Chronic poverty and the MDGs

Summary

- Hundreds of millions of people (up to an estimated 420 million) are trapped in chronic poverty around the world. Many of them are working but poor, suffering low returns to their labour and assets for reasons of economic marginality or exploitation, social discrimination or political powerlessness.

- The MDGs help keep poverty and human development high on the international agenda. They are evolving – excellent new targets on decent work and reproductive health are currently being added.

- But there is a danger that development fashion, in combination with a narrative of ‘MDG failure’, will lead to the Goals being largely abandoned. Supporting their evolution, and using monitoring and evaluation constructively, to motivate achievement, can help counter this.

- A sensible and flexible approach to targets at regional and national level is also key to progress towards the ultimate Goal of eradicating poverty. This Goal will take long-term commitment beyond the initial Target date of 2015.

- The current wave of global economic growth may benefit many poor people. But eradicating poverty needs more than this. The MDGs are mutually interdependent and social policy is also vital.

- Social protection can play a major role for chronically poor people and the MDGs, including boosting effective demand for public services. The eradication of poverty will also require political action and social change beyond the scope of MDG policies, however.

Background

On July 7th 2007 the world marked the midpoint to the deadline for meeting the MDGs. First set out in 2001 following the Millennium Declaration of September 2000, the Millennium Development Goals (MDGs) represent the most determined effort yet to get concerted international action around a common set of development goals (see Table 2 which lists them). In this policy brief we discuss how the Goals relate to the problem of chronic poverty, focussing on two questions:

- how might strategies to hit MDG targets help or hinder action on chronic poverty, and
- how can the MDGs best be used to prepare for the longer-term task of eradicating poverty beyond 2015.

How do strategies to achieve the MDGs fit with those against chronic poverty?

As much as the content of the MDGs, their form has aroused debate. The Goals themselves are universal in ambition and generally rather vaguely worded (with the interesting exception of Goal One – “Eradicate poverty and hunger”). Better known are their accompanying numerical targets and statistical indicators, which focus on milestones on the way to achieving the Goals – e.g. halving poverty or reducing child mortality by two-thirds.

Goals, targets and chronic poverty – hit or miss?

While there is a danger that some MDG Targets could divert attention from the
chronically poor, there are many synergies between the Goals and an approach to policy which includes the chronically poor, as shown in Table 1. For example, a development strategy that facilitated fast economic growth in certain sections of the population, while leaving behind the poorest or most isolated regions, might help achieve Target One (halve poverty). On the other hand, investing in marginalised populations might be a better foundation for achieving Goal One (eradicate poverty), although producing slow initial progress. A Goal- rather than Target-orientated assessment would recognise this as a worthwhile effort.

This is important because, as is well known, targets can focus attention and performance but they can also distort behaviour. So there is an obvious danger that milestone targets could encourage a focus on “easy to reach” groups, and a further marginalisation of the most exploited or stigmatised people. For example, in Uganda, just under 20% of the population are thought to suffer chronic poverty. However, the MDG 2015 target adopted by Uganda is to reduce the poverty rate to 28%: this target could encourage some to believe that the chronically poor could be ignored in the short term. Assessing progress with the Goals as well as the Targets in mind can help counter the marginalisation of chronically poor people and avoid penalising countries working on long-term strategies for the poorest.

Global economic growth: eradicating poverty?

Much of the popular focus on the MDGs has been on the ‘headline’ target of halving world poverty (MDG1 Target 1), with the key challenge presented as accelerating economic growth in poorer countries. Growth can contribute to the reduction of poverty, but studies of “pro-poor growth” suggest that some patterns of growth offer more opportunity for people in chronic poverty to participate in higher-value economic activity and so escape poverty. Key policy areas are support to agriculture, isolated rural areas, and the urban informal sector.

