC: Palgrave Macmillan and the World Bank.

Baulch, B. (ed.) (2011, forthcoming). Overview Chapter. *Why Poverty Persists? Poverty Dynamics in Asia and Africa*. Cheltenham: Edward Elgar.

Duration is an important dimension of poverty. We have seen that most severely poor people are also chronically poor,¹⁹ but there are people who are poor over long periods who are not severely poor. The long duration of chronic poverty suggests that it is structural – that is, it is explained by the functioning of social, economic or political systems. Being poor over long periods of the life course and over generations has its own dynamic implications, which makes it more urgent to address chronic poverty today. Otherwise, today's poor may also be tomorrow's poor.

On the opposite side of the coin from chronic poverty lie poverty **dynamics**. Understanding why people move into and out of poverty sheds further light on why people are trapped in poverty. The CPRC has contributed especially to distinguishing why some people escape while others do not, and understanding the processes that lead to chronic impoverishment of some while others are poor for shorter periods. All of this illuminates the reasons for chronic poverty.²⁰

In terms of the meaning of the most frequently used indicator of poverty – its incidence in the population – it is clear that, in almost all situations, descents into poverty make a significant dent in the total number of escapes from poverty. The extent to which descents into poverty represent chronic (as opposed to transitory) impoverishment should affect the degree to which policy focuses on reducing vulnerability and managing insecurity and risk as opposed to addressing the barriers that prevent escapes from poverty.²¹

The most frequent distinction made in terms of poverty dynamics is between chronic and transient poverty. However, while the category 'chronic poverty' is relatively straightforward, transient poverty conflates upwards and downwards movements, which does not seem intuitively right, and there are technical problems with the separation too.²² The CPRC's proposal is therefore to focus on mobility into and out of poverty as well as chronic poverty.

Qualitative life history research has found that individuals' and households' trajectories into poverty may be sudden, with shocks making step changes in prosperity. Multiple shocks are especially impoverishing. Pathways out of poverty are typically more gradual, with asset accumulation over long periods or inter-generationally, interrupted by small reversals, from which upwardly mobile people are able to recover.²³ This important new knowledge, which originated in Bangladesh, has been confirmed in Tanzania and Senegal. Box 4 compares patterns of exiting poverty. Quantitative survey-based analysis normally covers shorter periods and therefore normally cannot provide a commentary on longer-term mobility patterns. But where long-term panel data exist (India), the suggestion is that upward mobility often takes place over decades.

A **differentiated** policy response is required to address the different causes of chronic poverty and impoverishment, and to identify and assist the drivers of escape from poverty.²⁴ Individual strategies are critical,²⁵ but these can be helped or hindered by factors in the wider economic and political environment which prevent impoverishment and interrupt persistent poverty. Chapters 3 and 4 elaborate on this. In brief, the historical, political and economic context and enabling environment are important in determining which combinations of measures to assist with asset accumulation in markets which may be hostile; measures to protect against major risks, including the

Box 4: Poverty dynamics – patterns of escaping poverty compared²⁶**Bangladesh**

Life histories from rural Bangladesh demonstrate how household trajectories and poverty exits are the product of both seizing opportunities and coping with downward pressures. They illustrate how some forms of opportunity are cited more often by people on improving life trajectories than they are by those on declining trajectories. In particular, people enjoying long-term improvements in socioeconomic wellbeing are better able to exploit key forms of opportunity associated with productive work and asset accumulation. Most importantly, they can utilise and benefit from land assets, business activities, fish farming, loans (including microcredit), salaried employment, livestock and household or property division. While people on upward trajectories frequently cite pressures associated with assets and productive activities, such as crop damage and death of livestock, in comparison with households on declining trajectories, they less frequently cite downward pressures associated with violence, conflict, migration, illness or disability. These findings support the view that work-related productive and asset-accumulating activities are doing the 'heavy lifting' of poverty reduction in rural Bangladesh, particularly for those with the resources and capabilities to exploit these routes out of poverty.

Tanzania

As with rural Bangladesh, evidence from Q-squared data collection in Tanzania illustrates how the accumulation of physical assets such as land and/or a house is a key factor in poverty escape. However, while agriculture is necessary for upward mobility, it is not sufficient for escaping poverty. The rural nonfarm economy, including nonfarm businesses and salaried employment opportunities, is critical to poverty escape. Favourable marriage is also frequently cited as a key factor in 'tipping' people out of poverty. Certainly, having multiple sources of income – typically through combining agriculture with salaried employment and a nonfarm business – is crucial in improving wellbeing and moving beyond a situation where a household is continually vulnerable to future poverty. In general, then, escaping poverty does not involve adopting nonfarm activities in addition to agricultural activities, but rather using these to complement agricultural work. Agriculture remains a basic requirement for poverty exits. Even if households have moved out of agriculture, it is frequently because of their involvement in agriculture that they have been able to accumulate nonfarm assets. Hussein, for instance, took a loan from his stepfather to buy a cashew farm, which enabled him to get another loan from a private company. This then enabled him to establish and run a shop. Several households escaping poverty made it into the 'vulnerable but not poor' category: to move beyond this required several sources of income.

Senegal

In rapidly urbanising Senegal, where chronic and inter-generationally transmitted poverty remains widespread, exits from chronic poverty have also been fragile, with setbacks, and are often not definitive – having escaped, re-entry remains a possibility for many. The more sustained escapes have depended on two types of approach: one which addresses the structural conditions that shape socioeconomic inequality, and a second more opportunistic approach. Education and migration strategies represent the former, social integration and support networks the latter. Education, especially pursued through to a point of completion – getting a qualification – is key to most sustained escapes from poverty; migration, both internal and external, for education and work is a central part of many stories, with international migration in particular having positive impacts on people who stay behind; young people join or attach themselves to a sporting, religious or cultural organisation or occasionally a patron, by way of finding their own routes from poverty; and support from a relative is a critical part of many escape stories, although the latter may assist resilience directly more than escape from poverty. Exiting poverty is much easier for people in towns – where 60% escaped over a 30-year period compared with 25% in rural areas. This is because it is easier to find both the education and the employment opportunities capable of enabling upward mobility.

²⁵ Narayan, D., Pritchett, L. and Kapoor, S. (2009). *Moving Out of Poverty: Success From the Bottom Up*. Washington, DC: Palgrave Macmillan and the World Bank.

²⁶ Cissé, R. (2011, forthcoming). 'Les facteurs d'interruption de la transmission et les expériences de sortie de la pauvreté,' *CPRC Working Paper*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Davis, P. (2011). 'Escaping poverty: patterns and causes of poverty exits in rural Bangladesh'. *CPRC Working Paper 194*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Higgins, K. (2011). 'Escaping poverty in Tanzania: what can we learn from cases of success?'. *CPRC Working Paper 204*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

An up-to-date analysis of poverty will disaggregate; focus on duration and dynamics; and produce a differentiated policy response.

27 Hickey, S. (2010). 'The government of chronic poverty: from exclusion to citizenship?' *CPRC Working Paper 151*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

28 Hickey, S. (2011 forthcoming). 'The politics of social protection in Africa: What do we get from a 'social contract' approach?' *CPRC Working Paper and Background Paper for 2010 European Development Report*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

29 CPRC (2008). *The Chronic Poverty Report 2008-09: Escaping Poverty Traps*. Manchester, UK: Chronic Poverty Research Centre (CPRC). Pages 96-99.

30 Hickey, S. and du Toit, A. (2007). 'Adverse incorporation, social exclusion and chronic poverty'. *CPRC Working Paper 81*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Shepherd, A. (2007). 'Understanding and explaining chronic poverty: an evolving framework for Phase III of CPRC's research'. *CPRC Working Paper 80*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

risks of insecure jobs and changing household composition; and measures against discrimination and exclusion will best address chronic poverty, assist escaping poverty and prevent impoverishment.

Chronic poverty may be more structural than transient poverty, and therefore there is a need for an additional set of policies to address it. These policies are more difficult than the accepted range of policies (economic growth and human development), and more context-specific, but they are nevertheless actionable, given existing knowledge. Political support may be the key constraint. Key policy areas include patterns of economic growth with labour market development which include chronically poor people on good terms; progressive social change; and social protection (see Chapter 4). The CPRC has helped generate important new debates about policy responses to poverty in this regard.

Understandings of persistent poverty are contested. State responses try to depoliticise poverty, but pushing forward a chronic poverty reduction agenda in reality calls for state-civil society coalitions and representation of poor people²⁷ in constructing a state-citizen social contract around specific actions and commitments. The nature and shape of such evolving social contracts depends on the context and cannot be imposed. Typically, they include forward-looking developmental aspects (growth, education) as well as protective aspects (health services, social protection), but the balance varies. Seeing the importance of impoverishment processes and the insecurity that keeps people poor, the CPRC has put emphasis on extending social contracts through social protection,²⁸ even in the context of 'fragile states.'²⁹ This is another example of innovative thinking emerging from its work.

A cross-discipline perspective is necessary to understand chronic poverty and poverty dynamics, which are about social and political relationships as well as economic, macro-level and micro-level processes. Understanding multidimensional deprivation goes well beyond human development concerns to cover concepts of social, economic and political power. Social exclusion from aspects of development (e.g. human development) combines with adverse incorporation in other aspects (e.g. markets) to trap people in poverty.³⁰

Finally, in terms of research methods, the CPRC has developed a combined and sequenced approach to quantitative and qualitative research on poverty. This enables the application of concepts from different disciplines in a strong causal analysis, as well as capturing longer- as well as shorter-terms wellbeing and changes in poverty status. Developed first in Bangladesh (Box 5), similar approaches have now been applied in several other countries.

2. Intergenerational poverty

Intergenerational transmission of poverty occurs through different channels in different contexts; in any given context, policymakers need to be open to the potential of a multi-channel policy responses. Key well-recognised channels include low levels of *in utero* and child nutrition resulting from poor maternal and child health, leading to long-term physical stunting, mental impairment and health problems; low levels of

Box 5: Sequencing qualitative and quantitative methods to study poverty dynamics in rural Bangladesh³¹

The CPRC's work with the International Food Policy Research Institute (IFPRI) and Data Analysis and Technical Assistance Ltd. has pioneered new methods for integrating and sequencing qualitative and quantitative methods to study poverty dynamics. Fieldwork conducted in 2006-7 involved a three-phase qual-quant-qual study, which itself built on earlier IFPRI household surveys in 102 villages in 14 of Bangladesh's 64 districts.

Phase I involved qualitative focus group discussions with four groups (poor and better-off women, poor and better-off men) in a subsample of 29 villages in 8 districts. Conducted in July and August 2006, these aimed to elicit perceptions of the drivers of poverty dynamics and causes of persistent poverty.

Phase II was a quantitative survey of previously interviewed households plus new ones that had split off from them but remained in the same district. The survey took place from November 2006 to February 2007, the same agricultural season as the original survey, and covered 2,152 households, of which 1,907 had taken part in the original survey and 365 were 'splits' from the original households.

Phase III was qualitative and collected life histories from 293 individuals in 161 selected households in 8 of the districts in the original quantitative study. The 8 districts were selected to represent a wide range of environments; in each district, we selected 2 villages from the quantitative survey. In each village, 10 households were then selected on the basis of poverty transition matrices constructed using per capita expenditures from the initial and 2006-7 household surveys and the Bangladesh Bureau of Statistics' upper poverty lines. Thus, the life history interviews, which were conducted between March and October 2007, form a subsample of the larger quantitative sample.

Davis and Baulch (2011) compare poverty dynamics for the common subsample of households and individuals from Phases II and III of the project. They find that qual and qual assessments of poverty dynamics differ substantially, especially for movements into or out of poverty, and suggest various ways of reconciling these differences. Considering assets and proximity to the poverty line along with expenditures resolves about three-fifths of the mismatches. The life history interviews also provide much valuable information on the contributions to poverty dynamics of ill-health, dowry pressure, disability, domestic violence, social isolation and stigma. The authors conclude that integrating and sequencing qualitative and quantitative approaches using a 'medium N' sample can enhance our understanding of the poverty dynamics and the causes of chronic poverty considerably.

While the focus of this study was on understanding the drivers and maintainers of chronic poverty in rural Bangladesh, the study also maintained the intervention comparison groups from the previous IFPRI surveys, which allowed for an investigation of the long-term impact of three development interventions in a follow-up project.

Policies against chronic poverty are more difficult, and more context-specific, but they are nevertheless actionable, given existing knowledge.

³¹ Wadugodapitiya, D. and Baulch, B. (2011). 'The value of panel data in chronic poverty analysis'. *CPRC Policy Brief* 23. Manchester, UK: Chronic Poverty Research Centre (CPRC).

³² Douane, D. (2007). 'Living in the background: home-based women workers and poverty persistence'. *CPRC Working Paper* 97. Manchester, UK: Chronic Poverty Research Centre (CPRC).

³³ Alderman, H., Hoddinott, J. and Kinsey, B. (2006). 'Long-term consequences of early childhood malnutrition'. *Oxford Economic Papers*, 58(3), 450-474.

³⁴ Hoddinott, J. et al. (2009). 'Effect of a nutrition intervention during early childhood on economic productivity of Guatemalan adults'. *The Lancet*, 371 (9610), 411-416.

³⁵ Bird, K. (2007). 'The intergenerational transmission of poverty: an overview'. *CPRC Working Paper* 99. Manchester, UK: Chronic Poverty Research Centre (CPRC).

parental education and income, limiting the potential for children's education; and early marriage and childbirth. The number one driver is low parental income. Poor parents have poor children, who are more likely to become poor adults because of less nutrition, education and inheritance and poorer social networks and environments as children. Vulnerabilities generated by informal employment can have effects on the next generation through limitations on schooling and child care.³² Shocks can result in long-lasting effects on height and cognitive development – the most often-quoted example being the effects of the 1991 drought in Zimbabwe.³³ Conversely, a simple nutrition intervention can have large and long-lasting effects on the nutrition, cognitive development and earnings of recipient children.³⁴ Less well-recognised channels include the poor nutrition available to poor teenage girls, the nature of *in vivos* gifts and low aspirations resulting from discrimination.³⁵

Inheritance patterns and timing can make a substantial difference to upward mobility.

Young adults inheriting assets at the right time may be in the strongest position to escape poverty.

36 da Corta, L. and Magongo, J. (2011). 'Evolution of gender and poverty dynamics in Tanzania'. *CPRC Working Paper 203*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Box 6: A case of asset stripping³⁶

Bintimusa Khalfani, 39, who is a Muslim and belongs to the Mikonde ethnic group, lives in Nkangala, Newala district, Mtwara, Tanzania. In 1986, Bintimusa left school. That same year, her father abandoned her mother and her two brothers and elder sister married and moved out. From 1986 to 1993, it was Bintimusa's job to farm the land that her father left the family (her mother and brothers). She was an enthusiastic farmer and chose to grow groundnuts instead of cashew (which were losing productivity) together with cassava and maize. In 1993, Bintimusa married in a Muslim wedding; her husband's brother gave a brideprice of UGX40,000 to her mother. Her husband's job was selling fish at his uncle's stall on commission. He also inherited a farm of 1.5 acres to grow maize and cassava.

Bintimusa and her husband had two daughters. Her husband's fish business did well and she farmed his maize and cassava plot. On average from both farms, she produced six bags of maize (storing four and selling two) and four bags of cassava, (storing three and selling one). When surplus maize and cassava was sold, she would use the money to buy clothes, soap, sugar and even beef for the family.

In 1995-6 she found that the fertility (and productivity) of her maize and cassava land was falling, with not enough surplus. Bintimusa became proactive: one day, she saw some land in a forest and decided to clear it and to plant 35 cashew trees. In 2001, she harvested her first crop. Over the period 2002-4 she planted 0.5 acres more, which should yield cashews in 2010.

The family were vulnerable but not poor. However, with her husband's death in 2005 (from malaria and asthma, possibly with HIV/AIDS) came Bintimusa's disinheritance. The father of her husband took back the 1.5 acres of land given at marriage – he said to Bintimusa 'we gave you this farm on marriage to help you when you were together but now that you are not together we will take it back.'

Although she and her children never went through a day without food, they did reduce the quality of the food they ate, eating porridge and only one meal a day because she did not produce enough maize from the farm. Bintimusa would cut and sell firewood when times were bad, but she did not sell her labour (but this may have been cultural pride, as her mother came from a wealthy family).

In 2006, her husband's brother took Bintimusa's house; he said 'I gave you this house at marriage so that my younger brother could stay here but now he is not around so you can go.' So Bintimusa and her children moved to her mother's house (her mother was also widowed and living in her sister's old and rundown house). At that time, her mother was too old to cultivate land; theoretically, Bintimusa could start farming her mother's/brother's portion of land too, but she didn't have the money to clear it. She couldn't sell her mother's land because her brothers might say one day that they wanted it. If she rented it out, her brothers might accuse her of ruining the fertility of the land. When Bintimusa's mother was asked about norms regarding the separation of assets after divorce, she said that a man and his kin had the right to take all family assets and children if he chose to after divorce or widowhood.

Much intergenerational transmission of poverty comes down to women having low levels of agency. Agency is enhanced through education, but also through wider changes in economic structures permitting women to access regular employment.³⁷ Control over household and productive resources and in some cases freedom of movement are key factors. Agency is also enhanced by a wide variety of context-specific (see Chapter 4, Section 3 on progressive social change) and universal measures, including gender-sensitive social protection.

These issues are manifestations of inequities in societies and economies, which are being replicated inter-generationally. In this sense, intergenerational poverty will occur as long as the wider social, political and economic environment does not change.³⁸ Box 6 illustrates the problem that persistent social norms can have for women's agency.

Given the well-founded knowledge base on the key nutritional, educational and income factors underlying intergenerational transmission of poverty, the CPRC's recent research has focused on one important, but little investigated transmission channel: inheritance, chosen because it emphasises the role of assets (or assetlessness) in chronic poverty and poverty dynamics. A number of countries have recently been reviewing or revising inheritance legislation, which means this is also a topical policy issue. And it is clear from CPRC research that inheritance patterns and timing can make a substantial difference to upward mobility. Young adults inheriting assets at the right time may be in the strongest position to escape poverty.³⁹ Clearly, property laws more broadly, especially those connected with marriage law, are also vital in offering (or not) protection from impoverishment.⁴⁰ But laws are not enough. Some countries have instituted progressive legislation, but implementation lags behind, with distortions to customary practice leading to property grabbing against the interests of women and children, causing their downward mobility and in some cases impoverishment.⁴¹ Time and again, life histories illustrate the power of inheriting a key asset at the right time – an example would be the Tanzanian woman who inherited two hectares of land which brought her significant benefits, including after her divorce.⁴²

37 Kabeer, N. and Mahmud, S. (2004). 'Globalization, gender and poverty: Bangladeshi women workers in export and local markets'. *Journal of International Development*, 16 (1), 93-109.

