

chronic poverty

The lost millions

If the world succeeds in halving the proportion of people living in poverty by 2015, there will still be at least 900 million people who cannot meet their basic needs in the next generation.

Many of these people are living in 'chronic poverty' – they have been unable to sustain themselves for several or many years, sometimes over generations

The percentage of people who have been living in poverty for at least 5 years is significant. By that measurement, 18-24% of people in South Africa, 25% in Ethiopia and 22-33% in India are chronically poor.

Why is this? Why has development failed so many people so badly? What keeps people locked into poverty and what strategies can offer a way out?

These are among the many questions that the partners in the Chronic Poverty Research Centre (CPRC) have come together to address. The aims of CPRC, directed from the University of Manchester and operating from the UK, India, Bangladesh, Sri Lanka, Uganda, Lesotho and South Africa, are:

- to focus attention on chronic poverty;
- to stimulate debate;
- to deepen understanding of the causes of chronic poverty;
- to provide research, analysis and policy guidance.

Social exclusion and discrimination often render those who are most vulnerable, and least likely to benefit from poverty reduction efforts, 'invisible' to policy makers.

David Hulme, of IDPM Manchester, Director of CPRC, says that chronic poverty of individuals, households or regions is often due to structural factors and not likely to be reduced by economic growth:

The assumption that broad policies on 'poverty eradication might trickle down

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Collecting firewood to supplement the family's income in the arid Anantapur District of Andhra Pradesh, India. Anantapur is characterised not just by this kind of severe poverty but by deprivation and disadvantage that keep people in poverty from generation to generation.

research update

Highlights from latest studies

Sri Lanka's early achievements in poverty reduction – measured by human development or by income – have stalled. Significant numbers of people – especially those living in war zones or remote rural areas – will live in poverty for extended periods of their lives, will die poor and may transmit their poverty to their children.

The Institute of Policy Studies is working on poverty dynamics and chronic poverty – tracing family history, events and resource allocation to understand the causes of intergenerational poverty. The research is systematically assessing the contribution of poverty reduction programmes to changes in the levels and nature of poverty. This is especially important as state programmes have a standard strategy for 'the poor' as a whole.

In **South Africa** large longitudinal surveys are taking

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Chronic Poverty
Research Centre

Where are the escape routes?

A focus on people living in chronic poverty is intended to draw attention to those for whom escaping poverty is most difficult.

The majority of these people live in sub-Saharan Africa and South Asia, especially in rural areas. They are likely to have been poor over a long period, since birth or over generations. They are also likely to be poor in several ways, not only in terms of income. For these reasons, a broad definition of poverty and basic needs is important – including education, health, livelihoods, participation, security and dignity, as well as material resources.

In a recent working paper, setting frameworks for understanding chronic poverty, David Hulme, Karen Moore and Andrew Shepherd suggest that although the defining feature of chronic poverty is its extended duration, the multi-dimensionality, severity and duration of poverty build upon each other. 'Thus, while those in severe income poverty at any given time are not necessarily chronically poor, the chronically poor are likely to be experiencing severe and multi-dimensional poverty. Further, duration...can be considered as a

specific type of poverty severity.'

Poverty transmitted across generations may be due to structural factors. It is likely to be difficult to escape and is often not helped by current poverty reduction efforts. This 'inherited' poverty is then both a characteristic and a cause of chronic poverty.

The working paper stresses the importance of researchers engaging with issues of vulnerability. This means looking at how shocks – such as unemployment or illness – lead to spells of poverty, how people are kept out of the economy and also how they may be included in the economy but in a negative way, for example, through bonded labour. This 'adverse incorporation' reflects the role of national and international structures in keeping people poor.

CPRC aims to focus strongly on what people living in poverty do, and can do, to improve their quality of life. People use a wide range of coping and survival strategies, which they pass on over generations. On one hand, these strategies may help people survive in bad or deteriorating conditions, but on the other hand, they may help to reproduce the conditions that obstruct escape from poverty. 'In situations of



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significant socio-economic change (e.g. emergence of HIV/AIDS, transmission from a communist to market economy, structural adjustment), transmitted coping strategies may be particularly problematic within the new context', say Hulme, Moore and Shepherd. The link between structural poverty and the passing down of coping strategies will be important for CPRC as it may identify ways in which policy can best deal with inter-generational poverty.

