Tackling chronic poverty: unpacking the poverty ‘black box’

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Strategies for eradicating poverty in LDCs:
Findings from research by the Chronic Poverty Research Centre
www.chronicpoverty.org

The Fourth United Nations Conference on the Least Developed Countries
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Contents

• Key messages for policy makers & practitioners from 10 years of research

• Launch of Chronic Poverty Advisory network to work with governments, agencies and organisations to apply lessons learned & develop new policies & practices
Unpacking the ‘black box’

- Nearly ½ billion chronically poor, many in LDCs,* out of 1.4 billion poor
- Mostly working but
- Excluded, adversely incorporated, without many assets, extremely vulnerable
- ‘Black box’: poverty incidence responds to growth and human development
- But other poor are doing well, doing badly
- CPRC unpacks this with the 4 ‘d’s to improve the quality of policy
*Chronically deprived countries*
The 4 ‘d’s of modern poverty analysis

• 1 Disaggregation
  – Groups (‘vulnerable groups’ good but not enough)
  – Dimensions: MDGs recognise multi-dimensionality

• 2 Dynamics
  – Exits-Entries=poverty incidence; and chronic poverty
  – Addressing chronic poverty requires understanding of dynamics
  – Upward mobility = gradual, with setbacks; downward mobility can be sudden and dramatic

• 3 Duration
  – Long duration of some poverty => structural
  – Inter-generational transmission
4 Differentiated policy responses: preventing entries into poverty

- Massive improvements in accessibility of health services to address major cause of impoverishment and chronic poverty
- Special measures to enhance women’s ‘agency’ will reduce impoverishment and address inter-generational transmission
- Social transfers respond to extreme vulnerability of chronic poor and possible impoverishment of vulnerable
4 Differentiated policy responses: supporting exits from poverty

- Economic growth necessary but not sufficient for the chronically poor
  - Drivers of growth not benefiting chronic poor

- Pro-poorest growth:
  - Labour-intensive sectors
  - Quality of jobs important as well as demand for labour: labour market policies and interventions
  - Asset accumulation-markets-protection synergies (institutional links)
  - Education-labour market links
  - Integrate deprived regions
  - Focus on young people
4 Differentiated policy responses: addressing chronic poverty

• In addition to preventing chronic poverty and supporting exits from it, address some basic causes:
  – Anti-discrimination measures, eg rights based approaches & governance change
  – Empowerment measures - ‘stemming girls chronic poverty’

• A highly political agenda:
  – Political elites need to be convinced that chronic poverty is structural, not the fault of the chronically poor
  – Space for cross state-society coalitions; and at local level – to contextualise responses better
  – Improved social, economic and political relationships the goal (not abstract notions of ‘good governance’)

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### Importance of context

<table>
<thead>
<tr>
<th>Causes</th>
<th>Discrimination &amp; political relationships</th>
<th>Structural micro-economic causes</th>
<th>Overall nature of the state/governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income poverty situation</td>
<td>Uganda, Kenya</td>
<td>Burkina Faso, Tanzania</td>
<td>Niger, Kenya</td>
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<td>Mass poverty &amp; limited/volatile growth, significant continued levels of chronic poverty</td>
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<tr>
<td>Significant middle class and stable/high growth, but continued high (if reducing) chronic poverty levels</td>
<td>India, Ghana</td>
<td>Senegal</td>
<td>Bangladesh</td>
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<td>Highly unequal middle income economies, chronic poverty barely reducing</td>
<td>South Africa</td>
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Conclusions: addressing chronic poverty

• National policy and action (and thus national context and politics) is more important than international policy and action.

• General poverty reduction policies often help the chronic poor, but additional policies that explicitly focus on their interests and problems, are needed.

• State-citizen social contract needs to develop a stronger element of vertical solidarity: tax-based financing of social protection, education & health important, as is targeting.
The Chronic Poverty Advisory network

- To respond to demand from policy makers and practitioners
- To work together to address chronic poverty
- CPA network members from varied backgrounds – academics, statisticians, NGOs, government, ex-government: CPRC +