The

Chronic Poverty Report 2004–05

Chronic Poverty
Research Centre

Acknowledgements

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Bottom right: Ethiopia. Desperate farmer with handful of immature wheat. David Dahmen/Panos

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About the Chronic Poverty Research Centre (CPRC)

CPRC is an international partnership of universities, research institutes and NGOs.
CPRC aims

- to provide research, analysis and policy guidance
- to stimulate national and international debate
- so that people in chronic poverty will have a greater say in the formulation of policy and a greater share in the benefits of progress

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Welcome to The Chronic Poverty Report 2004–05

This report comes to you from the Chronic Poverty Research Centre, one of a new breed of Development Research Centres supported by the UK Department for International Development. The CPRC is a virtual centre – an international partnership of universities, research institutes and NGOs from Bangladesh, India, Kenya, South Africa, Uganda and the UK.

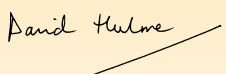
Development research, like all other activities supported by DFID, must contribute to poverty eradication and the achievement of the Millennium Development Goals. Research should not only be aimed at an academic audience, it must reach out to meet the needs of policy-makers and practitioners. This Chronic Poverty Report is designed to do just that. We hope it will stimulate thinking and debate on the ways that policy and practice can change so that the hundreds of millions of people living in chronic poverty are included in development progress.

Working in policy-relevant research throws down new challenges. Researchers – used to developing and testing hypotheses, gathering data, creating analytical frameworks and producing findings – have to be much more responsive to the policy agenda and timeframes. For NGOs – used to starting with an advocacy position and picking out the evidence to back it up – it means a much more integrated approach to research and policy work.

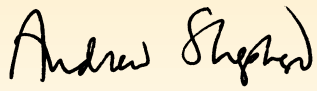
For all involved, this requires a degree of boldness. Short, intuitive messages may understate the complexity or diversity of an issue, but they are what is needed by policy-makers. And the dynamics driving policy are often so tightly bound to specific timeframes that they cannot wait for research findings to be perfected.

The Chronic Poverty Report 2004–05 is characteristic of policy-relevant research. Its objective is to open up the debate, not to present completed and closed findings. It is one plank in a raft of outputs including technical working papers, journals, newsletters, conferences, public meetings and, increasingly, direct engagement with policy-makers and practitioners on how to make development work for people in chronic poverty. A second Chronic Poverty Report will be coming out in 2006.

We hope you will find The Chronic Poverty Report useful. A visit to the Chronic Poverty Research Centre website, www.chronicpoverty.org, will provide you with detailed background papers, information on CPRC partners and working methods – and if you are interested in chronic poverty and what can be done about it, we would like to hear from you.



David Hulme, Director, CPRC



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Overview

Between 300 and 420 million people are trapped in chronic poverty. They experience deprivation over many years, often over their entire lives, and commonly pass poverty on to their children. Many chronically poor people die prematurely from health problems that are easily preventable. 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. Such deprivation and suffering exists in a world that has the knowledge and resources to eradicate it.

This Report's 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 (Chapter 1). Understanding such dynamics provides a sounder basis for formulating poverty eradication policies than the conventional analysis of national poverty trends.

The chronically poor are not a distinct group. Many different people suffer such deprivation (see Chapter 2); people who are discriminated against, stigmatised or 'invisible': socially-marginalised ethnic, religious, indigenous, nomadic and caste groups; migrants and bonded labourers; refugees and internal displacees; disabled people or those with ill-health (especially HIV/AIDS). In many contexts poor women and girls, children and older people (especially widows) are likely to be trapped in poverty.

While chronically poor people are found in all parts of the world (see Chapter 3 for an overview and Chapters 6 to 10 for specific regions) 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.

Within countries there are often distinct geographies of chronic poverty, with concentrations in remote and low-potential rural areas, politically-marginalised regions and areas that are not well connected to markets, ports or urban centres. There are also concentrations of chronically poor people in particular slum areas in towns and cities as well as the millions of homeless people sleeping in streets, stations, parks and burial grounds.

The causes of chronic poverty are complex and usually involve sets of overlaying factors. Sometimes they are the same as the causes of poverty, only more intense, widespread and lasting. In other cases, there is a qualitative difference between the causes of transitory and chronic poverty. Rarely is there a single, clear cause. Most chronic poverty is a result of multiple interacting factors operating at levels from the intra-household to the global. This is illustrated by Maymana and Mofizul's story (Chapter 4): their chronic poverty is an outcome of ill-health, widowhood, a saturated rural labour market, disability, social injustice and poor governance. Some of these factors are *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.

There are several important maintainers of chronic poverty.

1. **No, low or narrowly-based economic growth** means that there are few opportunities for poor people to raise their incomes and accumulate assets.
2. **Social exclusion and adverse incorporation** 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.
3. **In disadvantaged geographical and agro-ecological regions** poor resources, weak economic integration, social exclusion and political marginality create 'logjams of disadvantage'.
4. **High capability deprivation, especially during**

childhood – poor nutrition, untreated sicknesses, lack of access to education – can diminish human development irreversibly.

5. **In weak, failing or failed states** economic opportunities are few, lack of health services and social protection means 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.
6. **Weak and failed international cooperation** over the 1980s and 1990s 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.

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. 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 poverty.

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

The knowledge now available about chronic poverty must be used to mobilise public action and reshape development strategy. While there are many policies that are potentially beneficial for the poor *and* for the chronically poor, many people living in chronic poverty are not 'just like the poor but a little bit further down the poverty spectrum'. Overcoming chronic poverty requires policymakers to reorder their priorities and set their sights higher than the current consensus on poverty reduction policy.

Development strategy needs to move beyond the 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.

Action on chronic poverty needs a framework to:

Prioritise livelihood security A much greater emphasis is needed on preventing and mitigating the shocks and insecurities that create and maintain chronic poverty. This is not only about providing recovery assistance but also about giving chronically poor people a secure position from which to seize opportunities and demand their rights. Thus, social protection policies are of great importance.

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, decentralisation and theories about rights. It needs to address the difficult political process of challenging the layers of discrimination that keep people trapped in poverty.

Recognise obligations to provide resources Chronic poverty cannot be seriously reduced without real transfers of resources and sustained, predictable finance. The political indifference to meeting national and international obligations on poverty eradication needs to be challenged and ways found to foster social solidarity across households, communities and nations.

The need for policy change must not mask the fact that it is the chronically poor themselves who are the leading actors in overcoming their poverty. To date, when their existence is recognised, the chronically poor are perceived both in policy and the popular imagination as dependent and passive. Nothing could be further from the truth. 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.

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PART A

Global chronic poverty in 2004–05

1 What is chronic poverty and why does it matter?

Njuma, the gleaner

Njuma is a childless widow who is almost 70 years old. She lives in a remote mountainous area of Uganda. Since her husband died, she has lived alone, largely dependent on gifts of food from relatives and neighbours. They do not wish to see her suffer from hunger but they are also poor and do not see it as their role to provide beyond her minimum nutritional needs. She gets no support from the government or NGOs. If she gets sick, she just has to wait until she is better, as she has no access to health services.

Despite feeling tired, often low-spirited and having no formal access to land or productive assets, she seeks opportunities to be economically active. Njuma's main work is gleaning coffee from neighbours' bushes once they have been harvested – it is very hard work to glean from poorly-maintained bushes that have already been picked, growing on steep slopes. She earns the equivalent of US$0.02–0.03 for each hour she works.

Economic surveys and the census would, if they recognised her at all, class her as poor and not working. The reality is that she is employed in some of the lowest paid work in the world.

Source: Hulme, field notes, March 2000.

What is different about chronic poverty . . .

This report is about people living in chronic poverty – people who remain poor for much or all of their lives, many of whom will pass on their poverty to their children, and all too often die easily preventable deaths.

People in chronic poverty are those who have benefited least from economic growth and development. They, and their children, will make up the majority of the 900 million people who will still be in poverty in 2015, even if the Millennium Development Goals are met.

Chronic poverty exists in all regions, and chronically poor people live in many different situations. If and when they have work, it is insecure, casual and at extremely low rates of pay. Many live in remote rural areas, urban slums or conflict zones, suffer from chronic ill health or impairments. Chronic poverty particularly affects children, older people and people with disabilities. People in chronic poverty face layers of social discrimination, often based on ethnicity, religion or language. Chronically poor people have little access to productive assets and low capabilities in terms of health, education and social capital. They are the invisible poor, and occupy a blind spot when it comes to the design of development policy and the delivery of public services.

The distinguishing feature of chronic poverty is extended duration. Such poverty is hard to reverse. Differentiating poverty is not simply an issue for officials and researchers: people in poor communities in developing countries also have many ways of distinguishing different types of poverty and expressing the idea of a poverty that persists (Box 1.1). An effective response requires a better understanding of what it means to be chronically poor, and better analysis of the characteristics and underlying social processes that result in sustained and intractable poverty.

. . . and why does it matter?

The imperative to confront and eradicate chronic poverty is a moral one. International obligations to eradicate poverty cannot be selectively applied, with chronically poor people excluded on the basis that they are too hard to reach.

Addressing chronic poverty is integral to the Millennium Development Goals and poverty eradication. Persistent impoverishment is not only a symptom of past deprivation, it is also the cause of future destitution. There is increasing evidence that growth and the prospects for long-term poverty reduction are held back by inequality and by the low returns that the poorest people get on their labour. At the most basic level, people cannot be productive unless their food intake is enough to ensure that they can work.

The distinguishing feature of chronic poverty is extended duration. Such poverty is hard to reverse.

Reaching the chronically poor is not simply a matter of implementing current policies more fully. Chronic poverty research suggests that millions of people will remain in poverty without policies

Box 1.1 Poverty that persists – in their own words

Zimbabwe:	*Nhamo inokandira mazai* – Poverty that lays eggs.[1]
Uganda:	*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.[2]
Lesotho:	*Bo-mophela ka thata* – Those who live in a hard way.[3]
Ghana:	A beggar with two bags (someone who has to beg during the season of plenty as well as the season of hunger).[4]
Tamil Nadu, India:	*Yarukku oruvalai sapadu ellayo avango thane allai.* – Those who do not have even a single meal in a day.[5]
Ethiopia:	*Wuha anfari.* – Those who cook water.[6]

Hundreds of millions of people will remain in poverty without policies that specifically address their situation.

that specifically address their situation with substantial and well targeted assistance. Understanding the manifestations, attributes and social dynamics of chronic poverty is essential in developing such effective public interventions.

A window of opportunity to put chronic poverty on the agenda

Governments and aid agencies are currently showing an unprecedented interest in poverty. Many donor agencies have produced policy statements prioritising poverty reduction. 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 towards the ultimate goal of poverty eradication. The MDGs represent an unparalleled commitment by governments from around the world to create an enabling environment for poverty reduction.

The resources necessary to achieve the MDGs were defined at the 2002 Financing for Development Summit in Monterrey. At that time, rich countries made commitments to increase aid, but those promises fall well short of what is needed. The proposal for an International Finance Facility (IFF) is an attempt to bridge the gap between what it is needed and what is currently on offer from donors. The proposal is indicative of a growing awareness that the MDGs will not be met without adequate funding.

The Millennium Declaration committed 189 governments to 'making the right to development a reality for everyone and to freeing the entire human race from want'. Under the declaration, the right to development is clearly universal. This has important implications for the way in which governments and aid agencies pursue the MDGs.

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. Certainly some targets could be more easily achieved by excluding some of those who are hardest to reach.[7]

For example, it might be easiest to reduce maternal mortality by three-quarters by concentrating resources on cities and well-connected villages while abandoning remote rural areas, until all of the 'easy to reach' have services. A similar approach to country selectivity would see donors focus only on the poor who happen to live in countries perceived to have a good record on governance and conditionality, while neglecting the rights and needs of poor people elsewhere.

But such an approach would not only overlook the universal right to development, it would also jeopardise the ultimate goal of poverty eradication. If the needs of people in chronic poverty are addressed later rather than sooner, poverty can become more intractable. 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. When people are so poor that they cannot afford to risk new approaches, evidence suggests this may be at the expense of aggregate growth and long term poverty reduction.[8]

It is clear that the right to development should not be selectively applied, targeting only those citizens who are the easiest and cheapest to assist. The target of halving absolute poverty must be pursued in a way that includes and benefits people who are chronically poor.

The present generation of poverty reduction strategies will not dramatically reduce levels of chronic poverty within an acceptable timeframe.

Currently, few PRSPs disaggregate poverty adequately, let alone examine poverty dynamics.[9] This means that even if the present generation of poverty-reduction strategies are highly effective, they will not dramatically reduce levels of chronic poverty within an acceptable timeframe.

The current focus on poverty, opens a window of opportunity to ensure that the political, social and economic consequences of chronic poverty are better understood by policy-makers. Policies that take account more effectively 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*.

Defining chronic poverty

A number of terms have been used to identify those who experience poverty most intensely – ultra poor, extreme poor, hardcore poor, destitute, poorest of the poor, and declining poor. Such distinctions are not new. For example, in 18th-century France social commentators and public officials distinguished the *pauvre* from the *indigent* and sought policies to stop the seasonally poor becoming permanently poor.[10]

There is broad agreement that poverty occurs when someone experiences a fundamental deprivation – a lack of some basic thing or things essential for human well-being. Intuitively, most people think they can recognise poverty - hunger, malnutrition, worn clothing, unwashed bodies, run-down housing (or no home at all), begging, lack of access to clean water, primary schooling or basic health services, and so on. This apparent consensus is, however, illusory – there is no objective way of defining poverty. The US$1/day[11] criterion adopted by the MDGs has as many critics as it has supporters. The way that poverty is conceptualised is inherently about value preferences that vary between individuals, organisations and societies.

Until the 1990s, poverty was considered mainly in 'material' terms – as low income or low levels of material wealth. More recently, vulnerability and multidimensional deprivation, especially of basic capabilities such as health and education, have been emphasised as key aspects of poverty. Indeed, chronic poverty is rarely the result of a single factor. Instead, combinations of, and interactions between, material poverty, extreme capability deprivation and vulnerability often characterise the chronically poor.

While for chronically poor people the different dimensions of deprivation interact and overlap, it can be useful for policy-makers to keep them separate in order to see how each facet of poverty relates to the other, and the consequences for the shape of material poverty. Thus capability deprivation (e.g. ill-health, lack of skills) may both underlie and result from material poverty, but is not the same thing as material poverty. This can enable a more sophisticated approach to policy making – work on capability enhancement does not have to depend on income poverty reduction, for example.

Poverty dynamics – becoming poor, staying poor, and escaping poverty

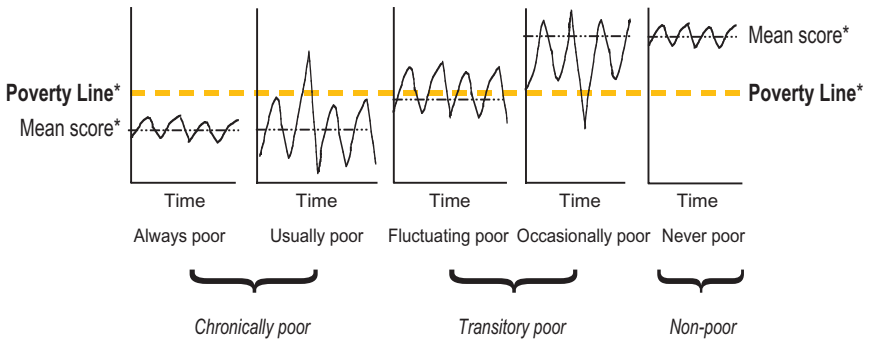
Poverty is not a static condition. The study of poverty dynamics focuses on the ways in which people's poverty status changes, or does not change, over time. Assessments of changes in poverty over time generally recognise five main poverty categories, under three main headings, described in Figure 1.1:

People in chronic poverty are actively working to improve their livelihoods and the prospects for their children.

- The *chronically poor* include:[12]
  - The *always poor*, whose poverty score in each period is below a defined poverty line
  - The *usually poor*, whose mean poverty score over all periods is less than the poverty line, but who are not poor in every period.
- The *transitory poor*, who include:
  - The *fluctuating poor*,[13] who are poor in some periods but not in others, and have with a mean poverty score around the poverty line;
  - the *occasionally poor*, who have experienced at least one period in poverty; although their mean poverty score is above the poverty line.
- and the *non-poor* with poverty scores in all periods above the poverty line[14]

While the study of chronic poverty is particularly interested in the always poor and usually poor, all of these categories can be used in a dynamic sense to describe poverty transitions. For example, a household can be broadly seen as escaping chronic poverty (an 'escapee household') when it moves from being usually poor to being only occasionally poor. Conversely, a household can be viewed as descending into chronic poverty (a 'descending household') when its status shifts from being fluctuating poor to being always poor. 'Fluctuating poor' represents people who are frequently but not continuously in poverty, who are certainly vulnerable, and those whose average position may be above or below the poverty line.

Figure 1.1 The chronically poor, transitory poor and non-poor – a categorisation



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

Box 1.2 Poverty trends and poverty dynamics in 1990s 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. A fall of 20% in the national poverty rate does not imply that 20% of households that were permanently poor have moved out of poverty, nor that all households have become 20% richer.

In fact, the *poverty trend* 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 there are many households that have failed to benefit from Uganda's impressive macroeconomic development over this period.

This more nuanced understanding of poverty requires the collection of *panel data* alongside the standard *household surveys*. While household surveys collect data from a representative sample of households, these are not necessarily the same households in each survey; panel data on the other hand are longitudinal datasets that track the *same* households over time.[15]

Source: Lawson, McKay and Okidi, 2003.

Household poverty dynamics depend on many factors – the characteristics (and changes in characteristics) of the household itself, trends in the economy, society and physical environment, and sudden events – both shocks and windfalls.

The indicators that are used to measure or assess poverty have an important influence on the degree to which poverty appears to be chronic or transitory. Some indicators can fluctuate greatly over limited periods of time (income, expenditure, hunger) while others are much more stable (literacy, assets, height for age). Studies that focus on income poverty thus report higher levels of change than those that focus on asset status.

Poverty dynamics are not the same as poverty trends. For example, Box 1.2 describes how, in the 1990s, headcount poverty rates fell by approximately 20% in Uganda – a very positive poverty trend. But while about 30% of poor households escaped poverty, 10% of previously non-poor households became poor, and about one-fifth of all households remained poor over the decade (the chronically poor).

Disaggregating chronic and severe poverty

The concept of *poverty* is used to express the idea that, whatever the minimum level of consumption (or another welfare indicator), there exists 'the poor' whose consumption is below that minimum. Concepts of *severity* and *chronicity* disaggregate 'the poor'. 'Poverty severity' refers to the shortfall below the poverty line; it is a static concept, capturing the fact that the poor are not equally poor to the same level: some people are slightly below the poverty line, while others are far below it. 'Poverty chronicity' on the other hand captures the fact that some of the poor are poor for a short period of time (the transitory poor) while others are poor for long periods (the chronically poor). Poverty chronicity is therefore a longitudinal concept, referring to persistence in poverty.[16]

It is commonly assumed that people who experience the most severe poverty are least likely to escape poverty, and that those who have been in poverty for a long time are most likely to be extremely poor. Indeed, a combination of severe and chronic poverty unequivocally would present the worst form of poverty. However, the relationship between poverty severity and poverty chronicity is complex and only partly understood.[17]

Do high levels of severe poverty occur *in the same countries* as chronic poverty? Limited evidence suggests that there are poor countries with high levels of both chronic and severe poverty (such as Ethiopia, India, Madagascar) and countries where there are relatively low levels of both (such as Chile and the Philippines). However, there are also countries with high levels of one but not the other (such as Peru and Bangladesh).

Are the severely poor and the chronically poor *the same people*? It is intuitively plausible that it is much harder for someone who is well below a poverty line to advance far above it than for someone who is closer to it. In Uganda, there is strong evidence that this is the case: between 1992 and 1998, the severely poor found it much harder to escape poverty than the poor as a whole.

However, in Kwazulu-Natal, South Africa, the picture is different. Between 1993 and 1998, although most severely poor did improve their situation, the large majority remained below the poverty line. On average, the severely poor had about as much chance of escaping poverty as the moderately poor. This was attributed to the importance of getting a permanent job in the South African context. The contrast exists despite the reasonably high levels of economic growth in Uganda over the 1990s, and the economic stagnation in South Africa.

Multi-dimensional deprivation and low levels of assets

People who are chronically poor are likely to be multi-dimensionally deprived; they experience income and/or health and/or education deprivations at the same time. It is the *combination* of capability deprivation, low levels of material assets, and social or political marginality that keeps people poor over long periods. Contextual factors will determine which of these is particularly important in any particular country or situation.

It is the* combination *of capability deprivation, low levels of material assets, and social or political marginality that keeps people poor over long periods.

The international movement ATD Fourth World links chronic poverty very strongly to severe and multidimensional poverty. *La grande pauvreté* is characterised by a permanent absence of basic securities, combined with an inability to exercise rights and discharge responsibilities. This poverty makes it impossible for the poor '. . . to regain by themselves their rights and to assume their responsibilities. At that stage the poorest need the support of others in order to emerge from chronic poverty'.[18]

Chronically poor people commonly experience several forms of disadvantage and discrimination at the same time.

If people possess few material assets (land, housing, equipment), the capabilities they have, and the claims they can make on others or society as a whole, will be very significant in determining whether or not they remain poor. Thus, there is a strong argument for understanding chronic poverty in terms of assets, capabilities and claims rather than monetary poverty alone. This type of analysis avoids the difficulties of calculating income and expenditure, and of fluctuations in monetary poverty from year to year, which can cloud the underlying picture. It can provide a basis for developing better measures than income for targeting interventions to the chronically poor, an argument furthered below.

Who are the chronically poor?

The chronically poor are not a homogenous group. Chronic poverty clearly affects people in many different situations. In specific contexts there are differing sets of factors associated with chronic poverty, and the causes of chronic poverty vary from region to region, household to household and person to person.

The chronically poor are not simply a list of vulnerable groups, but people who commonly experience several forms of disadvantage and discrimination at the same time (see Box 4.7 for Maymana and Moziful's story). 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.[19]
- 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'.[20]

This distinction is useful in terms of helping us to recognise the very different people who experience chronic poverty and the different processes that are operating to keep them in poverty. However, it is important to recognise that the distinction is not 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.

Commonly, people who are chronically poor are those who are engaged in casual labour, those who live in households with high dependency ratios, and those with few assets (human and social, as well as physical or financial). Access to assets is critical for exiting poverty. Work in India demonstrated that the main feature distinguishing the chronically poor from the poor in general was their limited ability to cope with shocks.[21] Becoming literate, having a house, increasing the area of cultivated

Box 1.3 Poverty lines

A fundamental dimension of poverty is the inability to adequately feed oneself and one's family and to meet other basic requirements such as clothing, housing and healthcare. A poverty line represents the level of income or consumption necessary to meet these minimum requirements. While determining this minimum has an important subjective element, poverty lines are typically anchored to minimum nutritional requirements, plus a modest allowance for non-food needs. Many countries now report poverty figures relative to national poverty lines defined on such a basis. India's Planning Commission for example first computed its national poverty line in the 1950s.[28] With appropriate adjustments for inflation and other changes in living standard, the same line can be used to follow trends in poverty over time.

However, national poverty lines are not very suitable for cross-country comparisons, because the concept of poverty is very often different in different countries. Although many countries anchor their poverty lines in terms of the minimum amount of food needed, different nutritional norms (normally varying between 2100 and 2300 Kcals per person per day) are used. A more fundamental problem arises with regard to essential non-food needs, which are both very difficult to determine and will vary among economies. Despite several notable advances in the field in recent years[29] there is still no commonly used method of establishing the non-food component of the poverty line. Therefore, someone defined as poor according to a national line in one country might not be poor according to the poverty line of another. The problems of comparability are accentuated further when OECD countries are considered, as many industrialised countries base their national poverty lines on a relative norm, such as half median income.

This desire to make cross-country comparisons was a major motivation behind the introduction of the US$1/day poverty line by the World Development Report of 1990.[30] 'Dollar a day' poverty lines attempt to express domestic currency values of income or consumption in a common currency. This conversion requires *purchasing power parity* (PPP) values – exchange rates where the same basket of goods costs the same dollar amount in different countries. The validity of cross-country comparisons depends on the accuracy with which these PPP exchange rates are computed, as well as the comparability and reliability of the income or consumption data. Both of these cause serious difficulties. While the currently quoted figures in the 2003 World Development Indicators enable comparisons to be made, there are serious questions about the figures in a number of instances (e.g. Nicaragua, Pakistan, Uganda).

To establish a firmer international baseline, more work is urgently needed on both the comparability of national poverty lines and on alternative, more robust methods for estimating PPP exchange rates.

land, and increased income from livestock, were all found to help people escape poverty.[22]

Health shocks are often what cause already poor households to descend into chronic poverty.

Access to land may be critical in some situations, but in others human capital, housing, and access to public goods may be more important. While rural poverty is generally much higher among landless and near-landless people, there is no uniform association of chronic poverty with land inequality. In South Asia and South Africa, the chronically poor are likely to be landless or near-landless, but in Uganda and Vietnam this is not the case.[23]

Human capital is key in contexts where access to financial and material assets is highly constrained. Given the dependence of chronically poor people on their own labour, health is crucial. Ill-health both drives and maintains chronic poverty (see Chapters Two and Four), and health shocks are often what cause already poor households to descend into chronic poverty.

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;[24] in others, literacy alone makes a difference. Data analysis shows that in each of five countries the average number of years of schooling for chronically poor adults was significantly lower than for the overall population.[25]

Dependency ratios are commonly very high in chronically poor households. While many are very small (single parent or orphan-headed households, for example) and/or have too few able-bodied earners, in the countries for which data is available, chronically poor households have significantly more children than the average.[26] This is not surprising: many chronically poor households rely on family labour; child mortality rates are high; there are limited publicly-provided social safety nets or pensions; and there is a market for child labour. Large families are a rational choice, but one that can also undermine the possibility that households, and particularly children, can escape poverty.

Counting the chronically poor

The common assumption is that the 'always poor' are much fewer than the 'sometimes poor'. The 2000/1 World Development Report cited studies on China, Ethiopia, Russia and Zimbabwe to illustrate this.[27] The Chronic Poverty Report 2004–05 presents evidence which challenges this assumption. Further research will project this estimate into the future, based on a number of different scenarios.

Estimating the global numbers of people living in chronic povety is fraught with serious difficulties. Figures for global poverty, currently most developed for consumption poverty in terms of the US$1/day poverty line, are already very approximate. At the same time, there is limited knowledge about poverty dynamics within countries. Even though estimates of dynamics are available for several countries with large numbers in poverty, there are important questions about their comparability and accuracy. Given current data availability, a very approximate estimate, with limited geographic disaggregation, is the most that can be expected at this stage.

Much work on material poverty is expressed in monetary terms, measuring income, expenditure or consumption against a 'poverty line' (see Box 1.3). This especially applies to current measures of chronic poverty, and as such these monetary measures are frequently used in this report.

Non-monetary indicators of chronic poverty

Classifying households by assets rather than the more usual expenditure reveals a bigger gap between rich and poor and gives a more stable picture over time. For example, an assets index, combining household assets and housing quality, public goods, and land, was a better predictor of school enrolment in India than current household expenditures, although inter-state differences were also large: 'On average across India a rich (top 20% of the asset index) child is 31 percentage points more likely to be enrolled than a poor child (bottom 40%). This wealth gap varies from a low of only 5 percentage points in Kerala, to 38% in Uttar Pradesh, and 43 percentage points in Bihar.'[31] However, the analysis of non-monetary indicators of poverty needs to proceed with caution. They do not always correspond well with monetary measures – in Vietnam for instance, the overlap between monetary chronic poverty and non-monetary chronic deprivation was found to be modest.[32]

Even an indicator like child stunting is only sometimes associated with monetary poverty, although stunting is expected to be strongly associated with chronic poverty (see Box 1.4). Data showing high levels of chronic poverty are generally from countries with high levels of stunting. For example, children in chronically poor households in Uganda and Vietnam are more likely to be stunted than average children, and in Vietnam and urban Uganda this is very markedly the case. There are nevertheless, still surprisingly high incidences of stunting in the overall population in both countries. Research

Box 1.4 Child malnutrition: is severe stunting the best proxy for chronic poverty?

Over 15% of children under five years of age – 91 million children – in the developing world are severely stunted. Stunting is defined in terms of height for age; severe stunting is measured at more than 3 standard deviations below the median international height for age. Over half the severely stunted children under five live in South Asia.[34]

There is considerable evidence of serious and significant long term and intergenerational effects of poor nutrition on physical and mental health, mortality and chronic poverty. Necessary action includes the promotion of greater food security, food supplementation, the promotion of later marriage and childbearing, and reducing gender bias in child feeding practices.

Source: ACC/SCN and James Commission 2000 in Harper, Marcus and Moore 2003.

on malnutrition[33] and poverty in general has suggested that malnutrition is spread across wealth groups, and is more related to beliefs about appropriate diet, to feeding and weaning practices, gender inequality and to maternal deprivation than it is to income. Child stunting may be a particularly good indicator of *chronic* poverty, but the evidence on this remains to be consolidated.

How many people are chronically poor?

Between 300 and 420 million people are chronically poor. The upper end of this range is more plausible.

The lack of panel data, the different periods between each wave of data collection, and the different poverty lines utilised mean that, at present, only broad estimates can be made. An initial guesstimate gave a range of 389–727 million people in 32 developing countries including China and India.[35] New analysis detailed below estimates that between 300 and 420 million people are chronically poor. The new estimate, presented in Table 1.1, combines US$1/day poverty figures with the available panel data. This is an approximate exercise given differences between the panel data sets and the approaches used for measurement. But panel data is available for many of the countries with the highest levels of poverty incidence, including Bangladesh, Brazil, China, India, Indonesia, Pakistan, the Philippines, Russia and Vietnam, based on a broadly comparable nutritionally-based national poverty line.

Based on figures for these and other countries for which panel data is available, of the 1.2 billion people that are in extreme poverty in US$1/day terms, it is estimated that the global number of the chronically poor is between just under 300 million and 420 million. In other words, around a quarter to a third of the people living on less than US$1/day are chronically poor. The upper end of this range is more plausible, given that most countries for which the panel data are available have had positive rates of economic growth for some time, while there are a large number of countries, mainly in Africa (where panel data is much scarcer), which have not been growing.

The 12 countries with available panel data that form the basis of this calculation account for 78% of the world's US$1/day poor. Adjustments have been made to data to enable use of a uniform definition of chronic poverty as 'still being poor after 5 years',[36] and to extrapolate from the parts of a country to the whole. The assumption is that mobility around the US$1/day poverty line is the same as around the national poverty lines used in the panel data analyses. The other 22% of the world's US$1/day poor are assumed to be chronically poor at the average rate for the 12 countries.

Where do chronically poor people live?

The CPRC has to date largely focused on sub-Saharan Africa and South Asia. There are good reasons for this focus: sub-Saharan Africa arguably has the highest levels of chronic poverty, while South Asia almost certainly contains the majority of the world's chronically poor. This should not, however, obscure the fact that chronic absolute poverty exists in many parts of the world – including East Asia,[37] South-East Asia and Latin America.[38]

Figure 1.2 illustrates a stark similarity in conclusions drawn by three different data sets:

- CPRC data has been mapped to show both 'desperately' and 'very' deprived countries. Also included are those countries for which there is insufficient data but where other evidence suggests strongly they would be included in one or other of these categories.
- UNCTAD Least Developed Countries.[39]
- UNDP 'Top Priority' countries (with entrenched human poverty combined with failing or reversing progress) and 'High Priority' countries (not so desperately poor but failing or reversing progress, or extremely poor with moderate progress).[40]

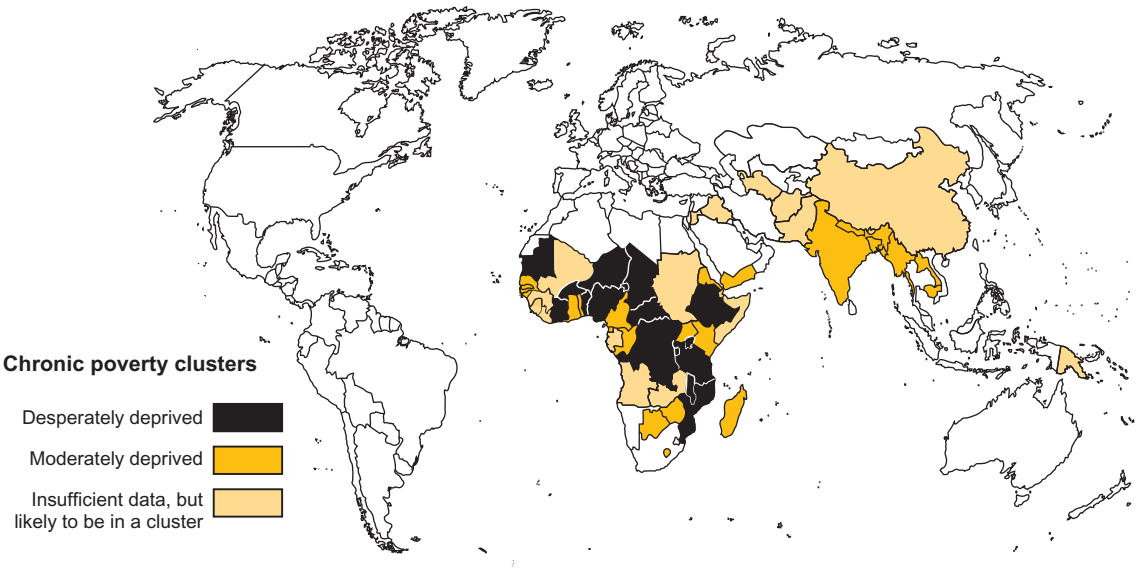
In Figure 1.3 the different shapes of chronic poverty in terms of multidimensionality and intensity among poor countries are explored. It is clear from both Figure 1.2 and 1.3 that, at the global level Africa experiences chronic poverty on a continental scale. Chapters Six to

Table 1.1 Preliminary estimate of the world's chronically poor (millions)

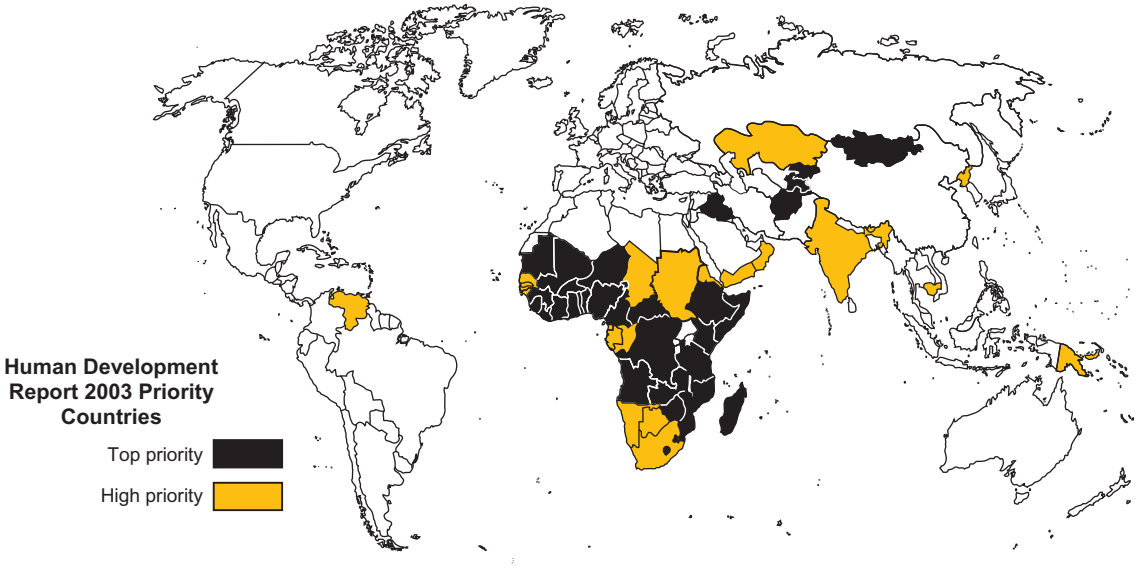
Region	Population	Number US$1/day poor for countries where this is available	Estimated US$1/day poverty for entire region	Estimated chronic poverty for entire region		Average percentage of poor assumed chronically poor over a five year period	
				Low estimate	High estimate	Low estimate	High estimate
Sub-Saharan Africa	658.7	216.4	303.3	91.0	121.3	30.0%	40.0%
East Asia and Pacific	1807.8	277.0	312.8	53.7	84.9	17.2%	27.2%
South Asia	1355.1	524.7	535.6	133.9	187.5	25.0%	35.0%
Rest of world	1149.6	81.0	88.0	19.8	28.0	22.5%	31.8%
All	4971.2	1099.1	1239.7	298.3	421.7		

For more detailed information on estimations, methods and data sources see Part C.

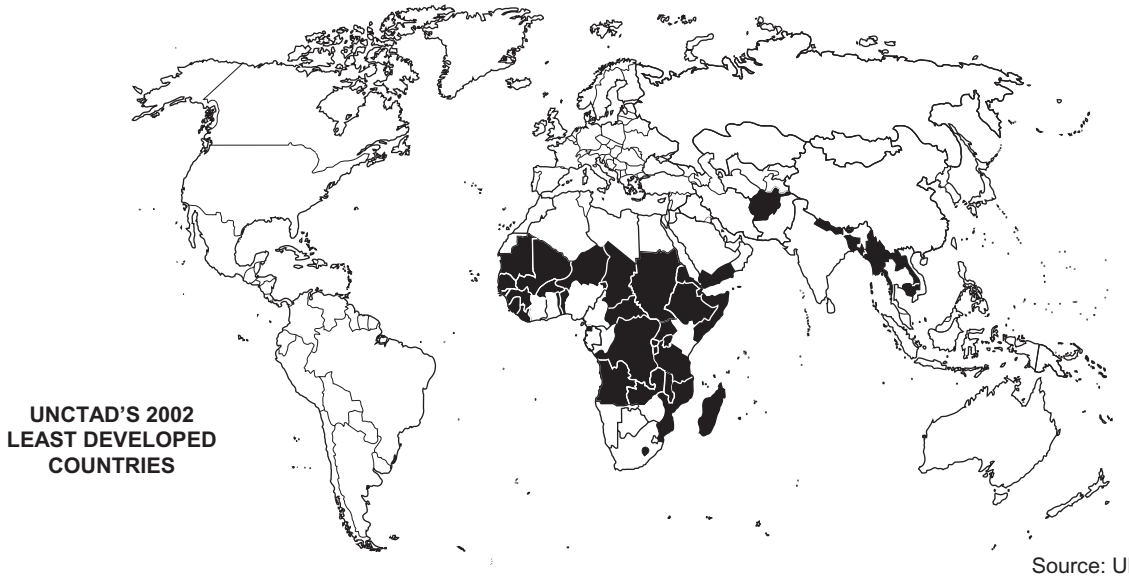
Figure 1.2 Comparative approaches to geographical concentrations of poverty



Source: CPRC analysis.

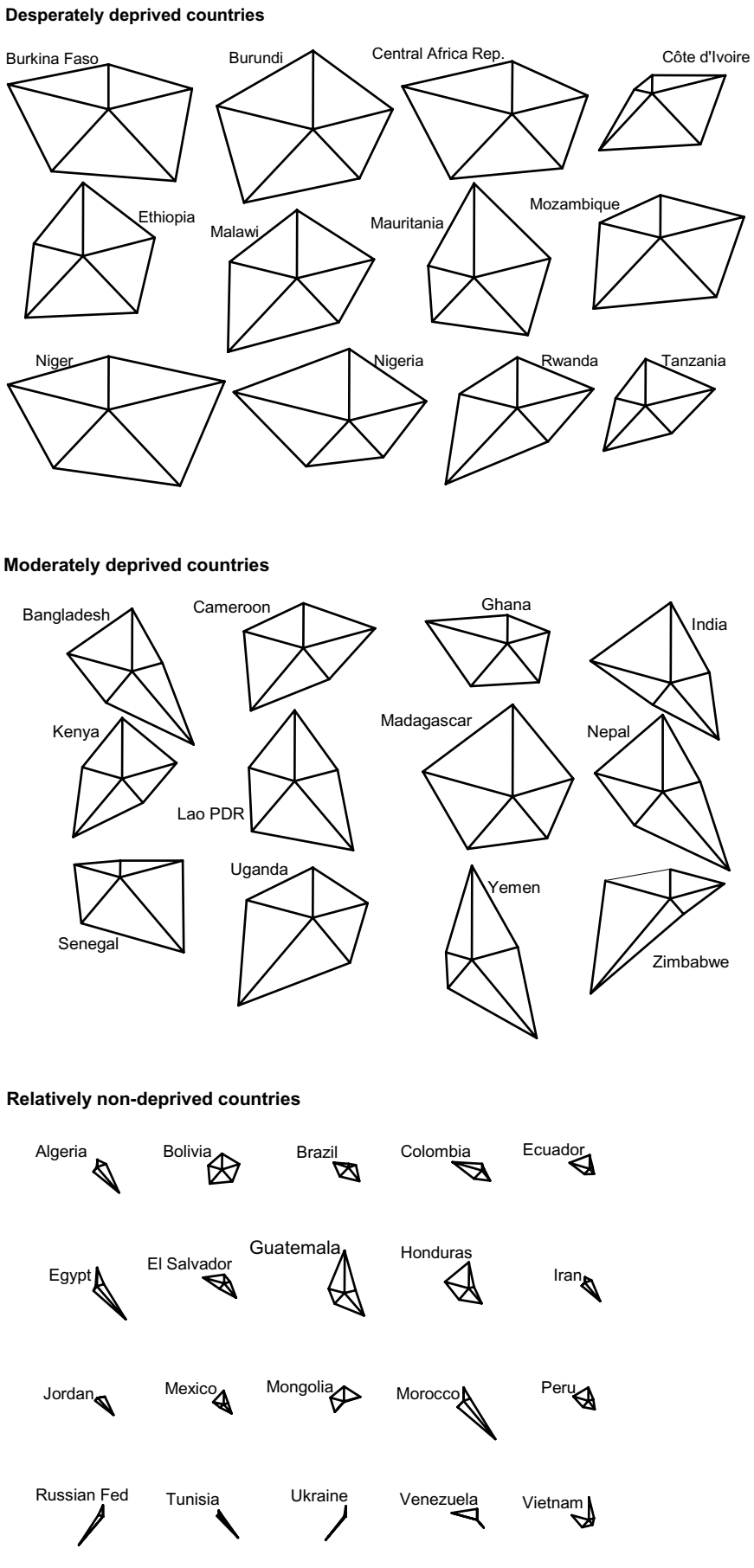


Source: UNDP 2003.

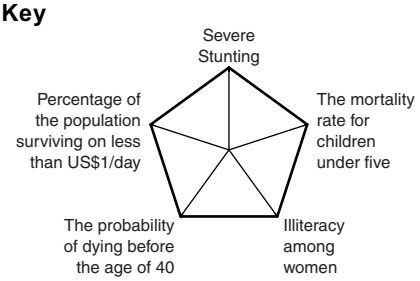


Source: UNCTAD 2002.

Figure 1.3 The 'shape' of multi-dimensional deprivation for different countries



Key



It is likely that intense or multi-dimensional poverty will be hard to shed. Figure 1.3 illustrates how the intensity of poverty varies remarkably among poor countries. The more substantial star shaped countries are those where deprivation is greater than those with smaller stars or other shapes. The indicators have been selected to tell us something about likelihood of long duration poverty. Severe child stunting, female illiteracy and very low life expectancy are all deprivations which are thought likely to be associated with chronically poor people. Countries with high levels of these 'bads' are likely to have high levels of chronic poverty.

Multi-dimensionally deprived countries can be divided into two categories: if they have two or three significant rays their population is moderately multi-dimensionally deprived; if they have four or five we can speak about severe multi-dimensional deprivation. It is these countries where a substantial proportion of poverty is likely to be chronic and where chronic poverty will be hardest to reduce. They include: Bangladesh, India, Lao PDR, and Nepal in Asia (though none of these are in the worst category); Burkina Faso, Burundi, Cameroon, Central African Republic, Cote d'Ivoire, Ethiopia, Gambia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mauritania, Mozambique, Niger, Nigeria, Rwanda, Senegal, Tanzania, Uganda, and Zimbabwe in sub-Saharan Africa. Outside these two regions only Guatemala, Honduras, Bolivia and Yemen might possibly fall into this category. Countries without data are likely to be desperately or very deprived.

Ten of this report examine the level and characteristics of chronic poverty in different world regions.

Chronically poor places

Transcending national borders, chronic poverty is also concentrated in specific geographical areas, such as remote rural or poorly-connected areas, areas affected by conflict and so on, where inhabitants are affected by common vulnerabilities to natural hazards, pollution, agro-climatic shocks, instability and violence, for example.

Chronic poverty is more prevalent in rural areas than in urban,[41] and especially so in remote rural regions (which may include towns and cities). Mountainous areas may be particularly likely to have concentrations of chronic poverty: examples include China and Vietnam.[42] In India, increases in the size of a village over time, and proximity to a large urban centre connected by good infrastructure, are also factors that enable exit from chronic poverty.[43] 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.

Chronic poverty matters

Between 300 million and 420 million people are chronically poor. They live in absolute poverty for extended periods, often for all of their lives. People are born poor, die poor and their poverty is transferred to their children. For them, poverty is not simply about having a low income: it is about multidimensional poverty – hunger, undernutrition, dirty drinking water, illiteracy, no access to health services, social isolation and exploitation. Such deprivation and suffering exists in a world that has the knowledge and resources to eradicate it.

The task of this first Chronic Poverty Report is to raise awareness about chronically poor people, summarise what is known about their lives, and outline what this means for development policy. This is an initial assessment, as knowledge is limited and it takes time to accumulate (Box 1.5). A fuller analysis is planned in The Chronic Poverty Report 2006–07.

The first five chapters of The Chronic Poverty Report 2004–05 examine what is known about chronic poverty, its causes and the policy implications. Chapters Six to Ten review what is known about chronic poverty in different regions of the world, providing readers who have a particular geographical focus with information and sources. The last part, Measuring Global Trends on Chronic Poverty, is a statistical appendix bringing together data about chronic poverty and encouraging researchers and policy-makers to use such data more extensively.

In the next chapter (Chapter Two), the social characteristics associated with chronic poverty, especially social exclusion and adverse incorporation in the economy, are reviewed. Chapter Three looks at the spatial patterns of chronic poverty – the countries, and types of area within countries, where such deprivation is concentrated. In Chapter Four the causes of chronic poverty are examined: the *drivers* that push people into long-term poverty and the *maintainers* that keep people poor. Chapter Five examines the implications of this knowledge for policy and asks 'What should be done?' It highlights the need to prioritise livelihood security and allocate more attention and resources to social protection policies; the need for growth to be broad based and equitable; the need for increased focus on *how* to empower poor and chronically poor people; and, the national and international actions, especially increased aid flows, that must underpin such policy changes.

To date, when their existence is recognised, the chronically poor are perceived both in policy and the popular imagination as dependent and passive. Nothing could be further from the truth. Most people in chronic poverty are strategising and working hard to improve their livelihoods and the prospects of their children, in difficult circumstances that they have not chosen. They need real moral and political commitment, matched by actions and resources, to support their efforts to attain their rights, and overcome the obstacles that trap them in poverty.

Box 1.5 Researching chronic poverty

Deepening understanding of chronic poverty demands an effective combination of quantitative and qualitative methods and interdisciplinary analysis. Academics, researchers and policy analysts have written much about this in recent times: unfortunately, the levels of methodological and disciplinary integration that have been achieved remain limited. There are also usually long lags between the creation of knowledge and its application to policy. And, when poverty reduction policies are approved, their implementation is commonly weak or manipulated.

There are also a number of more specific problems. The longitudinal quantitative and qualitative datasets we need to assess the scale of chronic poverty and understand its dynamics are rare – we must strive to create such data and demand that other actors recognise its importance if they genuinely wish to move to more evidence based policy making. There are also opportunities to be more imaginative in the ways that we use existing information.[44] It is already clear that the processes that underpin chronic poverty are complex and dynamic – this makes analysis technically demanding and creates particular difficulties in coming up with the simple, policy relevant 'sound bites' that can influence contemporary decision making processes.

Particular problems exist in focusing on the chronically poor. In terms of political organisation and power these are usually the world's 'last'. How can one support the empowerment of those who are most likely to see empowerment as so far away, or as such a false promise, that it can only be a diversion from the pressing tasks of survival and nurturing children?

Practically, there are many ethical problems of working closely with the chronically poor – how can sensitive researchers and service delivery personnel manage social relations with people who live on the margins of survival? One cannot easily meet with people experiencing hunger or lacking basic medical care for want of one or two dollars, and then say 'Thank you for the interview', and walk away.

Notes

1. Admos Chimhowu, personal communication.
2. Lwanga-Ntale 2003, from a group of disabled women.
3. PANOS Mountain Voices http://www.mountainvoices.org/.
4. Oduro and Aryee 2003.
5. Solomon 2003.
6. Devereux and Sharp 2003.
7. This argument is further developed in Chapter Five.
8. Ravallion 2003.
9. In Africa, the Malawian and Ghanaian PRSs make some distinctions, but there is little sustained analysis, and even more limited follow through into policy prescription (www.odi.org.uk/prspsynthesis/synthesis1.pdf). See also www.chronicpoverty.org/cpchip.htm.
10. Hufton 1974.
11. "The proportion of people below $1 a day is the percentage of the population with average consumption expenditures less than $1.08 a day measured in 1993 prices converted using purchasing power parity (PPP) rates. The $1.08 a day standard was chosen to be equal to the median of the lowest ten poverty lines among a set of low-income countries." (UN Statistical Office).
12. See Box 1.3 for a discussion of poverty lines. Here 'poverty scores' and 'poverty lines' refer to arbitrary amounts and levels of well-being, based on income, consumption, nutritional status, assets, human deprivation index, participatory ranking etc.
13. Also know as the 'churning poor'.
14. The concepts here were derived from Jalan and Ravallion (2000), but the terms are used with different meanings. For a discussion of how this categorization can be adapted to incorporate the severity of poverty see Figure 3 in Hulme, Moore and Shepherd (2001:13). However, the reader should note that this categorization needs further development. For example, a dramatic, short-term downturn or 'spike' in the welfare of a fluctuating or occasionally poor household.
15. Panel data are micro-longitudinal datasets that track people over time. The Ugandan panel data is drawn from two nationally representative household surveys, in 1992 and 1999, and is further supported by annual monitoring surveys (1993 to 1996), and two national participatory poverty assessments, which complement quantitative poverty work by bringing a multidimensional perspective. Both of the nationally representative surveys, the Integrated Household Survey (IHS) of 1992 and Ugandan National Household Survey (UNHS) 1999/2000 adopted two-stage stratified random sampling methodologies in the collection of a 9,886 and 10,696 household observations, respectively. Both provide a rich source of information on socio-economic, crop and community levels data and form the basis of a two-wave panel (1992 and 2000) that covers 1,398 re-interviewed households. The panels only represent small sub-samples of the national surveys, but the poverty incidence figures based on the panel households are broadly similar to the national level figures.
16. Yaqub 2003:1–2.
17. Yaqub 2003.
18. Wodon 2001:30.
19. Narayan et al. 1999: 28–29.
20. Patron-client relationships are a common example of such circumstances.
21. Gaiha 1999, 1999.
22. Bhide and Mehta 2004.
23. See Part C.
24. McCulloch and Baulch 2000; Jalan and Ravallion 1999, 2000.
25. Bangladesh, India, South Africa, Uganda and Vietnam. Chronically poor people did not generally go to secondary school (except in South Africa, a middle income country), and they were much less literate (except in Vietnam, which has high overall levels of literacy). In some countries there are also big differences in primary school attendance between chronically poor children and others (rural India, Uganda, Vietnam). See Part C.
26. McCulloch and Baulch 2000; Jalan and Ravallion 1998, 1999, 2000; Aliber 2001.
27. World Bank 2001, Chapter One.
28. Dandekar and Rath 1971, Lipton and Ravallion 1995.
29. Ravallion 1994, 1998.
30. World Bank 1990.
31. Filmer and Pritchett 1998.
32. Baulch 2003.
33. Gaiha (2003) used stunting of children <5 years of age as an indicator of malnutrition.
34. Gordon et al. 2003.
35. Hulme and Shepherd 2003:412–413.
36. It is worth noting that within the CPRC, discussions of the *time* concept focus on life-time and intergenerational periods rather than seasonality or longer time frames/histories used by other researchers. No great claim is made for the five-year period; it is simply analytically convenient, being close to that which many studies have worked. Logically, lengthening the time period would be likely to reduce the proportion of a population that is chronically poor. Comparing the first survey with a survey x years later discounts any movement in between these years, which may be significant. There are complex methodological issues involved, discussed in Part C.
37. See McCulloch and Calandrino 2003.
38. Helwege 1995.
39. It should be noted that both the methodology that UNCTAD 2002 use, and the validity of the idea of 'chronically poor countries' are being challenged.
40. 'Top Priority' countries are those failing on at least three goals, or half the goals for which they have data, with a minimum of three data points, or if they only have data for two goals they are top priority in both. 'High Priority' countries are top or high priority for at least three goals, are top priority for two goals, or are top or high priority for at least half the goals for which they have data, with a minimum of three data points. If they only have data for two goals they are top priority in both (HDR 2003).
41. However, it should be noted that some writers claim that urban poverty is significantly underreported (see Mitlin 2003).
42. Baulch 2003; McCulloch and Calandrino 2003.
43. Bhide and Mehta 2004.
44. For example, see Baulch et al 2002 who develop non-monetary indicators of poverty for a dataset that was designed to work on income/consumption poverty.

2 Who is chronically poor?

Poverty bites

'Chronic poverty is that poverty that is ever present and never ceases. It is like the rains of the grasshopper season that beat you consistently and for a very long time. You become completely soaked because you have no way out. If the whole of your village is poor, then all its residents will be perpetually poor. Some poverty passes from one generation to another, as if the offspring sucks it from the mother's breast. They in turn pass it on to their children.

If you did not inherit land, and you are not a political leader, and you did not go to school, and your relations do not feel proud of you, then poverty will bite you very hard – forever and ever – amen.

Now remember that a disabled person cannot inherit land. A brother's child may even be preferred in inheritance if he is not disabled. Similarly disabled people do not get to leadership positions, and most are not even educated. Where else can you find this dire poverty?'

– Group of disabled women in Nkokonjeru Providence Home, Mukono, Uganda

Source: Lwanga-Ntale 2003:8.

Discrimination reinforcing disadvantage

People who are chronically poor are not a homogeneous group – they are trapped in poverty for a range of reasons. In this chapter, we focus on the experiences of people whose chronic poverty is based on discrimination and disadvantage due to their position within their households, communities, and countries.

Several different bases for social marginalisation, discrimination and disadvantage have been identified, by both poverty researchers and the poor themselves:[1,2]

- 'ascribed status' (e.g. ethnicity, race, religion and caste);
- oppressive labour relations (e.g. migrant, stigmatised and bonded labourers);
- position as an 'outsider' (e.g. migrant labourers, refugees and internally displaced people, those without the documents necessary to access citizenship rights);
- disability;
- stigmatised ill-health, especially HIV/AIDS;
- gender;
- age (e.g. children, youth and older people); and
- household composition (e.g. young families; households headed by disabled people, children, older people and widows).

While not everybody in these groups suffers chronic poverty, those who experience several forms of disadvantage and discrimination simultaneously are most likely to be chronically poor.

For example, the poverty of a low-caste, older widow living in a remote village in India, is sustained through the interaction of discrimination and deprivation based on caste, gender, age, marital status and geographical location. Discrimination and deprivation often overlap and reinforce each other. Ethnic minorities are, for example, more likely to live in remote rural areas, less likely to speak the national language, more likely to have distinct religious beliefs and customs, less likely to hold official citizenship documents, more likely to experience economic and political discrimination, and more likely to be the objects of racial abuse and violence than other poor people. These kinds of multiple disadvantage block access to the opportunities and resources necessary to escape poverty, and force many into marginal, exploitative, unsustainable livelihoods[3] that permit survival but further undermine well-being in the longer term.

We often speak of chronically poor households in this report. But some individuals in less poor households may also be chronically poor – their poverty is lasting and hard to escape even when other members of the household enjoy a relatively good quality of life. Well-being is unequally distributed *within* households – along lines of gender, age, marital status, fertility, wife order, birth order, health status and disability – as well as *between* households.

Knowledge of the extent of chronic poverty among different groups varies greatly. The number of refugees and

Deprivation re-inforcing disadvantage: This man, from a minority ethnic group in Namibia, is also disabled – the victim of a landmine

internally-displaced people around the world, and the problems they face, are reasonably well-known and monitored. By contrast, the numbers of disabled people in developing countries, and their needs, problems and means of support, remain major omissions in the poverty literature. The exclusion of many chronically poor people from official statistics both reflects and reinforces their position of marginality and vulnerability, often rendering them invisible, even to humanitarian organisations and their own governments. Indeed, in terms of citizenship, many people living in chronic poverty do not even exist (Box 2.1).

Box 2.1 The chronic poverty of the 'non-existent'

In Bolivia, the discrimination and exclusion of indigenous peoples is both cause and effect of chronic poverty. Despite constitutional recognition, mainstream Bolivia does not accept the validity of indigenous languages and cultural systems, with their non-European approaches to names, dates, and inheritance. Combined with the high costs associated with remoteness, this means that only a tiny minority of indigenous people have any documentation, like a birth certificate or identity card. Without documents, a person formally does not exist. She or he cannot access any of the rights available to citizens. The 'undocumented' face difficulties in:

- enrolling their children in school;
- registering and selling property;
- accessing communal natural resources;
- getting work;
- accessing social benefits;
- accessing credit;
- travelling freely;
- initiating legal proceedings or defending themselves if taken to court; and
- participating in political processes, as voters or candidates.

As an example, consider the case of an indigenous Quechua man who does not have legalised documentation. Without an identity document, he cannot show that he is the owner of the plot of land that he works, and he cannot access agricultural microcredit programmes, including those aimed at supporting the poorest farmers. Unable to meet the needs of his family, he is forced to migrate to the peri-urban area of Cochabamba, to sell his labour. Without documentation and marginalised as an *indio* (a term of abuse or disrespect for those who are or appear to be of indigenous origin), he has little chance of getting stable work. He now faces exploitation in the informal sector, as a porter waiting on a housewife who requires his services. His precarious situation forces his children to beg on public transport and his wife to beg in the street.

Source: León et al. 2003:3–5.

Minorities and indigenous people

Being born into a marginalised group can have serious and enduring repercussions on the extent to which someone is able to access resources, build a secure livelihood, or even *imagine* a life without poverty. Indigenous minorities are often also linguistic and religious minorities, and often live in remote regions. Box 2.1 describes how indigenous people in Bolivia are excluded from mainstream Bolivian civic, economic and social life, and highlights the chronic poverty that results. After migration to an urban area, the family's lack of documentaion and their status as indigenous people and 'outsiders' continue to limit their opportunities, and undermine their children's future well-being.

In China, rural-to-urban migrants from ethnic minority groups, speaking minority languages, are the most marginalised in labour markets, access to education, and social interactions. *Wai di ren* ('outsiders') are often blamed for social problems, such as crime and disease.[4] Members of the more than 50 ethnic minority groups in China disproportionately live in poor, remote and mountainous regions. They are less than 9% of the total population but about 40% of those in absolute poverty.[5]

Research comparing the living standards of 53 ethnic minority groups in Vietnam to that of the Kinh majority also shows significant disparities and extreme discrimination.[6] Ethnic minorities make up 29% of the poor but only 14% of the total population. Further, most people belonging to ethnic minorities remained trapped in poverty during a period of otherwise pro-poor growth: while the poverty headcount among the majority fell from 54% to 31% over the period 1992–93/1997–98, it only dropped from 86% to 75% among minorities.[7]

In sub-Saharan Africa, research on differential rates of child mortality by ethnic group suggests that, in addition to widespread poverty, many countries are as marked by socio-economic inequality, and severe and chronic poverty, as countries in other regions of the world.[8] Survey data collected in the 1990s in 11 sub-Saharan African countries[9] showed particularly striking results for Kenya, where the likelihood of mortality for Kikuyu infants was 65% lower than for children of other ethnic groups and 74% lower for children under five.

Table 2.1 Access to basic infrastructure by race in Ceres, South Africa

	Often gone without adequate shelter	Never gone without adequate shelter	Have access to a flush toilet	Often gone without fuel for heating and cooking	Never gone without fuel for heating and cooking
Proportion of African households	32%	50%	62%	27%	36%
Proportion of coloured households	1%	98%	98%	9%	60%

Source: de Swardt, 2003. N = 543 households.

Racial inequality – and the associated spatial inequality – continues to play a central role in the poverty and well-being of South Africans, despite the end of apartheid. Not only is South Africa one of the most unequal countries in the world (the income inequality ratio between whites and Africans has risen from four times in 1994 to six times in 2000), but research in the fruit-producing area of Ceres in the Western Cape demonstrates the extent to which racial hierarchies remain intact (Table 2.1). There are significant disparities in income and assets, not only between African and white people, but also between African and 'coloured' people – a mixed group of ethnicities historically considered as those who are neither white, nor indigenous, nor Asian. However, while many 'coloured' people have better access to basic infrastructure than Africans, most remain stigmatised and many experience severe discrimination.

In post-socialist Europe, it is the five to seven million Roma (often known as 'gypsies') who are the most vulnerable to poverty, over years, lifetimes and generations. Discriminated against and often isolated, the Roma have far worse living conditions and far less education than non-Roma. In Hungary, ethnicity is the most important factor in chronic poverty: one-third of those that are poor for four or more years are Roma although they make up only 4–5% of the population. 53% of Roma are long-term poor.[10] In Bulgaria, Hungary and Romania combined, rates of poverty among Roma range from two to 13 times that among non-Roma, depending on the measure used.[11]

Throughout South Asia, the links between chronic poverty and ascribed status are played out through the persistent, severe poverty and exclusion experienced by both tribal (indigenous) *and* low-caste peoples, to greater and lesser extents. 'Caste' is a complex and dynamic system of social stratification that has evolved from occupational groupings into a socio-economic hierarchy into which individuals are born, and thus is related to ethnicity as well as class. 'Tribe' is an ethnic categorisation that also comes at the bottom of the caste hierarchy. In India, scheduled castes (SCs) are a collection of castes formerly known as 'untouchables' that have been 'scheduled' for positive discrimination in education and employment. Scheduled tribes (STs) are identified on the basis of certain criteria including distinctive culture and pre-agricultural modes of production.

When people's only social safety net is other wage labourers, low wages, job insecurity, poor working conditions and gruelling work, combine to create a situation of high vulnerabilty to shocks.

Although the harsh oppression associated with untouchability has been banned in India for more than half a century, both groups continue to face discrimination. Scheduled tribes suffer highly limited and often declining access to the natural resources, especially forests, upon which their livelihoods are based. While some scheduled caste families are marginal small farmers, in rural areas most are functionally landless and work as agricultural labourers. In the urban areas, a large proportion of casual workers in the informal sector, including stigmatised workers such as sweepers, are from the scheduled castes. It is estimated that two thirds of India's bonded labourers are from the scheduled castes and scheduled tribes.[12] Even in the more 'progressive' south Indian states, scheduled castes are relatively deprived: survey data from 1994 showed that per capita incomes among scheduled castes were 24% (in Andhra Pradesh) and 41% (in Kerala) lower than the state averages.[13]

Table 2.2 describes the situation in the eastern state of Orissa, which has a large tribal population inhabiting remote rural areas: more than 24% are classified as scheduled tribes, as compared to less than 9% for India as a whole. 92% of people in rural southern Orissa belonging to a scheduled tribe are poor – twice the state poverty rate and three and a half times the national poverty rate.

Discrimination through oppressive labour relations

Members of marginalised social groups are often also on the losing side of oppressive labour relations, which can range from relatively benign systems of migration for wage labour, to the most extreme forms of forced and bonded labour, and trafficking of children and women.