CPRC will build on existing research, to try to answer critical questions about how people transmit or overcome poverty over time. For example, in Bangladesh, CPRC is examining BRAC's 'ultrapoor' programme which combines livelihood protection (food aid) with livelihood promotion (training and micro credit). The aim is to see whether such programmes reach those in chronic poverty.

Petrus Tshiembe, left, is a pensioner in Waterval, South Africa. At the age of 80 he still has to plant crops in order to survive. Will his grand daughter live a life of chronic poverty too?

The causes of continuing poverty are among the questions CPRC will address.

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is not necessarily correct. [Existing] models of poverty eradication are too simple.'

Current efforts to meet the Millennium Development Goals (MDGs) are important – but CPRC wants to ensure that poverty policy takes into account the excluded groups who are most entrenched in poverty. Hulme says: 'It is more difficult to target the chronically poor because it is easier to help people who are just below the poverty line and push them just above it.'

Counting the number of people who have been 'pushed just above the poverty line' would not of course show how many fell back again the next day

or why others were never within reach of the line. As Hulme points out, income and consumption levels fluctuate a lot, so poverty measurements based on these imply that people suddenly become poor (eg through retrenchment). The reality is that poverty is not just a matter of income and consumption. The way that many people experience poverty and absorb or recover from shocks, such as loss of a breadwinner, depends on a whole range of factors. CPRC partners are developing multi-dimensional poverty scores that will show more clearly who is always poor or usually poor, compared to the 'transient poor', who move in and out of poverty, and those who occasionally lapse into poverty.

Initial research has identified a range of people who are particularly likely to suffer chronic poverty:

- Those suffering deprivation because of their stage in the life cycle (eg older people, children and widows);
- People discriminated against because of their social position (eg marginalised castes, religious groups, refugees);
- People discriminated against because of their position in the household (eg female children);
- People with health problems and disabilities (eg people living with HIV/AIDS, those with mental health problems);
- People in remote areas and areas affected by conflict and insecurity.

However, the reasons why some people within these groups are chronically poor while others are not, and the proportions involved, are poorly understood. The research will aim to shed light on these issues.

A key question in seeking strategies to help people get out of poverty is 'Why do people stay poor?' Here CPRC is looking at how structural factors, vulnerability and shocks combine to entrench poverty. For example, says Hulme, if you look at a household of young children headed by a recently widowed low-caste woman in northern India – there is a whole range of factors that make it hard to get out of poverty. These include social status, discrimination, illiteracy, absence of services and support.

Risks, shocks and protecting livelihoods

Although the concept of social protection as a means of providing income security has been on the international development agenda for a few years, developing countries still find themselves under pressure to stress livelihood promotion over livelihood protection strategies. For example, there is more emphasis on creating new jobs, opportunities or access to services than on ensuring that people are able to keep their jobs, sustain a small business or maintain their quality of life.

The adverse effects of such strategies on people living in chronic poverty – and the need for approaches that help people get out of poverty and stay out of poverty – have been identified as areas in need of more research.

The World Bank in 2000 proposed a new definition and conceptual framework for Social Protection based on Social Risk Management (SRM). It expanded the traditional concept of Social Protection (labour market intervention, social insurance and social safety nets) to include strategies to deal with risk (prevention, mitigation and coping), different levels of risk management (informal, market-based, public) and different actors (from household to international level).

This framework emphasises the double

role of risk management – protecting basic livelihoods as well as promoting risk-taking. The Bank notes that the recent experience of East Asia showed how high economic growth rates over many decades could reduce poverty but if appropriate income protection measures and safety net programmes were not in place, individuals were very vulnerable to economic shocks.

'The [approach] has already been used to rethink social investment funds, to assess the challenges and opportunities of old-age security in East Asia, and to prepare sector strategy papers in regions with diverse economic and social characteristics. The conceptual framework has also been extended to deal... with risks in rural areas in Sub-Saharan Africa.'

Questions for further research, identified in the WB paper, include:

- how government should facilitate informal risk management;
- guidelines for balancing risk prevention, mitigation and coping;
- the role of social capital in SRM;
- how various actors best perform as sources/managers of risk.

