

***ADDRESSING INEQUALITIES***

**The Heart of the Post-2015 Development Agenda and the Future We Want for All**  
*Global Thematic Consultation*

**What has happened to the poorest 50%?**

1<sup>st</sup> draft

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## Summary

The evidence we have on chronic poverty and the fortunes of the poorest people suggests that a significant proportion of the poor, between one quarter and one half, are chronically poor in low and lower middle income countries and this proportion of the poor in 2000 could plausibly still be poor today. This paper analyses some of the reasons behind the persistence of poverty. The data on poverty dynamics are restricted to only a few countries therefore this paper also explores the changing fortunes of the poorest quintile of the population between the 1990s and the 2000s from 33 Demographic and Health Surveys, concluding that significantly greater benefits (and fewer losses) from development across a range of indicators have gone to the second and third quintiles. This evidence shows that the poorest have indeed lost out in absolute progress, meaning they have not seen the same total amount of benefits as accrued by other wealth groups. The poorest have also lost more land and marry earlier in relative terms, meaning that even when we control for the initial state of the poorest in the 1990's, their rate of progress is lagging behind that of other quintiles. Policies to equalize the benefits of development are wide ranging and often context specific, many of them are not amenable to international goals and targets and they require positive political change and supportive change in social values.

## Part A: the evidence

The guiding hypotheses for the first half of this paper are:

- A high proportion of those who were poor up to 2000 were also still poor up to the present day despite intervening economic growth and human development improvements. This suggests that the current policy focus on growth and selected aspects of human development is not enough.

To this were added three supplementary hypotheses.

- The prospects of many of the children in the poorest households around 2000 were better than the prospects of the children of the poor around 2010 suggesting that these poorest households have not benefited from improvements.
- The opportunities open to the poorest women are worse today than they were in 2000, despite reductions in gender disparity in education. Has gender inequality widened as a result of the deterioration of opportunity?
- Real wages of the poorest have barely improved since 2000. This captures the effects of food prices as well as wage movements.

Two sources of evidence are used: the Demographic and Health Surveys for 33 countries with surveys during the 1990s and 2000s, more or less than 10 years apart, using the most recent available survey as the end point; and 16 panel data surveys<sup>i</sup>. While panel data provide the 'Rolls Royce' answer, there are few available household surveys with panels, and few with data points later than 2006/7. So although the DHS does not track the same households in the way that panel data does, it does enable tracking the aggregate fortunes of the bottom quintile over time.

The first point to be made loud and clear is that there is a great need for more investment in panel data so that the fortunes of different groups of people or households can be tracked. To understand poverty and wellbeing dynamics, there is no need for expensive and impractical annual panel data (as in a number of current World Bank projects): every few years is quite enough (5 or more for example). This is an urgent project the international community can really invest in and help change in the next two years, so that by 2015 the world has a much better base for monitoring the progress made by particular groups of people.

### **Evidence on the persistence of poverty from panel data**

***Between a quarter and a half (in most cases closer to a half) of the poor (or rural poor) were chronically poor over the time periods covered.***

In answering this question there are significant data limitations. Table 1 summarises what we know from secondary sources about mobility in and out of poverty and chronic poverty over this period.<sup>ii</sup> The chronically poor are defined as poor in both periods of a panel survey. There are potentially more sophisticated measures,<sup>iii</sup> but here we will use this intuitive measure. In all

cases with data the chronically poor were at least 10% of the population. In most countries they were a significant proportion of the poor, varying from over one fifth to over half; thus a significant group among the poor. It is possible that those who were poor in 2005 or 2007 *may* not still be poor today and may have also experienced spells of non-poverty between survey dates, but these figures are the best indicative measure of chronic poverty levels available for these countries.

Surveys which have disaggregated poverty dynamics by investigating whether the underlying pattern is structural (based on assets and therefore likely to be sustained) or stochastic (and therefore more likely to vary over time) suggest that a large proportion of both chronic poverty and impoverishment (becoming poor) is in fact structural.<sup>iv</sup> If chronic poverty in other countries is also structural in this sense it would suggest that the estimates of chronic poverty in table 1 are unlikely to have changed significantly in more recent years. There are other interpretations of 'structural poverty' involving economic and social structures which also suggest that at least some proportion of the poor are unable to find exit routes because of their socio-economic background and the discrimination they face in labour markets and other institutions, in combination with the limited employment and additional opportunities generated by particular models of economic and social development for the poorest people.

The table further suggests that there are varied mobility patterns. Some of today's poor have been poor for a long time and are very poor. However, we also know that a significant proportion also became poor as a result of particular sets of events and the risks of descent-inducing events appear to be increasing.<sup>v</sup> **Impoverishment is often as or nearly as widespread as escaping poverty** - even sometimes where poverty and chronic poverty are reducing rapidly - which is something to bear in mind when scanning one-point-in-time measures of poverty. **Preventing future poverty plays little part in the current MDGs and yet should be central to poverty eradication.** Measures to reduce vulnerability are critical whether this is on a large scale - reducing the threat of conflict or the impacts of weather variability for example - or focused on individual vulnerability - such as social protection to provide a buffer against shocks especially to people who have none or few. While it is possible to propose a goal or target on reducing vulnerability, the choice of how to protect poor and vulnerable people is very political and context-specific.