Wage labour and migration

Households that depend on daily wage labour in the agricultural and urban informal sectors are often chronically poor, or at high risk of becoming so. Low wages, job insecurity, poor working conditions and gruelling work, combine to create a situation of high vulnerability to shocks – when the only social safety net is other wage labourers. An illness or an accident at work, a daughter's marriage or bad weather, can initiate a downward spiral from which it is difficult to emerge [see Chapter Four]. Women and children tend to be in an even more precarious position – they often receive much lower wages than

Table 2.2 Poverty head count by social group, Orissa and India, 1999-2000 (%)

	Rural			Urban			
	Scheduled Tribe	Scheduled Caste	All	Scheduled Tribe	Scheduled Caste	All	TOTAL
Coastal Orissa	67	42	32	63	76	42	*n/a*
Southern Orissa	92	89	87	72	85	44	*n/a*
Northern Orissa	62	57	50	54	63	46	*n/a*
All-Orissa	73	52	48	59	72	44	47
All-India	44	35	27	38	39	24	26

Source: de Haan and Dubey, 2003. Figures have been rounded.
All = entire population of region

their male counterparts, disproportionate to the amount of work they actually do, and often only receive payment in kind.

As for Nandu (Box 2.2), migration is often part of a broader set of livelihood strategies employed by poor wage labourers. Migration presents a set of paradoxes. For some people and in some forms, migration is an important factor in escaping poverty, if not for the migrant, then perhaps for his or her children. For many, however, moving from one place to another does not make them better off – for some, migration deepens poverty.[14]

Much migration for work undertaken by the poor in South Asia and sub-Saharan Africa is rural-rural, temporary and seasonal.[15] Chasing scarce, short-term, insecure, and low-paid wage labour from area to area, migrant labourers often find themselves in a constant battle to repay debt and maintain household consumption levels. Migrants such as the Quechua family described in Box 2.1 are often discriminated against within the labour markets, and lack access to health, education, housing and other services.

Bonded and trafficked labourers are locked into livelihoods that provide no opportunity to move out of poverty.

In China, living without an official residence permit means that migrants to urban areas have no legal status, and must pay high fees for their children to attend school. According to an official 1997 estimate, enrolment rates were only 12% among the more than 100,000 migrant children aged 6–14 years.[16] In Bangladesh, migrants and their families report facing many problems at their destinations, including accommodation difficulties, problems in sending money home, sickness and disease, robbery, and physical harassment.[17]

Consequently, staying put may be a more successful livelihood strategy. But those left behind are often already chronically poor, with no assets to draw upon, and unable to find work somewhere else. Women, children, older people, and the sick or disabled left behind when others migrate for work can also find themselves at increased risk of chronic poverty when remittances are sporadic or low, and when decision-making powers remain with the absent migrant.[18]

Box 2.2 Wage labour, migration and poverty in rural Bangladesh

Nandu lives with his wife and three daughters in a village in western Bangladesh. He has a small piece of land but it is not enough to support the family, so he has to sell his labour to others. He has no specific occupation, but works as a day labourer on whatever is available. He gets work on paddy land during the monsoon season, for which he earns about Taka 50–60/day (about US$1). As this is not enough to support his family, he looks for other work such as digging soil or cutting trees. He can earn Taka 40 in a day by doing such work, but it is not common work and he doesn't get the opportunity to earn extra money very often. Nandu, like many others, is unemployed in the lean period so he is forced to migrate to other districts to look for work. He has a lot of problems maintaining his family, and worries about how he will provide dowries for the marriages of his three daughters.

Source: Hossain, Khan and Seeley 2003.

Forced into labour, forced into poverty

There are millions of people around the world for whom livelihood opportunities are far more than 'limited': they have absolutely no choice about where they live and work, or how they survive. Often working in extremely dangerous conditions, for oppressively long hours, little or no remuneration, and away from their families and communities, bonded and trafficked labourers are locked into livelihoods that provide no opportunity to move out of poverty.

In 1999, the United Nations Working Group on Contemporary Forms of Slavery estimated that despite national laws and international human rights agreements, there were 20 million bonded labourers globally, making it the most widely used method of forced labour. While bonded labour is practiced around the world, most bonded labourers are found in South Asia, particularly among low status castes and tribes in India, Nepal and Pakistan. In these countries, bondage is most common in agriculture, but it is also found in sectors such as mining, gem polishing, brick-kilns, carpets and textiles, and domestic service.[19] In many areas, social and technological change has led to a decline in tied labour arrangements, but as argued for the case of India, 'the skein of patronage may uncoil only to recoil in the form of debt-bondage and labour attachment'.[20]

Bonded labour exists in several forms. Chronic, intergenerational poverty is perhaps most clearly exemplified by bondage that encompasses an entire family and is permanent, year-round, and inheritable. Labourers are bonded to their employer through various means – often through indebtedness, but also

Children, many of whom work as stonebreakers, at a rally against bonded labour in Maratana, India

through violence, and through feudal-type systems whereby households are dependent on landlords for their basic needs. In the most extreme cases, indebtedness may actually grow over time despite the complete commitment of all household labour to the employer. 'Employers' tend to be less concerned with workers' well-being and future than with maintaining a cheap (poor, dependent and vulnerable) workforce. Marginalised, dependent and often illiterate, bonded labourers have little recourse if an employer increases an interest rate or charges fees without the worker's knowledge.

Limiting access to property is a key way to keep people *as property*: 'it is a cruel irony that in some countries a woman may be subjected to a bonded labour debt but not be able to buy or inherit the land she could use to produce income to cancel it'.[21] In Mauritania, where slavery has been abolished several times, the inheritance of servitude is facilitated by the norm that members of 'slave castes' cannot bequeath property to their children.[22]

As 'outsiders' and 'illegals', and often completely dependent on their captors for survival, people who have been trafficked are especially vulnerable to long-term deprivation. It is estimated that between 700,000 and two million women and children are trafficked across borders each year globally.[23] This figure does not include those workers who migrated by choice but who are susceptible to forced labour on arrival, because they do not have proper documentation or because their employers are able to isolate them, as is often the case with domestic work.

It also does not include people trafficked within countries. For example, in southern Sudan, it has been estimated that between the late 1980s and 2000, in the course of the civil war and longer term intra-communal conflict, 14,000 women and children were abducted.[24] Often taken to the North, they are forced to work either for their captors or sold on to other people.

Those who have had to flee their homes due to persecution or violent conflict are often already members of marginalised groups.

Even those who escape bondage, trafficking or enslavement – through, for example, improved law enforcement, a peace treaty, or NGO 'rescue' – may not escape poverty. Severe material poverty combined with a denial of basic human rights – especially a lack of access to basic education and health care – continue to limit opportunity. Enduring asymmetries of power, status, information and opportunity mean that former bonded labourers and other poor casual workers remain vulnerable to the kinds of oppressive labour relations that maintain poverty (see Chapter Four).

A lack of alternatives (e.g. sources of credit[25]), can make workers 'voluntarily choose' tied labour contracts. In Nepal for example, after the abolition of bonded labour in 2001, many 'freed' bonded labourers who found themselves forced off the land and out of a livelihood[26] entered conditional share-cropping agreements in which women and children continue to have to work for free.[27] On the cottonseed farms of Andhra Pradesh, contracted by both national and multinational capital, men's emancipation from bonded labour has fostered the emergence of a young, female, and unfree labour force.[28]

Displacement, powerlessness and chronic poverty

The effects of displacement

Violent conflict destroys personal assets as well as social and physical infrastructure, with long-term effects on the health, education and livelihoods status of countries, households and individuals – particularly of children and older people. Those who have had to flee their homes due to persecution or violent conflict – sometimes many times and over many years – are often already members of marginalised groups and as such tend to find themselves in situations of extreme vulnerability. Like migrant communities in general, refugees and Internally Displaced People tend to suffer high levels of discrimination and exclusion (see Box 2.3), have few economic opportunities, and are vulnerable to forced labour, violence and eviction. Personal documentation lost or destroyed during displacement further undermines access to state and relief services. Displaced women, children and older people are especially vulnerable to human rights violations.[29]

In most cases, the displacement caused by conflict exacerbates conflict's effects, leaving refugees and IDPs chronically poor, both within camps and outside them. Limited access to land and other livelihoods assets alongside restrictions on work and mobility, and poor camp infrastructure seriously undermine food security. IDP camps in Somalia, for example, are overcrowded and have high levels of disease.[30] Rates of acute and severe acute malnutrition for under-5s range from four to 20 times the national average in some Ugandan IDP camps.[31] This can have negative consequences for the non-displaced as, in a country such as Eritrea, communities that host IDPs have received little assistance and suffer as a result of increased demand on their land, services and resources.

Box 2.3 'We ran to the camps to save our lives, but entered into poverty'

In Uganda, most internally displaced people (IDPs), especially those in camp situations, are very unlikely to escape chronic poverty.

- They have no land or other assets, having left everything behind when they fled their homes.
- IDPs and especially refugees are discriminated against and denied access to development activities.
- They are regarded as foreigners or outsiders by the host community.
- They lack social capital, often having lost family and community members in the conflict.
- They are often traumatised, affecting their capability to build new livelihoods.
- Many depend on relief aid or begging.

In a camp in Kitgum District, northern Uganda, IDPs told researchers: 'We ran to the camps to save our lives, but entered into poverty'. The host community of this camp also reported that they were poorer since the camp was established, because they had given up land for the IDPs.

Source: Lwanga-Ntale and McClean 2003.

The problem of IDPs and other poor people can be similar, camps however draw resources away from refugees settled outside camps and local populations. In the Democratic Republic of Congo (DRC), insecurity as well as remoteness and poor infrastructure has meant that millions of IDPs are effectively beyond the reach of humanitarian organisations.[32] The International Rescue Committee estimated that the majority of the 2.5 million war-related deaths in DRC between August 1998 and April 2001 could be attributed to disease and malnutrition, as people fled from violence into the bush, or into communities already exhausted and impoverished by war. The FAO estimates that three-quarters of the population of DRC was undernourished in 1999–2001 – the highest rate of undernourishment in the world – up from 62% in 1995–97 and 31% in 1990–92.[33] Particularly in eastern DRC, chronic conflict and displacement, plus a volcanic eruption, has led to a situation of constant and extreme deprivation.

The scope of the problem

At the beginning of 2003, the United Nations High Commissioner for Refugees identified 20.6 million 'people of concern' throughout the world – about one out of every 300 persons.[34] This includes about 5.8 million IDPs to whom UNHCR was providing support; the Special U.N. Representative for IDPs estimates that there are in fact as many as 25 million IDPs worldwide. Nearly half of the global IDPs have been displaced through protracted conflict in just three African countries: Angola, Sudan, and the DRC. In Africa, IDPs outnumber refugees by about four to one, totalling approximately 13.5 million people.

About 46% of these 'people of concern' are under the age of 18.[35] In 22 countries, 16 of which are in sub-Saharan Africa, at least 55% are under 18. According to Save the Children, 60% of IDPs in Sierra Leone are children.[36] While only about 7% of 'people of concern' are 60 years of age or over, in nine countries in East-Central Europe, North Africa and Latin America the rate is 15% or more. In some refugee camps, the children, youth and/or older people are the majority. In one Sudanese camp, 94% were children aged four or under; in another, only 14% were aged between 18 and 60. Such 'communities' have such high dependency ratios that they are absolutely dependent on external provision.

Disabled people are more likely to be poor and to stay poor. Poor disabled children are more likely to die early, preventable deaths.

In addition to those displaced by armed conflict, many millions of people have been forcibly relocated by state and paramilitary forces attempting to control insurgency movements or resource-rich territory; by states attempting to reconfigure the ethnic make-up of particular regions, such as in Indonesia and Bangladesh; and even by 'development' itself, in the form of, for example, large-scale dams or exclusion from forests or national parks. In India, even when there have been attempts to compensate displaced people, it has been argued 'that very few of the 21–33 million development-induced IDPs ... have had their livelihoods fully restored'.[37]

Those with sufficient education or skills who are granted refugee or asylum status in Europe or North America can often rebuild lives and livelihoods. Contrary to the perceptions of citizens in rich countries, the main countries of asylum, however, are those with high poverty levels themselves – Asia and Africa host about three-quarters of all refugees and two-thirds of 'people of concern'.[38]

Disability and stigmatised illness

By definition, those living in poverty often have limited access to adequate health care, food, education, shelter, and employment, often enduring hazardous working conditions. All these factors increase the risk of illness, injury and impairment. In Chapter Four, the significance of ill-health, injury and impairments to the lives and livelihoods of chronically poor people is discussed. However, the effects of an impairment cannot be fully understood only by accounting for money spent on treatment, or money lost through days not earning. As expressed by people with disabilities in Uganda (Box page 14) and Pakistan (Box 2.4), the impact of stigma and exclusion on the lives and livelihoods of disabled people and their households can intensify these effects, trapping people in poverty. The social aspect of impairment has a name – disability.

Disabled people are more likely to be poor, and to stay poor. Existing information, though extremely limited in its scope and comparability, points to a disproportionate number of disabled people living in poverty in all countries. In urban Uganda in the early 1990s, poverty among the 5% of households with a disabled head is estimated to be at least 38% higher than among households with a non-disabled head.[39] In Sri Lanka, the Department of Social Services

Box 2.4 'I am a refugee from the world'

Sixty years ago at the age of five, Muhammad Arif was attacked by the polio virus. Due to a lack of medical facilities, and a lack of money, he did not receive proper treatment and lost both his legs. From that time, Md Arif found himself alone in society – he could not get married and was living with his brother as a burden upon him. The government has not supported him. He applied for *zakat** from the government but it was not provided regularly. When fieldworkers met him, he was sitting in the corner of the house weeping. He told them, 'I have not been able to enjoy the colours of life. I am a refugee from the world'.

* An Islamic system of charity, formalised into a safety net programme by the Government of Pakistan.

Source: Pakistan Participatory Poverty Assessment – Azad Jammu and Kashmir State Report, 2003.

Roma children in Hungary, where ethnicity is the most important factor in chronic poverty.

If Kauyne is helped to walk, his impairment may not result in chronic poverty.

has noted that approximately 8% of the population are classified as disabled, 90% of whom are unemployed and dependent on their families.[40] In China, according to 1997 data, of approximately 60 million disabled people, 17 million were absolutely poor; in the wealthy province of Jiangsu disabled people made up over 60% of the poor.[41]

When the numbers don't show that disabled people and their households are more likely to be poor, evidence suggests that this is because of 'excess mortality' (and, in some contexts, excess institutionalisation) of disabled children in poor households.[42] Disabled children in poor households are more likely to die early preventable deaths than their wealthier counterparts, because poor households are often unable to provide the care and treatment required by a disabled child, particularly when there are other children to feed who seem more likely to survive and contribute, and in the context of non-existent or inaccessible specialised health services.

Physical impairments are not the only way in which disability interacts with poverty. Cross national surveys have shown that common mental disorders are about twice as frequent among the poor as among the rich in Brazil, Chile, India, and Zimbabwe.[43]

A vicious cycle: impairment, discrimination, disability and poverty

Disabled people have a higher likelihood of experiencing long-lasting poverty because of the environmental, attitudinal and institutional discrimination faced, from birth or the moment of impairment onwards. A person with an impairment only becomes disabled when physical and social barriers limit her or his opportunities. For example, where eyeglasses are affordable, available and socially acceptable, short-sightedness is rarely disabling. While disability is certainly both a cause and an effect of poverty, it is not inevitable that impairment, illness and injury lead to stigmatisation, exclusion, discrimination and disability. However, once marginalisation on the basis of an impairment occurs, the likelihood is that a vicious cycle of exclusion, loss of income, and persistent poverty will emerge.

Some extreme natural environments including mountains and areas prone to flooding, can present particular challenges for people with physical impairments. However, it is the human-made physical environment that serves to exclude most disabled people in some way. This 'apartheid by design',[44] including buildings with steps and narrow entrances, inaccessible 'public' transport, education and health facilities, and a scarcity of accessible information all serve to keep disabled people out, pushed to the margins and without the information they need to participate equally.

Discrimination against disabled people is rooted in widely-shared attitudes, values and beliefs. People rationalise the exclusion and ostracism of disabled people and their families in many different ways. Beliefs that disability is associated with evil, witchcraft, bad omens or infidelity persist in many parts of the world. Disabled people also often experience suffocating overprotection and exclusion from everyday challenges. Low expectations of disabled people are often held by wider society as well as by themselves.

Institutional discrimination is the process by which disabled people are systematically marginalised by established laws, customs or practices, based on these discriminatory attitudes. Many aid agencies, including NGOs, for instance, make no attempt to include disabled people in their work; some implicitly

Table 2.3 HIV-positive people and people living with AIDS, by region

	Adults and children living with HIV/AIDS (2003)	Adults and children newly infected with HIV/AIDS (2003)	Adult and child deaths due to HIV/AIDS (2003)	Adult prevalence rate (%) (2003)*	% of HIV-positive adults who are women (2002)
TOTAL	**40 million (34–46 million)**	**5 million (4.2–5.8 million)**	**3 million (2.5–3.5 million)**	**1.1% (0.9–1.3%)**	**50**
Sub-Saharan Africa	25.0–28.2 million	3.0–3.4 million	2.2–2.4 million	7.5–8.5	58
South/South-East Asia	4.6–8.2 million	610 000–1.1million	330 000–590 000	0.4–0.8	37

Child = 0–14 years of age, Adult = 15–49 years of age
* Adult prevalence rate = the proportion of adults living with HIV/AIDS in 2003, using 2003 population numbers.

Source: UNAIDS/WHO 2002, 2003.

exclude them through 'fitness' requirements. In many countries, disabled children are not required to go to school and there is no special provision for their needs if they do enrol. Banks often do not accept disabled customers. Employers often do not consider the needs of disabled applicants.[45]

Illness, stigma and persistent poverty

> *'Those staff members who know about me talk about it. They point at me and say, 'Look, he is the HIV fellow.' They ... keep their distance from me and remain aloof. I don't share my tiffin box with them any more. I don't feel like coming to work. I remain absent for 10–15 days and then lose wages.' – Tatya, 38-year-old hospital ward boy, India*
>
> Source: UNAIDS 2000.

Those with illnesses can also face stigma and discrimination normally associated with physical and mental impairments. Stigmatised illnesses include tuberculosis, depression, cancer and sexually transmitted diseases. While there have been large improvements in how people with these conditions are perceived, stigma remains and is very strong in many parts of the world. In the new millennium, it is attitudes towards HIV and AIDS in particular that will stigmatise and exclude millions. In 2003, between 34 and 46 million people were living with HIV/AIDS, about two-thirds of whom lived in sub-Saharan Africa (Table 2.3). The negative relationships between chronic poverty and the health and economic effects of chronic ill-health are discussed in detail in Chapter Four.

In addition to the huge direct and indirect costs of full-blown AIDS to livelihoods and economies, however, there is also widespread social and economic discrimination against people who have AIDS or are HIV-positive. People with AIDS, and often their households as well, continue to be excluded from work, access to services, and family and community life. This exclusion is based on misperceptions about the source and effects of the illness, and amplified by existing social inequalities, especially those of gender, sexuality, race and class.

The impoverishment of widows by asset-grabbing in-laws has worsened due to HIV/AIDS, as women are blamed for their husbands' illness.[46]

Box 2.5 Chronically poor woman – in a wealthy household

A Tanzanian farmer reported ill-treatment by both her wealthy husband and his first wife. Doubts over the paternity of her child make her vulnerable in her marriage, and she has no command over household resources. She sells her labour in order to get extra clothes and food for herself and her child, and depends on neighbours to help her with salt and soap. She would like her father to return the bride price so that she can separate from her husband, but he claims that he no longer has the money. She feels she 'has no language' to report the situation to the hamlet chairman who could intervene, so she just has to stay and tolerate the situation.

Source: Cleaver 2003.

Women and girls in chronic poverty

Throughout their lives, poor women perform a triple role: reproductive work (including frequent childbearing and responsibility for the care of the household); productive work (often irregular, highly physically burdensome, and for extremely low pay); and community work. Gender-based discrimination occurs within each of these roles. Thus some women and girls are chronically poor even though they reside in non-poor households, as Box 2.5 illustrates.

For poor women exposed to domestic, community or state-sponsored violence – psychological and emotional as well as physical and sexual – escape from poverty is especially difficult. Women and girls are most at risk of persistent poverty in contexts where gender-based discrimination is chronic, severe, and overlapping with other forms of marginalisation such as age, marital status or ethnicity.[47]

The cycle of maternal and child malnutrition, morbidity and mortality is one of the most significant means through which poverty persists over generations.

The effects of gender discrimination in the household

Parental investment in children is strongly affected by localised norms of entitlement. In many parts of South Asia, China, the Middle East and North Africa, girls in poor households are less likely than boys to receive adequate general care, education, nutrition and health care.[48] The impact of women's education and their control over resources on children's (and often especially girls') welfare can be much more significant than that of men.

The cycle of maternal and child malnutrition, morbidity and mortality is one of the most significant means through which poverty persists over generations: a vicious cycle of low investment in women and low investment in girls.[49] Gender discrimination in access to health, nutrition, education and security exacerbates this process further.

The transmission of poverty via nutrition can begin *in utero*. The child of an inadequately nourished mother is likely to grow less rapidly than that of an adequately nourished mother. Around 30 million children are born each year in developing countries with impaired growth due to poor nutrition during foetal life.[50] Babies born with a low birth weight are much more likely to die, and to be stunted and underweight in early life, increasing their chances of ill-health and death in childhood and beyond.[51]

Although evidence of the extent to which poor foetal growth is related to future disease is contested, it is clear that girls who grow up stunted or anaemic are more likely to be underdeveloped for childbirth, and face higher risks of maternal and child mortality, and of low birthweight and stunting among their own children.[52] This is often compounded by an earlier start to childbearing among poorer women than their better off counterparts – an estimated 17% of babies in the least developed countries are born to women aged 15 to 19 years, compared to 8% in the more developed regions.[53] Their babies are at greater risk of having a low birthweight and being less healthy, leading to a cycle of harmful long-term effects.

Death and the chronically poor: 100 million missing girls and women

Premature and preventable death due to poverty-related factors is the most fundamental evidence of chronic poverty.

From this perspective, females are disproportionately among the chronically poor. While estimates vary, it is indisputable that, based upon gender discrimination from conception to grave, millions of girls and women are simply missing from the world. They die preventable deaths through selective abortion, infanticide, overwork, ill-health, and neglect.

Over a decade ago, Amartya Sen brought the issue of extreme gender bias in mortality to the attention of the world. In the late 1980s and early 1990s, Sen estimated that over 100 million women were 'missing' from the global population. Global trends in gender-biased mortality have recently been reviewed.[54] Depending on the assumptions made regarding the 'expected' ratio of women to men in the world, estimates of the total number of missing women vary from 60 to 113 million. The preferred estimate is 101.3 million missing women. 80 million of these are Indian and Chinese women – a staggering 6.7% of the expected female population of China, and 7.9% of the expected female population of India. Due to discrimination against girls and women, from before birth throughout the life-cycle, more women are missing 'than the combined number of casualties of all famines in the 20th century, [or . . .] the death toll of both World Wars combined, [or . . .] the number of casualties of major epidemics such as the 1918–20 global influenza epidemic or the currently ongoing AIDS pandemic'.[55]

Globally, the number of missing women increased in absolute terms over the past decade, although it fell as a share of the number of women alive. Regionally, trends vary:

- Sub-Saharan Africa has a relatively good sex ratio, but it is deteriorating, and it is estimated that 5.5 million sub-Saharan African women are missing.
- There have been sizable improvements in the sex ratios of Pakistan, Bangladesh, and most countries of the Middle East and North Africa.
- India has seen only small overall improvements in the sex ratio, although there are significant differences among and within states. Worsening survival rates among infants and young girls has all but cancelled out clear improvements in survival among older women.
- In China the situation is deteriorating. In 1999, between 100 000 and 160 000 orphans and abandoned children were included in *official* figures. 90% were girls; most of the remaining 10% were boys with a disability. Second and subsequent daughters are at high risk of abandonment or abortion, based on a combination of strong son preference and the 'one child policy', which allows rural households to have a second child if the first is a boy.[56]

While in most countries gender bias has been reduced through improved female education and employment opportunities, in China (and also increasingly in India) an increasing recourse to sex-selective abortions has worsened it.[57]

Chronic poverty, age and the life-cycle

The experience of chronic poverty is not only associated with structural factors; individual and household life-cycles have a significant influence. Poverty experienced at a certain point in an individual's life does not only affect that individual at that particular time, but can have consequences over the entire course of that person's life, as well as over the lives of other members of the household.

Childhood

At the turn of the 21st century, an estimated 600 million children are growing up in absolute income poverty.[58] In terms of broader indicators of child rights, more than half the children in developing countries – more than one billion children – suffer from severe

Box 2.6 Childhood poverty in Kyrgyzstan – a snapshot of the future

Over half of Kyrgyzstani children and youth live in households with incomes too low to satisfy their minimum needs, and between one-fifth and one-quarter of rural children live in households with incomes too low to buy enough food. A greater proportion of children live in poverty than people of any other age group.

As both the official and unofficial costs of accessing key social services rose in the early 1990s, households have been making less use of these services, including education and health care. As schooling costs bite, children drop out to save costs and generate an income, particularly in families with many children. For many poor families, children's clothes, and particularly shoes, are major and sometimes prohibitive expenses. The very cold winters render adequate clothing and footwear a more pressing concern than in other parts of the world. Some families attempt to cope by having children share shoes and attend school in shifts; notebooks and pens are also shared. Others make use of clothing donated as part of humanitarian aid, although this can be considered shameful and stigmatising, and leads to some children dropping out. The depletion of human capital now is undermining the future prospects of both individual children and society.

- In the late 1990s:
  - Stunting was identified in 29% of rural children and 16% of urban children.
  - Anaemia was identified in 28% of rural children and 19% of urban children.
  - 87% of adolescents living in southern Kyrgyzstan, and 52% of adolescents in the north had symptoms of iodine deficiency, associated with mental impairment.
- In 2001:
  - 65% of rural infants below 1 year old and 57% of urban infants were living in poverty.
  - 60% of rural children below 10 years old and 54% of urban children were living in poverty.
  - 21% of rural children and 12% of urban children were living in severe poverty (about 60% of the national poverty line).

Recent data analysis has shown that approximately 40% of young children (birth to four years) in Kyrgyzstan have spent four years in income/expenditure poverty. Given the long-term implications of persistent poverty in the early years, this is an extremely serious situation in terms of the future well-being of the country.

Sources: Yarkova et al. 2004; Eversmann, 1999; Howell, 1996; CC/WB, 1999; Falkingham and Ibragimova, forthcoming.

deprivation of at least one basic human need, and over one third (674 million) suffer from absolute poverty (i.e. two or more severe deprivations).[59]

Intuitively, children who have had a 'good' start in life should be at much less risk of being poor as adults, and of initiating another cycle of poverty with their own children; indeed there is much evidence to support this.[60] An effective attack on chronic poverty clearly must be grounded in an attack on childhood poverty and the ways poverty is transmitted over lives and generations.

'Childhood poverty' and 'chronic poverty' both emphasise the particular time in the lifecycle when it occurs, and its duration. One rationale for distinguishing chronic and transitory poverty is that long periods in poverty may well have more damaging long-term effects than short periods.[61] Similarly, the urgency of addressing childhood poverty derives partly from the vulnerability of young people to the impacts of poverty, both in childhood and throughout their lives. In particular, the long-term effects of poor health and nutrition in the womb and in early life, compounded by limited educational opportunities, create significant obstacles to escaping poverty.

Many chronically poor children, are members of so-called 'vulnerable groups' – orphans, street children, working children, child sex workers, child heads of households. Many of these children, and many more children not included in these categories, live within chronically poor households. Children living in poor households without any form of social protection or access to basic social services are at high risk of staying poor (see Box 2.6). Discrimination and deprivation based on ethnicity or caste can also condemn marginalised children to a lifetime in poverty or an early death.

Certain children are discriminated against within households, and can be chronically poor within households that are not chronically poor. In some countries, particularly in South Asia, girls are particularly vulnerable; in others, birth order matters. Many child domestic workers live in chronic poverty even within wealthy households. In some cases, fostered and adopted children face a similar situation, although this depends on the reasons for fostering, the resources available, and the bonds formed between children and carers.[62]

Older people, like this woman in Tigre, Ethiopia, have to rely on hard physical labour to survive.

Older people

'I am an old woman and used to get support from my sons and daughters but they have all died of AIDS leaving me with six orphans to look after. I have found it very difficult to pay school fees, feed them, clothe and pay their medical bills. This has been worsened by my inability to carry on farm activities due to old age. I just pray for the government to offer some support for my grandchildren'. – Poor older woman, southern Uganda

Source: Lwanga-Ntale and McClean 2003.

355 million of the world's older people live in developing countries[63] where formal social security is minimal or non-existent. Research suggests that chronic poverty is disproportionately experienced by older people. Poverty in old age is both a cause and effect of intergenerational poverty. It is a condition from which few if any can be expected to escape; even a relatively short spell of old-age poverty, if it leads to a premature and preventable death, must be considered as chronic poverty.

355 million of the world's older people live in developing countries where formal social security is minimal or non-existent

Conditions of poverty in older age are associated with an absence of income security; inadequate family or social support; and poor health combined with inadequate health care. Discrimination, neglect and abuse of older people occurs throughout the world, contributing to insecure livelihoods as well as to feelings of worthlessness and powerlessness.

Box 2.7 Planning for the future

Surya is a 50-year-old Indian male migrant worker who works at a mining site in hazardous conditions. He has developed ailments that make him feel, at 50, an old person in every respect. With no savings, lack of job security in later life, poor health and no economic support from his children, old age is a phase of life he does not look forward to. . . . He copes with his frail health alone, and only in an emergency visits the government hospital. While he does receive free medical consultation, he cannot afford to take days off work, nor purchase the medicine prescribed for his aliments. He views beggary as an alternative means of living if he is jobless, and thinks he will have to resort to this within couple of years.

'In my old age with frail health who will give me a job? For the present job I had to coerce my employer, he agreed after I offered to work at half the salary he pays to other employees, at least now I have some income to meet my needs.'

Source: Shankardass 2002.

Older people are particularly vulnerable to the ravages of war, unable to flee and not considered priority for relief efforts.

Such a situation is not inevitable. In South Africa, significant and universal non-contributory pensions not only support older women and men, but also play an important part in maintaining families. At the same time, poor, older South Africans face a set of challenges that hinder the possibility of livelihood improvement, including illiteracy, an ever-increasing burden of childcare, and years of apartheid policies that undermined their capacity to save for a secure old age.

Of those South Africans above the age of 50, the chronically poor are more than twice as likely to be illiterate; two-thirds of chronically poor 'frail old' people (84+) are illiterate compared to about 40% of the non-poor.[64] While those who are chronically poor but not old are as likely to report illness as the same non-poor age group, this situation changes in the older age groups, where chronically poor older persons are more likely to report illness than the not poor. And even many of the very old chronically poor continue to work, even if it is not recognised as such. 'Retirement' is illusory for poor older people:

'Not only are chronically poor people more likely to collect wood and water than the not-poor, they are also more likely to continue to perform this work as they age. Indeed, it is alarming to note that almost 20% of 'frail old' people are still collecting water and that chronically poor people in this age group are more than twice as likely to be collecting wood and water than the not-poor. This underscores the economic role that continues to be played by older people into late old age, and shows that chronic poverty implies that the transition from producer to consumer is not an option for many older people.'[65]

Widespread institutional and social exclusion on the basis of age, gender and disability represent formidable barriers for the poorest older people in their efforts to achieve security.

On the other hand, around the world those older people who can still earn a living suffer early retrenchment due to their age. Financial support to start small business is limited because lending agencies have an age limit for giving credit; even some donor agencies refuse to fund work with older people.[66] So earning from labour, often the most critical asset of poor people, is reduced in old age, pushing older people such as Surya (Box 2.7) into marginal, low-paying occupations that further undermine their health.

Widespread institutional and social exclusion on the basis of age, gender and disability represent formidable barriers for the poorest older people in their efforts to achieve security. The differential impacts of age on women and men is only beginning to be understood. Factors indicating high risk of chronic poverty for older women include their greater longevity and likelihood of widowhood, inequitable inheritance laws, and low access to education and health services. Risk factors for men in some communities include abrupt loss of status and low levels of support from children.

Household composition

Poverty based on structural discrimination can be exacerbated and entrenched if it occurs at certain points in the life-cycle of a household, as well as that of an individual. Household size and dependency ratios, as well as headship, are important factors in determining the experience of poverty and chronic poverty. And, as discussed above, changes in household composition – through marriage, divorce, abandonment, birth, death and migration – are also differentiated along lines of gender, age and health status.

Poor households tend to be significantly larger than others, even allowing for economies of scale within households, and to have higher dependency ratios.[67,68] Where there is high child mortality, limited publicly-provided social safety nets, and a market for child labour, it is a rational decision for poor households to have many children, but one that can undermine the chances that

Box 2.8 'You are given only once, and if you are unfortunate, that is it'

Grace was widowed shortly after she and her husband escaped the violence that took place in Uganda in the mid to late 1980s. They escaped to another district with a little money, but lost almost all their accumulated assets. With the sound of bullets coming closer they had to make stark choices between saving a cooking pot or a child.

Soon after Grace's husband spent the money they had to buy some land, he was murdered by the land's original owners. Grace was driven away, and settled in an internally-displaced people's camp. She has now been there for over ten years, but, twice a refugee, Grace has been able to re-accumulate very little. She lives in a simple one-roomed thatch hut, which is her only asset. She owns no land and 'even the hoes I had have been stolen.'

Grace has limited support from others. Although she had 13 children, only five lived beyond early childhood. Of the surviving children, the youngest daughter died some time ago of AIDS leaving three of her own children. Two of these children died and Grace is now bringing up the third, a granddaughter. She feels that she has no-one else to go to for help in the village, as there are no clan leaders or members of her tribe in the camp, and although her three surviving daughters and her son are all in the camp they rarely give her any food or other support. When she is ill it is difficult for her to go to the clinic, as 'you have to go with your brother', meaning that you have to take a bribe for the doctor. She does not have anyone who will give her the money.

Nevertheless she is not entirely without a support network. A young man lent her a small patch of land during the last agricultural season, on which her children helped her to cultivate sweet potatoes. An old man built her a granary next to her house, where she planned to store the potatoes. Unfortunately pests destroyed the crop, leaving her no better off than she had been before. She does not expect to be offered land again 'you are given only once, and if you are unfortunate, that is it.'

Source: Bird and Shinyekwa 2003.

the household, and particularly the children, will be able to move out of poverty.[69]

While households headed by children or the highly marginalised, including disabled people, are clearly among the poorest and likely to stay that way, evidence on the relationship between female-household headship and chronic poverty is far more mixed.[70] This is in part because of the range of household structures that 'female-headed' can imply. Where social inequalities and discrimination reduce single mothers' access to resources, they and their children may be worse off, but this is sometimes mediated by a range of factors, including mothers' determination to give their children a better future, and, in many cases, support from other family members. Similarly, in polygynous households, where women are essentially responsible for providing for their children as in West Africa, there is no clear evidence that children are necessarily disadvantaged. However, where provision of resources is principally a male responsibility, and in cases where women are truly unsupported or stretched, unequal distribution of resources can result in women and children living in poverty.[71] Widow- and divorced woman-headed households are disproportionately among the poorest (see Box 2.8).

Multiple deprivation, discrimination and disadvantage

While there is no single, dominant characteristic of the chronically poor, such as being older or being a woman, there is a set of identifiable elements of socio-economic structure and life-cycle stage that underpins long-term poverty. Processes of exclusion and exploitation based on ethnicity, religion, caste, class, displacement, old and new forms of slavery, disability, ill-health, gender, age and household headship, keep many millions in poverty by limiting access to assets, services and positive social relationships.

Notes

1. While participatory poverty assessments suggest that such categories often relate closely to those used by poor people, they may not always be part of the mental constructs that individual poor people use to understand their world. The social advantages enjoyed by most poverty analysts – class, wealth, education, race, gender – make it possible to introduce analytical frameworks that enhance our ability to understand and compare experiences across time and space.
2. It is also important to recognise that these 'categories' of chronically poor people are only 'groups' inasmuch as they share common experiences of poverty based on common characteristics. An individual or household that an outsider would place within a specific category may not identify themselves as such. Social identities are multiple and overlapping, and there is often little sense of social solidarity between those who are similar in some ways but not others. A teenage girl with learning disabilities whose father is a bonded labourer from a minority ethnic group, and the matriarch of a family influential in politics and business experiencing impaired mobility based on age, are unlikely to feel a bond based on shared gender or disability status.
3. See Begum and Sen 2003.
4. LeBrun 2003.
5. World Bank 2001.
6. Baulch et al. 2002.
7. Strikingly, even if minority households had the same levels of human and physical capital as majority households, only about one-third of the expenditure gap would be closed (Baulch et al, 2002): social assets are crucial to well-being.
8. Brockerhoff and Hewett 2000.
9. Central African Republic, Côte d'Ivoire, Ghana, Kenya, Mali, Namibia, Niger, Rwanda, Senegal, Uganda, and Zambia.
10. Braithwaite et al. 2002.
11. Revenga et al. 2002.
12. Sankaran 2000.
13. NCAER/Oxford 2001.
14. Kothari 2003.
15. de Haan and Rogaly 2002.
16. Wu 2001.
17. Hossain, Khan and Seeley 2003.
18. Kothari 2003.
19. Daru and Churchill 2003.
20. Harriss-White 2003:24.
21. ILO 2001:74.
22. Anti-Slavery International 2002.
23. US Centre for the Study of Intelligence, in Kaye 2001.
24. Kaye 2001.
25. Genicot 2000.
26. Herzfeld 2002.
27. Daru and Churchill 2003.
28. Venkateshwarlu and daCorta 2001.
29. HAI 2000; SCF 2003.
30. Global IDP Project 2002.
31. UN SCN 2003.
32. Global IDP Project 2002.
33. FAO 2003.
34. UNHCR 2003a.
35. UNHCR 2003b.
36. Global IDP Project 2002.
37. Pettersson in UNHCR 2002.
38. UNHCR 2002.
39. Hoogeveen 2003. This estimate is based on recent innovative work combining 1991 Population and Housing Census data and 1992 Integrated Household Survey data.
40. Tudawe 2001a.
41. World Bank 2001.
42. Erb and Harriss-White 2001; Masset and White 2003.
43. Patel et al. 1999, cited in WHO 2001.
44. Imrie 1996 in Yeo and Moore 2003.
45. Yeo and Moore 2003.
46. Human Rights Watch 2003.
47. Human rights abuses against those accused of being 'witches' are common in many cultures, and women – especially older women – are much more susceptible than men to charges of witchcraft. 'Witches' are often the scapegoat if something goes wrong in a community. Subsequent exclusion of, and even violence towards, an accused woman can undermine her livelihood, her well-being, and her life. At the same time, it must be noted that some women use the possibility of witchcraft to their advantage. In the context of changing gendered agrarian relations in Kenya, witchcraft 'remains a powerful weapon through which women can level intra-household disparities and, more broadly, challenge the legitimacy of social practice' (Dolan 2002:678). In other cases, women – particularly those from tribal communities – have particular marketable skills as soothsayers and healers (Lalita 2003) – in some cases one of the only businesses that expands in a declining economy.
48. In sub-Saharan Africa and the Americas, there is less clear evidence of intrahousehold gender discrimination, and in some cases it is boys who are in the weaker position. .
49. Harper, Marcus and Moore 2003.
50. James Commission 2000.
51. ACC/SCN 2000; James Commission 2000; Kielman and McCord 1988 in Tudawe 2001b.
52. ACC/SCN 2000.
53. UN Population Division 2004.
54. Klasen and Wink 2003.
55. Klasen and Wink 2003:264.
56. Young 2000c in LeBrun 2003.
57. Klasen and Wink 2003.
58. UNICEF 2000.
59. Gordon et al 2003.
60. Harper, Marcus and Moore 2003.
61. Chase-Lansdale & Brooks-Gunn, 1995.
62. Harper, Marcus and Moore 2003.
63. HAI 2001.
64. May 2003.
65. May 2003:22-3.
66. HAI 2001.
67. Children, older people, the ill and disabled are generally considered as dependents, although each often contributes both directly and indirectly to household income.
68. de Haan and Lipton 1998.
69. Kabeer 2000.
70. Chant 2000, Quisumbing et al 2001, Appleton 1996.
71. Harper, Marcus and Moore 2003, Masset and White 2003.

3 Where do chronically poor people live?

A place of multiple deprivations

Bitare village is located in a steep, hilly region of south-west Uganda, near the conflict-prone DRC border. It is also close to the Bwindi 'impenetrable' forest, a National Park that cuts the community off from relatives and employment opportunities in neighbouring districts.

It is 28 km – nearly 2 hours in a 4-wheel drive vehicle – from Kisoro town, where there are hospitals and other services. A connecting road for the village was built in 2001, but the last kilometre is still a narrow footpath. The sub-county headquarters (16 km away) has a health unit but no secondary school. There are primary schools, but the quality is very poor, particularly as there are no teachers' houses to attract good quality teachers to the area. Electricity does not extend beyond the periphery of Kisoro town.

The high concentration of extreme poverty in Bitare (54 out of 121 households are very poor) constrains local economic growth, by inhibiting demand for goods and services, and producing little other than a few forest products and eggs to sell.

The remoteness and the rugged terrain drive and maintain chronic poverty. The terrain has encouraged soil erosion and reduced agricultural productivity; made access and to schools, health services,[1] markets and information difficult; provided camouflage for rebel activity; and increased construction costs. Remoteness has also reduced labour opportunities. Shocks – weather, crop failure,[2] animal diseases, landslides, rebel skirmishes and the absence of adequate public responses to this remote area – have also contributed to keeping people poor, and pushing others into poverty.

Source: Ssewaye, 2003

Chronically poor people live in all regions, but are concentrated in certain places. This is true globally and within countries. The problem is deepest in sub-Saharan Africa where a high proportion of people are poor and remain poor over long periods of time. In South Asia, where economic growth rates have been improving, poverty rates are lower but large numbers of people remain in chronic poverty, reflecting the population size. In some areas of South Asia such as Sri Lanka's 'wet zone', chronic poverty is becoming a localised problem, but in India and Bangladesh chronic poverty remains nationally significant, increasingly concentrated within persistently poor states and districts.

In other regions, such as Latin America, and East and South-East Asia, chronic poverty has declined in recent decades. Although countries in these regions have more financial resources available to overcome poverty, specific groups and regions have benefited little from growth. In transitional countries, rising levels of poverty and chronic poverty reflect the insecurities of newly emerging market economies, combined with a loss of state protection for some – notably single older people.

Within countries, chronic poverty is usually unevenly distributed. Most national household survey data shows a significant regional dimension to the incidence of poverty, with greater proportions of poor households in remote, less-favoured or conflict-affected areas. In Uganda, persistent income poverty is concentrated in the east and north. In India, chronic poverty is concentrated in the centre and east of the country, but within that, extreme poverty is generally concentrated in remote regions, the classic cases being the Kalahandi-Koraput region of southern Orissa, the southern and western areas of Madhya Pradesh and adjacent regions in Maharashtra.

In Vietnam, chronic poverty is found disproportionately in the Northern Uplands region,[3] and in the Philippines it is strongest in the provinces experiencing protracted conflict within Mindanao.[4] There are areas within the poorest parts of south-west China where household consumption is falling while identical households in better off areas enjoy rising consumption, indicating how neighbourhood endowments of physical and human capital influence the productivity of a household's own capital.[5] In Nicaragua, chronically, extreme poor 'agricultural households' are disproportionately represented in the population of the Central Region, even more so than the moderately poor.[6]

All of these are examples of **spatial poverty traps** – geographical areas which remain disadvantaged, and whose people remain multi-dimensionally deprived and poor over long periods of time.

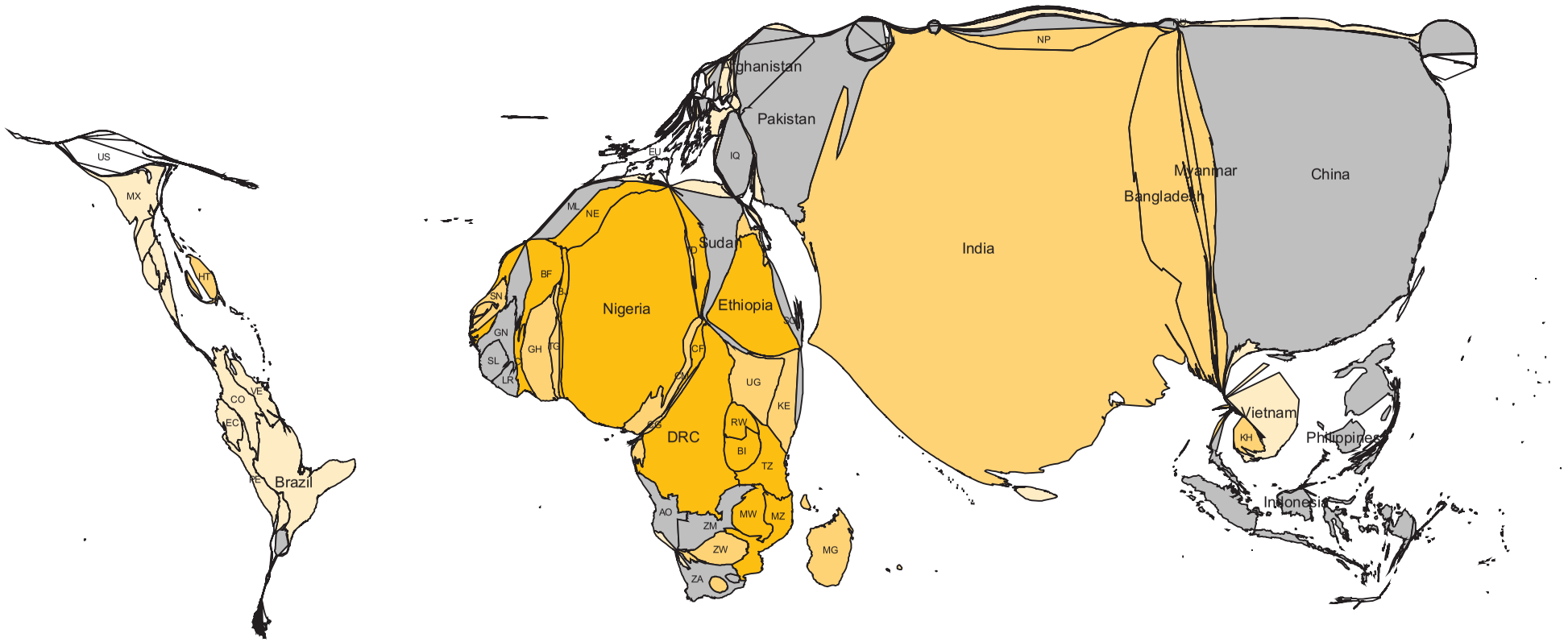
Global dimensions of chronic poverty

Figure 3.1 illustrates two main features of the international distribution of chronic poverty. First, the countries with the highest *levels* of chronic poverty (designated by the darkest shading) according to CPRC's cluster analysis [see Chapter One] are found solely in sub-Saharan Africa. Second, the countries with the greatest *numbers* of chronically poor people (designated by country size) are found in South and East Asia.[7] Box 3.1 summarises the different regional experiences of chronic poverty; further details can be found in Part B.

Spatial poverty traps

Chronic poverty tends to be concentrated in regional poverty traps rather than evenly spread across a country. Looking at multidimensional deprivation across regions reveals increases in poverty and destitution in certain areas even in countries where overall income poverty is otherwise declining. The famine-prone region of Wollo in Ethiopia is an extreme example of this, where hundreds of thousands of people need food aid every year.[8]

Figure 3.1 The proportion and size of chronically poor populations in world regions



Desperately Poor
Very Poor
Relatively Non-Poor
Insufficient Data
OECD

Code	Country Name	Code	Country Name	Code	Country Name	Code	Country Name	Code	Country Name
AO	Angola	EC	Ecuador	MG	Madagascar	RW	Rwanda	VE	Venezuela
BF	Burkina Faso	EU	Europe	ML	Mali	SL	Sierra Leone	ZA	South Africa
BI	Burundi	GH	Ghana	MW	Malawi	SN	Senegal	ZM	Zambia
BJ	Benin	GN	Guinea	MX	Mexico	SO	Somalia	ZW	Zimbabwe
CF	Central African Republic	HT	Haiti	MZ	Mozambique	TD	Chad		
CG	Republic of the Congo	IQ	Iraq	NE	Niger	TG	Togo		
CI	Cote d'Ivoire	KE	Kenya	NP	Nepal	TZ	United Republic of Tanzania		
CM	Cameroon	KH	Cambodia	PE	Peru	UG	Uganda		
CO	Colombia	LR	Liberia	RU	Russia	US	United States		

Source: refer to technical annex on page 35.

Regions likely to have concentrations of chronic poverty can be characterised as:

- *Remote:* areas that are far from the centres of economic and political activity. 'Far' is calculated in terms of not only distance, but also time taken to get there. These areas are defined in terms of distance multiplied by time: 'frictional distance'.[9]
- *Low potential:* areas that have low agricultural or natural resources, often crudely equated with drylands and highlands.
- *Less favoured:* politically disadvantaged areas.[10]
- *Weakly integrated:* areas that are not well-connected, both physically and in terms of communication and markets.

Large numbers of very poor people live in such regions. According to recent research, approximately 1.8 billion people, most of them poor, live in less-favoured or low potential areas – defined here as areas 'less favoured by nature or by people'. This is about two-thirds of the rural population of developing countries.[11] About 40% of the rural poor live in highlands and drylands,[12] many of which are also low potential and remote.[13]

While terms such as 'remote' and 'low potential' indicate the *characteristics* of a spatial poverty trap, 'marginal', 'less favoured' and 'weakly integrated' begin to suggest *explanations* for why such an area – or rather a substantial proportion of its population – remains poor over long periods.

Although the nature and incidence of chronic poverty is different in different areas, there are common characteristics of the multiple deprivations associated with spatial poverty traps:

- *Poor agro-ecology*: soil quality, slope, rainfall quality and distribution, temperature, vulnerability to natural hazards.
- *Poor infrastructure*: poor road, rail, river connections, leading to high transport costs.
- *Weak institutions/organisations*: especially weak market institutions, leading to high transactions costs.
- *Political isolation*: especially associated with weak political parties and networks, weak claims on local and central government services.

Often these characteristics overlay and reinforce each other. The case of Bitare village in Uganda provides an example of how different forms of deprivation combine to create a poverty trap

Box 3.1 Chronic Poverty by region

Chronic Poverty in Sub-Saharan Africa

Sub-Saharan Africa is both the poorest and most chronically poor part of the world. Between 28% and 38% of the absolute poor population in sub-Saharan Africa is estimated to be chronically poor, totalling between 90 and 120 million people. There are particularly high levels of absolute poverty in West and Central Africa, where one in every 5 or 6 people is both chronically and severely poor.

There are 22 sub-Saharan countries for which there is both a US$1/day figure and sufficient data to undertake the cluster analysis detailed in Chapter One. Of these 22 countries, approximately 310 million people live in 12 desperately deprived countries, about 150 million of whom live on less than US$1/day; perhaps 45–60 million of these people are chronically poor. Almost 110 million people live in the 10 moderately deprived countries for which we have data, close to 40 million of whom are absolutely poor, and 10–15 million of whom are chronically poor. Several countries with insufficient data – including Angola, Guinea, Liberia, Mali, Somalia, Sudan and Zambia – make up the ranks of those countries with high proportions and numbers of absolute and chronically poor.

Chronic poverty in sub-Saharan Africa is most pronounced in both urban and rural areas of remote, less favoured, and weakly integrated regions. There are many of these, particularly in areas affected by violent conflict, suffering economic stagnation or decline, and where HIV/AIDS and other diseases are endemic. The majority of chronically poor Africans live in countries with large numbers of poor people, a history of low economic growth, and problems of governance. There is a strong possibility that they will remain poor.

Chronic poverty in South Asia

The headcount ratio for the chronically poor has been declining in many parts of this region – particularly in southern and western India, and in Bangladesh. Most human development indicators have also improved over the past two decades, although in Afghanistan years of war have obstructed almost all potential progress. However, South Asia has very high population levels and still has the largest number of chronically poor people in the world – an estimated 135 to 190 million people – including 110–160 million Indians, 9–13 million Bangladeshis, 10–15 million Pakistanis, perhaps 5 million Afghans, and 2–3 million Nepalese. Because of such high numbers of people living in persistent poverty, even small areas of severe deprivation in this region can affect a very large number of individuals.

Chronic poverty in the region is most pronounced in areas that have significant minority populations [see Chapter Two], that are economically stagnant, where agrarian class structures and gender relations are exploitative, and where governance is weak. At a regional level, most indicators show a swathe of poverty cutting across eastern and southern Pakistan, central India, western Nepal, and northern and south-eastern Bangladesh. Over 70% of India's poor for example live in six states (out of 28). There are pockets of improvement, lower levels of poverty and even relative prosperity in this region, however there are also large areas where deprivation is the norm.

Most poor South Asians still live in rural areas, and it is likely that the proportion of chronic poor is greater in rural areas, given the greater economic opportunities in towns and cities. However, in India the *proportions* of severely poor people in rural and urban areas are similar at about 15%. Chronic poverty also tends to follow the 'contours of conflict'.[14] Notwithstanding the current peace processes, the longterm poverty found in northern and eastern Sri Lanka and mid-west Nepal is likely to be relatively intractable. The relationship between violent insurgency and the isolation of regions is further examined below.

(Introduction to this chapter).

Spatial poverty traps do not only occur in rural areas. In many countries there are urban and peri-urban poverty traps – Kibera in Nairobi, East Delhi, Soweto outside of Johannesburg are examples. Both rural and urban poverty traps are underpinned by a combination of location-specific factors and by the relationships they have (flows of people, labour, finance, resources) with other areas. A conceptual framework for analysing spatial poverty traps is outlined in Table 3.1. This identifies the social, economic, political and environmental factors that promote uneven development and lead to some areas having populations with high incidences of chronic poverty.

Marginal urban environments, like this railway track at Senen, Indonesia, are often home to chronically poor people.

Chronic poverty in Latin America and the Caribbean

Within the developing world, Latin America and the Caribbean have some of the best average human development indicators, alongside impressive economic growth. However, there is significant variety within the region, with some countries, such as Haiti and Bolivia, faring badly. Extreme poverty in the Latin America and the Caribbean region is relatively low compared to other developing regions but the proportion of the poor who are chronically poor remains relatively high. It is estimated that between 30% and 40% of the extreme poor population in Latin America and the Caribbean is chronically poor: between 16 and 22 million people.

Persistent poverty in Latin America and the Caribbean is largely a distributive problem; inequality levels are among the highest in the world and undermine the potentially positive impacts of growth on the poor, as well as hindering growth itself. Race and ethnicity are important dimensions of the region's geographic concentrations of persistent poverty, and evidence suggests that access (or rather the lack of access) to social services has a particularly powerful role in determining and shaping these patterns.

Urban poverty is particularly significant in Latin America and the Caribbean – 64% of the poor and 75% of the total population of Latin America live in urban areas.[15] The probability of being poor or extremely poor is still much higher in the rural areas – 37% if you live in a town or city, but 63% if you live in a rural area.[16] Several primarily rural regions stand out as persistently poor, such as the pan-Andean region, including parts of Bolivia, Peru, Ecuador and Colombia.

Chronic Poverty in transitional countries

Although relatively low, chronic poverty is growing fastest in the 'transitional' states of Central Asia, the Balkans, East-Central Europe and the former Soviet Union. Over the last 10 to 15 years, the region has seen rising inequality and long-term poverty alongside rapid economic and political liberalisation. It is estimated that between 10% and 20% of the extreme poor population in transitional countries is now chronically poor: between two and five million people. This number is rising quickly, due to childhood poverty [See Chapter Two], long term unemployment without social protection, and older people with pensions that do not meet even their basic needs.

Spatially, chronic poverty is most evident in remote rural areas, and 'one-company towns' where many households were previously reliant on employment within a single sector. Former employees of these now unprofitable enterprises have fallen prey to market forces and redundancy. Chronic poverty is also most evident where there are large minority populations, notably the Roma [see Chapter Two].

Chronic poverty in China

Much of the global poverty reduction of the last 30 years is down to progress in China. However, much depends on the statistics and measures that are used. According to the most recent estimates, the number of poor with *expenditures* below US$1 in 1999 was 235 million, more than twice that under the *income* poverty line.[17] It is also clear that the benefits of recent, rapid economic growth have been highly unequal, both socially and spatially.

Available evidence indicates that chronic poverty is highest in rural areas and that it is particularly concentrated in north-west, west and south-west areas, away from the dynamic coastal region. These areas are remote from growth centres, are agro-ecologically poor,[18] and have high ethnic minority populations. Any industry was largely state-owned and likely to have been closed during the economic restructuring.

Rising economic and social inequality means that substantial numbers of chronically poor people also live in rural areas that are seen as prospering.[19] Significant numbers of 'new poor' have moved to cities and are unable to meet their minimum needs because of low paid casual work, and no access to state provided services.

Table 3.1 A conceptual framework for understanding spatial poverty traps

Spatial poverty trap description	Definition	Ecological characteristics	Poor infrastructure	Weak institutions (including markets)	Political isolation
Remote regions and areas (frictional distance and locational disadvantage)	Can include high and low potential environments. Costs of centrally supplied infrastructure and services are higher. Generally lower potential for non-farm activity, though remoteness offers some protection from competition. Poor urban residential areas remote from workplaces, with weak connections.	Geographically isolated, may have low or high population densities with different implications for resource exploitation. Geographical obstacles, such as slopes, ravines and marshes, contribute to isolation.	High infrastructure costs lead to poor quality or absent provision. Poor road, rail, river connections lead to high transport costs.	Low economic diversity and lack of growth. Dependence on agriculture or natural resources, which are low return and lowest wage sectors. Little wage labour available: out-migration or commuting 'solutions', but usually into low skill/return and insecure occupations. Few accumulation or expansion possibilities due to low demand. Few opportunities to augment skills, save, get credit. High risk for investments. Social capital may be high, but often excludes the poor or not useful for securing access to other resources.	Excluded. Relatively small (often fragmented) constituencies. Political access more constrained because less competitive. Voices rarely heard, especially if also ethnic or religious minority.
Low potential or marginal areas (ecologically disadvantaged)	Poor locations for built or productive environment: hillsides, roadsides, canalsides, riversides, dumps. Limited possibilities for technical change in natural resource based production systems.	High ecosystem diversity, fragile or degraded land resources, climatic variation. Bio-physical constraints limited rains, poor soils, steep slopes. Vulnerable to hazards, displacement.	Multiple costs to meet basic needs (shelter, water, transport, health, education) in settlements that are often unsafe and insecure. Low cash circulation as a result of low productivity. Dependence on remittances, public subsidy.	Poor economic and social infrastructure, 'over-population', low human and financial capital. Out-migration or commuting with positive and negative consequences depending on migrants' endowments. Includes poor areas within growth centres.	Political characteristics not usually considered but natural disadvantage may affect societal perceptions of people from such areas leading to stigma, discrimination and inequality. Illegal land holding increases vulnerability.
Less favoured areas (politically disadvantaged)	Can include high and low potential environments and pockets. Lower levels of infrastructure and services, stigmatised, 'hardship posting'. Private sector avoids investment; savings invested outside the area.	No clear patterns.	Lack of services for informal and illegal residents and enterprises. Low public investment in social protection and basic services leading to low cash circulation. Risk of falling out of labour market due to injury or death.	Limited market access, low population density, 'residual' populations left behind, old, very young, disabled, ill, discriminated.	Lack of protection against abuse by officials, lack of institutions able to safeguard and further citizen rights, no safety net.
Weakly integrated regions (poorly linked and economically disadvantaged)	Can include high and low potential agrarian environments, poorly serviced and connected peri-urban and urban areas.	No clear patterns.	Poor opportunities to commute or migrate; limited information on opportunities and rights.	Adversely incorporated into markets through exploitative or uncompetitive economic relationships: markets are fragmented and function weakly.	Politically marginal, unstable, liable to political fragmentation and conflict. Poor representation in political assemblies.

Ecological characteristics of spatial poverty traps

The ecological characteristics of a location can directly increase the vulnerability of those living there. Over half of the world's rural poor live in areas of low agricultural potential.[20] Half a billion people in developing countries live in arid regions with no access to irrigation systems; another 400 million are on lands with soil unsuitable for agriculture; 200 million live in mountainous and hilly regions; and more than 130 million are in fragile forest ecosystems.[21] These regions are also highly vulnerable to climate fluctuations, pests, diseases, and man-made and natural disasters, which make food supplies precarious and unstable.[22]

In Bangladesh, panel data for 1987–8 and 2000 indicate that 15% of households that had descended into poverty had experienced a shock related to a natural disaster, suggesting that poor geographic capital at the most local level played a role. Poverty rates are highest in extremely low-lying areas that are frequently flooded, including *chars* (river-islands that seasonally disappear – Box 3.2), and in tribal areas where social and geographical disadvantage overlap.[23]

Rural development policies have tended to neglect low potential areas in favour of investment in high potential zones,[24] where returns to investment are perceived to be higher.[25] In Africa, these neglected areas include arid and semi-arid regions, deep forests, and mountainous areas. In India, less-favoured areas include the drylands (characterised by frequent crop failure and sporadic opportunities for employment) and forested areas (especially in hilly regions with a predominance of tribal populations, and with limited access to natural resources, information and markets).[26] In China, living in a village in a mountainous area has a sizable and significant negative effect on consumption growth.

In semi-arid areas of rural Andhra Pradesh and Maharashtra, one study found that over one-fifth of the population was poor in all nine years between 1975–76 and 1983–84, while 60% were poor in at least five of the nine years.[27] Further analysis of this dataset suggested that even relatively affluent households are highly vulnerable to long spells of poverty when severe crop shocks occur.[28]

The importance of ecological conditions is also evident in urban settings. Urban location can be a crucial asset for the poor, but as urban populations grow and land becomes increasingly scarce, large and increasing numbers of people live and work in high risk, low potential or marginal urban environments, such as roadsides, rail embankments, steep slopes and rubbish dumps. Alongside poor sanitation and hygiene, these environments present risks of disease, accidents and infections, a substantial part of the experience of urban chronic poverty.

Box 3.2 Risk and vulnerability among Bangladeshi *char* communities

The riverine and coastal areas of Bangladesh, known as *chars*, are home to the poorest and most vulnerable communities in the country. 5% of the total population live in these *char* regions, over 80% of whom are in extreme poverty.

The *chars* are exposed to a range of environmental shocks and stresses (particularly erosion and flooding) associated with the instability of the local environment. Villages and agricultural lands are swept away during floods and the rivers frequently change their course. This instability means that only temporary settlements and infrastructure are built. Large scale flood/erosion protection infrastructure has not worked in these regions.

As a result of their isolation and peripatetic nature, communities are excluded from mainland services and infrastructure and neglected by local government officials. Ill-health is common due to lack of access to clean water and sanitation. The lack of social services perpetuates high morbidity and poor educational status, particularly for women and children. Poor members of communities frequently lose control of their re-emerging land to wealthier and more powerful neighbours (who employ thugs). They have little access to justice. Heavy dependence on daily labour, often through migration for part or all of the year, shows the constraints which *char* dwellers face in obtaining income through farm or non-farm enterprises, and interacting effectively with markets.

Source: DFID, 2002.

