



Supporting escape from chronic poverty: policies in action



Public services for the hard to reach: Alternative Basic Education for Karamoja (ABEK) offers flexible timetabling and local teachers so that pastoralist children in this isolated region of Uganda can combine schooling with their cattle-herding livelihoods. Photo: Crispin Hughes/Panos Pictures.

What is Chronic Poverty?

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

Key points

- A core set of public policies can enable chronically poor people to escape poverty. These are social protection, education and healthcare specifically for the hard to reach; asset building; anti-discrimination and women's empowerment; and support for migrants alongside planned urbanisation. These are not all new policies for poor people, but they are undersupported and neglected in development efforts.
- There are numerous examples from around the world (some of which are detailed below) of public policies enabling poverty exits in all the above areas. Public policy vitally supports people's efforts to escape chronic poverty. Framing such policies within a political project to build a state–citizen social compact not only ensures political support, but also delivers long- term commitments.
- Most people in chronic poverty are struggling to escape poverty and improve their livelihoods, in very difficult conditions that they have not chosen. Policy makers can benefit from seeking to work with them, and treating them as equal partners in development, rather than passive recipients of policy (or, worse still, as a 'problem').
- A wide range of civil, political and economic organisations are public policy actors. Central and local government are of course powerful (and officials as well as politicians can be key players in promoting pro-poor policies). But social movements, NGOs, and parastatal or private sector companies can also have massive impacts on chronically poor people's lives.



Introduction

Tackling chronic poverty is the global priority for our generation. Between 320 and 443 million people are now trapped in poverty, often for their entire lifetime. That is roughly equivalent to the combined populations of the US and Japan.

The **Chronic Poverty Report 2008-09** identifies five main traps that underpin chronic poverty: insecure environments; lack of political voice; disadvantage of location (which can be an entire country); social discrimination; and limited work opportunities. There are five key policy areas that can help people escape from these traps. These policies are specifically aimed at chronically poor people, but must also be considered within wider political and economic contexts:

- 1. Social protection** – regular social assistance transfers to poor people can contribute to human development and economic growth. Hard evidence exists of the wide-ranging enabling effects of such transfers.
- 2. Public services for the hard to reach** – extending the coverage of education, health and other social services into disadvantaged areas, and improving their quality, to make them more accessible to the poor and discriminated against. These essential services transform lives. Without them chronically poor people will remain trapped in poverty.
- 3. Building individual and collective assets** – individual assets, such as secure housing and land, livestock and tools, or collective assets, such as water and sanitation, or transport and infrastructure, are fundamental building blocks, with which chronically poor people can construct more sustainable livelihoods.
- 4. Anti-discrimination and women's empowerment** – through legislation, combined with policies to make sure the poorest can benefit, are pivotal in changing lives. They are essential if chronic poverty is to be addressed.
- 5. Strategic urbanisation and migration** – supporting chronically poor migrants and urban dwellers can help overcome spatial poverty traps and spread the benefits of urban economic growth more widely.

The report argues that policies in these areas can not only enable poverty exits, but also help to build a **social compact** between citizens and states (see Box 1). This further enhances the prospects for political stability, economic growth and consequent increased prosperity.

In this policy brief, we illustrate these five categories of policy in action and how they might contribute to poverty escapes and to the development of social compacts. We offer stories of policy change from very different countries and contexts – rural and urban, chronically deprived and

improving – that show real positive change being achieved for chronically poor people. These are not unsustainable short-term projects: they have all endured and developed for at least ten years.

These illustrations are not blueprints or models that can be simply reproduced in other contexts. Nor do they represent the only forms that our five policies might take. They are instead indications of the type of action that can develop and be supported through public policy, and which can, singly or in combination, lead to wider societal changes.

Not all public policy is good for poor people, so it is also important to understand what can go wrong. And few change stories are smooth. Failures and setbacks must be appreciated alongside successes: we attempt to give a balanced picture. Additionally, a wide range of civil, political and economic organisations are public policy actors and the actions of parastatal or private sector companies can have massive impacts on chronically poor people's lives. The report also highlights the role that social movements can play in taking public action.