38 Seeley, J. (2008). 'The intergenerational transmission of poverty during the AIDS epidemic in Uganda'. *CPRC Working Paper 110*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Bird, K. (2007). 'The intergenerational transmission of poverty: an overview'. *CPRC Working Paper 99*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

39 Salam Fall, A., Antoine, P., Cissé, R., Dramani, L., Sall, M., Ndiaye, T., Diop, M., Doucouré, B., Ballé Sylla, M., Ngom, P. Faye, A. (2011). *Les Facteurs D'Interruption De La Transmission Et Les De Sortie De La Pauvreté, Sénégal. Policy Brief No. 26*. Dakar: Institut Fondamental d'Afrique Noire (IFAN), Université Cheikh Anta Diop de Dakar (UCAD).

40 da Corta, L. and Magongo, J. (2011). 'Evolution of gender and poverty dynamics in Tanzania'. *CPRC Working Paper 203*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

41 Cooper, E. (2010). 'Inheritance and the intergenerational transmission of poverty in sub-Saharan Africa: policy considerations'. *CPRC Working Paper 159*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

42 Higgins, K. (2011). 'Escaping poverty in Tanzania: What can we learn from cases of success?'. *CPRC Working Paper 204*. Manchester, UK: Chronic Poverty Research Centre (CPRC).



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Chronic poverty: key findings

To understand poverty dynamics and identify and explain chronic poverty thoroughly, there is no alternative to investing in regular panel data collection.

There are still relatively few developing countries where panel data are available to allow for estimations of the proportion and number of poor who are chronically poor, although the number is increasing. While severe poverty, for which figures are generally available, can be a good starting point, it does not tell the whole story. So if countries wish to understand poverty dynamics and identify and explain chronic poverty thoroughly, there is no alternative to investing in regular panel data collection, preferably accompanied by good qualitative data collection, to build a longer time perspective and a richer causal understanding. This adds significant value to one-point-in-time surveys and can be cost-effective.⁴³

1. The statistics on chronic poverty and poverty dynamics

The two Chronic Poverty Reports have established beyond much doubt that a significant proportion of the population of developing countries as a whole are chronically poor.⁴⁴ If we look across the range of CPRC partner countries, we find that the proportions and numbers of poor and chronically poor do vary somewhat, as do pictures of mobility into and out of poverty (Table 2). These figures are of course *not* comparable: they are derived over different periods of time and against different national poverty lines; some are national, some rural; one is sub-national (South Africa); Kenya and South Africa estimate chronic poverty over three survey waves and the rest over two. So it would be misleading to make any detailed comparisons, and this is not the purpose of including Table 2. Two important comments can be made, however. Wherever a serious attempt is made to study chronic poverty and poverty dynamics, fairly significant figures emerge as proportions of populations in chronic poverty. And, intriguingly, the ratio of escapes to entries is unfavourable in as many cases as it is favourable, suggesting that impoverishment and downward mobility is a very important process in the composition of any statistics on the incidence of poverty at any moment in time. Note the rare cases where data on urban poverty dynamics are available.⁴⁵

43 Wadugodapitiya, D. and Baulch, B. (2011). 'The value of panel data in chronic poverty analysis'. *CPRC Policy Brief* 23. Manchester, UK: Chronic Poverty Research Centre (CPRC).

CPRC has also invested in exploring the utility of combining a one-point-in-time survey with qualitative research (in Tanzania) as an alternative to the panel data + qualitative research 'gold standard'. The findings from this exercise are being published as CPRC working papers and in book form – Kessy, F.L., Mashindano, O. and Shepherd, A. (2011, forthcoming). *Translating Growth Into Poverty Reduction: Beyond the Numbers*. Oxford: James Currey.

44 CPRC (2008). *The Chronic Poverty Report 2008-09: Escaping Poverty Traps*. Manchester, UK: Chronic Poverty Research Centre (CPRC). Page 9.

45 There are a few urban panel datasets, but these tend to be location-specific. This is a significant gap in the knowledge base.

46 Aliber, M. (2003). 'Chronic poverty in South Africa: incidence, causes and policies'. *World Development*, 31 (3), 473-490.

Aguero, J., Carter, M. and May, J. (2007). 'Poverty and inequality in the first decade of South Africa's democracy: what can be learnt from panel data from KwaZulu-Natal?' *Journal of African Economies*, 16 (5), 782-812.

Dhamija, N. and Bhide, S. (2009). 'Dynamics of chronic poverty: variations in factors influencing entry and exit of the chronic poor'. *CPRC India Working Paper 39*. New Delhi: India Institute of Public Administration.

Krishna, A. and Shariff, A. (2011). 'The irrelevance of national strategies? Rural poverty dynamics in states and regions of India 1993-2005'. *World Development*, 39(4), 533-549.

Kristjansson, P., Mango, N., Krishna, A., Radeny, M. and Johnson, N. (2010). 'Understanding poverty dynamics in Kenya'. *Journal of International Development*, 22 (7): 978-996.

McKay, A. (2005) 'Growth and the poorest: a panel data analysis for Uganda'. *Background Paper for the Chronic Poverty Report 2008-09*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Muyanga, M., Jayne, T.S. and Burke, W. (2010) 'Pathways into and out of poverty: a study of the determinants of rural household wealth dynamics in Kenya'. Paper presented at the Conference on 'Understanding African poverty over the longue durée'. Accra, 15-17 July.

Sen, B. (2003). 'Drivers of escape and descent: changing household fortunes in rural Bangladesh'. *PRCPB Working Paper 3*. Dhaka: PRCPB.

Ssewanyana, S. (2010). 'Combating chronic poverty in Uganda: towards a new strategy'. *Research Series 67*. Kampala: EPRC.

Suri, T., Tschirley, D., Irungu, C., Gitau, R. and Kariuki, D. (2008). 'Rural incomes, inequality and poverty dynamics in Kenya'. *Working Paper 30/2008*. Nairobi: Tegemeo Institute of Agricultural and Policy Development.

Thang, N. et al. (2006). 'Poverty, poverty reduction and poverty dynamics in Vietnam'. *Background Paper for Chronic Poverty Report 2008-09*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Muyanga, M. Personal communication.

Table 2: Chronic poverty and poverty dynamics in CPRC partner countries (using non-comparable national poverty lines)⁴⁶

Country	% below national poverty line	% chronically poor	% rural population chronically poor	% urban population chronically poor	% escaping poverty	% entering poverty
Rural Bangladesh (1987/8-2000)	40	31			26	18
Burkina Faso (rural) (2001-7)	46		22		13	22
Rural India (1993/4-2004/5)	28		18 ¹		18 ¹	22 ¹
Rural India (1981/2-1998/9)			23 ²		18 ²	20 ²
Kenya (1997-2007)	46		19		12	5
Senegal (2006-8)	54	46	75	31	17	30
South Africa (KwaZulu-Natal) (1993-1998)	53	22			11	19
South Africa (KwaZulu-Natal) (1998-2004)		28			19	15
Uganda (1992/3-1999/2000)	31	20			29	11

In the rare cases where there are panel data over longer periods or more than one 'wave' (India, Kenya, Vietnam and now Uganda), the results suggest the level of chronic poverty tends to decline, as expected, as societies get richer (Table 3), although this can be very slow, as in South Africa, where the history of discrimination has left a deep legacy. In Kenya, by contrast, rural chronic poverty has increased, although if assets rather than income are used as the indicator the opposite trend emerges. This definitely requires more investigation.

As chronic poverty declines, it becomes more concentrated in socially and politically marginalised communities and regions – in India among Scheduled Tribes (STs), in Uganda in the north, in Vietnam among ethnic minorities. However, again these figures cannot be compared: the time periods are not the same; and in the Indian case the third panel is national whereas the first two are rural. Figure 3 helps make the data slightly more comparable by spreading the observations out across the decades.

Table 3: Incidence of chronic poverty over time (% of chronic poor between two survey dates) [completion of table awaited]⁴⁷

Country	1st panel	2nd panel	3rd panel	4th panel
India	27 (1970/1-1981/2)	23 (1981/2-1998/9)	18 (1993-2005)*	
Kenya (rural)**	38 (1997-2000)	43 (2000-4)	46 (2004-7)	47 (2007-10)
South Africa (Kwazulu-Natal)	40 (1993-8)	38 (1998-2004)		
Vietnam	29 (1993-8)	17 (2002-4)		

Notes: *This is from a national survey; the previous two figures for India are from a rural survey. Given the tendency for urban chronic poverty to be lower than rural chronic poverty, this figure may not represent much of a decline for rural chronic poverty. **These figures are based on income. If assets are used as the indicator, the opposite trend is observed.

Figure 3: Declining incidence of chronic poverty over time

Year	India	South Africa	Vietnam
1970			
1975	27% (1970/1 - 1981/2)		
1980			
1985			
1990	23% (1981/2 - 1998/9)		
1995		40% (1993-8)	29% (1993-8)
2000		18% (1993-2005)	
2005			38% (1998 - 2004)
2010			17% (2002-4)
	rural	national	KwaZulu-Natal
			national

47 Agüero, J., Carter, M. and May, J. (2007). 'Poverty and inequality in the first decade of South Africa's democracy: what can be learnt from panel data from KwaZulu-Natal?'. *Journal of African Economies*, 16 (5), 782-812;

Bhide, S. and A. Mehta (2006) Correlates of incidence and exit from chronic poverty in rural India: Evidence from panel data. *CPRC India Working Paper 15*. New Delhi: India Institute of Public Administration.

Krishna, A. and Shariff, A. (2011). 'The irrelevance of national strategies? Rural poverty dynamics in states and regions of India 1993-2005'. *World Development*, 39 (4), 533-549.

McKay, A. (2005) 'Growth and the poorest: a panel data analysis for Uganda'. *Background Paper for the Chronic Poverty Report 2008-09*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Thang, N. et al. (2006). 'Poverty, poverty reduction and poverty dynamics in Vietnam'. *Background Paper for the Chronic Poverty Report 2008-09*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Chronic poverty clearly has economic, social and political dimensions and causes.

2. The significance of context: the nature and causes of chronic poverty compared

Is the *nature* or lived experience of chronic poverty similar across most countries? The focus here is on the differences across contexts, whereas the next sections analyse the emerging commonalities.

Causes vary. In some cases, discrimination is an important part of the explanation, and chronic poverty takes a very political and relational form. In others, the explanation is more prosaic, to do with some combination of low levels or a narrow basis of economic growth, location disadvantages or the number and frequency of environmental, economic or health risks to household production and wellbeing against which people have few buffers. A third broad category of situations can be identified, where it is the nature of the state that underlies the chronic poverty of substantial numbers of people. Where a majority of poor people are chronically poor, it is plausibly the broader characteristics and trajectory of the society/economy/polity which are important; where a minority of poor people are chronically poor, then events and individual/household resources, characteristics and discrimination and intergenerational and other relationships are more important. And societies do make a transition from one to the other. Table 4 develops a typology of country situations goes some way to explaining the observed character of chronic poverty and poverty dynamics. In all of these, all of the causal factors have some relevance; the table attempts to pick out the leading causes on the basis of the analysis at country level, summarised in Annex 1.

Three types of country are distinguished: those with mass poverty and limited or volatile economic growth (Burkina Faso, Kenya, Niger, Uganda); those with a significant and growing middle class and more stable patterns of economic growth (Bangladesh, Ghana, India, Senegal); and a highly unequal middle-income country with mass poverty alongside substantial wealth (South Africa). In countries with mass poverty, the life cycle may be an important determinant of poverty trajectory (e.g. Burkina Faso), whereas in countries with a more developed class structure (e.g. Senegal), birth and

Table 4: Typology of partner countries' poverty situation and leading causes of chronic poverty

Causes of income poverty situation	Discrimination and political relationships	Structural microeconomic causes	Overall nature of state/governance
Mass poverty and limited/volatile growth, significant continued levels of chronic poverty	Kenya, Uganda	Burkina Faso	Kenya, Niger
Significant middle class and stable/high growth, but continued high if reducing chronic poverty levels	Ghana, India	Senegal	Bangladesh
Highly unequal middle-income economies, chronic poverty barely reducing	South Africa		

early childhood development tend to restrict mobility. In countries with mass poverty, chronic poverty exceeds transient poverty. Completion of primary education remains an important source of differentiation, whereas in other societies it is post-primary education and beyond that is critical to upward mobility and resilience. Child labour is a coping strategy across all these societies, however. In countries with mass poverty, a long-term failure of agricultural growth is associated with the failure of growth to reduce poverty significantly and with low employment elasticity of growth (e.g. Burkina Faso, Tanzania). India, with its continental character, is of course particularly hard to place in this typology. A state-level analysis would be necessary to do its diversity justice.

A cautionary note is necessary here. Clearly, all three sets of causes operate in most countries to a greater or lesser degree. In Kenya, for example, it would be difficult not to include governance and the nature of the state as part of the problem, given its history, as well as the discrimination that recent political events have made transparent. This suggests the typology must be applied with intelligence and good knowledge of the countries in it.

In all cases, chronic poverty clearly has economic, social and political dimensions and causes. There is usually an economic core, with important social or political aspects, such as deficient social networks or political marginality. It is typically concentrated in rural areas. And escaping it involves accumulating education/skills and/or material assets. However, markets have to work well if assets or education are to work as escape routes, and assets need to be protected – they can easily be lost given the high risk context in which many poor and vulnerable people exist. This represents new knowledge – the link between asset accumulation, market functioning and protection – and is developed below as a major tool for achieving greater participation by poor people in economic growth (Chapter 5).

To be chronically poor is sometimes not so different to being poor. However, the following ‘features’ stand out. Vulnerability is high, especially to illness and premature death, and weak social networks make it more difficult to cope with this. However, countries vary in terms of sources of vulnerability, from individual- and household-level shocks through the community, region, national and global levels. Area-wide shocks like droughts have greater importance in dry regions (Ethiopia, Pakistan). Infectious diseases may have greater importance in more densely populated, coastal regions, and low-lying coastal countries are prone to floods and storms (Bangladesh, Vietnam). The conclusion of new CPRC analysis is that ‘the jury is still out on whether and in which environments individual and household level shocks are the more important drivers of chronic poverty than more widespread shocks.’⁴⁸ Among countries in the CPRC research consortium, only in South Africa has formal social protection reached the point at which it plays a major and useful part in poor people’s coping strategies.

Chronically poor people have lower levels of assets and therefore less resilience and weaker springboards with which to escape poverty. However, again, critical assets vary by context and within countries too. Endowments of land, livestock and housing remain extremely important in some contexts, and education is important in almost all. Nonfarm business asset accumulation has become increasingly important as economies become less agrarian, and education facilitates nonfarm enterprise development.⁴⁹ Interestingly, education is a basis for resilience as much as for escaping poverty – it is an asset which cannot be taken away and so is useful even in conflict situations.⁵⁰

Markets have to work well if assets or education are to work as escape routes.

Assets need to be protected – they can easily be lost given the high risk context in which many poor and vulnerable people exist.

⁴⁸ Baulch, B. (ed.) (2011, forthcoming). *Why Poverty Persists? Poverty dynamics in Asia and Africa*. Cheltenham: Edward Elgar. Chapter 1.

⁴⁹ Ibid.

⁵⁰ Bird, K., Higgins, K. and McKay, A. (2010). ‘Conflict, education and the intergenerational transmission of poverty in Northern Uganda’. *Journal of International Development*, 22 (7), 1183–1196.

51 Baulch, B. (ed.) (2011, forthcoming). Chapter 1. *Why Poverty Persists? Poverty dynamics in Asia and Africa*. Cheltenham: Edward Elgar.

52 Sen, B. (2003). 'Drivers of escape and descent: changing household fortunes in rural Bangladesh'. *PRCPB Working Paper 3*. Dhaka: PRCPB.

Mehta, A.K. and Shah, A. (2001). 'Chronic poverty in India: overview study'. *CPRC Working Paper 7*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

However, there is other evidence suggesting there is no difference between the proportion of chronically and transitorily poor engaged in wage labour: Krishna, A. and Shariff, A. (2011). 'The irrelevance of national strategies? Rural poverty dynamics in states and regions of India 1993-2005'. *World Development*, 39 (4), 533-549.

53 Bhalla, S. (2004). 'Rural casual labourers, wages and poverty: 1983-1999-2000'. *CPRC India Working Paper*. New Delhi: India Institute of Public Administration.

54 IFAD (2010). *Rural Poverty Report 2011: New Realities, New Challenges, New Opportunities for Tomorrow's Generation*. Rome: IFAD.

55 Lawson, D., McKay, A. and Okidi, J. (2006). 'Poverty persistence and transitions in Uganda: a combined qualitative and quantitative approach'. *Journal of Development Studies*, 42 (7), 1225-1251.

56 Dhamija, N. and Bhide, S. (2009). 'Dynamics of chronic poverty: variations in factors influencing entry and exit of the chronic poor'. *CPRC India Working Paper 39*. New Delhi: India Institute of Public Administration.

Ssewanyana, S. (2010). 'Combating chronic poverty in Uganda: towards a new strategy'. *Research Series 67*. Kampala: Economic Policy Research Centre.

57 Higgins, K. (2011). *Escaping poverty in Tanzania: What can we learn from cases of success?*. *CPRC Working Paper 204*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

58 Shepherd, A. (2007). 'Understanding and explaining chronic poverty: an evolving framework for phase 3 of CPRC'. *CPRC Working Paper 80*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

The opportunities open to chronically poor people to use whatever assets they have are not as good as those open to others – owing to poor location, education and skill levels and social networks. Adverse geography is well-established (by the CPRC as well as others) as keeping people poor. Many chronically poor people live in remote or less accessible areas where their endowments are worth less and where returns to labour and capital are lower. Such areas also often have lower population densities, and so may not contribute the greatest numbers of chronically poor people.⁵¹ Countries vary in the extent of economic (and political) integration and the extent of underdeveloped regions. Nepal, for example, is much less integrated than Bangladesh, Niger than Senegal.