The chronically poor are more likely to be excluded from opportunities to migrate, reproducing regional inequality and exclusion

Evidence suggests that chronic poverty is most harsh where ecological and social deprivation overlap. In Latin America, it is clear that living on a hillside or roadside is detrimental to lives and livelihoods in the urban *favelas*. However, it is the discrimination faced by these residents, combined with the fear of rising gun and drug crime, that renders a very real sense of physical and psychological vulnerability and isolation among the poor, despite any improvements in physical infrastructure [see Chapter Eight]. In Pakistan, the mountainous environment is harsh in the Federally-Administered Tribal Areas in the west, and large areas of Balochistan, North West Frontier Province and Sindh – areas which are also dominated by oppressive tribal and/or feudal agrarian and gender relations. In India, populations living in forested areas, such as south-western Madhya Pradesh, are disproportionately marginalised tribal groups.[29]

Poor infrastructure

Insufficient physical infrastructure restricts local access to markets, and maintains spatial, political, and social marginality. This includes roads, markets, electricity, water and sanitation, irrigation and telecommunications. A comparative study within China indicates a highly significant positive relationship between higher road densities and consumption growth in an area.[30]

Remote rural areas experience deficits in all forms of physical infrastructure. In many less-favoured rural areas, sparse population densities increase the cost of service provision, and the extension of physical infrastructure, compared to more densely populated, often urban, areas, where political pressure for investment may be stronger. It is also more difficult and costly to monitor service provision and quality in these areas, and governments' response to citizens' rights and demands can be weak.[31]

This lack of physical infrastructure undermines the maintenance and

Villagers are forced to move by flooding in Somalia – cholera is endemic in the wet season so some members of the family have to be carried.

promotion of human capital. Distance and time increase the opportunity cost of accessing education and health care, and market imperfections resulting from transport deficiencies prevent access to medication, while poor water and sanitation increase health risks.[32] Preventable deaths become more likely, and human capital is depleted by ill-health and impairment.

Remote rural areas tend to be bypassed by flows of people, ideas, services and goods. This increases the isolation of certain areas and people and deepens the 'frictional distance' for migration.[33] Migration is often an expression of spatial patterns of opportunity, and people tend to move in expectation of improved livelihood chances, to areas that offer improved connectivity and services, better markets and higher potential.[34] However, the poorest are more likely to be excluded from opportunities to migrate, partly reflecting transportation constraints, and so reproducing regional inequality and exclusion.

In urban settings, service connections are often illegal and therefore may be insecure and often disrupted by the authorities. Households that do not have any access at all are more likely to fall into and remain in poverty. In many countries, rising urban population trends have been accompanied by declines in the quality and availability of services, although the experience is different in different types of urban settlement. Fire is a particular hazard that drives many slum-dwellers into chronic poverty [see Chapter Four].

Peripheral urban areas tend to be characterised by problems associated with the inadequate provision of services, infrastructure and transport, and typified by illegal squatting and informal sub-division of agricultural land. The trend of urbanisation in Latin America from the 1950s, for example, has led to a growing number of mega-cities ringed with illegal land occupations (*favelas* and *villas*), and large numbers of urban poor. Unreliable and costly transport links to the city centre mean that, despite a lack of opportunities in the peripheral areas, many people work locally with very low remuneration. Inner city areas, in contrast, tend to be characterised by overcrowding, high levels of competition for work and resources, and commodification of land and services.

The link between high levels of remoteness, low levels of public and private investment and high incidence of chronic poverty is clear.

Weak institutions and organisations

The problems experienced by concentrations of very poor people can be similar to those of extremely sparsely populated areas. Economically, market opportunities can be severely limited and fragile: there are few generators of employment, less demand for local produce, and few opportunities to save and acquire the assets and human capital that can be the springboard for economic growth.

Nowhere to sell, no-one to hire

Imperfections in goods and factor markets, including land, labour, rental, finance and insurance markets, and information flows are common in rural areas.[35] These undermine attempts to promote agricultural and other development, which is further aggravated by a lack of support services. For this reason, movements in and out of poverty can be strongly regionally-differentiated. In Uganda, for example, upward mobility has been associated with the more rapidly growing coffee-producing areas in the 1990s – followed by sharp downward mobility when prices collapsed (see Box 4.6). In Zimbabwe, the most dynamic of three semi-arid districts was found to be near the city of Bulawayo, benefiting from inward investment and employment opportunities for migrants.[36]

The link between high levels of remoteness, low levels of public and private investment and high incidence of chronic poverty is clear.[37] In remote regions, market imperfections limit agricultural productivity and households' ability to accumulate capital and other assets. In turn, the capacity of poor households to hire farm labour when household labour is insufficient (in terms of numbers, strength or knowledge)[38] is constrained, and their ability to rent occasional-use equipment, such as oxen for ploughing, is undermined. This encourages inefficient overstocking of tools and equipment of production,[39] thereby increasing vulnerability to risks.[40]

The potential for livelihood diversification tends to be significantly higher in non-remote areas, as is the case in semi-arid Zimbabwe.[41] While the chronically poor are least likely to benefit directly from such economic diversification, increased levels of local economic activity raise the likelihood of increased demand for casual labour and may make it more likely that non-poor relatives and neighbours can provide support to the chronically poor and those likely to fall into long-term poverty.

Increasing agricultural wage rates can be a crucial factor in poverty reduction; in much of South Asia, this is probably the best single explanation for the slow but steady reduction in the depth of consumption poverty. However, 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. Discrimination and inequality within the labour market is a characteristic of chronic poverty, even in growth centres. Gender divisions within labour markets restrict employment opportunities for women, though the demand on women to work is strong within poor and chronically poor households.

Labour market position is crucial within more urbanised regions characterised by high wage dependencies coupled with low and falling real wages, as well as high unemployment, casualisation and under-employment. These in turn are related to patterns of growth or economic stagnation. The question is whether all of the urban poor can respond to opportunities. In Madagascar, urban poverty has remained at high levels, despite rapid growth in average household incomes in the capital city (by 50% between 1995 and 2000). 65% of the urban population remained poor between 1997 and 1999. Few had access to electricity and running water. Most chronically poor households lived in poor neighbourhoods, and their jobs were largely low quality and in the informal, low wage sector.[42]

Chronic urban poverty is high among those who are unable to participate or are excluded from participating fully in the labour market. These people can include sick or older people, children and people with disabilities, as well as other 'dependent' groups and areas incorporated into markets on unfavourable or exploitative terms.

Under-employment is a significant problem of the Ethiopian urban chronically poor. Over one-quarter of chronically poor household-heads work as casual labourers or in 'women's business activities', compared to only about 8% among the never poor.[43] These occupations are insecure and give low returns, so it is not surprising that the chronically poor are disproportionately represented.

Increased occupation of rural land adversely draws poor rural residents – including tenant farmers, sharecroppers, those who rely on common property resources – into the urban transition. Without the necessary political connections to protect their interests, they are left in a weak position, unable to take advantage of alternative economic opportunities within the changing labour market due to their lack of skills, contacts, capital or freedom of movement.[44]

Concentrations of very poor people are often characterised by less organised civil society, less responsive government and less visible NGO presence.

Although there may be more opportunity for employment in the inner city, and poverty may be more responsive to growth there, economic conditions vary widely, living costs are likely to be higher and there are fewer possibilities for subsistence farming. As population densities increase in towns, greater pressure is felt by residents to secure sources of income, access to which becomes more and more competitive.

In inner city areas, if the informal sector is unable to absorb an ever-expanding urban labour force, trading on the black market and other illegal activities can provide viable alternative livelihoods.[45] Although many aspects of urban life are illegal for the poor, including their rights to homes, settlements and workplaces, this may not be a major issue when things like illegal connections to services are so common that they are generally ignored by the authorities. In other cases, though, it can increase vulnerability. The stigma associated with living in areas associated with high criminality reduces residents' chances of accessing employment, markets and other city-wide institutions. Prejudicial attitudes may play a role in creating criminals: residents may be arrested on suspicion and criminalised because they cannot defend themselves; and expectations within an area may themselves play a role in determining life choices.

While this section has focused on weak markets, other institutional failures maintain spatial poverty traps. Public services are usually further away from low income settlements and disadvantaged rural areas, and are of poor quality. Evidence from Bangladesh,[46] where there are several high-performing NGOs, indicates that NGOs systematically avoid operating in the areas where chronic poverty is most common.

Politics, rights and conflict in spatial poverty traps

Politically, concentrations of very poor people are often characterised by a less organised civil society, less responsive government, and even a less visible NGO presence.[47] Pockets of chronic poverty therefore exist where socio-political exclusion – often on the basis of language, identity, or gender – shapes the prospects of a significant proportion of the population.

Political marginality extends to specific groups within regions. Areas where prospects have been undermined by uneven development, widening inequality and lack of access to essential services, and where people have common ethnic, religious, or linguistic characteristics, can produce populations who share a strong sense of grievance associated with their identity. In Mindanao in the Philippines, for example, feelings of political disenfranchisement have risen through years of government bias against the region in policy and public expenditure.[48]

Where marginality provides the content for social and political movements, these are likely to have a potentially explosive ethnic, regional or linguistic element. Areas experiencing long-term conflict, resulting in widespread damage to the resource base and people's capabilities, will almost certainly experience persistent poverty.[49] Remote areas may be the site for protracted insecurity, linked not only to regional politics and the proximity of national (or internal) boundaries, but also to the waning presence of national security bodies.

Many conflicts are fought in border regions, which have historical legacies of marginality, limited voice and persistent poverty. Civil wars largely occur in countries that have low human and economic development. Borderlands and other regions typified by weak state presence may provide fertile ground for mobilisation of militant groups and organised criminality. The powerlessness of the poorest makes them unlikely drivers of conflict, but most likely to feel its devastating effects in full.

Conflict creates refugees and internally displaced people – now in their millions in developing countries, especially Africa – pushed into countries and places with few resources to welcome assetless incomers. Internally displaced people

Box 3.3 The Batwa people of the Great Lakes Region

In the Great Lakes region little is known or reported about one of the poorest and most vulnerable communities, the Batwa Pygmies. The Batwa are traditionally forest hunter-gatherers. They have been steadily dispossessed and evicted from their traditional forest lands, as forests have been claimed by other interests, such as game reserves in south-western Uganda. In Rwanda, legislation in the 1970s outlawed hunting as a way of life and by the 1990s those Batwa still practising clandestine hunting and gathering were forced to the edges of their ancestral forests to make way for national parks and military training areas. In the Kahuzi-Biega National Park of the Democratic Republic of Congo, Batwa people risk violent repercussions and imprisonment for any attempt to gain access to the forest.

The Batwa now live largely with limited resources, no access to social services, and often depend on begging as a form of livelihood. No government in the region has formal policies concerning Batwa people. Frequently any support provided is dependent on the Batwa renouncing their traditional values and way of life for a sedentary agricultural lifestyle. In Rwanda, the post-1994 government does not acknowledge the Batwa as a group that is marginalised and discriminated against, and this has led to them being ignored in government programmes to provide social services such as primary healthcare, education, shelter and clean water.

Census data on Batwa populations is rarely complete or accurate in any of the countries in this region. Commonly these people are not acknowledged by the state in the same way as other citizens. They rarely have citizenship documents – birth certificates, identity cards, health cards. In Uganda, representation of the Batwa in Local Councils and other political leadership roles is not encouraged. Batwa are generally represented by people from other ethnic groups and those that are elected are elected because of their degree of assimilation and not because of their capacity to fight for the rights of Batwa people.

Sources: Baker, 2001; Lewis, 2000; Mugarura and Ndemeye, 2000.

(IDPs) are a significant group of the chronically poor [see Chapter Two]. Away from their original residence they are often alienated and isolated, as the support groups that existed in their own villages are no longer available to them. They may be crowded into camps or areas where they are not welcome, and onto land that does not belong to them.

In Sri Lanka, for example, the government estimates that the total number of IDPs (including those in welfare centres) is 650,000, equal to roughly one-third of the total population currently living in conflict-affected areas. In one affected area alone, it is estimated that as many as 80% of the current population are displaced, having arrived as part of a major influx of people from the adjoining conflict areas in 1995.[50]

The effect of coming from a poor region and suffering social stigma is acute. Groups with no citizenship entitlements are particularly vulnerable, including illegal immigrants and refugees who are likely to have to accept the lowest paid employment without recourse to available legislation.[51] Weak networks and links into patronage combined with the social stigma of being an outsider often make access to the labour market harder. In urban India, outsiders can find it near impossible to get access to informal sector resources such as market/vending pitches on streets, which are often firmly controlled by one ethnic group.

People in spatial poverty traps are often invisible to policy-makers, partly as a reflection of difficulties in counting and collecting accurate statistics within remote and difficult terrain, or in reaching marginalised groups. In the case of indigenous people, this is exacerbated by the tendency for regional data to fail to disaggregate by ethnicity. Regional aggregations of numbers, therefore, obscure the condition of particular indigenous peoples, and tend to underestimate numbers. Where the figures are small, they may go unnoticed. Where they are small but noticed, they can be ignored by policy-makers as politically insignificant, as with the case of the Batwa people (Box 3.3). However, in some settings, indigenous groups become drawn into conflict when the land, resources and traditional practices are threatened by other interests.[52] In the DRC, for example, the Batwa are reputed to take retribution into their own hands when seriously wronged, as they claim they are ignored by the authorities.[53]

Conclusion

Different regions of the world have very different incidences of chronic poverty and, in particular, sub-Saharan Africa and parts of South Asia are foci for concern. There are also very different regional dynamics for chronic poverty. On the coast of China, chronic poverty (and poverty in general) have declined rapidly over the 1990s. By contrast, in Central Asia and the CIS, growing numbers of people have fallen into chronic poverty and large numbers of children are being born into it.

Within countries, chronic poverty is almost always unevenly distributed, with certain areas – rural and urban spatial poverty traps – having high levels. Adverse ecological conditions, poor infrastructure, weak markets and other institutions and political isolation characterise such areas. Commonly, such areas also have high levels of the socio-economic characteristics associated with persistent poverty that were identified in Chapter Two – the spatial and socio-economic dimensions of chronic poverty are clearly two sides of the same coin in many ways. As the next chapter argues, chronic poverty often seems to occur because several causal processes are in operation at one and the same time.

Technical note to Figure 3.1 The proportion and size of chronically poor populations in world regions

The cartogram was designed by Mark Gordon for the Chronic Poverty Research Centre (CPRC). ERSI's ArcView 3.3 with Andy Adenda's 'Cartogram' ArcView Script was used, based on Charles B. Jackel's script.[1]

The initial shape files were drawn from Environmental Systems Research Institute, Inc. (ESRI) 'World Countries 2002' shapefile from the ESRI Data & Maps Series published in 2002. The shapefile was projected in the WGS-84 Projection and then modified. First, Antarctica and 35 small island nations with both low populations and rates of absolute poverty were removed.[2] Second, the 25 countries and islands of Western Europe were merged into one polygon.[3] Third, the entire shapefile was generalized Douglas-Peucker-algorithm from 165,797 vertices to 83,562 vertices using the Generalize Tool in the 'Point & Polyline Tools V1.2' by Soeren Alsleben.

Population data represent the 2003 mid-year estimates from the Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat.[4] In cases where the UN 2003 mid-year population was not available,[5] the ESRI-provided 1994 estimated population of the country prepared by National Center for Geographic Information and Analysis was employed.

The chronic poverty cluster ranks were provided by the CPRC. The estimated number of absolute poor was calculated by multiplying the 2003 mid-year population by the most recent World Bank estimates of rate of absolute poverty, or, in its absence, CPRC estimates.

70 iterations were run to produce the presented cartogram. The average square of the percentage change in area by the final iteration was 0.025%.

The cartogram layout was prepared in ESRI's ArcMap 8.3 and then exported as both a JPEG and Adobe .PDF file.

Notes

1. See 'Using ArcView to Create Contiguous and Noncontiguous Area Cartograms,' Cartography and Geographic Information Systems, vol. 24, no. 2, 1997, pp. 101–109.
2. American Samoa, Antarctica, Baker Island, Bouvet Island, British Indian Ocean Territory, Cape Verde, Cook Islands, Falkland Islands (Islas Malvinas), Faroe Islands, Fiji, French Polynesia, French Southern & Antarctic Lands, Glorioso Islands, Greenland, Heard Island & McDonald Islands, Howland Island, Jan Mayen, Jarvis Island, Johnston Atoll, Juan De Nova Island, Kiribati, Midway Islands, Niue, Paracel Islands, Pitcairn Islands, Samoa, South Georgia and the South Sandwich, Spratly Islands, Svalbard, Tokelau, Tonga, Wallis and Futuna.
3. Austria, Belgium, Denmark, Finland, France, Germany, Gibraltar, Greece, Guernsey, Ireland, Italy, Jersey, Liechtenstein, Luxembourg, Man, Isle of, Monaco, Netherlands, Norway, Portugal, San Marino, Spain, Sweden, Switzerland, United Kingdom, Vatican City.
4. http://www.un.org/esa/population/publications/wpp2002/POP-R2002-DATA_Web.xls
5. Cocos Island, Christmas Island, Norfolk Island, Taiwan, Wake Island, Mayotte Island.

Notes

1. All but the poorest households belong to 'ambulance clubs' and pay a monthly insurance contribution which will pay for strong young men to carry them to the health centre in a stretcher should they fall sick. The poorest are excluded because they can not afford the cash payments.
2. Passionfruit was recently introduced but has succumbed to disease. Coffee wilt reduces coffee yields.
3. Baulch and Masset 2003.
4. Reyes 2002a/b.
5. Jalan and Ravallion 1997.
6. Davis and Stampini 2002.
7. In the cartogram we have used absolute poverty (US $1/day poverty) as a proxy for chronic poverty. For those countries for which there is no international data, rates have been estimated. See technical annex.
8. Devereux and Sharp 2003.
9. This conventional definition is currently being taken forward by the work within the CPRC. In Uganda, work is proceeding on an 'index of isolation' which measures remoteness from services, and access to information as well as physical remoteness. It will be interesting to see the extent to which this can account for the geographical distribution of Uganda's poverty.
10. Note that others define 'less favoured' as areas with low agricultural potential.
11. Pender and Hazell 2000.
12. Ruben et al. 2003.
13. Alexandratos 1995.
14. Goodhand 2001.
15. CEPAL 2001 in Wheeler 2003.
16. Wheeler 2003.
17. World Bank 2003a.
18. For example, McCulloch and Caladrino (2003) found that chronic poverty was significantly more likely to occur in upland areas in Sichuan than lowland areas.
19. For example, in Shanxi Province, 3.8 million poor people live in the 34 designated poor counties but another 1.5 million are recorded in the province's non-poor counties (Cook and White, 1997). Also see Riskin, 1994.
20. Ashley and Maxwell 2001.
21. World Bank 2003b.
22. FAO 1996a in Bolt 2003.
23. Sen 2003; Sen and Ali 2003.
24. Notably Green Revolution investments. See Bolt, 2003: 2.
25. Recent research based on India and China (Fan and Hazell 2000) has suggested that investments (especially in agricultural research and development, roads and education) in low potential and less-favoured areas make a stronger contribution to reducing poverty than similar investments in high potential areas. This is not generalisable to Africa, however; investment in high-productivity areas has yet to reach the point of diminishing returns.
26. Mehta and Shah 2003.
27. Gaiha and Deolalikar 1993.
28. Gaiha and Imai 2003.
29. Shah and Sah 2003.
30. Jalan and Ravallion 1997.
31. Farrington and Gerard 2002 in Bolt 2003.
32. World Bank 2000 in Bolt 2003.
33. Kothari 2002.
34. Black et al. 2003.
35. Holden et al. 2001 in Bolt 2003.
36. Bird and Shepherd 2003.
37. Shinyekwa et al. 2003; Bird and Shepherd 2003.
38. Van de Walle 2000 in Bolt 2003.
39. Holden et al 2001 in Bolt 2003.
40. World Bank 2003b.
41. Bird and Shepherd 2003.
42. Herrera and Roubaud 2003.
43. Kedir and McKay 2003.
44. Satterthwaite and Tacoli 2002.
45. Some urban poor choose criminal activities because of their high returns.
46. Thornton 2001.
47. Bebbington 2003.
48. Malapit, Clement and Yunzal 2003.
49. Bird et al 2002.
50. Korf and Silva, 2003; '. . . 302,586 individuals (78,828 families) returned to their homes within Sri Lanka from January 2002 up to and including April 2003.' (Durable Solutions, 2003).
51. In practice, even those groups that do have citizenship may not have recourse to available legislation.
52. Bourne 2003.
53. Lewis 2000.

4 Why are people chronically poor?

Chronic poverty is not just a snapshot of those who are poor now. It is essential to understand the social, economic and political processes that made people poor and keep them poor. At the present time, our knowledge about the causes of chronic poverty is limited. The longitudinal data and analyses that are required to understand poverty that persists are rare. It is clear that processes vary greatly from context to context. In some cases, the causes of chronic poverty may be the same as the causes of poverty in general, only more intense, widespread, or longer lasting. In other cases there is a clear qualitative difference between the causes of transitory and chronic poverty and these may need quite different policies to reduce them.

The lives of people who are chronically poor follow many different trajectories. At one extreme is an individual born into multidimensional poverty, experiencing a lifetime of deprivation and transferring that poverty to her/his children. At the other extreme is someone born into a well-off family who suffers a shock that drives them into income poverty for many years, but who eventually escapes poverty and has a family with prospects. Among the different trajectories are those – all too many – that end with an easily preventable death.

Understanding chronic poverty is difficult because of multiple overlapping and interacting factors. The available evidence indicates that chronic poverty rarely has a simple 'single cause'. Rather, different forces, from the household to the global level, interact to trap people in poverty.

In this chapter, the causes of chronic poverty are discussed in terms of *maintainers* and *drivers*. Maintainers make poverty persistent and trap people in poverty. Drivers cause individuals and households to fall or slide into types of poverty – severe, recurrent, multidimensional – that are hard to escape. Maintainers and drivers cannot always be precisely distinguished from each other, but this device helps explain how the socio-economic environment (economic growth, social exclusion, bad governance) and concrete experiences (a sickness, a drought, a beating) make and keep people poor.

Staying poor: the maintainers of poverty

Barriers to accumulating or accessing assets and pursuing opportunities are the key maintainers of chronic poverty. They hold individuals, households, communities and states back from making the economic and social investments needed to move out of poverty. Access to assets and opportunities is constrained by low rates of economic growth, inequality, social exclusion and adverse incorporation, geography and agro-ecology, violent conflict, state failure, ineffective international co-operation and, perhaps, 'cultures of poverty'.

Chronically poor people are likely to be the hardest group for macro level changes, such as growth, to benefit.

Economic growth, growth quality and inequality

Global poverty has dramatically reduced in absolute terms since the early 19th century,[1] closely associated with increased rates of economic growth and rising levels of GNI per capita.[2] But, despite these impressive declines, *300 to 420* million people remain trapped in chronic poverty. These estimates do not take account of chronic poverty within the wealthiest countries of the world.[3]

The paucity of data means that there is little precise evidence about the impact of economic change on the chronically poor. By the nature of the deprivations they experience, chronically poor people (particularly older and disabled people), are likely to find it most difficult to participate in growth as well as being the most difficult group to benefit through macro level changes and growth.[4] There are many examples of where growth has failed to deliver improvements in key human development indicators closely correlated with chronic poverty, and others where human development indicators have improved without economic growth. Growth therefore may not deliver short term improvements in these human development indicators. Ultimately though there remains a strong correlation between the levels of GNI and human development indicators. What is critically important is a country's choice of how to allocate the increased resources arising from growth.[5]

Proponents of growth-mediated poverty reduction argue that achieving growth is the only policy issue of significance. However, the widely cited Dollar and Kraay argument[6] that, on average, the incomes of the bottom 20% improved one for one with those of the population as a whole as a result of economic growth needs to be carefully assessed.[7] It does not allow for variation around the average (which is known to be significant), it uses a relative concept of poverty, the dataset used has been criticised,[8] it does not consider poverty depth, and researchers using a different econometric approach with the same data[9] have produced contradictory findings.[10]

Growth figures describe an average for a whole nation or state. The distributional pattern varies widely from case to case[11] and so does the impact on chronic poverty. Key to this impact is the initial level of inequality and the nature and pace of the growth experience. It is broadly recognised that higher inequality will mean:

- higher levels of income poverty (and probably non-income poverty) for a given average GNI per capita;
- growth will be less effective at reducing poverty; and,
- generally, growth rates will be lower.

These same arguments hold for the chronically poor.[12] Economic growth in

countries with high initial levels of inequality and increasing inequality will be relatively ineffective at assisting the chronically poor. Public service expansion is one product of growth but countries differ on the level and distribution of service provisioning, and so the growth impact on the chronically poor also varies. This has considerable implications for policy and points to the need for 'growth plus other policies' strategies to help the chronic poor.

In considering the relationship between growth or economic change and chronic poverty, it is important to recognise the diversity of the chronically poor. Typically the majority are engaged in some form of work or productive activities, though almost by definition on adverse terms, disadvantaged by differing factors such lack of assets, insecurity of employment opportunities, ill-health or malnutrition or lack of social networks. Others may not be able to work at all as a consequence of old age or disability (although many in this group may still be engaged in very marginal activities – see Box 4.1).[13]

For those that are able to work, the sectoral composition of growth really matters, particularly as to whether it includes broad-based agricultural growth and is in sectors where the employment-elasticity for unskilled labour is high. The existence, extent and type of barriers to markets are also important, including processes of social exclusion and adverse incorporation (see below), and high levels of inequality. Where the economic context is narrowly based, such as in oil or mineral extraction for example, and social exclusion and/or elite domination is high, the chronically poor will experience few benefits from growth and their position may worsen. The chronically poor are not able to increase their access to productive assets, or increase the productivity of those assets, or achieve better incomes in the labour market.

For the 'non-working' group the situation is quite different. The benefits of economic growth for this group derive from a mix of private transfers from relatives and friends, and publicly-funded social protection, such as resources for nutrition support, education and health services, as well as public transfers like pensions and employment schemes. The degree to which additional resources are channelled into such schemes is often responsive to broader economic contexts, leaving this high dependency group most vulnerable to economic shock. Even where high levels of private and/or public transfers exist, the effectiveness of both formal and informal schemes varies.

The available evidence indicates that no growth, low growth and narrowly based growth increase the probability of people being trapped in poverty for long periods or all of their lives, and transferring that poverty to the next generation. So, promoting economic growth is important for reducing chronic poverty, and the absence of growth is a severe constraint to reaching the chronically poor, but growth is not enough nor is it 'almost enough'.

If exclusion is the problem then it could be assumed that inclusion is the answer. This is not necessarily right.

Table 4.1 provides support for this, based on a limited number of cases. Economic growth had very clear benefits for the urban poor in Vietnam and Uganda, and its absence was clearly bad news for the urban poor in Egypt. However, the picture was not quite as predicted for rural India and Vietnam and urban Ethiopia, where average consumption growth did not translate into a greater likelihood of escaping from poverty. Rural Egypt's negative growth produced almost twice as many people who were chronically poor as were transitorily poor (measured at US$2/day). These limited results suggest that economic growth has a wider impact in cities and that there may be more poor people in rural areas with structural obstacles to participation in economic growth.

Social exclusion and adverse incorporation

Exclusion from social, political and economic institutions is part of a vicious cycle in which exclusion leads to lower capabilities, which in turn reduces the prospects for escaping poverty and people's ability to assert their rights. Commonly, such exclusion operates through varying forms of active discrimination directed against certain identifiable groups (as a result of ethnicity, race, religion, caste, culture, migration), which is often reinforced by discrimination on the basis of personal characteristics (age, gender, impairment). At other times, exclusion is relatively passive, based on the ignorance or preferences of more powerful and better off groups, simply not knowing about or leaving out certain individuals or groups of the chronically poor.

If exclusion is the problem then it could be assumed that inclusion is the answer. This is not necessarily right. Many of the poorest people *are* included in economic activity, but on extremely unfavourable terms. In many parts of the world, migrant labourers and their

This woman, employed on a large horticultural farm in Eritrea, is an important part of the economy – but on very disadvantageous terms.

Table 4.1 Economic growth, chronic poverty and poverty dynamics

Country/period	Standard of living measure	Poverty line	Average change in standard of living measure, annualised (%)	% in chronic poverty	% in transitory poverty	Of whom . . .		National poverty headcount: first year (%)	National poverty headcount: final year (%)
						Escaping from poverty (%)	Descending into poverty (%)		
Urban Ethiopia, 1994–97	Expenditure per adult equivalent	Regression based on calorie requirements (2200 kcal/day per capita	–8.9	25.2	27.1	17.9	9.2	34.4	42.9
Urban Uganda 1992–99	Expenditure per adult equivalent	Calorie based plus non-food component (3000kcal/day per adult)	5.7	10.2	30.1	24.1	6.0	27.8	10.3
Urban Vietnam 1993–98	Expenditure (per capita)	Calorie based 2100kcal/person/day plus non-food allowance	8.7	6.5	19.4	17.3	2.1	23.8	8.5
Urban Egypt 1997–99	Consumption expenditure per capita	Calorie based; norms between 2360 and 2499 per capita depending on location	–8.1	14.2	18.0	. . .	. . .	. . .	. . .
Rural Uganda 1992–99	Expenditure per adult equivalent	Calorie based plus non-food component	4.0	20.5	41.8	30.7	11.1	59.7	39.1
Rural Vietnam 1993–98	Expenditure (per capita)	Calorie based 2100kcal/person/day plus non-food allowance	6.1	33.9	35.1	29.7	5.4	63.6	39.2
Rural India 1968–70		Planning Commission poverty line – calorie based	6.3	33.3	36.7	24.0	12.7	. . .	. . .
Rural Egypt 1997–99	Consumption expenditure per capita	Calorie based; norms between 2360 and 2499 per capita depending on location	–3.3	42.6	22.6	. . .	. . .	. . .	. . .
National Uganda 1992–99	Expenditure per adult equivalent	Calorie based plus non-food component	4.2	18.9	40.1	29.7	10.1	55.7	35.0
National Vietnam 1993–98	Expenditure (per capita)	Calorie based 2100kcal/person/day plus non-food allowance	6.9	28.7	32.1	27.4	4.7	56.1	33.5
National Egypt 1997–99	Consumption expenditure per capita	Calorie based; norms between 2360 and 2499 per capita depending on location	–5.9	19.0	20.4	6.3	14.1	. . .	. . .

'. . .' means not available

families, without local social networks, are excluded from public services and the institutions of governance, but are 'adversely incorporated' into the labour market, that is, forced to take work at low rates, in bad conditions and on precarious terms. This is sometimes the result of the way local labour markets are structured and relate to other institutions. In South Asia, households that face social exclusion because of religion, ethnicity or caste, are significantly more vulnerable to labour market exploitation and debt bondage than other economically poor families.[14]

Interrelated processes of social exclusion combine with adverse incorporation to deepen workers' dependency. An example is bonded labourers' dependence on manipulative employers who may construct intricate systems of advances, payments in kind, and hidden interest rates, which maintain the disadvantaged status of the workers. The capability poverty of the chronically poor, such as illiteracy and innumeracy, along with wider institutional indifference (the absence of an effective legal system to assert the rights of the poorest, the direct and indirect influence of employers or their relatives in locally elected bodies and systems), prevents labourers from taking action to challenge their position.[15] Global commodity chains, such as the export fruit industry in South Africa, can produce similar conditions (see Box 4.1).

The structures of social exclusion – discrimination, stigma, and invisibility – often create the basis for processes of adverse incorporation – declining assets, low wages, no job security, restricted access to social protection, and dependency on a patron. The ways in which risk and vulnerability shape social relations is key. Chronically poor people often manage vulnerability by developing patron-client ties that produce desirable, immediate outcomes (access to food, access to health services and so on) by trading-off their longer-term needs and rights (ability to accumulate assets, rights to change employer or vote freely, for example). 'Staying secure [often means] staying poor.'[16]

Box 4.1 Adversely incorporated, top to bottom

Fruit picked at Ceres in South Africa regularly appears on the supermarket shelves in developed countries. Workers there depend on the seasonal labour generated by the global fruit market. Although race (as well as gender) remains a central component of the South African political-economy of poverty, the dynamics that keep fruit workers poor are not just about exclusion, but adverse incorporation into the global labour market.

The fruit workers and the globalised fruit industry are interdependent but, for the workers, this is on unfavourable terms. They are trapped in a situation which forces them to rely on poorly paid, scarce and insecure jobs.

As a result of the casualisation of labour, more than half the farms that used to provide on-site housing have ceased to do so. For landless workers, relying on seasonal and temporary demand for labour, dependence on a paternalistic farmer for employment has been replaced by dependence on a contractor who acts as a labour broker.

Due to low incomes and weak access to economic and natural resources for basic household food production, people often have to buy food on credit, in small amounts and at higher prices. Networks of mutual aid and support enable basic survival, but provide only limited protection against shocks. Limited social safety nets and few alternative livelihood options have given rise to a burgeoning underground economy. Rising criminality, violence and exploitative relationships effectively increase the vulnerability of poor fruit workers.

Chronic poverty is maintained among fruit workers in Ceres by both 'downstream' factors – the ways in which products are processed, shipped, marketed and consumed, and 'upstream' factors – the relationships that are involved on the input side of agricultural production. People in chronic poverty are linked to the fruit consumers of Europe via the economics and politics of the export chain.

Source: du Toit 2003.

Geography and agro-ecology

Geography and agro-ecology can be maintainers of poverty. There are often 'logjams of disadvantage'[17] in less favoured, weakly integrated, remote and/or low potential areas that compound any geographical disadvantage. These logjams are made up of social and political exclusion owing to ethnic status, thin and interlocked markets, poor governance, and high levels of exposure to asset depleting risks. These different forms of disadvantage reinforce each other where both social exclusion and adverse incorporation dominate the lives of the poor.

It is the concentration of a combination of factors that keeps places poor, often bolstered by a history of purposeful neglect which deters investors, both public and private. At the extreme, places treated as labour reserves or closed areas can becomes sites where criminality and illegal economies prevail, and where state institutions are ineffective. This is summed up in the notion of 'geographic capital'.[18]

It takes public and private investment to raise the geographic capital of an area, and the prospects for growth in a spatial poverty trap depend on governments and community organisations overcoming the negative perceptions and marginalisation of the area among investors.[19] Underlying the 'problem' is the need for sustained political energy, both in the wider polity, and in the region itself, where political leaders may benefit from the *status quo*. The combination of political demand from the region and the willingness to redistribute or target resources from the centre is critical.

The danger is that integration, while good for opportunity (especially for labourers), leads to loss of regional or local character and may have costs. Better placed areas may out-compete more remote areas in production terms once integration is enhanced. Supplementary policies such as social protection, market development, improved governance and cultural and environmental conservation measures may be needed to mitigate the costs of integration.

Cultures of poverty

Whether the ways in which children are born and raised in poverty influences them to become poor adults and pass poverty on to their own children is a controversial issue and often avoided. Yet, in terms of the persistence of poverty, it is important to ask whether there is something about the ways in which

people cope with poverty (psychologically as well as economically and socially) that makes poverty more difficult to escape.

Elites have long used 'cultures of poverty' to blame the poor for their poverty – 'they are poor because they are drunk or lazy or ignorant'.[20] Such assertions are often based on little understanding about the poor. Aspirations for children, attitudes to risk, rules of behaviour, emotional resilience, are all important for coping with and escaping from poverty. But the beliefs and norms of society as a whole or some poor people in particular, may limit the possibilities for escape. These are real problems, which limit the agency of the poor and play a role in the persistence of poverty; they need to be understood and overcome just as much as the mechanisms of social exclusion or adverse incorporation.

Culture affects what is transferred from one generation to the next. Norms of entitlement affect intergenerational transfers by determining who has access to and control over resources, and who is dependent on others. The aspirations of parents may have substantial effects on children's up-take of education. Norms about diet influence maternal nutrition and the health of babies in the womb, as well as after birth. Norms also influence perceptions of 'strategic' transfers, for example of resources to younger generations in order to ensure support in one's old age.[21]

The 'culture of poverty' theory[22] links poverty to the ways in which the poor have adapted to and coped with poverty over years and generations. Coping and survival strategies passed on from one generation to the next can help survival in bad or deteriorating conditions, sometimes keeping the poor from destitution or death. However, they may also contain elements which help to maintain poverty, through reproduction of the social and economic structures that obstruct escape – a form of adverse incorporation. This means that effective policies to reduce chronic poverty have to deal with the difficult issues of values, attitudes, aspirations and confidence.

Lack of investment in primary health care, or primary education and other life skills results in permanent life-long deprivation.

Capability deprivation

People trapped in persistent poverty tend to experience multiple capability deprivations, such as poor education, illiteracy, bad health, inadequate nutrition, lack of human rights and civil rights. These constrain opportunities and choices.[23] They have mutually reinforcing impacts among themselves and across generations.

Most chronically poor people have insecure and inadequate livelihoods. Households suffer hunger and enormous stress, sell off key assets, and get into debt. Children may have to drop out of school, and miss out on critical health care.[24] Women face increased demands to fulfil the triple roles of child and family care, income generation, and participation in the wider community. This reduces their time for child care which may be delegated to others – in some cases, to children, who may be unable to care for their younger siblings adequately.[25]

Poor nutrition has serious, long term and intergenerational effects on physical and mental health, mortality and chronic poverty. Even a relatively short period of deprivation in childhood can harm child nutrition, health, education and aspirations, with serious repercussions for the long-term well-being of both the child and her/his own children.[26] The negative effects of stunting are almost impossible to reverse. Lack of investment in primary health care, or primary education and other life skills results in permanent life-long deprivation.[27]

Acquiring capabilities also has lifelong and intergenerational benefits. There is strong association between parents' and children's education levels.[28] Knowledge and skills, and in many cases a formal qualification, can facilitate upward economic and social mobility, offering a means to getting a better-paying, safer job; accessing credit; keeping accounts; extending social networks to include more influential contacts; and garnering increased respect. Women's education in particular is also strongly associated with improved child health and nutrition and children's own educational success.[29]

Capability deprivation is intimately tied to public policy, sometimes reflecting discrimination within policy processes against particular children, households, groups and areas. The chronically poor may have less access to public services, either because they live in remote areas, or regions where government has not prioritised development, or because of discrimination among public servants, and language, or other cultural barriers. Exclusion of minority, indigenous children from school, for example, is often a result of discriminatory treatment either by teachers or pupils, a curriculum that perpetuates negative representations of minorities and indigenous peoples, lack of funding to the regions where they are located, and the lack of (or low-quality) education provision in minority and indigenous languages.

These farmers in northern India rise at dawn to work. Like many chronically poor people, their opportunities and choices are very limited.

Similarly, the chronically poor may face direct and indirect discrimination in health facilities. Older and disabled people, for instance, report negative attitudes from health staff which dissuade them from seeking treatment.[30] The participation of chronically poor people in programme design and evaluation is rarely invited so public services are not attuned to their cultures and lifestyles.

Weak, 'failing' and 'failed' states

A large number of chronically poor people live in countries or states where poverty is as bad in depth, absolute numbers, or proportion as it was 30 years ago. Typically, state capacity is low or non-existent and violent conflict disrupts economic and social activity. Panel data on these areas is rare, so it is difficult to give precise estimates of chronic poverty, however, the processes that trap people in poverty are evident. Violence destroys assets and discourages both domestic and foreign investment (except for illegal goods and enclave extractive activities) so that growth is low or negative and is not pro-poor. State failure means that social protection and social services, such as education and health, do not operate, so human capital is weakened. And the breakdown of law and order raises the likelihood of increased inequality as violence, or the threat of violence, determines access to assets and incomes.

The Human Development Report 2003 identified more than 50 countries that grew poorer over the 1990s, symptoms of failed economic growth and the HIV/AIDS pandemic. Human development indicators got worse in 21 countries. 59 'top' and 'high' priority countries failed to make progress towards the Millennium Development Goals.[31] 38 of these countries are in sub-Saharan Africa. This omits the states, regions and provinces of large countries which may also be stagnating or even experiencing reversals, while other regions progress. Including the poorly performing states of India and the remote regions of China would increase the number of people affected by persistent, territorial poor-performance by scores of millions.

Why these states 'fail' is a multi-faceted issue involving strategies for economic growth, human development, HIV/AIDS, governance, social integration and disintegration and conflict. While poor performance is attributed, by most international commentators, to disabling internal conditions for investment, aid, and peace in the countries concerned, there are also international explanations and causes to be addressed, and opportunities to grasp.

State failure means that social protection and social services, such as education and health, do not operate, so human capital is weakened.

Exactly which states are 'weak' or 'failing' depends on the criteria used. The World Bank's classification 'Low Income Countries Under Stress' (LICUS) identifies 27 countries; UNDP's 'fragile states' cover 46 countries. 'Desperately deprived' and 'moderately deprived' countries – classified by CPRC, using human development indicators – are generally 'poorly-performing' on one or other of the above analyses. By contrast, the 'not deprived' countries are hardly ever included as poor performers, except some of the Central Asian transitional countries, where economic and human development has gone into reverse. What does this mean? Countries whose populations are 'desperately' and 'moderately' deprived are typically seen internationally to:

- have weak rule of law;
- have been prone to conflict;
- be subject to low levels of civil and political rights;
- have governments which are weakly responsive to their citizens;
- in some cases, avoid engaging much in the economic and governance reforms promoted by the international community since 1980, or, where they have, the reforms have not born fruit.

However, it is also possible to see these countries as affected by particularly difficult structural economic conditions – poorly connected, small economies, with weak human development positions to start with. They are unable to move into more beneficial international trading lines – the manufactured exports and service economy which more rapidly growing countries have entered. They have not benefited from reliable aid flows (LDCs have seen a decline per capita from US$29 to $19 between 1994 and 2000), being marginal to the world economy and, with few exceptions, to the geo-political interests of the world's big powers. They have suffered from a relatively unregulated international arms trade and have been at the receiving end of declining terms of trade for primary commodities.

There are many complex debates about if, when, and how the international community should help failed and weak states. The conviction that aid is most effective when spent in good policy countries, and that all aid resources should be directed to those countries has led donors to ignore the imperative to address all poverty and to avoid the challenge of how to reduce suffering and poverty in failed, fragile and weak states. The international community needs to make much faster and stronger progress on improving terms of trade, particularly for primary commodities, and on the arms trade to enable weak and failed states to improve.

Weak and failed international co-operation

A key explanatory factor for the failure to reduce poverty in many countries over the 1980s and 1990s, and for the increase in poverty in the former Soviet Union and Central Asia, is the ineffectiveness of the international system. Structural adjustment, prescriptions for a rapid move to the market,[32] reduced volumes of aid, the tying of aid, the allocation of aid away from the poorest countries,[33] the continued agricultural protectionism of the OECD countries, the unregulated trade in arms, reckless lending to known corrupt despots, and the failure to cancel debt, all helped to maintain poverty levels. They also contribute to maintaining levels of chronic poverty.

The international system filed against social protection for poor countries during the 1980s and 1990s as being unaffordable and not likely to contribute to development. That assumption needs urgent review.

Aspects of the international system remain hostile to the interests of chronically poor countries: trade in primary commodities; the unregulated arms trade; and the volume of export earnings poor countries still have to pay in debt service, despite significantly lower debt stocks in particular, are examples. The

failure of OECD countries to meet their obligations on aid volume and allocations to basic social services is a failure of international co-operation, and one which denies essential resources to chronically poor people.

Falling into poverty: the drivers of chronic poverty

Not all chronically poor people are *born* into long-term deprivation – many slide into chronic poverty after a shock, or series of shocks. What drives people into chronic poverty is not very different to what drives people into poverty in general. The types of shocks are the same – ill-health and injury, environmental shocks, violence, the breakdown of law and order, market and economic collapse. But while some households recover relatively quickly, others are pushed into a downward spiral of asset depletion and increased vulnerability, culminating in severe and chronic poverty. The factors that combine to determine this ability to bounce back from a shock (resilience) can be divided into three main categories:

- the level of private and collective assets to which people have access;
- the nature of the shock(s), in terms of depth, breadth and sequencing; and
- the nature of the broader institutional context, including systems of social protection, basic services, and conflict prevention and resolution, as well as public information.

The structures that maintain people in poverty play the largest role in hindering recovery from shocks, as they affect both assets and the institutional context. A poor household living in a remote area and suffering discrimination is unlikely to have access to the resources or public services required to bounce back. The interaction between drivers (shocks) and maintainers is illustrated in the boxes throughout this section:

- Market collapse: In Box 4.6, a shock to households and entire economies is traced back to a lack of global economic governance.
- Civil war: Box 4.5 examines the macroeconomic effects of the eruption of conflict.
- Famine: Box 4.4 details how bad weather (a shock), bad policy (a failure of national and international governance), and reduced resilience combined to cause hundreds, perhaps thousands, of preventable deaths and have trapped many 'survivors' in intractable poverty.
- Property grabbing: Box 4.3 describes a situation where not only is there no safety net to fall back on after a shock, but discrimination based on gender and marital status strips away any assets that could be used to bounce back.
- Fire: Box 4.2 shows how household and neighbourhood poverty, and exclusion from basic services exacerbate the effects of a shock.
- In Box 4.7, the story of Maymana and Mofizul, a combination of shocks at the micro-level and structures at the community level combine to maintain and deepen their poverty.

Box 4.2 Slums, shocks and chronic poverty

Many people in low-income settlements in Delhi, Dhaka and Cape Town report that their descent into chronic poverty was initiated by a house fire. They give a range of similar reasons why a small fire can become a shock from which recovery is impossible:

- Houses built with poor quality, flammable materials and crowded together favour the spread of fire.
- Narrow streets and political marginality mean that the fire brigade cannot or will not come to a slum fire.
- Limited water supplies mean slum dwellers can do little to stop fires from spreading.
- Injuries to (or death of) household members leads to increased health bills and reduced income.
- Damaged or lost workplace or equipment (often also located in the slum) reduce income.
- Distributions of relief from public funds are insignificant, inegalitarian and intermittent.
- A lack of access to savings and insurance services means households have limited or no 'crisis funds' to fall back on.
- The destruction of identity documents and pension books means the household loses access to public entitlements (e.g. subsidised food, free health care, pensions).
- Informal, intra-community safety nets are undermined as neighbouring households are in a similar position and cannot offer support.

Access to assets

Limited access to assets, both private and collective, is what drives already poor people into deeper and more intractable poverty after a shock. Those with few material, financial, natural or social assets are vulnerable to relatively minor shocks, which nonetheless cause catastrophic declines into persistent poverty. The coping strategies undertaken by a poor household without 'reserves' are those that, while possibly ensuring short-term survival, can undermine well-being in the medium to long-term. Any crucial productive assets are liquidated, and households often resort to reducing consumption in ways that have potentially irreversible welfare effects – eating a smaller amount of less nutritious food, avoiding essential medical expenditures, withdrawing children from school.

Even when a poor household does possess assets, these assets are themselves often highly susceptible to shocks. Housing can be destroyed; cash and jewellery can be stolen; land and livestock can succumb to erosion and disease. Financial assets are susceptible to economic shocks and devaluation. Social capital is vulnerable when the shock affects entire communities or countries.

The nature of shocks

Discussion of the relationship between shocks and poverty is not new.[34] But what types of shocks result in irreversible decline? Intuitively, the shocks from which it is very difficult to recover are those that are severe, sudden, unpredictable, sequential and affecting many people.

The severity of a shock can be measured by the extent to which it causes the loss of productive assets and/or increased resource demands. The devastating effect

of losing a home is compounded by losing tools and working premises with which it would have been possible to rebuild a livelihood. It is compounded through injury that both limits the capacity to work and requires resources to be spent on care and treatment; death means lost income and funeral expenses.

The shocks of nature

Sudden, unpredictable shocks can have huge consequences even for those with the financial and social resources to plan ahead. People without such resources find themselves made destitute from one day to the next, perhaps permanently. Sudden shocks are often natural disasters and environmental, agro-ecological or agro-climatic shocks.

It is increasingly recognised that the interaction between a natural hazard and a vulnerable human population is what causes a livelihoods shock (see Box 4.4). Severe and unpredictable shocks – floods; droughts and El Niño episodes; landslides; volcanic eruptions; earthquakes; extreme temperature; fires; windstorms; infestations; and disease outbreaks – especially when successive, can all undermine otherwise secure livelihoods and lead to impoverishment, diminished capabilities and preventable death.

In much of the developing world, extreme climatic events are regular but largely unpredictable. These events have been increasing in severity and frequency, probably due to global climate change, and will continue to do so.[35] As climate zones shift over the coming decades, those with the fewest resources will be the most vulnerable to new patterns of extreme conditions. The chronically poor are almost certain to be among those least able to adapt rapidly to climate change, unless unprecedented levels of effective support are provided.

It is more difficult to recover from shocks that operate at an aggregate level, affecting entire communities, countries and regions. When the total pool of resources available is decimated, people in the same, sinking boat can't help each other enough for recovery. Even relatively affluent households can be highly vulnerable to long spells of poverty when, for example, severe crop shocks occur.[36]

The location of a shock can also exacerbate its effects – urban areas prone to natural disasters (floods in Bangladesh; volcanic eruptions in Goma, DRC; earthquakes in Iran) can suffer more than rural areas, due to the density of population and infrastructure. Effects can be felt far beyond the city when the economy is interrupted, particularly if the national distribution of goods is affected.

Sequential shocks, like poor weather year after year, are particularly difficult to recover from, especially if they follow in close succession or trigger off a series of further shocks. In Mongolia, for example, different combinations of summer drought followed by severe winters – known locally as *dzud* – can have devastating effects on herding families, as entire flocks are lost. This sets into motion a downward spiral of reduced assets, reduced capabilities – a lack of animal transport means children can't get to school or the sick to health care; concentrated grazing undermines pasture sustainability.

Box 4.3 Widowed, abused, and robbed

Both in law and in practice, women are denied equal property rights, particularly in sub-Saharan Africa, South Asia and the Middle East. An unequal or absent means of inheriting, managing and trading property, especially land, is a major maintainer of poverty among women and their dependents. The effect of this discrimination is multiplied when it emerges suddenly and brutally after a husband's death, by which time many households are already reduced to extreme poverty. Throughout southern and eastern Africa, a high proportion of widows and their children are left destitute when their dead husband's relatives snatch their property – theft in the guise of tradition, fostered by unequal and unenforced laws.

Sources: Human Rights Watch 2003; UN Integrated Regional Information Networks 2002.

Institutional context

The extent to which the broader institutional environment enables people to resist and recover from the negative effects of shocks is a crucial determinant of whether poverty will be transitory and isolated, or chronic and endemic. Three common types of shock – illness, violence and market collapse – demonstrate

Box 4.4 The 2002 Malawi famine – bad weather, bad policies, increased vulnerability

The food crisis in Malawi in early 2002 resulted in several hundred – perhaps several thousand – hunger-related deaths. Starving Malawians resorted to eating unripe and unconventional foods, including flour 'fortified' by maize cobs and sawdust, much of which made them ill. Malnutrition was high, not only among young children, older people and the ill, but also among working adults. An estimated 30% of the population required emergency aid.

The famine can be explained in two ways. The 'technical' view is that an environmental shock (bad weather), limited information, and import bottlenecks resulted in famine. The 'political view' attributes blame to different actors, depending on who one talks to: the IMF for recommending the sale of strategic food stocks; Malawian politicians for selling off the entire food reserve, and making money on the side; complacent government and donor officials; and profiteering traders inflating prices. The truth lies somewhere in a combination of the technical and political views.

In addition to these immediate causes of famine, there are a number of underlying vulnerability factors that left poor Malawians unable to cope with a production shock that was actually less severe than the drought of 1991–2:

- declining soil fertility and neglect of smallholder agriculture, particularly in remote areas;
- deepening poverty that decimated asset buffers (foodstocks, savings);
- weakened informal systems of social protection in poor communities;
- the demographic and economic consequences of HIV/AIDS.

Better weather in mid-2003 has been followed by a period of low rainfall. Recent reports describe a country struggling through the lean season, on the brink of another food crisis.

Sources: Devereux 2002; with additions from Bird, Booth and Pratt 2003; Cammack et al. 2003; WFP 2004.

the extent to which a lack of health services, social protection and conflict prevention are implicit in the generation and maintenance of chronic poverty.

When there is no health care or social protection

Social protection – including cash grants and income support, free access to basic services, food and training, pensions, insurance schemes, and emergency relief – can help prevent people from sliding into chronic poverty, and enable poor people to escape. It can shore up current consumption so that potentially irreversible welfare effects do not occur. It can prevent the erosion of savings and other assets, and help the poor to avoid becoming trapped in debt. It provides the security that permits poor and very poor households to invest in economic activities and human capital. By encouraging a greater level of household-level risk-taking, it promotes economic diversification which can create more robust local economies, and reduce the degree to which whole communities are exposed to covariant risk.

Without adequate systems of social protection, particularly health care, the effects of any shock are intensified. Health shocks are highly significant events in the lives and livelihoods of poor people. Ill-health and poverty are mutually reinforcing: the poor are more vulnerable and less resilient to illness and injury, and the sick and injured are more likely to become poor. And, evidence suggests, they are more likely to stay poor. Ill-health – particularly of a household's main income earner – is perhaps the most common driver of chronic poverty at the individual and household level. In the context of overstretched, inaccessible and, in many cases, non-existent health care systems, the direct and indirect costs of treatment and care can in themselves initiate rapid asset depletion, leading to chronic poverty. The story of Maymana and Mofizul (Box 4.7) illustrates the downward spiral that can follow a health problem.

When the illness is chronic or terminal, the strain on a household's financial and human capital is very great, increasing the chances of it falling into a spiral of debt and ill-being. Poverty doubly affects the health of the poor. Not only are the poor most likely to suffer food insecurity and exposure to hazards in domestic and work environments, but they are also least likely to be able to afford the many direct and indirect costs of treatment. People with impairments and some socially stigmatised illnesses face the added challenge of disabling discrimination, further driving both income and multi-dimensional poverty. In the past, diseases such as tuberculosis and cancer typified such ill-health spirals but today HIV/AIDS is increasingly the associated diagnosis.

Evidence from nine developing countries[37] shows that the poor spend a significantly higher proportion of their income on health care than the non-poor.[38] The proportion spent by the poorest ranged from about one-and-a-half to ten times that spent by the richest: in a large city in northern Thailand, the poorest quintile spent 21% of household income on health, while the richest spent only 2%.[39] In South India the direct cost of treatment and equipment for disabled people averages three months' income. This does not include the indirect costs to families and carers, or the opportunity costs of income foregone.[40]

Ill-health and poverty are mutually reinforcing: the poor are more vulnerable and less resilient to illness and injury, and the sick and injured are more likely to become poor.

When a household member requires care, this means the loss of income or labour of an additional household member. Household capacity to employ assets such as land and livestock effectively is constrained. To try to maintain consumption levels, households compensate by selling off natural and physical assets, drawing down any financial savings, taking on debt, pulling children out of school to work, and mobilising social support. The additional costs of medical expenses, especially in the case of chronic illness, add to the household's problems.

The critical issue here is whether the household falls below the threshold from which, assuming the individual recovers sufficiently to return to work, a livelihood can still be generated and the household can start to re-accumulate. Some forms of employment, such as rickshaw pedalling, are inherently 'unsustainable livelihoods', mining the health of the worker.[41] A spiral of lost income, rising expenses and liquidating assets can reduce the household to a state of chronic poverty by the time the 'breadwinner' dies, often prematurely.

The likelihood that illness and injury will deteriorate into a longer-term impairment, or death, increases when a household is unable to pay for the necessary treatment, or cannot endure the temporary absence from work due to illness. Illness episodes experienced by the poor tend to last longer than those suffered by the rich.[42] Tuberculosis is particularly problematic in this way. A private doctor running a clinic in Uttar Pradesh, India explained that most TB patients who are poor do not come to him until the disease is already at an advanced stage. He estimates 90% of poor people discontinue treatment for TB once started, and often start and stop treatment several times because it is expensive and because they feel better. If treatment has been aborted several times and the TB becomes resistant, the cost becomes exorbitant.[43] Further, as TB is highly contagious, other household members are likely to become infected, thus multiplying the costs.

When violence isn't prevented, and conflict isn't resolved

Violence, conflict, and the weakening of the rule of law drive individuals, households and entire populations into poverty, and act as a maintainer. At the micro level, case study research (and investigative journalism) provides evidence of the ways in which violence can drive children onto the streets;[44] force women into sex work; destroy the livelihood, social status and self-esteem of older women who are punished for being witches; and lead to girls who are 'spoiled' by rape being turned out of their homes and made destitute. Much, if not most, violence is hidden away, but there is a growing awareness of the many ways in which violence, or the threat of violence, can force people into chronic poverty and close off mechanisms by which they might escape.

Less dramatic breakdowns of the rule of law can also drive households into poverty. In Bangladesh, the way in which both policemen and magistrates can be 'bought off' means that wealthier people can impoverish poorer people by mounting false legal cases against them and having them arrested and jailed.[45] Such cases can be manufactured to scare

poor people off their land or settle disputes in favour of the wealthy. The debts incurred by taking on a court case can trap entire families in poverty.

At the macro level, the outbreak of a violent conflict impoverishes people directly, through the destruction of assets, impairment and death, and indirectly, by disrupting the functioning of markets and governments. This induces rapid economic decline, impacting on the livelihoods of poor people and causing a breakdown in public services, so that ill-health and reduced ability to cope with shocks makes chronic poverty more likely.

The situation in the Solomon Islands is illustrative (Box 4.5). A country in which there was evidence of progress in poverty reduction suddenly and rapidly moved into reverse. Income poverty soared and maternal and child mortality rates rose. Recent attempts to stop further violence seek to prevent conflict as a driver becoming conflict as a maintainer of chronic poverty.

When markets collapse . . .

Economic shocks are powerful drivers. The collapse of coffee prices (Box 4.6) has been catastrophic in countries such as Burundi, Ethiopia and Uganda. Small scale producers and casual labourers dependent on the crop experience dramatic drops in income, take on extra debt and risk spiralling into chronic poverty. A second shock, ill-health or 'unavoidable' social expenses, such as funeral costs for a family member, can drive the family to a point at which it cannot recover its earlier position and rebuild its assets.

The collapse of the Asian financial markets in the late 1990s generated large amounts of transitory poverty, for example South Korea's poverty head count leapt from around 3% to 25%, and may well have generated persistent poverty among particular groups of people. In poorer countries, mitigating measures, such as unemployment benefits and social assistance, are rarely in place to deal with these shocks.

While many of these shocks have complex chains of causality, occasionally they can be attributed to specific policy measures.[46] For example, the garment industry in Bangladesh was affected by the US 'Harkin Bill' against child labour, which inadvertently led to thousands of children, mostly girls, going into jobs that are less safe, lower paying, with more limited prospects – sex work, brickbreaking, begging. For children and families dependent on garment wages, this began a spiral of asset depletion; the subsequent Memorandum of Understanding has brought some children back into garment work with a provision for part-time free education; the extent to which this has interrupted a downward spiral for individual children or their families needs to be assessed.

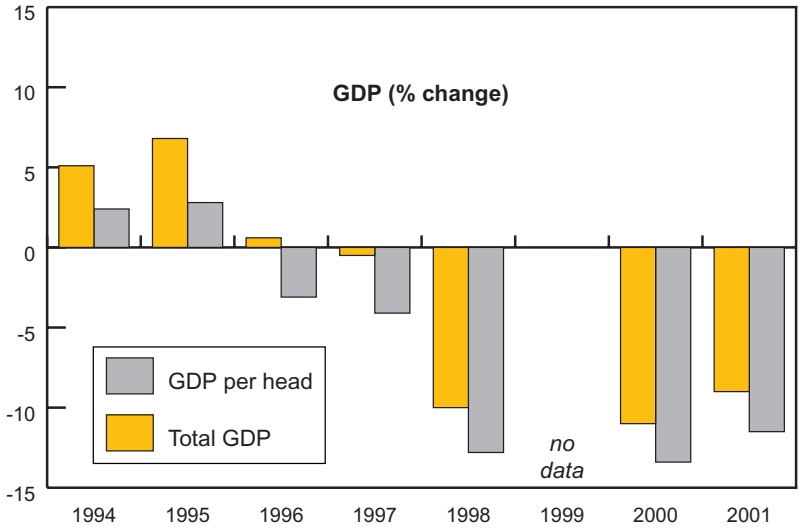
The consequences of international economic change on the lives of the poor are dramatic – and all too often invisible to decision makers. At other times an economic shock may operate indirectly, as in the suicides of powerloom weavers in India in 2000–01, no longer able to keep their businesses going in the face of cheap imports following liberalisation.[47]

'Last year, we had a spate of suicides by power loom weavers in Sircilla, Andhra Pradesh. One example is the case of Konda Kishtiah, 32 years old, with dependent old parents, two children. His wife died of tuberculosis and despite being skilled, the shock of a combination of factors such as market based fluctuations, globalisation, subsidy withdrawal, withdrawal of marketing support by the State, lack of alternative income earning opportunities, mounting debts, starvation

Box 4.5 Violent conflict and a collapse into poverty in the Solomon Islands

The Solomon Islands have struggled with inter-ethnic tension since independence in 1978, although violent conflict only broke out in late 1998. About 20,000 people were forced to abandon their homes. In June 2000 there was a coup, and violence continued particularly in remote rural areas.

The effects on the economy and the well-being of the people have been marked. Modest growth in national income has turned into severe decline. Net inflows of foreign direct investment declined from US$33.8 million in 1997 to US$1.4 million in 2000; by 2001, there was a net outflow of US$5.1 million. Debt grew by almost 50% between 2000 and 2001. While aid is about 23% of gross national income, the debt burden is about 58%.



Source: Asian Development Bank, Asian Development Outlook.

The Solomons are far behind on the Millennium Development Goals. Particularly in remote areas, declining funding of essential social services has adversely affected health and education indicators, now the lowest in the region. Maternal mortality rates are particularly high. New vulnerable groups are emerging such as those displaced by the conflict, the unemployed, especially women, and youth.

More than two years later, Australia and a few other Pacific neighbours offered to send in a small peacekeeping force. The Solomon Islands parliament approved the force on July 17, 2003. By the end of 2003, a measure of stability had been restored. This may be the chance to prevent conflict as a driver from becoming conflict as a maintainer of chronic poverty.

Sources: ADB 2003; BBC 2003; World Bank 2003.

Box 4.6 The cost of a cup of coffee – market collapse and poverty traps

Over the past five years, massive coffee overproduction has led to a collapse in prices, contributing to chronic poverty at both the micro and macro level.

There are some 20–25 million small farmers dependent on the global coffee market, living in about 50 countries of Latin America, Asia-Pacific and Africa. In Ethiopia, more than 700,000 smallholders are involved in coffee production, and the livelihoods of a further 15 million rely in part on the coffee economy. For these small farmers, the collapse in coffee prices – sometimes to a fraction of the production cost – has meant the collapse of livelihoods, increased food insecurity, asset depletion, resource degradation, and a decimated ability to cope with shocks. For many children, it has meant leaving school, as coffee production was the only way their families could earn cash for fees.

Diversification and entry into niche markets are risky, long-term strategies. With few livelihood alternatives, the most vulnerable farmers stay in the coffee market. Others, along with under- and unemployed coffee plantation labourers, migrate in search of a new livelihood.

At the macro level, the countries hit hardest by the price collapse are mostly Least Developed Countries, many desperately poor. Over the last five years, Uganda lost about half the amount it has received as debt relief under HIPC. Ethiopia lost half its annual export earnings over a two year period. Of the 36 countries facing food emergencies identified by the FAO in June 2003, four are Central American countries experiencing food insecurity because of the international coffee crisis, and six are African countries heavily dependent on coffee exports. The economies of some of the poorest countries in the world – including much of Eastern Africa and Central America – are highly dependent on exports of coffee from small farms (see table).

While a range of factors has contributed to the coffee crisis, the main problem is a lack of governance since the International Coffee Agreement broke down in 1989. The global coffee market is extraordinarily unequal: an average farmer has about 15 bags of coffee to sell each year, while each of the biggest coffee roasters buys about 15 million. In the context of commodity market speculation, of IFI production support to particular coffee-producing countries, and of the pressures for hard currency that encourage indebted countries to increase exports, the absence of governance has undermined the livelihoods of millions of people.

Selected countries	Share of world production (%)[1]	Dependence on coffee exports (%)[2]
Americas	65	
Brazil	33	
Colombia	12	17
Guatamala	4	21
Honduras	3	25
Mexico	3	
El Salvador	2	26
Nicaragua	1	30
Others	6	
Asia-Pacific	22	
Vietnam	13	
Indonesia	5	
India	3	
Others	2	
Africa	13	
Uganda	4	55
Côte d'Ivoire	3	
Ethiopia	2	67
Kenya	< 1	14
Tanzania	< 1	16
Burundi	< 1	80
Rwanda	< 1	43
Others	2	

[1] June 2002–May 2003; www.ico.org
[2] 1998; FAO/ILO in Oxfam 2001.

