



Chronic poverty: an introduction

Obwaavu obumu buba buzaale. Abaana babuyonka ku bazadde baabwe, ate nabo nebabugabira ku baana

Some poverty passes from one generation to another as if the offspring sucks it from the mother's breast.

Source: group of disabled Ugandan women

Up to 420 million people (at a conservative estimate) are trapped in chronic absolute poverty. They, and their children, will make up a large part of the 900 million people who will still be \$1-a-day poor in 2015 even if the Millennium Development Goals are met.

They experience deprivation over many years, often over their entire lives, and commonly pass poverty on to their children. They have benefited least from economic

growth and development. For them poverty is not simply about having a low income: it is about multidimensional deprivation – hunger, undernutrition, dirty drinking water, illiteracy, having no access to health services, social isolation and exploitation. Overcoming this requires policy-makers to reorder their priorities and set their sights higher than the current orthodoxy on poverty reduction.

What is Chronic Poverty?

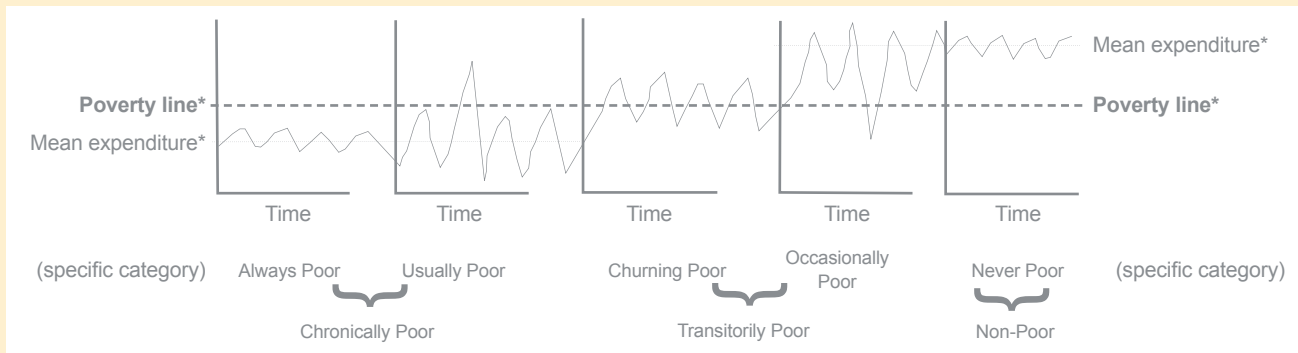
The distinguishing feature of chronic poverty is extended duration in absolute poverty. Therefore, chronically poor people always, or usually, live below a poverty line, which is normally defined in terms of a money indicator (e.g. consumption, income, etc.), but could also be defined in terms of wider 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.

Action on chronic poverty needs to:

- **Prioritise livelihood security through social protection.** Shocks and insecurities create and maintain chronic poverty. There is a need not only for recovery assistance but also to give chronically poor people a secure position from which to seize opportunities and demand their rights. Thus, social protection policies are of great importance, not only for human security in itself, but also for economic growth and political and social empowerment.
- **Ensure chronically poor people can take up opportunities.** It is crucial both to promote broad-based growth, and to redistribute material and human assets, so that chronically poor people can take up economic opportunities.
- **Take empowerment seriously.** Policy must move beyond the cosy rhetoric of participatory approaches. This means addressing the difficult political task of challenging the processes that keep people trapped in poverty, and understanding the potential for politics and social relations to promote long-term social change in favour of chronically poor people.
- **Recognise obligations to provide resources.** Chronic poverty cannot be seriously reduced without real transfers of resources and sustained, predictable finance. National and international commitments must be honoured.
- **Recognise that it is the chronically poor themselves who are the leading actors in overcoming their poverty.** Most people in chronic poverty are striving and working to improve their livelihoods, and the prospects for their children, in difficult circumstances that they have not chosen. They need real commitment, matched by actions and resources, to support their efforts to attain their rights and overcome the obstacles that trap them in poverty.