Adverse geography is often linked to discrimination. The extent to which discrimination against minority groups drives chronic poverty is again varied, as is the size of such minority groups. The persistent mass poverty of black people in South Africa, STs in India and hill people in Vietnam suggests that measures to counter discrimination do not always work very well, or may take a very long time to bear fruit.

Networks are a result of education and material wealth, among other factors, and determine migration opportunities, for example. There is significant dependence of chronically poor households on labour markets: in rural Bangladesh and rural India, income from labour constitutes a much greater proportion of household income than for the transient poor.⁵² Wages, working conditions, good infrastructure⁵³ and efficiently working labour markets are extremely important for the alleviation of the severest poverty. However, the nature and extent of the wage labour market, and thus local and migrant opportunities, vary significantly. The extent of 'decent work' opportunities also varies, depending on how 'tight' the wage labour market is.⁵⁴ Again, variation may be as much within as between countries.

Family size is significant.⁵⁵ Where there are few alternatives to having many children in terms of generating a secure old age, the demographic transition among chronically poor people is delayed and life cycle poverty predominates. Younger people may be set to escape poverty, but having children reduces household wellbeing until they begin to contribute to it.⁵⁶ In the poorest countries, the life cycle remains an important determinant, with chances of escaping poverty diminishing after youth/young adulthood.⁵⁷ However, where the demographic transition is well advanced, wage labour markets may be much tighter and wage labour more remunerative.

So, context plays a major role in determining the nature and extent of chronic poverty, as well as the pattern of socioeconomic mobility around the poverty line. Having said this, CPRC research suggests a number of commonalities in the causes of chronic poverty and patterns of poverty dynamics, which the rest of this section explores in greater depth. In the CPRC, we have sought to understand why some people are chronically poor and why others escape poverty or become poor, in terms of interactions between assets and capabilities; vulnerability and risk; and economic, social and political relationships. We have taken important factors like economic growth and demographic or environmental change as part of the environment within which poverty dynamics takes place.⁵⁸

3. Assets and markets

Assets are critical to both resilience and escaping poverty,⁵⁹ and there is a broad body of literature supporting an asset-based approach to poverty reduction. Assets represent ‘stock(s) of financial, human, natural or social resources that can be acquired, developed, improved and transferred across generations. [They generate] flows or consumption, as well as additional stock [... they] are not simply resources that people use to build livelihoods: they give them the capability to be and act.’⁶⁰ Important issues that emerge from this literature include the sequencing of asset accumulation – for example, households in Ecuador first invested in housing followed by education and financial capital, even though it was the latter rather than housing which got them out of poverty.⁶¹ Housing was seen as a precondition. Work in Bangladesh highlights how households move up livelihoods ladders. In some cases, households climb up rung by rung of a single livelihood ladder, starting with small livestock and moving to large livestock; sharecropping in land then later leasing and subsequently purchasing it; and driving rented rickshaws, then driving their own and then hiring out rickshaws as a business. More often, though, they move between ladders.⁶²

Second, there is a strong tradition of research on whether there are ‘poverty thresholds’ – minimum bundles of assets a household must have in order to accumulate more assets.⁶³ Households without this minimum are unlikely to accumulate, and need ‘cargo nets’ – asset building – to get them above the threshold. Households just above the minimum may easily be pushed back under it by a shock and need safety nets to prevent this. While asset-building strategies have characterised poverty interventions in rich countries, asset-building programmes are increasingly common in developing countries too.

However, in most situations assessed in CPRC research, there are no poverty traps based on inadequate quantities of key assets alone – this is an important, and perhaps surprising finding (Box 7). Rather, research shows people are trapped by combinations of insecurity, poor work opportunities, locational disadvantage, limited citizenship and discrimination.⁶⁴

Box 7: Asset-based poverty traps?⁶⁵

A key characteristic of chronically poor people and households is the low level of assets they own or can access. A limited asset base can cause households to be caught in a poverty trap, which they may be unable to escape without external assistance. The asset-based poverty trap mechanism applied by Carter and Barrett (2006) argues for multiple equilibria in the asset accumulation process. One of these is a low equilibrium, below which households remain trapped in poverty.

The mechanisms was applied to seven panel datasets from five countries (Bolivia, South Africa, Tanzania, Uganda and Vietnam), and no evidence was found for asset-based poverty traps. The strongest evidence for these comes from studies which focus on one asset category, principally ownership of livestock by pastoralist communities. Meanwhile, households with a more diversified asset base and living in areas with better functioning markets, have more flexible livelihoods and can respond more effectively to shocks, making them much less likely to be caught in asset-based poverty traps.

⁵⁹ McKay, A. (2009). ‘Assets and chronic poverty’. *CPRC Working Paper 100*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

⁶⁰ Ford Foundation (2004). *Building Assets to Reduce Poverty and Injustice*. New York: Ford Foundation.

Bebbington, A. (1999). ‘Capitals and capabilities: a framework for analysing peasant viability, rural livelihoods and poverty’. *World Development*, 27 (12), 2021–2044.

⁶¹ Moser, C. and Felton, A. (2007). ‘Intergenerational asset accumulation and poverty reduction in Guayaquil, Ecuador, 1978–2004’. In Moser, C. (ed.) (2007) *Reducing Global Poverty: the Case for Asset Accumulation*. Washington, DC: The Brookings Institute.

⁶² Kabeer, N. (2005). ‘Snakes, ladders and traps: changing lives and livelihoods in rural Bangladesh (1994–2001)’. *CPRC Working Paper 50*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

⁶³ Carter, M. and Barrett, C. (2006). ‘The economics of poverty traps and persistent poverty: an asset-based approach’. *Journal of Development Studies*, 42 (2), 178–99.

⁶⁴ CPRC (2008). *The Chronic Poverty Report 2008–09: Escaping Poverty Traps*. Manchester, UK: Chronic Poverty Research Centre (CPRC). Pages 5–6.

⁶⁵ Carter, M. and Barrett, C. (2006). ‘The economics of poverty traps and persistent poverty: an asset-based approach’. *Journal of Development Studies*, 42(2), 178–99.

McKay, A. and E. Perge (2011). ‘How strong is the evidence for the existence of poverty traps? A multi-country assessment’. *CPRC Working Paper 180*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

66 Draws on Bird, K. (2011, forthcoming). 'Asset Inheritance and the intergenerational transmission of poverty'. *CPRC Working Paper*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

67 Quisumbing, A. (2007). 'Investments, bequests and public policy: intergenerational transfers and the escape from poverty'. *CPRC Working Paper 98*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

68 Duflo (2000), in Deere, C. and Doss, D. (2006). 'Gender and the distribution of wealth in developing countries'. *Working Paper RP2006/115*. Helsinki: UN WIDER.

69 A review of data from demographic and health surveys (DHSs) indicates significant proportions of households where men alone make decisions on household expenditures – up to two-thirds, for example, in Malawi (Jones, N., Harper, C., Watson C., et al. (2010). *Stemming Girls' Chronic Poverty: Catalysing Development Change by Building Just Social Institutions*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

70 Meizen-Dick, R.S., Brown, L.R., Feldstein, H.S. and Quisumbing, A.R. (1997). 'Gender, property rights, and natural resources'. *World Development*, 25 (8), 1303-1315.

Quisumbing, A.R. and Maluccio, J.A. (2003). 'Resources at marriage and intrahousehold allocation: evidence from Bangladesh, Ethiopia, Indonesia, and South Africa'. *Oxford Bulletin of Economics and Statistics*, 65 (3), 283-328.

71 Smith (2003), in Deere, C. and Doss, D. (2006). 'Gender and the distribution of wealth in developing countries'. *Working Paper RP2006/115*. Helsinki: UN WIDER.

72 Quisumbing, A.R. and Maluccio, J.A. (2003). 'Resources at marriage and intrahousehold allocation: evidence from Bangladesh, Ethiopia, Indonesia, and South Africa'. *Oxford Bulletin of Economics and Statistics*, 65 (3), 283-328.

73 Beegle et al. (2001), in Deere, C. and Doss, D. (2006). 'Gender and the distribution of wealth in developing countries'. *Working Paper RP2006/115*. Helsinki: UN WIDER.

74 Panda and Agarwal (2005); Friedemann-Sánchez (2006), in Deere and Doss (2006). Deere, C. and Doss, D. (2006). 'Gender and the distribution of wealth in developing countries'. *Working Paper RP2006/115*. Helsinki: UN WIDER.

CPRC research suggests having the right complementary assets, a somewhat diversified portfolio, an enabling policy and market context and the right social, economic and political relationships are all necessary if assets are to provide a pathway out of poverty. In particular, assets need to function together with markets to enable escape from poverty: having more or better quality livestock is not much use if market returns are minimal, although they will at least help provide security for survival in most situations. Relationships are again critical: sharing and loaning animals within kin groups brings potential for upward mobility; absence of peace among livestock-owning groups or between them and farmers brings the opposite.

A significant research effort has focused on the inheritance of assets as a determinant of wellbeing trajectories, having identified this as an important but under-researched constituent of asset accumulation, and one where governments have had a significant interest. Land remains a particularly important asset, with land transfers made at the time of marriage of the younger generation. These *inter vivos* gifts can be understood as 'advanced inheritance' and allow young couples to establish their own family farm.⁶⁶

Where people are poor and assets take a long time to accumulate, the assets brought together at marriage and can strongly determine the future wealth of the couple and their family.⁶⁷ Women's ownership of land leads to improvements in their welfare, productivity, equality and empowerment, and women in Ghana with a higher share of asset ownership were found to have better health and nutritional outcomes.⁶⁸ Women's asset ownership is associated with greater control over household decision making and so has an impact on household expenditure on food, health, education, children's welfare and household services.⁶⁹ Children's welfare improves, particularly for daughters.⁷⁰ The anthropometric status of children improves, with incidence of underweight children in South Asia reduced by up to 13%⁷¹ and in Bangladesh and South Africa household expenditure on education increasing as a result of women's increased ownership of assets (although in Ethiopia it is an increase in men's assets that has this effect).⁷² Women's greater ownership of assets is also associated with improvements in prenatal care⁷³ and reduced domestic violence.⁷⁴

That assets in a limited portfolio can easily be eroded is important too: asset holders need protection – through either general or asset-specific insurance, through legislation to protect the interests of women and children or through social protection. Ability to save and insure assets is more important for chronically poor people than access to credit:⁷⁵ the microfinance industry is rapidly expanding its range of products and services.⁷⁶ Asset building and social protection are therefore two mutually reinforcing approaches to chronic poverty.

As mentioned above, education represents a particularly important asset in the modern world. Education builds resilience as well as the capabilities and networks for escaping poverty, but it is under-resourced, especially at post-primary and vocational levels.⁷⁷

However, the returns to education have moved in favour of making such investments.⁷⁸ Getting poor and excluded children better access to education is possible (e.g. through scholarships, conditional and unconditional cash transfers, greater public expenditure on post-primary and vocational training, etc.). However, if education is of poor quality this greatly constrains its utility – quality improvements are often critical, especially if education is to help with enhancing both quality of life and also access to decent work. Where demand for labour is thin,⁷⁹ or labour markets are discriminatory, education may not make as much difference as it could. Endowments need to match opportunities.⁸⁰ The redesign of education systems, emphasising quality and labour market links, is therefore a priority for 2010-20.⁸¹ In terms of long-term outcomes, the generation of skill-using employment and well-functioning labour markets is equally important – something the 2010 review of MDG1 emphasises strongly. There are important questions about how to do this: apprenticeships may work in reducing poverty in Ghana, but the relatively well-off capture formal skills training in India.⁸² We return to the question of how labour markets function in Section 5 of this chapter.

4. Vulnerability and protection

Vulnerability is dependent on ownership of or access to individual and collective assets, but also on highly context-specific degrees of exposure to market, social relational, political and environmental risks. Persistently poor people tend to be vulnerable, and vulnerability to poverty (likelihood of future poverty) tends to keep people poor, because vulnerable people are less likely to succeed in the strategies they pursue to get out of poverty. Ill-health and resulting bereavement are the most frequently and widely experienced shocks making or keeping people poor, because they involve household expenditure on medical treatment which cannot be afforded. However, other serious risks are always present – idiosyncratic or co-variant, environmental, market and political. The high levels of risk poor people manage are a substantial part of the explanation of chronic poverty. Its varied sources, and the limited capacities and budgets of especially low-income country governments, mean there is a premium on interventions that can protect against several risks, even if only partially. Social assistance (or social transfers) does this (Box 8).

Social protection is therefore critical, both in preventing descent into chronic poverty and reducing the depth of poverty – providing a springboard to escape poverty becomes possible if other conditions are favourable. It also facilitates savings and investment in human capital. However, it is important to allow political contexts the space to develop contextually appropriate commitments⁸³ and to avoid crowding out other key expenditures. For example, where the same level of government provides education and social assistance budgets, as in South Africa's provinces, there may be tradeoffs as well as synergies.

75 Mahajan, V. (2007). 'Beyond microfinance'. In Moser, C. (2007 ed.). *Reducing Global Poverty: the Case for Asset Accumulation*. Washington, DC: The Brookings Institution.

76 Collins, D. (2009). *Portfolios of the Poor*. Princeton, NJ: Princeton University Press. Chapter 7.

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

78 Colclough, C., Kingdon, A. and Patrinos, H. (2009). 'The patterns of return to education and its implications'. *Policy Brief 4*. Cambridge: RECOUP, Faculty of Education, University of Cambridge.

79 South Africa is an example. Aliber, M. (2003). 'Chronic poverty in South Africa: incidence, causes and policies.' *World Development*, 31 (3), 473-490.

Keswell, M. and Poswell, L. (2004). 'Returns to education in South Africa: a retrospective sensitivity analysis of the available evidence'. *South African Journal of Economics*, 72 (4), 834-860.

Case, A. and Yogo, M. (1999). 'Does school quality matter? Returns to education and the characteristics of schools in South Africa'. *Working Paper 7399*. Cambridge, MA: NBER.

80 Osmani, S. (2007). 'When endowments and opportunities don't match: understanding chronic poverty'. *CPRC Working Paper 78*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

81 Sister research institutes the Research Consortium on Educational Outcomes and Poverty (RECOUP) and the Consortium for Research on Educational Access, Transitions and Equity (CREATE) (India) have investigated this in depth.

82 Monk, C., Sandefur, J. and Teal, F. (2008). 'Does doing an apprenticeship pay off? Evidence from Ghana'. *Working Paper 12*. Cambridge: RECOUP, Faculty of Education, University of Cambridge;

Palmer, R. and King, K. (2010). 'Technical and vocational skill acquisition and its impact on the lives and livelihoods of poor youth in Ghana, India and Pakistan'. Cambridge: Centre for Commonwealth Education, University of Cambridge.

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

Hickey, S. (2006). 'The politics of what works in reducing chronic poverty'. *CPRC Working Paper 91*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Social protection programmes are most effective when complementing policies that enhance growth and improve basic services.

Box 8: What the evidence tells us about social protection⁸⁴

Appropriately designed social assistance provides the means to increase the resilience of poor households such that the disadvantages of informal employment, and the risks of ill-health and other major family and cultural expenditures, are less likely to damage the life chances of the next generation and the wellbeing of older people. With social assistance, children go to school longer and stay out of the labour market longer, and girls get married later.⁸⁵ Pensions will make a significant difference to older people following a lifetime of insecure and unprotected work.

The rapid extension of social protection in developing countries can best be described as a 'quiet revolution' because it has not been on the radar of international development agencies. We estimate that existing programmes introduced in the past decade currently reach around three-quarters of a billion people in the South. Perhaps most importantly, the majority reach the poorest.

Evidence from the oldest programmes, mainly in Latin America, is that well-designed social protection programmes can have a significant impact on poverty. Social protection programmes have been subjected to rigorous impact evaluations, perhaps more than other poverty reduction instruments. The most rigorously evaluated programme, Progresa/Oportunidades in Mexico, had reduced the poverty gap by 30% among beneficiaries and had raised the height-for-age of beneficiary children by 1cm compared with a control group after two years of operation. It is expected to raise years of schooling among beneficiary children completing the education cycle by close to one additional year.⁸⁶

Social protection programmes are most effective when complementing policies that enhance growth and improve basic services. Where policies are in place, social protection can facilitate and promote pathways out of poverty. In the absence of economic opportunity and access to good quality education and health services, social protection can only mitigate poverty.

Social protection is not a 'silver bullet' for all development problems. Well-designed programmes can have positive effects on a range of areas: intra-household bargaining, political inclusion and participation and public agencies' poverty efforts, for example. But their main role is to reduce extreme poverty by protecting household consumption and human capital investment and by facilitating the inclusion of poorest households in economic activity.

There is considerable diversity in programme design at country and regional levels. Social protection's main domain is at the national level. Design reflects national learning on poverty and its remedies and local institutions. At the international level, normative approaches which attempt to impose one-size-fits-all templates are misplaced. A constructivist approach supporting national policy works best.

Social protection programmes can work in low-income countries as well as they have in middle-income countries. They require an integrated approach that gives attention to supply-side constraints and builds on economic opportunity and a longer timeframe for development and support. Extending social protection in developing countries is about building long-term institutions that protect those in poverty and vulnerability.

The role of multilaterals and bilaterals is to support national institution building; to support independent knowledge generation and dissemination (evaluations in particular); and to help low-income countries overcome the high initial costs barriers to get social protection programmes off the ground. In the medium term, national government should finance social protection from domestic resources.

⁸⁴ Barrientos, A. (2010). 'Notes for DFID Social Protection Expert Briefing'. 10th February.

⁸⁵ Barrientos, A. and Zarazua, M. (2010). 'Do social transfer programmes have long-term effects on poverty reduction?' *CPRC Policy Brief* 20. Manchester, UK: Chronic Poverty Research Centre (CPRC).

⁸⁶ Ibid.

4.1 Labour markets

Long-term informal employment correlates with poverty, and the negative effects of informal employment on children (e.g. care arrangements and barriers to educational achievement) and access to social protection mean they may inherit parents' poverty.⁸⁷ A lifetime of informal employment is also likely to mean that old age will bring poverty. However, in many countries there are few, if any, policy levers for improving the quality of working conditions. Social protection provides an indirect way of developing a 'social floor'⁸⁸ for informal employment and is a less controversial route than extending labour inspection, which is politically and administratively difficult to do well. Applying consumer pressure through vertical value chain links to achieve improved labour standards may bring better results.⁸⁹

The pressures of highly competitive agricultural and other markets are transmitted to labourers in labour surplus countries, who experience highly insecure ('flexible') and exploitative working conditions. At worst, workers are bonded.⁹⁰ Labour inspection systems have limited reach in agriculture generally, and in remote regions in particular. Regulation by itself is not enough – social and political mobilisation is required to make a difference and to support regulation. Box 9 highlights one way of doing this.