Sources: Charveriat 2001; Lines and Tickell 2003; Barrett et al. 2002; FAO/GIEWS 2003.

and no social safety nets, created a situation where he and many other power loom weavers found the situation so hopeless that they killed themselves and their families.'

Although the prediction of specific market and economic collapses is problematic, there is a widespread consensus that globalisation means that such shocks are likely to be more frequent, more rapid and on a larger scale than in the past.[48] But mechanisms for international governance to address social impacts of globalisation, not least on chronic poverty, have yet to be developed.

Understanding chronic poverty and taking action

Maintainers and drivers of chronic poverty overlap and reinforce each other. This can be seen clearly by unpicking the story of Maymana and Mofizul, two chronically poor people in Bangladesh, whose experience is described in greater detail in Box 4.7.

At the micro-level, their poverty is explained by the ill-health of Maymana's husband and by not being able to access affordable and reliable health services. Moving up a layer, social exclusion at community level permitted Maymana's father-in-law to seize her land and further deplete her assets. At the national level, ineffective policies meant that the lack of broad based growth, especially in agriculture and the rural economy, reduced opportunities to work, earn and accumulate. Poor governance meant that inheritance laws were ignored and social protection was not provided. Civil society, in the form of NGOs, bypassed this household.

Internationally, the protection that wealthy nations provide to their farmers (US$320 billion per annum) and textile industries reduces growth in Bangladesh and the capacity of its government to increase public revenues. OECD resistance to proposals from Bangladesh at Cancún to open up the global market in unskilled

Box 4.7 Maymana and Mofizul's Story

Maymana and Mofizul recounted their life story during a number of long conversations over a period of 12 months from October 1999. Maymana and Mofizul were selected as one of 42 poor households interviewed as part of a study on financial behaviours and preferences of the poor. For a year, Bangladeshi researchers visited them every fortnight and collected information about their financial and economic activities, as well as gathering their life history and exploring their perceptions as to how and why they had declined into poverty, their strategies for addressing the difficulties they face, and the persistent nature of their poverty.

Maymana and Mofizul live in a village about 30 kilometres outside the city of Mymensingh. It is relatively favoured in Bangladeshi terms. The area is flat, fertile and densely populated, and it does not experience severe flooding. Agricultural productivity has been rising with the spread of 'green revolution' and fish farming technologies. The village is near a main road, so the economy is fairly diversified and services are relatively accessible. In addition, a high density of NGOs operates in the area, including the mega-NGOs BRAC and Proshika, as well as several smaller ones. The widely acclaimed Grameen Bank also has a large presence in the area.

Sliding into poverty

In the early 1990s, the household was made up of Maymana, her husband Hafeez, two daughters and a son. Hafeez owned three rickshaws that he hired out on a daily basis and an acre of paddy land, thus the household had a reasonably secure income and an asset base to fall back on in hard times. In Maymana's words, life was *balo* (all right/OK). However, as the two daughters approached their teens there was the expense of dowry to consider, and the son Mofizul had a growth on his back and was often unwell.

At this time Hafeez developed a cough and complained of a painful throat. After purchasing ineffective medicines from a 'pharmacist' in the bazaar, he visited the nearby government-run health centre, where staff asked for bribes and were generally uninterested in his illness. Next he went to a private 'doctor' in a nearby town, who recommended costly medicines. When these also failed to work, he referred Hafeez to a colleague in Mymensingh. In order to meet these medical bills, a rickshaw was sold. As Hafeez's condition worsened and further X-rays and tests were required, a second rickshaw had to be sold. The weekly income plummeted, the family reduced its consumption levels, and old clothes and utensils were no longer replaced.

As Hafeez got sicker the elder daughter, concerned that her family would not be able to provide for her dowry, acquired a kid, fattened it, sold it and repeated this cycle. In this way she saved for her own dowry. Her younger sister adopted the same strategy. Much to Maymana's relief, male family members arranged marriages for the girls, with some involvement from Hafeez.

By now Hafeez was confined to the house and there were no more rickshaws to hire out. The household was dependent on rice produced from its small plot of land and on Maymana finding occasional work as domestic help. When Hafeez died in 1998, Maymana was in despair. She was now a widow with a tiny and irregular income and a sickly child. Although Mofizul was only 12 and often sick, he sometimes found casual employment at a local timber mill. At a daily rate of 10 taka (US$0.20), however, his income did not make a significant difference.

The situation declined further when Maymana's father-in-law took control of the household's agricultural plot. Maymana began to borrow, glean and beg for food. Fortunately her married daughters, wider family, neighbours and the mosque committee provided some support so she and Mofizul survived. At the end of 1999, despite threats and warnings against doing so, Maymana took her father-in-law to the village court (*shalish*) for the return of Hafeez's land to her and her son. Under Bangladeshi law she has rights to the land, but the *shalish* ruled against her. Following the spirit of compromise that often guides the *shalish*, her father-in-law told the court that he would pay for any medical expenses arising from Mofizul having his back treated. He has only partly honoured this promise.

Enduring poverty

In October 1999, Maymana and Mofizul occupied a one room house with mud walls and an old iron roof. They also had a small kitchen hut with mud walls and plastic sheeting on the roof. These huts and 0.06 acres of homestead land were their only assets. They had no furniture, equipment or livestock, not even chickens, and only a few cooking utensils. Their huts stood at the back of a number of better-constructed buildings belonging to an uncle.

The household of two met its livelihood needs from a variety of sources including casual work, gleaning, borrowing, begging and receiving charity, but it was unable to acquire or accumulate any significant financial or physical capital. Their human capital remained low, with poor health and no new skills acquired, and, having angered Maymana's father-in-law and taken loans of grain and cash that she was unable to repay, their social networks were weakening.

Maymana sought paid work in others' homes, but found it increasingly difficult as she was ageing, nearly deaf and often unwell. Maymana did not know her age but was probably in her late 40s. She had only two years schooling and was illiterate. Whenever possible Maymana gleaned rice.

Mofizul was 13 with no education, as is the norm for children with an impairment in Bangladesh, and being 'disabled' was part of his social identity. But despite his youth, disability, ill-health and lack of education Mofizul was determined to find employment. As he got older his daily rate for casual labour rose to 30 taka/day – half the adult male rate. However, employment was irregular. Once the police shut down the mill for a month, claiming that it was sawing logs taken from a protected area.

Sometimes the household received gifts or charity. During Eid the mosque committee gave them 150 taka (four days' pay for Mofizul), a sari and meat. Maymana also borrowed and begged for food and money. Distinguishing between these strategies is not easy: during the year Maymana arranged several loans from family and neighbours that she was unable to repay – loans gradually converted into 'gifts'. By October

2000 she had borrowed 500 taka from one daughter and 36 kg of rice from the other daughter, a son-in-law, and a neighbour. It was unclear how this could be paid back.

In October 1999, Maymana held a Vulnerable Groups Development (VGD) card entitling her to 30 kg of wheat each month. This is World Food Programme grain provided to female-headed households identified by local government as being vulnerable to hunger. However, Maymana only ever received 7.5 kg and subsequently had to return the card to the councillor. The reasons for this were complicated, but were related to the councillor belonging to a different political party than the uncle in whose compound she lives. The uncle suspected that the councillor had ulterior motives and was trying to get wider family members to change their political allegiances.

Despite these difficulties, Maymana reported that 2000 had been much better than the previous year, as her son's earnings meant that they could more often substitute borrowing for begging.

Explaining poverty

Maymana identified three main factors to explain her poverty. At the heart of the explanation was the prolonged illness and eventual death of her husband, which led to a dramatic decline in income, a rise in expenditure and the sale of productive assets. Second, the seizure of her husband's land by her father-in-law undermined the household's ability to produce at least some food each year. Finally, there was the composition of her household – two daughters needing dowries and a disabled son. These explanations, however, were more broadly understood and explained by her as *Allah'r ichcha* – God's will.

Maymana and Mofizul are not poor because of any lack of action on their part. Their agency may be severely constrained by a host of structural factors but they are constantly seeking out ways of improving their position – they may be down but they refuse to be out.

Table 4.2 The influence of state, market, society and family on Maymana's and Moziful's prospects

Sectors	What support has this sector provided for them?	What constraints has this sector placed on their welfare and in what ways has it failed them?
State	• Vulnerable Group Development card	• Card withdrawn
	• Basic health services	• Poor quality, and has failed to regulate the quality of private health service providers
	• Primary education	• Only taken up by Maymana for two years
	• Law and order	• Failed to uphold Maymana's rights to land inheritance
Market	• Labour market	• Provides Mofizul with poorly paid, casual work. Maymana unable to get work
	• Product market	• Used by Maymana's daughters to sell goats for dowries
	• Insurance	• No health or life insurance available to manage Hafeez's decline
	• Health Services	• Provided services to Hafeez that did little for his health but dramatically depleted household assets
Society	• Charity	• Neighbours give food when Maymana begs and permit her to glean from their land
	• Mosque Committee	• Provides gifts at Eid
	• Informal loans	• Neighbours provide loans of money and grain that may turn into gifts
	• Village court	• Cheated Maymana out of her land rights and greatly reduced her asset base
	• NGOs	• Do not provide support to Maymana – not a suitable client
Family	• Father-in-law	• Seized her land, greatly reduced her asset base, does not buy health care for Mofizul
	• Daughters and sons-in-law	• Provide loans of food and money that may not be repaid
	• Uncle	• Provides physical security (as the household is part of the uncle's compound), food loans and gifts. Blocked Maymana from using her VGD card and discourages her from begging
	• Maymana's father (mother is dead)	• Unable to provide support as he is old, sick and poor. Maymana wishes she could help him

Source: Hulme 2002

labour also works against Maymana and Mofizul. The USA's abrogation of the Kyoto Treaty on global warming makes it likely that opportunities will be further constrained in the future as land is lost and 'natural' hazards become more frequent.

Historically, the destruction of Bengal's textile industry by the British, and the creation of an agrarian social structure based on clientelism and the partitioning of India (and the subsequent war of Liberation) have left a legacy of impoverishment in Bangladesh.

While many factors may explain chronic poverty, only some can be changed. Action needs to focus on issues that may be influenced. Internationally, efforts to reform global governance, international trade, and environments, need vigorous support if the chronically poor are not to be further marginalised and impoverished by globalisation. The international community must be kept to its commitments on resource flows and on the right to development. In Bangladesh, there is a significant agenda for those who seek to reduce chronic poverty:

- improved health services and social protection for the chronically poor;
- the promotion of broad based growth that is pro-poor in terms of both the labour market and public revenues;
- persuading NGOs to extend their services to the chronically poor;
- identification of strategies that will reduce social exclusion;
- lobbying aid agencies to focus on assisting the chronically poor by financing innovative programmes (e.g. NGO ultra-poor programmes, projects in less favoured areas and non-contributory pensions);
- contributing to efforts to improve governance.

Conclusion

The drivers and maintainers of chronic poverty operate at every level. Processes that affect the individual and household, as well as communities, countries and the international system, need to be targeted if the downward spirals that result in chronic poverty are to be interrupted.

At the individual and household level this means managing vulnerability. People in chronic poverty try to cope with vulnerability and keep afloat through livelihood diversification and building social relationships, both horizontally and vertically. But there are obvious limits to the extent that things like community-based savings and insurance schemes can foster escape from chronic poverty, when everyone involved is chronically, and often severely, poor. Building social relationships upwards may help people to survive but, without significant improvements in social solidarity, this will have little chance of interrupting the processes that drive and maintain chronic poverty. Governments and the international system clearly have duties to fulfil.

The length of time that different policy interventions take before they bear fruit differs radically. The removal of socio-cultural barriers to citizenship, services and improved governance are vital for chronic poverty reduction, but difficult to challenge in the short-term, especially with limited resources. Other macro policy changes, which are crucial for the medium to long-term, are unlikely to deal with the chronic poverty that individual and households are experiencing *now*. What is needed immediately is increased investment in health and education matched with asset transfers and social insurance, so that chronically poor people can move towards being able to *always* access services and make choices about their own futures, without compromising short or long-term well-being.

Notes

1. Worryingly, global relative poverty may have greatly risen over the 19th and 20th centuries, because of increased inequality.
2. Maddison 2001.
3. See Corcoran 1995 for a discussion for the USA and/or take a walk around any US or UK city centre late at night to see scores of homeless people sleeping on the street.
4. McKay 2004.
5. Countries were grouped according to their average rate of economic growth (with those whose rate was less than 2% identified as 'collapses') over the 1980s and 1990s. Three ways of measuring performance in the reduction of infant mortality rates (absolute numbers, relative to all developing countries, and conditional on initial levels) were correlated with the country groups for each decade. See Anderson and Morrissey 2003 for a detailed discussion of the performance measures. For those countries with adequate data, there are almost no significant differences between the average values of IMR reduction performance of the four growth quartiles, with two exceptions. First, the quartile of countries with the lowest economic growth rates in the 1990s had a statistically significant lower average value of the conditional measure of performance. Second, countries that experienced an economic collapse performed significantly worse on all three measures in the 1980s and significantly worse on the conditionality measure in the 1990s.
6. Dollar and Kraay 2001.
7. Indeed, it can be argued that the Dollar and Kraay work – reported as a virtual law of poverty reduction by influential media such as the *Economist* at a time when it was an unpublished working paper that had not been independently reviewed by a scientific journal – reveals more about the political economy of why people stay poor than it does about the technical evidence. An ideological drive to promote neo-liberal ideas allied to a technocratic belief that 'average' policies should be pursued by all countries.
8. Atkinson and Brandolini 2001.
9. Timmer 1997.
10. For a review of these concerns see McKay 2004.
11. McKay 2004.
12. McKay 2004.
13. See introduction to Chapter One for a discussion.
14. Daru and Churchill 2003.
15. Daru and Churchill 2003.
16. Wood, 2003: 456.
17. de Haan and Lipton, 1998: 13.
18. Jalan and Ravallion 1997.
19. Jalan and Ravallion 1997.
20. At the extreme end of this, there are those (Banfield 1968) that believe that much if not most poverty is based upon the 'innate' characteristics of the poor, sometimes called the 'underclass'. This approach has highly racist and classist overtones. Within this view, any attempt to eradicate or alleviate poverty among the 'underclass' is doomed to fail.
21. Kabeer 2000.
22. Originally put forward by Oscar Lewis in the late 1950s.
23. Based on Sen's capabilities and freedoms approaches; see for example Sen 1999.
24. Marshall 2004.
25. Harper, Marcus and Moore 2003.
26. Harper, Marcus and Moore 2003..
27. Marshall 2004.
28. Castañeda and Aldaz-Carroll 1999.
29. MHHDC 2000; Ray 1999; Watkins 2001.
30. HelpAge International, State of the World's Older People 2002: 11.
31. Top priority countries fail on at least 3 goals, or half of those for which they have 3 data points, or, if data is only available on 2 and they are top priority in both. 'High Priority' countries are top/high for at least 3 goals, top for 2, or top/high for at least half the goals for which they have data (3 data points) or, if they only have data for 2 goals and they are top priority in both. HDR 2003 page 347.
32. Stiglitz 2002.
33. Baulch 2003.
34. See Chambers 1983 on 'triggers'; Sinha, Lipton et al. 1999 on 'damaging fluctuations'; and a wealth of work on sustainable livelihoods on 'vulnerability context'.
35. CRED (Centre for Research on the Epidemiology of Disasters) http://www.cred.be in Skoufias 2003.
36. Cammack et al. 2003; Gaiha and Imai 2003.
37. Rural Nepal; Bangladesh; rural tribal Madhya Pradesh, India; urban northern Thailand; Vietnam; Kuba District, Azerbaijan; Egypt; The Gambia; rural Sierra Leone.
38. Fabricant, Kamara and Mills 1999.
39. Pannarunothai and Mills 1997.
40. Harriss-White 2001.
41. Begum and Sen 2003; see also Kabir 2003.
42. Afsaw 2003.
43. Ruthven and Kumar 2003.
44. Conticini 2003.
45. Landell-Mills 2003.
46. See Oxfam 2002.
47. Mehta and Shah 2002.
48. Stiglitz 2002; Gray 2002.

5 What should be done about chronic poverty?

There are many policies that are potentially beneficial for the poor AND for the chronically poor. But people living in chronic poverty are not 'just like the poor but a little bit further down the poverty spectrum'. Overcoming chronic poverty requires policy makers to reorder their priorities and set their sights higher than the current consensus on poverty reduction policy.

Development strategy needs to move beyond the 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.

Action on chronic poverty needs a framework to:

Prioritise livelihood security: *A much greater emphasis is needed on preventing and mitigating the shocks and insecurities that create and maintain chronic poverty. This is not only about providing recovery assistance but also about giving chronically poor people a secure position from which to seize opportunities and demand their rights. Thus, social protection policies are of great importance.*

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 are in a position to take up opportunities and can better cope with shocks.*

Take empowerment seriously: *Policy must move beyond the cosy rhetoric of participatory approaches, decentralisation and theoretical approaches on rights. It needs to address the difficult political process of challenging the layers of discrimination that keep people trapped in poverty*

Recognise obligations to provide resources: *Chronic poverty cannot be seriously reduced without real transfers of resources and sustained, predictable finance. The political indifference to meeting national and international obligations on poverty eradication needs to be challenged, and ways found to foster social solidarity across households, communities and nations.*

The need for policy change must not mask the fact that it is the chronically poor themselves who are the leading actors in overcoming their own chronic poverty. As Maymana and Mofizul reveal (Box 4.7), poor people are not passively waiting for assistance: they are actively working to maintain and improve their circumstances. Most of the action to tackle chronic poverty is at individual, household and community levels. The benchmark of effective policy is whether it enables people to get a better return on the efforts that they are already making.

There is now an unprecedented window of opportunity for pushing forward with the eradication of poverty:

- the MDGs provide an agreed framework for action;
- the 'Monterrey consensus' and the proposal for an International Finance Facility (IFF) indicate a new seriousness in the provision of resources;
- we are a decade on from the World Summit on Social Development in Copenhagen when heads of state signed up to the global commitment to eradicate poverty; and
- globally, people are recognising the interconnectedness of the world and the responsibilities that this creates.

Analysis of chronic poverty points to the need to reduce vulnerabilities by investing in human capacity, supporting the acquisition of assets and strengthening people's capacity to assert their rights. In the short-term this is challenging and costly, but it is essential to achieve and sustain MDG gains.

Security first

Prioritising livelihood security for chronically poor people

The current development consensus, expressed in the World Development Report 2000–01,[1] argues that because of their interconnectedness there is 'no hierarchy' between opportunity, empowerment and (livelihood) security. And then, apparently by chance, opportunity always comes first and security always comes last. A related invisible hand seems to guide the drafting of PRSPs: economic policies and growth rates take priority. This covert prioritisation of economic opportunity may or may not be appropriate for the poor. For the chronically poor, however, one thing is clear – such an emphasis is incorrect. Livelihood security must come first. Insecurity dominates their lives, constraining their ability to take advantage of opportunities or risk pushing for empowerment. Chronic insecurity means that the long-term poor engage in economic activities that destroy their human capital,[2] and social relationships that block off opportunities for asset accumulation.[3]

Different poverty reduction strategies are appropriate for different mixes of chronic and transitory poverty.

- In a country where poverty is more transitory than chronic, where 'the poor' at any particular time have a high probability of improving their position, policies should focus predominantly on social safety nets that help people to avoid descending into chronic poverty, rapidly return to a non-poor status and reduce vulnerability. This includes limited term unemployment allowances, social grants, workfare, micro-credit and new skills acquisition programmes.
- In a country where a significant proportion of the poor are chronically poor, then policies to redistribute assets, direct investment toward basic physical infrastructure, reduce social exclusion (from employment, markets and public institutions) and provide long-term social security will be necessary if poverty is to be significantly reduced.

Quite different national development strategies, roles for the state and forms and levels of international support are needed in the two cases.

The benchmark of effective policy is whether it enables people to get a better return on the efforts that they are already making.

Prioritising livelihood security entails developing cost-effective social protection systems for the poor and chronically poor, rather than the residual concept of 'modular social safety nets'[4] that has shaped contemporary policy. As the chronically poor are predominantly both dependent on their physical labour to make a living, and exposed to high incidences of health problems, providing them with the means to maintain their health is of over-riding importance as both a goal in itself and a means to improving their lives. For those chronically poor who are not economically active – sometimes, but not always,[5] the old and infirm, the severely disabled, the chronically ill, the stigmatised, those with full-time caring duties – then short-term assistance is inadequate and mechanisms for longer term support must be established.

Recognising the need to prioritise the security of the chronically poor is not a recipe for creating welfare dependency. The interconnectedness of security, opportunity and empowerment, allied to the agency of chronically poor people, means that social protection policies and expenditures are often directly productive. They permit people to spend more days labouring (because they are not ill). They are often used for income generation and children's education – the various uses and impacts of old age pensions in South Africa are good examples[6] – and they create the space for chronically poor people to choose between economic and social relationships (rather than having to take on 'last resort' options that mortgage their future opportunities).

Examples of the positive effects of social protection on growth and asset creation include the Maharashtra Employment Guarantee Scheme and India's Midday Meal Programme.[7] Indeed, the most innovative schemes for helping the chronically poor escape poverty, such as BRAC's Income Generation for Vulnerable Group Development and Ultra-poor programmes,[8] and Bonded Labourer Schemes in Nepal,[9] conceptualise social protection and income generation as integral, not as a choice between consumption/welfare or investment/growth expenditures. Transfers enhance efficiency and growth when they reduce risk and excessive inequality that prevent people participating in and contributing to growth.[10] The South African pension has been shown to be an effective tool of redistribution, reaching poor households and the poorest children. The gross impact of pension incomes is estimated to reduce poverty by 12.5%.[11]

Prioritising livelihood security entails developing cost-effective social protection systems for the poor and chronically poor.

Given the large number of people who are chronically poor, a major re-orientation of international thinking about social protection policy is called for, focusing on protecting breadwinners' and carers' incomes, and working to increase their (and their children's) assets, whether financial, physical or human. This is not to deny the continued importance of preventing descent into poverty, but to add to the social protection agenda a significant new and urgent dimension – helping the chronically poor avoid catastrophic situations leading to destitution, family breakdown and early death, and providing social assistance to people who cannot work enough but who are nevertheless contributors to household welfare through caring and other roles.

Social protection policies and expenditures are often directly productive.

There is now significant evidence that social protection – in combination with other policies and interventions – can enable persistently poor people to escape poverty. It can shore up consumption so potentially irreversible welfare effects (reducing nutrition, avoiding essential medical expenditures or withdrawing children from school) do not occur. It can prevent the erosion of savings and other assets, and help poor people avoid becoming trapped in debt.[12] It also

Box 5.1 Poverty reduction policies that assist the poor *and* the chronically poor

- Pro-poor, broad-based economic growth
- Peace-building and conflict prevention
- HIV/AIDS prevention (especially in India, China and the CIS) and greater access to retroviral treatment (in Africa)
- Slowing down global warming
- Strengthening national and international governance
- Making trade fair (especially removing the obscene agricultural protectionism of rich countries)
- Effectively managing national indebtedness (through debt relief and fiscal prudence)
- Improving the effectiveness of basic service delivery in the public and non-profit sectors
- Making markets work for all

There is now significant evidence that social protection – in combination with other policies and interventions – can enable persistently poor people to escape poverty.

provides the security that permits very poor households to invest in economic activities and human capital. By permitting a greater level of household risk-taking, it facilitates economic diversification, making local economies more robust and reducing the degree to which communities are exposed to covariant risk. There is emerging evidence that social protection measures can also achieve a more gender neutral distribution of benefits than other development initiatives.[13]

There is an urgent need to synthesise experience in this field and see whether it can form a base for innovative larger-scale programmes – by governments and/or the profit and non-profit sectors. Knowledge about how to design strategies that permit chronically poor people to move from partial dependence on welfare through to independent livelihoods should soon be sufficient to develop effective programmes during the coming decade.[14]

Tackling childhood poverty

Any attack on chronic poverty must incorporate an attack on present childhood poverty, and on the ways poverty is transmitted over lives and generations. Even a relatively short period of deprivation in childhood can harm child nutrition, health, education and aspirations, with dramatic and irreversible consequences for the long-term well-being of both the child and her/his own children.[15]

Even a relatively short period of deprivation in childhood can have irreversible consequences for the long-term well-being of both the child and her/his own children.

Access to basic services and household assets are crucial to children's survival, protection and development. Needs are well understood: adults without sufficient time and assets cannot adequately nurture their children; children in remote areas often cannot attend school; states without adequate resources cannot finance education. Investments that allow chronically poor people to take up opportunities for development are key to the interruption of child and intergenerational poverty. At a minimum, this requires the development of adequate adult labour markets; financing of state provision of public services and social protection; and programmes that support asset generation and retention. It can also require campaigns and legal action to prevent discrimination against particular children, households and groups.

This boy, like many others, is working to help his family survive, but missing out on the education that might give him better prospects.

Policies to interrupt the relationship between ill-health and poverty are essential to prevent the chronically poor from becoming destitute and to permit exit from poverty.

Sectoral policies should focus on the most crucial aspects of child well-being:

- First, action to foster child health and nutrition includes the promotion of greater food security; food supplementation; the promotion of later marriage and childbearing, helping to prevent the intergenerational transmission of poor nutritional and health status; and combating gender and other biases in child-feeding practices.
- Second, enhancing and equalising opportunities for both child and adult education requires substantial financial investment; a wider environment that prioritises and enables this investment; an enabling social context, involving public action (to promote girls' education for example); and sustained efforts to create skilled employment opportunities for youth.
- Third, the negative effects of work in childhood can be countered through enhancing school quality and accessibility, particularly for girls; developing adult education; more effective regulation of working conditions; and a wide range of poverty reducing measures that dthe need for children to work. Blanket policies regarding child work must be treated with caution.
- Finally, policies that acknowledge the crucial role of good adult-provided care and nurture in child development.

Preventing and interrupting chronic poverty through health services

Chronically poor people rely on their personal labour power and hence their health for survival: they have few other assets to utilise. In study after study, ill-health comes out as a major driver and maintainer of long-term poverty.[16] Maintaining the health of breadwinners and carers in chronically poor households is absolutely critical, combined with social protection against the effects on the ability to labour of ill-health and other crises. Mounting evidence suggests that the ill-health, morbidity, disability or premature mortality of adults,

particularly household breadwinners, matter more to the economic viability of households than was previously recognised.[17] Sick people are more likely to become poor, while poor people are more vulnerable to accidents, disease and disability.[18] Ill-health shocks can trap already resource-poor households and individuals in poverty.

There is a need to focus policy on the role that redistribution can play in extending the opportunity of the poorest.

Policies to interrupt the relationship between ill-health and poverty are essential to prevent the chronically poor from becoming destitute and to permit exit from poverty. There are two main aspects to this: preventing ill-health through better environmental and occupational health, greater health awareness, and better infant, child and maternal nutrition and care; and, preventing the impoverishing effects of ill-health through better and more accessible and affordable curative care, drug availability and insurance. This is especially important for breadwinners and carers as their ill-health can set off cycles of asset depletion that have irreversible consequences for household well-being. While most countries and the international community already focus significant attention on the former (but arguably insufficient attention on occupational health, nutrition or reproductive health), there is little focus on combating the impoverishing effects of ill-health. This demands a focus on curative services. In particular:

- Making public curative health services more accessible and affordable to the chronically poor through reducing the direct costs (fees, medication) and transaction costs (travel, time, food expenses) of treatment. This would also foster a reduction in the number of chronically poor people delaying seeking treatment, or withdrawing early from treatment programmes.
- Strengthening curative health services (public and private), so that they can cope with the major killer and impoverishing diseases (such as malaria and TB). This would permit breadwinners to get back to work more quickly through avoiding protracted illness and death, and allow poor carers to maintain their own health while looking after others.
- Linking health services to social protection, so that where there are impoverishing effects these can be mitigated through accessing an appropriate protective scheme. This can be done universally, through health insurance, or in a targeted way if there is a range of protective public policy instruments to hand (the issue is to structure these to include the chronically poor).

Special efforts are needed to tackle the ways in which HIV/AIDS is driving households into long-lasting, deep poverty. This involves:

- Making low-cost anti-retroviral treatments available so that breadwinners, parents and caregivers can continue in their roles for as long as possible. Persuading pharmaceutical companies to lower prices, facilitating the import or local manufacture of generic medicines, and increasing aid that permits anti-retroviral drugs to be provided free or at low cost, are means of moving this agenda forward.
- Raising awareness of the consequences of the HIV/AIDS epidemic, and how it might be minimised, in 'late starter' countries such as China, India and the former Soviet Union. If countries such as these do not pursue effective and high-profile campaigns to lower transmission rates of HIV/AIDS then one of the greatest drivers of chronic poverty will reshape poverty dynamics in these countries (see Box 5.2).
- Focusing greater resources on the development of a vaccine against HIV/AIDS as a global public good. As most AIDS deaths have been in Africa, the resources put into finding a vaccine or cure have been much lower than would have been the case had these deaths been in high-income countries.

Box 5.2 Lesson learned? HIV/AIDS in India and China

The significance of HIV/AIDS for households and states in much of sub-Saharan Africa, in terms of its importance in driving and maintaining chronic, severe and multidimensional poverty and deprivation, is overwhelming. While the pandemic is nowhere near under control, there are some positive trends. In Uganda, for example, sustained and large-scale prevention efforts focused on young people fostering significant changes in sexual behaviour, and political commitment to reducing stigma and providing treatment, have combined to lead to a marked decline in infection rates over the past decade. Outside Africa, in Brazil, HIV/AIDS death rates have been cut by half and hospitalisation by 80% by making generic anti-retroviral drugs free to all who need them.

In other parts of the world – notably the populous countries of India, China and the Russian Federation, already battling huge poverty problems – HIV/AIDS rates are increasing rapidly, and not only among high risk groups. Low overall prevalence rates mask huge regional differences. It is crucial that Asian and European states learn from the successes and failures experienced in Africa, and that the international community – including drugs companies – facilitate this process.

China presently has about one million people with HIV/AIDS. UNAIDS expect the incidence of HIV to soar in the context of ever-widening socio-economic disparities and massive amounts of migration. Thus prevalence rates are estimated to rise tenfold by the end of the decade. In 2001, China launched a five-year AIDS action plan, signalling a growing recognition of the huge task at hand.

After South Africa, India has the most people living with HIV/AIDS of any country – an estimated 3.97 million as of the end of 2001, and rising. If HIV/AIDS is not brought under control, it is likely to undermine progress made in reducing poverty, particularly in the southern states. In July 2003, a National Parliamentary Convention on HIV/AIDS was convened, in which over 1000 political leaders from mayors to ministers took part. The Executive Director of UNAIDS described the event as 'historic':

> 'Never before, in any nation of the world, has there been such a large and committed gathering of the leaders from every level of decision-making, dedicated to the common cause of fighting AIDS.'

Sources: UNAIDS 2002; Joint UNAIDS/Parliamentary Forum on AIDS 2003.

Opportunity is not enough: growth, inequality and redistribution

Enabling chronically poor people to engage in economic activity, and to reduce their unemployment, underemployment and low-productivity work, is a vital step on the road out of chronic poverty.

Economic growth can directly increase incomes and assets, and expand the revenues available to government to provide services and promote progressive social change.[19] However, the quality of economic growth is as important for the chronically poor as is the rate of growth: growth must be broad-based so that increased demand for their labour, goods and services occurs and so that they are able to improve their productivity. And, given the evidence that the poorest 20% of the population benefit less from economic growth than do others,[20] it must be supported by other actions, especially those that increase livelihood security. Middle-income countries such as Brazil and South Africa have managed to grow their economies over the years, but millions remain trapped in poverty.

Patterns of growth need to be fostered that make use of the labour of the poorest, expand demand for the services and goods they produce, and enable them to increase their labour productivity. In many economies, this means focusing on and investing in agricultural and casual labourers and the labour markets they depend on, and prioritising the type of trade that increases employment, improves working conditions and wage levels. This may require evolving a different balance between public regulation and the private sector's (especially the informal sector's) freedom to determine working conditions. This presents significant policy dilemmas in cases where such measures might undermine fragile growth prospects, but should be easier where growth is more robust. Avoiding undermining the labour productivity of the chronically poor is a major challenge in today's globalised economy.

Confronting deeply engrained attitudes, social structures and economic interests that deny chronically poor people their rights presents difficult challenges but should not deter action.

There is substantial evidence that poverty reduction is achieved most rapidly, and is most likely to reach the poorest, when income and asset inequality are at modest levels. It is therefore crucial to encourage growth that does not rapidly increase inequality.[21] There is a need to focus policy on the role that redistribution can play in extending the opportunity of the poorest. The massive declines in chronic poverty in South Korea[22] and Taiwan were based on economic growth following effective land reforms that dramatically reduced inequality. Malaysia's rapid poverty and chronic poverty reduction achievements have derived in part from policies involving the redistribution of land, and public expenditures on health and education that have been skewed towards the poorest and thus are redistributive.[23] The challenge is to generate the political commitment to implement land and other asset reforms, since such policies can dramatically improve the economic opportunities for chronically poor people.

In a significant number of countries, growth is likely to remain low in the short to medium-term (at least) because of structural factors and severe governance problems. In addition to the humanitarian arguments, there are two reasons why the international community should not abandon such countries. First, they require forms of support that protect poor populations (many of whom are chronically poor) from preventable deaths and capability-depleting experiences (malnutrition, ill-health, impairment), and to maintain their capacities to seize opportunities when (and if) growth returns.[24] Second, effective international transfers require relationships of trust, and when regime change occurs these are most likely to be rapidly established if there are pre-existing relationships to build on.

The distinct geographies of chronic poverty in most countries point to the need for growth policies to have a strong regional dimension. Much depends on the nature of the factors that discourage growth and underpin high levels of chronic poverty in a region. Where these are based on a lack of connectivity then major investments in infrastructure – through foreign aid or public funds leveraging in private investment – can provide the lead. Malaysia's land settlement schemes and industrial plans led to opportunity being relatively broadly distributed across peninsular Malaysia and a rapid assault on chronic poverty across rural areas.[25] In Bangladesh, the aid-financed Jamuna Bridge has transformed the patterns of opportunity available to the poor and chronically poor on the west side of the river.[26] In other contexts, migration may be the mechanism by which people seize opportunities, but this can have both beneficial and adverse impacts on the chronically poor.[27] Accessible services that facilitate the transfer and use of remittance monies can help.[28]

Growth and prosperity exist side by side with chronic poverty

Empowerment: making rights real

Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care . . . Everyone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realised.

– Articles 25 and 28 of the Universal Declaration of Human Rights.[29]

Issues of livelihood security and economic growth fit relatively easily into debates about policy. Empowerment is an issue that has quite different dimensions. Existing patterns of power relations are the outcome of deeply embedded historical processes and social structures. Intervening in such social and political relationships is about engagement with long-term social change, not simply about 'policy decisions'. Unfortunately, where empowerment is most needed – for example where repressive regimes operate or agrarian relations are quasi-feudal – it is also most difficult to foster.

Many of the debates around empowerment in recent years have focused on rights-based approaches to development and poverty reduction. Empowerment is particularly important for the chronically poor as they are the most likely to be denied their rights and the most prone to discrimination. The big question around the promotion of empowerment and rights is not so much about 'what?' as 'how?'. Confronting deeply-engrained attitudes, social structures and economic interests that deny chronically poor people their rights, especially when they are embedded in state institutions, private businesses and local communities, can appear both hopeless and very dangerous for the chronically poor.[30] They may be 'punished' or 'taught a lesson' by those whom they challenge when they seek their rights. Occasionally, though, there are advances, as illustrated by Rojamma and her associates who successfully confronted domestic violence (Box 5.3). The more such events happen and succeed, and the more they are publicised and lauded, the more likely it is that they will take place again in the future.

Empowerment and the achievement of rights are direct goals for development, but they also contribute to the attainment of other goals. A rights-based approach means that poverty is not just regarded as morally unacceptable, but that clear duties are identified that different institutions must fulfil in order to combat poverty.[31] This is not purely an argument for social justice (an important goal in its own right) but for the economic logic of securing rights. A rights-based approach is not anti-growth; on the contrary, many, if not most, rights are pro-growth – when people are properly fed, healthy and educated they can contribute more to their local and national economies and raise global levels of demand.

But this still leaves the problem of how to promote empowerment. Much faith has been put in the capacity of participatory approaches – to gather information, plan implementing programmes and evaluation, to engender changes in social relations. The work of CPRC researchers[32] indicates that, at best, such approaches achieve mixed results in terms of empowering the poorest. While they create a political space for previously 'unheard' voices to engage with decision-making, they can often reinforce pre-existing forms of social stratification.[33]

At present the CPRC partnership is exploring the degree to which concepts such as 'political space',[34] 'social solidarity'[35] and 'social energy'[36] might aid the understanding of how to promote rights and mobilise poor and non-poor people to support such efforts. The rhetoric of support for the poor and chronically poor is easy to generate – but the important issue is moving beyond that into action. MDG Goal 8 provides a classic

Box 5.3 Rojamma and the campaign against domestic violence and drunkenness

When Rojamma, from Andhra Pradesh, attended a literacy class, she read a story which described a life very like her own. A poor woman was struggling to make ends meet. Whatever her husband earned, he spent on liquor, and then, drunk and violent, he attacked her because she had no food to give him. Unable to stand the continuing violence, the woman went from house to house in her village, to find other women who had the same story to tell. They got together and decided to picket liquor shops and stop liquor being sold. Their husbands then would have no liquor to drink, and the money they earned would be saved.

Rojamma was inspired by the story, collected her friends together, and began to picket liquor shops. The campaign spread. In village after village, women refused to allow their husbands to squander money on liquor. And, they succeeded. The sale of liquor was banned by the government in Andhra Pradesh, savings went up, violence went down, and lives began to improve.

Source: Butalia 1998.

Holding powerful institutions to account: Bangladeshi disabled people challenge the processes that keep them poor.

example of this dilemma (Box 5.4). The citizens of rich countries are content to let their leaders make big promises about poverty reduction, but they lack the social solidarity with the poor in the poorest countries, and are not prepared to take on vested interests in their own countries to demand that their leaders honour such promises.

A rights-based approach is not anti-growth; on the contrary, many, if not most, rights are pro-growth.

Discussions about empowerment and rights are often naively critical of elites. Analytical frameworks and practical action must look at the real world settings in which pro-poor elites can play key roles in promoting the rights of disadvantaged groups. How can energetic leaderships and mass action be mobilised both at the 'top' of the social spectrum and at the 'grassroots', in order to force the rights of chronically poor people onto national and international agendas? How can the perceptions of elites and middle classes be shaped, through the media, education and civil society, so that those trapped in poverty are not invisible, ignored or believed to be non-deserving? These difficult questions need to be prioritised by poverty analysts.

The national agenda: reaching chronically poor people

Delivering basic services

Improving the security and enabling chronically poor people to take up opportunities requires access to basic services (education, health, water and sanitation, social assistance). To achieve this three interlinked issues must be addressed. First, access barriers need to be reduced. Second, the quality of service outputs needs to be improved so they are capable of assisting people out of long-term poverty. Finally, attitudes and perceptions of the value of services, and therefore the demand for services, need to be fostered among the chronically poor.

Some access barriers are relatively simple to bring down – formal charges on basic services can be abolished, although this is not the case for informal charges. Others may be more difficult, due to remote location, unclear land or residential rights, disability, or discrimination. The lack of information can constitute a formidable barrier, especially for people who do not have access to many media, and who are isolated, illiterate or don't speak a national language. Information provision – through media accessible to the chronically poor (e.g. local radio) is a critical means of both expanding access and raising demand.

Demand is stimulated both by the knowledge that the service exists and on how to use it, and by knowing that using it is a right. However, changing demand for services may involve complex economic and cultural calculations and power relations: examples would be the demand for family spacing/planning services, and for education, both contingent on logical 'cost-benefit analyses' and subject to the influence of powerful individuals in households and communities who determine that boys should be prioritised over girls, or that women should ideally bear a certain number of children, or that contraception is immoral.

Neither access nor demand will improve outcomes if quality is not addressed. The degree of quality enhancement required to make access worthwhile and contribute to stimulating demand is substantial in many situations. Encouragingly, there is much work in this area, through sectoral programmes. The quality of private provision, on which the chronically poor often depend, is a particular concern. Quality relates also to the level of service provided. If this is too basic, demand for the service may be limited: for example, if there are no referrals from primary to secondary health services, the incentive to attend a clinic is greatly reduced.

Delivering social assistance

If it is accepted that the poor have a right to social protection, as agreed in the Universal Declaration of Human Rights, how would this best be accomplished? The key issues in delivering social assistance are whether and what form of targeting will benefit the chronically poor; whether the value of transfers can be sufficient to have development as well as relief outcomes (so that the chronically poor may accumulate assets); and how technology and institutional innovation can make targeting and delivery easier.

Where administration is weak, targeting is difficult. In such situations, common in the poorest countries, the politics of transferring resources to the poor is much easier if the non-poor benefit too. Universal provision is thus preferable, wherever resources permit. Where targeting is imperative, self-targeting or targeting by readily-observable indicators is preferable to

Box 5.4 Are rich countries and their citizens really committed to reducing poverty? Targetting MDG 8

The bold Millennium Declaration from 189 countries that "We are committed to making the Right to Development a reality for everyone and to freeing the entire human race from want" is not yet matched by bold actions on the part of the developed world.

Goal 8 of the Millennium Development Goals declares the establishment of a global partnership for development. It promises the Least Developed Countries (where the greatest concentrations of chronically poor people live) tariff and quota-free access for their exports; an enhanced programme of debt relief for HIPC and cancellation of official bilateral debt; and more aid for countries committed to poverty reduction.

What has followed this declaration? Trade talks at Cancun have failed as OECD countries refused to open up their highly-protected agricultural markets; debt reduction has proceeded at a snail's pace; and rich countries have made promises of more ODA at Monterrey but have not committed anything like the necessary resources.

MDG Goals 1 to 7 – all of which are the primary responsibility of developing countries – have agreed targets that are regularly monitored. There is less emphasis on quantifiable targets, however, for MDG Goal 8, which is about what rich countries do.

more complex administrative approaches involving means-testing. Self-targeting schemes, where resources being transferred (such as wages or food in a public works scheme) are kept at low levels, are only attractive to people with no other options. Such programmes are more suited to preventing destitution than reducing chronic poverty, although well administered public works programmes, like the Maharashtra Employment Guarantee Scheme, can contribute to both.[37]

Evidence is mounting that even very small transfers can have positive impacts on welfare and investment.

Studies of 'free' school lunches, subsidised basic foods and pensions in India also point to the protective and promotional roles of such interventions.[38]

Spatial or social targeting (for instance targeting poor areas, minority ethnic groups, older people or children) may have developmental benefits for the area or group and, depending on the target group, may result in targeting on chronic poverty.[39] Demographic targeting can be effective in contexts where the number of children in a household is strongly linked to chronic poverty, but there is a risk of creating perverse incentives. Community-based identification of the poor and poorest has become popular, but may fall victim to elite capture, especially in unequal communities.[40]

To make policy prescription even more complex, context has been found to be a key determinant of the success of targeting in reaching the poor or very poor.[41] This makes generalisation difficult but suggests that it may be best to build on local experience rather than to adopt 'best practice' solutions that may be inappropriate in new contexts.

In many countries, the coverage of social assistance schemes is constrained by public expenditure ceilings. If these are reduced or removed, as schemes mature and demonstrate their effectiveness, then the chance of reaching the chronically poor can be greatly improved. For example, in the social protection trend-setting state of Tamil Nadu in southern India, budget ceilings for pensions and other allowances were dropped in the early 1990s. As a result, by March 2003 there were almost 1.2 million 'destitute' pensioners (defined as those with no other sources of support) receiving Rs 200 (US$5) per month. Without such assistance the state's growing population of chronically poor older people would have been larger and even more deprived.[42]

Alvera, like many millions of older people, is using her pension to support and educate her grandchildren

New forms of delivery can help reduce the often considerable costs of transferring resources. For example, direct transfers through post offices, banks, mobile vans, and taking advantage of computerised information systems and electronic identity cards, may offer significant advantages over other possibilities for getting resources to poor people, and can inject substantial resources into weakly integrated areas[43] and marginal groups, provided they are adequately registered. Linking service delivery with social protection transfers through 'conditional transfers' can make a difference to demand: the Food for Education programme in Bangladesh and the Progresa scheme in Mexico have both resulted in parents keeping more children out of the labour force for longer, thus reducing the likelihood of their being poor in the future.

The value of a transfer is a critical aspect of scheme design as it shapes cost and potential impact – but evidence is mounting that even very small transfers can have positive impacts on welfare and investment. The 80% national coverage achieved by Nepal's old age pension scheme within six years of start-up, despite the physical and communication obstacles in this mountainous state, provides evidence of the feasibility of effective social assistance programmes for the chronically poor. The value of the pension, at 2.5 days' agricultural wages per month, is low, but this could be incrementally increased over time to permit it not merely to provide security but to facilitate opportunities for the younger members of the household.[44]

Social assistance is not about 'doles'. Pensioners support grandchildren's schooling; public works schemes provide the savings for small scale business start-ups.

Both the coverage and value of social assistance programmes are affected by how social protection is perceived by the non-poor. There is a need to point out to national and international policy-makers, the middle classes and the general public, how transfers are often used not only for current consumption but also for saving, investment and further redistribution within the household. Social assistance is not about 'doles'. Pensioners support grandchildren's schooling; public works schemes provide the savings for small scale business start-ups.[45]

Using PRSs to prioritise the chronically poor

A major advantage of national Poverty Reduction Strategies is that they put the issue of poverty at the heart of dialogue between donors and developing countries. They also offer the potential for improved analysis and coordination of efforts to target poorer groups.

But from the perspective of chronic poverty, evidence to date suggests that PRSPs could play a more effective role.

Few PRSs disaggregate poverty adequately; few specifically recognise the needs of the chronically poor, though many discuss vulnerability; most exaggerate the extent to which economic growth will deliver poverty reduction; and few emphasise strongly protecting the assets and rights of the poor. International structural factors that contribute to chronic poverty, (such as casualisation and insecurity for workers in the global fruit market), are not currently part of

most PRSP processes. (See Chapter 4).

In principle, the 'joined up thinking' that is supposed to inform PRSPs, could enable government and donor agencies to take better account of the multidimensional nature of chronic poverty.

'Joined up thinking' in PRSPs, could enable government and donor agencies to take better account of the multidimensional nature of chronic poverty.

What PRSs have achieved to date is the establishment of *processes* that may ultimately create disaggregated strategies to be developed that take account of the particular problems facing chronically poor people. But sustained commitment and attention from governments and donors will be required if PRSPs are to result in effective measures to tackle multidimensional and persistent poverty.

Putting chronic poverty on the international action agenda

Inevitably, the whole framing of development policy is in the hands of people who have never experienced malnutrition, disabling exclusion, and the humiliating lack of capabilities like illiteracy. For the global elite (north and south), perhaps the biggest challenge is to understand the real obstacles facing people who have never had these advantages.

There is a kind of intellectual recidivism in policy making, which means that however well intentioned, policy keeps returning to the idea of broad based growth as a complete solution. But the reality is that many people are never going to be able to grasp the opportunities that the global market is supposed to offer. Facing up to this reality, and properly taking into account the rights of 300–400 million people in chronic poverty, requires more than the grudging provision of patchy safety nets and policies governed by the illusion that opportunity will be enough. A much more creative and dynamic policy approach to chronic poverty is not only essential on rights grounds, but it also recognises emerging evidence that measures to increase security for the poorest can contribute to aggregate growth and long term poverty reduction.

Using the Millennium Development Goals to address chronic poverty

The implications of the eight MDGs, and their many targets and indicators, for the chronically poor are varied (see Table 5.1). Only Goal 2 sets a universal target – primary education for all children. This goal cannot be reached unless children in chronic poverty are included.

The other targets for 2015 are not measured by universal achievement. This means that policymakers can decide to exclude those who are hardest to reach, from efforts to achieve the MDGs. Most significantly, the Goal 1 target of halving US$1/day poverty by 2015, *may* be achieved, by concentrating on those nearest the poverty line.[46]

But as Table 5.1 illustrates, the case for insisting that people in chronic poverty must be fully incorporated in efforts to achieve the MDGs rests not only on rights. The sustained reduction and eventual eradication of absolute poverty will be achieved more effectively if current policy and action is informed by chronic poverty analysis.

The coherence of MDGs and international policy

The MDGs cannot be viewed in isolation from other international policies and negotiations, some of which result in conditions in which chronic poverty is sustained and may even increase. There are still too many stark cases when 'northern' interests are crudely asserted. For example, shortly after agreeing to the complete eradication of hunger by 2015 at the World Food Summit in 1996, the US government published an 'interpretive statement' that 'the attainment of any 'right to adequate food' or 'fundamental right to be free from hunger' is a goal or aspiration to be realised progressively that does not give rise to any international obligations'.[47] As a consequence, the MDGs seek only to halve global hunger by 2015 – only 900 million people will need to suffer hunger longer than agreed in 1996!

The Millennium Declaration on eliminating poverty should inform all government actions – not only those on aid and development co-operation. At present there is a major inconsistency between developed countries' commitment to the MDGs and their stance on trade. It is difficult to see how developed countries can justify entering into trade meetings knowing 'that the better they succeed, the more people will die of poverty'.[48]

The Millennium Declaration on eliminating poverty should inform all government actions – not only those on aid and development co-operation.

Financing chronic poverty reduction

Resources from governments and Official Development Assistance

The resources to finance poverty reduction mainly come from developing country governments, aid donors and, importantly but often overlooked, from poor people themselves. Government resources in many developing countries are under immense pressure. During the 1990s, many countries in Africa experienced a worsening of both economic and poverty indicators, as communities and whole nations suffered a range of shocks, including conflict, deteriorating terms of trade and HIV/AIDS.[49]

The only international resource that is meant to be focused on poverty reduction is international aid – Official Development Assistance (ODA). But over the 1990s, global aid experienced a sharp reversal, falling 20% in real terms by 2001. Between 1990 and 2001, ODA aid fell from 0.33% to 0.22% as a share of donor GNI – compared to the UN target of 0.7%. In 2002, ODA rose by 7% in real terms from its 2001 total, up modestly to 0.23% of donor country GNI.[50] But just one donor out of 22 DAC donors was giving more in real terms in 2002 than they had a decade earlier. Just to restore aid to its per capita levels in 1990 would require US$23 billion in additional funding – a 45% increase.

In 2002, the year of the Financing for Development (FfD) Summit in Monterrey, Mexico, global aid stood at almost US$58.3 billion. Estimates prepared for the FfD Summit by the Zedillo Panel suggested that to achieve the MDGs, an additional US$50 billion/year in ODA was needed.[51] This was almost certainly an underestimate, as it did not include costs for clean water and sanitation

Table 5.1 The MDGs and the chronically poor – helping each other?

Millennium Development Goals	Significance of this goal for the chronically poor	Significance of including the chronically poor for the achievement of the MDG
Goal 1 Eradicate extreme poverty and hunger	• Target 1 (halve the proportion of those living on less than US$1/day) could lead to a focus on the less poor at the expense of the chronically poor. • Although the introduction of indicators 2 (poverty gap) and 3 (share of poorest quintile) improved the ability of this goal to focus attention on the chronically poor, the lack of a specified target means that these indicators exercise relatively little influence on policy-makers. • Target 2 (halve the proportion of people who suffer from hunger, in terms of prevalence of underweight children under five and proportion of population below minimum level of dietary energy consumption) is useful in guiding policy towards the needs of the chronically poor, and those likely to become chronically poor.	• Progress on reducing child malnutrition is very slow. Addressing chronic poverty could speed this up considerably, since chronically poor households are significantly more likely to contain under and malnourished children. • Progress on increasing the share of the poorest in national income would be enhanced by specific attempts to transfer income to the chronically poor.
Goal 2 Achieve Universal Primary Education	• Universal Primary Education must, by definition, include chronically poor children. • In the shorter term, some countries may target more resources to those more likely to enrol, in order to improve rates as much as possible, acknowledging the impossibility of achieving 100% enrolment by 2015.	• This goal cannot be achieved without the chronically poor. • In low literacy countries (where many chronically poor people live) the 'increase literacy among youth' indicator may encourage a focus on the 'easy to reach' poor.
Goal 3 Promote gender equality and empower women	• Potentially mixed impacts. Essential in the long term, but could work against the interests of the chronically poor in the short and medium term, if non-poor women (and their households) gain privileged access to education, employment and parliament at the expense of poorer men (and their households).	• Interrupting chronic poverty requires girls to go to school and stay in school for longer, among other things, which fosters the achievement of this goal.
Goal 4 Reduce child mortality	• Reducing the number of preventable deaths is crucial to the interruption of chronic poverty. • However, as the target is articulated in terms of improvements in national averages, there is a real danger that the focus will initially be on the non-poor and less poor. Redirection of resources away from the chronically poor may even worsen their situation.	• Very slow progress, especially in sub-Saharan Africa, where there is the biggest incidence of chronic poverty. Addressing the multidimensional and intergenerational nature of chronic poverty would significantly improve the chances of meeting the targets.
Goal 5 Improve maternal health	• Improved maternal health is crucial to the interruption of the intergenerational transmission of poverty. • However, as the target is articulated in terms of improvements in national averages, there is a real danger that the focus will initially be on the non-poor and less poor. Redirection of resources away from the chronically poor may even worsen their situation.	• Current rates of progress on the maternal mortality indicator is one-third that required. Addressing chronic poverty requires a comprehensive and multi-sectoral approach to maternal health, and would contribute significantly to the decline in maternal mortality.
Goal 6 Combat HIV/AIDS, malaria and other diseases	• Indicators 18 and 20 (reduced HIV prevalence in young, pregnant women and reduced numbers of AIDS orphans) are central to reducing chronic poverty, particularly in Africa. In the coming decade this indicator will have increasing significance in many other parts of the world (e.g. India and China). • Indicators 21–24 (combating malaria and TB) are important: in many countries the chronically poor have their physical strength, health and livelihoods undermined, and die preventable deaths • However, as the target is articulated in terms of improvements in national averages, there is a real danger that the focus will initially be on the non-poor and less poor. Redirection of resources away from the chronically poor may even worsen their situation.	• Reducing chronic poverty is likely to improve the capacity of poor people to access, afford and complete treatment, helping to interrupt transmission paths of contagious diseases.
Goal 7 Ensure environmental sustainability	• Could have beneficial effects for the chronically poor (e.g. indicators 29 and 30 on improved access to safe water and sanitation) and directly negative effects (e.g. indicators 25 and 26 would limit the opportunity for the chronically poor to modify land use in ways they believe will improve their livelihoods). The lack of progress by industrialised nations on reducing energy use (indicator 27) and CO_2 emissions (indicator 28) undermines this goal.	• On target to achieve indicator 25.
Goal 8 Develop a global partnership for development	• A wide range of indicators for official development assistance, market access, debt reduction, employment and access to medicines and ICT. Indicators include: proportion of aid to basic social services, and to Least Developed Countries, both of which should benefit the chronically poor.	• A focus on chronic poverty can help to achieve this goal. Public support for aid in donor countries is strong based on humanitarian principles and a wish to see resources spent on the poorest people. Serious efforts to create public support and solidarity around combating chronic poverty could help to mobilise public commitment to the MDGs.

Sources: CPRC analysis; Christianson, Conway and Lui 2003; Gaiha 2003.

(estimated by the World Bank at between US$5 and US$20 billion/year), or for reducing child and maternal mortality (estimated at US$20–25 billion/year); and education may have been underestimated by more than US$6 billion/year. These revisions suggest that between US$70 and US$100 billion/year is needed, on top of current levels of ODA. This increase could be achieved if donors were to fulfil commitments on reaching the 0.7% target.[52] However, two years on from FfD, a major financing gap puts the 2015 goals for poverty reduction in jeopardy. The modest US$16 billion/year in increases promised by donors for 2003 falls far short of what is required.

One pragmatic response to this shortfall, is the proposed International Finance Facility. This proposal, backed by the UK and France, would substantially increase aid spending in the years to 2015 by using additional aid pledged at FfD to back the issue of bonds. Resources generated by the sale of bonds would be immediately available for spending on poverty reduction. Children whose growth may be stunted by malnutrition and who run the risk of growing up illiterate, and grandparents struggling to care for AIDS orphans, are among the people in chronic poverty whose need for assistance cannot be put off – and who would stand to benefit most from the IFF.

Aid allocation, as well as volume, is important

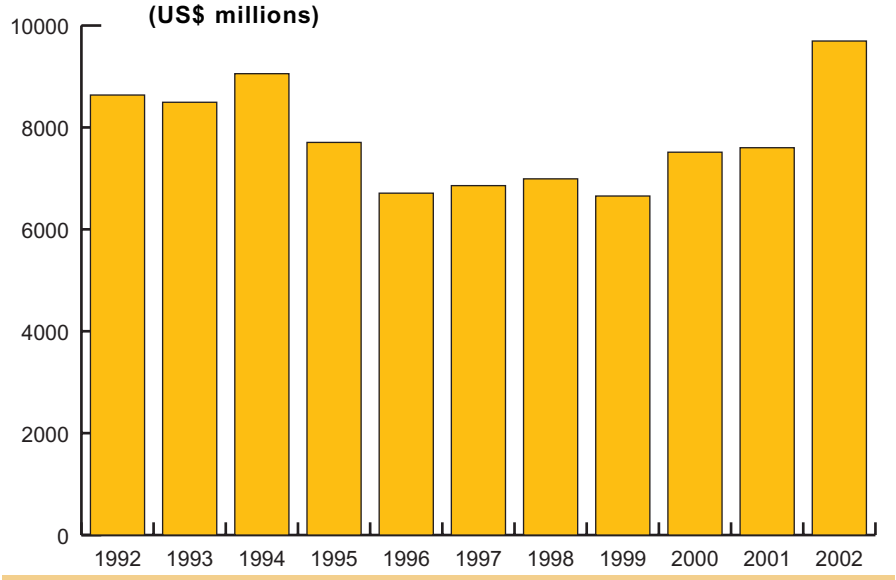
It is not only volumes of aid that matter. The sectors and countries in which aid is spent have a major effect on the potential impact of aid on chronic poverty.

Aid to basic social services, like health and education, receives a small fraction of total bilateral commitments. 2002 was a record year for spending on basic health and basic education. But total commitments from all donors amounted to only US$1 billion for basic education and US$1.3 billion for basic health – less than 5% of bilateral commitments. Overall spending on health also reached its highest level in 2002 (US$2.4 billion) but education has yet to match its 1995 figure of US$6 billion. Spending in 2002 was US$4.4 billion (Figure 5.1).[53]

In 1990, donors held their first Least Developed Countries conference. This set a target for donors of 0.15% GNI in aid to this group of particularly deprived countries, home to 700 million people, a disproportionate number of whom are in chronic poverty. In 1992, DAC donors were allocating 0.05% of their total GNI to Least Developed Countries (LDCs). Ten years later, aid to LDCs was just 0.04% of GNI, despite being at its highest level of the decade in real terms.[54]

Despite the rhetoric, poverty is not the only consideration governing aid allocations. Regional preferences, political priorities, commerce and history all have their effect on the allocation of ODA. Aid generally has a positive effect on economic growth.[55] But the special significance of aid is that, unlike other flows which can contribute to growth, aid can be targeted to those who most need assistance – people and countries whose poverty is persistent and severe. Therefore, aligning aid with the incidence of poverty is important. This would mean giving far more aid to South Asia and to larger high-poverty countries, particularly in sub-Saharan Africa where chronic poverty seems the most intractable. See Box 11.01, 'Aid Concentration Curves', for an analysis of aid flows to countries with the largest numbers and highest concentration of people living on less than US$1/day.

Figure 5.1 ODA to least developed countries in real (2001) prices (US$ millions)



US$70–100 billion a year is needed to finance the MDGs. This could be achieved if donors fulfil commitments to reach the 0.7% target.

Persistent poverty requires sustained assistance

The intractable nature of chronic poverty clearly requires flexible, predictable and long-term financial support. The record on this is not good. Aid has been dominated by a project based approach with relatively short time horizons and which frequently bypass national aid coordination mechanisms. In Ethiopia, for instance, recurrent cost budget finance is needed to deliver the public expenditure set out in the Poverty Reduction Strategy. This would need to be sustained for 20 years, and the reliability of donor commitments will be critical. Recently initiatives such as the DAC Task Force on Donor Practices have signalled a growing awareness of the need for progress on aid harmonisation, genuine developing country leadership and medium to long-term financial frameworks.

Without reliable aid commitments, governments may be reluctant to make long-term commitments to recurrent costs which cannot yet be financed from revenues. The proposed International Finance Facility would require donors to make legally binding commitments over the long term. This predictable finance could enable developing country governments to plan interventions in areas such as social services, on the basis of assured availability of recurrent funding needs.

Financing targeted transfers

Generally, it is the poor who finance poverty reduction, both through their own efforts, and through gifts, loans and remittances from family and neighbours.

Putting more resources directly in the hands of the poor can therefore be critical for sustained poverty reduction.

Social assistance is one means of reaching very disadvantaged people directly. But are social assistance transfers, such as pensions, affordable? Evidence is clear that they can be, even for an LDC like Nepal. Nepal's universal pension for men and women over 75, which reaches between 83% and 86% of those eligible, costs only 0.4–0.6% of public expenditure. Namibia's old age cash transfer programme costs just under 2% of GDP, and South Africa's pensions cost around 1.4% of GNP.[56]

This experience of existing social transfer programmes means that blanket assumptions on the unaffordability of transfers should be replaced by detailed thinking on issues, such as the balance between universal and targeted schemes. Attention also needs to be focused on how existing social assistance can be extended and most effectively managed.

Many aid donors have been very reluctant to promote, or help foot the bill for, social assistance. Donors prefer projects which produce visible short-term results. They are wary of becoming involved in government-managed schemes. Many donors also fear ongoing commitment to what some have perceived as welfarist schemes. But there are sound reasons for donors revisiting this issue:

- There is increasing evidence that improved social protection can be both redistributive, a productive investment, and therefore a very sound use of aid money.
- Donors may be well placed, especially in the context of PRS processes, to ensure that the interests of chronically poor groups are taken properly into account by governments who face pressure from domestic interest groups with more political weight.

Generally, it is the poor who finance poverty reduction, both through their own efforts, and help from family and neighbours. Putting more resources in the hands of the poor could be critical to sustained poverty reduction.

- Helping developing country governments to finance social assistance programmes could fit well with increasing efforts by donors to coordinate their aid within a framework of developing country ownership, using budget support where appropriate.
- There is no doubt that public support for aid in OECD donor countries is at its strongest around humanitarian and basic needs expenditure.

Obligations on aid must be met

Changes in aid modalities will not be enough to address chronic poverty – a step change in the levels of financing for basic services and predictable funding flows is indispensable. If chronic poverty is to be eradicated, it is necessary to look beyond 2015 and to recognise that, while some chronic poverty can be reduced through policy changes, increased international transfers are essential.