1. Holzmann R, Jørgensen S. *Social Risk Management: a new conceptual framework for Social Protection and beyond*. Social Protection Discussion Paper No. 0006. World Bank. 2000.

Causes of chronic poverty

Economic

Low productivity
Lack of skills
'Poor' economic policies
Economic shocks
Terms of trade
Technological backwardness/lack of R&D
Globalisation

Political

Bad governance
Insecurity
Violent conflict
Domination by regional/global superpowers
Globalisation

Social

Discrimination (gender, age, ethnicity, caste, race, impairment)
High fertility and dependency ratios
Poor health and HIV/AIDS
Inequality
Lack of trust/social capital
Culture of poverty

Environmental

Low quality natural resources
Environmental degradation
Disasters (floods, drought, earthquake etc)
Remoteness and lack of access
Propensity for disease ('the Tropics')

Partners against poverty



CPRC Director David Hulme
University of Manchester



Charles Lwanga Ntale,
Development Research
and Training, Uganda



Indra Tudawe, Institute of
Policy Studies, Sri Lanka



Cobus de Swardt, UWC,
South Africa

PHOTOS: SCF

CPRC partners – academics, researchers and NGOs – came together with policy makers, media and diplomats for the London launch of CPRC on 4 February 2002. Presentations covered many of the emerging issues related to chronic poverty, including inequality, particularly income distribution between and within countries; gender; the focus of support on rural poverty in an urbanising world; age, including child poverty, especially related to HIV/AIDS, and the vulnerability of the increasing numbers of older people; and disability. Below are highlights from the Indian and South African presentations.

Aasha Mehta, of the Indian Institute of Public Administration, told the meeting that although the poverty is declining in India, one third of the population – that is around 300 million people – still subsist below the poverty line.

Roughly half of these people are entrenched in long-term poverty. About 130 million people suffer chronic poverty in the severity sense, that is they have incomes less than 75% of the poverty line. And there is clear concentration of severe poverty in seven regions of rural India, which could be called spatial, or geographical poverty traps.

In-depth research is proposed to track 50 households in eight locations in India over time, in order to start distinguishing chronic, long-duration poverty from transient poverty.

Two thirds of those living in poverty in India are undernourished. On average 5% of rural households and 2% of urban households cannot access two square meals a day. However, in rural households in Orissa, the figure is 15%. 'Starvation-related deaths do occur despite the accumulation of 50 million tons of food grains in the government stores. We therefore have clear state failure and market failure, and in addition, we have situations in which shocks such as chronic illness, globalisation or crop failure, drive people into extreme poverty, debt, starvation and despair. There have been cases of suicide being used as an exit route.

'Last year, we had a spate of suicides by power loom weavers in Sircilla, Andhra Pradesh. One example is a 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 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.'

In South Africa, 18-24% of all households are living in chronic poverty – that is, they have been living below the poverty line for at least five years. Cobus de Swardt, of the University of the Western Cape's Programme for Land and Agrarian Studies, says research indicates that transition into and out of poverty is linked to employment. This is partly the result of apartheid policy, which destroyed rural employment to get cheap labour for industry, but De Swardt warns: 'The tremendous gains made during the 1990s will fade in significance very quickly if we fail to address poverty in general and chronic poverty in particular.'