Policies in action

Securing social protection for chronically poor people

Our first recommended policy – social protection – has been shown to make a huge difference to the lives of chronically poor people. Here we look at the evolution of one of the many schemes around the world that demonstrate this potential.

In India, the National Old Age Pension Scheme (NOAPS) is targeted at destitute elderly people. At this stage in their lives, people entering into, or already living in poverty, are at high risk of never escaping it again. An Asian

Box 1: Chronic poverty traps and the social compact

The five chronic poverty traps are: **insecurity** – of livelihoods and from conflict; **limited citizenship** – lack of political voice; **spatial disadvantage** – in isolated rural areas or urban slums; **social discrimination**; and **poor work opportunities** – exploitative employment, or no work at all.

A **social compact** is a set of mutual obligations between the state and its people. These mutual obligations reflect a core set of agreed values. They take the form of duties and rights that are fulfilled and become embedded in political and social institutions. A social compact exists when the majority of citizens agree (or at least acquiesce) to accept restraints on their individual actions – e.g. through foregoing some of their income through taxation – in exchange for tangible benefits – e.g. law and order, healthcare and education, or social assistance.

Development Bank Institute study found that 96% of recipients felt that the Scheme definitely made a perceptible change in the quality of their life, and that the great majority were genuinely eligible and extremely poor (notably 37% were women, and 46% from scheduled castes or tribes).

Certainly, there have been problems. When introduced by a Congress government in 1995, the base pension rate was set very low indeed – just Rs75/month, less than one-sixth of a subsistence income – and it covered only 9% of the population over 60. There are also problems for many pensioners in getting their payments on a regular basis, linked to bureaucratic hurdles to registration and petty corruption.

However, more recently, the programme has improved. In the 2006 budget, the base rate was increased to Rs200/month, with state governments encouraged to match this (many already paid a supplement). And learning from positive experiences in reducing corruption in several states by paying pensioners through post offices, the 2006 budget also included a commitment to roll out such a system nationwide.

So despite its shortcomings, the NOAPS has made a significant positive difference to the lives of recipients. It has endured 13 years, several changes of government, and a lengthy period when Indian politics was increasingly focused on the middle class and communal identity, rather than social justice for poor people.

How was this possible? One key factor was that certain senior civil servants acted as champions of the policy within the executive, through periods of political change. And while there has been little social movement pressure for pensions, media attention to problems with implementation may have been important in drawing attention to the scheme, promoting reform and linking the issue to wider debates about unresponsive officialdom. It may also be that the parsimony of the initial scheme, while reducing its impact on poverty, did help it survive difficult political times (and render it a relatively unattractive target for elite corruption).

Finally, it may be significant that a right to public assistance in old age is established in the Indian constitution. One recent study suggests that the pension is claimed by even marginalised individuals as a right, in a way that they cannot do with non-constitutional employment assurance schemes or primary education. If the NOAPS is helping to make the kind of social compact envisaged in the constitution a reality, that is a significant contribution to long-term social change in India.

Education for the hard to reach: Gender parity and alternative school systems

There are many obstacles preventing poor children from accessing education on equal terms with children from wealthier households. The costs of schooling – whether fees, textbooks or lost income from child labour – may prevent them from attending. But even if they are in school,

other factors may hold them back. Undernourishment is one major problem, causing poor children to have difficulty in concentrating and raising their risk of ill health – both of which make it harder for them to do well in school. And where there is discrimination in employment, and where social values and households focus their resources on boys, girls may be particularly disadvantaged.

School meals programmes are one potential solution. From the mid-1990s, India has promoted the national roll-out of free midday meals in public primary schools, covering just under 119 million pupils by 2005-06. In large parts of the country, this programme appears to have had significant positive effects on pupil attendance and retention, especially for girls. The states of Chhattisgarh and Rajasthan, for example, saw almost 20% leaps in girls' enrolment in the year the meals were introduced. And through encouraging children of different castes to eat together, or hiring *dalit* cooks, the programme also attempts to chisel away at powerful caste barriers – although this may be met with resistance.¹

In other cases, 'non-formal', or 'alternative' education schemes, have been used around the world to make education accessible to groups who have suffered *de facto* exclusion from the formal schooling system. For example, Alternative Basic Education for Karamoja (ABEK) seeks to improve educational outcomes for the pastoralist Karamojong people of northeast Uganda. They live in a chronically deprived region in a chronically deprived country, and have been subject to neglect or repression by central government for decades. The scheme involves training Karamojong teachers, who travel with their class, conducting classes in local languages, and developing a timetable and curriculum, in close consultation with Karamojong people, adapted to fit with the children's responsibilities, e.g. as cattle herders.