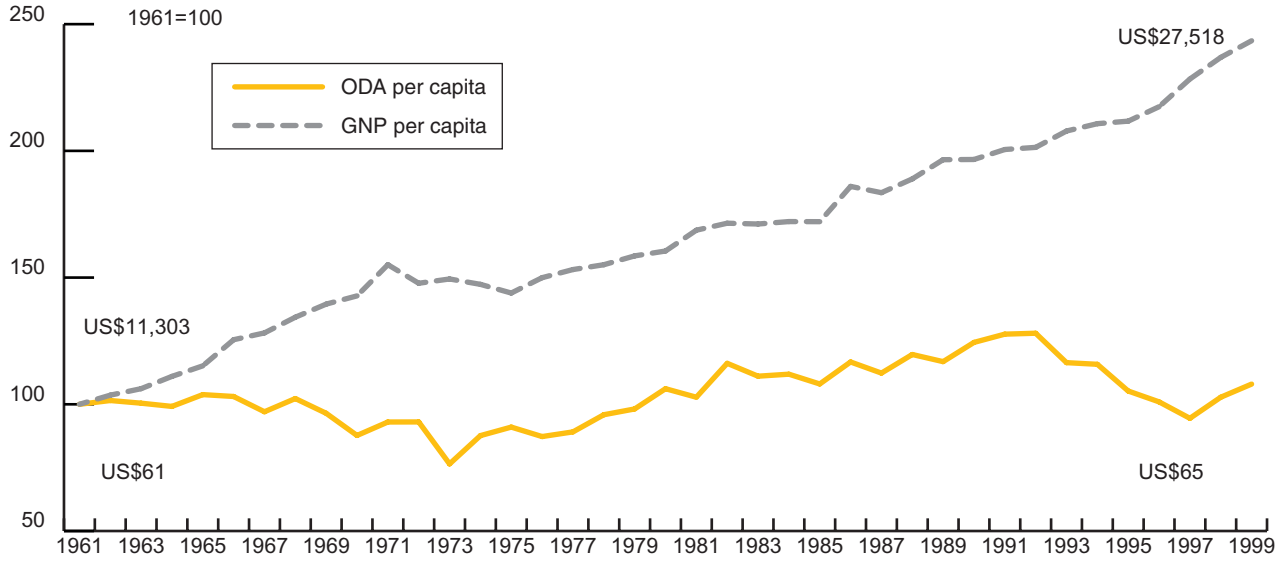
Political commitment is the essential factor in achieving these changes. There are some grounds for optimism: the public and politicians in donor countries regularly re-state their support for economic justice and aid, particularly for the poorest. Proposals such as the ILO's Global Trust to finance global social assistance are based on concept of international solidarity in the effort to achieve basic social protection. The international community is currently discussing different proposals to secure reliable finance for poverty reduction and global public goods including the International Finance Facility and forms of global taxation.[57]

But optimism needs to be tempered by the knowledge that in 13 countries, aid is less than half way to the target of 0.7% of GNI established in 1970. GNP growth in donor countries has risen from US$11,000 per person in 1960 to US$28,000 in 2002 (in real terms). Aid has increased by just US$6 per person over the past 40 years.[58]

Chronic poverty – an agenda for action

Between 300 and 420 million people are trapped in poverty. They experience multiple forms of deprivation over many years, often over their entire lives, often passing poverty on to their children, and often dying premature, preventable deaths. The causes of their poverty are complex and involve sets of overlaying factors. These causes commonly include social exclusion, adverse incorporation

Figure 5.2 DAC donors – gap between income and aid per capita (at 1988 prices and exchange rates)



in the economy and living in parts of the world that are poorly governed and/or weakly connected to national and international economies.

This first Chronic Poverty Report has set out to raise awareness of the extent and experience of long term poverty. It has also drawn some initial conclusions about policy and action. Most importantly, although many of the components of the contemporary 'orthodoxy' on poverty reduction can also benefit chronically poor people (Table 5.1) it is clear that to tackle chronic poverty it is necessary to go beyond this orthodoxy.

Increasing opportunity, reducing vulnerability, and empowerment are all necessary for chronic poverty reduction, but livelihood security must be prioritised. The chronic insecurity of those trapped in poverty constrains their ability to pursue opportunities and seek empowerment so much that social protection policies must play a major role in strategy. There are many elements to such social protection policies; CPRC research highlights the need to:

- put security first and use existing evidence to develop larger scale, cost effective social protection programmes that enable chronically poor people to make choices that do not undermine their current or future well-being;
- tackle child poverty by ensuring adult livelihood security and investing in nutrition, health and education programmes;
- improve health care systems, including curative services, so that households are not caught in health shock-induced spirals of asset depletion; and,
- reduce the disastrous effects of HIV/AIDS through preventive programmes and by rapidly increasing the availability of affordable anti-retroviral treatments.

Increasing economic opportunity is also important and, for the chronically poor, the quality of growth – broad-based and reaching rural areas – is probably as important as the rate of growth. Growth that is associated with rapidly increasing inequality is unlikely to bring much benefit to those trapped in poverty. Asset transfers, such as land reform, and indirect redistribution, such as progressive public revenue and expenditure systems that skew educational resources towards the poorest, are important elements of chronic poverty reduction strategies.

While this report concurs with many on the importance of empowerment, it finds that the big question is not so much 'what?' but 'how?'. How can we foster the social solidarity – at household, community, national and global levels – that will mean the chronically poor are not invisible, ignored, pushed aside or exploited? This issue should be a major concern for policy-makers and will be a key task for the second Chronic Poverty Report.

At the national level, this report highlights the need for developing more effective service delivery for chronically poor people and reveals that this is possible through, for example, non-contributory pensions in Brazil, Nepal and South Africa, food-for-work and employment guarantee schemes in many African and Asian countries, and initiatives linking access to assets and education.

At the international level, the MDGs provide a partial – but only a partial – framework for tackling chronic poverty. The big issues remain – rich country commitment to economic justice through aid, trade and debt reform – as do detailed questions about whether some MDGs encourage policymakers to avoid the poorest. At the global level, greater transfers of resources from North to South, and the political commitment to co-operate on tackling conflict and discrimination are urgently needed.

Chronic poverty is a global challenge. It demands a response that requires action at all levels. People in chronic poverty cannot wait for change.

Notes

1. WDR2000/1:41.
2. Begum and Sen 2004.
3. Wood 2003.
4. WDR 2000/1.
5. See Chapter Two.
6. Lund 2002.
7. Dreze 2003 in EPW.
8. Matin and Hulme 2003.
9. Daru and Churchill 2003.
10. Ravallion 2003.
11. Case and Deaton 2003.
12. This is particularly true of cash transfers, which can be used for whatever purpose the recipient decides.
13. Although micro-finance programmes provide examples in which women are most usually the development receipient.
14. See later for a discussion of how the chronically poor can best be targeted for social assistance.
15. Harper, Marcus and Moore 2003.
16. The likelihood that an episode of ill-health will lead to a household or individual falling into chronic poverty as opposed to a period of transitory poverty depends largely on the nature, severity and duration of the episode, and its resultant effect on income, employment, household assets, level of indebtedness, redistribution of household income and assets, and whether the episode leads to lasting morbidity, disability, incapacitation or death.
17. Corbett 1989.
18. WHO (n.d.): 4 and Goudge and Govender 2000.
19. Conversely, policies that lead to economic collapse, such as the over rapid liberalisation of the former Soviet Union's economy, must be avoided as they reduce opportunity and create transitory and chronic poverty (Stiglitz 2001).
20. Timmer 1997.
21. McKay 2004.
22. Park and Kim 1998.
23. Bruton et al. 1992.
24. For example, aid agencies supported NGOs throughout the civil war/Taliban era in Afghanistan. When 'peace' arrived in 2002, the staff of these NGOs provided the basis for the re-establishment of a civil service – few other Afghans had relevant training and experience in civil management, record keeping, civilian logistics, accounting, electronic communications etc.
25. Bruton et al 1992.
26. Sen and Ali 2003.
27. Kothari 2002.
28. China is developing plans to relocate long-term poor people from spatial poverty traps in rural areas to more dynamic regions, but few other countries have considered such 'closures' of regions. The implications for the regions expected to absorb such populations are uncertain.
29. UNHCHR 1948/2004.
30. While the assassination of Chico Mendes, the leader of the rubber tappers' union in Brazil, was widely reported the deaths and beatings of thousands of other frontline activists for the poor goes unmentioned in the media.
31. Piron 2003.
32. Most obviously Uma Kothari in Cooke and Kothari 2001.
33. Mosse 2001.
34. Hickey 2003; Esping Anderson.
35. Esping-Anderson 1999.
36. Uphoff 1992 Gal Oya book.
37. Gaiha and Imai 2003.
38. Guhan 1993.
39. Ravallion 2003: 17–18.
40. Ravallion 2003:22 Bangladesh example.
41. Coady, Grosh and Hoddinott 2003.
42. Government of Tamil Nadu 2003.
43. Devereux 2002; Farrington et al. 2003.
44. Rajan 2003.
45. Devereux 2002.
46. Paradoxically, this target might be more rapidly achieved if chronically poor people die, thus reducing the proportion of people below a dollar a day.
47. Pogge (forthcoming: 10).
48. Pogge (forthcoming: 20).
49. Table 12, Human Development Report 2003, UNDP.
50. OECD DAC Statistics, Table 1.
51. Zedillo Commission 2001.
52. If ODA had reached 0.7% of GNI in 2002 it would have been US$174 billion.
53. OECD DAC Statistics Table 5.
54. OECD DAC Statistics Table 2a.
55. Tarp 2000; Morrissey 2001.
56. South Africa Department of Social Development 2002: 20.
57. As the costs of borrowing are much less than the rates of return from aid investments (and because people in developing countries prefer to have funds now rather than later (the Social Time Preference Rate) this should result in increased poverty reduction.
58. The Reality of Aid 2004, forthcoming.

PART B

Regional perspectives on the experience of chronic poverty

6 Understanding chronic poverty in sub-Saharan Africa

Sub-Saharan Africa is the poorest part of the world but also the region with the highest share of its population living in chronic poverty. The region as a whole has not experienced economic growth over the last two decades, and the opportunities available to the poor have been highly constrained. A high proportion of poverty is likely to be chronic. Best estimates are that between 30% and 40% of the absolute poor population in sub-Saharan Africa is chronically poor – between 90 and 120 million people. It is a gloomy picture, the human development results of which are summarised in Table 6.1. Chronic poverty in the region is most pronounced in areas that are remote, affected by protracted violent conflict, suffering economic stagnation or decline, and where HIV/AIDS and other diseases are endemic.

Poverty trends in sub-Saharan Africa

High rates of infant mortality and stunting, and low life expectancy, (exacerbated by the HIV/AIDS pandemic) occur across sub-Saharan Africa, despite differences in income poverty levels.

The most extreme, persistent, multi-dimensional poverty is 100% a sub-Saharan African – and particularly a Central and West African – problem

- All of the 16 countries flagged up as 'desperately deprived' are in sub-Saharan Africa, (see Chapter 1)
  - 12 are in Central or West Africa
  - Of the 23 'moderately deprived' countries, 15 are sub-Saharan African, and nine are East or Southern African
- Few sub-Saharan countries have low levels of deprivation on any one indicator. Exceptions include the middle income countries of Southern Africa, which nonetheless have extremely low life expectancy, perhaps reflecting the HIV/AIDS epidemic
- Among low income countries, Côte d'Ivoire has been doing relatively well in terms of proportion of people living on less than US$1/day, and, along with the Gambia, Senegal and Togo, it has had relatively low rates of stunting
  - Female literacy is high in Lesotho and Zimbabwe
  - Each of these six countries has at least three indicators that show extreme deprivation.

Over the past two decades, many indicators have worsened, for sub-Saharan Africa as a whole as well as for particular sub-regions and countries (see Table 6.2, and PART C for country-level detail). Due to HIV/AIDS and conflict, overall life expectancy has reduced, especially in southern Africa and among women. On average, household consumption has stagnated, and, in West Africa, declined.

Nevertheless, some positive signs are apparent:

- Generally reduced illiteracy rates, especially for women
- Reduced infant mortality rates (except where HIV/AIDS has led to an increase)
- Over the past two decades, a few countries including Cape Verde, Equatorial Guinea, Guinea, Mauritius, and possibly Sudan,[1] have registered significant improvements in human development as well as sustained positive growth
- A number of other countries, many of which are recovering from conflict or economic collapse, have begun to grow in the 1990s, supported by inflows of aid
- Benin, Burkina Faso, Ethiopia, Ghana, Mozambique and Uganda have all increased consumption per capita during the 1990s, the last two countries dramatically so, and most appear to be sustaining that growth into this decade.

Figure 6.1 Chronic poverty in sub-Saharan Africa

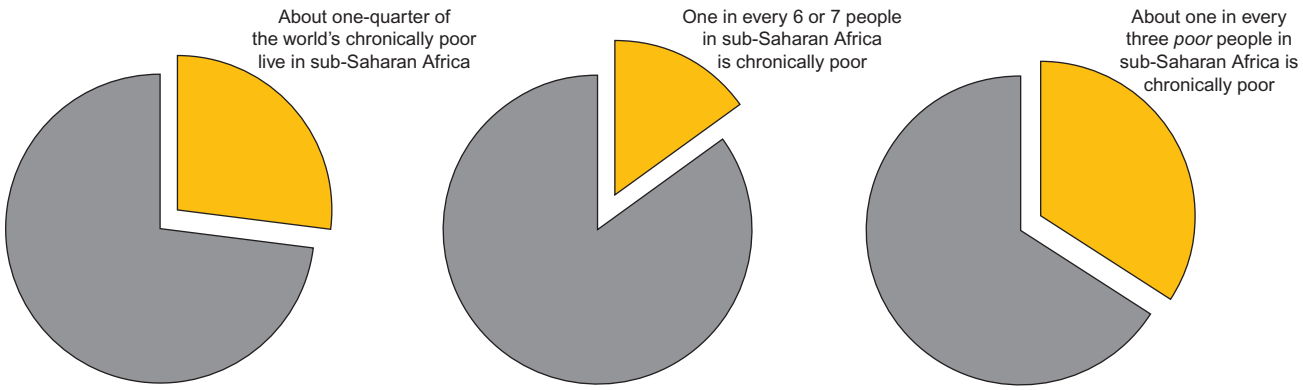


Table 6.1 Summary of poverty indicators for Africa*

	Percentage of people living on less than US$1/ day,1989–99[a]	Average shortfall of poor below US$1/day (%), 1989–99[a]	Under-5 mortality rate (per 1,000 live births), 2001	Infant mortality rate, 2000	Stunting <- 2 s.d., 1992–2000[a]	Life expectancy, female, 2000	Life expectancy, male, 2000	Adult illiteracy rate, female, 2000	Adult illiteracy rate, male, 2000
West Africa	58	45	185	111	37	51	50	52	35
Central Africa	50	36	196	121	44	50	47	49	28
Southern Africa	29	27	165	111	36	47	45	29	19
East Africa	30	27	155	100	44	49	47	47	31
All sub-Saharan Africa	**43**	**36**	**174**	**109**	**40**	**50**	**48**	**46**	**30**
North Africa	3	–	53	44	22	68	64	53	30
Sub-Saharan Africa + North Africa	*34*	–	*156*	*99*	*38*	*53*	*52*	*48*	*30*

Figures have been rounded.

Source: See Part C.

Table 6.2 The changing African picture, 1980–2000*

	Change in infant mortality rate (% points)	Change in female life expectancy (# years)	Change in male life expectancy (# years)	Change in female illiteracy rate (% points)	Change in male illiteracy rate (% points)	Average annual change in household consumption per capita (%)
West Africa	–18	1	2	–29	–25	–3.9
Central Africa	–5	–5	–2	–28	–23	–0.8
Southern Africa	–6	–8	–6	–15	–13	–0.3
East Africa	–17	–3	–1	–25	–18	–0.3
Sub-Saharan Africa	**–15**	**–3**	**–1**	**–25**	**–21**	**–2.3**
North Africa	*–56*	*11*	*10*	*–24*	*–19*	*1.2*
Sub-Saharan Africa + North Africa	*–21*	*0*	*2*	*–25*	*–20*	*–1.5*

Figures have been rounded.
West Africa = Benin, Burkina Faso, Cameroon, Cape Verde, Chad, Côte d'Ivoire, Equatorial Guinea, Gabon, Gambia, The, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Sao Tome, Senegal, Sierra Leone, Togo
Central Africa = Burundi, Central African Rep., Dem. Rep. Congo, Rep. Congo, Rwanda
Southern Africa = Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia, Zimbabwe
East Africa = Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Mauritius, Somalia, Tanzania, Uganda
North Africa = Algeria, Egypt, Libya, Morocco, Sudan, Tunisia

Source: See Part C.

* These tables contain a reconfiguration of the data provided in PART C based on a more detailed regional disaggregation (African Development Bank). Although further analysis is required, the data is broadly compatible with that in PART C, but highlights the extreme regional disparities discussed in the text.

However, even these 'turnaround' countries are often only growing in limited regions and sectors and progress is fragile. The dramatic reduction in poverty in post-conflict Uganda has enabled a large number of people who were poor – including some of the severely poor – in 1992 to escape poverty by 1996 or 1999. Uganda's infant mortality rate has seen an above-average decline, despite the HIV/AIDS epidemic. However, recently the infant mortality rate has stagnated. The reasons for this are both direct (disease – malaria, diarrhoea, HIV/AIDS, malnutrition, acute respiratory infection (ARI) and maternal conditions) and proximate (linked to maternal and household characteristics, utilisation of health services and socio-economic factors).[2] As a result of population growth, the absolute number of preventable infant deaths and illiterate adults in Uganda may actually be as great as it was in 1980.

Progress on poverty has excluded about 20% of Ugandans – the chronically poor – largely made up of large rural households: poor food crop farmers unable to benefit from periodic price increases for crops like cotton and coffee; people unable to diversify their livelihoods; severely poor people with limited or no education; and those in the poorest eastern regions and conflict-affected north. Indeed, while Uganda is commonly referred to as post-conflict, its northern region is still affected by chronic conflict. The household survey for 1999 indicated that 15% of households reported being affected by civil strife, compared to 7% in 1992, and civil strife was seen as being a greater cause of economic damage than theft or personal violence.

Unsurprisingly, escape is most difficult for the poorest; and in Uganda urban households emerged from poverty at a much higher rate than rural.[3] Ugandan panel data suggests that movement out of poverty favoured those households close to the poverty line: 68% of households within 5% of the poverty line in 1992 had moved out of poverty by 1996, compared to only 31% of those with expenditures less than 50% below the poverty line initially.[4] The extent to which sustained growth can facilitate an escape from poverty – even in the longer term – for those left behind is debatable.

Several states have seen improvements in human development despite little or no growth in consumption. The Gambia, Madagascar and Niger, for example, have seen large improvements in infant mortality rates, life expectancy and literacy, despite high proportions of the population living on less than US$1/day and declining consumption levels. The Gambia now has one of the lowest rates of infant mortality and stunting on the continent, and life expectancy in Madagascar is significantly above both East and sub-Saharan African averages.

How many people are chronically poor in sub-Saharan Africa?

There is a limited number of recent, high quality, representative and comparable panel surveys from which the extent of chronic poverty in sub-Saharan Africa can be determined. Based on panel data from Ethiopia, Côte d'Ivoire, Uganda, urban Madagascar and rural Zimbabwe, best estimates are that between 30% and 40% of the absolute poor population in sub-Saharan Africa is chronically poor – between 90 and 120 million people. Nearly one-third live in Nigeria, and over half live in West Africa in total. The rates of both absolute and chronic poverty are high in Western and Central Africa where one in every 5 or 6 is both absolutely and chronically poor.

There are 22 sub-Saharan countries for which there is both a US$1/day figure and sufficient data to undertake the cluster analysis detailed in Chapter One. Of these 22 countries, approximately 310 million people live in 12 desperately deprived countries, about 150 million of whom live on less than US$1/day; perhaps 45–60 million of these people are chronically poor. Almost 110 million people live in the 10 moderately deprived countries for which we have data, close to 40 million of whom are absolutely poor, and 10–15 million of whom are chronically poor. Several countries with insufficient data – including Angola, Guinea, Liberia, Mali, Somalia, Sudan and Zambia – make up the ranks of those countries with high proportions and numbers of absolute and chronically poor.

Middle income countries with high levels of inequality can still have significant populations of chronically poor people, even if this is not necessarily extreme poverty in a US$1/day sense. In sub-Saharan Africa, South Africa dominates, with other middle income countries (Botswana, Namibia and Swaziland) linked economically and politically to it. The major source of information on chronic poverty to date has been the KwaZulu-Natal Income Dynamics Survey. While it cannot be taken as representative of middle income southern Africa, primarily because of its geographical limitations, it is clearly indicative of the extent to which there can be large populations living in chronic, severe and multi-dimensional poverty in relatively wealthy countries (Box 6.1).

Above the Sahara, panel data is available for Egypt – where only about 3% live on less than US$1/day but over half the population, or close to 35 million people, lives on less than $2/day. This data suggests that the middle income countries of North Africa may also have significant numbers of people living in chronic poverty. Egyptian panel data suggests that about one-fifth of all households are chronically poor, and that, of the households that were poor at one time, 48% were always poor, so that the overall contribution of chronic poverty to total poverty is high.[5]

Who are the chronically poor in sub-Saharan Africa?

Chronically poor households tend to be larger and with high dependency ratios (Uganda,[6] South Africa's KwaZulu-Natal,[7] urban Madagascar[8]). In KwaZulu-Natal, it is particularly women-headed, older households, as well as larger, rural households who are chronically poor. Such households usually have low overall years of schooling, low levels of productive assets such as chickens, livestock (Uganda) and arable land (South Africa), and get low returns from their land (Rwanda).[9]

The chronically poor include those who have missed out on economic opportunity and have been unable to diversify or secure their livelihoods. Disabled people, older people, ethnic minorities are frequently marginalised or excluded from participating in what opportunities exist in, for example, education, health, employment, politics and community support. They are often unable to access limited livelihood options to help them

Box 6.1 Understanding chronic poverty in middle income South Africa

South Africa is a middle income country, with per capita GDP of $3,985 in 2000, comparable to countries in parts of East-Central Europe and Latin America. However, about half of all South Africa's 45 million people presently live in poverty, and about one quarter of all households are trapped in chronic poverty. Whilst many poor people manage to escape poverty for short periods (a couple of months or even a few years), they fail to do so in a more permanent way. These households may not be chronically poor at present, but they are very vulnerable to becoming chronically poor in the future. Five of the central aspects underlying chronic poverty in South Africa are:

1. **Historic asset depletion:** From the mid-17th century onwards, black workers were selectively incorporated into a severely repressive labour system, limiting their ability to accumulate and use their assets and skills. Today the effects are still evident, as the majority of poor black households continue to lack direct access to basic economic resources and household food production assets. It is unlikely that they will be able to escape inter-generational poverty through their own efforts.
2. **Post-1970s economic restructuring.** South Africa's economic restructuring is rooted in the economic decline between 1974 and 1994. During this time, the number of potential African workers increased from 6.9 to 9.3 million, but the number employed in the formal sector actually declined from 5.2 to 5.0 million, expanding African formal sector unemployment from 24% to 46%. Semi-skilled black workers became increasingly detached from the formal economy, rendering their households susceptible to chronic poverty. Since the end of apartheid, a further one million jobs were lost in the formal sector, and official unemployment of 16% in 1995 has since doubled. Moreover, many employed people do not earn enough to escape poverty.
3. **Rural poverty:** Nearly three-quarters of all rural people are poor, most of them chronically so. Poor rural households do not have the assets (land, finances, tools) to progress as agriculturalists, and land-based livelihood strategies fail to provide enough to accumulate, inhibiting incremental escape from chronic poverty over time.
4. **High inequalities:** South Africa has both very high income inequality (with the richest fifth of households receiving over 70% of income, and the poorest two fifths less than 4 percent), and highly racialised economic geographies due to apartheid spatial planning.
5. **HIV/AIDS epidemic:** HIV/AIDS incidence in South Africa is amongst the highest in the world. HIV/AIDS related deaths are now a major cause of chronic poverty. The causal relationship between AIDS and chronic poverty is complex and controversial, but there is some evidence that chronic poverty makes households more susceptible to HIV/AIDS exposure and thus infection.

Source: de Swardt, 2003.

diversify and improve their position.

In areas where the economy is largely agricultural, many, if not most, older people missed out on formal education in their youth, making it difficult for them to participate in less physically demanding, off-farm activities.[10] The poor and especially the poorest often depend only on their own labour. This capacity naturally declines with age, increasing the vulnerability of older people, particularly if they do not enjoy support from kin. They may have to resort to begging and charity to survive.

The chronically poor include large numbers of people displaced or disabled by persistent conflict, including refugees and internally displaced people – of whom there are more in sub-Saharan Africa than anywhere else in the world; abducted children, orphans, widows, people with impairments and illnesses. People affected by conflict spend long periods on the run from violence, with or without basic assets, which may have been left behind in the hurry to escape. This limits their ability to find food and shelter. Life within refugee camps may not be better – most are overcrowded with very poor living conditions, and access to key resources such as land and basic services are severely limited.

Older people (and their households), especially when they are responsible for the care of vulnerable children orphaned as a result of HIV/AIDS and conflict, are also particularly vulnerable to deepening and ongoing poverty.

The situation is made worse for older people and others who are excluded from decision making and for those who are physically unable to access services, such as food and health facilities, and are disadvantaged by the way services are provided and structured. This leaves people highly vulnerable to ill-health and disease, and dependent on fragile support systems. Loss of individuality and control, as well as the humiliation of dependency, often define their lives.

There are more HIV/AIDS sufferers in sub-Saharan Africa than anywhere else in the world, and their households have to bear the isolation associated with this as well as almost all the burden of care for this and other chronic illnesses (see Box 6.2). Many households have witnessed several deaths from AIDS, and most deaths are in the adult breadwinner and/or homemaker and carer category.

Women-headed households and AIDS widowhood

Often the product of AIDS deaths or conflict, but also of estrangement, abandonment and family breakdown, women-headed households are not in general more likely to be poor compared to male-headed households. There is much variety in the picture across the continent, as throughout the world. Male-headed polygamous households in Nigeria's rural areas, for example, are disproportionately poor, affecting a large number of women.[11] It is plausible, however, that women-headed households who are *poor* are more likely to be *chronically* poor, although this does not necessarily mean that women-headed households represent a disproportionate segment of the *absolute* poor.

In semi-arid Zimbabwe, women-headed households reported less recovery from the 1991/2 drought, and were more likely to not have recovered at all by 1998. They found entry into the critical non-farm occupations more difficult than did male-headed households.[12] Women-headed households were also more disadvantaged in urban Madagascar.[13] This may be the case in many

urban settings where education, health and nutritional status – assets that are often less common in women-headed households – make a large difference to the work and income available.

Widows commonly return to their parent's village and beg for a small parcel of land to cultivate. Some will seek a protector, often marrying again soon after their widowhood. This option is not available to AIDS widows however, who are often shunned.[14] AIDS widows make-up between 24% and 60% of all widows, and are commonly stigmatised, accused of being witches and bringing the disease into the family.[15]

Box 6.2 Voice from the field

Illness and marginalization among the working poor in South Africa

'They appreciated that I came to visit them because no one visits their house. What touched me is that four members of the family were sick. One had TB, one had HIV, one woman had a breast problem, and her baby had diarrhoea. They have never been treated because they could not pay (US$0.3 – 30 cents) for transport. The baby is fed on thin porridge diluted with water and breastfed on the healthy breast. I had to help them with money. There is no food at all, they depend on anyone who comes in and gives food . . . The family is tired of them, they do not want to assist them anymore, because they are always hungry. There are no blankets except one, which is shared between the baby with diarrhoea and the person with HIV. The roof is leaking during the rainy season and it gets flooded sometimes. This house belonged to a family member who died of TB. No-one in this family has an ID, and they have no money to apply for IDs, or even to come to town.'

Source: Mount Frere fieldworker, translated from Xhosa, in de Swardt (2002).

People with low and declining access to income, land and other assets

The poorest occupational groups are often non-cash crop farmers, whose agricultural productivity is low, assets minimal, and access to credit and output markets weak. This is widely true in West Africa. Cash crops can give good results from time to time, the benefits of which can be capitalised and used to expand enterprise, and provide access to state loans, extension and research often denied to others. However, tenants, sharecroppers and migrant labourers can remain poor for long periods. Poor households who are able to diversify out of farm activities into off- and non-farm activities are in many situations the lucky few. Many are only able to enter low cost and low return activities, often dependent on shrinking and heavily used common property resources. These are not escape routes from poverty.

The chronically poor are likely to have experienced a series of shocks of different sorts – health, drought, conflict, family breakdown – from which their low asset position hardly allows them to recover, or from which recovery is at best slow and erratic.

Landlessness is particularly important, as land has been the continent's prime safety net. There is an expanding group for whom this is no longer the case. Whether the 'negotiability' of access to land offers sufficient potential for social mobility for the disadvantaged is questionable.[16] Land adjudication processes in Kenya, for example, have ignored the claims of some, notably young men without clear inheritance rights such as sons of widows or divorcees, and women- and child-headed households.[17]

Those that are unable to access borrowing or rental systems either due to weak family connections, diminishing common lands (in some cases related to wildlife conservation projects), or inability to pay rent are more vulnerable to long-term poverty. Land has classically provided subsistence when the market or state has been hostile, and provides a basis for accumulation when conditions are propitious. Loss of land has occurred both on an individual basis, as for the AIDS widows and abandoned women discussed above, and on a collective basis, as a result of conflict.

Where are the chronically poor in sub-Saharan Africa?

The African chronically poor tend to live in countries with large numbers of poor people, and a history of low economic growth, such that the prospects of remaining poor are strong. Poverty is more prevalent in rural than urban areas across the whole of sub-Saharan Africa, despite regional differences in income and levels of urbanisation.

There are pronounced regional differences in the incidence of poverty throughout Africa, and chronic poverty tends to follow similar distribution patterns across remote, less-favoured, weakly-integrated regions. There are many regional poverty traps in sub-Saharan Africa, where people are generally highly dependent on food crops and livestock farming (or agro-pastoralism), and these are often inhabited by minority ethnic groups, both in rural and urban areas.

Chronic poverty in remote rural sub-Saharan Africa

Chronic rural poverty in Africa is characterised by topography and remoteness. In remote areas such as semi-arid, coastal, deep forests, borders and mountainous areas, poor people are likely to experience poverty along several dimensions, including low incomes, low rates of literacy, and political marginality. They are likely to have underdeveloped and highly imperfect markets, limited non-farm livelihood opportunities, poor social and physical infrastructure, and weak social and political institutions. Quality basic services tend not to reach deep into rural areas. Towns in these regions are more likely to have stagnant economies than urban centres elsewhere.

Extreme poverty in the Gambia is highly concentrated in the rural areas, with about 35% of the rural community living in absolute poverty, compared to 15% in urban areas. Low agricultural productivity and an inability to accumulate capital and other assets are key, with livelihoods being constrained by a lack of tools and equipment, inadequate storage facilities, difficult to access markets and credit.

In Uganda, while 61% of the urban households that were poor in 1992 were able to move out of poverty by 1996, only 39% of rural households moved out of poverty over the same period, leaving a large proportion of the rural poor in a state of chronic poverty. Within rural areas, this was strongly regionally differentiated, with mobility much higher in the more rapidly growing coffee producing regions than elsewhere.

Urban chronic poverty in sub-Saharan Africa

In countries experiencing sustained growth, the chronically poor are mainly located in regions, sectors or sub-sectors which are not contributing to and benefiting from that growth. There is some evidence that urban Africa – at least in the large cities – seems to respond to growth with significant and fairly rapid urban poverty reduction. However, some groups of urban chronically poor people may not benefit from growth. In smaller towns, particularly in more remote and less economically dynamic regions, it may be that the urban poor are more likely to remain absolutely poor.

In urban Côte d'Ivoire poverty unambiguously rose between 1985 and 1995 at both the $1/day and $2/day level but was accompanied by rising poverty severity and worsening inequality. High rates of urban poverty began to decline (although not to below 1985 rates) after economic recovery began in 1995, such that by 1998 poverty incidence ($1/day) fell to 1.2% in Abidjan, 10% for other urban centres, and 5.9% for all urban areas. Today, however, urban as well as rural Côte d'Ivoire is in a very different situation after a succession of shocks, combined with the current political and economic collapse which has propelled many into chronic poverty.

Not all urban centres are responsive to growth. Madagascar followed neo-liberal prescriptions during the late 1980s and 1990s, but economic growth did not materialise until 1997. Poverty remained high, slightly worse in rural areas, and far worse than it was in the 1970s. Although there was rapid growth in average household incomes in the capital city (50% between 1995 and 2000 compared to an overall GDP increase of only 2.3%), 65% of the urban population were poor in both 1997 and 1999. Few had access to electricity and running water. Most chronically poor households lived in poor neighbourhoods, and their jobs were largely low quality and in the informal, low wage sector.

Between 1994 and 1997, 26% of urban Ethiopians remained poor, compared to 24% in transitory poverty and 51% non-poor.[18] Despite economic recovery associated with post-conflict stability, good weather and improved macro-economic management, urban household welfare declined during this period. That one-quarter of urban households remained poor reflects the long-term impacts of the serious agro-ecological and conflict-related shocks that affected Ethiopia before 1994 (and have done again since 1997). Chronic poverty in urban Ethiopia is associated with low asset ownership, low levels of education, as well as age and ethnicity (the Gurage being more likely to be chronically poor than the Tigre), and, to a certain degree, with women-headedness.

Under- and unemployment are significant problems of the urban Ethiopian chronically poor. Over one-quarter of chronically poor household heads work as casual labourers or in 'women's business activities', compared to 8% among the never poor. These occupations are insecure and give low returns, so it is not surprising that the chronically poor are disproportionately represented. Similarly, in urban Uganda the main livelihood activity of 47% of the 'always poor' is in agricultural subsistence.

Notes

1. Data is questionable for Sudan.
2. Government of Uganda 2002.
3. Deininger and Okidi 2003.
4. Lwanga-Ntale and McClean 2003.
5. Haddad and Ahmed 2003.
6. Lawson, McKay and Okidi 2003.
7. Aliber 2003.
8. Herrera and Roubaud (2003).
9. Muller (2000).
10. Najjumba-Mulindwa, I 2003.
11. Oduro (2003).
12. Bird and Shepherd 2003: 603–4.
13. Herrera and Roubaud (2003).
14. Bird and Shinyekwa 2003.
15. UNDP 2002:49–50.
16. Woodhouse (2003:6).
17. Hunt (1994).
18. Kadir & McKay 2003.

7 Understanding chronic poverty in South Asia

South Asia has the largest number of chronically poor people in the world – an estimated 135 to 190 million people. Chronic poverty in the region is most pronounced in areas that have significant minority populations,[1] that are economically stagnant, where agrarian class structures and gender relations are exploitative, and where governance is weak.

Poverty trends in South Asia

- 44% of the population of India lives below the international US$1/day poverty line.
- In Nepal, Pakistan and Bangladesh the figures are also relatively high (at 38%, 31% and 29% respectively).
- In Bhutan and Afghanistan, where data is unavailable, the proportion of people living on US$1/day is likely comparable and much higher, respectively.
- Internationally, South Asia has the worst indicators of stunting and female illiteracy, and very poor rates of child mortality and female illiteracy.
- The headcount ratio for the chronically poor has been declining in many parts of the region – particularly in southern and western India, and in Bangladesh.
- Most human development indicators also have improved over the past two decades, although in Afghanistan years of war have obstructed almost all potential progress.

How many people are chronically poor in South Asia?

The number of recent, high quality, representative and comparable panel surveys available to determine the extent of chronic poverty is very limited. Best estimates suggest that about one-third of the poor population in South Asia is chronically poor – between 135 and 190 million people, of whom 110–160 million are Indians. Bangladesh and Pakistan account for the majority of the remainder.

A survey of rural Bangladesh suggests that close to one-third of the rural population was poor in both 1987/8 and 2000.[2] In India, two national sample surveys suggest that in the late 1960s[3] and between 1970 and 1981[4], almost half the rural poor were chronically poor.

A third survey, collected only in semi-arid rural Andhra Pradesh and Maharashtra, found that over one-fifth of the population was poor in all nine years between 1975/6 and 1983/4, while 60% were poor in at least five of nine years.[5] Further analysis of this dataset suggested that even relatively affluent households are highly vulnerable to long spells of poverty when severe crop shocks occur.[6]

The Indian National Sample Survey reported that the number of poor people increased by 13 million between 1987–88 and 1993–94, while data from 1999–2000 shows a very large reduction in the second half of the decade. This finding is intensely disputed, however, due to changes in the way the national figures have been calculated, and as such it remains difficult to estimate the absolute numbers of chronically poor people today. Due to the very nature of chronic poverty, however, it is unlikely that the proportion of people in chronic poverty has declined at anything like the rates of poverty in general.

For instance, village-level research in Rajasthan, where headcount poverty has unambiguously declined, suggested that about 18% of the total population was poor both 25 years ago and in 2002. This figure ranged from 8% to 31% across districts, and was highest among scheduled tribes, more than two-thirds of whom had stayed in poverty over the past 25 years.[7]

For Pakistan, a significant amount of analysis has been undertaken using one particular dataset.[8] Different approaches to defining chronic poverty and the poverty line have led to a wide range of estimates of chronic poverty. The best all-

Figure 7.1 Chronic poverty in South Asia

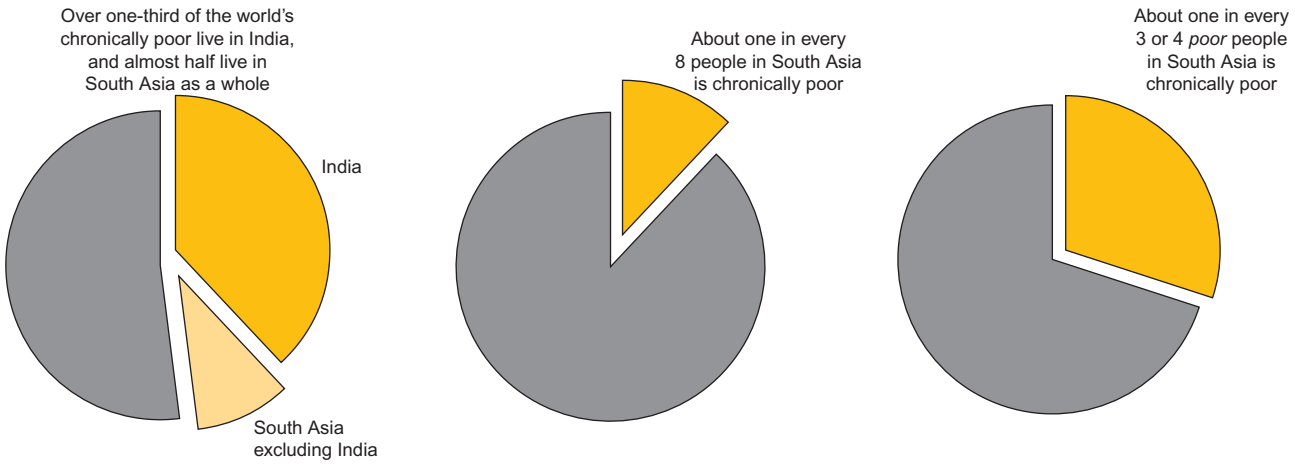


Table 7.1 Summary of poverty indicators for South Asia

	Percentage of people living on less than US$1/day[a]	Average depth of poverty (the number of percentage points by which the poor fall below the poverty line)[a]	Under-five mortality rate (per 1,000 live births) 2001	Infant mortality rate (per 1,000 live births) 2000	Proportion of children under 5 who are stunted[a]	Life expectancy, female, 2000	Life expectancy, male, 2000	Adult illiteracy rate, female, 2000	Adult illiteracy rate, male, 2000
Afghanistan	–	–	257	165	52.0[b]	–	–	–	–
Bangladesh	36.0	22.5	77	54	44.8	59.5	59.4	70.1	47.7
Bhutan	–	–	95	77	40.0[b]	63.3	60.8	–	–
India	44.2	27.1	93	69	45.5[b]	63.8	62.8	54.6	31.6
Maldives	–	–	77	59	26.9	65.8	67.3	3.2	3.4
Nepal	37.7	25.7	91	72	54.1[b]	58.3	58.8	76.0	40.4
Pakistan	31.0	20.0	109	85	–	59.9	60.2	72.1	42.5
Sri Lanka	6.6	15.2	19	17	17.0	75.3	69.5	11.0	5.6
Regional average	40.7	26.1	98.1	72.4	45.5	63.0	62.2	57.3	33.9

a. Data refer to the most recent year available
b. Data differ from the standard definition

Source: See Part C.

Pakistan estimate of rural chronic poverty, based on mean income over five years, is 26% – this represents about 50% of households classified as poor in the first year of the survey, and about 6% of households classified as non-poor in the first year. Table 7.2 presents a summary of these different approaches and estimates, and includes another survey that is more recent, but also contains fewer households, fewer waves and is confined to a single province.

There are no panel data from which to determine the numbers of chronically poor in Sri Lanka. It is clear, however, that although per capita GDP passed the US$800 hurdle in 1999, poverty persists. The proportion of the population living on less than US$1/day, and the nutritionally 'ultra poor',[9] both seem stable at just above 5% of the population.

The extent to which the 40% of Sri Lankans who survive on between US$1 and US$2/day are likely to be chronically poor is an empirical question, and further research is needed to understand the poverty dynamics of the ultra poor, poor and non-poor in Sri Lanka.

Who are the chronically poor in South Asia?

The chronic poor in South Asia are disproportionately made up of excluded minorities, including tribal peoples; people belonging to perceived low status castes; and casual and 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.

The working poor

Contrary to the common perception that the chronically poor are 'unproductive' – unable or unwilling to work – the working poor actually constitute a significant proportion of the chronically poor. The largest group of chronically poor people in rural India are casual agricultural labourers; cultivators, the second largest group. Most of the chronically poor are either landless or near-landless, and highly dependent on wages.[10]

Agricultural wages have been rising slowly in much of the sub-continent, and this is probably the best single explanation for the slow but steady reduction in the depth of consumption poverty. However, 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, is almost as important as the wage level.

Migration is often part of a broader set of livelihood strategies employed by poor wage labourers. Chasing scarce, short-term, insecure, and low-paid wage labour from area to area, migrant labourers often find themselves in a constant battle to repay debt and maintain household consumption levels. In some cases this can result in people becoming more vulnerable to exploitative employment (see Box 7.1). Much migration for work undertaken by the poor in South Asia is this rural-rural, temporary and seasonal movement,[11] although migrants are also often among the urban chronically poor. This is not to say, however, that all migrants are chronically poor. For some, migration has proved to be an effective means of escaping poverty.

Excluded minorities

Excluded minorities, including 'tribals', people of 'low' caste and religious minorities, find it more difficult to marshal the necessary social, political and economic resources to progress, and are much more likely to experience long-term and absolute poverty. As touched upon in Chapter Two, both Scheduled Castes (SCs) and Scheduled Tribes (STs) are stigmatised groups, within which many suffer extreme discrimination although the harsh oppression associated with untouchability has been banned.[12]

In rural India, for example, a SC or ST household was more likely to be poor in both 1970–71 and 1981–82 than other caste households. Scheduled Caste women have one of the lowest levels of literacy of all groups in India – in the 1991 Census more than 80% rural SC women were found to be illiterate. STs have literacy rates of just 40%, compared to 54% national average, with

Table 7.2 Different approaches to chronic poverty in rural Pakistan

Sample	Timeframe	Source	Poverty line	Definition of chronic poverty	Proportion chronically poor
727 households from IFPRI rural survey	1986/7–1988/9 (12 waves)	Adams and Jane (1995)	Poorest quintile (income)	Poorest quintile in all 3 years	6%
			Poorest quintile (expenditure)		10%
686 households from IFPRI rural survey	1986/7–1990/1 (5 annual waves)	Baulch and McCulloch (1998)	2100 Kcal/day – Rs 2000 (approximates poorest quintile); welfare measure real income per adult equivalent	Poor at least 4 out of 5 periods	7%
				Poor in all 5 periods	3%
"	"	Baulch and McCulloch (1999)		Mean income over five years below poverty line	About 50% of households classified as poor in the first year
					About 6% of households classified as non-poor in the first year
"	"	Baulch and McCulloch (2000)		Poor in all periods	5%
				Mean income over five years below poverty line	26%
"	"	CPRC calculations		Poorest quintile in both 1986 and 1991	10.3%
"	1986/7–1990/1 (2 annual waves)	World Bank (2002)	Rs. 2850	Mean expenditure level is below the poverty line	39.7% (northern irrigated plains 34.3%, barani plains 25.9%, dry mountains 46.7%, southern irrigated plains 46.4%)
299 households from rural NWFP survey	1996–1999 2 waves	Kurosaki (2002)	Rs 7,140 (WB 1995 adjusted for rural CPI) (expenditure)	Poor in both periods	63.2%
		Kurosaki (2003)	Official national poverty line (expenditure)		43.7% – 58.3% (depending on: observed or fitted consumption values, poverty line or 90% poverty line)

Source: CPRC analysis; Yaqub 2000

only a quarter of ST women being literate.[13] This varies greatly from state to state, with female literacy ranging from about 88% to just 9% in 1991.[14]

While per capita incomes are lowest among SCs followed by STs, tribal status is more significant than caste status in determining poverty persistence.[15] STs in India are often located in isolated areas where opportunities to diversify income earning strategies is low.

The chronic poverty dimension of tribal status is most pronounced in the context of social movements and conflict. Indigenous peoples of south-eastern Bangladesh, for example, have only recently emerged from years of struggle against Bengali in-migration *cum* colonisation. Agitation for separate states in parts of India has taken root partly in response to rising resentment within deprived regions and tribes.

Poor women, older women, disabled women and widows

Poor women feature prominently as a group of the chronically poor in South Asia. They are generally less educated (see Table 7.3), triply burdened[16], less well connected and informed, and often unable to ensure that they benefit from husbands' income.[17] Gender divisions within labour markets restrict the employment opportunities for women, though the demand on women to work is strong within poor and chronically poor households.

The position of women is particularly vulnerable to continued poverty when they reach old age and/or are widowed and/or become disabled. In India, widows represent 6.5% of the total female population – 30 million in absolute terms, perhaps three times the number of underweight children.[18] Property and inheritance laws are highly gender discriminatory across the South Asian region, and ignorance and misapplication of these laws often mean that women do not even enjoy the minimal protection that they can afford.[19] In much of northern India and Pakistan, for example, strong patriarchal traditions of ownership and inheritance continue to dominate despite legal provisions to protect women's ownership rights. In Nepal, recent constitutional changes that ensure equal property rights for women present a significant and positive opportunity for poor women and their children to avoid slipping further into deep, inescapable poverty.

Since women usually move to their husband's village on marriage, they do not have strong support systems if they are widowed. Although not always the

Table 7.3 Gender gap in adult literacy in South Asia

Country	Difference in percentage points between female and male literacy rates (2000)
Bangladesh	22.5
India	23.0
Maldives	–0.2
Nepal	35.6
Pakistan	29.6
Sri Lanka	5.4
Regional Average	**23.4**

Source: See Part C.

case, many widows do not receive economic support from family or wider community unless they are taken in by adult sons.[20] That said, relatives may provide the only access to charity on which widows can depend as they get older and more frail. However, where families are poor themselves, this charity can be limited.

The hungry, weak and ill

Hunger and ill-health are both contributors to and results of chronic poverty. Malnutrition is not specially associated with poverty, but it may be with chronic poverty. Those below the poverty line tend to spend a large proportion of their earnings on food, often without meeting minimum energy and nutrient requirements. Families facing chronic food insecurity are caught in a hunger trap. The inadequacy and uncertainty of their food supply make it difficult for them to take advantage of any development opportunities that might emerge.

Despite India's position as a net food exporter, 268 million people are still considered food insecure in India. Almost half the women aged between 15 and 49, and three-quarters of children, are anaemic. Of the 204 million people that are currently undernourished in India, there is a significant subset of those that are unable to access two meals a day throughout the whole year.

What is particularly worrying about low food intake is the compounding effect it has on individual and household ill-health, debt and inability to work (or study), as well as rising anxiety and stress. Low energy leaves people, notably children, particularly susceptible to disease. It is estimated that India has 20% of the global child population but accounts for 40% of the world's malnourished children.[21]

In rural Pakistan, children by the age of five have a 62% probability of being stunted, a 45% chance of being underweight and a 12% probability of being wasted, representing high levels of chronic malnutrition. Stunting is worst in the south-western province Balochistan, with a 75% probability. Further, there seems to have been no improvement between 1986 to 2001 – the absolute numbers of stunted and wasted Pakistani children have grown.[22]

Breadwinner illness is a major cause of the financial deterioration for poor households – almost one-fifth of all deterioration in Bangladesh, for example.[23] The costs are direct (medical fees and treatments) and indirect (lost wages or production, care, withdrawal of children from school, asset depletion and long-term indebtedness). Chronic diseases such as TB have particularly devastating results.[24] Severe or prolonged illness or accidents are more likely in very poor households. Clean water, and good household and community sanitation, are increasingly recognised as factors in determining not only the health of children but also of adults.[25]

The despair caused by the combination of long term hunger, ill-health and poverty, responsibility for older people and other dependants, lack of employment opportunities or any hope in the future for children, further debilitates the chronically poor. Multiple deprivations and starvation are reported to have culminated in suicides by skilled powerloom weavers in India.[26] Such reports highlight the hopelessness and despair often experienced by the desperate, facing the prospect of chronic poverty.

Although hypertension and heart disease are commonly considered problems of the middle class, they also are significant problems for the long-term poor (Box 7.1). Studies warn about heart disease and diabetes reaching epidemic proportions in India.[27] The choices chronically poor people are forced to make in order to survive can be highly detrimental to their health. Some of these decisions may have high physical and psychological costs, such as heart attacks and high blood pressure.

Box 7.1 'My heart feels as if it is being held with forceps'

Poverty and hypertension in an Indian slum

After her husband's death, Amina Khatun* had to think of a way to support herself and her two sons. Illiterate, and being from a Muslim community where women normally don't work outside home, she had few marketable skills and limited livelihood options. She only managed to keep her house after a Dubai-based cousin invested in rebuilding it after a fire. In return, Amina takes care of her cousin's sister who has epilepsy, and the woman's two children who have learning difficulties.

Talking about the stress she feels and her inability to work she says, 'Inside, my heart feels as if it is being held with forceps. I feel a tightness inside my head. The sight in one eye is almost gone. I can't see properly.' She suffers from constant burning in her stomach, and often complains of a heaviness in her chest. Each time they met, Amina wept as she spoke to the researchers, especially when mentioning how she suffers when she has to accept help from relatives. She told them that she has felt suicidal several times, and once tried to commit suicide by jumping into the river Krishna.

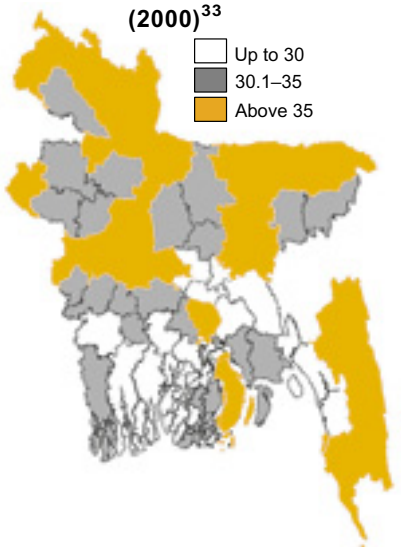
(*Name has been changed).

Source: Lalita 2003.

Where are the chronically poor in South Asia?

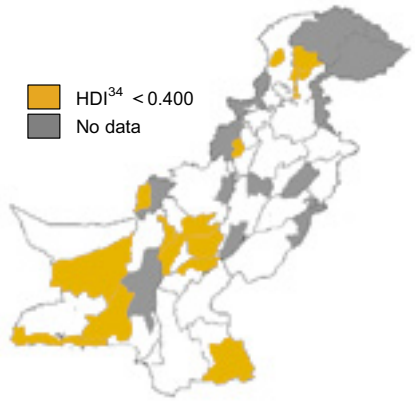
Chronic poverty in South Asia has both macro and micro-level features. At a regional level, most indicators show a swathe of poverty cutting across eastern and southern Pakistan, central India, western Nepal, and northern and south-eastern Bangladesh. Within this general 'poverty tract', however, there are pockets of improvement, lower levels of poverty and even relative prosperity – sometimes urban areas, sometimes areas

Figure 7.2 Bangladeshi districts with highest HPI (2000)[33]



Source: Sen and Ali 2003.

Figure 7.3 Pakistani districts with lowest HDI (2003)



Source: UNDP 2003c.

dependent on remittances or strong NGO programmes. Similarly there are pockets of deprivation in otherwise well-off regions – areas, both rural and urban, less-favoured by nature and/or man.

Most poor South Asians still live in rural areas, and it is likely that the proportion of chronic poor is greater in rural areas, given the greater opportunities in towns and cities. However, in India the proportion of severely poor people in rural and urban areas is similar at about 15%, indicating that urban chronic poverty may be greater than supposed.

In Bangladesh, spatial inequalities in human development are considerable, with the central and south-western regions doing relatively well (see Figure 7.2). However, modest reductions in spatial inequalities have occurred, during the late 1990s in particular. The north-west and southeast are beginning to catch up, based upon two main factors: a better-integrated national market, and decreased conflict. The construction of the Jamuna bridge – representing a massive public investment – helped to integrate long-neglected northern and western districts with the rest of the country, while the peace process in the Chittagong Hill Tracts removed some obstacles to improvement in that region.

There are also pockets of poverty in areas much smaller than districts, due to variations in agro-ecological vulnerability, or the presence of minority populations. And, as Bangladesh is characterised by the highest population density in the world,[28] even small pockets of severe distress can affect a very large number of people. Panel data for 1987–88 and 2000 indicate that 15% of households that had descended into poverty had experienced a shock related to a natural disaster, suggesting that poor geographic capital at the most local level played a role. Poverty rates are highest in extremely low-lying areas that are frequently flooded, including *chars* (river-islands that seasonally disappear; see Box 3.2), and in tribal areas where social and geographical disadvantage overlap.[29]

In India, there is significant but incomplete overlap of areas with the highest poverty rates and those with the lowest human development indicators, and of poor regions, states and districts (see Figure 7.4). At the regional level, the marginality of central and eastern India is explained largely by adverse agrarian relations, and poverty has persisted in these regions despite a good endowment of natural resources and a relatively strong focus of Indian development planning on 'backward areas'. State, district and rural indicators broadly follow this general regional sketch, with one or two exceptions. Urban indicators show a markedly different trend.

Over 70% of India's poor reside in six states: Uttar Pradesh, Bihar, Madhya Pradesh, Maharashtra, West Bengal and Orissa.[30] In four of these states – Bihar, Orissa, Madhya Pradesh and Uttar Pradesh, plus Assam, persistently high levels of poverty in excess of 30% have occurred for several decades.[31] As most central Indian states are the size of large countries – Uttar Pradesh would have the world's sixth largest population if it were a country – numbers of people suffering persistent poverty and deprivation are huge.

In Assam, both income poverty and human development performance declined strongly in the 1990s, from already low levels. In the mid-1990s, 46% of rural households in the lowest expenditure class could not access two meals per day throughout the year, compared to an all India average of 15%.[32]

At the micro-level, severe deprivation is remarkably concentrated in India. District-level multidimensional indices have been developed combining indicators of literacy and enrolment, infant mortality rate, agricultural productivity, and infrastructural development – low levels of which can reflect persistent deprivation. Out of 379 districts in fifteen states, the same 52 to 60 districts are consistently identified as the most deprived, despite computing nine different indices with different combinations of indicators and methodologies (see Map 4 in Figure 7.4). 80% of the districts identified are located in one of the five states with high persistence of poverty.[35]

20% of the most deprived districts according to the multidimensional indices (including one of the seven districts suffering extreme deprivation) are in Rajasthan. This north-western state is something of an anomaly in the pattern. Poverty rates are significantly below the all-India average, and have been declining much faster than average in the late 1990s. Rajasthan does not show up at all on the National Sample Survey list of regions (clusters of districts) with the highest rates of poverty and severe poverty (see Figure 7.4, Map 2). At the same time, the state's HDI is significantly below the all-India average, although in the late 1990s some improvement in this index has also been noted, in part due to enormous progress on education indicators. Yet it contains one-fifth of the most deprived districts in India.

Comparing Figure 7.4 Maps 2 and 4, it is clear that even within the core five persistently poor states, overlap is sketchy, and that there are several regions that the National Sample Survey identifies as poorest that do not contain any of the most deprived districts. As has been found in Vietnam,[36] there is not the expected near-universal or exact

correspondence between changing levels of income poverty and other dimensions of deprivation. The reasons for this are likely to relate to differing patterns of economic growth and socio-economic inequality.

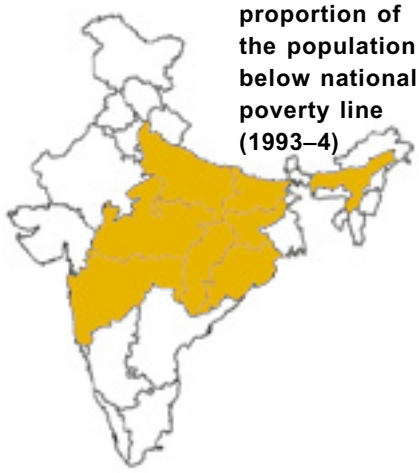
Many remote rural areas in India are largely populated by scheduled tribes, who face extreme marginalisation and discrimination. In general, two types of area are viewed as less-favoured on the basis of agro-ecological and socio-economic conditions. These areas also exist in less poor states.

- First, large tracts of dryland characterised by frequent crop failure and sporadic opportunities for employment.
- Second, forested regions, especially in hilly regions with predominance of tribal populations, with limited access to natural resources, information and markets.[37]

These areas are not only persistently income poor, but are generally much less well-endowed with human capabilities. Tribal populations living in forested areas affected by consecutive years of drought, such as south-western Madhya Pradesh, face extreme deprivation.[38] Geography is only part of the reason why access to resources may be limited. See Box 7.2 for a discussion of the effects of some government lease oriented policies on traditional access to resources in Orrisa.

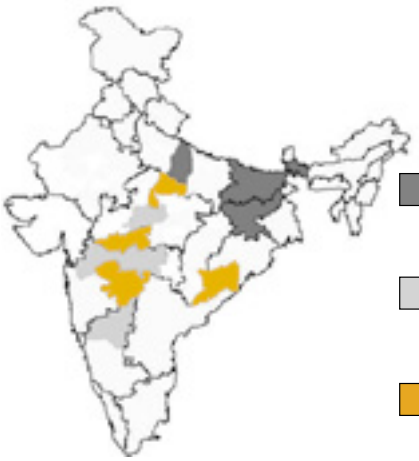
There is significant variation in the degree to which Indian states have mitigated the effects of drought. On the face of it, drought-related chronic poverty is most likely in arid areas in poorly governed states. However, many dryland populations have been able to develop coping strategies to facilitate their resilience to drought, including groundwater development, economic diversification with infrastructural development, drought relief safety nets, and migration. The latter is especially significant. Forest-based regions have few of these possibilities. Migration is more likely to be from distress, since regions of economic growth are often further away, and markets function less well so that investments at home have less effect.[39]

Figure 7.4, Map 1 Indian states with above average proportion of the population below national poverty line (1993–4)



Source: Derived from Mehta et al. 2001 Tables 2 and 4.

Figure 7.4, Map 2 Indian regions with highest proportions of the population below national poverty and/or severe poverty lines (1993–4)



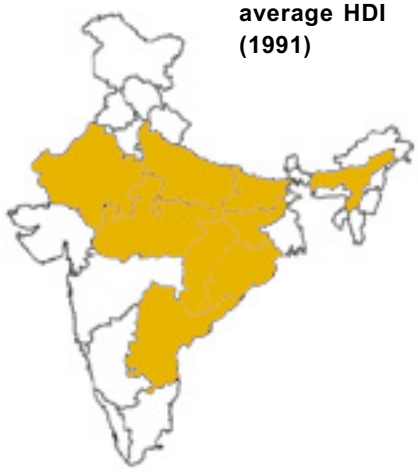
Rural only
Bihar (central, northern, southern)
Uttar Pradesh (central)
West Bengal (Himalayan)

Urban only
Karnataka (inland northern)
Madhya Pradesh (central)
Maharashtra (inland eastern, inland northern)

Rural and urban
Madhya Pradesh (southwestern)
Maharashtra (inland central)
Orissa (southern)
Uttar Pradesh (southern)

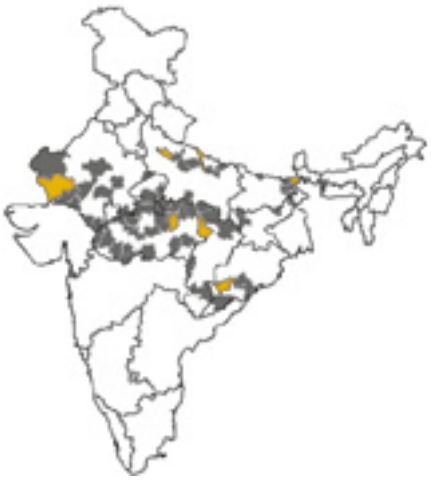
Source: Derived from Mehta et al. 2001 Tables 2 and 4.

Figure 7.4, Map 3 Indian states with below average HDI (1991)



Source: Derived from Mehta et al. 2001 Tables 2 and 4.

Figure 7.4, Map 4 India's most deprived districts



Extremely deprived districts on multi-dimensional indices (54)

Most deprived districts on *all* nine multidimensional indices (7)

Multidimensional indices developed using different combinations of:
– education (female literacy, total literacy, 11–13 year old in school),
– health (IMR)
– income (agricultural productivity)
– infrastructural development (roads, proportion cultivated land under irrigation, electricity, toilet facilities, post/telegraph)

Source: Derived from Mehta et al. 2001 Tables 2 and 4.

Table 7.4 Poorest Indian states

States with the highest *number* of people in poverty (1999–2000) • 72% of India's poor and 56% of the population live in these six states. • 48% of India's poor and 36% of the population live in UP, Bihar and MP	UP, Bihar, MP, MA, WB, Orissa
States with above *average* proportions of people in poverty • 1993–1994 • 1999–2000	 Bihar, Orissa, MP, Assam, UP, MA Orissa, Bihar, MP, Assam, UP, WB
States with above average proportions of the *rural* population in poverty (1993–4)	Bihar, Orissa, Assam, UP, WB, MP, MA
States with above average proportions of the rural population in severe poverty (three-quarters poverty line) (1993–4)	Bihar, Orissa, UP, MP, MA
States with above average proportions of the urban population in poverty (1993–4)	MP, Orissa, KA, TN, AP, UP, MA, Bihar
States with above average proportions of the urban population in severe poverty (three-quarters poverty line) (1993–4)	MP, Orissa, KA, MA, TN, UP, AP
States with below average HDI (1991)	Bihar, UP, MP, Orissa, RA, Assam, AP
States with above average HPI (1991)	Bihar, UP, Assam, Orissa, RA, MP, AP
States with above average rural hunger (1993–4)	Orissa, WB, Kerala, Assam, Bihar
States with above average urban hunger (1993–4)	Kerala, Orissa, WB, Assam, Bihar, TN, AP

AP (Andhra Pradesh); KA (Karnataka); MA (Maharashtra); MP (Madhya Pradesh); RA (Rajasthan); TN (Tamil Nadu); UP (Uttar Pradesh); WB (West Bengal).

Urban poverty and hunger, particularly urban hunger, do not conform to the broad notion that persistent and absolute poverty is concentrated in central and north-eastern India. The southern states of Karnataka, Andhra Pradesh and Tamil Nadu have above average rates of urban poverty and urban hunger, while Kerala – India's showcase state in terms of high levels of human development – has the highest and third highest urban and rural hunger rates in India.

Andhra Pradesh suffers a low and declining HDI in contrast to its low levels of income poverty. This may suggest that growth and public investment have been less than pro-poor, with particularly adverse effects on the urban population. On the other hand, Karnataka, and in particular Kerala and Tamil Nadu have strong HDIs and governance is relatively pro-poor. Urban poverty is clearly a specific and complex problem.

In Pakistan, available evidence suggests that chronic poverty exists in several areas, and is harshest where ecological and social deprivation overlap (see Figure 7.3). First are the harsh environments – the mountainous Northern Areas, and arid parts of Balochistan and Sindh in the west and south. Second, areas dominated by oppressive tribal and/or feudal agrarian and gender relations – the Federally-Administered Tribal Areas in the west, and large areas of Balochistan, North West Frontier Province and Sindh. Third, inner city and urban periphery slums, particularly in Karachi and in the Afghan refugee camps around Peshawar, some of them long-established. The extent to which the changed political and security context in Afghanistan will foster escape from chronic poverty in that country, much less among the hundreds of thousands of refugees in Pakistan, remains to be seen.