Within countries there may also be significant variation in mobility patterns, in this case across states and even (sub-state) regions, and distinct reasons for mobility. This is certainly the case in India where it has been argued that there is a need for sub-state policies on eradicating poverty since even the state level is too aggregated.<sup>vi</sup> This suggests that **context specific analysis and equally defined policy measures will be critical in eradicating poverty** since the standard uniform approach derived from setting international goals, and especially *targets*, will not work well. For example, while shocks are often important determinants of mobility, which shocks are important varies significantly across countries. Even economic growth does not uniformly improve mobility patterns across the poverty line, although agricultural growth is closely associated with poverty reduction. All of this is added justification for the international community to invest in greater capacity for national level data and policy analysis.

Table 1: Chronic poverty and poverty dynamics (%s non-comparable between countries – based on national poverty lines)

Country (panel wave dates)	% pop. below national poverty line (year)	% pop. chronically poor	% rural pop. chronically poor	% urban pop. chronically poor	% poor escaping poverty	% non-poor entering poverty
Rural Bangladesh (1987/8-2000)	58.7 (92) 52.3 (00)	31			26	18
Bangladesh (1996-2007)	50.1(96) 40.0 (05)		12		50	2
Rural Burkina Faso (2001 - 2007)	65.5 (03) 52.6 (09)		22		13	22
Ethiopia (1994 - 2004)	45.5 (95) 38.9 (05)		10		25	10
Rural India (1981/2 - 1998/9)			23		18	20
Rural India (1993/4 - 2004/5)	50.1 (94) 41.8 (05)		18		18	22
Kenya (1997 - 2007)	52.3 (98) 12.7 (07)	11	(all 4 waves) 19		6.7	30.3
Kenya (2000 - 2009)	52.3 (97) 45.9 (05)		(all 3 waves) 34		13	20
Nepal (1995/6 - 2003/4)	41.8 (96) 30.9 (04)	20			14	13
Rural Sindh, Pakistan (1987/8 - 2004/5)			41		13	29
Senegal (2006 - 2008)	50.8 (05)	46	75	31	17	30
KwaZulu-Natal, South Africa (1993 - 1998)		22			11	19
KwaZulu-Natal, South Africa (1998 - 2004)		28			19	15
Uganda (1992/3 - 1999/00)	56.4 (92) 33.8 (99)	20			29	11
Uganda (2005/6 - 2010/11)	31.1 (05) 24.5 (09)	10				
Vietnam (2002 - 2006)	28.9 (02) 16.0 (06)	11.9			17	4

Sources: World Bank PovcalNet; and see Reference list

Perhaps surprisingly then, there *are* in fact commonalities across many of these surveys. The following observations derive from a relatively consistent set of analyses across 6 countries.<sup>vii</sup>

**The chronically poor consistently have significantly less schooling and physical assets than the never poor, and also frequently compared to those escaping poverty.** While human capital has been central to the MDGs, opportunities to accumulate physical assets (especially land but also livestock), and their protection has not. A household's starting portfolio of assets is almost always a strong influence on whether or not it escapes poverty and changes in assets are also often (if not always) strongly correlated with mobility patterns; so low assets is a good predictor of chronic, if not transient poverty.

**Not completing primary education is almost always a feature of chronically poor household heads, and the number of literate adults often features too.** Although the level of education required to stay out of poverty varies both across countries and time, primary education is tends to be a minimum requirement for escaping chronic poverty. The MDGs have rightly focused attention on children's education; but much stronger efforts on adult and 'second chance' education could also have borne fruit. The degree of focus on primary education alone has been excessive since escaping poverty and bringing a household out of poverty typically requires more than primary completion. This may be especially the case where nonfarm employment and migration offers the main route out of poverty. Education offers an example of the distortions which international targetry can create.

**Demographics, household size and changes in household size – the addition of children in particular - feature as highly correlated with chronic poverty across surveys.** In the poorest countries the life cycle remains an important determinant of poverty dynamics, with additional children preventing households headed by younger people especially from escaping poverty. After a big tussle the MDGs in 2000 finally excluded sexual and reproductive health<sup>viii</sup> and although this was put back in the form of a universal target in 2005, progress has been slow with services inadequate, underfunded, and exclusionary; especially but not only in Africa where 'one in four women who wish to delay or stop childbearing is not using any family planning method'.<sup>ix</sup>

**Illness related expenses commonly impoverish – with very big losses of productive assets recorded.** While improving health services and making them free at the point of delivery has been at the heart of much anti-poverty policy during the MDG period, if not the MDGs themselves.<sup>x</sup> Striving to satisfy social norms also commonly impoverishes – dowry related expenses in South Asia, funeral or wedding expenses elsewhere, the treatment of separated, divorced or widowed women- the excessive consumption of alcohol or other addictive substances; and such socio-cultural issues are of course highly context specific and not amenable to international goals and targets. Other community level shocks such as weather, conflict, and political crisis are context specific too, and some have increased frequency.