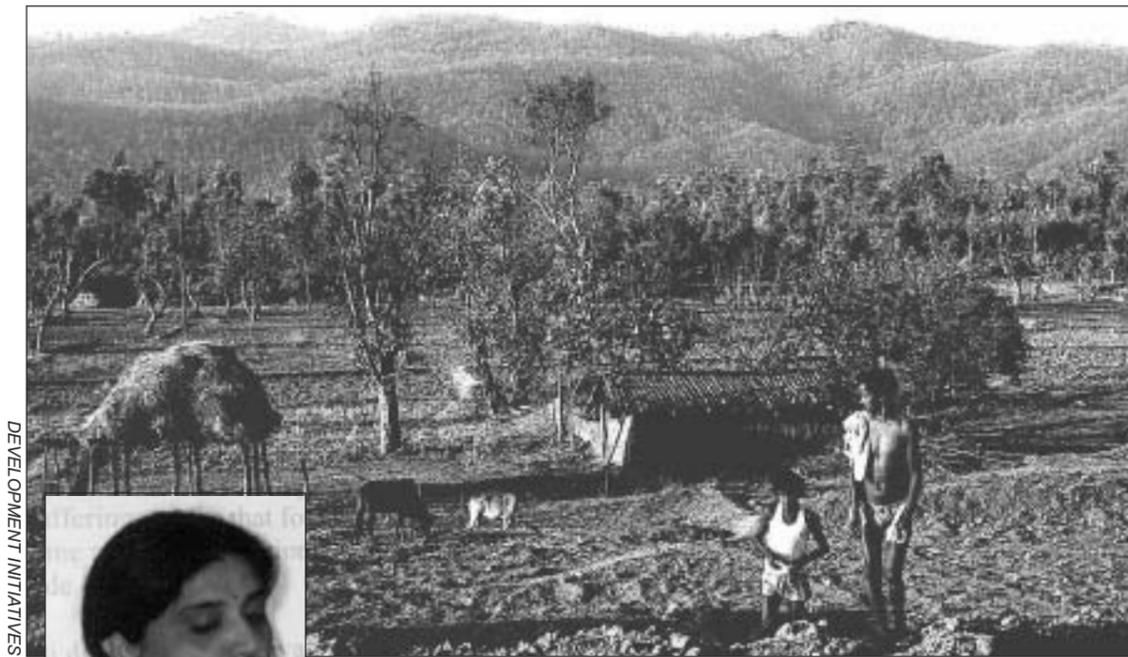
Distinguishing between chronic and transitory poverty is critical, he says, because the severity of poverty has less impact on the ability of a household to escape from poverty over time than is generally assumed. South Africa is the third most unequal society in the world, after Brazil and Guatemala. 'This inequality engenders the misleading perception that most of South Africa's poor are chronically poor and that severity of poverty is an indication of duration of poverty.'

Taking unemployment as a measure of duration of poverty, 69% of unemployed people have been without an income for more than one year and 41% for more than three years.

More than 50% of unemployed people live in households where no one is earning. 'This underlines the immediate need for social transfers to the unemployed as well as long-

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Above, father and son at the family home in a remote tribal area on India's Bihar/Madhya Pradesh border. Left, Aasha Mehta, describing the poverty traps of rural India.

term integration into productive activities on a scale way beyond the normal capacities of market forces.'

The social security system is the largest anti-poverty instrument in South Africa in terms of spending but take-up is low and at least 40% of the 10 million poorest people don't even qualify for benefits.

Key to sustainable poverty reduction is how the country addresses HIV/AIDS. Without treatment AIDS deaths will reach at least six million by 2010; in the same period, AIDS will increase the overall percentage of chronically impoverished households to above 30%.

CPRC will be aiming to influence policy on poverty eradication across a whole range of sectors internationally. Among the policy changes it would like to see to benefit those living in chronic poverty are:

- Universal basic social security measures;
- More focus on meeting demand for basic services such as health and education, as opposed to supply, and on removing barriers that keep demand low among those in greatest need;
- Greater attention to protecting wages when formulating labour market policies, for example in the poverty reduction strategy papers (PRSPs);
- Greater commitment to education for all;
- Measures to increase social mobility.

In devising strategies to achieve such goals, David Hulme promises: 'CPRC will get away from the over-emphasis on what policy can do and look at the agency and strategy of people living in poverty.' That is, it will highlight and support the efforts of people living in chronic poverty to survive and to work their way out of poverty in the face of multiple disadvantage.

Desktop research? Below, researcher Rajaswary visits a remote rural area to get a better understanding of the forces that keep people in poverty.



DEVELOPMENT INITIATIVES

Choosing the right tools for the job

Poverty is complex and multi-dimensional. So research approaches need to be able to capture the full picture – drawing on different disciplines, mixing quantitative, qualitative and participatory methods. Which mix will produce rigorous, policy relevant and ethical research on chronic poverty?

To help answer this question, a Chronic Poverty Research 'Toolbox' is available on www.chronicpoverty.org. The Toolbox provides a guide to methods, their strengths and weaknesses in different situations and a set of links to resources where researchers can explore methodological tools in more detail. It includes sections on designing appropriate research, combining different methodologies, collecting and analysing data, writing up and disseminating findings.