Chronic poverty tends to follow the 'contours of conflict'.[40] The absolute poverty found in north-eastern Sri Lanka and mid-west Nepal is likely to be relatively intractable, even within the current context of peace processes. Violent insurgency has increased the isolation of regions with low levels of 'geographic capital'. In Sri Lanka, outside of conflict zones – for which there is very limited data, poverty is concentrated in arid, unirrigated rural areas. Rates of poverty and severe poverty are almost twice as high in rural and estate (plantation) areas as in urban areas.[41]

Box 7.2 Access to non-timber forest products in Orissa

In India, rural poverty is generally considered to be related to a lack of access to cultivatable land or its low productivity. Approximately 100 million people living in and around forests in India derive their livelihood support from the collection and marketing of non-timber forest products (NTFPs), making the issue of rights and access to, and income from NTFPs vital to the sustenance and livelihood of forest dwellers.

Some government lease-oriented policies have given private companies, monopoly access to some NTFPs including *kendu*, *bamboo* and *sal seed*. Attempts to remedy the situation, by enabling *gram panchayats* (local government) to regulate the purchase, procurement and trade of NTFPs, in order to provide primary gatherers with a fair price, have been largely impotent. Though three years have passed since the gram panchayats were accorded control, the market situation has not improved. Most traders are unregistered, and Panchayats make no efforts to enforce the prices that are fixed by the District Magistrates. This has been partly responsible for reducing traditional access to resources.

Source: Saxena 2003.

Notes

1. In this context, the term minority is used to distinguish groups that experience discrimination and particular forms of exclusion and not only those which constitute a small proportion of national population. In India, for example, this broadly refers to scheduled caste and scheduled tribe populations.
2. Sen 2003.
3. Gaiha 1989.
4. Bhide and Mehta 2003.
5. Gaiha and Deolalikar 1993.
6. Gaiha and Imai 2003.
7. Krishna 2003.
8. The IFPRI (International Food Policy Research Institute) Pakistan Panel Survey was administered in 14 waves over five years from 1986–1991, to approximately 800 rural households. Analysis undertaken on poverty dynamics has used data on 686 households over five years or 727 over three. The surveys were conducted in three less-developed districts of Punjab, Sindh and NWFP, and one relatively well-developed and irrigated Punjab district.
9. Nanayakkara 1994, in Tudawe 2002. The ultra poor are households who spend more than 80% of their total expenditure on food, but achieve less than 80% of their food energy requirement.
10. Gaiha 1989, in Bhide and Mehta 2003.
11. de Haan and Rogaly 2002: 14.
12. In much the same way that *purdah* transcends Islam and influences the lives of Hindu women in northern India in particular, the strictures of caste operate outside of Hinduism and of India, and perceptions of low caste continue to foster persistent poverty throughout the region.
13. Kumar 2003.
14. Mehta and Shah 2003.
15. Bhide 2003.
16. With responsibilities concerning household productive activities, household reproduction activities and community and social maintenance obligations.
17. MHHDC 2000.
18. Dreze and Sen 2002: 263, in Amis 2003.
19. MHHDC 2000.
20. Dreze and Sen 2002: 265 in Amis 2003.
21. Measham and Chatterjee 1999.
22. UNDP 2003.
23. Sen 2003.
24. Kamolratankul et al. 2000 in Pryer et al. 2003.
25. Mehta, Panigrahi, and Sivramkrishna 2003.
26. Kala and Mehta 2002.
27. WHO 2003.
28. Excluding city states and small islands.
29. Sen 2003; Sen and Ali 2003.
30. Including the new states of Uttaranchal, Jharkhand and Chhatisgarh.
31. Mehta and Shah 2003.
32. Mehta and Shah 2001.
33. HPI = Human Poverty Index = composite index representing: deprivation in longevity – probability of dying before age 40; deprivation in knowledge – adult illiteracy, children aged 6–10 not in school; and deprivation in economic provisioning – share of population without access to health services (children not immunised, deliveries not attended by trained worker), safe tubewell water, electricity; children under 5 malnourished. 0.00 = no human poverty.
34. HDI = Human Development Index = composite index representing income, life expectancy and adult literacy, gross combined enrolment. 1.00 = complete human development.
35. Aasha Kapur Mehta, Multidimensional Poverty in India: District Level Estimates, from Mehta, Ghosh, Chatterjee and Menon (edited) Chronic Poverty in India, CPRC-IIPA, New Delhi, 2003.
36. Baulch and Masset 2003.
37. Mehta and Shah 2003.
38. Shah and Sah 2003.
39. Mehta and Shah 2003.
40. Goodhand 2001.
41. Tudawe 2001a.

8 Understanding chronic poverty in Latin America and the Caribbean

While rates of absolute poverty in Latin America and the Caribbean (LAC region) are relatively low compared to 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, and at present rates the region will not meet the MDG of halving absolute poverty by 2015. Persistent poverty is generally attributed to the high levels of inequality in the region, much of which is associated with race and ethnicity, which give people few chances to escape poverty.

Poverty trends in Latin America and the Caribbean

Although aggregate rates of absolute poverty in the LAC region are relatively low, national rates range from negligible numbers in countries like the Dominican Republic, up to a fifth of the population in Ecuador, El Salvador and Paraguay, and almost a quarter in Honduras. In Bolivia and Haiti these figures are likely to be much higher. Although Latin America and the Caribbean has some of the best human development indicators, on average, there is significant diversity between countries (see Table 8.1). Haiti plus most of Central America and Bolivia fare the worst.

Although human development indicators have improved over the past two decades, aggregate per capita household expenditure has barely risen – on average less than half a percent – despite economic recovery and positive growth in the 1990s. In some countries, such as Peru, poverty rates rose and poverty gaps widened alongside substantial economic growth. It is estimated that the absolute number of poor[1] people rose by nearly 11 million between 1990 and 1999 – 7.6 million in the last two years.[2] The numbers of indigent[3] people declined by about 4 million over the same period, but estimates suggest that by 2001 these absolute gains had been largely erased, and the picture worsened in 2002 due to negative growth.

Persistent poverty in Latin America is largely a distributive problem. Inequality undermines the potentially positive impacts of growth on the poor, as well as hindering growth itself.

Persistent poverty in Latin America is, to quite a large extent, a distributive problem (see Table 8.2). Where growth has been achieved, its potential positive impact on the poor has been undermined by inequality – which also holds back growth itself. Regional levels of inequality are among the highest in the world and did not decline significantly in any Latin American country during the 1990s; four countries showed significant increases.[4]

There are two main processes behind the persistence of inequality. First, neoliberal reforms have contributed to widening economic inequalities as the benefits of growth have been very unequally spread. Second, underlying socio-economic structures are deeply rooted in Latin America's colonial past. Inequality persists on the basis of the concentration of land in the hands of the very few; extractive economic industry (rubber, minerals, oil and natural gas); commodity-based exports (sugar, bananas and coffee); and the history of slavery and indentured labour that irreversibly transformed societies. Racial and ethnic stratification form the bases for exclusion and adverse incorporation. Further, many countries of the region have long been characterised by powerful, centralised and often clientelistic states, as well as several decades of military dictatorship, and not yet been transformed by recent democratic reforms. These political structures have further exacerbated the concentration of power and accentuated prevailing inequalities.

Figure 8.1 Chronic poverty in Latin America and the Caribbean

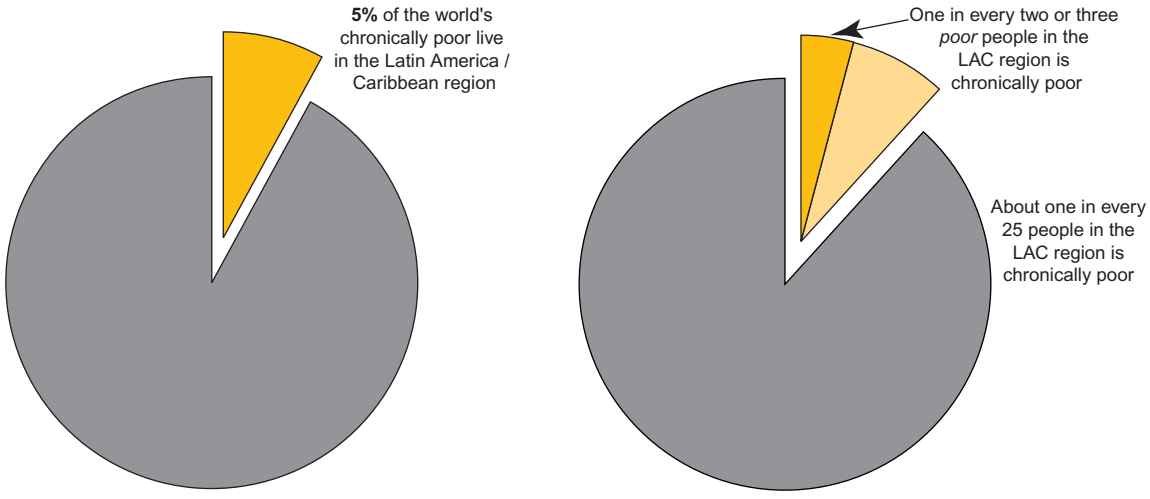


Table 8.1 Summary of poverty indicators in Latin America and the Caribbean

	LAC
Percentage of people living on less than US$1/day, 1989–1999[a]	11.5
The number of percentage points by which the poor fall below the poverty line, 1989–1999[a]	34.7
Under-five mortality rate (per 1,000 live births), 2001	36.5
Infant mortality rate (per 1,000 live births), 2000	31.7
Proporton of under five children stunted, 1992–2000[a]	17
Proporton of under five children severely stunted, 1992–2000[a]	5.4
Life expectancy at birth, 2000	69.8
Adult illiteracy rate, female, 2000	13.9
Adult illiteracy rate, male, 2000	11.8

a: Data refer to the most recent year available during the period specified.

Source: Part C.

Table 8.2 Income polarisation in Latin America (US$, yearly PPP-adjusted GDP per capita)

Time	Poorest 1%	Richest 1%	Income Ratio
1970	112	40,711	**363**
1975	170	46,556	**274**
1980	184	43,685	**237**
1985	193	54,929	**285**
1990	180	64,948	**361**
1995	159	66,363	**417**

Source: Londoño and Székely, 1997, in Wheeler (2003).

How many people are chronically poor in Latin America and the Caribbean?

Best estimates are that between 30% and 40% of the absolute poor population in the LAC region is chronically poor: between 16 and 22 million people.

Who are the chronically poor in Latin America and the Caribbean?

Chronically poor households in the LAC region tend to be of indigenous or African descent, with high dependency ratios, and low levels of education. Very little data is available on the relationship between chronic poverty and disability in the LAC region.[5]

Those with less education

Based on household survey data from 18 LAC countries, education and occupation were found to be the two most important factors in determining poverty.[7] Whilst the case for occupation appears to be stronger, as it is related to incomes, the relationship between education and poverty is highly contextual.

The average difference between the number of years in school of the poorest and richest quintiles is 6 years, and the study suggests that on average, 29% of poverty would be eliminated if there was no such disparity. Households with better educated members tend to be better off and experience lower levels of income variability.

In a study of Monterrey, Mexico,[8] both educational and occupational mobility have increased since 1968. However, while, overall levels of education have improved, the 'social minimum' for education has also increased across all social classes, and educational opportunities remain stratified. Opportunities for *effective* upward mobility are still scarce. Further, average real incomes for lower white-collar workers have decreased since the 1960s, so occupational mobility from manual jobs into lower white-collar jobs does not automatically translate into better economic status. In Brazil, (as with South Africa), a strong legacy of social inequality means that even declining (but still significant – see Figure 8.4) educational inequality is not yet translating into reduced income inequality.[9]

This is particularly true for marginalised groups. For indigenous peoples in Latin America, discrimination in labour markets and limited opportunities for *quality* education mean that education is less strongly correlated with income than for other socio-economic groups.[10]

While there are few children who have less than one year of education, there are extremely high non-completion rates across the region. Dropping out – or being pushed out by poverty and under-financed schools – is highest in rural areas, among those living in the poorest households, with mothers who are less educated, and among girls in rural areas and boys in cities. Few countries in the region have seen drop-out rates decrease significantly over the past decade, and rural-urban gaps remain wide, fostering the intergenerational persistence of poverty and inequality.

> ***Poverty is a way of being in which individuals become unable to exercise their rights. The cultural deprivation imposed by the absolute absence of rights, suppresses human dignity, and leads to material deprivation and political exclusion.***[6]

Race and ethnicity

Race and ethnicity are strongly linked to prevailing structures of inequality in the LAC region, and likely to be major predictors of chronic poverty. Often it is not only a lack of access to basic services and political power that makes indigenous people poor, but an overarching exclusion from citizenship[11] that denies them such access, as well as less tangible aspects of well-being such as dignity and cultural integrity.

Regions within Latin America with large indigenous populations, such as the Pan-Andean region, the Central American lowlands and south-eastern Mexico, and areas with large populations of African descent such as north-eastern Brazil, tend to be the poorest. In Brazil 45% of the poorest decile is black, and 85% of the richest 1% is white.[12] This has hardly changed over the past century,

underscoring the resilience of these socio-economic structures to change. In Mexico, Oaxaca is both the poorest state and that with the highest proportion of indigenous people.[13] The only time that the problems of indigenous regions seem to receive any serious consideration, either from national authorities or key international institutions, is when they are the sites of armed rebellion, as with the Zapatista uprising in south-east Mexico.[14]

Indigenous migrants to cities and other non-indigenous areas are often among the poorest, but they may have higher incomes and more opportunities to access basic services than in their indigenous areas.

- In Panama, 70% of the indigenous population is extremely poor compared to 13% of the non-indigenous population.[15]
- Virtually all monolingual indigenous speakers are extremely poor.
- While 87% of indigenous people living within indigenous areas are extremely poor, 25% of those living outside these areas are below the extreme poverty line.

The working poor

Several million new jobs generated by growth in the 1990s have been largely in the informal sector, low-waged, insecure and unprotected. The number of 'working poor' has thus increased. A 2000 study suggested that three-quarters of the employed population in Latin America does not generate enough income from their jobs to surpass the poverty line,[16] fostering a dependence of the working poor on a portfolio of activities alongside a 'main' job. In urban areas, the highest rates of poverty were found to occur among those employed domestically, as manual workers, or informally in commerce or services.

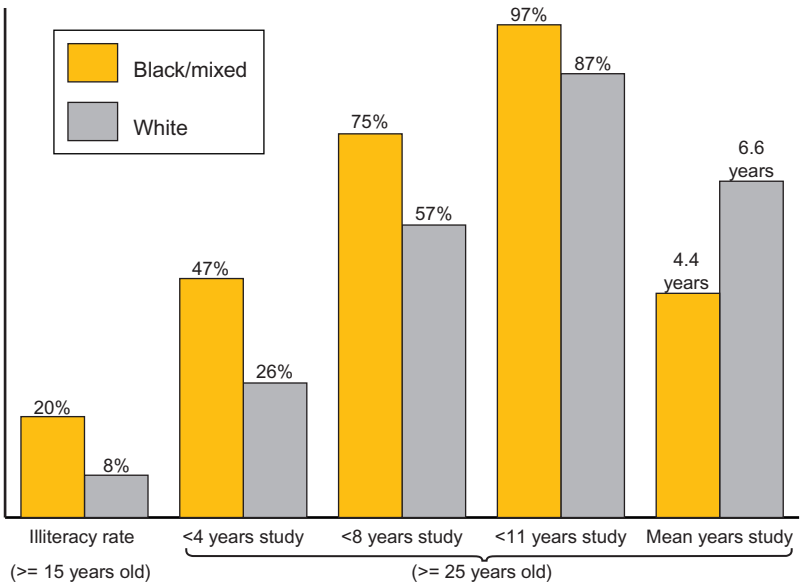
Women and women-headed households

Although women are increasingly incorporated into the economy, they tend to enter at the lowest levels, where low wages, limited security and gender-based discrimination all undermine the poverty-reducing potential of paid work.

The contribution of poor women's wages to household income is increasingly significant, but this has led to minimal if any reduction of their non-waged household work, and rarely is enough to reduce poverty. Nor has it contributed to sufficiently improved status for women in the household; domestic violence against women is rising significantly.

The evidence that households headed by women – of which the proportion is large and in many cases growing in the LAC region – are disproportionately among the extreme poor is mixed. In some countries with relatively low overall poverty levels, female-headed households tend to be disproportionately represented among the extreme poor. In Costa Rica, for example, they make up 28% of total households but 56% of the extreme poor. In poorer countries like Honduras and Nicaragua, households headed by women are only marginally among the poorest.[17] Figures such as these do not take into account the problematic definitions of 'female-headedness', nor the poverty gap between male- and female-headed households, nor, perhaps most importantly, potentially different expenditure patterns. The extent to which headship is linked to persistent poverty needs to take into account a range of factors.

Figure 8.2 Racial inequality and education in Brazil, 1999



Source: PNAD, 1999, in Henriques, 2001.

Where are the chronically poor in Latin America and the Caribbean

Urban poverty is particularly significant in the LAC region – 64% of the poor and 75% of the total population of Latin America live in urban areas.[18] However, the probability of being poor or extremely poor is still much higher in the rural areas. It is 37% if you live in a town or city, but 63% if you live in a rural area.[19]

Rural chronic poverty

Several primarily rural regions stand out as persistently poor, such as the pan-Andean region including portions of Bolivia, Peru, Ecuador and Colombia.

Box 8.1 Sebastiana's story, Ecuador

'Misery did not separate us, because my mother refused to hand us over to the landowner, who offered so many advantages in return. Our only protection was our work, first that of my grandparents in haciendas in the Puno region, then the work of my parents, which took us from Llave to Santa Rosa, from Taquile to the Tiquina Strait, from Yunguyo to Moya de Ayaviri, and from there to Cusco. It was there that my father worked on building the Huatanay River canal, helped build the regional hospital, worked in the railway station, and also as a bricklayer and journeyman. My mother sold food on the street, sold everything she could, was a labourer like me, my brothers, and now like my male children.'

Source: Ochoa (2001: 56)

Box 8.2 Indigenous poverty and vulnerability in Bolivia

Bolivia has one of the largest indigenous populations in Latin America. 63% of the total population is unable to satisfy their basic education, health and housing needs. The incidence of poverty is particularly high in rural areas: in 1997, 77.3% of the rural population was considered poor and 58.2% severely poor, while 50.7% of the urban population was poor and 21.6% severely poor. The economy is highly dependent on mining – tin and other mineral mines have replaced the famous silver mines of the colonial period. Natural gas and mineral exports account for the large majority of Bolivian exports – and the price for these goods is determined in the global commodity market, making vulnerability to external shocks in these markets one of Bolivia's biggest problems in addressing poverty.[24] Bolivia epitomises the characteristics common to other geographic concentrations of poverty in Latin America.

Source: Wheeler (2003)

Race and ethnicity explain much of the geographic concentration of persistent poverty: in this Pan-Andean region, the northeast of Brazil, where 60% of Brazil's poor are located[20], and southwest Mexico, where poverty is increasing despite a reduction in the national poverty level.[21] A similar pattern is found in the Caribbean lowlands of Central America.

Access (or rather the lack of access) to social services also has a powerful role. In rural Peru, consumption growth is associated with local provision of medical care, the level of education, and the prevalence of diarrhoeal diseases, more than it is with other geographic differences (such as altitude, road network density, and the percentage of paved roads).[22]

In persistently poor rural areas, health and education services tend to be weak. Inadequate rural land reforms mean that huge historical disparities between land owners and labourers have not been reduced. Also, day labouring for low wages is often the only available work, sometimes bonded by debt.

People in these regions are excluded from both quality public services and their broader citizenship rights. They also tend to be adversely incorporated into very limiting economic relationships. World markets have provided volatile and even declining terms of trade for traditional products from these regions, and alternatives are hard to come by.

Chronic poverty in megacities and smaller towns

Latin America is not only highly urbanised, but it also contains two of the world's largest cities and several other megacities of around ten million. The peripheries and marginal areas of the cities comprise 'illegal' settlements of poor communities.

Megacities are increasingly divided into *favelas* for the poor and gated communities for the rich. There are also new *favelas* accommodating informal sector construction workers and other service providers who work within the gated communities. Residential location severely limits the possibilities of upward mobility: the prejudices of the elite and middle classes against *favela* dwellers exclude the latter from better jobs, and the middle classes have opted out of public services and into private health and education, leaving wide quality differences between service provision.

Although the Rio de Janeiro *favelas* are racially mixed, there is evidence that the white *favela* population has been far more successful than the black population in moving out to neighbouring residential areas over the last three decades. Discrimination based on skin colour is widely perceived as the greatest obstacle faced by the urban poor.[23]

Many in the *favelas* are second or third generation migrants from rural areas, and the *favelas* continue to grow with new illegal land occupations in response to employment opportunities. The favelas are afflicted by rising rates of crime, violence, murder and the associated stigma and immobility, as well as precarious environmental conditions. Hill- or roadside location, for example, is detrimental to lives and livelihoods in the *favelas*. The discrimination faced by residents, combined with fear of rising gun and drug crime, renders a very real sense of physical and psychological vulnerability and isolation among the poor, despite any improvements in physical infrastructure.

Notes

1. ECLAC definition – income less than twice the cost of basic food basket.
2. ECLAC 2002 Social Panorama of Latin America.
3. ECLAC definition – income less than the cost of basic food basket.
4. Argentina, Bolivia, El Salvador and Nicaragua (Székely 2001)
5. Yeo and Moore 2003, in Wheeler 2003
6. Dagnino 2003: 5
7. Attanasio and Székely 1999, in Wheeler 2003
8. Solis 2002, in Wheeler 2003
9. Lam 1999
10. Castañeda and Aldaz-Carroll 1999
11. Citizenship requires a state which recognises the formal equality of citizens, regardless of their origin and poverty levels. A notion of political community may be needed to allocate resources so that substantial equality can be achieved.
12. IPEA 2002, in Wheeler 2003
13. Wheeler 2003
14. Gonzales-Parra and Perez-Bustillo 2001
15. Vakis and Lindert 2000
16. CEPAL 2000, in Wheeler 2003
17. CEPAL 2002 I in Wheeler 2003
18. CEPAL 2001 in Wheeler 2003
19. Wheeler 2003
20. Wheeler 2003
21. Wheeler 2003
22. De Vreyer and Mesple-Somps 2003
23. Perlman 2003
24. Andersen and Nina (2000) in Wheeler (2003)

9 Understanding chronic poverty in transitional countries

Over the last 10 to 15 years Central Asia, the Balkans, East and Central Europe and the former Soviet Union have seen persistent income and asset poverty, catastrophic declines in capabilities at the household level, and soaring levels of preventable deaths in tens of millions of previously secure households.[1] The loss of social protection has hit hard. Rapid economic and political liberalisation in the early 1990s contributed to rising inequality and the creation of long-term poverty. Maldistribution and extremely unequal development, exacerbated by domestic politics and elite capture of resources,[2] is entrenching chronic poverty in the region.[3]

Prospects within the region differ. In the poorer Central Asian economies, chronic poverty is a problem of growth and economic opportunity as well as distribution. Countries like Kyrgyzstan and Tajikistan may be headed for deep chronic poverty and exclusion from, or extremely adverse incorporation into, the world economy. In Central Asia, natural resource constraints, such as water shortages, are also major contributors to poverty. In parts of East-Central Europe, ethnicity – specifically being a Roma – remains the most significant factor in chronic poverty, and, in several parts of the region (especially but not only in Tajikistan and Armenia/Azerbaijan) inter-ethnic/community conflict and violence is also significant.

Poverty trends in transitional countries

Although there are marked differences in changes in average incomes between Central and Eastern Europe, the Balkan Countries, and the former Soviet Union, real disposable household incomes have generally declined, due to increasing inequality and inflation.

The nature of poverty has changed during the economic and political transition from socialism. Several interrelated processes are involved, particularly changes in the level, distribution, and structure of incomes, and profound changes in economic systems, which have had both immediate and longer-term effects. These include unemployment – caused by the loss of state enterprise subsidies and economic disruption at the beginning of transition, and by a reduction in state-provided social transfers and services – as well as high inflation. Indeed, transition has been a process of increasing hardship for the majority of those living in the region, as more and more people become reliant on social transfers as well as informal and in-kind incomes. Alongside this widespread decline, however, is rising inequality: only an elite minority are experiencing significant economic improvements. Human development in this region is summarised in Table 9.1.

It is not easy to compare poverty rates across the pre- and post-transition periods as officially no poverty or unemployment existed during socialism and there remains today limited data on poverty dynamics. Those data that are available are highly unreliable. Indications point to a sharp increase in poverty as a result of regime change; however, poverty incidence was probably already considerable, particularly in Central Asia and other predominantly rural parts of the former Soviet Union, where international estimates put the figures at around 30% of the population.[4] For most countries it is unknown whether many households are poor for a limited duration, or fewer households poor for longer periods of time.[5]

Many transitional countries experienced pre-transition recessions. This was particularly severe in Poland between 1989 and 1992. Although not officially recognised, some poverty was extreme and income mobility was low, indicating significant long-term poverty. Indeed, poverty[6] rose during 1989–1992 from 15 to 17%, and 'repeated poverty' (poverty for more than a year) increased at twice the overall poverty rate, although transitory poverty decreased. Households experiencing poverty over two consecutive years increased from 45% of all poor in 1988–89 to 72% in 1991–92 but then declined during the growth

Table 9.1 Summary of poverty indicators in transitional countries

Region*	Percentage of people living on less than US$1/day 1989–1999	Average shortfall of poor below US$1/day (%), 1989–99	Under-5 mortality rate (per 1,000 live births), 2001	Infant mortality rate, 2000	Stunting <-2 s.d., 1992–2000	Life expectancy, female, 2000	Life expectancy, male, 2000	Adult illiteracy rate, female, 2000	Adult illiteracy rate, male, 2000
Balkans	3	24	21	20	10	74	67	4	2
Former Soviet Union and Central and Eastern Europe	5	21	27	20	14	73	62	<1	<1
Central Asia	12	26	72	54	25	71	64	1	<1
Transitional countries	**6**	**21**	**41**	**32**	**16**	**73**	**63**	**1**	**<1**

* Balkans = Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Romania, Slovenia, Yugoslavia;
Former Soviet Union and Central and Eastern Europe = Armenia, Azerbaijan, Belarus, Czech Republic, Estonia, Georgia, Hungary, Latvia, Lithuania, Moldova, Poland, Russian Federation, Slovakia, Ukraine
Central Asia = Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, Uzbekistan
Figures are rounded. The regional averages differ from those in Part C because Turkey has been excluded from the analysis.

Source: See Part C.

years 1993–1996, to 60–62%.[7]

In contrast, poverty and inequality are low in Hungary compared to other transitional economies. Although rates are lower, poverty seems more entrenched, concentrated among the poorly educated, those living in remote rural areas, and those weakly positioned within the labour market, as well as the Roma. 7.5% of the Hungarian population was long-term poor (a poverty line of 50% of mean equivalent income) between 1992 and 1997. This figure is based on household data, and therefore omits the homeless and the institutionalised. Although these two groups are relatively small in size – roughly 20,000–30,000 people are homeless within a total population of about 10 million – they are very likely to have large proportions of people living in chronic poverty.[8]

For Russia, using either a consumption or income poverty line, about 50% of the population was living below the poverty line by mid-1992. Between 1992 and 1996, both overall poverty and transitory poverty decreased considerably, but chronic poverty moved very little, remaining at about 10%.[9]

How many people are chronically poor in transitional countries?

Best estimates are that between 10% and 20% of the absolute poor population in transitional countries is chronically poor: between 2 and 5 million people. Chronic poverty in Russia and Uzbekistan accounts for a significant proportion of this number. A large majority of the chronically poor in Central and Eastern Europe are members of the community of an estimated 7–9 million Roma living throughout East Central Europe and the Balkans, and in Central Asia, the remote rural poor in particular.

Who are the chronically poor in transitional countries?

The same correlates of poverty frequently arise in transitional countries, for example household composition and labour market status. Historically, asset status has not been measured and this may slant discussion of poverty problems in transition away from asset ownership and access and towards income.[10] Where poverty is causally related to a permanent household feature (such as ethnicity), chronic poverty can perhaps be inferred without time series data.

In Poland, the households with the highest risk of falling into chronic poverty are those with unemployed members – 58% more likely than those with an employed member, for each additional year of unemployment). Those households having mainly wage income are more likely to live in chronic poverty compared to those mainly relying on social transfer income (300% more likely in urban areas, 55% in rural areas).[11] Three-quarters of the chronically poor in Hungary are unemployed. They often live in low-growth areas and in places where poverty reduction policies and access to information are less effective.[12] Chronic poverty in Russia is statistically significantly related to location, human capital and asset wealth. Households with higher dependency ratios are more likely to be poor.

Ethnic minorities

Ethnic minorities in transitional countries are generally more prone to persistent poverty. While some minorities fare rather well economically – for example, the ethnic Hungarians living in northern and central Romania are economically better-off than ethnic Romanians[13] – discrimination by majority populations is common. The Roma are the largest excluded and vulnerable group in Central and Eastern Europe. They have poor access to services, and few productive household assets. The World Bank considers their situation 'the biggest challenge to poverty alleviation in Central and Eastern Europe'.[14]

Roma households are found among the poorest in different studies over time, and in all countries in the region. Historically a stateless people, the Roma today make up an estimated seven to nine million people throughout the region, although they are a minority presence in each country. Ethnicity is the most important contributor to chronic poverty in Hungary, where one-third of the chronically poor are Roma, accounting for only 4–5% of the population, and 53% of the Roma are long-term poor. There are, of course, large variations in income and wealth within the Roma community, but as a group they tend to experience significant social exclusion by majority populations and often live in exclusively Roma settlements, which are poorly serviced with limited access to electricity, gas and running water, a lack of sanitary facilities and sewerage, and poor quality housing.

Women

The economic position of women in transitional countries has deteriorated. Under the socialist system, they experienced greater equality in pay, had high labour market participation, as well as state-provided child care and health care. Women are increasingly triply-burdened,[15] particularly when husbands

Table 9.2 Households characteristics of Roma and non-Roma in Bulgaria, Hungary, and Romania

	% of households in poverty					
	Bulgaria		Hungary		Romania	
Expenditure based poverty lines	*Roma*	*others*	*Roma*	*others*	*Roma*	*others*
50 % of median, per equivalent adult	36.1	3.8	24.5	4.5	39.5	10.9
50 % of median, per capita	37.2	3.4	26.3	3.6	43.1	11.1
PPP $ 2.15 per capita per day	41.4	4.1	6.6	0.5	37.6	7.3
PPP $ 4.30 per capita per day	80.1	36.8	40.3	6.9	68.8	29.5

Note: In the source there are 'PPP $ 2.15 per capita' and 'PPP $ 4.30 per capita' poverty lines. We assume this is expenditures per day.

Source: Revenga et al. 2002: 13

migrate for work. They are vulnerable to layoffs and experience pay disparities. The collapse of state-provided support and price hikes associated with privatisation mean that health and child care is now often out of their reach and must be provided within the household.

Particularly in Central Asia, poverty may also be sharpening gender inequalities, with intergenerational implications as families resort to practices to keep costs down. Rural parents often have to decide whom among their children to send to school, and in such situations boys usually receive precedence, while girls are married off as a means of paying the fees. Reports from Uzbekistan suggest a growing incidence of marrying girls off at a young age (before the end of compulsory education) to cut down on the number of mouths to feed, again curtailing girls' education. These marriages are illegal and so cannot be registered. This makes the woman vulnerable if the couple subsequently divorce. Often, a young wife is left with the children and has no access to social security as the marriage did not officially take place.[16]

Single older people

Households with older people tend to be less poor, as pension transfers help to keep households above the poverty line. However, the decline in the real value of the pension often leaves those *without* wider family or household support with a significant reduction in their only source of income, leaving them at greater risk of perpetual poverty. In Hungary, among single elderly people, women are 19 times more likely to be chronically poor than men.

Children

Despite large country differences, households with larger numbers of children tend to be more at risk of remaining in poverty. 18% of all Moldovans were poor in 1997, but 42% of those living in families with 3 or more children were poor.[17] In Hungary too, 21% of households with three or more children are chronically poor. In Poland, households with children under 15 are more likely to be chronically poor (27% for each additional child), and similarly, in Azerbaijan the 'very poor' were found in 1997 to have twice the number of children as non-poor households.[18]

In Kyrgyzstan, at any one time, around 10–15% of school-age children are not attending school, while 25% of children miss 20 or more school days per year. Government spot-checks have revealed that up to 20% of primary and secondary school pupils do not attend school regularly.[19] In some cases, this is associated with discrimination against minority groups. The Turks and Roma children in Bulgaria, for example, experienced a sharp fall in education levels between 1995–2000, with secondary school attendance falling to 15% compared to 50% for other households.[20]

Since the fall of the Soviet Union in 1991, some countries have seen a sharp increase in child abandonment due to economic hardship. Dinara, a 35-year-old resident of Osh, abandoned her four-day old daughter at a maternity home. 'I cannot feed the elder five children, my husband is jobless and I get only US $25 a month [salary]. Maybe those who will adopt her will be able to give her a proper upbringing and education'.[21] Infants with weak health and congenital impairments are particularly affected, and rarely adopted. Thousands of migrants going to Russia, Kazakhstan and other countries, are leaving their children behind without proper care. There are no accurate statistics on the numbers of children within this group but orphanages report many problems, due to lack of resources.

Where are the chronically poor in transitional countries?

Markets in remote rural areas often function poorly, and rural areas in the 1990s had low monetisation, often relying on barter. This meant that people had very limited cash resources. To some extent this has resulted in the re-emergence of feudal social relationships, often based on debt and huge interest rates where people enter arrangements like share-cropping on highly disadvantageous terms.[22] With limited alternative income sources, people sometimes resort to extreme measures such as drug trafficking, international prostitution and illegal migration. Whilst these measures may aid the escape from poverty, they often present a serious risk to life and health.[23]

Households living in remote rural regions are often older, less well-educated and less mobile than the rest of the population, limiting the prospect of escape from poverty.

Single sector/enterprise settlements

These settlements emerged during the socialist era in an effort to encourage regional specialisation and large-scale production. The 'one-company town' (or village) is an extreme case, where many former employees of now unprofitable enterprises such as arms factories or collective farms tend to be concentrated (Box 9.3). Many local households often rely totally on employment in that one sector or enterprise, leaving them vulnerable to market fluctuations. This is particularly the case in countries where smaller scale or diversified production was absent, and where limited private sector employment opportunities emerged.

Box 9.1 Women ex-collective farm workers in Kyrgyzstan

The disintegration or privatisation of the collective farms has resulted in the dismantling of entire community infrastructures. The collective farms system had provided comprehensive social assistance: in-kind food donations, education of children, and distribution of benefits. Prior to the privatisation of collective farms, people appeared to be able to weather the economic crisis better.

A 38-old Kyrgyz women from a rural area compared the past and present systems:

'Right now, we don't know whom to turn to for help. Things were better when the collective farms were working. At least there was a director, and we had someone to complain to. Now it is as if the government didn't exist. The only one you can rely on is yourself.'

The economic networks that managed transactions have been severed, and the workers themselves do not have the same bartering power. Unemployed rural women seem least informed about the economic changes underway in the country and especially about the government services still available to them, including employment services and unemployment benefits.

Source: Dudwick et al. 2002:38

Notes

1. This section draws directly from an unpublished CPR background paper authored by Dirk Bezemer, ODI, 2003.
2. Abazov 1999
3. UNDP 2002; World Bank 2003a
4. Falkingham 1998
5. This chapter recognises the extreme diversity within the region, but draws heavily from three countries, Hungary, Poland and Russia (where there is relatively strong data) to deduce implications for transitional countries as a whole.
6. Based on a poverty line of lowest-quintile consumption expenditures per equivalent adult.
7. Okrasa 1999
8. Braithwaite et al. 2001
9. Commander et al. 1999
10. Thanks to Rachel Marcus at SCF–UK for this comment.
11. Okrasa 1999
12. Braithwaite et al. 1999
13. Bezemer and Davies 2003
14. Revenga et al. 2002
15. Triple burden – economic livelihood work, household care work, and community level work.
16. IRIN News.org, 2003a.
17. Banjeri 1999: xv
18. O'Keefe and Holson 1997: 5
19. UNICEF 1999: 48
20. Ringold 2002
21. IRIN News.org, 2003b
22. Kuehnast and Dudwick 2002
23. IOM 2001; PMC 2000

10 Understanding chronic poverty in China

For the Chinese peasantry of the 19th and early 20th century, lifelong poverty, hunger and vulnerability were the norm. In the late 20th century, a unique combination of revolution, land reform and central planning, followed by the gradual opening up of the economy, has dramatically reduced the proportion of people trapped in poverty. Indeed, much of the achievement in global poverty reduction over the last 30 years is attributable to progress in China.

However, the benefits of recent rapid economic growth have been highly unequal, both between regions and across social groups. Growth, and its benefits, have been concentrated in urban and coastal areas while neo-liberal reforms, including the introduction of user fees in health and education, the closure of state-owned enterprises, and the withdrawal of the 'iron rice bowl' (guaranteed access to food)[1] have reduced the incomes of many poorer households while increasing their costs. The historical disadvantages that minority groups have faced continue and may well have deepened in recent times.

Poverty trends in China

Since the beginning of the economic reforms in 1978, China has experienced rapid economic growth: official figures suggest 9% on average between 1978 and 2000. This has been accompanied by a dramatic reduction in absolute rural poverty, at least until the mid- to late-1980s. Chinese statistics, which use an official income poverty line of about US$0.67/day, indicate a massive decline in the number of rural Chinese in absolute poverty from 250 million in 1978 to 34 million in 1999. World Bank (2003b) estimates, US$1/day poverty line, report a slightly more modest decline in poverty measured based on household incomes from 260 to 97 million over the same period.

However, much depends on the measure that is used. According to the most recent estimates, the number of rural poor with daily *expenditures* below US$1 in 1999 was 235 million, more than twice that under the *income* poverty line.[2] Indeed, using the expenditure criterion, poverty in China actually increased in the late 1990s, from 214 million (1996) to 235 million (1999). The difference in these figures seems to be due to the large number of households clustered around the US$1/day poverty line: minimal saving by those whose daily income is just above the poverty line pushes their daily expenditure down just below.[3]

At the same time as per capita incomes have risen, income inequality has worsened markedly,[4] and this is increasingly matched by inequalities in social indicators. The improvements in national human development indicators over the past three decades have been impressive, but not for everyone. The gaps in health outcomes between regions and social groups are enormous; for example, while the national infant mortality rate has dropped from 48 per 1000 live births in 1975, to 32 in 2000, IMR among the poorest quartile of the rural population remains 3.5 times higher than that among city dwellers.[5] While the majority of the country's population may have experienced improvements in their well-being, a large minority are still waiting to see the benefits of growth 'trickle down'.

How many people are chronically poor in China?

In estimating numbers in chronic poverty in China, we take the US$1/day poverty estimates based on household expenditures, to be consistent with other countries. There are no national-level panel data for China, and limited reliable data of any kind on urban poverty. Best estimates are that between 40 and 65 million people live in persistent poverty, or between about one-fifth and one-quarter of the country's absolute poor. Chronic poverty may be on the rise as the 'new poor' join the ranks of those left behind by growth.

Available panel data covering five consecutive years between 1991 and 1995 in rural Sichuan,[6] shows that only around 6% of households were consumption poor in all five years, compared to 44% who were poor in at least one year. But there is still a high degree of persistence, once a household has fallen below the poverty line.[7]

On the basis of panel data from four southern provinces[8], almost 60% of rural poverty in the three poorest provinces, but less than 20% in the better-off province, is chronic.[9]

Other indicators suggest that chronic poverty remains a significant problem in China. For example, on the 'preventable death' criterion of chronic poverty, China has tens of millions of 'missing women'. Huge numbers of children – about one-quarter according to a 1993 survey – are malnourished.[10]

Who are the chronically poor in China?

The chronically poor in China tend to have several characteristics that combine to trap them in poverty. Some of these can be seen as 'historically' predisposed to chronic poverty while others are the 'new poor', impoverished by recent processes, many of whom seem likely to form tomorrow's chronically poor.

Ethnic minorities: China's non-Han populations have faced discrimination for centuries, and despite the profound socio-economic changes in the country over the last 50 years, this discrimination appears to be a constant thread in patterns of impoverishment. There are more than 50 ethnic groups, comprising only 9% of the total population, but 40% of the absolute poor in the country.[11] Their difficulties are exacerbated by the remote and rugged areas in which a large majority of minority peoples live.

Older, sick, or disabled people, and households with high dependency ratios: In rural areas, the poorest households are those who support older, sick and, increasingly, disabled family

members. Poverty is particularly persistent in households where one or two economically active people have to support both young children and ageing parents.

In urban areas, chronic poverty has been identified with the 'three "Nos" . . . no ability to work, no savings and no friends or relatives to depend on'.[12] While the old age pension system limits the extent of chronic poverty in old age and reduces the pressure on households with older members, the introduction of user fees for health care has increased the likelihood of households with older, sick or disabled members becoming trapped in poverty.

Orphaned and abandoned children, and street children: Official Chinese estimates in 1999 suggested there were about 100,000 abandoned children, primarily girls, but also disabled boys.[13] There are also 150,000 street children, most of whom are not included in the 'orphan' statistics. These figures are likely to grow as HIV/AIDS rates continue to rise. Chinese children living outside families are often severely and variously deprived, with extremely limited access to education and poor nutritional status. Contracting social expenditures have begun to turn around, and are increasing both in absolute terms and relative to total government expenditure and to GDP alongside transfer expenditures.[14]

The 'New Poor'. Over the 1990s, many have become poor *because* of economic restructuring. As in the transitional economies, the collapse of state-owned industries, particularly in one industry towns and cities, has meant that millions of people have lost their livelihoods and their social security at the same time.[15] They have the ability and willingness to work, but economic growth is insufficient and there are no jobs available. The government introduced a 'minimum income guarantee' (MIG) for urban poor in 1996. The number of people under its coverage has increased rapidly.[16]

People resettled for major infrastructural projects often face similar problems when their livelihood is lost and new opportunities are not made available to them.[17] There is also emerging evidence that a proportion of rural to urban migrants are becoming part of this 'new poor' group. These *wai di ren* ('outsiders') '. . . are more likely to take up odd, informal jobs and become the bottom segment within the migrant population'.[18] In 1997 an official estimate for Beijing was that 88% of the school age children of *wai di ren* were not enrolled at school.

Where are the chronically poor in China?

Aggregate figures conceal the enormous variations in poverty and well-being that now characterise China. The growing provincial inequalities in economic growth rates and per capita incomes are matched by increasing differences in social indicators. In terms of life expectancy and income, Shanghai is comparable to Portugal, and Beijing to Costa Rica, while the poorest regions are at the level of Tajikistan, Vietnam and Bolivia, and approaching the low income countries of South Asia.[19]

Chronic poverty in rural areas: The available evidence indicates that chronic poverty is highest in rural areas and that it is particularly concentrated in north-west, west and south-west areas, away from the dynamic coastal region. Often such areas are remote from growth centres, of low agro-ecological potential,[20] and have large ethnic minority populations. Any industry the area once had was largely state-owned and likely to have been closed during the economic restructuring. It is likely that chronic poverty is greatest in the counties officially classed as 'poor'; the government has increased the number of these from 258 in 1986 to 592 in 2003. However, evidence is emerging of the large numbers of people trapped in poverty in 'non-poor' counties. The growing economic and social inequality of rural China means that substantial numbers of chronically poor people live in areas that have been prospering.[21]

Chronic poverty in urban areas: An estimated 5% of the urban population (or 14 million people) experience US$1/day income poverty[22] – confirming the broad consensus that poverty in China remains mainly a rural problem. However, urban poverty is probably underestimated because 100 million of China's urban population are still recorded as living in their home villages.

While poverty is lower in urban areas, and much more likely to be transitory, there is evidence that the 'old' urban long term poor are now accompanied and even outnumbered by significant numbers of 'new poor'[23] – those who have moved to cities but are unable to meet their minimum needs due to the low paid casual work into which they are forced, and the very limited access to state-provided services. In areas away from the coastal zone, factory closures have created deep concentrations of persistent poverty.

Notes

1. Cook 2003.
2. World Bank 2003.
3. Hussain 2003.
4. The national Gini coefficient rose from 28.8 in 1981, to 32.1 in 1990 and 41.6 in 1999.
5. World Bank 2003b, in LeBrun 2003.
6. China's most populous province, with over 100 million people.
7. McCulloch and Calandrino 2003: 624, 620.
8. Yunnan, Guangxi, Guizhou, and the better-off Guangdong.
9. Jalan and Ravallion 1998; they use a components approach, and a consumption-based poverty line for this estimate.
10. Lebrun 2003. This is an extremely complicated issue. For a detailed discussion, see Yong Cai and William Lavely, 'China's Missing Girls: Numerical Estimates and Effects on Population Growth,' The China Review, Vol. 3, No. 2 2003, pp. 13–30. [www.chineseupress.com].
11. World Bank 2001.
12. Hussain 2003.
13. Lebrun 2003.
14. Shaoguang Wang, The Chinese University of Hong Kong, Dept. of Government and Public Administration (pers. comm.).
15. Despite China's recent economic growth, 9 million of the 26 million workers who lost jobs in state owned enterprises between 1998 and 2002 had not found new employment (World Bank 2003).
16. Shaoguang Wang, The Chinese University of Hong Kong, Dept. of Government and Public Administration (pers. comm.).
17. The most obvious example is the Three Gorges Project, which is disrupting the livelihoods of more than a million people who have been moved to upland areas that are agro-ecologically fragile.
18. Wu 2001. Urban migrants may be poor by urban standards, but it is not clear whether their living standards improve or worsen by moving into urban areas (Shaoguang Wang, The Chinese University of Hong Kong, Dept. of Government and Public Administration, pers. comm.).
19. UNDP 2003.
20. McCulloch and Calandrino 2003 found that chronic poverty was significantly more likely to occur in upland areas in Sichuan than lowland areas.
21. For example, in Shanxi Province 3.8 million poor people live in the 34 designated poor counties. Another 1.5 million are recorded in the province's non-poor counties (Cook and White 1997). See also Riskin 1994.
22. Using an expenditure poverty line of US$1/day raises this to 12% or 37 million people. Hussain 2003.
23. Hussain 2003.

PART C

Measuring global trends on chronic poverty: statistical appendix

11 Measuring chronic poverty

How many chronically poor people are there in the world?

There are a number of serious difficulties to face in estimating the likely global numbers in chronic poverty. Current figures for global poverty, currently most developed for consumption poverty relative to the US$1/day poverty line, are already very approximate. And at the same time there is limited knowledge about poverty dynamics within countries (movements into and out of poverty). And even though estimates of dynamics are available for several of the countries with the largest numbers in poverty, there are important questions about their comparability and accuracy. Given current data availability, a very approximate estimate, with little geographic disaggregation, is the most that can be expected at this stage.

The US$1/day (or absolute) poverty estimates, pioneered by the World Bank, seem to provide the best basis for such an estimate of global chronic poverty. Comparability across countries is very important for this exercise, and the US$1/day estimates offer greater comparability than poverty estimates based on national poverty lines, at least when the latter cover countries at significantly different stages of development (Ravallion, Datt and Van de Walle, 1991). The US$1/day figures though do suffer from a number of problems. They have been subject to a number of criticisms (Deaton, 2001; Reddy and Pogge, 2003), although at present alternatives that have been discussed or developed, such as by UNCTAD, in the Least Developed Countries Report 2002, seem to suffer from much more serious methodological problems (Ravallion, 2003). In addition a few individual US$1/day estimates in WDI 2003 suffer from severe implausibility, and US$1/day estimates sometimes change sharply when they are revised, raising questions about reliability. Weaknesses in US$1/day estimates commonly reflect difficulties in working out PPP exchange rates, a problem likely to be most severe in transitional or repressed economies. Such exchange rate problems are common to most global poverty estimates.

US$1/day poverty figures have been taken from World Development Indicators (WDI) 2003 in general. Four individual cases, reported in Table 11.7 below, though were considered sufficiently implausible not to use. The table explains the basis for this judgement and the action taken in these cases. In a few cases WDI 2002 figures were used when a figure was not available in 2003. These are the same figures as reported in Table 11.7. US$1/day poverty estimates are available for 80 or the 134 countries in this table, with most of those for which figures are unavailable being small in population terms. These estimates are available for 18 of the 20 most populous countries and 26 of the 30 most populous. Available poverty figures were used to estimate total numbers in US$1/day poverty in each of the regions identified in Table 1, generally assuming that the missing countries collectively had the same proportions in poverty as the regional average. However, in four large countries (Democratic Republic of Congo, Myanmar, North Korea and Sudan) there was a strong prima facie case for higher levels of poverty than the corresponding regional averages, so higher numbers were substituted (based on the incidence of poverty in other countries perceived to be similar). On this basis 1.18bn of the 4.97bn living in these 134 countries fall below the US$1/day poverty line.

As noted above, much less information is available on poverty dynamics. Panel data sets are available for eight of the ten countries with the highest numbers of absolutely poor people (representing 77% of poverty among these countries), and for several others (see Table 8 in the Statistical Appendix). Unfortunately, the panel data sets that are available for these countries are not always nationally representative (sometimes having been conducted in one region, or only in rural or urban areas for instance). In addition the time between different waves of these panel data sets differs between countries (from one year in Indonesia to ten in India). The time spanned by a panel is important for comparability across countries because it might be considered that the probability that a currently poor individual will still be poor one year later is higher than the probability that the same individual will still be poor ten years later. There is no scientific process though of making an adjustment for this difference.

The available panel data were used to compute the proportion of the poor in these data sets that are chronically poor, that is poor at two points in time as close to five years apart as possible. Adjustments then need to be made to these proportions where the time interval differs from five years and /or when the surveys are not nationally representative. Unfortunately this involves various subjective judgements, drawing on

information such as the differences between poverty persistence in urban and rural areas in other countries, or information from instances of multi-year panels where it is possible to compare poverty persistence over short durations with longer durations.

To reflect the extremely imprecise nature of these estimates, a range was estimated for the proportion likely to be chronically poor. The lower end of the range corresponded to what seemed to be the lowest plausible proportion that would be persistently poor over a five year period. However, the upper limit should not necessarily be considered as a maximum because the effects of measurement error in panel data often make it appear that there is more volatility in consumption levels than is actually the case. Thus our estimates of chronic poverty (as for instance in Table 11.1 in the Statistical Appendix) are liable to be underestimated. Unfortunately, there is insufficient information to be able to judge the extent of such measurement error and so to make a correction for this. It should also be noted that many countries in conflict or recovering from conflict do not have poverty information available, although they are likely to have high levels of poverty and chronic poverty than on average. As noted above, we have only been able to allow for this very approximately here for a few large countries.

As discussed in Chapter One, the global number of chronic poor is likely to be in the range of between 300m and 420m. In other words, around one quarter to one third of the total number of US$1/day poor, are chronically poor. For the reasons mentioned above, we believe that the global extent of chronically poverty is probably nearer the upper end of this range. Unfortunately, the limited availability of panel data means that it is not possible to draw conclusions about the geographic pattern of chronic poverty at anything other than a highly aggregated level. Our estimates suggest that 29% of the world's chronic poor are in Africa (compared to around 24% of the global US$1/day poor), with the corresponding figures for South Asia being 48% and 45%. Another 20% of the world's chronic poor are found in East Asia (including China), although this region accounts for nearly one quarter of global poverty. The remaining regions account for only a small proportion of both absolute poverty and chronic poverty.

Finally, an analogous calculation using national poverty estimates (most of which are based on nutritionally based poverty lines) produced a very similar range of estimates of the extent of chronic poverty (270 million to 410 million) but with a somewhat different geographic distribution. Using national poverty lines rather than the US$1/day poverty line produces somewhat higher estimates of poverty in Latin America and the Caribbean; Europe and Central Asia; and North Africa, but somewhat lower numbers for South Asia and, to a lesser extent, Africa. This different geographic distribution applies both to overall poverty and specifically to chronic poverty. This is likely to reflect the fact that the national poverty lines are likely to be higher in the former groups of countries and lower in the latter group. Typically estimates of non-food needs included in national poverty lines tend to be somewhat higher in less poor countries, this being a key element of the comparability problem discussed in Chapter One (Box 1.3). Another point of difference though that it is not necessary to use PPP exchange rates for these national poverty line computations.

On the basis of these, admittedly very imprecise estimates, it can concluded that there are at least 270 million chronically poor people in the world. The actual numbers of chronically poor people are likely to be closer to our upper estimate around 420 million.

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Table 11.1 Panel data on chronic and transitory poverty: selected countries

Panel data on chronic and transitory poverty

These figures report on chronic and transitory poverty, based on panel data where the same households are surveyed over two time periods. This reveals the extent to which households remain trapped in chronic poverty while other households move into or out of poverty.

Panel data sets are relatively rare but this table compiles information from a range of available panel data sets to draw out patterns of chronic poverty. The levels of poverty are not necessarily comparable between countries, first because they are based on national poverty lines and second, because methodology and time periods are different. However the shares of chronic and transitory poverty can be broadly compared across countries.

All are based on monetary measures of poverty (income or consumption) and all relate to two wave panels. For panel data sets comprising three or more waves figures are still reported in relation to two of these waves only. In each case households are classified according to their poverty status (poor or non-poor) in the first and second waves of the panel.

These figures show what happened to people over two time periods: the percentage of people who moved out of poverty, the percentage that became poor, the percentage remaining non-poor in both periods and the percentage of people who were poor in both periods – people in chronic poverty.

Key to tables:

(The sample figures are taken from 11.1a – Rural chronic poverty in Nicaragua)

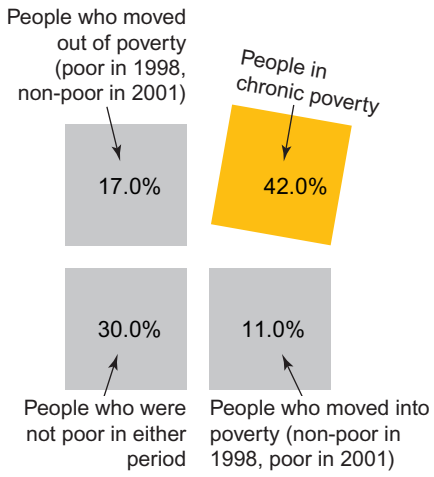


Table 11.1a Chronic Poverty in Nicaragua, 1998–2001

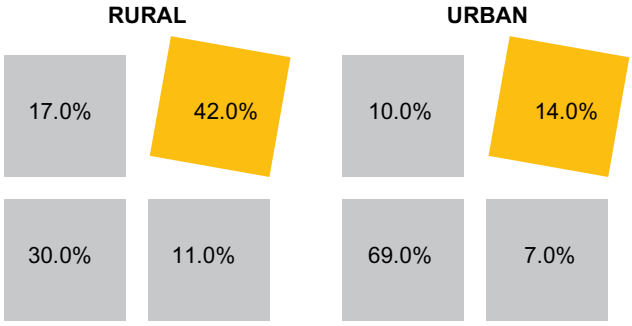


Table 11.1b Chronic Poverty in Kwa-Zulu Natal, South Africa 1993–1998

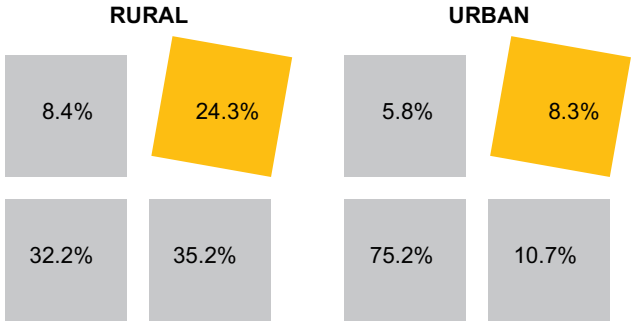


Table 11.1c Chronic Poverty in Uganda, 1992–1999

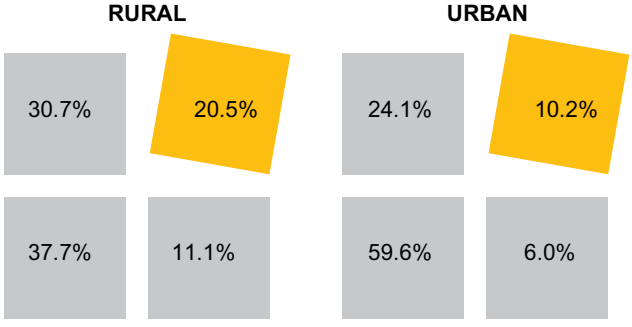


Table 11.1d Chronic Poverty in Vietnam, 1993–1998

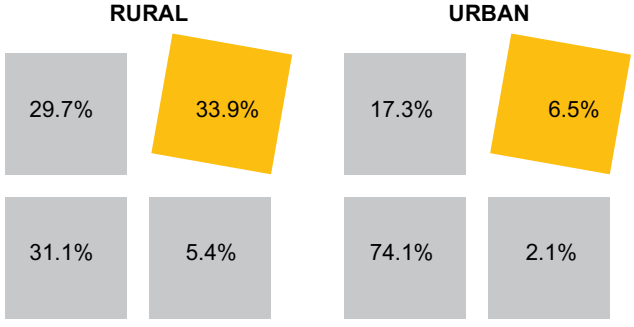


Table 11.1e Chronic Poverty in Egypt, 1997–1999

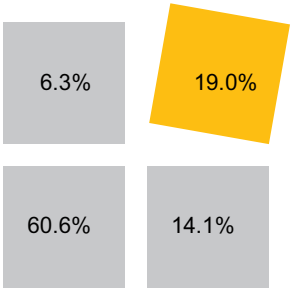


Table 11.1f Chronic Poverty in Rural Bangladesh, 1998–2000

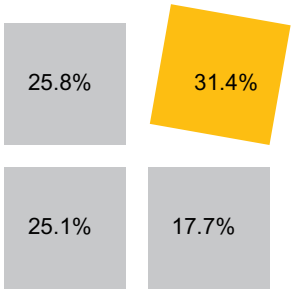


Table 11.1g Chronic Poverty in Rural Chile, 1968–1986

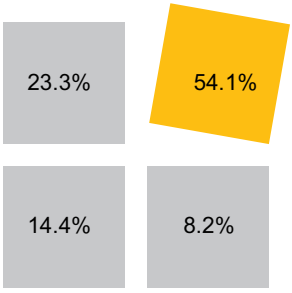


Table 11.1h Chronic Poverty in Rural China (Sichuan), 1991–1995

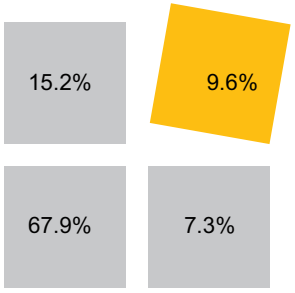


Table 11.1i Chronic Poverty in Rural India 1970/71 to 1981/82

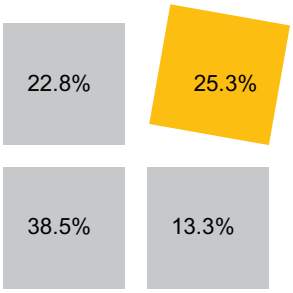


Table 11.1j Chronic Poverty in Urban Ethiopia, 1994–1997

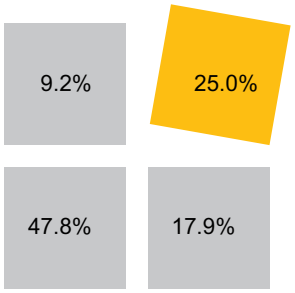


Table 11.2 Characteristics of Chronic Poverty in Rural Bangladesh

These tables are based on panel data sets available to CPRC members or, in the India case, on published data. In each case they reveal key characteristics of households who are always poor. While there has been an attempt to collect similar information for all countries, in practice the information, as well as precise definitions, vary from case to case reflecting the precise surveys carried out in different countries.

The tables report average characteristics for households classified as chronically poor (poor in both periods in a two wave panel) by comparison with the average for the entire sample. This allows us to see to what extent the characteristics of the chronic poor differ from those of the average household.

The tables have been highlighted to show characteristics where the difference between people who are chronically poor and the overall population is greatest.

	Rural	
	Always Poor	**Overall**
People (million)	29.6	94.3
Average household size	5.46	5.19
Percentage of children under 5 who are wasted	na	11.9%
Percentage of children under 5 who are underweight	na	52.8%
Percentage of children under 5 who are stunted	na	50.7%
Average number of children aged 0–14 in h'hold	4.24	3.45
Average number of people aged 15–59 years in h'hold	5.06	5.90
Average number of people aged 60+ years in h'hold	0.71	0.65
% of h'holds with no members aged between 15 and 59 years	1.9%	0.9%
% of children who are engaged in Child Labour	15.8%	11.8%
% of households headed by women	14.5%	8.66%
% of households headed by widows	na	na
% of households with children under 16 who have been orphaned	na	na
% of households with any member disabled	na	na
% of h'holds with at least one member who is long term ill (15 days or more out of every 30)	24.8%	17.8%
Patterns of Expenditure and Income		
% of expenditure spent on food	na	54.0%
% of expenditure spent on housing	na	5.2%
% of expenditure spent on medical care	na	2.6%
% of income from agricultural subsistence activities	44.0%	24.3%
% of income from agricultural wage labour	15.4%	10.3%
% of income from non-agricultural non wage	18.2%	33.6%
% of income from non-agricultural wage labour	18.2%	20.9%
% of income from remittances	4.3%	10.8%
All sources	100.0%	100.0%
Occupation of the household head		
% Agricultural Subsistence	46.7%	44.9%
% Agricultural wage labour	19.0%	8.9%
% Non Agricultural wage labour	12.4%	13.5%
% Non-agricultural self-employed	10.5%	22.5%
% Unemployed/Not working/Retired/Disabled/Other	11.4%	10.2%
All	100.0%	100.0%
Use of Public Services		
% of those ill or injured not seeking health care	na	22.7%
% of primary school aged children not attending primary school	28.0%	25.0%
% of secondary school aged children not attending secondary school	55.0%	40.9%
Household Public Goods		
% of households without clean water	na	3.8%
% of households without access to toilet	na	79.4%
% of households with no electricity	na	81.3%
Physical Assets		
% of households not owning dwelling	7.6%	4.9%
% of households not owning radio or tv	na	na
% of households not owning bicycle	na	na
% of landless households	39.0%	28.6%
% of households 'near' landless	30.4%	19.1%
% of households with no livestock	na	na
Human Capital		
% of adults illiterate	52.1%	34.9%
% of adults who have not completed primary school	69.9%	48.2%
% of adults who have not completed secondary school	98.4%	90.6%
Average number of years schooling for individuals aged 15+ yrs	5.9	10.4

Note: (1) Average household size and % of households female-headed have been estimated by using the sample ratios of 'always poor' to 'overall' (based on panel data) and applied to national averages (based on HIES). 'Agricultural subsistence activities' include rice, non-rice crop and non-crop agriculture. Non-agricultural non-wage income includes 'other income' such as informal and formal transfers and rental income from housing. Main occupation is given by household head and is estimated from panel data for rural areas, while the matched urban data are from HIES. % child labour represents proportion of earners who are children. Average number of years of schooling for individuals (15+ yrs) is given for earners only. Landless is defined as having no agricultural land other than homestead; near landless is defined as having agricultural land up to 0.49 acre.

(2) Rural data for 'always poor' and 'overall' are estimated from primary panel survey data except for 'Expenditure', 'Use of public services', 'Household public goods', 'Child anthropometry' for which HIES and CNS data of BBS have been used.

Source: Population Census 2001, Household Income and Expenditure Survey 2000, Child Nutrition Survey 2000 of BBS; IRRI-IFPRI 21 Village panel data for 1987 & 2000.

Table 11.3 Characteristics of Chronic Poverty in rural India

Rural India 1968–1970 panel

	Rural	
	Always Poor	Overall
People		
% of people living in households with six or more persons	55.0%	49.3%
Occupation of the household head		
% Cultivators	26.9%	44.8%
% Casual agricultural labourers	56.3%	32.3%
% Casual non-agricultural labourers	4.4%	5.3%
% Permanent wage earners	2.3%	6.2%
% Artisans	8.5%	8.6%
% Dependent on transfer income	1.7%	2.9%
All	100.0%	100.0%
Physical Assets		
% of households cropping less than 1 hectare	71.5%	57.2%
Human Capital		
% of adults illiterate	56.2%	47.8%
% of adults with primary school education or below	22.8%	21.5%

Note: characteristics refer to initial tear values (1968).

