



Insecurity, risk and vulnerability

The descriptors of the research programme at the start of Phase 3 are as follows:

The research will focus on the linkages existing between risk and vulnerability on the one hand, and chronic poverty on the other. It will examine the extent to which insecurity, risk and vulnerability lead to poverty traps. It will identify the conditions which facilitate or limit these effects. The findings from this research will also contribute to identifying the conditions under which social protection can effectively tackle chronic poverty.

Thematic research questions to be addressed:

- What are the main forms of insecurity, vulnerability and protection affecting the poor and the chronic poor?
- What evidence is there to support the view that behavioural responses by the poor to vulnerability and insecurity are responsible for poverty traps?
- What are the implications of focusing on multidimensional persistent vulnerability for the measurement and understanding of chronic poverty, and for the design of effective policy interventions?
- What is the role of household decision-making 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?

Policy analysis questions to be addressed:

- Can social protection tackle chronic poverty? Given conventional approaches suggesting social protection is effective in tackling transient, but not chronic, poverty, this is a key analytical and policy issue. An important objective of this sub-programme is to change conventional views in this respect.
- What type of social protection interventions focusing on insecurity and vulnerability are most effective in tackling chronic poverty?
- What is the impact of cash-transfer-based child labour eradication programmes on the persistence of poverty?
- What is the impact of cash transfers for older people on movements in and out of chronic poverty?
- Why do policy preferences, of donors, governments and other stakeholders, sideline effective chronic policy interventions?
- What are the costs and sustainability conditions of introducing social protection interventions for the chronic poor in low income countries?

It is encouraging that the research completed so far has by and large addressed the research questions above, and the social protection worked planned for the next two years will consolidate work done in respect to the policy questions.

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.



Research completed to date

Poverty traps and chronic poverty policy

The theme paper *Does vulnerability create poverty traps?* (Barrientos, 2007), provided a foundation for the work under this theme. It reviewed theoretical models explaining how poverty traps arise, especially from a vulnerability perspective. The paper finds that:

- Several analytical models suggest that vulnerability can lead to poverty traps; especially through feedback effects going from the perception of vulnerability to behavioural adaptation which sacrifices long term benefits for short term protection.
- A typical situation of this type is lack of investment in children's education because of financial shocks, etc.
- On a policy level, the models underline the importance of social protection.
- Research is needed to test empirically for these feedback effects, and get some order of magnitude as regards their incidence and weight.

Household dynamics and chronic poverty

The purpose of the research is to examine the significance of household dynamics for falling into, and escaping from, persistent poverty. The research will throw light on the direction and strength of the correlation existing between changes in household composition and related changes in economic capacity on the one hand, and the incidence and duration of poverty spells.

Destined for destitution: Intergenerational poverty persistence in Indonesia (Medina Pakpahan, Suryadarma and Suryahadi, 2008). The paper estimates intergenerational poverty persistence in Indonesia using a panel dataset. This is the first such study done to look at the issue in the Indonesian context. Different from the majority of studies on this issue, we include controls for many household and individual characteristics, including one for living arrangements. Moreover, to circumvent data issues that plague earnings data in developing countries, we use chronic poverty status as long-term parental welfare measure. We find substantial intergenerational mobility away from poverty among poor children. However, children growing up in chronically poor households have a 31-percentage point higher risk to continue living in poverty as adults compared to children from non-chronically poor households.

The Effects of Parental Death and Chronic Poverty on Children's Education and Health: Evidence from Indonesia Daniel Suryadarma (Suryadarma, Medina Pakpahan and Suryahadi, 2008). The paper estimates the short and long term effect of maternal and paternal death on children's school enrolment, education attainment, and health in Indonesia, then compare it to the effect of chronic poverty. We also investigate whether there are any gender dimensions on the effects. Using a sufficiently long-spanning longitudinal dataset, we find that young maternal orphans have worse educational outcomes compared to non-orphans, with the effect getting worse over time. However, we find no significant health effects of orphanhood. Meanwhile, chronically poor children have worse health and education outcomes. Among young children, the adverse effect of maternal orphanhood on education is significantly worse than that of chronic poverty. Lastly, chronically poor orphans do not suffer adverse effects beyond the effects of chronic poverty.

Chronic Poverty and Household Dynamics: Evidence from Indonesia (Widyanti, Suryahadi and Sumarto, 2008). Households change compositions frequently through births, deaths, divorces, marriages, the departure of children from home, and other compositional changes. Consequently, a large fraction of the population undergoes some fundamental change in household arrangement during relatively short periods of time. Using data from Indonesia, this study finds that household composition change is not a major cause of chronic poverty. Similarly, this study finds no evidence that households change their composition to cope with negative shocks. However, this study confirms that the larger the number of household members, the higher the probability of a household to be chronically poor. Comparing between different types of household composition, husband-wife households have the highest probability to be non-poor, while single mother households have a higher probability to be non-poor than single father households. The frequent changes in household compositions imply that the use of household as the unit of analysis for poverty may undermine the conceptualisation and measurement of chronic poverty. This also implies that the problem in targeting of social protection programs is not only implementation in nature, but also has some conceptual roots.