Box 9: A multi-party labour inspection process for India?⁹¹

Labour inspections are an important way of ensuring that labour standards are maintained. Enforcing rules and controls on wages, job security and working conditions can, in turn, contribute to increasing incomes and improving the wellbeing of workers.

India has one of the most comprehensive legal structures for labour regulation and protection in the world. Many of these laws come directly from conventions framed by the International Labour Organization (ILO). However, many of them were intended to regulate labour relations in the formal sector, with its relatively stable employer–employee relations. In India, many workers are casual and employed in the informal sector, including as agricultural employees, day labourers or domestic workers. The majority earn less than the official minimum wage, working in conditions that contravene labour laws. They are often recruited by brokers, limiting the accountability of their employers.

Labour laws, then, are not easily applicable to, and are largely failing, informal sector workers. Legal loopholes mean employers can circumvent regulations. By keeping the number of employees below 50, they are not subject to the Industrial Disputes Act. In addition, there is strong evidence of corruption in the Labour Department, where inspectors take bribes to reduce their enforcement.

More recent approaches to labour inspections are having more success, though. The gap in the formal inspection system is, to some extent, being filled by civil society and the media, which are functioning as watchdogs. Gap Inc., after being exposed by The Observer for using child labour, introduced a system of approved vendors and monitoring protocols to eradicate child labour from its production. As well as in the garment industry, labour standards are beginning to improve in stone quarries, the carpet industry and cottonseed production, thanks to the interventions of CSOs and the media. However, sectors not linked to rich countries continue to violate labour laws, with workers in the construction industry and sugarcane fields continuing to work under illegal conditions.

87 Douane, D. (2007). 'Living in the background: home-based women workers and poverty persistence'. *CPRC Working Paper 97*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Barrientos, A. (2007). 'Does Vulnerability create poverty traps?'. *CPRC Working Paper 76*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

88 ILO/WHO (2009). 'The social protection floor: a joint initiative of the UN Chief Executives' Board'. Geneva: ILO/WHO.

89 Deshingkar, P. (2009). 'Extending labour inspections to the informal sector and agriculture'. *CPRC Working Paper 154*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

90 Philips, N. (2010). 'Social exclusion, adverse incorporation and the global problem of forced labour: a comparative and theoretical consideration'. Paper presented at 'Ten years of war against poverty: What we have learned since 2000. What we should do 2010-2020.' Manchester, 8-10 September 2010.

91 Deshingkar, P. (2009). 'Extending labour inspections to the informal sector and agriculture'. *CPRC Working Paper 154*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

92 Pakpahan, Y.M., Suryadama, D. and Suryadahi, A. (2009). 'Destined for destitution: intergenerational poverty persistence in Indonesia'. *CPRC Working Paper 134*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Ssewanyana, S. (2009). 'Chronic poverty and household dynamics in Uganda'. *CPRC Working Paper 139*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Suryadarma, D. Pakpahan, Y.M. and Suryadahi, A. (2009). 'The effects of prenatal death and chronic poverty on children's education and health: evidence from Indonesia'. *CPRC Working Paper 133*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Widyanti, W. (2009). 'The relationship between chronic poverty and household dynamics: evidence from Indonesia'. *CPRC Working Paper 132*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

93 Davis, P. (2006). 'Poverty in time: exploring poverty dynamics with life history interviews in Bangladesh'. *CPRC Working Paper 69*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

94 Barrientos, A. (2007). 'Does vulnerability create poverty traps?' *CPRC Working Paper 76*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

95 World Bank (2009). *Global Monitoring Report: a Development Emergency*. Washington, DC: World Bank.

96 Harper, C. et al. (2010). 'Including children in policy responses to economic crises: lessons from the past and policies for a sustainable future'. *CPRC/UNICEF Synthesis Paper*. London: ODI.

97 Hickey, S. (2008). 'Adverse incorporation and social inclusion'. *CPRC Research Summary 7*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

4.2 Changing household demography

Changes in household composition⁹² (deaths, births, marriages) are (surprisingly) not well-correlated with household chronic poverty in quantitative survey-based studies. But they can have an impact on schooling, which in turn affects intergenerational welfare. However, qualitative work suggests that such events can make a big difference to welfare, usually on a short-term basis, such that household welfare trajectories are typically 'saw-toothed' rather than smooth.⁹³ Where the loss is significant enough and erodes household savings and assets, it can lead to more permanent damage.⁹⁴

4.3 Assets-markets-protection synergies

This analysis suggests policy and programming should address assets and capabilities, the operation of key markets (labour, agricultural) and protection as a package. These key causes of poverty and prosperity are normally addressed by different groups of professionals and different organisations (ministries, non-governmental organisations (NGOs)). Developing tried and tested ways of joining up policy and programming in these areas will be a key challenge for 2010-15.

All of this can be undermined greatly by global crises such as that seen during the past three years. Where the crisis has caused gross domestic product (GDP) declines, the effects have been damaging – declines in trade and commodity prices and remittance and other financial flows have translated into meso-level effects of unemployment, increased poverty, declining access to credit and rising social malaise.⁹⁵ These effects are likely to persist at the micro level, where there is evidence of increased child malnutrition and infant and child mortality. However, within a wide range of policy responses to the crisis, the degree of protection of basic services vital to poor people has varied. Some countries have learnt the lesson of past crises that maintaining basic services through a downturn is critical, and have been in a better macro-economic position to do so. In some countries in Latin America, funding for conditional cash transfers has been increased; in Asia, coverage remains low; in Africa, fledgling programmes may have struggled.⁹⁶

However, knowledge about the exact effects of crises remains thin. There is analytical work to be done using the new panel datasets covering the period 2008-10, which will become available shortly, for Bangladesh, Kenya, South Africa, Tanzania and Uganda.

5. Social, economic and political relations: adverse incorporation and social exclusion

The first phase of CPRC research identified clearly that there were critical underlying social, economic and political relations perpetuating poverty.⁹⁷ The key question for the second phase of research was to explore the significance and implications of these relations for policy on chronic poverty. Examples include exclusion (e.g. from education); the adverse incorporation of individuals, social groups and whole geographical regions; and the combination of material forms of deprivation with cultural forms of discrimination (which may be partly location-specific too) in ways that keep subordinate social groups (indigenous, lower-caste) poor.

The important point for policy is that understanding the role of these social structures and processes expands the policy discussion from one focused on the poor to one focused on class, ethnicity and caste. The significance of this is that elites need to be convinced that poverty is not a result of laziness or other individual attributes but of more structural features of the situation poor people find themselves in – the discrimination they experience, the constraints of location and the common position many people share – if elites are to roll out large-scale public action against chronic poverty.⁹⁸

The challenge of poverty lies as much in politics as in policy. Citizenship-based approaches generally advance civil and political rather than material rights, so have done little to alter the underlying causes of chronic poverty.⁹⁹ This may change as rights-based approaches begin to have greater influence over development policy and address systemic state problems of information and accountability (Box 10).¹⁰⁰

Box 10: India's rights-based approach¹⁰¹

Over the past two decades, there has been growing enthusiasm for the adoption of rights-based approaches to tackling poverty. These imply that the state has clear obligations to guarantee all of its citizens, including those living in chronic poverty, the rights to which they are entitled.

India has recently instituted laws and schemes to support the ability of the most vulnerable to access their rights. This move is the result partly of advocacy by longstanding social movements and partly of 'democracy in action' and the surprise defeats of the incumbents in both the 1996 and 2004 elections, which stemmed from the failure of the state to address deep inequalities in society. Laws include the 2005 National Rural Employment Guarantee Act (now known as the Mahatma Gandhi National Rural Employment Guarantee Act – MGNREGA), which obliges the state to guarantee 100 days of paid employment each year to rural households. The 2005 Right to Information Act empowers citizens to access information from government authorities. The 2006 Forest Rights Act protects access to land for India's most vulnerable tribal populations. The 2009 Right to Education Act guarantees free education, making it compulsory for children aged 6-14. There are also currently plans for a Right to Food and a Right to Health.

The granting of rights provides new opportunities for citizens to claim their entitlements from the state. MGNREGA directly improves the situation of chronically poor households through guaranteeing work and, through its employment schemes, providing sustainable infrastructure to rural areas. Using the Information Act, CSOs, and in future hopefully citizens, have held MGNREGA administrators to account, including when officials have withheld job cards or siphoned off funds.

Certainly, synergies among rights are crucial. The right to employment, underpinned by the right to information and combined with the right to education, can lead to tightened labour markets and a more rapid increase in wages than would otherwise be the case in the situation of a labour surplus. This is achieved by providing guaranteed employment at minimum wages and taking large numbers of children out of the labour market by keeping them in school.

Legislation on rights, though, is not a panacea for poverty reduction. For chronically poor people to even consider claiming their rights, there also need to be adequate incentives. The Right to Education Act, for instance, makes it compulsory for children to attend school. However, this is associated with costs for chronically poor households, including the immediate potential loss of labour income.

To claim their rights, poor people can make themselves vulnerable to recriminations from violators of rights and may have to rely on intermediaries, which has its own risks. Entitlements must also be set at an adequate standard and effective implementation is central, with sufficient resources needed to ensure this. The innovation of the rights-based approach is that it creates new institutions that promote the accountability of the state to its citizens. If these are ineffective, the approach will flounder.

Policy and programming should address assets and capabilities, the operation of key markets, and protection as a package.

⁹⁸ Journal of Development Studies (2010). Special Edition on the Government of Chronic Poverty. *Journal of Development Studies*, 46 (7).

Mosse, D. (2007). 'Power and the durability of poverty: a critical exploration of the links between culture, marginality and chronic poverty'. *CPRC Working Paper 107*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

⁹⁹ Hickey, S. (2010). 'The government of chronic poverty: from exclusion to citizenship' *Journal of Development Studies*, 46 (7), 1139 - 1155.

¹⁰⁰ Mehta, A. et al. (2011). *India Chronic Poverty Report: Towards Solutions and New Compacts in a Dynamic Context*. New Delhi: India Institute of Public Administration.

¹⁰¹ Mehta, A. et al. (2011). 'Chapter 6: India's Rights-Based Approach and Chronic Poverty'. In *India Chronic Poverty Report: Towards Solutions and New Compacts in a Dynamic Context*. New Delhi: India Institute of Public Administration.

102 Bebbington, A. and Mitlin, D. (2006). 'Social movements and chronic poverty across the urban-rural divide: concepts and experiences'. *CPRC Working Paper 65*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

103 Hickey, S. (2010). 'The government of chronic poverty: from exclusion to citizenship.' *Journal of Development Studies*, 46 (7), 1139 - 1155.

104 CPRC (2008). 'Chapter 2: The policy and political challenge'. In *The Chronic Poverty Report 2008-09: Escaping Poverty Traps*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

105 Grindle, M. (2005). 'Good enough governance: poverty reduction and reform in developing countries'. *Governance*, 17 (4), 525-548.

106 Hickey, S. (2010). 'The politics of social protection in Africa: what do we get from a social contract approach?' Paper prepared for EDR Conference on 'Social Protection in Africa'. Paris, 17-18 June.

107 Unsworth, S. (ed.) (2010). *An Upside Down View of Governance*. Brighton: Institute of Development Studies.

Booth, D. (2011). 'Working with the Grain? The Africa Politics and Power Programme'. In Crook, R. and Booth, D. (eds.) *Working with the Grain? Rethinking African Governance*. Brighton: Institute of Development Studies.

108 Ponte, S. (2008). 'Developing a vertical dimension to chronic poverty research: some lessons from global value chain analysis'. *CPRC Working Paper 111*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Social movements rarely address poverty explicitly, though they may focus on particular critical relationships that create or sustain it – e.g. the consequences of corporate investment for access to land and other natural resources (forest, water), dispossession and resettlement.¹⁰² To address chronic poverty, they need to combine this focus with one on the allocation of state resources with respect to key processes around asset accumulation and market functioning, social protection and the politics of discrimination.¹⁰³ A citizenship- or rights-based approach provides a useful, rigorous language for this which can relate to local political discourses.

National political society holds the key to the development and uptake of pro-poor policies. Poverty reduction strategies developed in political systems based on inclusive political movements have proved especially pro-poor.¹⁰⁴ Even patron-client-based political systems may deliver for the poorest, although rarely in a transformative way. This means there may be tradeoffs between the 'good governance' agenda and poverty reduction. 'Good enough' governance should perhaps be the aim,¹⁰⁵ although a critical question is 'Good enough for what?' The rights-based approach India is attempting is highly demanding of governance, and in new ways, requiring an overhaul of the service delivery system accomplished partly through a much higher level of demand from citizens. Civil society actors can help to maintain policies once they are in place; political elites play the premier role in generating the kinds of citizen-state social contract that can address chronic poverty.

Social protection can be a vehicle for developing a citizen-state social contract, although liberal and social democratic schools of thought about social contracts have different approaches.¹⁰⁶ While universal programmes are undoubtedly the gold standard within progressive social contracts, targeted and conditional programmes can be politically sustainable, and can be themselves contractual – conditional cash transfers are the obvious example. Universal programmes may come under political pressure on cost grounds: this has been the case in turning the right to employment in India into a programme, for example.

Political elites are involved in webs of informal political relationships, and it is often these that determine who has political influence – this is a lesson of much recent research on the politics and governance of development.¹⁰⁷ The implication is that the formal political and administrative system, and attempts to gain footholds for poor people and their interlocutors, can only be a part of the story of political advancement. A strategic understanding of informal networks will enable the identification of other entry points, which may be as important.

5.1 The worst forms of adverse incorporation

Following the identification of informal employment as a source of insecurity-based chronic poverty, and growing interest in understanding relationships between the development of global value chains and chronic poverty,¹⁰⁸ CPRC research has recently investigated some of the 'worst forms of adverse incorporation or exploitation,' sometimes known as 'forced labour,' in India and Brazil. 'Forced labour' is a misnomer in the modern era, however, and international labour policies need to adjust to the new realities, where very exploitative labour relations can occur even in global production

networks (GPNs), but where labour is not forced and conditions of slavery do not apply.¹⁰⁹ Focusing on income poverty alone may not help capture such labour relations, as wages paid, especially in global production networks, may keep a household above the national poverty line but are not enough to enable saving, asset accumulation or significant investment in education, so children go to work early and become the next generation of exploited workers. Jobs tend to be highly insecure (Box 11).

This research has challenged the assumption that regulation within GPNs to preserve brand integrity is more robust than in local or domestic markets. In fact, the limitations of private regulation; the restriction of regulation/monitoring within the value chain to first-tier suppliers when the problems are concentrated much further up in the value chain; and the shortcomings of public regulation all mean that GPNs too are likely to push competitive pressures down to the lowest level in the labour market. Equally, such a distinction misunderstands the interconnections between different kinds of markets and production networks: it is often not possible to clearly demarcate what is production for a 'domestic' market and what is production for a 'global' market.

The key policy implication is that regulation inside GPNs – for example, against child labour – is not enough to address the chronic deprivation of such labourers and their families. Efforts to eliminate child labour can go to waste unless the children are educated; and without education, children will be unlikely to improve their socio-economic positions. Public–private partnerships are needed to address access to social services, especially education, and measures against discrimination on the basis of age, gender, ethnicity, race, nationality and immigration status. Such partnerships exist on a small scale, for

Regulation inside global production networks is not enough to address the chronic deprivation of such labourers and their families.

Box 11: 'Slave labour' in Brazil¹¹⁰

The evolution of GPNs has in many contexts, and for huge numbers of workers, been associated with precarious and exploitative labour relations. The notion of 'adverse incorporation' helps us understand theoretically and empirically why and how the terms of inclusion in GPNs are frequently associated with the reinforcement of poverty and vulnerability. On the one hand, conditions of poverty create vulnerability to precarious exploitative labour relations and 'slave labour'; on the other, these vulnerabilities are exploited within GPNs, and the power relations which create them are reinforced.

A study on what is known as 'slave labour' in Brazil reinforces the challenge to orthodox views of 'inclusion' through employment as the route out of poverty for the world's poor workers. The picture is much more complex. The 'normal functioning' of GPNs is as much associated with the dynamics of 'adverse incorporation' as it is with a beneficial process of 'social upgrading'.¹¹¹ Moreover, 'slave labour' cannot be viewed as a deviation from the normal functioning of GPNs, rejecting the tendency in many parts of academic and policy debates to imagine that a separation needs to be drawn between these practices and other kinds of 'normal' labour exploitation. Rather, 'slave labour' is a complex phenomenon clearly associated with the normal functioning of GPNs, responding to the same market pressures as elsewhere along the value chain. It represents an extreme manifestation and form of adverse incorporation, but nonetheless is one which remains in evidence across the global economy.

The challenge to the orthodoxy of 'inclusion' as poverty reduction is reinforced by the profile of the vulnerable workers. The poorest of the poor remain excluded from the GPNs surrounding Brazilian agriculture, given the physical condition demanded of the workforce employed in punishing manual labour. Thus, the reach of GPNs often does not extend to the poorest and most vulnerable parts of the world's population: the orthodox faith in 'inclusion' as the route to lifting people out of poverty appears misdirected.

109 Phillips, N. (2011, forthcoming). 'International policy implications of the worst forms of undecent labour'. *CPRC Working Paper*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

110 Phillips, N., Sakamoto, L. (2011). 'The dynamics of adverse incorporation in global production networks: Poverty, vulnerability and 'slave labour' in Brazil'. *CPRC Working Paper 175*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

111 Ponte, S. (2008). 'Developing a vertical dimension to chronic poverty research: some lessons from global value chain analysis'. *CPRC Working Paper 111*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

example, an Indian project on home-based work, which established embroidery centres for women workers. This was effective in both improving the conditions of work for women (ensuring fair payment, reducing exploitation by contractors) and in addressing child labour (the requirement is that children attend school, and, indeed, the aim is to eliminate women's need to employ their children in work rather than sending them to school). But such projects are very limited in number and scope. The research reported ostensible enthusiasm from the big corporations but limited investment of resources, and the firms still send only very small amounts of work to the embroidery centres.¹¹² New public-private partnerships are needed to combine provision of education and other services with effective regulation or self-regulation on a much wider scale. This goes way beyond current approaches to Commercial Social Responsibility.