Often, the nature of chronic poverty has a bearing on the research approach chosen. People in the target group are likely to be disadvantaged in many ways, not easily accessible and unused to being consulted. Research should be careful to respect their circumstances and not assume their participation. Interviews, for instance, should be conducted in a way that is culturally appropriate and convenient for interviewees.

Research does not take place in a vacuum and the Toolbox discusses the critical issues researchers face. These include the ethics of research with children and young people, for example balancing the right of children to participate with the need to protect them.

worth repeating...worth repeating...

'If donors were to just give their funding as handouts to the poorest of the poor instead of entrusting us with the funds, this would possibly save 800 lives per year.

'That's 3 to 4 lives per working day in direct proportion to project spending. I remind myself of this daily on arriving at the office. Our work has to at the very least do better than that.'

Cobus de Swardt, University of the Western Cape, speaking at the London launch of the CPRC

Counting the uncounted

Paris21 – Partnerships in Statistics for Development in the 21st Century – was formed to address the fact there was inadequate data to monitor the International Development Targets (IDTs) and Poverty Reduction Strategy Papers (PRSPs).

Mary Strode, a statistician with Paris21, says 48 indicators were developed to monitor the targets – now known as the Millennium Development Goals (MDGs). On current aid trajectories, it is unlikely these goals will be achieved, particularly in Africa. But how will we know who is being reached by poverty reduction programmes and who is benefiting? The MDGs still use income as a measure of poverty and Strode says 'income is the most difficult thing to measure among the poorest of the poor, who survive on gifts, begging, scavenging.'

Another stumbling block to measuring

progress is the way that statistics often completely exclude those who are most vulnerable.

Addressing the question of 'who we don't count', Strode points out that even the census, the most inclusive statistical tool, doesn't usually cover homeless people.

'The household unit is an impediment in counting the chronically poor. We tend to include people in communities, in households, families and usually household heads. Disabled people are often left out or missed, along with unwanted relatives. It is also difficult to contact people in war zones, in remote areas, in areas where people are moving, [and where] enumerators are poorly trained and under-resourced... Children and non-household heads are often not counted (the more children there are, the more difficult the job of the enumerator). We also miss the rich – they don't want to participate in income/expenditure surveys.'



Mary Strode, of Paris21, speaking at the Chronic Poverty Seminar in February 2002.

There is not much information on who is not counted. Strode says: 'If the uncounted don't appear in the baseline data, they probably won't appear in future monitoring. If they do, if we include coverage of the poorest in our statistics, it could lead to an apparent decline in achievement, we'll have more people living in poverty!'

Strode's advice is that we need more targeted studies but that statisticians will need guidance on how to include the poorest and that they are not yet familiar with the term 'chronic poverty'.

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Remote, rural and trapped in poverty

Remote rural areas often contain concentrations of people trapped in poverty. In areas with low levels of physical, social and human capital, one household's poverty reinforces another's. Out-migration leaves behind insecure, residual populations with little chance of improving their conditions.

People living in remote rural areas have to cope with high levels of risk in the form of ill health or injury, natural disaster, harvest failure, terms of trade deterioration, reduced access to work or vulnerability to violence and conflict. Risk degrades assets, impoverishes the most vulnerable and, where the density of poor and risk-prone households is high, prevents neighbouring households from climbing out of poverty.

A significant proportion of such remote rural households live in chronic poverty. Data from Uganda's National Household Survey panel show that while 61% of urban households who were poor in 1992 had moved out of poverty by 1996, only 39% of rural households had done the same. Sample data from Bangladesh, India and South Africa suggest the same.

While access to natural resources may be less of a problem in some remote rural areas, access to information, opportunities and connections goes a long way to explain persistent poverty. Those in chronic poverty in remote areas may be less attractive constituents for institutional party politics; their poverty is difficult and expensive to deal with

and substantial additional government capacity may be needed to achieve the same standards of public service as in more connected areas.

Remoteness is a key factor explaining concentrations of rural poverty in Africa: it limits access to markets, increases the price of inputs and makes both economic and social services less accessible. Households in Tanzania for instance, living within 100 metres of a gravel road, passable 12 months a year and with a bus service, earn about a third more per capita than the rural average.