The last few years have seen a buoyant world economy, generating growth across the developing world. This provides something of the means to achieve this target. In particular, countries in Asia — Vietnam for example — have achieved poverty reduction with growth, and the poverty headcount for South Eastern Asia has fallen from 21% in 1990 to 7% in 2004.

At one level, this is good news for the millions of chronically poor people for whom low returns to their work and assets are key factors in keeping them poor. However, as outlined in Box 1, many poor people either do not live in these countries; or do, but are not included in growth on terms that allow them to escape poverty. They may not work in the most dynamic sectors; they may often live in regions isolated from growth, through lack of infrastructure or political conflict. Or, they may be employed in growing sectors, but ‘at the bottom’, on adverse terms that permit bare survival but not accumulation and escape from poverty — in other words, exploited.

Growth is necessary for poverty reduction – but the details of how poor people can participate in it are key to its impact. Sectoral and geographical aspects are important: agriculture, in particular greater security and opportunities for smallholders and landless labourers, is important in many countries. Land rights, in the form of secure housing, can also be important in urban areas. In many cities remarkable work by slum dwellers’ movements has helped their members gain some measure of security. Constructive engagement with

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Box 1: Who lives in chronic poverty?

Up to 420 million people are trapped in chronic poverty worldwide, at a conservative estimate. Most spend their whole life in poverty, and their children — if they survive the early years of life — are likely to be as poor as themselves. They suffer multiple-deprivations, not only little income but poor health, dying an early (and preventable) death. If they reach old age, their remaining years are often miserable ones marked by chronic illness. They are often trapped in environmentally-stressed regions, remote from infrastructure and markets.

Many live in chronically-deprived countries (CDCs) marked by geographical disadvantage, inequality, war and political turmoil, and there is some overlap with the “bottom billion” discussed by Professor Paul Collier. However, many others live in countries experiencing economic growth at a national level, but with great regional or social inequality. For example, we estimate that perhaps one third of the world’s chronically poor people live in India alone. Within huge countries like India and China, there is enormous variation: several populous Indian states are larger than most African countries and suffer widespread persistent poverty and intractable development problems.

A key point to understand is that most chronically poor people are working. They are not ‘unproductive’. Even if they are at a stage in their life-cycle when they might be expected not to be working — whether childhood or old age — many will be forced through hardship to engage in economic activity of some kind. Processes of exploitation and exclusion keep many millions in poverty by limiting access to assets, services and positive social relationships.

Many slide into chronic poverty after a shock or series of shocks (e.g. ill health and injury, natural disasters, violence, economic collapse) that they cannot recover from. These are not very different from what drives poverty in general: but when shocks are severe and/or repeated, when people have few private or collective assets to ‘fall back’ on, and when institutional support (social protection, basic services, conflict resolution) is ineffective, such processes are likely to trap people in chronic poverty.

For further analysis see: CPRC Policy Brief 1 “Chronic poverty: an introduction” and the first Chronic Poverty Report, both available at www.chronicpoverty.org.
the informal sector to help chronically poor people build up assets is also important. In contrast, persistent attempts by many governments to clear slums by force further impoverish the poorest urban residents, and reveals how such supposedly ‘marginal’ people are in fact central to urban economies. Urban-rural linkages – whether through migration, or the knock-on effects on rural markets and infrastructure of the development of smaller towns – are also important.

Beyond growth to human development

But eradicating (chronic) poverty is much more than a matter of boosting growth at aggregate level, or ‘MDG Target 1 x 2’. Reaching it will require direct attention to human development, and political and social action as well as economic, to unlock the poverty traps that create chronic poverty.

Beyond core areas of economic policy, investment in human capital – especially health and education – is also key for the chronically poor, who are most likely to lack it. Education, for example, can help farmers gather market and technical information, as well as being vital to individuals’ chances of benefiting from labour markets and migration.

That the MDGs have encouraged a global focus on human development issues has therefore been extremely valuable. Chronically poor people are often multi-dimensionally deprived. Achievements on poverty and hunger under Goal One in part depend on progress on other Goals, and vice versa. Social sector policies can directly address human deprivations as well as contributing to people’s ability to participate in economic growth (through better health, education and security) and the life of society more generally.