5.2 Measures against discrimination

Discrimination is explicitly or implicitly identified as an important factor in much CPRC research. The extent of discrimination can also be demonstrated quantitatively. Studies of wage differences in Vietnam, for example, suggest that, while the wage gap between women and men closed during 1993-2002, the wage gap between majority and minority ethnic groups remains significant, with those that are not Kinh-Hoa receiving significantly lower wages. The gap, if anything, increases at higher levels of the wage distribution. The gap is accounted for not so much by differential characteristics, but predominantly by returns to characteristics, these being significantly lower for minorities for reasons of language and culture; returns to land and land quality; education quality and the returns to education; returns to infrastructure; misconceptions and stereotyping of ethnic minorities.¹¹³ Box 12 elaborates.

The second Chronic Poverty Report emphasised public measures to reduce discrimination, in combination with others to support education and economic opportunities for discriminated groups. While in isolation specific measures do not always have the intended effect, over time new social norms can be established that change popular perceptions of marginalised groups. If these groups also gain political representation, equality before the law and enhanced access to health, education and other services, this is a basis for greater social cohesion. However, anti-discriminatory measures pursued separately, without a broader social policy agenda, can generate a backlash, which needs to be managed politically.¹¹⁴

6. Location

Spatial inequality and remoteness matter. Environmental, market and political risks are often greater; access to services is poorer; returns to assets can be lower where markets do not function well or are served poorly by infrastructure; and labour markets can be sluggish, with barriers to migration. It is possible to address spatial inequality in many situations, through a combination of improved connectivity and anti-discrimination measures.¹¹⁵ The deep historical roots of adverse incorporation of regions in national and global political economies¹¹⁶ generally mean a new political settlement is needed to address it; that this can be achieved is demonstrated by progress achieved in northern Ghana, for example.¹¹⁷ The geographical concentration of chronic poverty is

112 Bhaskaran, R. *et al.* (2010). 'Home based child labour in Delhi's garment sector: contemporary forms of unfree labour in global production'. *Indian Journal of Labour Economics*, 53 (4), 607-624.

113 Pham, H. T., Reilly, B (no date). 'The gender pay gap in Vietnam, 1993-2002: a quantile regression approach'. *Working Paper 34*. Brighton: Sussex University Poverty Reduction Unit.

Hung T. Pham, Barry Reilly, (2009) 'Ethnic wage inequality in Vietnam'. *International Journal of Manpower*, 30 (3), 192-219.

114 CPRC (2008). *The Chronic Poverty Report 2008-09: Escaping Poverty Traps*. Manchester, UK: Chronic Poverty Research Centre (CPRC). Pages 76-7.

115 Higgins, K., Bird, K. and Harris, D. (2011). 'Policy responses to spatial poverty traps'. *CPRC Working Paper 168*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

116 Hickey, S. and Gooloba-Mutebi, F. (2009). 'Governing chronic poverty under inclusive liberalism: the case of the Northern Uganda Social Action Fund'. *CPRC Working Paper 150*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

117 Shepherd, A. *et al.* (2005). 'Economic growth in northern Ghana'. London: ODI.

Box 12. Addressing ethnic discrimination in Vietnam¹¹⁸

Vietnam's policies and programmes have targeted ethnic minorities in three ways: based on location, household economic status, and ethnic minority group membership. While the living standards of minorities have improved over the last decade, it is clear that the minorities have benefited less from Vietnam's dramatic economic growth than the Kinh and Hoa. In part, this is due to the widening disparities in living standards between the lowlands and uplands as, with the exception of the Khmer and Cham, the ethnic minorities remain overwhelmingly upland residents. However, it would be a mistake to ascribe the poverty of the ethnic minorities entirely to geography (with a policy focus on infrastructure which this tends to imply).

One question related to this is why is it that Kinh and Hoa workers generally earn substantially higher returns to their human and physical capital, while their households enjoy better access to public services, even when they live in the same upland communes as the minorities? Ethnic minority poverty in Vietnam is multi-dimensional and increases cumulatively with the life course. This is the result of the complex interplay of several overlapping layers of disadvantage, which start in utero and continue until adult life. Counteracting such disadvantages requires multiple interventions coordinated across a number of sectors, which pose complex implementation challenges in Vietnam's multi-layered system of government.

There are certain initiatives in the nutrition and education sectors (e.g., the bio-fortification of staple foods, provision of nutritional supplements to women of childbearing age in mountainous areas, the development of weekly boarding schools, and the extension of simple conditional cash transfer/scholarship programmes) that are relatively simple to implement and which would make an important difference to the life chances of ethnic minority children.

Counteracting the disadvantages which ethnic minority people face later in life, especially improving their rural livelihoods and access to wage employment, is more complex. In the agriculture and forestry sectors, extension systems which are sensitive to the farming systems and tenure practices of the different minorities require development. Improving infrastructure in the remote villages in which the smaller and more disadvantaged ethnic groups live, also has its role to play in improving the returns they receive to their assets. However, given the extensive investments which have been made here in recent years, the importance of further investments in infrastructure should not be overstated. In the wage employment field, further work is needed, exploring the extent to which ethnic minority workers experience 'unequal treatment', or whether their clear inability to access wage jobs outside the public sector is a function of their education (combined, perhaps, with 'educational screening'), networks and Vietnamese language ability. Finally, the importance of promoting growth that is geographically broad and socially inclusive is essential. For without a more equitable pattern of growth, the current disparities between the majority Kinh and Hoa and the ethnic minorities are sure to continue growing.

Universal policies/ programmes are a good start if they reach people in spatial poverty traps, but strong area-based approaches are also needed to address context-specific challenges.

often linked to persistent horizontal inequalities in society which need to be addressed if today's chronically poor are to have greater life chances, and to reduce the scope for violent political conflict.¹¹⁹

Universal policies/programmes are a good start if they reach people in spatial poverty traps, but strong area-based approaches are also needed to address context-specific challenges. Responses that facilitate better integration of these areas into the national or global economy are key – as pioneered in Latin America's (and now Asia's) work on the stakeholder-based 'territorial development' approach.¹²⁰ This could be a prime arena for developing an understanding of the formal and informal political networks that determine public action.

¹¹⁸ Baulch, B., Thi Minh, N., Thu Thi Phuong, P. and Thai Pham, H. (2010). 'Ethnic minority poverty in Vietnam'. *CPRC Working Paper 169*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

¹¹⁹ Stewart, F. (ed.) (2008). *Horizontal inequalities and Conflict: Understanding Group Violence in Multiethnic Societies*. London: Palgrave Macmillan. Pages 55-6 and 262ff.

¹²⁰ IFAD (2010). *Rural Poverty Report 2011: New Realities, New Challenges, New Opportunities for Tomorrow's Generation*. Rome: IFAD. Pages 194-195.

High transport costs constrain economic development in landlocked countries, and is exacerbated by a succession of administrative requirements, checks, and roadblocks, and sometimes domestic taxes.

121 Higgins, K. (2011) 'Escaping poverty in Tanzania: What can we learn from cases of success?'. *CPRC Working Paper 204*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

122 CPRC (2008). 'Chapter 1: Foundations for understanding and challenging chronic poverty.' In *The Chronic Poverty Report 2008-09: Escaping Poverty Traps*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

123 Collier, P. (2007). *The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It*. London: Oxford University Press.

While short-term mitigation measures definitely help, long-term, more structural solutions are also possible and useful. And spatially trapped poor people need measures to facilitate their engagement with the external world too – to enable better, less costly, more productive migration. Finally, it is key to acknowledge that traps can exist at different scales (very local, local, sub-regional, regional, whole country), that there is heterogeneity within deprived areas and that approaches to targeting may be needed which combine area and other factors.¹²¹

6.1 Landlocked countries

CPRC research identified landlocked countries among the chronically deprived;¹²² Collier identified landlocked countries as among the 'bottom billion',¹²³ hence our focus on them. Table 5 suggests that landlocked developing countries do grow slower, though this may be changing in the 2000s.

In Africa, the growth rates of landlocked countries are always less than those of coastal countries. The country case studies included one Latin American (Bolivia) and three African examples (Burkina Faso, Rwanda and Zambia). Two of these are resource rich and two are not. Only Rwanda has had a creditable growth performance in recent years.

Table 5: Average growth rates for landlocked countries

	<i>All landlocked countries</i>	<i>All coastal countries</i>	<i>Landlocked developing countries</i>	<i>African landlocked countries</i>	<i>African coastal countries</i>
1970s	2.29	2.98	2.12	2.13	4.63
1980s	1.21	0.78	0.98	0.48	2.46
1990s	-0.53	1.72	-0.63	0.61	2.78
2000s	3.73	2.51	3.75	1.81	4.85

There are a number of disadvantages to countries being landlocked. All three African country examples strongly highlight the importance of high transport costs, within the countries as well as transiting neighbouring countries. This makes imports much more expensive and substantially reduces the return to exports. Bolivia suggests there are problems of transport, particularly internally, as they can trade relatively straightforwardly through Chile. In the case of Bolivia, it is stressed that only mineral resources generate enough rent to overcome transport costs. In Rwanda, some high value commodities are exported by air but this is expensive.

The issue though is not just transport costs but a succession of administrative requirements, checks and roadblocks, and sometimes domestic taxes, for example, on fuel in Zambia. All these factors create a major disincentive to trade. Investment rates and returns to human capital have been low, at least in Burkina Faso and Rwanda. Governance issues also arise in a number of cases but these are not clearly linked to a country's landlocked status.¹²⁴

6.2 Conflict

CPRC research has suggested that being born or living a substantial part of life in a conflict-affected area or politically fragile state can lead to chronic poverty, and persistent poverty and injustice can also be a cause of conflict.¹²⁵ While it may be the poverty of institutions rather than poverty itself that causes conflict,¹²⁶ it is also true that, in the absence of strong equity-focused political leadership, widespread, persistent deprivation will have a dampening effect on the development of certain aspects of institutional quality – especially the extent that organisations are accountable and politicians represent their constituents' interests.

The chronically poor risk being ignored in recovery programmes. In northern Uganda, the incidence of poverty has substantially reduced since the end of the conflict with the Lord's Resistance Army, but most poverty in the north is now chronic poverty. This suggests that the recovery programmes need to be revised to take into account the interests of chronically poor people.¹²⁷

Basic service provision aimed at the poorest and hardest to reach, infrastructure to remote areas and social protection transfers stimulate inclusive post-conflict growth and lessen the potential for renewed conflict. Social protection is especially useful in reducing the high levels of vulnerability that exist in such situations, and can be set in place. These are all potential elements of a new social contract:¹²⁸ the actual elements in a particular country and time will be very context-specific. (Re-)building a public finance system is a critical underpinning, to mobilise revenue created by growth. Assets are critical to resisting impoverishment and escaping poverty. Education is a portable asset – versatile in a conflict situation.¹²⁹

Where governments fail to deliver on social contracts in poor regions, conflict can result, as with the persistent conflicts in India's 'red corridors.' Preventative action will inevitably include attempts to return areas to the rule of law and order, but this will not be sustainable without strong development action.¹³⁰ For example, education *could* provide a ticket out of poverty for tribal populations in these zones, but the level of public investment is simply inadequate and educational standards are in many cases abysmal.¹³¹

124 McKay, A. (2011, forthcoming). Growth in landlocked countries. *CPRC Policy Report*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

125 Addison, A. and Braunholz-Speight, T. (2008). 'Chronic poverty and violent conflict: fragile states and the social compact'. *Policy Brief 7*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Justino, P. (2006). 'On the links between violent conflict and chronic poverty: how much do we really know?' *CPRC Working Paper 61*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Cramer, C. (2009). 'Violent conflict and the very poorest'. *CPRC Working Paper 129*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

CPRC (2008). *The Chronic Poverty Report 2008-09: Escaping Poverty Traps*. Manchester, UK: Chronic Poverty Research Centre (CPRC). Pages 88-90.

126 World Bank (2011). *Conflict, Security and Development: WDR*. Washington, DC: World Bank. Page 7.

127 CPRC/DRT (forthcoming, 2011). *Uganda Chronic Poverty Report 2: Is anyone listening?*. Kampala: Development Research and Training and Chronic Poverty Research Centre (CPRC).

128 Harvey, P., Holmes, R., Slater, R. and Martin, E. (2007). 'Social protection in fragile states'. London: ODI.

129 Bird, K., Higgins, K. and McKay, A. (2010). 'Conflict, education and the intergenerational transmission of poverty in Northern Uganda'. *Journal of International Development*, 22(7), 1183-1196.

130 Mehta, A. et al (2011). *India Chronic Poverty Report: Towards Solutions and New Compacts in a Dynamic Context*. New Delhi: India Institute of Public Administration.

131 Department of School and Non-formal Education et al. (2009). 'Access to elementary education in Madhya Pradesh and Chhattisgarh'. Seminar Report.



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Chronic poverty: the policy implications

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.'¹³² CPRC research has shown that:

- The causes of chronic poverty are usually multiple and overlaid;¹³³
- National policy and action (and thus national context and politics) are much more important than international policy and action, which can provide support but not substitute for the former; and
- While general poverty reduction policies often help the chronically poor, additional policies that focus explicitly on their interests and problems are needed.
- Policies can benefit from being differentiated: addressing chronic poverty, preventing entry into and promoting exit from poverty; though of course some policies achieve more than one of these objectives.¹³⁴

Helping the poorest improve their prospects is the leading moral challenge for this generation, so tackling chronic poverty is a central concern in policy analysis and policy choice. But a policy focus and greater knowledge is not enough – political support for a campaign against chronic poverty must be mobilised. This means that both practical and strategic goals must be pursued at the same time.

Efforts to eradicate chronic poverty must be based in national political and policy debates and choices; poverty reduction strategies (PRSs) have been a key modality here.¹³⁵ However, in some countries these are giving way to national development plans, or growth strategies. The challenge during 2010-20 will be to learn the lessons of the

Helping the poorest improve their prospects is the leading moral challenge for this generation.

¹³² Lawson, D., Hulme, D., Matin, I. and Moore, K. (2010). *What works for the poorest?*. Rugby: Practical Action Publishing.

¹³³ CPRC (2004). *The Chronic Poverty Report 2004-05*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

¹³⁴ This point has also been made repeatedly by Anirudh Krishna in his various publications.

¹³⁵ CPRC (2008). *The Chronic Poverty Report 2008-09: Escaping Poverty Traps*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

Political support for a campaign against chronic poverty must be mobilised.

136 Hickey, S., personal communication.

137 Mehta, A. et al. (2011). *India Chronic Poverty Report: Towards Solutions and New Compacts in a Dynamic Context*. New Delhi: India Institute of Public Administration.

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

139 Ibid.

140 Ibid. This is in no way to undervalue progress in human development, which is absolutely vital in addressing chronic poverty. This is illustrated by the findings of the draft 2nd Uganda Chronic Poverty Report, suggesting that the level of population growth resulting from slowing average progress in human development, and failures in reaching the poorest, will create a very difficult environment for addressing chronic poverty in future.

141 Social Protection Task Force (2007). 'Design of a Cash Transfer Pilot for Uganda'. Final Report. Kampala: Social Protection Task Force.

PRs and incorporate these into the more nationally and politically driven development plans. The Uganda National Development Plan, for example, aims at structural economic transformation, while distributive aspects receive less attention: the share of public expenditure on social spending is projected to decline; social protection is only given a mention; and regional inequalities are not highlighted.¹³⁶ By contrast, India's 11th Five-year Plan is full of references to chronic poverty and measures that help address it.¹³⁷

Accepting that action must be nationally specific, it can nevertheless build on four main pillars:

1. Effective social protection programmes and systems: reviewing, redesigning, reforming and expanding existing systems and establishing new ones, and in the longer term moving from patchworks of programmes to 'systems' that provide support to all vulnerable people and households; such programmes represent an investment in preventing further impoverishment, and provide a solid basis for escaping poverty.¹³⁸
2. Human development for the hard to reach; note that this is a fundamental aspect of addressing chronic poverty – the second Chronic Poverty Report put it as one of its two central policy responses.¹³⁹ In this paper, we take these human development conditions for addressing chronic poverty for granted, and do not discuss them further.¹⁴⁰
3. Economic growth that includes chronically poor people on good terms, and assists with mobility out of poverty.
4. Progressive social change – social and political action that directly challenges the social orders (caste, gender, race and class relations) that perpetuate chronic poverty. This builds on getting basic services to the hard to reach.

Underpinning all of this is a need for a commitment to disaggregating data and analysis on poverty to a greater degree than is currently the case.

1. Social protection

Social protection can provide a 'practical solution' to improve the economic and social security of the poorest and support their efforts to create human capital and assets. While social protection programmes must be nationally specific, this can be encouraged by:

- Reviewing, redesigning and expanding existing programmes (non-contributory old age pensions, child grants, widows and disability grants and more innovative approaches such as Uganda's basic grant to the poorest, with supplementary payments for vulnerable household members – see Box 13);¹⁴¹
- Learning from successful programmes in neighbouring countries and other regions;

Box 13: An innovative policy design for Uganda's social protection pilot¹⁴²

In 2001, the Ugandan Ministry of Finance said to the newly formed CPRC in Uganda that its 2017 target for poverty reduction was 10%. If the CPRC could show that chronic poverty accounted for significantly more than this, the government would listen. Work on the 1992-9 Uganda National Household Survey panel data indicated that close to one in five Ugandans were chronically poor.¹⁴³ The government's 2004 Poverty Eradication Action Plan recognised chronic poverty as a serious issue and opened the door to policy development. The CPRC published a Uganda Chronic Poverty Report in 2005 which advocated social protection as a leading response to chronic poverty.

An inter-ministerial Social Protection Task Force was established by the Ministry of Gender, Labour and Social Development and a process to design a pilot programme set in motion, with some involvement of CPRC researchers. The design examined the distribution of benefits from various targeted and untargeted alternatives – child grants, pensions and household grants – and recommended for trial a basic household grant for the poorest households, supplemented by additional grants for vulnerable people in the household (older, younger and disabled people). This innovative approach has eventually (in 2010) been adopted for implementation.

- Innovative approaches to delivery (e.g. post offices, rural banks, mobile phones, lottery ticket agencies, etc.) (Box 13);
- Using domestic taxation, supplemented by foreign aid in very poor countries, for finance.