The prevalence of chronic poverty in remote rural areas was also evident in a study from Vietnam, in which 4272 households (17 322 people) were surveyed twice, in 1993 and again in 1998. In rural Vietnam, stunting is highest and most persistent in midland and mountainous areas – the regions most poorly served by transportation. This survey is useful for an understanding of chronic poverty because it allows comparison of monetary and nutritional indicators of poverty among adults, and other non-monetary indicators, such as school enrolments and height for age among children.

See www.chronicpoverty.org for Working Papers *Chronic Poverty and Remote Rural Areas*, and *Do monetary and non-monetary indicators tell the same story about chronic poverty? A study of Vietnam in the 1990s*.

Understanding exclusion

'In the past I brought up my children, managed to have my own house, and to send my children to school. Now I bring up my grandchildren, send them to school, to health services when they are ill, and feed the family on the pension I receive. Nothing in my life has changed.'

Older woman in South Africa

'Many older women and men, despite their best efforts, end their lives in chronic poverty'.

Older people contribute to family well-being through their work and their roles as household caregivers but they are often left out of social and political decision-making. The capacities of older people are overlooked. So is the violence, abuse, neglect and abandonment that are, for many, part of the experience of being old.

Whether people find themselves in poverty in later life often depends on gender and whether they can maintain some independence. Maintaining social relationships is also vital because, as Helpage International (HAI) point out in their new report, *State of the World's Older People 2002*, 'the key definition of poverty coming from older people is exclusion'.

Poverty in later life is both a function and

cause of inter-generational poverty. Denying older people the right to development cuts at the heart of global commitments to poverty reduction. Ignoring older people's capacities – for example their role in sustaining families through the HIV/AIDS pandemic – also wastes a major resource in the fight against poverty.

The numbers of older people are growing faster than the numbers of children, even taking account of HIV/AIDS. The proportion of older people in developing countries will rise from 8% to 19% by 2050 – as the

proportion of children falls from 33% to 22%. The policy implications of this shift are huge, but HAI argue that ageing is not yet being adequately built into the poverty policy agenda.

The MDGs are more relevant to older people than their predecessors, the International Development Targets (IDTs), because they give greater attention to hunger and sanitation. But neither set of targets considers social exclusion, which, for older people especially, is a key aspect of chronic poverty.

Just as older people and people with disabilities are routinely excluded from participation in the development process, the exclusion of children is a seriously neglected issue. The Centre for Research and Policy on Childhood Poverty (CHIP) is a sub-centre of CPRC dedicated to promoting more effective policy to tackle childhood poverty. The impact of chronic poverty on children will feature in coming issues of *Chronic Poverty Update*.

1. *State of the World's Older People 2002*. HAI. April 2002. See www.helpage.org

'There are no statistics!'

Isaac Nyathi, of Development Services and Initiatives, Zimbabwe, came to the London launch of CPRC to talk about disability statistics and empowerment and was quick to announce 'There are no statistics!'

He said 'The generalisation of methods used to understand and eradicate poverty means disabled people largely remain invisible.'

The situation of disabled people in developing countries is still characterised by both severe and chronic poverty, and dependence. 'Very few organisations running poverty eradication programmes would claim they fully cater for the interests of disabled people; attitudes have not changed much...Disabled people are the poorest of all marginalised groups in developing countries.'

Nyathi appealed for research to be conducted into the situation of disabled people among those living in poverty. This was especially needed where people with disabilities theoretically enjoy access to services that could improve their quality of life but still face barriers. For example, Zimbabwe and many other countries promise free universal education but lack of a wheelchair or other resources keeps many out. Nyathi challenged that 'Any information that does not include disabled persons is inadequate.'

ADD



Left, John Iddi working as an election observer in Tamale for the Ghanaian national elections in 2000. He is regional chair of the Ghana Society of Physically Disabled (GSPD). As with older people, those with disabilities are often excluded from political participation and their contributions and needs overlooked.

Chronic poverty conference

An international conference, **Staying Poor: chronic poverty and development policy**, is being hosted by the Institute for Development Policy and Management, University of Manchester, from 7-9 April, 2003.