Chronic Poverty and Household Dynamics in Uganda (Ssewanyana, 2008). Using an eight year panel of 1,309 households from Uganda, the study investigates the extent to which household dynamics influence chronic poverty. The study argues that changes in household welfare might result either in demographic event or in income/economic event or both. The findings seem to suggest that these changes yield mixed results on the likelihood of a household living in chronic poverty.



Informality

The links between vulnerability and persistent poverty can be observed very directly in informal work, but research on this is scarce.

Living in the background: homebased workers and poverty persistence (Doane, 2007). This paper examines the relationship between home-based work and persistent poverty in certain parts of South and South East Asia (Thailand, Bangladesh, Philippines, India, Pakistan, Nepal, Sri Lanka, Lao PDR, Indonesia); the question of inter-generational poverty in the families of home-based workers; and the possibility of using social protection and other related policies as a means of helping to alleviate poverty and vulnerability among homebased workers. The paper finds that informality can lead to poverty persistence across generations, and identifies a number of channels through which this persistence can work, for example the care and education of the children of informal workers.

Linking informality and chronic poverty by Barrientos (2007). This paper presented at the Living on the Margins Conference, examines the extent to which long term informality in Argentina leads to persistent poverty in old age. The paper argues that focusing on chronic poverty makes is important for welfare comparisons based on whole lives, rather than life segments or spells. It finds that long term informality for a sample of workers in Argentina is empirically associated with persistent poverty in old age.

Vulnerability

Poverty, Undernutrition and Vulnerability in Rural India: Public Works vs Food Subsidy (Jha, Imai and Gaiha, 2009) analyses the effects of access to Rural Public Works (RPW) and the Public Distribution System (PDS), a public food subsidy programme, on consumption poverty, vulnerability and undernutrition in India drawing, on the large household datasets constructed with National Sample Survey (NSS) data, 50th round in 1993–1994 and 61st round in 2004–2005.

Environmental change adaptation

Scott's (2006) *Chronic poverty and the environment: A vulnerability perspective* synthesises the work of CPRC on environmental change, and focuses on three main themes that require further consideration when addressing chronic poverty: - the environment and health; access to and use of natural resources; and climate change. It is recommended that in depth literature research be conducted on specific areas within these themes in order to investigate further how and why they are important for our

understanding of chronic poverty; to identify any gaps in knowledge and to determine whether there is a role for the CPRC to carry out research to increase our understanding. Finally, it highlights the need for the CPRC to fully incorporate the environment across the main problem areas around which it does research.

Scott's (2008) *Climate variability and climate change: implications for chronic poverty* then focuses on the current coping strategies for climate variability by the chronically poor and highlights some of the barriers to and opportunities for successful adaptation. Potential responses include livelihood diversification through migration; employment generated by the National Rural Employment Guarantee Act and the potential to expand the area of land under irrigation. These are discussed in greater detail.

The Chronic Poverty Research Centre, through Martin Prowse and Lucy Scott participates in a network of researchers looking at climate change adaptation and poverty PASSNET and successfully bid for ESRC financial support for a series of workshops and seminars during 2008-9.

Policy Analysis

Our research findings have fairly direct policy implications as regards the development of policies and institutions addressing persistent poverty and vulnerability in developing countries. Thematic research has figured prominently in our Chronic Poverty Report 2 which argues social protection is one of the two key policy responses to persistent poverty.

It has also supported briefings and dissemination papers, available from the CPRC website at <http://www.chronicpoverty.org/research-themes-vulnerability.php>.

The Social Assistance in Developing Countries Database version 4.0, available from the CPRC website has been used extensively by researchers internationally. The database provides summary information on 100 social assistance programmes in the developing world, with hyperlinks to programme evaluation information. It also includes information on related databases, a hyperlinked bibliography, and a glossary. Available at: http://www.chronicpoverty.org/pubfiles/socialassistancedatabase_version4_august2008.pdf

Extending social assistance in China: lessons from the Minimum Living Standards Scheme by Chen and Barrientos (2007) examines the rapid extension of the programme coverage in China and the potential lessons for other countries.

Barrientos and Neff's (2009) *Attitudes to chronic*



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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poverty in the 'global village' explores attitudes to chronic poverty in a cross-section of countries contributing data to the World Values Survey Wave Three (1994–1998). This dataset includes a set of questions directly focused on poverty, and covers developing countries. The analysis finds that a majority of respondents believe that there is little chance of escaping poverty in their countries. The paper also explores what factors influence public attitudes to chronic poverty, and finds that interest, position, values, and poverty profiles, are important.

Ongoing Work

Social Transfers and Chronic Poverty by Barrientos, Nino-Zarazua, and Hickey (University of Manchester).

We have started work to produce two substantial reports assessing the effectiveness of social protection in addressing persistent poverty and vulnerability in developing countries. The two studies planned are:

- A Meta-study of social protection programmes targeting persistent poverty. The study will evaluate and summarise the experience of middle and low income developing countries, covering issues of design, politics, and finance.
- Meta-study on the likely impact of these programmes on persistent poverty.

These two studies will provide a synthesis of CPRC research and policy analysis on social transfers and chronic poverty.

This research summary was written by Armando Barrientos

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