The growing knowledge base on social protection means the design and implementation of such programmes is much less challenging than it was even five years ago. CPRC research has shown that social protection programmes can be afforded (usually through domestic public revenues, supplemented by foreign aid in the poorest countries).¹⁴⁴ For example, providing a basic package of an old age pension, maternity benefit, health insurance and life/disability insurance to people below the poverty line in India would cost Rs11,000 crore or 0.29% of GDP (2007 prices), less than the total cost of MGNREGA in 2007.¹⁴⁵

While capacity problems can be identified in some contexts, innovative service delivery options are providing mechanisms to overcome such obstacles while strengthening existing systems. There is a great opportunity to roll out programmes in terms of coverage and services (links to education, food security, health, labour markets, etc.) in many countries.¹⁴⁶

Focusing on making programmes more effective and scaling them up provides an ideal entry point to engage with transformative growth and progressive social change in many contexts. Social protection provides both a practical 'solution' in most countries to meeting some of the immediate needs of the chronically poor and a strategic 'window' in terms of promoting national-level analysis and debate on how to make growth policies inclusive and how to foster progressive social change. This also means mobilising social forces to tackle discrimination and challenge existing power relations. A focus on social protection also helps develop capacities to deal with shocks (at national and household level), an increasingly important issue in an unpredictable world faced with climate change.

Focusing on making social protection policies and programmes more effective, and scaling them up provides an ideal entry point to engage with transformative growth and progressive social change.

¹⁴² Development Research and Training (2011, forthcoming). *Chronic Poverty Report, Uganda*. Kampala: Development Research and Training.

¹⁴³ Okidi, J.A. and McKay, A. (2003). 'Poverty dynamics in Uganda: 1992 to 2000'. *CPRC Working Paper 27*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

¹⁴⁴ Marcus, R. (2007). 'Tackling obstacles to social protection for chronically poor people'. *CPRC Policy Brief 3*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

¹⁴⁵ Mehrotra, S. (2008). 'Social insurance system for India's unorganized sector workers: The case and the cost'. *Indian Journal of Labour Economics*, 51 (2), 183-195.

¹⁴⁶ Barrientos, A. and Hulme, D. (2008). *Social Protection for the Poor and Poorest – Concepts, Policies and Politics*. Basingstoke: Palgrave Macmillan.

Hanlon, J., Barrientos, A. and Hulme, D. (2010). *Just Give Money to the Poor*. Sterling, VA: Kumarian Press.

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

Growth benefits the chronically poor, but to a lesser extent than it benefits all the poor, and less than for the average person. The severely poor benefit least.

2. Economic growth

The CPRC's work on growth has focused on the opportunities this provides to the poorest and the chronically poor, and related policy implications. The CPRC is not a research centre focusing on growth as a central issue, but CPRC research has found that aspects of growth are absolutely critical in addressing chronic poverty:

1. That the rate of growth is less important than the form, for the chronically poor;
2. That taxable growth is critical, since addressing chronic poverty requires redistribution for economic as well as social service delivery, which can generally best be achieved through the tax system;
3. That the quality of jobs created is very important, not just the quantity, since a good job for one person can help raise a household out of poverty;
4. That the generational and regional distribution of growth is important;
5. That post-conflict economic growth provides special opportunities to construct new inclusive social contracts.

These are conclusions which apply to poverty as well as chronic poverty, but all the more so for the chronically poor. And the CPRC is also not the only source for such conclusions, although the CPRC has disseminated them strongly through various publications, including the international Chronic Poverty Reports.

Growth is central to the eradication of chronic poverty. The CPRC's basic finding is that growth does benefit the chronically poor, but it does so to a lesser extent than it benefits all the poor, and also less than for the average person. The severely poor benefit least.¹⁴⁷ Major beneficiaries from growth have of course been at the top end of the distribution, and to a lesser extent in the middle.¹⁴⁸

Context will determine how growth can best contribute. Any growth is better than no growth, and kick-starting growth is critical where there is none; but fast growth is not necessarily better for the chronically poor than 1) sectorally balanced growth, with an emphasis on labour-intensive sectors – agriculture, construction and manufacturing;¹⁴⁹ or 2) better-governed, slower growth with more equitable results. Better-governed growth would mean focusing on the implications for sustainability and resilience, and especially not undercutting the natural resource base excessively fast; achieving a balance between sectors so growth overall is less vulnerable to volatility and shocks; and ensuring that investments are made in the basic economic development services such as water and transportation.

In almost all situations, it would also mean being willing to invest in human development, so critical to both short- and long-term growth. Education is vital for escaping poverty, especially post-primary education and skills transfers. However, there are significant barriers to demand, education which need to be overcome before chronically poor children will progress far enough to lift their households out of poverty. The policy focus remains on primary education – and while improving quality of and outcomes from primary remains very important, introducing measures to see poor children through several years of post-primary is critical for mobility. The South Africa work illustrates

147 McKay, A. (2011). 'Relations between growth and the poorest'. *CPRC Working Paper 126*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

148 Palma, J. (2006). 'Globalising inequality: "centrifugal" and "centripetal" forces at work'. *Working Paper 35*. New York: UNDESA.

149 Loayza, N. and Raddatz, N. (2009). 'The composition of growth matters for poverty alleviation'. Washington, DC: World Bank.

that it is not enough to have education, but that labour markets have to provide opportunities to make use of it. Strategies to generate 'decent work' and skills-using work need to accompany investment in education.

In mass poverty societies, just getting growth going has been a major challenge, but one which more countries (including all those discussed here) have achieved to varying degrees in the past decade. The focus on composition and distributional implications of growth here does not take growth for granted – there are countries where a stable growth trajectory is yet to be established. It is simply that more than growth is required to address chronic poverty.¹⁵⁰

To date, only a few countries have made a strong policy commitment to pro-poor or inclusive growth,¹⁵¹ and better-than-average outcomes (in other words a reduction in inequality) for the poor from growth have been the exception rather than the rule.¹⁵² Low carbon growth across the world is also essential for the poorest, who will suffer most from climate change.¹⁵³ While there is now interest in some developing countries, again this is a minority as yet.

Brazil is a country which has sought, and achieved, inequality-reducing growth. For many years, there was little growth, and poverty and inequality were reduced through social policies and protection.¹⁵⁴ More recently, growth has reduced poverty and inequality primarily through the labour market. A contrasting case is Vietnam, where there has been 'absolute' pro-poor growth – the poor have benefited – but with rising inequality. The government has responded with strong policies on infrastructure development and social infrastructure in underdeveloped regions to attempt to equalise the impacts of growth.

In India, a debate among economists is unfolding in the public domain (Box 14).¹⁵⁵ For example, tribals have in many cases remained poor because of a lack of entitlement to their core resources, i.e. forests, to which they have limited access and over which they lack control in management decisions. These communities have also faced continuous adversity in 'development' projects, especially irrigation, mining and infrastructural development. A rough estimate suggests that over 20 million people have been displaced as a result of various development projects over the years, and that this has accelerated since economic liberalisation. The faster pace of growth that followed liberalisation should have paid greater attention to the adverse consequences that large projects can have for people.

So, while growth with redistribution, enabling human development, social protection and progressive social change, is essential, the pattern of growth is also important – the sectoral composition, the capital intensity, the regional distribution. Chronically poor people will benefit from and contribute to growth where it changes pre-existing economic and social structures through the offer of new employment and self-employment opportunities, supported by strategic public policy interventions that raise assets and capabilities and improve opportunities in labour markets.

How growth relates to the price of essential items and the volatility of these is another important dimension. Declines into poverty, or further into poverty, are related to the increased cost of essential consumption items as well as business losses. Many poor households earn their living from small businesses and petty trading. As these businesses often work on very slim profit margins, they are also vulnerable to fluctuating prices.¹⁵⁶

150 McKay, A. (2009). 'Relations between growth and the poorest'. *CPRC Working Paper 126*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

151 'Pro-poor growth' can be absolute – growth which benefits the poor – or relative – growth which benefits the poor more than others. 'Inclusive growth' suggests pro-poor in an absolute sense. While there is no agreed and common definition of inclusive growth within the international community, the term is understood to refer to 'growth with equal opportunities' and has economic, social and institutional dimensions. It emphasises that economic opportunities created by growth are available to all, particularly the poor, to the maximum possible extent. Rauniyar, G. and Kanbur, R. (2010). 'Inclusive growth and inclusive development: a review and synthesis of Asian Development Bank literature'. *Journal of Asia Pacific Economy*, 15 (4), 455-469.

152 IPC (2006). 'Global estimates of pro-poor growth'. *Working Paper 31*. Brasilia: IPC, UNDP.

153 Parry, M.L., Canziani, O.F., Palutikof, J.P., van der Linden, P.J. and Hanson, C.E. (eds.) (2007). *Climate Change 2007: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Fourth Assessment Report of the IPCC*. Cambridge: Cambridge University Press.

Mitchell, T. and Tanner, T. (2008). 'Entrenchment or enhancement: could climate change adaptation help reduce poverty?' *CPRC Working Paper 106*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

154 Ferreira, F.H.G., Leite, P.G. and Ravallion, M. (2010). 'Poverty reduction without economic growth? Explaining Brazil's poverty dynamics, 1985-2004'. *Journal of Development Economics*, 93 (1), 20-36.

155 Mehta, A. et al. (2011). 'Chapter 7: Towards Alternative Growth'. In *India Chronic Poverty Report: Towards Solutions and New Compacts in a Dynamic Context*. New Delhi: India Institute of Public Administration.

156 Davis, P. (2007). 'Discussions among the poor: exploring poverty dynamics with focus groups in Bangladesh'. *CPRC Working Paper 84*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

The pattern of growth is important – the sectoral composition, the capital intensity, the regional distribution.

Box 14: India – the need for broad-based rather than rapid growth

The accelerated overall rate of growth in India has now been sustained for two decades. In the first seven years of the 21st century, until the global economic crisis hit, the average increase in per capita income was 5.5% per year. However, poverty remains high and its rate of decline has not accelerated in line with increases in GDP. Poverty incidence fell from around 55% in 1973-4 to 27.5% in 2004-5, but the pace of reduction has slowed over the past decade. Meanwhile, population increases mean absolute numbers of people living in poverty have remained more or less the same since the 1970s.

The benefits of growth have bypassed both historically marginalised groups and deprived regions. Incidence of poverty among STs, for instance, has barely moved. Three sets of factors have posed a serious challenge in translating growth into poverty reduction: absence of employment opportunities for all; unsustainable use of natural resources; and regional disparities in resource endowments and economic opportunities. The central limitation has been the jobless nature of growth.

At the national level, the diversification of agriculture and the growth in employment in the nonfarm sector has been slow. In rural areas, sluggish growth in agricultural productivity, inadequate availability of rural infrastructure and low levels of literacy and skills have all contributed to limited poverty reduction. The slow pace of change in rural areas is also attributable to unfavourable initial conditions, particularly the failure of land reforms and the consequent persistence of inequalities, which in some instances are increasing. Tribal people, who frequently have no entitlement to their core resources – particularly forests – are suffering from displacement as economic liberalisation increases the value of natural resources for development projects.

Agriculture remains a very important sector for poverty reduction, and agricultural policy needs to be reassessed in light of its contribution to improved wages and working conditions for labourers. Recognising that increasing annual agricultural growth is an important precondition for promoting broad-based economic growth, revitalising agriculture is a key element of inclusive growth in the government's 11th Five-year Plan, to be achieved through increased public investment in irrigation and rural connectivity.

However, there is no guarantee faster growth in agriculture will reduce rural poverty. For instance, much economic growth during the 1980s and 1990s is attributable largely to growth in labour productivity, and the sharp decline in employment growth in that period is a corollary of this. There may be a tradeoff in agriculture between faster growth and inclusive growth, rather than the two moving hand-in-hand. Meanwhile, the focus on output growth in India is based on intensive use and degradation of natural resources, although their preservation is central to future growth.

There is a clear case for identifying and shifting to a pattern of growth that reaches a larger proportion of poor people, even if this pattern involves a slightly lower rate of growth. Enhancing employment opportunities necessitates systemic solutions, where the focus is more on the composition of output growth, particularly a stronger domestic market orientation, than on the pace of growth per se. The outcome might be a slightly lower rate of growth, but it would be broader-based.

Significant progress is also needed in revitalising infrastructure (including health infrastructure), markets, institutions and service delivery. This is vital to connect poor people to labour and other markets, at both village and regional levels, and markets, including labour markets, will function more effectively where this happens. A major jump is also necessary in public investment in technology development and dissemination, with a particular focus on the poorest regions and states. Access to land, skills and productivity enhancement can make a difference in reducing chronic poverty. These strategies can be complemented by safety nets, especially for those outside the workforce.

However, CPRC research¹⁵⁷ also reveals that the actions of the International Monetary Fund (IMF) and the World Bank (and particularly conditionalities around poverty reduction and growth facilities – PRGFs – and poverty reduction support credits – PRSCs) have often compromised PRSs, reducing their capacity to deliver pro-poor growth because of their focus on short-term stability and aggregate growth (regardless of its quality). This also undermines domestic policy debates and weakens moves towards more democratic policy processes in emerging polities. Despite an extended international discussion of pro-poor and inclusive growth, few governments or agencies are systematically monitoring and developing policy to affect the distribution of growth.¹⁵⁸ Countries that do take this seriously include South Africa, where the government has recently invested in National Income Dynamics panel surveys; Rwanda, where the government has taken the reported increase in inequality during the mid-2000s very seriously; and Vietnam.

2.1 Growth, labour markets and labour relations

Growth benefiting chronically poor people is clearly difficult to achieve. While macroeconomic stability and pro-enterprise policies are important components of any national growth strategy, and carrying out growth diagnostics and investigating the investment climate are useful activities, if growth is to benefit the chronically poor, whose main asset is often their labour, there is also a need for an enabling environment that fosters pro-poor trends in the labour market, in particular:

- Enhances the labour productivity of the poorest (through education, basic health services, social protection and other policies) especially in agriculture and the SME sector, and in disadvantaged rural and urban areas through a combination of universal and territorial or area development approaches;
- Creates a new norm, especially at national level in developing countries, but also at international level, that there should be limits on transmitting the pressures of competition among firms to labour markets, especially where there is surplus labour. This will involve innovative and vigorous approaches to labour standards and inspection (Box 15) and promotion of consumer awareness and campaigns¹⁵⁹ on adversely incorporated labour, in support of international and national standards; and,
- Improves and tightens the functioning of labour markets by removing subsidies to capital-intensive approaches and encouraging the growth of SMEs to improve the demand for labour; and by connecting poor people to markets through key infrastructural investments and improved access to information on rights, services and employment opportunities, especially for women and migrants. The supply of labour can also be reduced by ensuring children remain in education, through social protection that makes older and less able people less reliant on the labour market and in the longer term through the reduced fertility that emerges as women's education levels rise.

If growth is to benefit the chronically poor, there is a need for an enabling environment that fosters pro-poor trends in the labour market.

157 Hulme, D. (2009). 'Governing global poverty? Global ambivalence and the Millennium Development Goals. Background Paper for High-level Policy Forum 'After 2015: promoting pro-poor policy after the MDGs'. Brussels, 23 June.

158 Klasen, S. (2010). 'Measuring and monitoring inclusive growth: multiple definitions, open questions, and some constructive proposals'. *ADB Working Paper 12/June 2010*. Manila: ADB.

159 See for example the campaign on domestic labour in Burkina Faso. Good protective legislation is in place, but with only 39 labour inspectors there is little hope of enforcing it. The Red Cross is running a programme to educate domestic workers (mostly children), and enhance employers' level of personal social responsibility through an SMS texting campaign. The government is planning to pass minimum wages legislation.

Box 15: Tanzania's recent emphasis on the labour market and employment¹⁶⁰

Recent rural and agricultural growth in Tanzania has been hesitant; where it has been strongest, poor people have participated as labourers in oversupplied markets. Major international exports, including flowers and fruit, come mainly from large farms, which employ female labourers in poor conditions.

The National Strategy for Growth and Poverty Reduction (Mkukuta II) emphasises agricultural growth, particularly through increasing productivity by improving input markets. This includes investing in physical and irrigation infrastructure as well as financial and extension services to encourage investment in agriculture, livestock and fisheries. In addition, it stresses the need for resource conservation and early warning systems to strengthen risk management. It also promotes large- and medium-scale farming as the basis for agricultural growth.

If this strategy is to reduce poverty, labour standards become an important issue, as does the need to create employment to absorb the fallout from smallholder agriculture. Certainly, Mkukuta II recognises labour markets as important, aiming to create decent jobs for women, youth and people with disabilities as well as to provide a conducive environment for youth in rural areas. However, it has little to say in concrete terms about how it will address already oversupplied labour markets. Indeed, there is still little research-based understanding of how labour markets function in Tanzania.

In terms of how to do this, maximising the employment elasticity of growth is a challenge in most economies, and there may be a trade off with the rate of growth (e.g. India, see Box 14). Many countries have growth strategies which emphasise a high rate of growth but are relatively less preoccupied with generating or improving the quality of employment. It is here that creativity is at a premium, and countries' best brains and a critical mass of international expertise need to focus here if growth is going to make more universal inroads into poverty. While this is not a new finding, its importance for the chronically poor is underscored.

Getting the wage labour market to deliver decent work is a second major challenge. However, once again, this is not a major focus of policy in many countries. Tanzania's recent Mkukuta II strategy would be an example – this recognises the importance of labour market functioning and improving the conditions of wage employment but develops few concrete measures to address these issues – hence the need for creativity.

2.2 Assets, markets and protection

Based on the discussion in Chapter 3, Section 3, an enabling institutional and policy environment for the chronically poor would also make the critical links between the assets (including labour) the poor have or can acquire and the opportunities open to them; and protect critical assets from erosion, through insurance¹⁶¹ or social protection. We already know from Bangladesh and Mexico that social protection can enable savings and access to credit, provided the transfers are adequate.¹⁶²

This joined-up programming would require effective working groups across ministries, agencies and the private sector, and joint programmes by NGOs and microfinance/enterprise promotion agencies, breaking down the barriers between professional groups

¹⁶⁰ Shepherd, A. et al. (2010). 'Growth and poverty reduction: policy implications from qualitative research in Tanzania'. *CPRC Policy Brief 21*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

¹⁶¹ IFPRI (2010). *Innovations in Insuring the Poor*. Washington, DC: IFPRI.

¹⁶² Barrientos, A. and Nino-Zarazua, M. (2011). 'Chapter 4, Section 2: Asset protection and asset accumulation'. In *Social Transfers and Chronic Poverty: Objectives, Design, Reach and Impact*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

working to develop assets, markets and protection, respectively. Building Resources Across Communities' (BRAC's) Targeting the Ultra Poor programme currently comes closest to this.