Figure 1: The chronically poor, transient poor and non-poor - a categorisation



* Depending on data availability poverty could be assessed in terms of household expenditure, income, consumption, a nutritional measure, a poverty index, a poverty score or an assessment of assets/capitals.

Source: Adapted from Jalan and Ravallion (2000). Note that terms are used with different meanings than in Jalan and Ravallion.

What is chronic poverty?

The distinguishing feature of chronic poverty is, simply, extended duration. Chronically poor people are those who are always, or usually, living below the poverty line. For them, poverty may last for years; for whole life-cycle periods (e.g. old age); or persist through generations. They are likely to be multi-dimensionally deprived, lacking not only income but also capabilities such as good health or educational achievement. It is this combination of capability deprivation, low levels of material assets and social or political marginality that keeps people poor over a long period of time.

Such poverty is devastating and hard to reverse. Our concern about chronic poverty leads to a focus on poverty dynamics – the changes in well-being or ill-being that individuals and households experience over time. Understanding these dynamics, ideally through integrated quantitative and qualitative studies over time, reveals the details of who gains and who loses from particular processes (e.g. economic growth) – and why. It can show what drives people into poverty, what keeps them there, and how they escape. It therefore provides a sounder basis for formulating poverty eradication policies than the conventional ‘broad brush’ analysis of national poverty trends (see Box 1).

This is not just a concept developed by researchers or policy-makers. As the quotation from a group of Ugandan women above suggests, people in poor communities in developing countries have many ways of distinguishing between different types of poverty, and an understanding of a type of poverty that persists. Such deprivation and suffering exist in a world that has the knowledge and resources to eradicate them.

Poverty Dynamics: Drivers, Maintainers and Exit Routes

Poverty is a dynamic condition, not a static one. The category ‘chronically poor’ in our analysis comprises not only those who are always below the poverty line (in whatever terms it is defined), but also the ‘usually poor’, who are on average poor although they may temporarily escape poverty for short periods. Then there are those who can be described as ‘fluctuating poor’, living around the poverty line and vulnerable to chronic poverty. Figure 1 shows a full categorisation of types of poverty.

The causes of chronic poverty are complex. The factors involved may be the same as the causes of poverty in general, which include e.g. lack of access to markets (for agricultural produce, labour, etc), debilitating ill-health, weak social safety nets, or oppressive social or political relations. But poverty can become chronic when these factors are more intense, widespread and lasting, or when they come in combinations. Most chronic poverty is a result of multiple interacting factors operating at levels from the intra-household to the global. Some of these factors act as maintainers of chronic poverty: they operate so as to keep poor people poor. Others are drivers of chronic poverty: they push vulnerable non-poor and transitory poor people into poverty that they cannot find a way out of.

Not all chronically poor people are born into long-term deprivation. Many slide into chronic poverty after a shock or series of shocks that they cannot recover from. These include ill health and injury, environmental shocks, natural disasters, violence, the breakdown of law and order, and market and economic collapse. These are the drivers of chronic poverty. These are not very different from what drives poverty in general:

Box 1: Poverty dynamics vs poverty trends in Uganda

Uganda experienced significant reduction in poverty during the 1990s. The aggregate national poverty rate fell by about 20% over the 8 years from 1992 to 1999, with substantial poverty reduction occurring everywhere in the country, except the Northern region. However, this aggregate poverty trend tells us nothing about what happened to individual households.

In fact, it masks important poverty dynamics: about 19% of households were poor in both 1992 and 1999 (the chronically poor), and while almost 30% of households moved out of poverty, another 10% moved in (the transitory poor). Clearly many households failed to benefit from Uganda's impressive macroeconomic development over this period.

Source: Lawson, McKay and Okidi, 2003.

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, public information, basic services, conflict prevention and resolution) is ineffective, such processes are likely to trap people in chronic poverty. They can then reoccur as maintainers of poverty, along with other macro- and micro-processes detailed in Box 2.