The areas highlighted in the MDGs — education, health, water and sanitation — are all crucial for chronically poor people and interrupting the intergenerational transfer of poverty. Policy design and implementation should aim to reach all.

Many obstacles will need to be overcome: the supply of services is constrained by both lack of resources and technical capacity, and also discrimination and inequality in service provision.

Effective demand for public services is also critical to increase their impact on poverty. In other words, many poor people may wish to use public services but are unable to access them, often because of associated costs. These may

**Table 2: MDGs and chronic poverty**

<table>
<thead>
<tr>
<th>Goal</th>
<th>Comments</th>
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<tbody>
<tr>
<td>1</td>
<td>Eradicate extreme poverty and hunger</td>
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<tr>
<td>2</td>
<td>Achieve universal primary education</td>
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<td>3</td>
<td>Promote gender equality and empower women</td>
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<td>4</td>
<td>Reduce child mortality</td>
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<td>5</td>
<td>Improve maternal health</td>
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<tr>
<td>6</td>
<td>Combat HIV/AIDS, malaria and other diseases</td>
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<td>7</td>
<td>Ensure environmental sustainability</td>
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<tr>
<td>8</td>
<td>Develop a global partnership for development</td>
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be not only direct costs (such as school fees or charges for medicines) but also indirect costs (e.g. transport, schoolbooks, or income foregone when a child leaves work to attend school). Social protection programmes, in the sense of direct cash or in-kind transfers (e.g. pensions), can help address this problem.

The MDGs and social protection
Both the World Bank and ILO have mapped social protection programmes’ potential contribution to achieving the MDGs. However, we also want to highlight the role that social protection programmes can play for people in chronic poverty. As well as helping prevent people vulnerable to poverty from becoming poor, they can also both alleviate and enable people to escape poverty. Transfers not only help people ‘smooth’ their income while coping with ‘shocks’ (e.g. ill health, redundancy) but can also provide people with the security to invest in assets and lessen their dependency on exploitative relationships they may have been forced to accept (e.g. working for very low wages or abusive employers). In short, they can be promotive and transformative as well as preventative and protective.

Other CPRC policy briefs deal in more detail with the design and implementation of social protection programmes aimed at assisting chronically poor people. But it is important to note here that research suggests that social protection can be affordable, even in poor countries, and can be financed sustainably in the medium-term. In the short-term, predictable donor resources are needed in many of the poorest countries.

Beyond policies to the politics of chronic poverty: social change and rights
As noted above and in Box 1, research into chronic poverty highlights the role that social relations and imbalances of power play in trapping people in long-term poverty. Some policies aimed at achieving the MDGs may help unlock these traps, and the multidimensional nature of the MDG agenda is an acknowledgement of the need to integrate economic and social policy. For example, agricultural growth may reduce the power of dominant employers in rural areas and push up wages for casual labour.

Important and valuable as this is, where the MDG agenda is perhaps lacking is in the arena of political empowerment and social change. While the Goals are in many cases derived from, and compatible with, UN conventions on human rights, they have nothing explicit to say about them. Yet in addition to hunger, ill-health, lack of education and income – all covered by MDGs - vulnerability to violence and a sense of powerlessness are central to the experience of chronic poverty for many. Policies that are superficially progressive can become instruments of patronage in the hands of powerful elites at many levels – research in India and Bangladesh illustrates this.

People that challenge such practices often face violence, sometimes from the state agencies that should be protecting them, as in conflicts over dalit and adivasi rights in India, for example.

Changing this requires not just policy but also political action, and attention to the ‘classic’ political and human rights – to freedom of expression, freedom from torture etc – as well as those economic and social rights that the Goals are founded on. Recent moves to introduce indicators on ‘decent work’ and wages into Goal One (see Box 2) are a step towards supporting such action and a focus on power relations at work. The longer-term project of building progressive social contracts around poverty and equality in Southern countries is perhaps something that the MDGs do not otherwise contribute to directly; although indirectly their human development focus may be useful.