Winning central government support for such a programme is an achievement in itself; support from an implementing NGO (Save the Children Norway) and UNICEF appears to have been important here. Further, it has endured and been expanded from its initial coverage: there has been a dramatic rise in number of Karamojong children (and adults) enrolled, from around 7,000 in the year 2000 to around 32,000 by 2005. Basic literacy and numeracy rates have improved, to around 50% among those enrolled (as against 11% of the population in the region in general).

There are limits to what ABEK alone can do. Only a small number make the transition to mainstream primary and formal education (and almost no girls), and most of those drop out. This may indicate that the programme's educational model is better suited to its context than the mainstream system, and perhaps suggests a need for a continuation of similar flexibility into higher primary and secondary education. Thus far this has not happened. However, such a programme may help Karamojong people expand their agency – it is a small but important step towards the building of a social compact around ending chronic poverty in Karamoja.



Mumbai's railway shack dwellers build collective assets

Living in poor-quality housing in unofficial or illegal settlements is one of the key factors maintaining people in poverty in urban areas. It contributes to both ill health, and insecurity from fear of eviction. But there are a growing number of cases where slum dwellers' organisations have negotiated with municipal authorities to reduce their members' vulnerability, and improve their chances of exiting poverty, through obtaining better and more secure housing.

The story of the Mumbai Railway Slum Dwellers' Federation illustrates this. Tens of thousands of families lived for decades along the railway tracks in Mumbai, suffering from poor living conditions and insecurity, and also presenting an obstacle to the smooth running of the severely overloaded urban transport system. The Mumbai Urban Transport Project (MUTP) was designed by city authorities and India Railways to upgrade the rail system. As a condition of World Bank funding, railway dwellers were to be resettled, and to participate in the design and implementation of the resettlement process, through an established local Alliance of NGOs and social movements.

However, things began to go wrong. India Railways began forced evictions in early 2001, despite the MUTP clauses on resettlement. But

a combination of protest and negotiation brought evictions to a halt and eventually, 60,000 people were voluntarily resettled into better accommodation, mostly built by the Alliance at two-thirds of the cost of regular contractors.

There is a complex history of housing struggles in Mumbai that this achievement was built on, and ongoing injustices which remain to be tackled. Two further points are worth making here. Firstly, this case illustrates the importance of social movements in holding the state (or parastatal companies) to account in building collective assets for poor people. Arguably, the assets built here were not just the new apartments themselves, but also social – stronger community organisation – and possibly political and psychological too. Secondly, it illustrates that while the work will primarily be done by movements and people locally, the international development community can help enlarge the space for manoeuvre available to such movements – through, for example, supporting the participation of organisations well rooted in poor communities in donor-funded projects.

Anti-discrimination, public services for the hard to reach and long-term growth: Malaysia's New Economic Policy

The New Economic Policy (NEP) was introduced in the early 1970s, to break the link between ethnicity and

economic status in Malaysia, and address the imbalances in economic and human development outcomes between the poorer ethnic Malay population (the 'Bumiputera'), and Chinese and Indian Malaysians. The policy was particularly notable for its long-term vision (it set 20-year targets) and its multidimensional approach. This involved affirmative action in the economic sphere, alongside promotion of long-term structural change in the economy into higher value-added sectors; and a social policy which saw substantial investments in education and health services in rural areas, where most poorer Malays lived.

The NEP did not hit all its targets, and group inequalities persist today. Also, some of Malaysia's indigenous minorities have been persistently excluded from the NEP 'deal'. However, it did achieve considerable progress in reducing ethnic Malay poverty and achieving greater interethnic equality. Bumiputera incomes grew by almost 14 times between 1970 and 2002, one-third as fast again as incomes of the ethnic Chinese and Indian populations. Measured by Malaysia's poverty line, the poverty rate declined from 49% in 1970 to 5%

in 2002, and from 65% in 1970 to 15% in 1990 for Bumiputera (in peninsula Malaysia). The country's dramatic economic growth and rise in living standards

over the same period was, of course, an important factor in reducing poverty. But equally, anti-discriminatory policies may well have contributed to this growth, both through reducing conflict, and through ensuring broad-based 'human capital' development.