Exit routes are often hard to find for the chronically poor. Access to assets is critical. Land may be key in some situations, but in others human capital, housing, and access to public goods may be more important. Research in India found that becoming literate, having a house, increasing the area of cultivated land, and increased income from livestock all helped people escape poverty.¹ Access to public goods in particular varies more by urban or rural location than by comparing the chronically poor and the overall population. Even the chronically poor in South African and Vietnamese towns have better access to electricity than the average rural household.

Human capital is key where access to financial and material assets is highly constrained. Given the dependence of chronically poor people on their own labour, sustaining good health is crucial. For many, education may be the critical pathway out of poverty. Formal education is often found to be strongly associated with decreased probability of chronic poverty, as it improves the quality of labour as an asset. In some contexts, such as Pakistan and China, this is secondary schooling; in others, literacy alone makes a difference.²

Getting work does not always translate into exiting poverty. In agrarian economies with large casual labour markets, the number of days of work obtained in a given

period can be as important as the wage level itself. Gender divisions within labour markets restrict employment opportunities for women, though the demand for women to work is strong. Discrimination and inequality, even in growth centres, can prevent the chronically poor from gaining access to all but the lowest-waged, most insecure work. Some growth, generating employment, is almost certainly a precondition for large-scale exits from poverty. But the extent to which even sustained growth is sufficient to facilitate an escape from poverty for all is debatable.

Social factors and poor people's strategies must not be neglected. Aspirations for children, attitudes to risk, rules of behaviour and emotional resilience, are all important for coping with and escaping from poverty. But the beliefs and norms of society as a whole (e.g. caste or gender discrimination), or some poor people in particular, may limit the possibilities for escape.

Who suffers from chronic poverty?

The chronically poor are not a single distinct group. The causes of chronic poverty vary from region to region, household to household and person to person. Differing combinations of structural factors (labour and product markets, ethnicity, race, caste, gender, religion, class, disability, refugee status, geographic location), life cycle factors (widowhood, household composition, being young or elderly) and idiosyncratic factors (natural disaster, ill health, impairment, robbery) create and maintain the poverty of some while giving others the chance to avoid or escape it.

It is possible to broadly distinguish two particular groups of people enduring chronic poverty:

- Those long-term poor who are not economically active because of health, age, physical or mental disability. In Ghana these are called 'God's Poor' as 'there is no obvious remedy' for the causes of their poverty;
- Those who are economically active but unable to escape poverty because of the terms of their employment, their lack of access to productive assets; or social barriers that mean they are discriminated against. This is sometimes termed 'adverse incorporation'.

This distinction is useful in reminding us of the different processes producing poverty, but it is not always as clear cut as might appear. Many people who are reported 'not economically active' are in fact engaged in domestic labour or in activities with low economic return, such as begging and gleaning. More broadly, some people (e.g. disabled or older people) may be prevented from being economically active more by discrimination or cultural norms than through any inherent quality of their condition.

Among the economically active, economic processes



Box 2: Maintainers of poverty - what can make poverty a chronic condition for so many people?

No, low or narrowly-based economic growth and thus few opportunities for poor people to raise their incomes and accumulate assets.

Social exclusion and adverse incorporation which interact so that people experiencing discrimination and stigma are forced to engage in economic activities and social relations that keep them poor – poorly paid, insecure work; low and declining assets; minimal access to social protection and basic services; and dependency on a patron.

Living in disadvantaged geographical and agro-ecological regions where poor resources, weak economic integration, social exclusion and political marginality create 'logjams of disadvantage'.

High capability deprivation, especially during childhood which is a crucial time. Poor nutrition, untreated sicknesses, and lack of access to education can diminish human development irreversibly.

Living in weak, failing or failed states where economic opportunities are few, lack of health services and social protection mean that people can easily fall into desperate poverty, children go uneducated, violence destroys assets and discourages investment, and poor people have few means of asserting their rights.