There are often substantial problems in the enabling environment for accumulating assets. Three critical policy deficits are typical and merit significant policy effort: financial and especially savings institutions; housing and housing tenure in urban areas; and land and livestock policy in rural areas.

2.3 Integration of chronically deprived countries and regions

Landlocked countries' growth is clearly held back by higher transport and related costs. Investment in transport infrastructure is a priority, both in the country and transiting neighbouring countries. Creating 'corridors' inland across several countries is therefore a potent policy instrument, and regional trade integration measures will also help.

While some underdeveloped regions within countries may not be a priority for major public investment,¹⁶³ there are many others where significant hard and soft infrastructure investments will pay off, not only economically but also politically. Social cohesion arguments may also persuade policymakers to invest in regions that cannot repay the investment economically. Deprived regions benefit from physical and social infrastructure and information services, but also from the kind of multi-stakeholder platforms found in territorial development programmes, which creates a leadership and momentum for economic growth. The addition that the CPRC makes to this is to argue that such investments, while necessary, are unlikely to undo deep-seated discrimination against the inhabitants of a deprived region, which is likely also to require anti-discrimination measures. Without these, stereotypes about the region's citizens may persist and affect investment coming to the region.

2.4 Focus on youth and young adults

Inclusive growth policymakers need to identify where in the life course it is most possible for chronically poor people to include themselves most beneficially in growth so interventions to assist this process can be targeted well. CPRC evidence suggests that in general this will be when they are young – teenagers or young adults.¹⁶⁴ A focus on these groups, on whom the burden of helping the family escape poverty often rests, will involve investment in education and skills, including second chance education and possibly enterprise training;¹⁶⁵ imaginative approaches to including girls and young women, such as savings and financial literacy clubs (see Box 16 below); and creating far stronger institutional links between educational provision and the labour market, such that schools are actively preparing students for the labour market and businesses are able to express demand clearly. Moving a little further through the life cycle, helping younger adults out of poverty trap occupations (rickshaw pulling, domestic labour) or significantly improving the terms of employment through campaigns for increased employer responsibility and respect for legislation, are further measures to interrupt inter-generational poverty when it is easiest to do so.

Policymakers need to identify where in the life course it is most possible for the chronically poor to include themselves most beneficially in growth.

163 As argued in World Bank (2009). *Reshaping economic geography*: WDR. Washington, DC: World Bank.

164 Salam Fall, A. et al. (2010). 'Les dynamiques de la pauvreté au Sénégal : pauvreté chronique, pauvreté transitoire et vulnérabilités'. *Policy Brief*. Dakar: IFAN, Université Cheikh Anta Diop.

Cissé, R (2011, forthcoming). 'Les facteurs d'interruption de la transmission et les expériences de sortie de la pauvreté.' *CPRC Working Paper*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

165 UNESCO (2010). *EFA global monitoring report: reaching the marginalised*. Paris: UNESCO.

2.5 New, focused social contracts in post-conflict recovery

In post-conflict societies, long-term engagement of international agencies with governments can help build new social contracts based on fiscal redistribution of the benefits of the economic growth typically seen in a recovery period to the poor through human development and social protection. However, capacity constraints require the construction of a narrow social contract on very few pillars to turn around the perceived illegitimacy of the state in the eyes of the persistently poor. In other words, not all agendas can be addressed at the same time: agreement on a very few top priorities will require discipline on the part of donors and NGOs, and firm application of the Paris/Accra aid principles.¹⁶⁶

3. Progressive social change – addressing discrimination and deep-rooted inequalities¹⁶⁷

Progressive social change is essential for tackling chronic poverty. Existing social orders (caste, intergenerational, gender, race and class relations, etc.) underpin and perpetuate the social discrimination, poor work opportunities and limited citizenship that stop the poorest from improving their circumstances.¹⁶⁸ This important point can help in explaining to elites that the poorest people are constrained structurally rather than lacking in attitude or application. Rights and citizenship-based discourses can also help in this respect, although these discourses need to be practical enough to address the very real constraints that prevent rights being achieved. Elite interests may of course get in the way of understanding, and the struggle for rights and citizenship should not be underestimated. Such struggles are often led by members of the elite in any case – politicians, civil society leaders, business people. The challenge is to work within state–civil society coalitions where possible.

Chronically poor people do not just need ‘good policies’: they also need a society that gives them voice and facilitates their human rights. Achieving this is the most difficult part of the policy and political agenda: social and cultural relationships and practices are often entrenched, and there may be few policy levers, such as on dowries in South Asia.¹⁶⁹ However, there is a growing amount of tried and tested as well as experimental policies in many ‘difficult’ areas of policy – for example on gender equity between girls and boys¹⁷⁰ and relationships between the generations.¹⁷¹ A focus on teenage girls and young women has been identified as important but neglected in preventing intergenerational transmission of poverty. The CPRC’s recent report on gender identifies numerous examples of ways of addressing their situation (Box 16).

The achievement of progressive social change depends primarily on domestic actors – social and political leaders, social movements and political parties/formations. Key focuses for such efforts include decent work, gender equality, social protection and secure rights to assets for the poorest (including inheritance laws and practices). Addressing these issues will require redistribution; in most circumstances, ‘redistribution by stealth,’ including through the fiscal system, rather than radical redistribution of property is likely to be most feasible.

166 Addison, T. *et al.* (2010). ‘Fragile states, conflict and chronic poverty’. *Policy Brief 24*, Manchester, UK: Chronic Poverty Research Centre (CPRC).

167 Jones, N., Harper, C., Watson C., *et al.* (2010). *Stemming Girls’ Chronic Poverty: Catalysing Development Change by Building Just Social Institutions*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

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

169 Davis, P. and Bach, K. (2010). ‘Curbing dowry practices: an anti-poverty imperative’. *Policy Brief 15*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

170 Jones, N., Harper, C., Watson C., *et al.* (2010). *Stemming Girls’ Chronic Poverty: Catalysing Development Change by Building Just Social Institutions*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

171 Bird, K. (2010). ‘How is poverty transmitted inter-generationally, and what might be done to stop it in its tracks?’ Paper presented at ‘Ten years of war against poverty: What we have learned since 2000. What we should do 2010-2020.’ Manchester, 8-10 September 2010.

Box 16: Stemming Girls' Chronic Poverty¹⁷²

Promoting progressive social change requires thinking carefully about reforming or even dismantling discriminatory social institutions. The CPRC gender report identifies childhood, adolescence and early adulthood as being critical in determining the life course potential of girls and young women, for many of whom this key period is marked by deprivation and vulnerability to chronic poverty. The report looks at the ways in which context-specific social institutions inform and determine their life opportunities and agency. It underscores the importance of taking culture and social norms and practices seriously for progress to be made on breaking the poverty traps that girls and young women face, not only in childhood and early adulthood but also potentially across the life course and generations. The report highlights a range of policies, programmes and practices that are emerging globally to dismantle discriminatory social institutions which hinder the realisation of girls' full human capabilities and risk trapping them in chronic poverty. It presents the following key policy recommendations:

- Develop and enforce context-sensitive legal provisions to eliminate gender discrimination in the family, school, workplace and community;
- Support measures to promote children's, and especially girls', rights to be heard and to participate in decisions in areas of importance to them;
- Invest in the design and implementation of child- and gender-sensitive social protection;
- Strengthen services for girls who are hard to reach, because of both spatial disadvantage as well as age- and gender-specific socio-cultural barriers;
- Support measures to strengthen girls' and young women's individual and collective ownership of, access to and use of resources. This includes measures for gender-sensitive legislation, such as the Legal Assistance Centre in Namibia, which works to reform cohabitation and marital property regimes. Other measures include the promotion of women's collective ownership of land and assets. In Andhra Pradesh, India, poor low-caste women in groups of 5 to 15 have purchased or leased land through government schemes for subsidised credit and grants, and are now farming these lots productively in 75 villages. Such collective ownership programmes and production cooperatives have also been successful in Latin America and countries in Africa.¹⁷³
- Strengthen efforts to promote girls' and women's physical integrity and control over their bodies, especially in conflict and post-conflict settings.

Chronically poor people do not just need 'good policies': they also need a society that gives them voice and facilitates their human rights.

However, there are exceptions to this. Ensuring that women have more equal rights to own and inherit assets than is currently the case in many societies is one radical measure that research indicates would have enormous benefits in terms of preventing impoverishment and giving some of the most vulnerable women and children chances of escaping poverty. The political difficulty of challenging patriarchal norms means that political mobilisation is likely to be needed to back such change in most societies, and even then change in practice is hard to achieve and requires the positive involvement of local institutions and leaders.

Outsiders can provide some direct support in this agenda, but must recognise its context specificity. Many of the pilot programmes included in the gender report were donor-funded, with international NGOs involved in implementation. International support in scaling up, legislative change or processes of social change more broadly is more questionable, since these are such socially and politically sensitive processes. Outsiders can contribute more broadly to the evolution of an international social norm that judges the existence of extreme poverty to be morally unacceptable in such an affluent world. In concrete terms, this would mean setting ambitious target dates for the achievement of the MDGs in full.

¹⁷² Jones, N., Harper, C., Watson C., et al. (2010). *Stemming Girls' Chronic Poverty: Catalysing Development Change by Building Just Social Institutions*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

¹⁷³ Agarwal (2010), in Ibid.

174 Wadugodapitiya, D. and Baulch, B. (2010). 'The value of panel data in chronic poverty analysis'. *Policy Brief* 23. Manchester, UK: Chronic Poverty Research Centre (CPRC).

175 Baulch, B., and Davis, P. (2009). 'Casting the net wide and deep: lessons learned in a mixed-methods study of poverty dynamics in rural Bangladesh'. *CPRC Working Paper 155*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

176 Wetta, C. et al. (2011 forthcoming). 'Pauvreté chronique et transitoire au Burkina Faso : une analyse de la dynamique à partir des données agricoles'. Ouagadougou: CEDRES, Université de Ouagadougou/CPRC.

177 Mehta, A. et al. (2011). 'Chapter 6: India's Rights-Based Approach and Chronic Poverty.' In *India Chronic Poverty Report: Towards Solutions and New Compacts in a Dynamic Context*. New Delhi: India Institute of Public Administration.

4. A commitment to improving the data

Underpinning all of this is a commitment to disaggregating data and analysis on poverty, not only by gender, age and other characteristics but also by duration, severity and dimensions of deprivation. The number of countries undertaking panel household surveys is increasing but this could occur much more rapidly.¹⁷⁴ Meanwhile, to understand the causes of chronic poverty and poverty dynamics, good qualitative work should accompany large-scale surveys,¹⁷⁵ built into national household survey processes and budgets wherever possible.

Improving the data is especially important as large-scale programmes are rolled out, so their impacts can be monitored closely, reported in the media and debated politically. This process has helped keep social protection strongly and consistently on the political agenda in Latin America.

5. Answering the 'how?' question

Our studies are richer on 'what to do' than 'how to do it.' Nevertheless, there are two important conclusions on the latter.

Firstly, new coalitions of interest groups and organisations are needed to address the interests of chronically poor people effectively. In Burkina Faso, this was expressed as the need for farmers' associations to work with the private sector as well as local and central government to get agriculture moving;¹⁷⁶ in India, it can be seen in the new coalitions of state and non-state actors needed to implement the rights-based approach to development and get the state machinery to work better.¹⁷⁷ This is clearly not to argue that states simply need to open up to social movements: on the contrary, movements have their limitations – they may not be very poverty focused;

may not address the structural issues in the economy and society that keep people poor; and may not elaborate alternatives well.¹⁷⁸ Leadership and representation within organisations of the state remain important constituents of a progressive coalition, as do the professional NGOs and CSOs that support movements and develop the capabilities to persuade allies in government.

Secondly, the variation in the nature of poverty and poverty dynamics across geographic space within even relatively small countries means that sub-national (or, in India, sub-state) strategies and governance structures are likely to be important. This is a finding which stands out more strongly from the World Bank's Moving out of Poverty studies than it does from CPRC's work.¹⁷⁹ If correct, this suggests a major new emphasis on poverty reduction at local level as a future emphasis for national poverty strategies. Many countries have devoted significant resources to decentralised government since 1990, believing it will help reduce poverty; the moving out of Poverty studies provide evidence that *responsive* local democracy has helped create the conditions for escaping poverty, but with much variation within and across countries.

Reasons why local democracy has not been more effective include the well-known problems with sub-national government: excess presence of restrictive rules and regulations; the associated costs of informal levies required to get around the system; widespread corruption; and elite capture. Unlocking local democracy so it works for poor women and men requires good leaders, elections and information, especially on local government, participation and people's organisations.¹⁸⁰ Following the conclusions of recent research on the importance of understanding the informal networks influencing politics,¹⁸¹ these formal requirements need to be complemented by the identification of context-specific entry points for the interests of poor people through informal networks as well as the state-society coalitions. It should also be recognised that there are wider risks in devolution of power to decentralised government which need to be managed: of increasing unequal development between regions, national disintegration, loss of fiscal stability, and inflation of bureaucracy. There is an important new research agenda here.

178 Bebbington, A., Mitlin, D., Mogaladi, M. and Bielich, C. (2010). 'Decentring poverty, reworking government: social movements and states in the government of poverty'. *Journal of Development Studies*, 46 (7), 1304-1326.

179 Narayan, D., Pritchett, L. and Kapoor, S. (2009). *Moving Out of Poverty: Success From the Bottom Up*. Washington, DC: Palgrave Macmillan and the World Bank.

180 Ibid. Chapter 6.

181 Unsworth, S. (ed.) (2010). *An upside Down View of Governance*. Brighton: Institute of Development Studies.

Booth, D. (2011). 'Working with the Grain? The Africa Politics and Power Programme'. In Crook, R. and Booth, D. (eds.). *Working with the grain? Rethinking African governance*. Brighton: Institute of Development Studies.



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Future research and action

5

It is imperative to develop social protection policies more fully during the next five years, so the post-2015 global approach to development has a real chance of eliminating poverty.

There are widely accepted development policy agendas which are vital for the chronically poor – e.g. growth, human development and, most recently, social protection. Protecting and expanding the reach and quality of basic services to benefit chronically poor people remains fundamental, and it is heartening to see that many countries protected basic services during the recent global financial crisis – being in a better position to do so as a result of sound macroeconomic and fiscal policies and having learnt the lessons of past crises about the importance of doing this.

Social protection has been identified as a useful entry point with high potential to address the more difficult policy agendas of making growth work for chronically poor people and advancing a process of progressive social change. These are exciting new policy focuses, which it is imperative to develop more fully during the next five years, so the post-2015 global approach to development has a real chance of eliminating poverty on the basis of plenty of evidence about what works at national and even sub-national level. These new policies will aim at transforming chronically poor people's lives by addressing the economic, social and political structures that keep people poor. Policy-engaged research can help identify what such transformative policies might look like in context.

This paper has identified a few of these. Exploiting the synergies among asset accumulation, market functioning and protection is one. This is a new contribution the CPRC has made to debates about how to reduce poverty; how to achieve these synergies should now be the focus of much innovative policy work. Likewise, the need to link education and skills development systems more strongly with labour market functioning should generate innovative policies and programmes. Developing the 'good society' through progressive social change is a more context-specific venture. Achieving greater gender equality in terms of access to and control over resources is clearly a central part of the agenda. Land and housing ownership, inheritance rules and marriage laws are also critical determinants of wellbeing outcomes. But the content and process of reforms in such areas represent new areas for action and research.

Policies to reduce chronic poverty need visionary political leadership and need time to 'embed.'

The formulation of policies that address chronic poverty is socially and politically controversial, and may challenge popular perceptions of poverty. As such, policies to reduce chronic poverty need visionary political leadership and may also need time to 'embed.' This involves long-term political commitments and institutional frameworks which permit evaluation to feed back into policy. Chronic poverty is unlikely to be addressed without legitimate, well-grounded states, especially in a world of volatile markets and climate change. But addressing chronic poverty can also provide new bases for legitimising states through better state–citizen social contracts. While it is not easy to promote the kind of 'developmental state' this implies, it is possible to say that the 'good governance' agenda is too restrictive and does not address the key state capacities required to support the kinds of growth and social change which address chronic poverty. This includes the development of constructive but also regulatory relationships between state and private sector.¹⁸²

Chronic poverty is no doubt highly challenging but it is nevertheless possible to address it effectively through evidence-based policy. It has been tackled in different ways and with different results in CPRC partner countries and internationally. Local research partners have been able to use Chronic Poverty Reports and other devices (conferences, workshops, short publications) to engage successfully with policymakers. Engagement has taken different shapes in different countries and at different times. In general, researchers have chosen to act as 'insiders,' networking with policymakers and building relationships selectively where doors have been open. Confrontational approaches (e.g. via media, social movements) have been less frequent, and less successful, although where they complement an 'insider' approach they can make a powerful contribution to getting an issue on the agenda. Participating in technocratic networks has been influential in terms of getting policymakers to address chronic poverty.

Examples where an impact has been made include the Uganda social protection story (Box 13 above), the raising of the Bangladesh primary education stipend for girls, the development of a cash transfer programme in the new state of Southern Sudan, and the multi-stranded focus on chronic poverty in India's 11th Five Year Plan. Given the recent completion of much research including that in country, engagement with policy makers needs to continue, and impact re-assessed in five years time. This would be

182 CPRC (2008). 'Chapter 6: Ending violent conflict and building a social compact'; and Pages 62-3. In *The Chronic Poverty Report 2008-09: Escaping Poverty Traps*. Manchester, UK: Chronic Poverty Research Centre (CPRC).

183 'the BMZ draft strategy on poverty reduction reflects much of CPRC's key messages'. Personal communication from Sascha Reebs, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

even truer of impact at the international level, where ideas take a long time to percolate through to policy change. A critical test will be the evolving discussion of the post 2015 development framework. In the meantime, the German government's draft new poverty strategy has reflected some of CPRC's findings.¹⁸³

Once these difficult issues are on the agenda, research can also help answer the 'how' questions. In the case of social protection, research has begun to document the effects of different policy instruments in different contexts. However, the impact of research is inevitably limited – to get challenging policies implemented effectively requires, in most settings, not only political commitment and an evidence base, but also structures and processes to hold policymakers to account. This may be difficult for policymakers to instigate, since it is their actions that will come under the spotlight. For example, new rights to information, employment, forest land and education in India will only be as good as their implementation. As in many other situations, this means an overhaul of governance is required – with the creation of accessible accountability and redress mechanisms and active social and political movements which can take up causes on behalf of chronically poor people. Building the necessary coalitions across state and civil society and the private sector is no mean task.