What next: chronic poverty, the MDGs and the global development agenda
International discourse about development may sometimes seem far removed from grassroots realities. Statements of ambition like the MDGs should be seen as tools, which need to be used to leverage as much action as possible from the powerful. They are not perfect nor do they guarantee action. But without them, or with eroded versions of them, the task may be even harder. With this in mind, we will now look at the chances of the MDG vision of human development surviving to 2015, or even beyond – and remaining useful.

MDGs and measurement: local realities, flexibility and achievement
The rigid application of global targets and timelines to policymaking in local contexts can clearly be damaging. The aid industry is already committed, through the Paris Declaration, to harmonising (among donors) and aligning (with recipient government policies). Applying these principles to interpreting the MDGs at local level is important to avoid them contributing further to administrative overload and distortion of political accountability. Salil Shetty, Director of the Millennium Campaign, recently noted that political leadership, national-level adaptation of targets to local circumstances, and strong local accountability and debate were key drivers in those countries in Africa making most progress on the Goals. It is interesting that opinion polling in Latin America, home to some of the most sophisticated attempts to use social protection to tackle poverty, suggests that poverty is widely seen as a structural phenomenon to which government responses have previously been inadequate (in contrast to North America, where popular perception is rather that poverty is the fault of the poor).

Recent additions of targets and indicators to the original list show that the MDG monitoring framework can be flexible (see Box 2). Might it be that “the present MDGs are only the first of an evolving series of lists for the 21st century each of which will become more coherent and gain greater support…” This is a hopeful interpretation.

It is also possible that, when not every MDG Target is hit, the MDGs will be widely perceived as having “failed”. Sir Richard Jolly makes the point that many previous UN target-setting exercises have enjoyed considerable
success, but have often been portrayed as failures. For example, in the 1980s, despite considerable progress on increasing access to water and sanitation, UN campaigns in the sector were considered failures as it was clear sometime before the deadline that their overambitious target of 100% access would not be met. Monitoring and evaluation processes should motivate improvement and action rather than despair. In addition to avoiding the distortions of over-rigid ‘target’, making sure that progress and achievement is not obscured by simplistic success/fail or ‘traffic light’ measures should be a priority. Some suggest that this might mean encouraging chronically-deprived countries to focus on achieving one or two targets by 2015 – say, for poverty and maternal health, rather than all; and evaluating their performance accordingly.\(^{18}\)

In the North, there is a danger that a perception of failure could be used to promote disengagement from multilateral initiatives, and the (further) subjugation of international development policy to a narrow view of national self-interest. In countries still struggling to achieve the MDGs, the issues themselves will not go away: the extent to which the MDGs help create “political space” for action against poverty is the key variable. Engagement with the MDGs from national political and civil society across the South has been uneven, in part due to limited capacity, resources and information. Externally-imposed targets can also interfere with domestic processes of accountability and policymaking. But larger civil society organisations in the South (e.g. the Social Watch India coalition) have found them a useful advocacy tool in some cases, helping create space for dialogue with government on pro-poor or human development policy. This has happened even in some chronically deprived countries, for whom the 2015 timetable is unrealistic.\(^{19}\) If the MDGs were to be abandoned, would whatever replaced them offer greater leverage – or less?

### Box 2: New MDG Targets

In October 2006, the UN General Assembly approved Kofi Annan’s recommendations for revisions to the list of MDG targets:

- under Millennium Development Goal 1: to make the goals of full and productive employment and decent work for all, including for women and young people, a central objective of relevant national and international policies and national development strategies (the existing target on developing decent and productive work for youth, previously under Millennium Development Goal 8, to be encompassed by this new target);
- under Goal 5: to achieve universal access to reproductive health by 2015;
- under Goal 6: to come as close as possible to universal access to treatment for HIV/AIDS by 2010 for all those who need it; and
- under Goal 7: to significantly reduce the rate of loss of biodiversity by 2010.