Source: NCAER Panel 1968–70, as reported by Gaiha (1989)

Rural India 1970/71 – 1981/82 panel

	Rural	
	Always Poor	Overall
People		
Average household size	6.7	6.7
Average number of children	4.0	3.8
% that are scheduled caste or scheduled tribes	32.7%	18.4%
Sources of income		
% of income from agricultural subsistence activities	45.5%	63.4%
% of income from agricultural wage labour	36.1%	18.4%
% of income from non-agricultural non wage	5.8%	3.3%
% of income from non-agricultural wage labour	12.6%	15.0%
All	100.0%	100.0%
Physical Assets		
Average land size (hectares)	1.7	3.7
% of landless households	44.0%	32.7%
% of 'near' landless	19.6%	12.6%

Note: characteristics refer to initial year values (1970/71).

Source: NCAER Panel 1970/71–81/82, as computed by Bhide and Mehta (2003)

Table 11.4 Characteristics of Chronic Poverty in KwaZulu-Natal

South Africa (KwaZulu-Natal)

	Rural		Urban		Total	
	Always Poor	Overall	Always Poor	Overall	Always Poor	Overall
People						
Average household size	7.8	6.8	8.6	5.6	8.0	6.5
Average number of children aged 0–14 in h'hold	3.9	3.3	3.7	2.0	3.8	2.8
Average number of people aged 15–59 years in h'hold	3.7	3.2	4.5	3.3	3.8	3.2
Average number of people aged 60+ years in h'hold	0.4	0.5	0.4	0.3	0.4	0.4
% of h'holds with no members aged between 15 and 59 years	2.4%	2.4%	0.0%	1.4%	2.1%	2.0%
% Child labour	na	na	na	na	na	na
% of households headed by women (de facto)	16.3%	23.3%	0.0%	2.8%	13.7%	16.0%
% of households headed by women (de jure)	36.3%	32.6%	63.3%	29.7%	40.5%	31.6%
% of households headed by widows	25.3%	26.2%	46.7%	20.9%	28.6%	24.3%
% of households with children under 16 who have been orphaned	18.50%	14.20%	23.30%	10.50%	19.30%	12.90%
% of households with any member disabled	na	na	na	na	na	na
% of h'holds with at least one member who is long term ill (15 days or more out of every 30)	na	na	na	na	na	na
Patterns of Expenditure and income						
% of expenditure spent on food	59.7%	58.4%	60.0%	41.0%	59.7%	52.3%
% of expenditure spent on housing	7.3%	8.5%	9.9%	16.6%	7.7%	11.4%
% of expenditure spend on medical care	1.2%	1.3%	0.7%	1.1%	1.1%	1.2%
% of income from wages	31.7%	29.8%	45.5%	56.8%	33.9%	39.2%
% of income from agriculture	6.8%	7.8%	0.7%	0.2%	5.9%	5.2%
% of income from agricultural wages	13.6%	5.4%	0.0%	0.0%	11.4%	3.5%
% of income from non-farm self employment	7.2%	6.0%	4.0%	5.9%	6.7%	6.0%
% of income from remittances	19.4%	22.5%	8.7%	5.5%	17.8%	16.6%
% of income from other sources OAP	19.7%	20.1%	24.3%	15.0%	20.4%	18.3%
% of income from casual work	7.8%	4.4%	6.8%	1.9%	7.7%	3.5%
% income from remaining sources	7.2%	9.2%	10.1%	13.0%	7.7%	10.5%
Occupation of the household head						
% Not economically active	23.7%	28.8%	9.6%	9.6%	21.2%	22.9%
% Regular employment	13.7%	14.0%	21.3%	33.9%	15.0%	20.1%
% Casual employment	3.8%	3.2%	2.9%	2.1%	3.7%	2.9%
% Self-employed	2.7%	3.8%	2.2%	5.2%	2.7%	4.2%
% Housewife/husband	13.4%	13.3%	5.9%	13.5%	12.1%	13.4%
% Unemployed	30.5%	23.5%	47.1%	25.0%	33.4%	24.0%
% Retired	7.6%	10.4%	8.1%	7.7%	7.7%	9.6%
% Other	2.4%	1.4%	1.5%	1.1%	2.3%	1.3%
% Disabled	2.0%	1.5%	1.5%	1.9%	1.9%	1.6%
All	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Use of Public Services						
% of those ill or injured not seeking health care						
% of primary school aged children not attending primary school	11.9%	10.1%	14.3%	3.6%	12.3%	8.2%
% of secondary school aged children not attending secondary school	22.6%	21.4%	40.0%	17.0%	25.0%	20.0%
Household Public Goods						
% of households without clean water	59.3%	50.5%	0.0%	0.0%	50.0%	28.9%
% of households without access to toilet	33.3%	22.2%	0.0%	0.6%	28.1%	14.5%
% of households with no electricity	79.6	75.4%	60.0%	17.4%	76.6%	55.0%
Physical Assets						
% of households not owning dwelling	17.9%	7.9%	36.7%	28.7%	20.8%	15.2%
% of households not owning radio or tv	30.9%	19.0%	20.0%	5.5%	29.2%	14.3%
% of households not owning bicycle	90.7%	87.6	93.3%	85.1%	91.1%	86.7%
% households not owning gas or electric stove	90.7%	78.3	66.7%	21.5%	87.0%	58.3%
% of landless households	54.9%	42.4%	96.7%	98.9%	61.5%	62.3%
% of households with no livestock	66.0%	65.6%	96.7%	99.4%	70.8%	77.5%
Human Capital						
% of adults illiterate	44.5%	35.9%	25.5%	13.1%	41.2%	28.9%
% of adults who have not completed secondary school	96.4%	89.9%	93.0%	72.1%	95.8%	84.4%
Average number of years schooling for individuals aged 16+ yrs	4.0	5.0	5.0	7.0	4.0	5.3

Note: The figures in this table refer to the first year of the panel, 1993

Source: Calculations based on KwaZulu Natal Income Dynamics Survey 1993/98 Panel

Table 11.5 Characteristics of Chronic Poverty in Uganda

	Rural		Urban		National	
	Always Poor	Overall	Always Poor	Overall	Always Poor	Overall
People						
Average household size	6.4	5.7	6.6	5.9	6.5	5.8
Percentage of children under 5 who are wasted	4.4%	3.9%	4.7%	2.2%	4.5%	3.7%
Percentage of children under 5 who are underweight	26.6%	21.8%	3.3%	20.5%	27.2%	21.6%
Percentage of children under 5 who are stunted	45.3%	39.8%	57.1%	34.6%	46.4%	39.1%
Average number of children aged 0-14 years in h'hold	3.42	2.92	3.82	3.06	3.45	2.94
Average number of people aged 15-59 years in h'hold	2.81	2.56	2.71	2.73	2.80	2.59
Average number of people aged 60+ years in h'hold	0.21	0.26	0.12	0.15	0.21	0.24
% of h'holds with no members aged between 15 and 59 years	1.6%	2.3%	0.0%	0.6%	1.4%	2.1%
% of households headed by women	17.2%	18.2%	41.2%	34.3%	19.1%	20.7%
% of households headed by widows	6.2%	7.8%	11.8%	12.7%	6.7%	8.5%
% of households with children under 16 who have been orphaned	4.1%	5.3%	11.8%	7.2%	4.8%	5.6%
% of h'holds with any member unable to work due to disability	5.7%	3.3%	0.0%	4.2%	5.3%	3.4%
% of h'holds with at least one member who is long term ill (15 days or more out of every 30)	10.4%	13.2%	11.8%	7.2%	10.5%	12.3%
Patterns of Expenditure and income						
% of expenditure spent on food	73.5%	74.8%	72.9%	71.3%	73.4%	72.4%
% of expenditure spent on housing	3.2%	2.9%	3.7%	5.3%	3.2%	3.2%
% of expenditure spend on medical care	0.3%	0.6%	0.1%	0.6%	0.3%	0.6%
% of income from agricultural subsistence activities	52.1%	51.1%	32.0%	15.0%	50.5%	45.7%
% of income from agricultural wage labour	1.0%	1.3%	3.9%	1.8%	1.2%	1.4%
% of income from non-agricultural non wage	2.6%	3.8%	8.4%	23.9%	3.0%	6.8%
% of income from non-agricultural wage labour	5.7%	8.8%	21.4%	25.9%	7.0%	11.3%
% of income from remittances	12.3%	11.6%	4.6%	11.2%	11.7%	11.5%
% other income	26.3%	23.5%	29.7%	22.1%	26.6%	23.3%
All sources	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Occupation of the household head						
% Agricultural Subsistence	79.2%	73.1%	47.1%	22.9%	76.6%	65.5%
% Agricultural wage labour	2.1%	2.1%	0.0%	2.4%	1.9%	2.2%
% Non Agricultural wage labour	9.4%	13.8%	29.4%	38.6%	11.0%	17.5%
% Non-agricultural self-employed	4.2%	6.2%	11.8%	28.3%	4.8%	9.5%
% Unemployed/Not working/Retired/Disabled/Other	5.2%	4.8%	11.8%	7.8%	5.7%	5.3%
All	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Use of Public Services						
% of those ill or injured not seeking health care	55.0%	33.9%	50.0%	8.3%	54.5%	31.6%
% of primary school aged children not attending primary school	51.0%	38.9%	41.7%	23.6%	50.1%	36.3%
% of secondary school aged children not attending secondary school	96.2%	88.4%	81.9%	73.1%	95.4%	85.8%
Household Public Goods						
% of households without clean water	40.1%	39.0%	23.5%	24.7%	38.8%	36.8%
% of households without access to toilet	22.9%	15.5%	11.8%	9.0%	22.0%	14.5%
% of households with no electricity	99.5%	99.3%	100.0%	73.5%	99.5%	95.4%
Physical Assets						
% of households not owning dwelling	2.6%	4.2%	5.9%	38.0%	2.9%	9.2%
% of households not owning radio or tv	67.7%	54.3%	52.9%	28.3%	66.5%	50.4%
% of households not owning bicycle	54.7%	49.6%	58.8%	63.3%	55.0%	51.7%
% of landless households	15.6%	13.6%	29.4%	44.6%	16.7%	18.2%
% of households 'near' landless	17.7%	16.2%	29.4%	45.2%	18.7%	20.6%
% of households with no livestock	24.0%	28.4%	29.4%	52.4%	24.4%	32.0%
Human Capital						
% of adults illiterate	50.4%	40.1%	42.0%	21.0%	49.7%	37.2%
% of adults who have not completed primary school	79.8%	75.2%	69.3%	47.0%	79.0%	71.0%
% of adults who have not completed secondary school	97.1%	96.0%	91.0%	81.7%	96.6%	93.8%
Average number of years schooling for individuals aged 16+ yrs	3.2	3.8	3.7	5.9	3.3	4.1

Note: Figures in this table are based on data from the first wave of the panel (1992).

Source: Based on IHS/UNHS 1992/99 panel data set

Table 11.6 Characteristics of Chronic Poverty in Vietnam

Vietnam, 1993–98

	Rural		Urban		National	
	Always Poor	Overall	Always Poor	Overall	Always Poor	Overall
People						
Average household size	5.4	5.0	6.1	5.0	5.4	5.0
% of households with wasted children	2.4%	1.7%	3.8%	1.6%	2.4%	1.7%
% of households with stunted children	33.4%	22.1%	40.0%	10.5%	33.7%	19.9%
% of households with malnourished children	25.3%	17.0%	25.0%	8.7%	25.2%	15.4%
Average number of children aged 0-14 in h'hold	2.47	1.99	2.69	1.49	2.48	1.90
Average number of people aged 15–59 years in h'hold	2.58	2.67	3.04	3.09	2.60	2.75
Average number of people aged 60+ years in h'hold	0.39	0.42	0.44	0.48	0.39	0.44
% of h'holds with no members aged between 15 and 59 years	3.1%	3.9%	0.0%	2.8%	2.9%	3.7%
% Child labour	16.3%	15.5%	28.6%	24.7%	16.9%	16.9%
% of households headed by women	18.5%	22.0%	32.7%	43.2%	19.1%	26.0%
% of households headed by widows	8.2%	10.7%	2.5%	10.0%	8.1%	10.6%
% of households with ethnic minority head	29.5%	14.9%	28.6%	24.7%	16.0%	16.9%
% of households with children under 16 who have been orphaned	21.2%	21.6%	7.5%	15.0%	20.7%	20.8%
% of households with any member disabled	1.4%	1.8%	0.0%	2.9%	1.4%	1.9%
% of h'holds with at least one member who is long term ill (15 days or more out of last 30)	15.7%	18.2%	20.0%	18.0%	15.9%	18.2%
Patterns of Expenditure and income						
% of expenditure spent on food	70.5%	64.1%	62.4%	47.8%	70.2%	61.1%
% of expenditure spent on housing	3.4%	3.7%	8.3%	8.6%	3.6%	4.2%
% of expenditure spent on medical care	7.1%	8.1%	4.8%	6.8%	7.1%	8.0%
% of income from agricultural subsistence activities	71.1%	53.3%	14.6%	26.0%	69.2%	50.3%
% of income from wage labour	17.0%	20.3%	43.1%	18.8%	17.9%	20.1%
% of income from non-agricultural enterprises	2.1%	12.5%	22.6%	33.1%	2.7%	14.8%
% of income from gifts & remittances	4.5%	8.0%	5.2%	8.1%	4.5%	8.0%
% other income	5.3%	5.8%	14.4%	13.9%	5.6%	6.7%
Occupation of the household head						
% Agricultural Subsistence	77.3%	71.4%	30.0%	22.8%	75.7%	66.0%
% Agricultural wage labour	2.8%	4.4%	2.5%	2.5%	2.8%	4.2%
% Non Agricultural wage labour	7.6%	9.4%	40.0%	37.2%	8.7%	12.5%
% Non-agricultural self-employed	10.1%	11.7%	27.5%	41.3%	10.7%	15.0%
% Unemployed/Not working/Retired/Disabled/Other	0.6%	0.6%	1.9%	1.6%	0.6%	0.8%
Use of Public Services						
% of those ill or injured not seeking health care	56.6%	58.2%	69.8%	61.0%	57.1%	57.3%
% of primary school aged children not attending primary school	16.4%	9.1%	11.4%	3.0%	16.2%	8.2%
% of secondary school aged children not attending secondary school	56.7%	47.3%	61.1%	47.3%	56.9%	47.3%
Household Public Goods						
% of households without clean water	31.8%	36.1%	10.0%	10.2%	31.1%	33.2%
% of households without access to toilet	48.5%	52.5%	20.0%	21.1%	47.6%	49.0%
% of households with no electricity	63.0%	61.1%	12.5%	9.8%	61.3%	55.4%
Physical Assets						
% of households not owning dwelling	3.0%	3.2%	15.0%	17.5%	3.4%	4.8%
% of households not owning radio or tv	88.0%	84.6%	55.0%	54.5%	86.9%	81.3%
% of households not owning bicycle	37.6%	38.7%	17.5%	17.3%	36.7%	36.3%
% of landless households	5.7%	7.8%	n/a			
% of households 'near' landless	24.7%	28.1%	n/a			
% of households with no livestock	2.5%	2.2%	n/a			
Human Capital						
% of adults illiterate	15.4%	16.1%	3.8%	6.0%	15.0%	14.9%
% of adults who have not completed primary school	21.4%	23.9%	11.5%	10.4%	21.1%	22.3%
% of adults who have not completed secondary school	49.8%	52.0%	34.4%	27.3%	49.2%	49.2%
Average number of years schooling for individuals aged 16+ yrs	5.1	5.9	5.1	8.1	5.1	6.3

Note: There are only 40 always poor households in urban areas
Note: Figures in this table A27are based on data from the first panel wave (VLSS, 1992–93)

Source: Bob Baulch based on 1992–93 to 1997–98 VLSS panel with 4302 households

Table 11.7 Global Indicators of Chronic Poverty

Tables 11.7, 11.8 and 11.9: Global Indicators

These tables report indicators that are available for the vast majority of countries from international sources. At this level direct estimates of chronic poverty are not available; the data reported are of series potentially linked to chronic poverty and which are available on a comparable basis across all countries.

Table 11.7 Global Indicators of Chronic Poverty

Chronic poverty estimates are not available for many countries, but the incidence of absolute poverty (US$1/day) and measures of the average depth of poverty (an indicator of the extent to which many of the poor lie a long way below the poverty line) may give some indication of likely patterns of chronic poverty.

The distinguishing characteristic of chronic poverty is persistence. Child stunting (height for age more than 2 standard deviations below the reference level for that age) is generally taken as an indicator of long term or persistent malnutrition. Illiteracy also represents persistent deprivation. Life expectancy and infant and child mortality are expected to be strong correlates of chronic poverty.

Table 11.7 Global Indicators of Chronic Poverty

Sub-Saharan Africa Countries East and Southern Africa	Percentage of people living on less than US$1/day (most recent year)		Average depth of poverty (The number of percentage points by which the poor fall below the poverty line) (most recent year)		Year to which poverty data refer	Under-five mortality rate (per 1,000 live births), 2001	Infant mortality rate (per 1,000 live births), 2000	Proportion of children under five who are stunted, most recent year		Year to which stunting data refer	Life expectancy at birth, 2000	Adult illiteracy rate for women, 2000	Adult illiteracy rate for men, 2000	Real GDP per capita US$ 2000 (1995 prices)
Angola	–		–			260	172	–			45.3	–	–	506
Botswana	23.5	b	32.8	b	1993	110	74	23.1		2000	40.1	20.2	25.5	3951
Burundi	58.4		42.6		1998	190	114	56.8		2000	40.6	59.6	43.8	141
Comoros	–		–			79	61	42.3		2000	59.8	51.3	36.8	436
Congo, Dem. Rep.	–		–			205	128	45.2		1995	51.4	49.8	26.9	–
Eritrea	–		–			111	73	38.4	c	1995	52.0	55.5	32.7	155
Ethiopia	31.3		25.6		1995	172	117	51.2		2000	43.9	69.1	52.8	116
Kenya	23.0		26.1		1997	122	77	37.2		2000	50.7	24.0	11.1	328
Lesotho	43.1		47.1		1993	132	92	44.0		1996	45.7	6.4	27.5	551
Madagascar	49.1		37.3		1999	136	86	48.6		2000	52.7	40.3	26.4	246
Malawi	41.7		35.5		1997–98	183	117	49.0		2000	40.0	53.5	25.5	169
Mauritius	–		–			19	17	9.6		1995	71.4	18.7	12.2	4429
Mozambique	37.9		31.7		1996	197	126	35.9	c	1997	39.3	71.3	39.9	191
Namibia	34.9		40.1		1993	67	56	28.4		1992	44.7	18.8	17.2	2408
Rwanda	35.7	b	21.6	b	1983–85	183	100	42.7		2000	40.2	39.8	26.3	242
Somalia	–		–			225	133	23.3		1999	–	–	–	–
South Africa	11.5		15.7		1993	71	55	25.4	c	1994	52.1	15.4	14.0	3985
Sudan	–		–			107	66				56.0	53.7	30.5	319
Swaziland	–		–			149	101	–			44.4	21.4	19.2	1476
Tanzania	19.9		24.1		1993	165	104	43.8		1999	51.1	33.5	16.1	190
Uganda	36.7		–			124	81	38.3	c	1995	44.0	43.2	22.5	348
Zambia	63.7		51.3		1998	202	112	59.0		1999	41.3	28.5	14.8	392
Zimbabwe	36.0		26.7		1990–91	123	73	26.5		1999	42.9	15.3	7.2	621
West Africa														
Benin	–		–			158	98	25.0	c	1996	53.8	76.4	47.9	414
Burkina Faso	61.2		41.7		1994	197	105	36.8		1998–99	46.6	85.9	66.1	252
Cameroon	33.4		35.3		1996	155	95	34.6		1998	50.0	30.5	17.6	675
Cape Verde	–		–			38	30	16.2		1994	69.4	34.3	15.5	1519
Central African Rep.	66.6		57.2		1993	180	115	38.9		2000	44.4	65.1	40.3	339
Chad	–		–			200	118	28.3		2000	45.7	66.0	48.4	218
Congo, Rep.	–		–			108	81	18.8	c	1998–99	51.3	25.6	12.5	841
Côte d'Ivoire	12.3		19.5		1995	175	102	21.9	c	1998–99	47.8	61.4	45.5	743
Equatorial Guinea	–		–			153	103	–			51.0	25.6	7.5	1599
Gabon	–		–			90	60	–			52.7	–	–	4378
Gambia, The	59.3		48.6		1998	126	92	18.7		2000	46.3	70.6	56.0	370
Ghana	44.8		38.6		1999	100	58	25.9		1998	56.8	37.1	19.7	413
Guinea	–		–			169	112	26.1		1999	47.5	–	–	603
Guinea-Bissau	–		–			211	132	28.0		2000	44.8	76.7	45.6	210
Liberia	–		–			235	157	–			–	62.3	29.9	–
Mali	72.8		51.4		1994	231	142				51.4	65.6	51.1	288
Mauritania	28.6		31.8		1995	183	120	44.0		1996	51.5	69.9	49.2	496
Niger	61.4		55.2		1995	265	159	39.8		2000	45.2	91.6	76.2	203
Nigeria	70.2		49.7		1997	183	110	45.5	c	1999	51.7	44.3	27.6	254
Sao Tome	–		–			74	58	26.0		1996	–	–	–	341
Senegal	26.3		26.6		1995	138	80	19.0		2000	53.4	72.4	52.7	609
Sierra Leone	57.0		69.3		1989	316	180	33.9		2000	38.9	–	–	147
Togo	–		–			141	80	21.7	c	1998	51.8	57.5	27.6	327

Table 11.7 Global Indicators of Chronic Poverty (continued)

Asia Countries East Asia and Pacific	Percentage of people living on less than US$1/day (most recent year)	Average depth of poverty (The number of percentage points by which the poor fall below the poverty line) (most recent year)	Year to which poverty data refer	Under-five mortality rate (per 1,000 live births), 2001	Infant mortality rate (per 1,000 live births), 2000	Proportion of children under five who are stunted, most recent year		Year to which stunting data refer	Life expectancy at birth, 2000	Adult illiteracy rate for women, 2000	Adult illiteracy rate for men, 2000	Real GDP per capita US$ 2000 (1995 prices)
Cambodia	–	–		138	95	46.0		2000	56.3	42.9	20.2	297
China	18.8	22.3	1998	39	32	16.7	c	1998	70.6	23.7	8.3	824
Fiji	–	–		21	18	2.7		1993	69.1	9.2	5.1	2395
Indonesia	7.0	13.9	2000	45	35				66.3	18.0	8.2	994
Kiribati	–	–		69	52	–			–	–	–	561
Korea, Dem. Rep.	–	–		55	23	59.5	c	1998	74.9	–	–	–
Lao PDR	26.3	24.0	1997–98	100	90	40.7		2000	53.6	66.8	35.9	450
Malaysia	< 2	–	1997	8	8	–			69.8	16.6	8.6	4797
Marshall Islands	–	–		66	55	–			–	–	–	1602
Micronesia, Fed. Sts.	–	–		24	20	–			–	–	–	1735
Mongolia	13.9	22.3	1995	76	62	24.6		2000	62.9	1.2	0.9	428
Myanmar	–	–		109	78	37.2		2000	56.1	19.5	11.1	–
Papua New Guinea	–	–		94	79	–			56.7	43.2	29.4	927
Philippines	14.6	18.5	2000	38	30	29.9		1996	69.3	4.9	4.5	1167
Samoa	–	–		25	21	–			69.4	21.0	18.8	1440
Solomon Islands	–	–		24	21	–			68.4	–	–	643
Thailand	< 2	–	2000	28	25	16.0			70.3	6.1	2.9	2805
Tonga	–	–		20	17	–			–	–	–	1768
Vanuatu	–	–		42	35	–			68.2	–	–	1177
Vietnam	17.7	18.6	1998	38	30	36.4		2000	68.3	8.6	4.5	356
South Asia												
Afghanistan	–	–		257	165	52.0	c	1997	–	–	–	–
Bangladesh	36.0	22.5	2000	77	54	44.8		1999–2000	59.4	70.1	47.7	373
Bhutan	–	–		95	77	40	c	1999	62.0	–	–	532
India	44.2	27.1	1997	93	69	45.5	c	1998–99	63.3	54.6	31.6	459
Maldives	–	–		77	59	26.9		1995	66.6	3.2	3.4	1933
Nepal	37.7	25.7	1995	91	72	54.1	c	1998	58.6	76.0	40.4	241
Pakistan	31.0	20.0	1996	109	85				60.1	72.1	42.5	516
Sri Lanka	6.6	15.2	1995–96	19	17	17.0		2000	72.4	11.0	5.6	860

Table 11.7 Global Indicators of Chronic Poverty (continued)

Europe and Central Asia Countries	Percentage of people living on less than US$1/day (most recent year)	Average depth of poverty (The number of percentage points by which the poor fall below the poverty line) (most recent year)	Year to which poverty data refer	Under-five mortality rate (per 1,000 live births), 2001	Infant mortality rate (per 1,000 live births), 2000	Proportion of children under five who are stunted, most recent year		Year to which stunting data refer	Life expectancy at birth, 2000	Adult illiteracy rate for women, 2000	Adult illiteracy rate for men, 2000	Real GDP per capita US$ 2000 (1995 prices)
Albania	–	–		30	27	31.7		2000	73.3	23.0	7.9	899
Armenia	12.8	25.8	1998	35	25	13.6		2000	72.9	2.4	0.7	976
Azerbaijan	3.7	–	2001	105	74	19.6		2000	71.6	–	–	506
Belarus	< 2	–	2000	20	17	–			69.0	0.6	0.3	2760
Bosnia and Herzegovina	–	–		18	15	9.7		2000	–	–	–	1526
Bulgaria	4.7	29.8	2001	16	15	–			71.1	2.1	1.0	1503
Georgia	< 2	–		29	24	11.7		1999	73.3	–	–	499
Kazakhstan	1.5	20.0	1996	76	60	9.7		1999	64.9	–	–	1512
Kyrgyz Republic	–	–		61	53	24.8	c	1997	67.8	–	–	885
Latvia	< 2	–	1998	21	17	–			70.7	0.2	0.2	2597
Lithuania	< 2	–	2000	9	17	–			72.3	0.5	0.3	2056
Macedonia, FYR	–	–		26	22	6.9	c	1999	73.1	–	–	2530
Moldova	22.0	26.4	2001	32	27	9.6		1996	66.7	1.7	0.5	636
Romania	2.1	28.6	2000	21	19	7.8		1991	70.0	2.7	1.0	1460
Russian Federation	6.1	19.7	2000	21	18	12.7		1995	66.7	0.6	0.3	2455
Tajikistan	10.3	25.2	1998	72	54	–			67.6	1.2	0.4	386
Turkey	< 2	–	2000	43	38	16.0		1998	69.8	23.5	6.5	3134
Turkmenistan	12.1	21.5	1998	99	52	–			66.3	–	–	1377
Ukraine	2.9	20.7	1999	20	17	15.4		2000	68.5	0.5	0.3	896
Uzbekistan	19.1	42.4	1998	68	51	31.3	c	1996	69.0	1.2	0.4	485
Yugoslavia, Fed. Rep.	–	–		19	17	5.1		2000		–	–	1240

Table 11.7 Global Indicators of Chronic Poverty (continued)

Middle East and North Africa Countries Middle East	Percentage of people living on less than US$1/day (most recent year)	Average depth of poverty (The number of percentage points by which the poor fall below the poverty line) (most recent year)	Year to which poverty data refer	Under-five mortality rate (per 1,000 live births), 2001	Infant mortality rate (per 1,000 live births), 2000	Proportion of children under five who are stunted, most recent year	Year to which stunting data refer	Life expectancy at birth, 2000	Adult illiteracy rate for women, 2000	Adult illiteracy rate for men, 2000	Real GDP per capita US$ 2000 (1995 prices)
Iran, Islamic Rep.	< 2	–	1998	42	36	15.4	1998	68.9	30.7	16.8	1649
Iraq	–	–		133	105	22.1	2000	–	54.1	34.4	–
Jordan	< 2	–	1997	33	28	7.8	1997	70.4	16.1	4.9	1616
Lebanon	–	–		32	28	12.2	1996	73.1	19.7	7.9	2891
Oman	–	–		13	12	22.9	1995	71.1	38.4	19.9	–
Saudi Arabia	–	–		28	24	19.9	1996	71.6	33.1	16.9	6729
Syrian Arab Republic	–	–		28	24	20.8	1995	71.2	39.5	11.7	839
West Bank and Gaza	–	–		24	22	7.2	1996	–	–	–	1365
Yemen, Rep.	15.7	28.7	1998	107	85	51.7	1997	60.6	74.8	32.5	314
North Africa											
Algeria	< 2	–	1995	49	50	18.0	2000	69.6	42.9	23.8	1606
Djibouti	–	–		143	102	25.7	1996	43.0	45.6	24.4	783
Egypt, Arab Rep.	3.1	12.9	2000	41	37	24.9	1997	67.3	56.2	33.4	1226
Libyan Arab Jamahiriya	–	–		19	17	15.1	1995	70.7	31.8	9.2	–
Morocco	< 2	–	1999	44	41	22.6	1992	67.6	63.9	38.2	1370
Tunisia	< 2	–	1995	27	22	12.3	2000	70.2	39.4	18.6	2470

Table 11.7 Global Indicators of Chronic Poverty (continued)

Latin America and the Caribbean Countries	Percentage of people living on less than US$1/day (most recent year)	Average depth of poverty (The number of percentage points by which the poor fall below the poverty line) (most recent year)	Year to which poverty data refer	Under-five mortality rate (per 1,000 live births), 2001	Infant mortality rate (per 1,000 live births), 2000	Proportion of children under five who are stunted, most recent year		Year to which all stunting data refer	Life expectancy at birth, 2000	Adult illiteracy rate for women, 2000	Adult illiteracy rate for men, 2000	Real GDP per capita US$ 2000 (1995 prices)
Belize	–	–		40	34				74.1	6.8	6.7	3141
Bolivia	14.4	37.5	1999	77	62	25.6	c	1998	62.6	20.7	8.0	952
Brazil	9.9	32.3	1998	36	32	10.5		1996	68.1	14.6	14.9	4624
Colombia	14.0	57.9	1998	23	25	13.5		2000	71.5	8.3	8.3	2290
Cuba	–	–		9	7	4.6		2000	76.4	3.4	3.2	–
Dominica	–	–		15	14	–			–	–	–	3371
Dominican Republic	< 2	–	1998	47	42	6.1		2000	67.4	16.4	16.4	2062
Ecuador	20.2	28.7	1995	30	25	27.1		1999	70.4	10.0	6.7	1425
El Salvador	21.4	36.9	1997	39	34	23.3	c	1998	70.2	23.9	18.4	1752
Grenada	–	–		25	21	–			–	–	–	3832
Guatemala	16.0	28.7	2000	58	44	46.4	c	1998–99	65.1	38.8	23.9	1558
Guyana	–	–		72	55	10.1	c	1997	63.2	1.9	1.1	941
Haiti	–	–		123	81	31.9		1994–95	52.8	52.2	48.0	367
Honduras	23.8	48.7	1998	38	32	38.5	c	1996	66.0	25.5	25.3	711
Jamaica	< 2	–	2000	20	17	3.4		1999	75.3	9.3	17.1	1785
Mexico	8.0	26.2	1998	29	25	17.7		1998–99	73.1	10.5	6.6	3819
Nicaragua	–			43	37	24.9		1998	68.8	33.2	33.7	466
Panama	7.6	38.2	1998	25	20	14.4		1997	74.5	8.7	7.5	3279
Paraguay	19.5	50.3	1998	30	26	10.9		1998	70.3	7.8	5.6	1700
Peru	15.5	34.8	1996	39	40	25.8		1996	69.1	14.7	5.3	2368
Saint Lucia	–	–		19	17	–			73.4	–	–	3968
St Vincent	–	–		25	21	–			–	–	–	2771
Suriname	–	–		32	27	–			70.6	–	–	994
Venezuela	15.0	46.0	1998	22	20	13.6		1999	73.3	7.9	6.9	3300

Table 11.7 Global Indicators of Chronic Poverty (continued)

Regional averages Countries	Percentage of people living on less than US$1/day (most recent year)	Average depth of poverty (The number of percentage points by which the poor fall below the poverty line) (most recent year)	Year to which poverty data refer	Under-five mortality rate (per 1,000 live births), 2001	Infant mortality rate (per 1,000 live births), 2000	Proportion of children under five who are stunted, most recent year	Year to which all stunting data refer	Life expectancy at birth, 2000	Adult illiteracy rate for women, 2000	Adult illiteracy rate for men, 2000	Real GDP per capita US$ 2000 (1995 prices)
Sub-Saharan Africa											
East and Southern Africa	30.4	27.0	–	163.7	104.6	42.3	–	48.0	43.0	27.2	796.6
West Africa	58.3	45.1	–	184.0	110.6	37.0	–	50.7	52.1	34.4	376.8
Asia											
East Asia and Pacific	16.8	20.6	–	44.2	35.0	21.0	–	69.4	21.2	8.1	955.2
South Asia	41.4	25.8	–	98.1	72.4	45.5	–	62.6	57.3	33.9	458.8
Europe and Central Asia	6.5	22.5	–	40.6	33.0	16.0	–	68.3	4.6	1.7	2370.5
Middle East and North Africa											
Middle East	15.7	28.7	–	66.0	53.7	23.6	–	68.7	39.2	19.7	2206.0
North Africa	3.1	12.9	–	42.6	39.5	22.1	–	68.1	52.7	30.2	1432.1
Latin America and the Caribbean	11.5	34.7	–	36.5	31.7	17.0	–	69.8	13.9	11.8	3437.1

Notes
a. Data refer to the most recent year available during the period specified
b. Data refer to a different time period to that specified
c. Data refer to a different age group (often 0–35 months)
Poverty percentage and depth averages are calculated using the total population figures for 1998
Under five and infant mortality averages are calculated using the number of births in 2000
Stunting averages are calculated using the under 5 population in 2000
Illiteracy averages are calculated using the total population in 2000
< 2 refers to percentages of less than 2%

Sources: Poverty incidence and depth: World Development Indicators, 2003, Table 2.7 except for Ethiopia, Pakistan, South Africa and Uganda where data are from World Development Indicators, 2002.
Under five mortality rates: UNICEF ChildInfo, http://childinfo.org/cmr/revis/db2.htm
Child stunting data: UNICEF Global Database on Child Malnutrition, http://childinfo.org/eddb/malnutrition/index.htm
Life expectancy: Human Development Report 2002.
Adult illiteracy rates: World Bank World Development Indicators 2002
Real GDP per capita: World Bank World Development Indicators 2002

Table 11.8 Global Indicators on Childhood Poverty

The indicators in this table are not directly indicators of chronic poverty but are key indicators of child development in terms of school attendance, short to medium term nutritional status, mortality rates and available estimates of child labour. Wasting and severe wasting indicate weight for height more than 2 or 3 standard deviations respectively below the reference weight given a child's height; and underweight and severe underweight indicate analogous concepts for a child's weight for age. Child labour is a major source of income for many chronically poor families.

Sub-Saharan Africa	Gross primary school enrolment rates, 1996–98a. The number of children of any age attending primary school as a percentage of all children of primary school age. (Note 1)		Under five malnutrition: the percentage of children under five who are underweight for their age (most recent year 1995–2000)		Under five wasting: The percentage of children under five who are underweight for their height (most recent year 1995–2000)				Mortality rates for infants (0–1 year old) and children (0–5 years).		Child Labour: The percentage of children who are working	
Countries East and Southern Africa	girls (%)	boys (%)	Underweight (%)	Severely underweight (%)	Wasting (%)	Severe wasting (%)	Notes	Year of under five malnutrition data	Infant mortality rate (per 1000 live births), 2000	Under-five mortality rate (per 1,000 live births), 2001	Percentage of children aged 10–14 in the labour force, 2000	Percentage of children aged 5–14 who work, 2000
Angola	82.7	98.7			–				172	260	26.1	–
Botswana	105.3	105.6	12.5	2.4	5.0	1.1		2000	74	110	14.4	–
Burundi	45.8	56.2	45.1	13.3	7.5	0.5		2000	114	190	48.5	32
Comoros	69.7	82.0	25.4	8.5	11.5	3.7		2000	61	79	37.6	37
Congo, Dem. Rep.	43.7	48.4	34.4	10.2	9.6	3.5		1995	128	205	28.6	–
Eritrea	48.1	58.3	43.7	17.0	16.4	3.1	c	1995	73	111	38.4	–
Ethiopia	48.1	78.6	47.1	16.0	10.7	1.4		2000	117	172	41.1	–
Kenya	92.1	92.1	22.7	6.5	6.3	1.4		2000	77	122	39.2	36
Lesotho	106.2	97.0	16.0	4.0	5.0	3.0		1996	92	132	20.7	25
Madagascar	92.1	94.0	33.1	11.1	13.7	4.6		2000	86	136	34.1	19
Malawi	124.8	137.8	25.4	5.9	5.5	1.2		2000	117	183	31.5	–
Mauritius	107.8	107.7	16.4	2.2	15.0	3.5		1995	17	19	2.0	–
Mozambique	60.0	82.8	26.1	9.1	7.9	1.5	c	1997	126	197	32.4	–
Namibia	127.4	124.8	26.2	5.7	8.6	1.5		1992	56	67	17.4	–
Rwanda	113.9	114.9	29.0	7.1	6.7	1.3		2000	100	183	41.3	37
Somalia	6.6	12.6	25.8	6.9	17.2	3.5		1999	133	227	31.3	36
South Africa	124.5	129.4			–				55	71	0.0	–
Sudan	51.5	59.9			–				66	107	27.4	21
Swaziland	114.0	120.7			–				101	149	12.2	12
Tanzania	64.6	65.1	29.4	6.5	5.4	0.6		1999	104	165	36.9	–
Uganda	146.2	162.1	25.5	6.7	5.3	0.9	c	1995	81	124	43.8	–
Zambia	83.7	89.0	25.0		4.0	–		1999	112	202	15.6	–
Zimbabwe	111.3	114.8	13.0	1.5	6.4	1.6		1999	73	123	27.0	–

Table 11.8 Global Indicators on Childhood Poverty (continued)

Sub-Saharan Africa (continued)	Gross primary school enrolment rates, 1996–98a. The number of children of any age attending primary school as a percentage of all children of primary school age. (Note 1)		Under five malnutrition: the percentage of children under five who are underweight for their age (most recent year 1995–2000)		Under five wasting: The percentage of children under five who are underweight for their height (most recent year 1995–2000)				Mortality rates for infants (0–1 year old) and children (0–5 years).		Child Labour: The percentage of children who are working	
Countries West Africa	girls (%)	boys (%)	Underweight (%)	Severely underweight (%)	Wasting (%)	Severe wasting (%)	Notes	Year of under five malnutrition data	Infant mortality rate (per 1000 live births), 2000	Under-five mortality rate (per 1,000 live births), 2001	Percentage of children aged 10–14 in the labour force, 2000	Percentage of children aged 5–14 who work, 2000
Benin	66.4	102.0	29.2	7.4	14.3	2.7	c	1996	98	158	26.5	–
Burkina Faso	34.5	50.0	34.3	11.8	13.2	2.5		1998–99	105	197	43.5	–
Cameroon	81.5	99.0	21.0	4.2	4.5	0.8		1998	95	155	23.0	58
Cape Verde	143.2	145.6	13.5	1.8	5.6	1.0	b	1994	30	38	13.6	–
Central African Rep.	45.7	69.0	24.3	6.0	8.9	2.1		2000	115	180	–	64
Chad	49.3	85.1	27.6	9.8	11.7	2.9		2000	118	200	36.6	66
Congo, Rep.	55.5	59.3	13.9	3.0	3.9	0.9	c	1998–99	81	108	25.4	–
Côte d'Ivoire	66.4	89.4	21.4	4.0	10.3	0.9	c	1998–99	102	175	18.6	49
Equatorial Guinea	115.2	146.3			–				103	153	32.0	–
Gabon	153.5	154.6			–				60	90	14.1	–
Gambia, The	74.6	88.1	17.0	3.5	8.6	1.2		2000	92	126	33.8	27
Ghana	71.1	78.9	24.9	5.2	9.5	1.4		1998	58	100	12.0	–
Guinea	45.5	71.9	23.2	5.1	9.1	2.1		1999	112	169	31.1	–
Guinea-Bissau	49.2	85.4	23.1	5.2	10.1	2.3		2000	132	211	36.7	65
Liberia	70.3	95.3			–				157	235	15.4	–
Mali	43.6	62.6			–		c		142	231	51.1	–
Mauritania	80.8	85.6	23.0	9.2	7.2	3.2		1996	120	183	22.1	–
Niger	24.2	37.7	39.6	14.3	14.1	3.2		2000	159	265	43.6	–
Nigeria	74.4	89.4	27.3	10.7	12.4	4.9		1999	110	183	23.9	70
Sao Tome	–	–	16.0	5.0	4.8	–		1996	58	74	–	20
Senegal	62.9	76.4	18.4	4.1	8.3	–		2000	80	138	27.3	40
Sierra Leone	42.2	61.4	27.2	8.7	9.8	1.9		2000	180	316	13.9	72
Togo	107.2	141.1	25.1	6.7	12.3	2.1	c	1998	80	141	26.8	66

Table 11.8 Global Indicators on Childhood Poverty (continued)

Asia Countries East Asia and Pacific	Gross primary school enrolment rates, 1996–98a. The number of children of any age attending primary school as a percentage of all children of primary school age. (Note 1)		Under five malnutrition: the percentage of children under five who are underweight for their age (most recent year 1995–2000)		Under five wasting: The percentage of children under five who are underweight for their height (most recent year 1995–2000)		Notes	Year of under five malnutrition data	Mortality rates for infants (0–1 year old) and children (0–5 years).		Child Labour: The percentage of children who are working	
	girls (%)	boys (%)	Underweight (%)	Severely underweight (%)	Wasting (%)	Severe wasting (%)			Infant mortality rate (per 1000 live births), 2000	Under-five mortality rate (per 1,000 live births), 2001	Percentage of children aged 10–14 in the labour force, 2000	Percentage of children aged 5–14 who work, 2000
Cambodia	110.5	127.8	45.9	13.4	15.3	4.0		2000	95	138	23.7	–
China	108.7	106.0	9.6		2.6	–	c	1998	32	39	7.9	–
Fiji	110.8	113.3	7.9	0.8	8.2	0.5		1993	18	21	0.0	–
Indonesia	110.4	114.9	26.4	8.1	–	–		1999	35	45	7.8	–
Kiribati	–	–			–	–			52	69	–	–
Korea, Dem. Rep.	–	–	60.0	–	18.7	–		1998	23	55	0.0	–
Lao PDR	101.7	119.7	40.0	12.9	15.4	3.0		2000	90	100	25.4	32
Malaysia	98.6	98.7	18.3	1.2	–	–		1999	8	8	2.3	–
Marshall Islands	–	–			–	–			55	66	–	–
Micronesia, Fed. Sts.	–	–			–	–			20	24	–	–
Mongolia	95.6	91.9	12.7	2.8	5.5	1.2		2000	62	76	1.4	–
Myanmar	113.8	115.1	36.0	8.7	9.7	1.5		2000	78	109	22.9	–
Papua New Guinea	78.4	91.2			–	–			79	94	17.2	–
Philippines	118.0	114.1	28.2		5.6	–		1996	30	38	5.4	17
Samoa	102.4	101.0			–				21	25	–	–
Solomon Islands	92.1	101.5			–				21	24	24.2	–
Thailand	92.2	95.4	18.6		5.9	–		1993	25	28	12.2	–
Tonga	–	–			–				17	20	–	–
Vanuatu	110.8	116.0			–				35	42	–	–
Vietnam	107.1	113.1	33.1	5.8	5.6	–		2000	30	38	5.2	–
South Asia												
Afghanistan	34.2	68.5	48.0		25.0	–	c	1997	165	257	24.2	–
Bangladesh	119.9	124.8	47.8	13.1	10.0	1.0		1999–2000	54	77	27.7	–
Bhutan	19.3	22.6	18.7	3.1	2.6	0.5		1999	77	95	51.0	–
India	93.1	107.0	47.0	18.0	15.5	2.8	c	1998–99	69	93	12.1	14
Maldives	126.6	129.9	43.2	10.1	16.8	3.4		1995	59	77	3.8	–
Nepal	99.6	127.8	47.1	12.0	6.7	0.5		1998	72	91	42.1	–
Pakistan	62.2	109.1	38.2	12.8	–	–		1995	85	109	15.4	–
Sri Lanka	110.3	111.7	33.0	4.8	15.0	–		2000	17	19	2.0	–

Table 11.8 Global Indicators on Childhood Poverty (continued)

Europe and Central Asia	Gross primary school enrolment rates, 1996–98a. The number of children of any age attending primary school as a percentage of all children of primary school age. (Note 1)		Under five malnutrition: the percentage of children under five who are underweight for their age (most recent year 1995–2000)		Under five wasting: The percentage of children under five who are underweight for their height (most recent year 1995–2000)				Mortality rates for infants (0–1 year old) and children (0–5 years).		Child Labour: The percentage of children who are working	
Countries	girls (%)	boys (%)	Underweight (%)	Severely underweight (%)	Wasting (%)	Severe wasting (%)	Notes	Year of under five malnutrition data	Infant mortality rate (per 1000 live births), 2000	Under-five mortality rate (per 1,000 live births), 2001	Percentage of children aged 10–14 in the labour force, 2000	Percentage of children aged 5–14 who work, 2000
Albania	110.4	108.9	14.3	4.3	11.1	3.6		2000	27	30	0.3	32
Armenia	90.0	84.9	2.5	0.1	2.0	0.3		2000	25	35	0.0	–
Azerbaijan	103.4	103.4	16.8	4.3	7.9	1.9		2000	74	105	0.0	13
Belarus	99.0	103.3			–				17	20	0.0	–
Bosnia and Herzegovina	73.9	73.5	4.1	0.6	6.3	1.9		2000	15	18	0.0	18
Bulgaria	99.4	102.4			–				15	16	0.0	–
Georgia	95.1	95.5	3.1	0.2	2.3	0.5		1999	24	29	0.0	30
Kazakhstan	97.2	96.8	4.2	0.4	1.8	0.2		1999	60	76	0.0	–
Kyrgyz Republic	102.9	104.9	11.0	1.7	3.4	0.7	c	1997	53	61	0.0	–
Latvia	99.5	106.0			–				17	21	0.0	–
Lithuania	99.5	101.5			–				17	9	0.0	–
Macedonia, FYR	101.9	103.8	6.0	0.7	3.6	0.5		1999	22	26	0.0	–
Moldova	96.8	97.9	3.2		2.5	–		1996	27	32	0.0	37
Romania	101.8	103.9	5.7	0.6	2.5	0.3	b	1991	19	21	0.0	–
Russian Federation	116.2	117.2	3.0	0.5	3.9	1.6		1995	18	21	0.0	–
Tajikistan	93.8	96.5			–				54	72	0.0	25
Turkey	94.8	104.1	8.3	1.4	1.9	0.4		1998	38	43	7.8	–
Turkmenistan	109.3	108.8			–				52	99	0.0	–
Ukraine	81.3	82.6	3.0	0.5	6.4	1.3		2000	17	20	0.0	–
Uzbekistan	79.3	81.5	18.8	5.0	11.6	2.8	c	1996	51	68	0.0	23
Yugoslavia, Fed. Rep.	69.9	68.8	1.9	0.4	3.7	0.7		2000	17	19	0.0	–

Table 11.8 Global Indicators on Childhood Poverty (continued)

Middle East and North Africa	Gross primary school enrolment rates, 1996–98a. The number of children of any age attending primary school as a percentage of all children of primary school age. (Note 1)		Under five malnutrition: the percentage of children under five who are underweight for their age (most recent year 1995–2000)		Under five wasting: The percentage of children under five who are underweight for their height (most recent year 1995–2000)		Notes	Year of under five malnutrition data	Mortality rates for infants (0–1 year old) and children (0–5 years).		Child Labour: The percentage of children who are working	
Countries	girls (%)	boys (%)	Underweight (%)	Severely underweight (%)	Wasting (%)	Severe wasting (%)			Infant mortality rate (per 1000 live births), 2000	Under-five mortality rate (per 1,000 live births), 2001	Percentage of children aged 10–14 in the labour force, 2000	Percentage of children aged 5–14 who work, 2000
Middle East												
Iran, Islamic Rep.	95.0	101.7	10.9	1.5	4.9	0.9		1998	36	42	2.6	–
Iraq	80.1	95.6	15.9		–			2000	105	133	2.2	–
Jordan	69.4	68.4	5.1	0.5	1.9	0.2		1997	28	33	0.0	–
Lebanon	107.8	112.7	3.0	0.3	2.9	–		1996	28	32	0.0	–
Oman	72.5	76.7	23.6	3.9	13.0	1.6		1995	12	13	0.0	–
Saudi Arabia	70.2	72.7	14.3	2.8	10.7	2.2		1996	24	28	0.0	–
Syrian Arab Republic	98.8	108.6	12.9	3.7	8.7	2.5		1995	24	28	2.3	–
West Bank and Gaza	–	–	4.4		2.7	–		1996	22	24	–	17
Yemen, Rep.	55.1	100.2	46.1	14.5	12.9	2.6		1997	85	107	18.7	–
North Africa												
Algeria	103.6	113.8	6.0	1.2	2.8	0.6		2000	50	49	0.0	–
Djibouti	32.0	45.6	18.2	5.9	12.9	2.8		1996	102	143	–	–
Egypt, Arab Rep.	95.9	104.3	11.7	2.8	6.1	1.8		1997	37	41	9.2	–
Libyan Arab Jamahiriya	152.3	154.3	4.7	0.6	2.8	0.4		1995	17	19	0.0	–
Morocco	86.9	106.8	9.0	1.8	2.3	0.4		1992	41	44	0.6	–
Tunisia	115.7	122.5	4.0	0.6	2.2	0.5		2000	22	27	0.0	–

Table 11.8 Global Indicators on Childhood Poverty (continued)

Latin America and the Caribbean	Gross primary school enrolment rates, 1996–98a. The number of children of any age attending primary school as a percentage of all children of primary school age. (Note 1)		Under five malnutrition: the percentage of children under five who are underweight for their age (most recent year 1995–2000)		Under five wasting: The percentage of children under five who are underweight for their height (most recent year 1995–2000)				Mortality rates for infants (0–1 year old) and children (0–5 years).		Child Labour: The percentage of children who are working	
Countries	girls (%)	boys (%)	Underweight (%)	Severely underweight (%)	Wasting (%)	Severe wasting (%)	Notes	Year of under five malnutrition data	Infant mortality rate (per 1000 live births), 2000	Under-five mortality rate (per 1,000 live births), 2001	Percentage of children aged 10–14 in the labour force, 2000	Percentage of children aged 5–14 who work, 2000
Belize	111.5	114.6	6.2	1.3	–	–	b	1992	34	40	1.9	–
Bolivia	103.6	107.8	9.5	1.7	1.8	0.5	c	1998	62	77	11.4	26
Brazil	152.0	156.2	5.7	0.6	2.3	0.4		1996	32	36	14.4	–
Colombia	111.9	112.0	6.7	0.8	0.8	0.1		2000	25	23	6.0	–
Cuba	99.2	99.8	4.1	0.4	2.0	0.4		2000	7	9	0.0	–
Dominica	–	–			–				14	15	–	–
Dominican Republic	129.6	136.3	4.6	1.0	1.5	0.1		2000	42	47	13.2	12
Ecuador	112.9	113.2	14.8	1.9	–			1999	25	30	4.3	–
El Salvador	109.5	112.8	11.8	0.8	1.1	0.1		1998	34	39	13.7	–
Grenada	–	–			–				21	25	–	–
Guatemala	96.0	107.5	24.2	4.7	2.5	0.9		1998–99	44	58	14.2	–
Guyana	101.0	103.0	11.8		11.5	–	c	1997	55	72	0.0	–
Haiti	152.7	150.5	27.5	8.1	7.8	1.5		1994–95	81	123	22.8	–
Honduras	109.8	107.0	24.5	4.0	1.5	0.1	c	1996	32	38	7.1	–
Jamaica	98.0	97.4	3.9		3.6	–		1999	17	20	0.0	–
Mexico	112.6	114.3	7.5	1.2	2.0	0.6		1998–99	25	29	4.9	–
Nicaragua	102.9	100.5	12.2	1.9	2.2	0.5		1998	37	43	12.0	–
Panama	102.7	108.1	6.8		1.1	–		1997	20	25	2.5	–
Paraguay	113.6	117.2	5.0		1.0	–		1998	26	30	5.8	–
Peru	125.4	127.4	7.8	1.1	1.1	0.3		1996	40	39	1.8	–
Saint Lucia	–	–			–				17	19	–	–
St Vincent	–	–			–				21	25	–	–
Suriname	–	–			–				27	32	0.4	–
Venezuela	92.5	90.1	4.7	0.7	3.1	0.6		1999	20	22	0.0	–

Table 11.8 Global Indicators on Childhood Poverty (continued)

Regional averages	Gross primary school enrolment rates, 1996–98a. The number of children of any age attending primary school as a percentage of all children of primary school age. (Note 1)		Under five malnutrition: the percentage of children under five who are underweight for their age (most recent year 1995–2000)		Under five wasting: The percentage of children under five who are underweight for their height (most recent year 1995–2000)		Notes	Year of under five malnutrition data	Mortality rates for infants (0–1 year old) and children (0–5 years).		Child Labour: The percentage of children who are working	
Countries	girls (%)	boys (%)	Underweight (%)	Severely underweight (%)	Wasting (%)	Severe wasting (%)			Infant mortality rate (per 1000 live births), 2000	Under-five mortality rate (per 1,000 live births), 2001	Percentage of children aged 10–14 in the labour force, 2000	Percentage of children aged 5–14 who work, 2000
Sub-Saharan Africa												
East and Southern Africa	76.5	87.2	32.5	9.8	8.5	1.9			104.6	163.7	30.9	28.7
West Africa	66.0	83.1	26.6	8.9	11.2	3.4			110.6	184.0	25.9	65.4
Asia												
East Asia and Pacific	108.7	108.1	17.0	7.6	4.0	2.2			35.0	44.2	8.3	18.1
South Asia	91.5	108.9	45.8	16.5	14.8	2.5			72.4	98.1	14.9	14.0
Europe and Central Asia	98.5	101.5	7.3	1.5	4.4	1.2			33.0	40.6	1.5	23.5
Middle East and North Africa												
Middle East	83.6	96.2	18.2	4.8	8.1	1.7			53.7	66.0	4.0	17.0
North Africa	98.6	109.4	9.4	2.1	4.4	1.2			39.5	42.6	4.3	–
Latin America and the Caribbean	125.6	128.0	8.3	1.3	2.1	0.5			31.7	36.5	9.0	19.4

Primary school enrolment averages are calculated using the population aged 6–11 in 2000
Nutritional averages are calculated using the under 5 population in 2000
Infant and under-five mortality averages are calculated using the number of births in 2000

Notes:
1. Gross primary enrolment can be more than 100% if children outside the primary school age range are attending school.
2. Number of births figures for mortality rates in Grenada and Kiribati are calculated based on data from WDI 2002.
3. Due to data unavailability, number of births data for Dominica and Marshall Islands are imputed using the total population for that country and the regional average birth rates.

a. Data refer to the most recent year available during the period specified
b. Data refer to a year or period other than that specified
b. Data refer to an earlier year
c. Data refer to a different age group (often 0–35 months)

Sources: Gross primary enrolment rates: World Bank World Development Indicators, 2002
Child underweight and wasting rates: UNICEF Global Database on Child Malnutrition, http://childinfo.org/eddb/malnutrition/index.htm
Infant mortality rate: UNICEF ChildInfo, http://childinfo.org/cmr/revis/db2.htm
Child labour, children 10–14 (% of age group): World Bank World Development Indicators 2002
Child labour, proportion of children 5–14 years of age that work: UNICEF, http://childinfo.org/eddb/work/images/rank.gif

Table 11.9 Global Indicators on Inequality

The motivation behind this table is that – depending on the average income level – higher levels of inequality are likely to be associated with higher levels of chronic poverty. The Gini coefficient and the shares of the bottom 20% or 40% are reported for income or consumption (depending on which is available). Life expectancy differentials are reported as the average number of years by which women can expect to live longer than men (a negative figure signifying that men live longer on average). The remainder of the table reports the gender differentials in literacy and primary school enrolment.