Weak and failed international cooperation over the 1980s and 1990s, which has deepened poverty through structural adjustment and over-rapid economic liberalisation, allocated aid away from countries with large numbers of chronically poor people and blocked off trade opportunities for poor countries.

produce social differentiation in ways that may also produce persistent poverty. Some groups also face impoverishing social barriers of discrimination. Discrimination has many bases – common ones include gender, age, disability, 'ascribed status' e.g. ethnicity (and membership of an indigenous group), race, caste, religion, health status e.g. sufferers from HIV/AIDS or leprosy, and 'outsider' status e.g. refugees, migrant workers, people without official documents (also often indigenous people).

Often discrimination and other processes coincide to form multiple layers of disadvantage. Dalit people in India often work as landless labourers receiving extremely low wages; discrimination from other castes, including members of the police and state apparatus, makes it difficult for them to improve their situation.

Where do chronically poor people live?

While chronically poor people are found in all parts of the world, the largest numbers live in South Asia (135 to 190 million). The highest incidence is in sub-Saharan Africa, where 30-40% of all present day 'US\$1/day' poor people are trapped in poverty – an estimated 90 to 120 million people. East Asia has significant numbers of chronically poor people, between 55 to 85 million, living mainly in China. Latin America overall has low rates of chronic poverty, but inequality is high, and certain countries (e.g. Bolivia and Haiti) have relatively high numbers of people in chronic poverty. Increasing rates of poverty are

apparent in the transition countries of East-Central Europe, Russia and Central Asia.

Within countries there are often geographies of chronic poverty, with concentrations in remote and low-potential rural areas, politically-marginalised regions and areas weakly connected to markets, ports or urban centres. There are also concentrations of chronically poor people in slum areas in town and cities as well as the millions of homeless sleeping in streets, stations, parks and burial grounds

Sub-Saharan Africa – and particularly Central and West Africa – is home to the most extreme, persistent, multi-dimensional poverty. As noted above, a high proportion of poverty in SSA is likely to be chronic. Chronic poverty is most pronounced in areas that are remote, affected by protracted and violent conflict, suffering economic stagnation or decline, and where HIV/AIDS and other diseases are endemic.

Chronic poverty in **South Asia** is most pronounced in areas that have significant minority populations, that are economically stagnant, where agrarian class structures and gender relations are exploitative, and where governance is weak. The chronically poor in South Asia are disproportionately made up of excluded minorities, including tribal peoples; people belonging to low status castes; and casual and poor migrant labourers. Women and girls also tend to be particularly vulnerable to chronic poverty in the region. Many chronically poor live in persistently poor Indian states and/or less favoured or remote areas.

Contrary to the perception that the chronically poor are 'unproductive' and do little or no work, the largest group of chronically poor people in rural India



Box 3: The Millennium Development Goals and the chronically poor

1	Eradicate extreme poverty and hunger	The target of halving poverty could lead policy-makers to focus on the 'easy to reach' rather than the chronically poor. But progress on other targets, especially child malnutrition reduction, will benefit from focus on the chronically poor.
2	Achieve universal primary education	The universal nature of the goal and indicators means that this cannot be achieved without including chronically poor children and households.
3	Promote gender equality and empower women	Essential for chronically poor women and girls, but the indicators lack a poverty perspective. Short-term progress on gender parity in education, employment and parliament could be achieved by targeting non-poor sections of society while ignoring the needs of chronically poor people, both men and women.
4	Reduce child mortality	The target, to reduce child mortality by 2/3, leaves open the possibility that in some countries the chronically poor will be left behind in the 'bottom third'. But involving the chronically poor could help reduce the intergenerational transmission of poverty.
5	Improve maternal health	Crucial for interrupting the inter-generational transfer of poverty. Addressing the multiple dimensions of chronic poverty would aid progress. However, while the target (3/4 reduction in maternal mortality ratio) is set quite high, it says nothing specifically about the poorest or most marginalised mothers.
6	Combat HIV/AIDS, malaria and other diseases	Reducing chronic poverty is likely to improve poor people's ability to afford treatment and necessary nutrition. All indicators are important for the chronically poor, but again looking only at national averages may lead to some of the chronically poor being overlooked.
7	Ensure environmental sustainability	Water and sanitation improvements will benefit the chronically poor, but other targets on fuel use may constrain rural livelihood options. Slum improvement could help empower urban chronically poor, but could also be used as a pretext for disempowering 'slum clearance' programmes.
8	Develop a global partnership for development	Northern public support for aid is strongly based on desire to help 'the poorest'; a chronic poverty focus can help build this partnership.

are casual agricultural labourers, with cultivators the second largest group. Most of the chronically poor are highly dependent on wages. They are incorporated into the economy, but on extremely adverse terms.