What further contribution can research make? Research priorities would include using the emerging panel databases to understand the impact of the recent food, fuel and financial crises on poverty dynamics. Urban poverty dynamics and chronic poverty are poorly understood and analysed, partly because of a lack of good data. The extent to which sub-national anti-poverty policy making is essential, the strategies which work, and how best to build relevant political and administrative capacity at that level are important issues for further work. This could include a proper evaluation of Territorial Development approaches. Research is needed on what the policy levers are to join up key policies and programming, as recommended in Section 4 – for example labour markets and education; assets accumulation, protection and markets – and, more generally, to get labour markets to work better for the poor. And finally, developing the research capacity in country (or at least in regions) to understand the difficult context-specific issues we have bundled together under the heading of progressive social change is urgent.

**To get
challenging
policies
implemented
effectively
requires
structures
and processes
to hold
policymakers
to account.**

Annex

Annex 1: Summary analysis of country research findings and policy conclusions

* This annex is constructed from country partners' final outputs (see footnote 13).

Country and selected major research findings	Key policy conclusions
Bangladesh <ul style="list-style-type: none"> • Growth has benefited the average poor, not the chronic poor. • The chronically poor now represent almost all the poor. • Chronically poor people are slightly poorer than the non-chronically poor, pursue strategies to escape poverty, but experience high vulnerability (especially ill-health). Lower asset endowments, including education, are joined by lower market returns. Casual labour predominates as an occupation, which also keeps people poor. • Multiple/sequences of shocks impoverish, and make it hard to recover. • Relatively little intergenerational mobility. • Gradual asset building and savings strategy identified as a major route out of poverty for the extremely poor. • Lots of years of education (O level?) are needed to escape poverty. • Chronically poor have smaller families with fewer dependants. Families with a number of working sons are a key feature of households exiting poverty. Perceptions of this will slow demographic transition among the poor. • Access to flood relief is springboard out of poverty. 	<ul style="list-style-type: none"> • Policy <i>must</i> now address chronic poverty. • Growth needs to be adjusted to benefit the chronically poor. • Some chronically poor people have unsustainable livelihoods. They need to be assisted out of these at an early stage of their work cycle before they become trapped. • Better and accessible curative health and protection against ill-health are critical. Health insurance may be the best option given the importance of private medicine. • Extend coverage of social assistance (eg employment guarantee, pension) against the multiple/sequenced shocks that make people chronically poor. • Growth without governance is against equity and environment.
Burkina Faso <ul style="list-style-type: none"> • Over a quarter of the population is chronically poor. • Almost four in five households have been poor in at least one out of six years. • Big regional differences in poverty dynamics. • Life cycle (e.g. age of household head) and family dependency ratio and solidarity important causal factors, along with agro-ecological potential and participation in well/poorly organised crop markets. 	<ul style="list-style-type: none"> • Get new actors (civil society and private sector) in to agricultural public policy decision making to enable new coordinated actions. • Prioritise livestock economy – vital to coping with shocks and accumulating capital. • Support microfinance organisations to assist chronic poor with diversification.
Ghana <ul style="list-style-type: none"> • Social networks remain key to managing vulnerability, indicating low coverage and impact of social protection, including National Health Insurance. • Informal social protection is reciprocal (loan basis) and can impoverish through sale of livestock or taking additional dependants into the household. • In the absence of social protection, child labour remains a coping strategy. • Low levels of education and skills, especially among women, reduce livelihood options to those with low return. 	<ul style="list-style-type: none"> • Formal social protection is necessary. • Skills training needs greater priority.

Country and selected major research findings	Key policy conclusions
India <ul style="list-style-type: none"> • Economic factors underlie chronic poverty in all cases, plus an 'x' factor, which may be social or political – social status, conflict, political marginality or a combination. Significant variation across India. • Chronic poverty closely linked to political instability. • Employment elasticity of growth is key to poverty reduction. • Costs of ill-health explain a large proportion of impoverishment. • Education is a key to escaping poverty, but barriers to educating poor children are significant, resulting in suppressed demand. Intergenerational poverty is maintained through a nexus of low levels of education, poor nutrition and sanitation, underpinned by gender inequality. 	<ul style="list-style-type: none"> • Combine 'moderated' growth focused on maximising decent employment with selective rights-based approach so institutions developed support growth. Institutional development is the key, e.g. in poorer states. Eventually use rights-based approach+ decentralisation/mobilisation/ political development to move away from reliance on uniform centrally sponsored schemes. Thus a right to health would enable local policymakers to plan how universal access to quality health care can be achieved. • The Right to Education needs to be supported by demand-enhancing measures as well as quality improvements.
Kenya <ul style="list-style-type: none"> • Little mobility – over 70% remain in same socioeconomic position over 10 years. • Inheritance and socioeconomic status of parents critical to fortunes of current generation. • Inability of older generation to transfer required assets to younger generation suggests that a long period of agricultural and general economic growth is necessary to provide broad-based income and productivity growth enabling asset accumulation. • Education, especially post-secondary, supports upward mobility and resilience, as does staying healthy. • Ill-health, death and other shocks critical to downward mobility. 	<ul style="list-style-type: none"> • Agriculture remains the most likely sector to drive income and productivity growth and asset accumulation. However, delivering agricultural growth has been elusive.
Niger <ul style="list-style-type: none"> • Poverty is widespread in rural Niger, and almost universal among women and older people, according to a multi-dimensional indicator. • Poverty is caused principally by uncertain and low rainfall, an inability to migrate, and an absence of sources of assistance through difficult times, but is not seen as inherited. 	<ul style="list-style-type: none"> • Accelerate existing plans to develop irrigated and zone-specialised farming, focused on small and medium sized farms.
Senegal <ul style="list-style-type: none"> • Wide rural-urban and inter-ethnic variation in poverty dynamics and rate of chronic poverty. Rate of exiting poverty varies less rural-urban. • There is relatively little mobility across the life course, although youth are associated with greater potential to escape poverty and chronic poverty is more likely with age. Education and skills for youth critical to capture this potential. • Post-primary education a strong correlate of chronic poverty; most chronically poor not educated at all. • Risks also important, and children raised by uneducated parents more exposed to risk. Family and employment networks facilitate exit from poverty. • Bereavement, separation, having children after age 40. 	<ul style="list-style-type: none"> • Government interventions needed to complement inadequate family and community solidarity. • Multiple policies to reduce incidence and impact of wide variety of shocks. Child protection a priority. • Refocus on agriculture and rural economy, especially through investment in water and energy infrastructure, and improve the enabling environment for rural SMEs. • Promote upward social mobility through more accessible, improved quality and free education – including better performing teachers. • Invest in skills for youth both through school and vocational/technical education.

Country and selected major research findings	Key policy conclusions
South Africa	
<ul style="list-style-type: none"> Widespread human capital deficits (education and skills), alongside a highly developed formal economy and a long trajectory of capital-intensive growth creates a formally employed/unemployed, insider/outsider division, in which urban and rural outsiders are adversely incorporated. The functioning of the market limits the use that can be made of assets such as education and curtails upward mobility. The chronically poor are therefore largely unable to break the intergenerational cycle of poverty. Despite being comparatively well-resourced (by developing country standards), health and education services are inefficient and marked by a range of institutional, managerial and systemic weaknesses which further compromise the ability of the poor to exit poverty. Chronic poverty and inequality are vectors of conflict. They erode social capital, social cohesion and adherence to the rule of law. Over the long term, the social and political instability created by chronic poverty undermines institutions and political systems, to the ultimate detriment of both economic and human development. 	<ul style="list-style-type: none"> The policy space for addressing chronic poverty is constrained by the continued existence of a 'policy vacuum' shaped by the ruling party's need to compromise between opposing factions and policy impulses. Policy responses to chronic poverty have to balance immediate, short-term and ameliorative responses and longer-term responses to undo the larger structural conditions that perpetuate poverty. The latter include aspects of fiscal, monetary and industrial policy. Social grants have had major, well-documented benefits and should be extended progressively to all those who are eligible. New and cost effective delivery modalities continue to be needed. A large group left out of the current social grant welfare net, namely, working-age, able-bodied adults, needs to be included through policy interventions such as a wage subsidy for young, first-time employees and a community works programme. Education and health services both require major overhauls, to ensure they deliver services to a standard commensurate with the resources currently invested in them.
Tanzania	
<p>Recent economic growth has not reduced poverty as much as expected because:</p> <ul style="list-style-type: none"> Assets have become more difficult to accumulate. Poor people are if anything less protected against the many risks they face. Agricultural and rural nonfarm growth has been hesitant, and where employment opportunities have been created they have not always been 'decent work.' 	<ul style="list-style-type: none"> Focus policies on facilitating asset accumulation; develop a social assistance scheme to include especially vulnerable groups; balance emphasis on agricultural modernisation and commercialisation with improvements to labour market to create decent work opportunities. Key policies/interventions promoting escape from poverty are sectoral and micro level, especially land rights and availability, nonfarm enterprise development, linking formal savings and credit societies with burial societies and implementing the secondary education guarantee. Implement the existing progressive governance agenda focused on women's rights and access to justice.
Uganda	
<ul style="list-style-type: none"> One in five Ugandans were chronically poor in the 1990s. The chronically poor are mostly economically active (despite the stereotype of vulnerable groups), but often excluded in one way or another. Chronic poverty will be exacerbated without action now. Programmes build their failure into their design – there is scope for better design. Key problems with solutions remain ignored by policymakers. 	<p>The 2005 Uganda Chronic Poverty Report findings and recommendations remain valid. The question is: is anybody listening?</p> <p><i>Summary of 2005 recommendations:</i></p> <ul style="list-style-type: none"> Positive national framework – economic growth has benefited the chronically poor; as has universal primary education. A more redistributive approach is needed, however. Greater emphasis on security and protection is needed. Peace in the north and social protection. Deepening access to education, especially post-primary, and women's land rights are key policy areas. Deepen the 'pro-poorest' focus of agricultural programmes. Greater consensus needed to address a large, intractable and complex problem.

Annex 2: CPRC's research questions

Overall research questions

1. What are the relationships between the dimensions and severity of poverty and its duration?
2. What enables people to escape from long term poverty, including what is intergenerationally transmitted; and what factors can prevent this escape?
 - a. Poor people's strategies
 - b. Processes of change and transformation
 - c. Policies and programmes
3. What leads to people falling into chronic poverty and to its inter-generational transmission?

Research Themes

Concepts and methods

Objective: To ensure that CPRC researchers (and other researchers) conceptualise poverty and poverty dynamics in ways that deepen the contribution of these concepts to the understanding of chronic poverty, and that support the selection of more effective poverty reduction policies.

There were no specific research questions under this theme.

Poverty dynamics and economic mobility

1. What enables individuals and households to escape chronic poverty?
2. What prevents individuals and households from escaping chronic poverty?
3. What leads individuals and households to fall into chronic poverty?

Inter-generational transmission of poverty

1. Is there evidence to prove that poverty is transmitted intergenerationally in low income developing countries.
2. What is the probability that poor children will be poor adults and will transmit that poverty intergenerationally? What are the key interrupters?
3. What are the key moments in the life course that increase the likelihood that a poor child will be a poor adult?
4. What creates 'irreversibilities' (health and nutrition, skills and education, nurturing/ parenting, socialisation)? What are the key interrupters?

- a. We will explore commissioning studies drawing on epidemiological and anthropometric data which enable the examination of the key 'irreversibilities' associated with pre-natal, infant and under five malnutrition
5. What contextual factors increase IGT poverty? What factors in society/ economy/polity limit the likelihood of children from certain poor households escaping poverty? What increases their chances?
6. What provides children, youths and young adults with resilience? (how much is due to the psycho-social resources of the individual, how much due to the social, economic and policy environment?)
 - a. Can we identify which factors increase the likelihood of children with poor parents being upwardly mobile and non-poor?

Insecurity, risk and vulnerability

1. What are the main forms of insecurity, vulnerability and protection affecting the poor and the chronic poor?
2. What is the relative significance of uninsured risk in movement into poverty and its duration? Do the chronic poor insure themselves against key contingencies?
3. What are the conditions under which behavioural responses by the poor to vulnerability and insecurity lead to poverty traps?
4. What is the role of informal work and household dynamics on patterns of vulnerability and protection for poor older people, and what is their association with movements in and out of chronic poverty?

Assets, assetlessness and inequality

The main focus will be on the second and third core research questions in the proposal:

1. What enables people to escape from long term poverty, including what is inter-generationally transmitted; and what factors can prevent this escape?
2. What leads to people falling into chronic poverty and to its inter-generational transmission?

Adverse incorporation and social exclusion

1. What are the processes that exclude, disempower and disadvantage chronically poor people in relation to key institutional arenas and resources, including economic (e.g. labour markets), political (e.g. state formation) and social (e.g. associational life) forms?
2. What are the iterative relationships between poverty and exclusion? What are the consequences for people when they are thus marginalised or excluded? How do these dynamics work to cause or perpetuate poverty?
3. What forms of social, political and institutional change tend to reduce the causes and effects of social exclusion and adverse incorporation?
4. What are the most important social and political strategies poor people have evolved to ameliorate these consequences? What are the dynamics by which they contest or try to accommodate their situation?
5. What are the implications of these underlying processes (3 & 4) for pro-poor policy and poverty reduction strategies?

Countries

India

1. What are the factors that enable escape from and cause entry to chronic poverty?
 2. Are existing policies adequate to addressing the interests of groups most vulnerable to chronic poverty?
 3. To what extent does physical remoteness determine chronic poverty, and what have been the best ways of mitigating its contribution? Is dependence on forests a major cause of chronic poverty and what can be done about it?
 4. What is the impact of shocks such as ill-health on forcing people into poverty? Do the existing health services reach the chronically poor? How can good health be promoted and maintained at the household level?
 5. What is the impact of chronic social tensions and long- term socio-political conflict on poverty dynamics in conflict affected areas?
 6. What pro-poor policies exist, and are chronically poor people beneficiaries? (e.g. National Rural Employment Guarantee Act, Food for Work, Hunger) What are the institutional constraints that can have a bearing on the level of chronic poverty?
 7. In what ways can Social Protection measures be designed so as to promote livelihood while at the same time avoiding the 'hand-out' mentality?
 8. What gaps remain in existing legislation, and what legislation is missing, with respect to protection of the very poor?
 9. In what ways can specially targeted poverty reduction programmes be implemented and monitored to the benefit of the chronically poor (particularly for orphans, people with disabilities, and the elderly)? Which social protection interventions yield the maximum benefit for the largest number of people in chronic poverty?
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South Africa

Adverse Incorporation and Social Exclusion

Research questions to be explored here include:

1. What is the role of adverse spatial incorporation and the legacy of apartheid spatial planning in the creation of spatial poverty traps?
2. How does migrancy and migrant labour serve to link rural and urban areas, and what are the factors that impact on migrancy as a strategy to escape from chronic poverty?
3. What are the factors that support or undermine livelihoods in the informal economy and on the margins of the formal economy?
4. What are the factors that affect the capacity of land-based livelihoods to support escape from long-term poverty? What are the factors that affect food security in this context, and what is the role played by the positioning of poor households and individuals within agro-food systems (both commercial and informal, both globalised and domestic and local)? How is HIV/AIDS impacting on people's ability to formulate livelihood strategies that facilitate escape from long-term poverty?
5. What is the role of governance and governmentality (including the architectures of decentralisation and the role of local and provincial capacity) in interrupting or exacerbating adverse spatial incorporation?

Intergenerational Transmission of Poverty

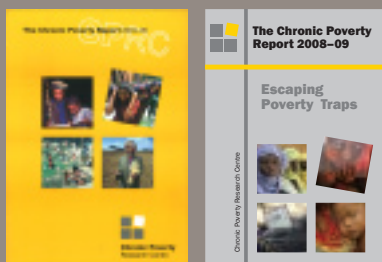
1. What factors shape household formation, composition and dissolution in the context of widespread chronic poverty? How do contextual facts such as particular social-cultural norms and a universal state old age pension system contribute to these processes? How do the resultant household trajectories interface with the dynamics of vulnerability, specifically intra-household vulnerability? How does this shape the life chances of children and youth caught within poor and chronically poor households?
2. What factors contribute to resilience at individual, household and societal level? How do household livelihood strategies contribute to (or detract from) resilience?
3. What are the factors impacting health - particularly maternal and child health - for poor people and how does this impact on poverty trajectories? How do infirmity, disability and health seeking behaviours mediate the transtemporal dimensions of poverty?
4. How do household survival strategies impact on child development, including: the expectations of, investment in and migration by children. How do these strategies shape educational enrolment and attainment, particularly in the context of high levels of formal labour market unemployment?
5. What are the factors that shape the available repertoire or menu of strategies for survival, accumulation and coping; and how does this shape people's ability to interrupt the intergenerational transfer of poverty? What are the factors that shape poor people's ability to reap returns from investment in education and what are the implications for upward (or downward) intergenerational social mobility?

Uganda

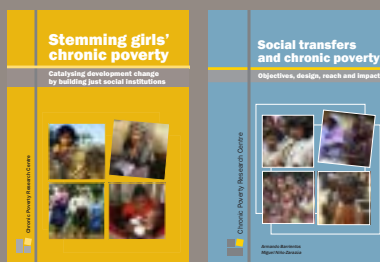
1. In what ways can Social Protection measures be designed so as to promote livelihood while at the same time avoiding the 'hand-out' mentality?
2. What gaps remain in existing legislation, and what legislation is missing, with respect to protection of the very poor?
3. What should and what can be done with regard to Social Protection in Uganda?
4. How can existing social protection actions by civil society organisations be coordinated so as to function effectively and efficiently? How can a supportive environment for social protection interventions be created?
5. In what ways can specially targeted poverty reduction programmes be implemented and monitored to the benefit of the chronically poor (particularly for orphans, people with disabilities, and the elderly)?
6. Which social protection interventions yield the maximum benefit for the largest number of people in chronic poverty?

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The CPRC is an international partnership of universities, research institutes and NGOs. The CPRC aims to provide research, analysis and policy guidance to stimulate national and inter-national debate so that people in chronic poverty will have a greater say in the formulation of policy and a greater share in the benefits of progress.

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