Sub-Saharan Africa Countries East and Southern Africa	Income share held by lowest 20%		Income share held by lowest 40%		Gini index of inequality[1]		Year income distribution data refers to	The number of years by which women can expect to live longer than men (positive numbers) or men to live longer than women (negative numbers)	Adult literacy F/M ratio: the number of literate women for every literate man, 2000	Gross primary school enrolment F/M ratio, the number of girls attending school for every boy attending school 1996–1998[a]	
Angola	–				–			2.70	–	0.84	
Botswana	–				–			-0.10	1.07	1.00	
Burundi	5.1	b,c	15.4	b,c	42.5	b,c	1998	1.70	0.72	0.81	
Comoros	–				–			2.80	0.77	0.85	
Congo, Dem. Rep.	–				–			2.50	0.69	0.90	
Eritrea	–				–			2.70	0.66	0.83	
Ethiopia	7.1	b,c	18.0	b,c	40	b,c	1995	1.40	0.66	0.61	
Kenya	5.6	b,c	14.9	b,c	44.9	b,c	1997	1.50	0.86	1.00	
Lesotho	2.8	b,c,f	9.3	b,c,f	56	b,c,f	1986–87	-0.20	1.29	1.09	
Madagascar	6.4	b,c	17.1	b,c	38.1	b,c	1999	2.30	0.81	0.98	
Malawi	–				–			-0.40	0.62	0.91	f
Mauritius	–				–			7.70	0.93	1.00	
Mozambique	6.5	b,c	17.3	b,c	39.6	b,c	1996–97	1.80	0.48	0.73	
Namibia	–				–			0.10	0.98	1.02	
Rwanda	9.7	b,c,f	22.9	b,c,f	28.9	b,c,f	1983–85	1.50	0.82	0.99	
Somalia	–				–			–	–	0.52	f
South Africa	2.9		8.4		59.3		1993–94	3.70	0.98	0.96	
Sudan	–				–			2.80	0.67	0.86	
Swaziland	2.7	d,e	8.5	d,e	60.9	d,f	1994	1.40	0.97	0.94	
Tanzania	6.8	b,c	17.8	b,c	38.2	b,c	1993	2.10	0.79	0.99	
Uganda	7.1	b,c	18.2	b,c	37.4	b,c	1996	1.30	0.73	0.90	
Zambia	3.3	b,c	10.9	b,c	52.6	b,c	1998	-0.90	0.84	0.94	
Zimbabwe	4.7	b,c	12.7	b,c	50.1	b,c		-0.70	0.91	0.97	

Table 11.9 Global Indicators on Inequality (continued)

Countries Sub-Saharan Africa (continued) West Africa	Income share held by lowest 20%		Income share held by lowest 40%		Gini index of inequality[1]		Year income distribution data refers to	The number of years by which women can expect to live longer than men (positive numbers) or men to live longer than women (negative numbers)	Adult literacy F/M ratio: the number of literate women for every literate man, 2000	Gross primary school enrolment F/M ratio, the number of girls attending school for every boy attending school 1996–1998[a]
Benin	–				–			3.40	0.45	0.65
Burkina Faso	4.6	b,c	11.8	b,c	55.1	b,c	1998	2.00	0.41	0.69
Cameroon	4.6	b,c	12.9	b,c	47.7	b,c	1996	1.50	0.84	0.82
Cape Verde	–				–			5.80	0.78	0.98
Central African Rep.	2.0	b,c	6.9	b,c	61.3	b,c	1993	3.30	0.58	0.66
Chad	–				–			2.40	0.66	0.58
Congo, Rep.	–				–			4.20	0.85	0.94
Côte d'Ivoire	7.1	b,c	18.3	b,c	36.7	b,c	1995	0.60	0.71	0.74
Equatorial Guinea	–				–			3.20	0.80	0.79
Gabon	–				–			2.40	–	0.99
Gambia, The	4.0	b,c	11.6	b,c	50.2	b,c	1998	2.80	0.67	0.85
Ghana	5.6	b,c	15.6	b,c	40.7	b,c	1999	2.60	0.78	0.90
Guinea	6.4	b,c	16.8	b,c	40.3	b,c	1994	1.00	–	0.63
Guinea-Bissau	2.1	b,c,f	8.6	b,c,f	56.2	b,c,f	1991	2.80	0.43	0.58
Liberia	–				–			–	0.54	0.74
Mali	4.6	b,c	12.6	b,c	50.5	b,c	1994	2.00	0.70	0.70
Mauritania	6.4	b,c	17.6	b,c	37.3	b,c	1995	3.20	0.59	0.94
Niger	2.6	b,c	9.7	b,c	50.5	b,c	1995	0.60	0.35	0.64
Nigeria	4.4	b,c	12.6	b,c	50.6	b,c	1996–97	0.40	0.77	0.83
Sao Tome	–				–			–	–	–
Senegal	6.4	b,c	16.7	b,c	41.3	b,c	1995	3.70	0.58	0.82
Sierra Leone	1.1	b,c,f	3.1	b,c,f	62.9	b,c,f	1989	2.60	–	0.69
Togo	–				–			2.40	0.59	0.76

Table 11.9 Global Indicators on Inequality (continued)

Asia Countries East Asia and Pacific	Income share held by lowest 20%		Income share held by lowest 40%		Gini index of inequality[1]		Year income distribution data refers to	The number of years by which women can expect to live longer than men (positive numbers) or men to live longer than women (negative numbers)	Adult literacy F/M ratio: the number of literate women for every literate man, 2000	Gross primary school enrolment F/M ratio, the number of girls attending school for every boy attending school 1996–1998[a]	
Cambodia	6.9	b,c	17.6	b,c	40.4	b,c	1997	4.70	0.72	0.86	
China	5.9	d,e	16.1	d,e	40.3	d,e	1998	4.30	0.83	1.03	
Fiji	–		–		–			3.50	0.96	0.98	
Indonesia	9.0	b,c	21.5	b,c	31.7	b,c	1999	3.90	0.89	0.96	
Kiribati	–		–		–			–	–	–	
Korea, Dem. Rep.	–		–		–			7.40	–	–	
Lao PDR	7.6	b,c	19.0	b,c	37	b,c	1997	2.50	0.52	0.85	
Malaysia	4.4	d,e	12.5	d,e	49.2	d,e	1997	10.30	0.91	1.00	
Marshall Islands	–		–		–			–	–	–	
Micronesia, Fed. Sts.	–		–		–			–	–	–	
Mongolia	7.3	b,c	19.5	b,c	33.2	b,c	1995	4.00	1.00	1.04	
Myanmar	–		–		–			4.80	0.91	0.99	
Papua New Guinea	4.5	b,c	12.4	b,c	50.9	b,c	1996	1.90	0.80	0.86	
Philippines	5.4	b,c	14.2	b,c	46.2	b,c	1997	4.00	1.00	1.03	
Samoa	–		–		–			6.60	0.97	1.01	
Solomon Islands	–		–		–			2.50	–	0.91	
Thailand	6.4	b,c	16.2	b,c	41.4	b,c	1998	5.90	0.97	0.97	
Tonga	–		–		–			–	–	–	
Vanuatu	–		–		–			3.10	–	0.96	
Vietnam	8.0	b,c	19.4	b,c	36.1	b,c	1998	4.70	0.96	0.95	
South Asia											
Afghanistan	–		–		–			–	–	0.50	f
Bangladesh	8.7	b,c	20.7	b,c	33.6	b,c	1995–96	0.10	0.57	0.96	
Bhutan	–		–		–			2.50	–	0.85	
India	8.1	b,c	19.7	b,c	37.8	b,c	1997	1.00	0.66	0.87	
Maldives	–		–		–			-1.50	1.00	0.98	
Nepal	7.6	b,c	19.1	b,c	36.7	b,c	1995–96	-0.50	0.40	0.78	
Pakistan	9.5	b,c	22.4	b,c	31.2	b,c	1996–97	-0.30	0.48	0.57	
Sri Lanka	8.0	b,c	19.8	b,c	34.4	b,c	1995	5.80	0.94	0.99	

Table 11.9 Global Indicators on Inequality (continued)

Europe and Central Asia Countries	Income share held by lowest 20%		Income share held by lowest 40%		Gini index of inequality[1]		Year income distribution data refers to	The number of years by which women can expect to live longer than men (positive numbers) or men to live longer than women (negative numbers)	Adult literacy F/M ratio: the number of literate women for every literate man, 2000	Gross primary school enrolment F/M ratio, the number of girls attending school for every boy attending school 1996–1998[a]	
Albania	–		–		–			5.90	0.84	1.01	f
Armenia	5.5	b,c	14.9	b,c	44.4	b,c	1996	6.00	0.98	1.06	
Azerbaijan	6.9	d,e	18.4	d,e	36	d,e	1995	7.00	–	1.00	
Belarus	11.4	b,c	26.6	b,c	21.7	b,c	1998	11.60	1.00	0.96	f
Bosnia and Herzegovina	–		–		–			–	–	1.00	
Bulgaria	10.1	d,e	24.0	d,e	26.4	d,e	1997	7.70	0.99	0.97	
Georgia	6.1	d,e	17.5	d,e	37.1	d,e	1996	8.20	–	1.00	
Kazakhstan	6.7	b,c	18.2	b,c	35.4	b,c	1996	11.20	–	1.00	
Kyrgyz Republic	7.6	b,c	19.3	b,c	34.6	b,c	1999	7.90	–	0.98	
Latvia	7.6	d,e	20.5	d,e	32.4	d,e	1998	11.10	1.00	0.94	
Lithuania	7.8	b,c	20.4	b,c	32.4	b,c	1996	10.40	1.00	0.98	
Macedonia, FYR	–		–		–			4.30	–	0.98	
Moldova	5.6	d,e	15.8	d,e	40.6	d,e	1997	7.50	0.99	0.99	
Romania	8.0	b,c	21.1	b,c	31.1	b,c	1998	6.80	0.98	0.98	
Russian Federation	4.4	b,c	13.0	b,c	48.7	b,c	1998	12.40	1.00	0.99	f
Tajikistan	8.0	b,c	20.9	b,c	34.7	b,c	1998	5.80	0.99	0.97	
Turkey	5.8	b,c	16.0	b,c	41.5	b,c	1994	5.10	0.82	0.91	
Turkmenistan	6.1	b,c	16.3	b,c	40.8	b,c	1998	6.70	–	1.00	
Ukraine	8.8	b,c	22.1	b,c	29	b,c	1999	10.80	1.00	0.98	
Uzbekistan	4.0	b,c	13.5	b,c	44.7	b,c	1998	5.80	0.99	0.97	
Yugoslavia, Fed. Rep.	–		–		–			–	–	1.02	f

Table 11.9 Global Indicators on Inequality (continued)

Middle East and North Africa Countries Middle East	Income share held by lowest 20%		Income share held by lowest 40%		Gini index of inequality[1]		Year income distribution data refers to	The number of years by which women can expect to live longer than men (positive numbers) or men to live longer than women (negative numbers)	Adult literacy F/M ratio: the number of literate women for every literate man, 2000	Gross primary school enrolment F/M ratio, the number of girls attending school for every boy attending school 1996–1998[a]	
Iran, Islamic Rep.	–		–		–			1.80	0.83	0.93	
Iraq	–		–		–			–	0.70	0.84	
Jordan	7.6	b,c	19.0	b,c	36.4	b,c	1997	2.70	0.88	1.02	
Lebanon	–		–		–			3.10	0.87	0.96	
Oman	–		–		–			2.90	0.77	0.95	
Saudi Arabia	–		–		–			2.50	0.81	0.97	
Syrian Arab Republic	–		–		–			2.40	0.68	0.91	
West Bank and Gaza	–		–		–			–	–	–	
Yemen, Rep.	7.4	b,c	19.6	b,c	33.4	b,c	1998	2.20	0.37	0.55	
North Africa											
Algeria	7.0	b,c	18.6	b,c	35.3	b,c	1995	3.00	0.75	0.91	
Djibouti	–		–		–			2.50	0.72	0.70	
Egypt, Arab Rep.	9.8	b,c	23.0	b,c	28.9	b,c	1995	3.20	0.66	0.92	
Libyan Arab Jamahiriya	–		–		–			4.00	0.75	0.99	f
Morocco	6.5	b,c	17.1	b,c	39.5	b,c	1998–99	3.70	0.58	0.81	
Tunisia	5.7	b,c	15.6	b,c	41.7	b,c	1995	2.50	0.74	0.94	

Table 11.9 Global Indicators on Inequality (continued)

Latin America and the Caribbean Countries	Income share held by lowest 20%		Income share held by lowest 40%		Gini index of inequality[1]		Year income distribution data refers to	The number of years by which women can expect to live longer than men (positive numbers) or men to live longer than women (negative numbers)	Adult literacy F/M ratio: the number of literate women for every literate man, 2000	Gross primary school enrolment F/M ratio, the number of girls attending school for every boy attending school 1996–1998[a]	
Belize	–		–		–			2.80	1.00	0.97	
Bolivia	4.0	b,c	13.2	b,c	44.7	b,c	1999	3.50	0.86	0.96	
Brazil	2.2	d,e	7.6	d,e	60.7	d,e	1998	7.90	1.00	0.97	
Colombia	3.0	d,e	9.6	d,e	57.1	d,e	1996	6.60	1.00	1.00	
Cuba	–		–		–			3.90	1.00	0.99	
Dominica	–		–		–			–	–	–	
Dominican Republic	5.1	d,e	13.7	d,e	47.4	d,e	1998	5.20	1.00	0.95	
Ecuador	5.4	b,c	14.8	b,c	43.7	b,c	1995	5.20	0.96	1.00	
El Salvador	3.3	d,e	10.6	d,e	52.2	d,e	1998	6.00	0.93	0.97	
Grenada	–		–		–			–	–	–	
Guatemala	3.8	d,e	10.6	d,e	55.8	d,e	1998	5.80	0.80	0.89	
Guyana	6.3	b,c	17.0	b,c	40.2	b,c	1993	8.40	0.99	0.98	
Haiti	–		–		–			6.00	0.92	1.01	
Honduras	2.2	d,e	8.6	d,e	56.3	d,e	1998	5.70	1.00	1.03	f
Jamaica	6.7	b,c	17.4	b,c	37.9	b,c	2000	4.00	1.09	1.01	
Mexico	3.5	d,e	10.8	d,e	53.1	d,e	1998	6.00	0.96	0.99	
Nicaragua	2.3	b,c	8.2	b,c	60.3	b,c	1998	4.70	1.01	1.02	
Panama	3.6	b,c	11.7	b,c	48.5	b,c	1997	4.60	0.99	0.95	f
Paraguay	1.9	d,e	7.9	d,e	57.7	d,e	1998	4.60	0.98	0.97	
Peru	4.4	d,e	13.5	d,e	46.2	d,e	1996	5.00	0.90	0.98	
Saint Lucia	5.2	d,e	15.1	d,e	42.6	d,e	1995	5.30	–	–	
St Vincent	–		–		–			–	–	–	
Suriname	–		–		–			5.20	–	–	
Venezuela	3.0	d,e	11.2	d,e	49.5	d,e	1998	5.80	0.99	1.03	

Table 11.9 Global Indicators on Inequality (continued)

Regional averages Countries	Income share held by lowest 20%	Income share held by lowest 40%	Gini index of inequality[1]	Year income distribution data refers to	The number of years by which women can expect to live longer than men (positive numbers) or men to live longer than women (negative numbers)	Adult literacy F/M ratio: the number of literate women for every literate man, 2000	Gross primary school enrolment F/M ratio, the number of girls attending school for every boy attending school 1996–1998[a]
Sub-Saharan Africa							
East and Southern Africa	5.9	15.5	44.0	–	1.92	0.78	0.88
West Africa	4.7	13.1	48.5	–	1.28	0.73	0.79
Asia							
East Asia and Pacific	6.4	16.8	39.5	–	4.37	0.86	1.01
South Asia	8.3	20.1	36.6	–	0.82	0.65	0.84
Europe and Central Asia	6.1	16.6	40.6	–	9.34	0.97	0.97
Middle East and North Africa							
Middle East	7.4	19.5	34.1	–	2.09	0.76	0.87
North Africa	8.1	20.2	33.6	–	3.22	0.68	0.90
Latin America and the Caribbean	3.0	9.8	55.5	–x	6.53	0.98	0.98

Income inequality averages are calculated using the total population figures for 1998
Illiteracy averages are calculated using the male and female population aged 15 and over in 2000
Enrolment averages are calculated using the population aged 6–11 in 200

Population aged 15–24 and 6–11: United Nations Population Division, http://esa.un.org/unpp/sources.html

Notes:
1. The Gini index measures income inequality. A score of 0 would mean that all incomes were equal and a score of 100 would mean that one person held all the wealth
2. Due to data unavailability, the 6-11 age group for primary enrolment in Yugoslavia is imputed using the total population for that country and the regional average for that age group.
a. Data refer to the most recent year available during the period specified
b. Data refers to expenditure shares by percentiles of population
c. Ranked by per capita expenditure
d. Data refers to income shares by percentiles of population
e. Ranked by per

Sources: Total population, female & male population ages 15 or over: World Bank World Development Indicators
Income shares and Gini index: World Bank World Development Indicators, 2002
Life Expectancy differential: computed using data from Human Development Report 2002
Literacy ratio: computed using data from in World Bank World Development Indicators 2002
Enrolment rate ratio: computed using data from World Bank World Development Indicators, 2002

Table 11.10 Resource Inflows

This table allows assessment of the extent to which chronically poor countries are less open to trade or receive less FDI or aid inflows than others. Negative numbers for FDI mean that more investment is leaving the country than is being received.

This table reports on measures of inflows to countries, specifically aid flows, foreign direct investment, and openness measured as total trade flows. These are all expressed as a proportion of gross national income (GNI) and reported for the 1980s and 1990s.

The table also reports per capita growth rates for the 1980s and the 1990s.

Sub-Saharan Africa	Aid as proportion of GNI			Net FDI inflows as proportion of GNI			Openness (Exports plus imports/GNI)			Growth of real GDP per capita	
Countries East and Southern Africa	Average 1981–1990	Average 1991–2000	2000	Average 1981–1990	Average 1991–2000	2000	Average 1981–1990	Average 1991–2000	2000	Average growth rate 1980–1990	Average growth rate 1990–2000
Angola	2.3	11.3	6.5	1.7	11.4	19.2	–	–	164.4	–0.8	–2.4
Botswana	7.6	2.1	0.6	3.6	0.1	0.6	105.6	–	–	6.4	2.4
Burundi	16.1	19.0	13.8	0.2	0.2	1.7	34.5	32.7	32.6	1.6	–3.8
Comoros	31.4	16.6	9.2	0.7	0.4	0.0	61.7	60.4	57.5	0.3	–2.4
Congo, Dem. Rep.	5.9	3.6	. . .	–0.2	0.0	. . .	46.2	–	–	–2.3	–
Eritrea	–	20.0	25.3	–	4.0	5.8	–	–	101.8		–
Ethiopia	8.6	15.2	10.9	0.0	1.2	0.8	25.4	33.2	46.1		1.5
Kenya	8.7	8.5	5.0	0.4	0.2	1.1	52.6	64.6	62.1	0.6	–0.9
Lesotho	14.4	7.9	3.6	1.7	15.3	13.1	139.6	135.4	116.8	2.2	1.9
Madagascar	9.7	12.8	8.5	0.2	0.7	2.1	34.6	49.5	59.4	–2.2	–1.2
Malawi	18.5	26.6	26.8	0.0	1.5	2.7	53.4	65.1	64.5	–1.0	1.5
Mauritius	3.6	1.0	0.5	0.7	1.2	6.1	115.0	128.5	130.6	5.1	4.1
Mozambique	19.8	44.6	24.9	0.1	3.1	3.7	32.5	51.5	54.5	–1.4	3.2
Namibia	1.6	5.0	4.4	–	–	. . .	109.0	–	–	–2.1	1.9
Rwanda	10.6	30.5	18.1	0.9	0.2	0.8	28.9	33.1	32.4	–1.0	–1.9
Somalia	51.7	–	. . .	–0.4	–	. . .	58.6	–	–		–
South Africa	–	0.3	0.4	–	0.9	0.8	50.0	45.6	55.1	–1.2	–0.3
Sudan	7.2	4.5	2.3	0.0	1.2	3.4	–	–	33.0	–1.4	5.2
Swaziland	6.3	3.5	0.9	4.7	5.2	–3.0	153.9	166.2	146.3	3.1	0.1
Tanzania	23.7	17.7	11.6	0.1	1.5	2.1	–	49.5	37.9		0.1
Uganda	8.0	15.6	13.3	0.0	2.1	3.6	27.4	32.1	35.9	–	3.3
Zambia	14.4	27.8	28.5	2.2	3.6	6.9	69.4	72.1	76.4	–2.0	–1.9
Zimbabwe	3.6	6.1	2.5	–0.1	1.5	1.1	43.2	73.0	61.0	0.7	–0.5

Table 11.10 Resource Inflows (continued)

Sub-Saharan Africa (continued)	Aid as proportion of GNI			Net FDI inflows as proportion of GNI			Openness (Exports plus imports/GNI)			Growth of real GDP per capita	
Countries West Africa	Average 1981–1990	Average 1991–2000	2000	Average 1981–1990	Average 1991–2000	2000	Average 1981–1990	Average 1991–2000	2000	Average growth rate 1980–1990	Average growth rate 1990–2000
Benin	10.0	13.1	11.1	0.0	1.1	1.4	49.4	46.1	44.3	0.7	1.8
Burkina Faso	13.3	18.8	15.5	0.1	0.6	0.5	40.9	40.5	40.4	1.7	2.5
Cameroon	2.7	5.7	4.6	0.9	0.2	0.4	50.7	44.3	57.6	–0.4	–1.1
Cape Verde	35.7	25.8	17.2	0.2	2.1	1.8	–	71.9	85.0	–	3.1
Central African Rep.	15.0	13.0	8.0	0.5	0.2	0.5	50.6	38.8	29.1	–1.0	–0.7
Chad	14.2	14.2	9.4	1.1	1.0	1.1	41.6	46.4	48.6	1.1	–0.5
Congo, Rep.	5.3	11.6	1.5	1.2	0.2	0.4	102.5	116.1	120.4	–0.4	–2.7
Côte d'Ivoire	3.1	9.0	4.1	0.5	1.6	1.1	69.3	74.0	85.3	–1.7	–0.5
Equatorial Guinea	39.4	21.2	4.3	1.3	31.8	8.9	–	159.2	153.2	–	17.0
Gabon	2.3	2.1	0.3	1.9	–2.2	3.0	95.0	87.1	71.8	–0.8	–0.4
Gambia, The	34.2	16.9	11.8	0.7	2.8	3.3	111.3	118.2	108.9	–0.1	–0.0
Ghana	6.9	10.1	12.1	0.2	1.5	2.1	28.0	70.3	118.8	0.2	1.8
Guinea	11.8	10.4	5.2	0.6	0.8	2.1	–	46.8	57.3	–	1.2
Guinea-Bissau	50.1	50.2	39.6	0.5	0.6	0.0	52.0	55.3	90.0	0.9	–0.9
Liberia	10.2	–	. . .	1.3	–	. . .	–	–	–	–	–
Mali	20.9	17.6	15.9	0.1	1.4	3.3	49.9	57.5	65.4	–0.3	1.3
Mauritania	25.1	23.9	23.3	0.8	0.5	0.5	120.4	95.6	97.9	0.1	1.1
Niger	14.6	16.0	11.7	0.3	0.4	0.8	47.4	38.8	38.6	–2.3	–1.5
Nigeria	0.4	0.8	0.5	2.0	4.1	2.6	44.1	81.9	93.4	–1.1	–0.2
Sao Tome	42.0	110.3	80.4	0.0	2.2	21.5	78.6	112.3	115.6	–	–0.7
Senegal	14.5	12.1	9.9	0.3	1.4	2.4	67.9	67.2	70.1	0.5	0.7
Sierra Leone	7.0	21.7	29.6	–0.8	0.1	0.2	37.4	45.4	50.7	–3.4	–6.3
Togo	13.7	10.2	5.8	0.7	1.3	2.5	96.6	72.3	85.4	–1.8	–1.4

Table 11.10 Resource Inflows (continued)

Asia	Aid as proportion of GNI			Net FDI inflows as proportion of GNI			Openness (Exports plus imports/GNI)			Growth of real GDP per capita	
Countries East Asia and Pacific	Average 1981–1990	Average 1991–2000	2000	Average 1981–1990	Average 1991–2000	2000	Average 1981–1990	Average 1991–2000	2000	Average growth rate 1980–1990	Average growth rate 1990–2000
Cambodia	2.4	12.2	12.6	0.0	4.1	3.9	–	62.2	87.0		2.2
China	0.4	0.4	0.2	0.6	4.3	3.6	23.1	41.4	49.1	7.6	9.0
Fiji	3.4	2.6	2.0	2.5	2.6	0.0	98.4	120.1	131.6	0.2	0.2
Indonesia	1.3	1.1	1.2	0.4	0.7	-3.0	47.2	59.5	69.2	4.4	2.5
Kiribati	33.3	23.9	21.8	–	–	. . .	130.5	–	–	-1.2	0.1
Korea, Dem. Rep.	–	–	. . .	–	–	. . .	–	–	–		–
Lao PDR	8.7	17.2	16.8	0.2	4.0	4.2	–	–	–		3.7
Malaysia	0.7	0.1	0.1	3.3	5.2	1.9	115.6	186.5	229.8	3.1	4.4
Marshall Islands	–	43.2	56.5	–	–	. . .	71.7	–	–		–
Micronesia, Fed. Sts.	–	32.6	39.6	–	–	. . .	–	–	–		-0.1
Mongolia	–	24.0	22.8	–	2.1	3.1	93.2	139.9	147.4		-1.3
Myanmar	–	–	. . .	–	–	. . .	13.3	–	–		–
Papua New Guinea	12.0	8.2	7.5	4.2	3.5	3.4	93.7	–	–	-1.3	1.9
Philippines	1.8	1.5	0.7	0.7	1.9	2.7	51.9	86.9	106.5	-0.7	0.7
Samoa	22.7	20.7	11.6	0.4	1.6	0.0	–	–	114.7	-0.5	1.9
Solomon Islands	22.4	16.0	24.0	2.2	4.2	3.6	129.0	–	–	3.2	-2.0
Thailand	1.1	0.6	0.5	1.2	2.6	2.8	56.8	91.9	126.0	6.0	3.4
Tonga	23.4	17.3	12.1	0.1	1.2	1.3	92.5	–	–		2.7
Vanuatu	28.6	19.5	20.5	5.8	12.6	9.4	108.5	–	–	1.0	-0.4
Vietnam	1.9	4.3	5.4	0.0	7.2	4.1	–	–	–		5.6
South Asia											
Afghanistan	0.7	–	. . .	–	–	. . .	–	–	–		–
Bangladesh	6.5	3.8	2.5	0.0	0.2	0.6	24.8	27.1	33.2	2.1	3.0
Bhutan	12.3	20.0	10.7	0.0	0.0	0.0	65.5	79.1	89.5	5.3	3.2
India	0.7	0.6	0.3	0.0	0.4	0.5	15.3	24.3	30.5	3.6	3.6
Maldives	22.1	14.4	3.7	1.4	2.4	2.3	83.0	–	189.4	–	4.6
Nepal	10.0	9.3	6.9	0.0	0.2	0.1	31.7	52.4	55.8	2.5	2.5
Pakistan	2.9	1.8	1.2	0.4	0.9	0.5	34.7	38.0	34.6	3.5	1.4
Sri Lanka	8.5	4.5	1.7	0.7	1.3	1.1	66.2	78.2	90.2	2.7	3.9

Table 11.10 Resource Inflows (continued)

Europe and Central Asia	Aid as proportion of GNI			Net FDI inflows as proportion of GNI			Openness (Exports plus imports/GNI)			Growth of real GDP per capita	
Countries	Average 1981–1990	Average 1991–2000	2000	Average 1981–1990	Average 1991–2000	2000	Average 1981–1990	Average 1991–2000	2000	Average growth rate 1980–1990	Average growth rate 1990–2000
Albania	0.5	16.9	8.3	0.0	2.5	3.8	37.2	56.5	59.3	–0.8	0.7
Armenia	–	8.2	11.2	–	3.9	7.3	–	88.3	74.1		–4.5
Azerbaijan	–	2.9	2.8	–	12.1	2.5	–	–	79.1		–6.6
Belarus	–	0.5	0.1	–	0.6	0.3	–	120.1	137.2		–1.0
Bosnia and Herzegovina	–	29.2	16.0	–	0.0	0.0	–	–	85.0		–
Bulgaria	0.1	1.9	2.7	0.0	2.8	8.3	79.9	100.7	122.5	2.6	–1.3
Georgia	–	6.1	5.6	–	2.6	4.3	–	83.1	84.1	–1.1	–13.0
Kazakhstan	–	0.5	1.1	–	4.4	6.9	–	–	106.2		–2.7
Kyrgyz Republic	–	10.3	17.6	–	2.3	–0.2	–	84.0	98.7		–5.1
Latvia	–	1.1	1.3	–	4.7	5.7	–	106.4	100.1	2.8	–3.5
Lithuania	–	1.2	0.9	–	2.7	3.3	–	103.0	96.7		–3.7
Macedonia, FYR	–	3.4	7.1	–	1.3	4.9	–	87.4	107.5		–1.6
Moldova	–	3.4	9.0	–	2.7	10.0	–	121.7	126.9	1.8	–9.7
Romania	0.6	0.9	1.2	0.0	1.8	2.8	47.2	58.8	73.9	–0.4	–1.5
Russian Federation	0.0	0.5	0.7	0.0	0.7	1.1	–	59.3	70.7	1.5	–3.9
Tajikistan	–	6.9	15.2	–	1.1	2.4	–	–	165.4		–10.6
Turkey	0.5	0.2	0.2	0.2	0.5	0.5	31.1	44.3	55.8	2.8	1.9
Turkmenistan	–	0.7	0.7	–	2.2	. . .	–	–	116.4		–6.0
Ukraine	0.3	0.9	1.8	–	0.9	1.9	–	80.4	118.4	–	–7.6
Uzbekistan	–	1.1	2.5	–	1.0	1.3	–	68.5	82.8	–	–2.3
Yugoslavia, Fed. Rep.	–	6.9	13.4	–	0.0	0.0	–	–	81.9	–	–

Table 11.10 Resource Inflows (continued)

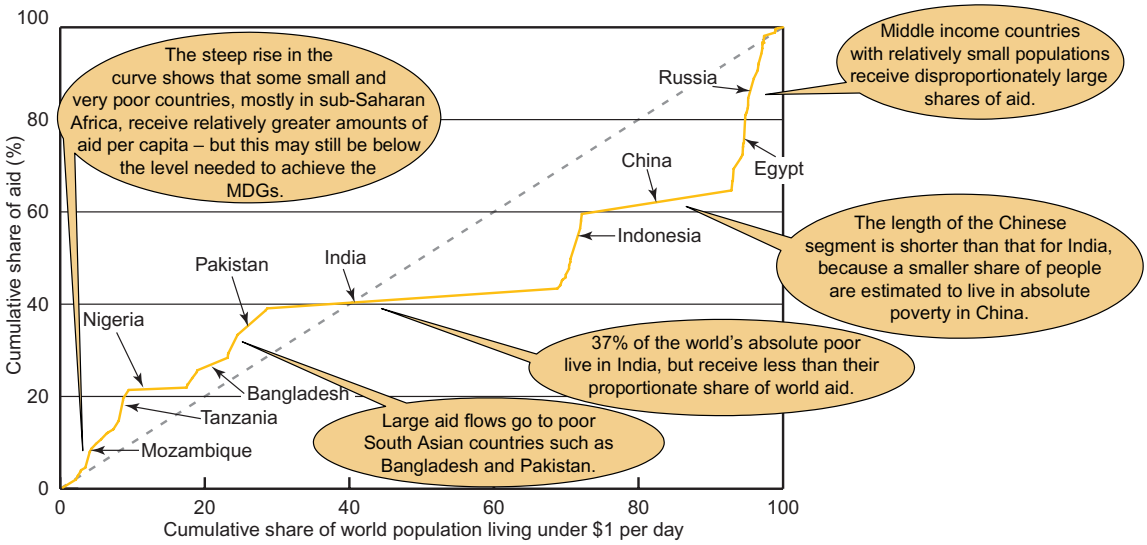
Middle East and North Africa Countries	Aid as proportion of GNI			Net FDI inflows as proportion of GNI			Openness (Exports plus imports/GNI)			Growth of real GDP per capita	
Middle East	Average 1981–1990	Average 1991–2000	2000	Average 1981–1990	Average 1991–2000	2000	Average 1981–1990	Average 1991–2000	2000	Average growth rate 1980–1990	Average growth rate 1990–2000
Iran, Islamic Rep.	0.0	0.2	0.1	–0.1	0.0	0.0	22.2	42.4	55.5	–0.7	2.5
Iraq	0.1	–	. . .	–	–	. . .	–	–	–		–
Jordan	13.6	8.4	6.6	0.9	1.8	6.7	119.2	121.9	111.0	–1.8	0.6
Lebanon	5.5	1.8	1.1	0.1	0.7	1.8	–	70.0	50.8		5.3
Oman	1.1	0.5	. . .	1.5	0.8	. . .	–	–	–	4.7	–
Saudi Arabia	0.0	0.0	0.0	–	–	. . .	86.6	75.3	75.3	–4.8	–0.5
Syrian Arab Republic	4.7	2.3	1.0	0.3	0.7	0.7	43.9	67.1	72.6	–1.1	2.7
West Bank and Gaza	–	12.2	12.5	–	–	. . .	–	–	84.6		–
Yemen, Rep.	8.4	5.2	3.6	–2.7	2.6	–2.4	–	65.8	91.9		1.5
North Africa											
Algeria	0.3	0.7	0.3	–0.0	0.0	0.0	48.5	52.7	64.3	–0.2	–0.3
Djibouti	–	16.3	12.6	0.0	0.6	0.0	–	–	107.4		–3.8
Egypt, Arab Rep.	6.0	4.7	1.3	2.6	1.2	1.3	55.5	49.6	38.9	2.9	2.4
Libyan Arab Jamahiriya	0.0	–	. . .	–	–	. . .	–	–	–		–
Morocco	3.7	2.3	1.3	0.4	0.7	0.0	54.3	59.5	68.6	1.6	0.4
Tunisia	2.8	1.3	1.2	1.6	2.4	3.9	80.8	88.9	91.6	1.1	3.1

Table 11.10 Resource Inflows (continued)

Latin America and the Caribbean	Aid as proportion of GNI			Net FDI inflows as proportion of GNI			Openness (Exports plus imports/GNI)			Growth of real GDP per capita	
Countries	Average 1981–1990	Average 1991–2000	2000	Average 1981–1990	Average 1991–2000	2000	Average 1981–1990	Average 1991–2000	2000	Average growth rate 1980–1990	Average growth rate 1990–2000
Belize	8.3	4.2	1.9	1.8	3.0	2.2	122.5	112.4	110.7	2.2	2.1
Bolivia	8.0	9.5	5.9	0.5	6.1	8.9	47.4	48.4	42.6	–1.9	1.3
Brazil	0.1	0.0	0.1	0.6	2.1	5.5	17.2	18.8	23.0	–0.4	1.3
Colombia	0.2	0.2	0.2	1.4	2.3	2.9	28.6	36.3	42.3	1.3	0.8
Cuba	–	–	. . .	–	–	. . .	–	–	33.9		–
Dominica	16.1	8.6	6.5	3.4	9.0	3.9	113.7	116.8	114.9		–
Dominican Republic	2.1	0.7	0.3	1.1	3.2	4.8	59.0	66.9	69.1	0.4	4.1
Ecuador	1.2	1.4	1.2	0.6	3.1	5.2	50.3	58.7	73.2	–0.5	–0.3
El Salvador	8.5	3.5	1.4	0.3	1.4	1.4	49.2	57.3	70.3	–1.5	2.4
Grenada	12.7	4.3	4.4	4.1	8.9	9.0	114.2	114.6	136.2	5.1	3.1
Guatemala	1.8	1.6	1.4	1.3	1.1	1.2	34.7	43.5	47.9	–1.6	1.4
Guyana	14.8	26.5	16.4	0.3	13.0	9.4	128.4	226.7	207.8	–3.0	4.5
Haiti	7.8	12.0	5.1	0.4	0.2	0.3	43.4	33.4	39.9	–2.3	–2.7
Honduras	7.9	9.7	7.8	0.8	2.2	4.8	58.3	88.1	98.7	–0.7	0.4
Jamaica	7.0	1.8	0.1	0.4	4.0	6.2	102.1	104.9	99.1	1.2	0.1
Mexico	0.1	0.1	–0.0	1.0	2.3	2.3	30.9	51.7	64.6	–0.3	1.8
Nicaragua	10.7	41.5	26.6	0.0	5.6	10.6	54.2	96.6	121.3	–4.0	0.4
Panama	1.0	0.8	0.2	0.5	6.1	6.1	73.3	75.6	72.1	–0.7	2.7
Paraguay	1.5	1.3	1.1	0.4	1.7	1.1	51.1	72.6	55.6	–0.3	–0.7
Peru	1.6	1.1	0.8	0.1	3.1	1.3	33.4	30.5	33.8	–2.9	2.2
Saint Lucia	5.1	5.1	1.6	10.4	8.6	6.9	150.0	135.0	121.2	5.5	1.1
St Vincent	8.4	6.7	2.0	3.1	15.5	8.4	149.1	122.0	128.9	5.1	2.5
Suriname	5.6	13.4	4.4	–	–	. . .	81.8	32.4	34.7	–1.7	1.8
Venezuela	0.1	0.1	0.1	0.2	2.9	3.7	45.8	50.2	46.4	–1.7	–0.1

Source: All statistics computed using data from World Bank World Development Indicators, 2002

Figure 11.1 Aid Concentration Curve for all DAC donors combined (2001)



Box 11.01 Concentrating aid on the poorest?

Aid concentration curves show whether donors' Official Development Assistance is targeted towards or away from the poorest countries.

The diagonal line shows what aid allocation would look like if it was allocated in direct proportion to the share of the world's poor living on less than US$1/day in each country.

If most of a donor's aid goes to the poorest countries, then its concentration curve will be above the diagonal line and vice versa.

Figure 11.1 shows the concentration curve for all DAC donors combined.

The distribution of development assistance by the main bilateral aid donors

Figures 11.2 and 11.3 show aid concentration curves for the 'big six' bilateral donors – the United States, Japan, Germany, the UK, France and the Netherlands – together with, for comparative purposes, the aid concentration curve for all members of the DAC.

The aid concentration curves of the Netherlands and the UK are broadly progressive, while those of Japan and the United States are fairly regressive. The aid concentration curves of France and Germany lie in between, being fairly progressive at the low end of the global poverty distribution, but then becoming highly regressive at the

Figure 11.2 Aid Concentration Curves for the Netherlands, Japan and the United States (2001)

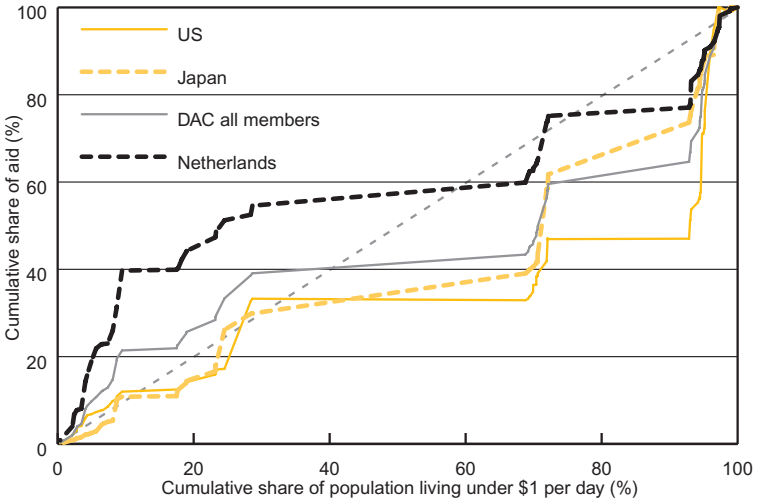
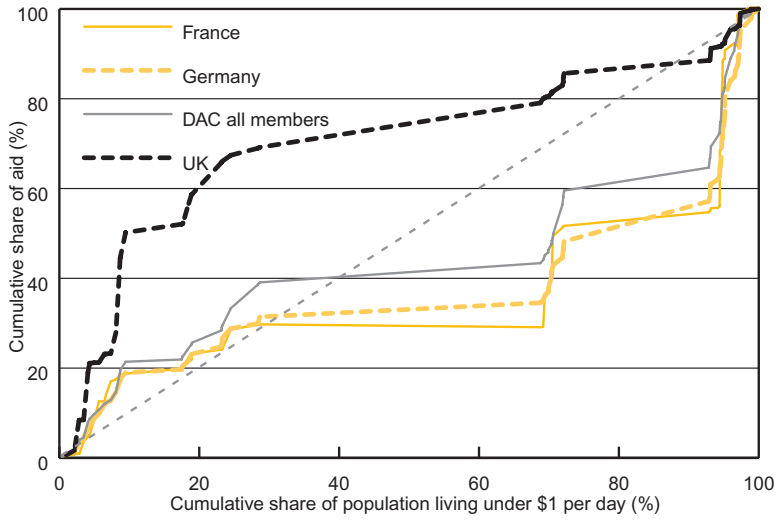


Figure 11.3 Aid Concentration Curves for the UK, Germany and France (2001)



top end of the distribution. The main reason why the Netherlands and UK's bilateral aid programme are progressive is that they give large amounts of aid (relative to their numbers of poor people) to a number of poor African countries, such as Ghana, Mozambique and Tanzania. Both countries also give significant (although still relative small) volumes of aid to the populous countries of South Asia (Bangladesh, Pakistan and most importantly India) where around 45% of the world's $1/day poor live.

In contrast, France and the United States give large amounts of aid (both absolutely and relatively) to middle-income developing countries such as Egypt, Morocco and Russia (US) and Peru and Thailand (Japan) and less to the poorest (mostly sub-Saharan African) countries and South Asia. France and Germany resemble the Netherlands and the UK in giving relatively large amounts of aid to poor African countries but also resemble the Japan and the US, in giving considerable amounts to relatively prosperous middle income countries (notably, Egypt, Jordan, Morocco and Russia).

The distribution of aid from multilateral agencies

The three main providers of concessional multilateral development assistance – the European Union, World Bank and the UN System – distribute their aid in quite different ways. The aid provided by the World Bank through IDA appears relatively well targeted towards the poorest countries. In contrast, the European Commission spends large amounts of its aid on relatively well-off middle income countries (such as Brazil, South Africa, Turkey, Tunisia, and a number of countries in Eastern Europe and the former Soviet bloc). The third largest multilateral donor, the UN System, has a marginally progressive distribution of aid.

Source: CPRC Working Paper No 35, Baulch 2003

Figure 11.4 Aid Concentration Curves for the EC (2001)

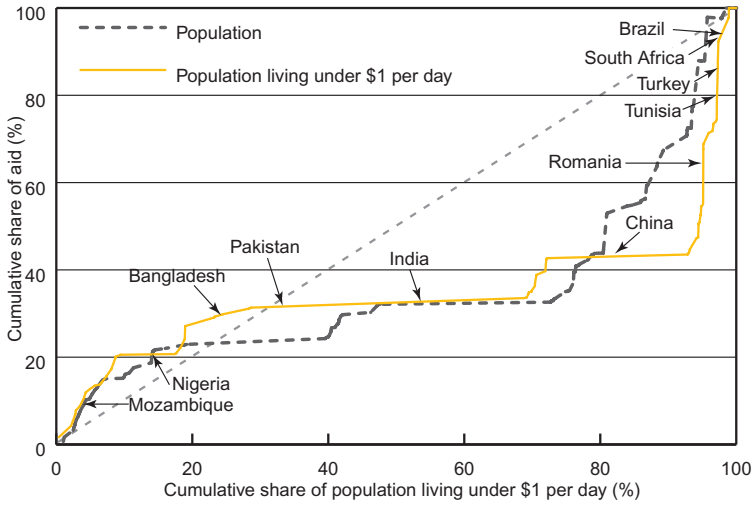


Figure 11.5 Aid Concentration Curves for the World Bank (IDA) (2001)

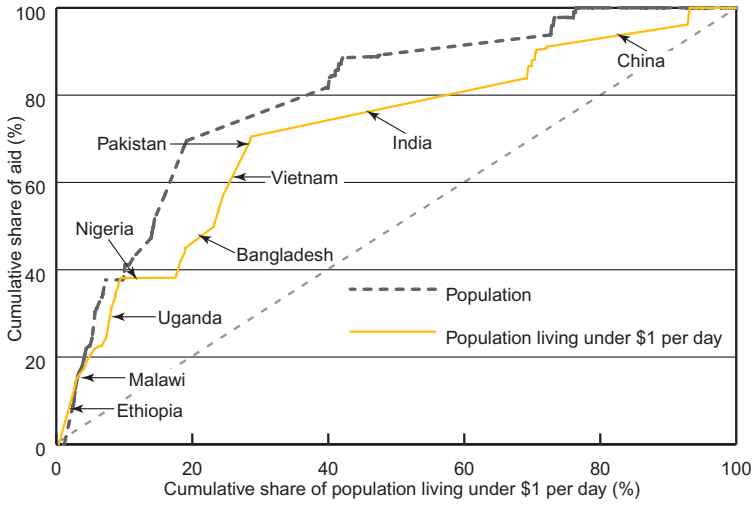
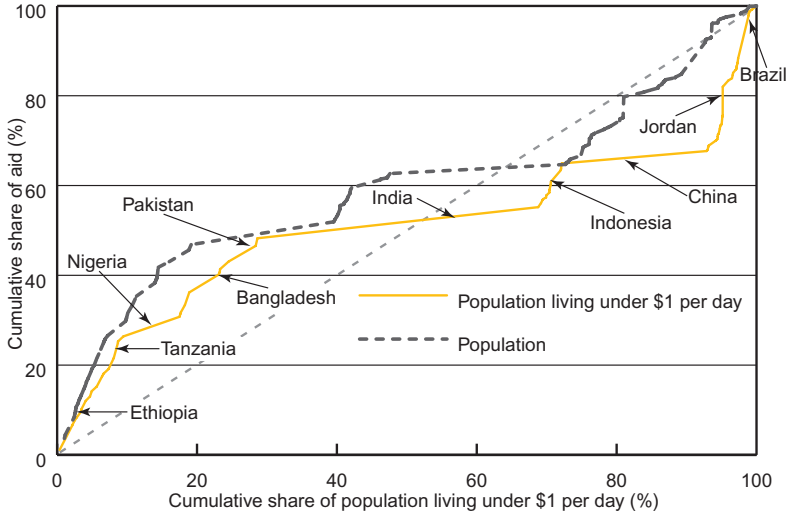


Figure 11.6 Aid Concentration Curves for the UN (2001)



APPENDIX

A Glossary of terms

Absolute poverty A person living in absolute poverty is not able to satisfy his or her minimum requirements for food, clothing or shelter. The *dollar a day* poverty line is accepted internationally as an absolute poverty line. (See *relative poverty*) (DFID 2001:174–186).

Adverse incorporation Where people are included in social, political and economic institutions and processes, but on extremely unfavourable terms.

Assets framework A framework which can be used to identify the poor and vulnerable. The framework takes into account factors that cause *vulnerability* to poverty and considers these in relation to poor people's assets. It is part of the *sustainable livelihoods* framework (DFID 2001:174–186).

Bonded labour People become bonded labourers by taking or being tricked into taking a loan for as little as the cost of medicine for a sick child. To repay the debt, they are forced to work long hours, seven days a week, 365 days a year. They receive basic food and shelter as 'payment' for their work, but may never pay off the loan, which can be passed down through several generations (Anti-Slavery International).

Capabilities A term developed by Amartya Sen that refers to the means which enable people to function. The term is distinguishes intrinsic and instrumental *capabilities* (income, education, health, human rights, civil rights etc). Sen's conceptualisation of poverty as capability deprivation focuses on the failure of some basic capabilities to function, for example, being adequately nourished, leading a long and healthy life, being literate. (Gordon and Spicker, 1999: 22)

Capability deprivation Poverty defined in relation to the failure to achieve basic capabilities such as being adequately nourished, leading a healthy life or taking part in the life of the community. The emphasis on capabilities shifts focus away from money-based measures such as income or expenditure onto the kind of life the individual can live (DFID 2001:174–186).

Chronic poverty Poverty experienced by individuals and households for extended periods of time or throughout their entire lives. Also called 'persistent poverty'. Chronic poverty must be distinguished from transitory poverty or being non-poor. [For a full definition see *Chapter One*]

Common property resources Assets owned by a group or society whose use is not restricted to a single individual. Communal management is needed to make sustainable use of common property (DFID 2001:174–186).

Coping strategy How a household responds when faced with an unexpected event such as illness, drought or unemployment. Typical responses include taking children out of school, drawing on support from the extended family or other households, or reducing expenditure on food and other items. In addition, some households may migrate (DFID 2001:174–186).

Covariate shock An unexpected event that affects all the members of a group. An example is a drought, which typically reduces the agricultural output of all the households in a village. (See *idiosyncratic shock)* (DFID 2001:174–186).

Decentralisation The process of transferring control over, and administration of, services from national to local level (DFID 2001:174–186).

Dependency ratio The ratio of economically-active household members to those who are economically dependant.

Deprivation A lack of welfare, often understood in terms of material goods and resources but equally applicable to psychological factors, relative to the local community or the wider society or nation to which an individual, family or group belongs (Gordon and Spicker, 1999:37).

Depth A measure of the average distance of poor individuals or households below the poverty line. The depth of poverty is also known as the poverty gap (DFID 2001:174–186).

Destitution Refers to the total, or virtually complete, absence of resources. Although indicative of *extreme poverty* it is not necessarily equivalent; a person may become destitute immediately through fire or natural disaster, while someone in chronic or extreme poverty may have experienced long-term malnutrition and disadvantage (Gordon and Spicker 1999:38).

Dimensions of poverty The individual and social characteristics of poverty such as lack of access to health and education, powerlessness or lack of dignity. Such aspects of deprivation experienced by the individual or group are not captured by measures of income or expenditure (DFID 2001:174–186).

Disability The outcome of the interaction between a person with an impairment and the environmental and attitudinal barriers that s/he faces (WHO's International Classification of Functioning).

Discrimination Refers to the institutional, environmental and attitudinal factors that work to exclude certain people from activities, organisations and institutions.

Displaced person: (see Internally Displaced People)

Dollar-a-day ($US1/day) An *absolute poverty* line introduced by the World Bank in 1990 to estimate global poverty. The dollar amount is revised over time to keep pace with inflation and now stands at $1.08 in 1996 prices. This is converted into local currencies using *purchasing power parity* (PPP) exchange rates (DFID 2001:174–186).

Economic growth An increase in a country's total output. It may be measured by the annual rate of increase in a country's Gross National Product (GNP) or *Gross Domestic Product* (GDP) as adjusted for price changes. The increase in GNP, at constant prices per head of population, indicates changes in the average living standards in that country but says nothing about the distribution of the levels for different social groups around that average (DFID 2001:174–186).

Empowerment The process whereby people gain more power over the factors governing their social and economic progress. This may be achieved through: increasing the incomes and assets of the poor; interventions that aim to enhance confidence and self-respect; by developing collective organisation and decision-making and by reforming political institutions to make them more inclusive. Empowerment is one aim of setting up participatory processes (DFID 2001:174–186).

Equivalence scales A ratio applied to the poverty line to reflect the fact that children cost less than adults do. Two households with the same resources can have very different financial circumstances, depending upon the size and composition of the household (DFID 2001:174–186).

Exclusion The economic, political and cultural processes that lead to the isolation of some groups in society, including ethnic minorities or the long-term unemployed. Different interpretations of this concept range from notions of discrimination to understanding the social consequences of poverty.

Forced labour People illegally recruited by governments, political parties or private individuals, and forced to work – usually under threat of violence or other penalties (Anti-Slavery International).

Food energy method A method for deriving *absolute poverty lines*. It sets the poverty line by identifying the level of income or expenditure needed to obtain sufficient food to provide enough calories to meet the minimum energy requirement of an individual (DFID 2001:174–186).

Food insecurity A situation that exists when people lack secure access to sufficient

amounts of safe and nutritious food for normal growth and development and an active, healthy life. It may be caused by the unavailability of food, insufficient purchasing power or the inappropriate distribution or inadequate use of food at the household level. Food insecurity may be chronic, seasonal or transitory (FAO).

Geographic capital A combination of social, cultural, political, environmental and economic factors that are specific to a geographic area.

Gini coefficient An aggregate numerical measure of income inequality ranging from 0 (perfect equality) to 1 (perfect inequality) (FAO).

Global public goods Items that benefit everyone: for example, international research, environmental agreements or measures for conflict management and resolution (DFID 2001:179).

Gross Domestic Product (GDP) The total value of all goods and services produced domestically by a nation during a year. It is similar to **Gross National Product (GNP)**, which is the value of output produced by a country's labour and capital regardless of whether it is in the country or not (DFID 2001:179).

Headcount index (see *Poverty headcount)*

Household life-cycle The sequence of events (birth, death, marriage, moving together or away from other household members) which characterise the formation, growth and disappearance of a household. The household's likelihood of being in poverty is related to its position in the household life cycle (DFID 2001:179).

Human capital Factors such as knowledge, skills and health, which increase the productivity of the individual (DFID 2001:174–186).

Human Development Index (HDI) An index introduced by UNDP in 1990, which combines the three measures of life expectancy, educational attainment (itself a composite of literacy and school enrolment) and GDP per head. The index theoretically ranges from 0 for the least developed to 7 for the most (DFID 2001:179).

Human Poverty Index (HPI) A composite index introduced by UNDP in 1997, which focuses on those who do not achieve minimum standards of health, education and living conditions. This index contrasts with that of the HDI, which measures average achievements (DFID 2001:179).

Kilocalorie (kcal) A unit of measurement of energy: 1 kcal = 1 000 calories. In the International System of Units (ISU), the universal unit of energy is the joule (J). 1 kcal = 4.184 kilojoules (kJ) (FAO).

Idiosyncratic shock An unexpected event that affects one household or individual. An example of an idiosyncratic shock would be the death of the breadwinner (DFID 2001:179).

Impairment: An individual's condition – physical, sensory, intellectual or behavioural.

Incidence The percentage of people living below the poverty line (DFID 2001:179).

Income deciles and quintiles The population is ranked by income and divided into ten groups of equal size. The bottom 10 per cent is the first or bottom decile. If divided into five groups the groups are called quintiles (DFID 2001:180).

Income (or consumption) poverty Poverty defined with respect to a money-based poverty line for income or expenditure. The distinction is made between this and other concepts that emphasise the many dimensions of poverty (DFID 2001:180).

Inclusive policies Policies which acknowledge that socially excluded, poor or vulnerable people are not a homogeneous group and have a right to be included in poverty alleviation and development work.

Income distribution The allocation of national income between persons or households; an indicator of economic and social inequality where some people have more than others. (See *gini co-efficient)* (Gordon and Spicker 1999:71).

Income inequality See Income distribution

Income poverty Income is a key concept in almost all definitions and studies of poverty. Classically, income has been defined as the sum of consumption and change in net worth (wealth) in a period (Gordon and Spicker 1999:77). Internationally, the income poverty line is set at a dollar a day.

Indicator A numerical measure of quality of life in a country. Indicators are used to illustrate progress of a country in meeting a range of economic, social, and environmental goals. Since indicators represent data that have been collected by a variety of agencies using different collection methods, there may be inconsistencies among them (World Bank).

Indigence A person who is indigent is in need and lacks the means for subsistence. The United Nations Economic Commission for Latin America has referred to an indigence line, which at half the value of the poverty line is supposed to cover only basic nutritional requirements (cited in Gordon and Spicker 1999:81). (See *extreme poverty*, *destitution*)

Infant Mortality Rate Statistical summary rate based on the number of infant deaths occurring during the same period of time, usually a calendar year, usually given in relation to 1 000 live births occurring among the population during the same year (UNECE).

Internally displaced people IDPs are people who are displaced but remain within the border of their country of origin. Usually applied to people fleeing their homes because of an armed conflict, civil disturbance or natural disaster (CRED).

Intra-household allocation The way resources are distributed between members of the household on the basis of their age, gender and role of the household member (DFID 2001:180).

Longitudinal study A study that observes the same group of individuals, households or villages over time, also known as panel study (DFID 2001:181).

Low-income country A country having an Gross National Income (GNI) per capita equivalent to $755 or less in 1999. There are currently about 64 low-income countries where the standard of living is lower, there are few goods and services; and many people cannot meet their basic needs (World Bank).

Low birth weight Newborn infants who weigh less than 2.5 kg at birth (FAO).

Marginalised people Those who are physically or socially remote (see also *exclusion*). They are by-passed by most economic, political and social activity and likely to have very precarious livelihoods (DFID 2001:181).

Market failure A situation in which markets do not function properly. A common cause of market failure is imperfect information. For instance, the difficulty of determining which potential borrowers are creditworthy is given as a reason for badly functioning rural credit markets and a rationale for the high interest rates charged by money lenders (DFID 2001:181).

Money-metric A reference to poverty from a strictly income perspective (DFID 2001:181).

Multidimensionality Multi-dimensional approaches capture a fuller range of deprivations that constitute poverty, and may give 'voice' to the poor and include non-monetary dimensions.

National poverty lines Poverty lines drawn by national governments or national statistical offices to measure poverty. It is not possible to make comparisons between countries using national poverty lines as each is calculated on the basis of criteria specific to that country (DFID 2001:182).

Oblasts Administrative and territorial divisions in some republics of the former Soviet Union.

Panel survey Quantitative longitudinal study. (See *Longitudinal study)*.

Poverty correlates The characteristics that are closely associated with being poor such as living in a rural area or having a large number of children. These can be used to target public expenditure in the absence of detailed information relating to every household (DFID 2001:183).

Poverty dynamics Changes in individual or household poverty status over time.

Poverty gap See *Poverty depth*.

Poverty headcount Refers to the proportion of individuals, households or families that falls under the poverty line. Divides the number of people identified as poor by the total number of people in the community. The headcount ratio ranges from zero (nobody is poor) to one (everybody is poor) (Gordon and Spicker 1999:73).

Poverty incidence See *Incidence*.

Poverty line Represents the level of income or consumption necessary to meet a set of minimum requirements to feed oneself and one's family adequately and/or to meet other basic requirements such as clothing, housing and healthcare. Those with incomes or expenditure equal to or above the line are not poor. While what the minimum should be has an important subjective element, poverty lines are typically anchored to minimum nutritional requirements plus a modest allowance for non-food needs. (see *Chapter One*).

Poverty severity A static concept, capturing the fact that the poor are not equally poor

to the same level. It is the average value of the square of depth of poverty for each individual. Poorest people contribute relatively more to the index. Also called Foster Greer Thorbeke (or P2) (ADB).

Poverty Reduction Strategy Papers (PRSP) A national strategy for poverty reduction. All countries that are eligible for World Bank concessional lending or for debt relief under the *Heavily Indebted Poor Countries (HIPC) Initiative* are producing PRSs. The PRS is intended to be the basis for all donor support, including the IMF and World Bank (DFID 2001:184).

Poverty spell The period of time spent in poverty. In longitudinal studies, often the duration of poverty and the causes of the transition out of poverty are analysed (DFID 2001:184).

Poverty trends How aggregate poverty levels change over time **Public Goods** A good that is provided for users collectively, see *Global Public Good*.

Purchasing Power Parity (PPP): A method of measuring the relative purchasing power of different countries' currencies over the same types of goods and services. Because goods and services may cost more in one country than in another, PPP allows us to make more accurate comparisons of standards of living across countries. PPP estimates use price comparisons of comparable items but since not all items can be matched exactly across countries and time, the estimates are not always 'robust' (World Bank).

Refugees Those who are forced to cross international borders because of conflict or political instability.

Relative poverty Poverty defined in relation to the social norms and standard of living in a particular society. It can therefore include the individual's ability to take part in activities that society values even if they are not necessary for survival. Relative poverty can also refer to the nature of the overall distribution of resources (DFID 2001:184).

Rights-based approach An approach based on understanding of the links between development and civil, political, economic, social and cultural rights (DFID 2001:185).

Risk Understanding of the likelihood of events occurring, for example, on the basis of past experience. This concept contrasts with that of uncertainty, in which the likelihood is unknown. An individual or household may assess that the likelihood of a bad event, such as drought, occurring is high enough to alter their livelihood strategy (DFID 2001:185).

Scheduled Castes In India, a collection of castes formerly known as 'untouchables' (dalits) that have been 'scheduled' for positive discrimination in education and employment.

Scheduled Tribes In India, identified on the basis of certain criteria including distinctive culture and pre-agricultural modes of production.

Selectivity The allocation of development assistance prioritising those with good anti-poverty policies (DFID 2001:185).

Severe poverty Persons who fall below a lower poverty line. For example, in 1993 the World Bank defined an upper poverty line of US$ 1 income per day and extreme poverty as persons living on less than US$ 0.75 income per day (both in 1985 prices). These measures are converted into local currencies using purchasing power parity (PPP) exchange rates. Other definitions of this concept have identified minimum subsistence requirements, the denial of basic human rights or the experience of exclusion (DFID 2001:174–186).

Sex ratio The relative proportion of males and females in a given population, usually expressed as the number of males per 100 females.

Slavery Traditional or 'chattel' slavery involves the buying and selling of people. They are often abducted from their homes, inherited or given as gifts (Anti-Slavery International).

Social exclusion See *exclusion*.

Social protection Policies and programmes which aim to prevent and mitigate the shocks that create and maintain chronic poverty, and provide recovery assistance by protecting incomes and building the assets of the poor. Examples include pensions, and food for education programmes.

Spatial poverty trap Geographical areas which remain disadvantaged, and whose people remain multi-dimensionally deprived and poor over long periods of time

Stunting Low height for age, reflecting a sustained past episode or episodes of undernutrition (FAO).

Targeting The process by which expenditure is directed to specific groups of the population defined as poor or disadvantaged, in order to increase the efficiency of the use of resources (DFID 2001:186).

Trafficking Involves the transport and/or trade of humans, usually women or children, for economic gain using force or deception. (Anti-Slavery International).

Transitional Countries Those countries whose economies used to be centrally planned by the government but are now changing – or 'transitioning' – to base their economies on the market (World Bank).

Transitory poverty Short term poverty. Poverty experienced as the result of a temporary fall in income or expenditure although over a longer period the household resources are on average sufficient to keep the household above the poverty line (DFID 2001:186).

Undernourishment Food intake that is continuously insufficient to meet dietary energy requirements (FAO).

Ultra-poverty This is another term for *extreme poverty*. It is sometimes specifically used to refer to those who spend more than 80 per cent of their income on food but obtain less than 80 per cent of their food energy needs. The low food intake of this particular group will affect their productivity and ability to get out of poverty (DFID 2001:186).

Vulnerability Relates to risk. People are vulnerable to poverty when they are more at risk than others (Gordon and Spicker 1999: 141–2). While *income poverty* may be reduced by borrowing; debt may make the poor more vulnerable (DFID 2001:186).

Wasting Low weight for height, generally the result of weight loss associated with a recent period of starvation or disease (FAO).

Waves the occasions on which a survey is conducted to make up panel data e.g. a three wave panel dataset has conducted comparable surveys at three different times on the same individuals or households.

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APPENDIX

C CPRC working papers and Chronic Poverty Report 2004–05 background papers

Background Papers

Baulch, B. (2003) *Aid for the Poorest*

Baulch, B and A. McKay (2003) *How Many Chronically Poor People Are There In The World? Some Preliminary Estimates.*

Bezemer, D. (2003) *Poverty in Post-Socialist Transition Countries.*

De Swardt, C. (2003). *The Shadow of the Rainbow Nation: Chronic Poverty after a Decade of Liberalisation*

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Masset E. and H. White. (2003). *Are the chronic poor to be left out of progress towards the Millennium Development Goals? A quantitative analysis of the elderly, disabled, orphans and unsupported females*

Piron, L.H. (2003). *Chronic Poverty and Human Rights Background Paper*

Wheeler, J. (2003). *Background Paper on Chronic Poverty in Latin America*

Yaqub, S. (2003). *Severe Poverty and Chronic Poverty*

Key Websites:

Conference Papers presented at 'Staying Poor: Chronic Poverty and Development Policy', Manchester, 7–9 April 2003 can be viewed at: http://idpm.man.ac.uk/cprc/Conference/conferencepapers.htm

Chronic Poverty Research Centre Working Papers can be viewed at: http://www.chronicpoverty.org

Chronic Poverty Research Centre Working Papers

Poverty Persistence and Transitions in Uganda: A Combined Qualitative and Quantitative Analysis by David Lawson, Andy McKay, John Okidi

The Politics of Staying Poor in Uganda by Sam Hickey

Multiple Shocks and Downward Mobility: learning from life histories of rural Ugandans by Kate Bird and Isaac Shinyekwa

Aid for the Poorest? The distribution and maldistribution of international development assistance by Bob Baulch

Annotated Bibliography: Poverty and Chronic Poverty in Uganda by Isaac Shinyekwa with Chris Taylor. CPRC Annotated Bibliographies No 2

What is the Impact of non-contributory Pensions on Poverty? Estimates from Brazil and South Africa by Armando Barrientos.

The Intrahousehold Disadvantages Framework: A framework for the analysis of intra-household difference and inequality by Vincent J. Bolt and Kate Bird.

Bureaucratic Effects: 'Weberian' State Structures and Poverty Reduction by Jeffrey Henderson, David Hulme, Hossein Jalilian and Richard Phillips.

Globalization, the International Poverty Trap and Chronic Poverty in the Least Developed Countries by Charles Gore.

The Economic and Social Processes Influencing the Level and Nature of Chronic Poverty in Urban Areas by Diana Mitlin.

Investigating Chronic Poverty in West Africa by Abena D Oduro and Ivy Aryee.

Poverty Dynamics in Uganda: 1992 to 2000 by John A Okidi and Andrew McKay.

Targeted Transfers in Poor Countries: revisiting the trade offs and policy options by Martin Ravallion.

Chronic Poverty and Older People in South Africa by Julian May.

Towards a clearer Understanding of 'Vulnerability' in relation to Chronic Poverty by Martin Prowse.

The Political Economy of Chronic Poverty by Sarah Bracking.

Thinking 'Small' and the Understanding of Poverty: Maymana and Mofizul's Story by David Hulme.

Chronic Poverty: scrutinizing estimates, patterns, correlates and explanations by Shahin Yaqub

Targeted Development Programmes for the Extreme Poor: experiences from BRAC experiments by Imran Matin.

Whose Poverty Matters? Vulnerability, social Protection and PRSPs by Rachel Marcus & John Wilkinson. CHIP Working Paper No 1.

Chronic Poverty in Semi Arid Zimbabwe by Kate Bird and Andrew Shepherd.

Do Monetary and Non-Monetary Indicators tell the same story about chronic poverty? A study of Vietnam in the 1990s by Bob Baulch and Edoardo Massett.

Chronic Poverty and Migration by Uma Kothari.

Chronic Poverty: A Review of Current Quantitative Evidence by Andrew McKay and David Lawson.

Natural Resource Management and Chronic Poverty in Sub Saharan Africa: An Overview

Chronic Poverty and Remote Rural Areas by Kate Bird, David Hulme, Andrew Shepherd and Karen Moore.

Thinking about Chronic Urban Poverty by Philip Amis

An overview of Chronic Poverty and Development Policy in Uganda by John Okidi and Gloria Mugambe.

Chronic Poverty and Older People in the Developing World by Amanda Heslop and Mark Gorman.

Chronic Poverty and Development Policy in Sri Lanka: Overview Study by Indra Tudawe.

Frameworks for Understanding the Inter-generational Transmission of poverty and Well-being in Developing Countries by Karen Moore.

Chronic Poverty in India: Overview Study by Aasha Kapur Mehta and Amita Shah.

Violent Conflict, Poverty and Chronic Poverty by Jonathan Goodhand.

Livelihoods Research: Some Conceptual and Methodological Issues by Colin Murray.

Chronic Poverty and Disability by Rebecca Yeo.

Study of the Incidence and Nature of Chronic Poverty and Development Policy in South Africa: An Overview by Michael Aliber.

Chronic Poverty: Meanings and Analytical Frameworks by David Hulme, Karen Moore and Andrew Shepherd.

Chronic Poverty in Sub-Saharan Africa and South Asia: A select annotated bibliography with special reference to remote rural areas. by Samuel Hickey. CPRC Annotated Bibliographies No 1

All working papers can be downloaded free of charge from www.chronicpoverty.org

APPENDIX

D The Chronic Poverty Report 2006–07

The Chronic Poverty Research Centre is continuing to develop qualitative and quantitative datasets, research methodologies and theoretical frameworks for the analysis of chronic poverty.

The Chronic Poverty Report 2004–05 looks at current global chronic poverty. The Chronic Poverty Report 2006–07 will look forward to 2015 to examine potential changes in chronic poverty levels under different scenarios around rates of economic growth and changes in levels of inequality; rising incidence and impacts of HIV/AIDS; and changes in conflict and insecurity.

The Chronic Poverty Report 2004–05 will be directly focused on policy and policy-making processes. It will examine possible futures not only in terms of changes in US$1/day chronic poverty, but by also looking at nutritional-based measures, changes in assets and other multidimensional indicators.

The second Chronic Poverty Report will specifically focus on the policies required to tackle chronic poverty globally. This means addressing the complex social, economic and political processes that enable individuals, households, communities, and key national and international development actors to respond to chronic poverty.

This report will draw concrete conclusions not only on *what* policies are important but also on *how* to promote their implementation. This will involve engaging with issues and institutions from the local to the global level. It will mean examining ways to encourage the political will necessary to drive the implementation of a chronic poverty reduction agenda and to secure the necessary financial resources.

The key policy issues that will be the main focus for The Chronic Poverty Report 2004–05 are:

Prioritising livelihood security:

1. Addressing the chronic insecurity that affects chronically poor people, in ways that protects them against vulnerability and promotes their ability to take advantage of opportunities.
2. Improving the nutritional levels and key capabilities of chronically poor people, particularly children.
3. Providing social protection for the poorest to inhibit the inter-generational transmission of poverty.

Growth, inequality and redistribution:

4. Promoting pro-poor growth, enabling the chronically poor to participate more effectively in broad based economic growth that increases demand for their labour, goods and services.
5. Reducing levels of inequality through redistributive policies, including resource allocations for public expenditure which promote services for the poor and progressive social change.

Empowerment:

6. Enhancing the rights of the chronically poor.
7. Improving the quality of governance, notably the quality of institutions and policy implementation.
8. Reducing discrimination and working toward enhanced social integration.
9. Addressing the key cultural maintainers of chronic poverty in the household and community.

Obligations to provide resources:

10. Monitoring international commitments to increase aid volumes, and implications for recipient sectors and countries.
11. Improving financial transfers to chronically poor people, promoting effective management of universal and targeted schemes.

The global challenge:

12. Identifying weaknesses in the international system that inhibit chronic poverty reduction, and generate performance indicators for international institutions.

Regional chronic poverty reports and reviews

Chronic Poverty in India, CPRC-IIPA, New Delhi, 2003
State of the Poorest in Bangladesh 2004/2005 (forthcoming, June 2004)
Uganda Chronic Poverty Report 2004/2005 (forthcoming, June 2004)