While rates of absolute poverty in **Latin America and the Caribbean** are relatively low compared with other developing regions, the proportion of the poor that are chronically poor is relatively high. Despite widespread economic growth in the 1990s, the picture has not improved. This is generally attributed to the high levels of inequality, often associated with race and ethnicity, which give people few chances to escape poverty. Latin America is highly urbanised, and there is considerable and very visible poverty in the 'illegal' settlements of poor urban communities. However, across the region, the incidence of poverty is still higher in rural than in urban areas.

Declines in income, capabilities and life expectancy in **Central Asia, the Balkans, East and Central Europe and the former Soviet Union** have been precipitated by the rapid economic and political

liberalisation in the early 1990s. The loss of social protection, and extremely unequal development, have hit hard. In the poorer Central Asian economies, chronic poverty is a problem of growth and economic opportunity as well as distribution. In parts of East-Central Europe, Roma ethnicity remains the most significant factor in chronic poverty.

While **China** has been responsible for much of the achievement in global poverty reduction in the last 30 years, recent rises in inequality and neo-liberal reforms have reduced the incomes of some poorer households. Chronic poverty appears to be largely a rural phenomenon, but poverty rates in urban areas are probably high among new rural-to-urban migrants. Minority groups continue to face particular disadvantages.

Policy and Action

Development strategy needs to move beyond the



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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bounds of its present emphasis on economic growth – hundreds of millions of people are born poor and die poor in the midst of increasing wealth. Chronically poor people need more than ‘opportunities’ to improve their situation. They need targeted support and protection, and political action that confronts exclusion. If policy is to open the door to genuine development for chronically poor people, it must address the inequality, discrimination and exploitation that drive and maintain chronic poverty.

National and international policy frameworks

At the national level, Poverty Reduction Strategy Papers (PRSPs) have become the principal framework within which donors and developing countries address poverty. At the international level, the Millennium Development Goals (MDGs) provide global targets against which governments and aid donors can measure progress.

Policy-makers seeking to make quick progress on specific MDGs, may perceive trade-offs between efficiency in reaching headline targets and effectiveness in achieving ultimate goals. For example, it might be easiest to reduce maternal mortality by three quarters by concentrating resources on cities and well-connected rural areas. At country

level, donors have begun to focus effort on the poor who happen to live in countries perceived to have a good record on governance and conditionality.

However, those ‘left behind’ in processes of development often have little choice but to find ways of coping that undermine their long-term well-being, and that of society as a whole. The sustained reduction of absolute poverty will be achieved more effectively if the chronically poor are included in efforts to achieve the MDGs (see Box 3). And tackling chronic poverty is essential for the ultimate goal of poverty eradication.

Currently, few PRSPs disaggregate poverty adequately, let alone examine poverty dynamics.³ This means that even if the present generation of poverty-reduction strategies are highly effective, it is unlikely that they will dramatically reduce levels of chronic poverty within an acceptable timeframe.

The current focus on poverty opens a window of opportunity. Policies that more effectively take account of the multidimensional nature of poverty, and its impact on present and future generations, are more likely to target the needs and rights of chronically poor people and create an enabling environment for everyone.

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Endnotes

- ¹ Bhide and Mehta, 2004
- ² McCulloch and Baulch, 2000, Jalan and Ravallion, 1999, 2000
- ³ Grant and Marcus, 2005

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This policy brief is based on the first Chronic Poverty Report, which can be downloaded in full from www.chronicpoverty.org/resources/cprc_report_2004-2005.html. For further information please see www.chronicpoverty.org