(Emphasis added.) Indicators for these new targets are under development. These developments show how the MDG framework can still evolve, and through adopting universal access targets, target chronically poor people. Like the rest of the Goals and many of the targets, these have support from elsewhere in the UN system. Universal access to sexual and reproductive health services by 2015 was a goal set out at the United Nations International Conference on Population and Development in Cairo in 1994, and has an obvious UN constituency in WHO, UNIFEM and the UN Population Fund. Decent work has been a major advocacy platform of the ILO for some years. However, it is likely that sustained lobbying from external organisations (e.g. women’s and labour organisations) was also important.

The targets and indicators at all levels will need to further evolve for the long haul effort that eradicating poverty requires. This will mean including a chronic poverty perspective: not restricting monitoring to national averages and trends, and the initial target of halving world poverty. Following poverty dynamics (who gets out of poverty, who becomes poor and who is trapped in poverty) may help; perhaps even also a target for “access to social protection”?

Source for list of new targets: UN 2006

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### 2015 and beyond: development fashion vs. long-term vision

Eradicating poverty is a long-term process: sustained commitment to this Goal is vital. A danger is that the development policy community moves on to another agenda before the Targets are achieved – or certainly before the Goals are. For some this will be due to scepticism over the value of the MDGs. For others, the reality that the context for poverty reduction/elimination is ever changing drives a focus on that changing context: climate change, or global security and terrorism for example. A focus on poverty and deprivation may even be threatened by the growing OECD concern with measures of happiness and wellbeing.

While changing context is clearly very important – as is subjective wellbeing – the world should not be distracted into thinking that poverty and deprivation have been abolished, nor that chronic poverty will not be extremely difficult to address, and worthy of all the intellectual, emotional, and political energy that can be mustered. There is a need to renew the excitement for poverty reduction – partly by acknowledging its new level of urgency in the climate change and security contexts.

At the international level, the Goals helped shift the development policy world away from the Washington Consensus towards a human development agenda. They are an attempt to create a mechanism that gets the commitments made at UN conferences implemented. It is important for the UN and the international community to stay the course, to be inventive in finding new ways to address the whole problem, and to give ample support to countries and organisations which are working realistically to this end.

This means using the MDGs sensibly: as a tool to get action on key issues of human development. We echo Professor Adrian Wood’s plea not to lose sight of the Goals amid frustration over targets, and to take the latter “seriously, but not literally.”\(^{20}\) Despite their problems, continued and enhanced engagement with the MDGs is important. The global agenda beyond 2015 will in part be determined by how well they are used.

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This policy brief was written by Tim Braunholtz-Speight
Endnotes
1 Kakande 2007
2 Anderson 2007
3 Barrientos 2007
4 CPRC 2004: 71
5 McKay et al 2007
6 UN 2007: 6
7 Shepherd and Prowse 2007; Besley and Cord 2007
8 German 2007
9 UN 2003
10 See Devereux and Sabates-Wheeler 2004 for fuller exploration of these terms
11 Marcus, 2007a, 2007b; Lwanga-Ntale 2006a, 2006b
12 Pelissery 2005, Hulme 2003
13 Braunholtz-Speight et al 2007
14 Shetty 2007
15 Latinobarometer survey results presented in Barrientos 2007
16 Hulme 2007: 32
17 Jolly 2007
18 Adapted from remarks by Deryke Belshaw to CPRC/ODI public meeting, 23rd July 2007.
19 Herrney et al 2005
20 Wood 2004, and remarks at ODI meeting “MDG Midpoint: politics and process”, 10th July 2007

References
This briefing paper draws on contributions to the ODI “The MDGs at Midpoint” meeting series, held in July 2007, and work of the CPRC and others as listed below.