It is also notable that when growth and living standards were threatened in the financial crisis of the late 1990s, the anti-Chinese violence that characterised neighbouring Indonesia was absent in Malaysia. Things had not always been so peaceful. The trigger for the design and launch of the NEP was the events of May 13th 1969, when anti-Chinese rioting by ethnic Malays left 200 people dead. 'May 13th' still resonates in Malaysian politics, and the riots appear to have been a severe shock to 'business as usual'. This convinced a faction of the elite that successfully realising a developmentalist vision for Malaysia was contingent on interethnic peace; and that this in turn could only be delivered through eliminating Malay economic grievances by genuine poverty reduction. The dominance of ethnic Malays in government and in the population, coupled with the memory of 1969 and authoritarian controls on freedom of expression, may have served to check potential dissenting action among non-Malay communities, and to build an enduring social compact between previously excluded citizens and the state.

Most people in chronic poverty are striving and working to improve their livelihoods, and the prospects for their children, in very difficult circumstances which they have not chosen.



Scavenger cooperatives: Positive incorporation and strategic urbanisation

The image of a child 'scavenging' a living from urban refuse has become a ubiquitous symbol of the problems of urbanisation in the South. There are good reasons for this. As noted in the Chronic Poverty Report 2004-05, 'increasing numbers of people live and work in high risk, low potential or marginal urban environments, such as ... rubbish dumps'.² It has been estimated that: 'in Asian and Latin American cities up to 2% of the population survives by scavenging'. These workers often have little economic, political or social power. They are exploited by middlemen, and dependent on local politicians for protection from social discrimination – although they are still vulnerable. For example, Colombian right-wing paramilitary groups have murdered many scavengers as part of 'social cleansing' campaigns.

However, the strategic management of urban waste – with a focus on the needs of poor people – can promote exits from chronic poverty. In several cities across the South, municipal authorities and scavenger-led organisations have built enduring partnerships to organise the collection of waste and recyclables – turning the problem into an opportunity for exiting poverty. In the Indian city of Pune, 'rag picker' cooperatives were recycling some 25% of municipal waste as far back as 1995. In the Philippines, women's cooperatives gather waste across metropolitan Manila. And in Colombia, there are over 100 scavenger cooperatives, gathering over 300,000 tonnes of recyclables annually.

Such labour-intensive solutions to waste management are often cheaper and more efficient in crowded and unpaved neighbourhoods than imported, capital-intensive methods. They also create routes out of poverty accessible to scavengers and other unskilled labourers. Working formally with municipal authorities allows scavengers' organisations to negotiate higher prices, better working conditions (e.g. protective clothing), improved income security, and other social benefits (education, healthcare, legal advice) which can help their members escape poverty traps.

NGOs or social movements with gender or social justice perspectives have often played a valuable role in supporting scavengers' self-organisation and campaigning. Creating such partnerships demands political sensitivity to deal with the vested interests who lose out – from 'middlemen' who currently exploit scavengers' labour, to their political patrons, or waste disposal companies and contractors. Finding sympathetic allies in municipal administrations, and picking the right 'political moment' (e.g. a change of local government), are also important.

Overcoming obstacles: Beneath the surface of a 'success story'

Before we conclude, it is important to remember that a development 'success story' is always a story in progress, and the account inevitably a snapshot of a moment in time. The extent of 'success', and the question of success for and by whom, will always be contestable. The resettlement of railway shack dwellers in the Mumbai Urban Transport Project (MUTP), illustrates these points. There are many different stories that could be told about this process. Some might speak of consensus and a technocratic approach to 'sound policy': for example, how partnerships between community organisations, NGOs, public authorities and private developers, all with particular strengths, can expedite development projects and promote a 'win-win' approach; or how pro-poor donor conditionality (in this case from the World Bank) can promote good governance and improved outcomes for poor people.