The conference is for researchers, policy advocates/analysts and development practitioners who seek to make poverty reduction policies and actions (especially those to assist those living in chronic poverty) more effective.

Keynote Speakers include Fazle Abed, BRAC, Bangladesh; Raghav Gaiha, University of Delhi; Julian May, University of Natal; Martin Ravallion, World Bank; Frances Stewart, University of Oxford. Speakers to be confirmed include Rt. Hon Clare Short MP UK Secretary of State for International Development, and Gerald Ssendaula, Minister of Finance, Uganda.

Papers are invited and there will also be an opportunity for participants to convene a sub-group on specialised themes. The deadline for the receipt of titles with abstracts (maximum 250 words) is 2 December 2002 and the deadline for the receipt of papers is 28 February 2003.

Conference themes and booking information are available on the website. For further details, or to discuss a paper, please contact the convenors: David Hulme, Institute for Development Policy and Management (IDPM), University of Manchester, at david.hulme@man.ac.uk or Andrew Shepherd, Overseas Development Institute, at a.shepherd@odi.org.uk

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place in selected areas with panel studies of 300 - 400 households repeated at two yearly intervals. As well as poverty indicators, these will explore the ways that farm workers are incorporated into the economy, who benefits from the rural economy, spatial networks – rural and rural-urban – and issues around gender and power.

In **Lesotho**, 400 households last interviewed in 1993, are being revisited. The original survey focused on the socio-economic status of the households. In 2002, people will be asked about shocks (illness, drought, loss of livelihood) over the past nine years and more details on the life histories of children in the household. The survey results will help to show the extent to which poverty in Lesotho is persistent and inter-generational, and to examine what has helped some households climb out of poverty while others continue to suffer.

The **Childhood Poverty Research and Policy Centre** has been reviewing PRSP approaches to vulnerability and social protection. Social protection issues were discussed explicitly in around two-thirds of the 23 PRSP and I-PRSP papers examined. Even in these, there was little evidence of coordinated policy to promote the development and inclusion of the poorest and most marginalised groups, despite the poor record of general development efforts in alleviating chronic and extreme poverty. In particular the research found little evidence of strategies that link social protection with poor people's capacity to benefit from economic growth.

In **Uganda**, community-based research is answering questions about who is advantaged or disadvantaged by particular policies. For instance, in a small fishing community, policy is having a negative impact on the women who do most of the fish smoking. Meanwhile, policy is bypassing children living in poverty and orphaned by HIV/AIDS. Many policies are not only irrelevant to specific categories of people in chronic poverty but may aggravate their situation.

Still financing for *under* development

Alongside the resources developing countries allocate to social development and poverty reduction, official development assistance (ODA) is the only global resource focussed on meeting the Millennium Development Goals (MDGs).

Despite a series of UN Conferences during the 1990s which attempted to tackle some of the problems faced by people living in chronic poverty – the 1992 Rio Conference on Environment and Development, the 1994 Beijing Women's Meeting, the 1995 Social Summit – the ODA provided by members of the OECD's Development Assistance Committee (DAC) actually declined almost 12% over the decade.

Against the background of doubts that the MDGs can be met, the March 2002 Financing for Development Meeting (FfD) and the September 2002 World Summit for Sustainable Development (WSSD) are key indicators of global commitment to poverty reduction. FfD did result in some new promises on aid. The European Union proposed to

increase ODA to an average of 0.39% GNP by 2006 from its current level of 0.33% GNP. An extra £1.5 billion of spending will bring UK aid to 0.4% of GNP by 2005/6. The USA will add US\$5 billion a year to its aid spending between 2004 to 2006. However, these measures will not restore ODA to the real-terms levels of a decade ago. Nor will they result in the doubling of aid necessary for the target of halving the proportion of people living in poverty by 2015 to be achieved.

As things stand, there is an annual shortfall of US\$35 billion between estimates of aid required to meet the MDGs and what was pledged at FfD. At the 1995 Social Summit, world leaders agreed for the first time that poverty eradication was possible. But with the current global development policy and financing framework, the probability is that chronic poverty will blight the lives of at least a billion people for at least another generation.

For references and analysis of all these issues, visit www.chronicpoverty.org/aid

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