But other stories might dwell more on the history that lay behind this achievement, the clashes and disappointments along the way, and the injustices that remain. For example:

- while most residents were happy with the resettlement, there were serious problems over access to work, schools and services in the new location;
- the railway shack dwellers had been organising themselves in collaboration with local NGOs since the 1980s; and several similar resettlements, albeit on smaller scales, had already been achieved through local efforts before the MUTP was conceived;
- India Railways had previously not only denied any responsibility for the welfare of 'encroachers', but also actively barred city authorities from providing services to them, and in contravention of the MUTP contract had begun to proceed with evictions by force in March 2001 – only halted following railway dwellers' street protests;
- despite the success of this large-scale resettlement, city authorities proceeded with forced evictions of other slum dwellers on a mass scale in 2005 – pursuing a vision of Mumbai as a gleaming 'next Shanghai', rather than the inclusion of chronically poor people as equal citizens.³

Clearly, all these accounts are part of the story. Taken together, they illustrate that, despite some problems, the lives of most railways shack dwellers did improve, not just materially but in terms of empowerment and realising their rights. But also that this success was not an easy one, was not quick to achieve, and does not stand still. Holding onto their gains will take continued work from the resettled shack dwellers, and a progressive approach from other actors. Such gains are



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

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indisputably worth working for, and we hope this paper has offered inspiration from this and other cases around the world: they will take hard work, but they are possible.

Conclusions: Supporting chronically poor people's exits from poverty

The cases we briefly examine here support the **Chronic Poverty Report's** conclusions, that the five key policies it identifies can help large numbers of people break free from chronic poverty. As noted in the introduction, they demonstrate that positive change does happen, and that aiming to end chronic poverty is not utopian.

They also offer some suggestions as to important strategic and political factors for non-poor actors – from governments to political parties, social movements, civil society or international donors – to consider when working to support chronically poor people:

- **A long-term vision and multidimensional policy approach** are vital – especially as poverty traps are themselves often overlapping and longstanding. Malaysia's 20-year strategy, integrating economic infrastructure and growth policies with the expansion of public services for poor people, perhaps illustrates this best.
- The establishment of a genuine social compact around ending chronic poverty can be aided by **public commitments by the state to concrete rights** – as with the enshrining of pension rights in the Indian constitution.
- Within the executive, **champions of particular policies or action on chronic poverty in general are often vital** to steering initiatives through to implementation, or maintaining them when the main drive of government policy is elsewhere – as in the NOAPS in India.

- **NGOs and social movements can play valuable roles** – piloting approaches in isolated areas with which central government has difficult relations (like Karamoja); holding governments or other policy actors (e.g. parastatal corporations) to account against their commitments or the law; and helping chronically poor people organise to negotiate and work with other, more powerful actors (as in Mumbai, or with scavenger cooperatives).

- **The media can also help change public discourse**, by focusing on the injustices facing chronically poor people, and by highlighting problems with the implementation of policies – as they did for pensioners struggling with the NOAPS in India.

- **The international development community can help by enlarging the 'political space' for action on chronic poverty** – through focusing their discourse on the reasons why people are trapped in poverty, and working with organisations well rooted in chronically poor communities (as with the Mumbai transport project, or, for example, in work on Poverty Reduction Strategies (PRs)).

Finally, too often chronically poor people are at best perceived, both by policy makers and in the popular imagination, as dependent and passive – at worst as either a 'problem', or totally ignored. But the truth is that most people in chronic poverty are striving and working to improve their livelihoods, and the prospects for their children, in very difficult circumstances which they have not chosen. As our cases show, there are many opportunities for public authorities to work with chronically poor people. Children in Karamoja are eager to attend school, when it is made feasible for them; slum dwellers across the world work hard, improving their environment and livelihoods, when they have the security to make this possible. **Building a just and inclusive social compact means recognising chronically poor people as equal citizens, and as partners in development.**

This policy brief was compiled by Tim Brauholtz-Speight

Endnotes

- ¹ Pandey (2008)
- ² CPRC (2004):31
- ³ Biswas (2005); Jishnu (2005)

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Further reading

This policy brief accompanies the **Chronic Poverty Report 2008-09: Escaping Poverty Traps**. It draws directly from the report, where full references can be found.

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