**Ethnic or other minorities often experience poverty more deeply and persistently.** They often inhabit 'adverse geographies', less well integrated economically and politically. They experience discrimination in labour markets, education and other institutions. Measures against discrimination do not always work well or take a long time to work. Such groups are

often highly vulnerable, with few buffers in terms of assets or networks to enable coping with shocks. In the post-2015 framework such intersecting inequalities need to be taken into account if poverty and extreme deprivation are to be eradicated.<sup>xi</sup>

To conclude this brief survey, there are powerful drivers of chronic poverty and poverty dynamics which are and also some which are not included in the current MDG framework. These include: structural micro-economic and cultural drivers; discrimination and political relationships; and the nature of the state and governance processes. These three types of drivers are present in different combinations in different countries. Space limits the exploration of these here, but they are addressed in Shepherd and Scott (2011).<sup>xii</sup>

Few of these are really amenable to stating as international targets, however. This suggests that in the post-2015 framework countries need a lot of scope to decide priorities to eradicate poverty for themselves. One way of doing this is to set one (preferably – for simplicity and focus sake) or more international goals (eg ‘eradicate extreme poverty and deprivation), with accompanying indicators which could be suggestive of actions (for example on asset accumulation); but leave countries to set their own targets. This would avoid the distortion inherent in setting international targets. To support this, it is clear that the best poverty eradication strategies are where there is a strong national political or nation building project.<sup>xiii</sup>

International support for such political and policy ‘projects’ should be a key aspect of the framework. Where there is no national political project to guide efforts to poverty eradication, for example, in fragile states, the international community will understandably want to play a stronger role as development partners in supporting peace and state building and finding a new progressive political settlement. The evidence suggests they need to do this in a more organised way than has occurred in the past.<sup>xiv</sup> Discrimination and structural poverty means that the challenge of poverty eradication is as much about tackling inequalities in society as it is one of targeting the poor. This is illustrated in the analysis of the changing (or rather relatively unchanging) fortunes of the poorest people in the next section.

#### **Evidence on the changing situation of the poorest from analysis over two points in time between 1990s and 2000s<sup>xv</sup>**

***The poorest quintile in the 2000s has been catching up with where the median quintile was in the 1990s across most indicators but their trajectory away from deprivation has been slower than the next two quintiles; inequalities are greater today on most indicators explored.***

We know that severely poor people are unlikely to escape poverty at least in agrarian societies, indicating that severe poverty is a good initial proxy for chronic poverty (though there are many chronically poor people who are not severely poor, in addition to those who are).<sup>xvi</sup> The DHS does not measure severe poverty but it does divide its samples into wealth or asset quintiles. Looking at the lowest quintile will give some indication of the conditions of the poorest, particularly in the earliest surveys. Panel data from low and lower-middle income countries shows that the chronically poor tend to make-up one quarter to one half the populations in these countries. It is therefore reasonable to assume that in low and lower-middle income

countries at least the bottom quintile represents the severely poor. In referring back to table 1 it is evident that the proportion of chronically poor people as a percentage of the population has tended to be greater than 20% for these countries (in most cases greater than the bottom quintile of the population). Eight of these panel studies are also included in the DHS sample. Table 2 compares these countries' chronic poverty figures and shows that at a minimum the lowest quintile measured by these DHS surveys is capturing the population living on less than one dollar a day in the 1990's, and in most cases this quintile captures the severely poor (living on less than \$0.75 per day). This latter conservative estimate of income-based chronic poverty has a median headcount of 21.09% of the populations in the countries under observation for this paper in their respective baseline time periods. It is therefore reasonable to expect that the bottom wealth quintile represented in the DHS surveys serves as a relatively good proxy for chronic poverty.

Most figures presented in the following analysis will make use of comparisons between the poorest quintile and the third quintile (or median quintile). Some measures of inequality instead compare outcomes between the lowest end of a distribution to the highest end (the 5<sup>th</sup> quintile in this case). This paper has opted to analyse figures in a manner which compares outcomes for the poorest individuals and households to their country averages since this not only minimizes long upper tails in these distributions (caused by a few wealthy individuals for example) but also because bringing progress for the poorest up to meet rates of progress seen for the median wealth group seems a more appropriate goal than comparing their progress to the wealthiest households.

*Table 2: Chronically poor, severely poor and extremely poor in DHS/panel overlapping countries*

Country (DHS baseline year)	Chronically poor (% poor in at least 2 panel waves)	Severely poor (% below \$0.75/day)	Extremely poor (% below \$1.00/day)	Extremely poor (% below \$1.25/day)
Bangladesh (93)	31	22.93	45.19	63.17
Burkina Faso (93)		47.04	61.05	70.6
Ethiopia (99)		15.14	35.93	55.17
India (93)		12.3	33.25	52.82
Kenya (93)	11	15.6	25.12	34.21
Nepal (96)	20	32.21	52.43	67.97
Pakistan (90)		25.76	45.64	61.92
Uganda (96)	10 to 20	38.46	50.19	64.39

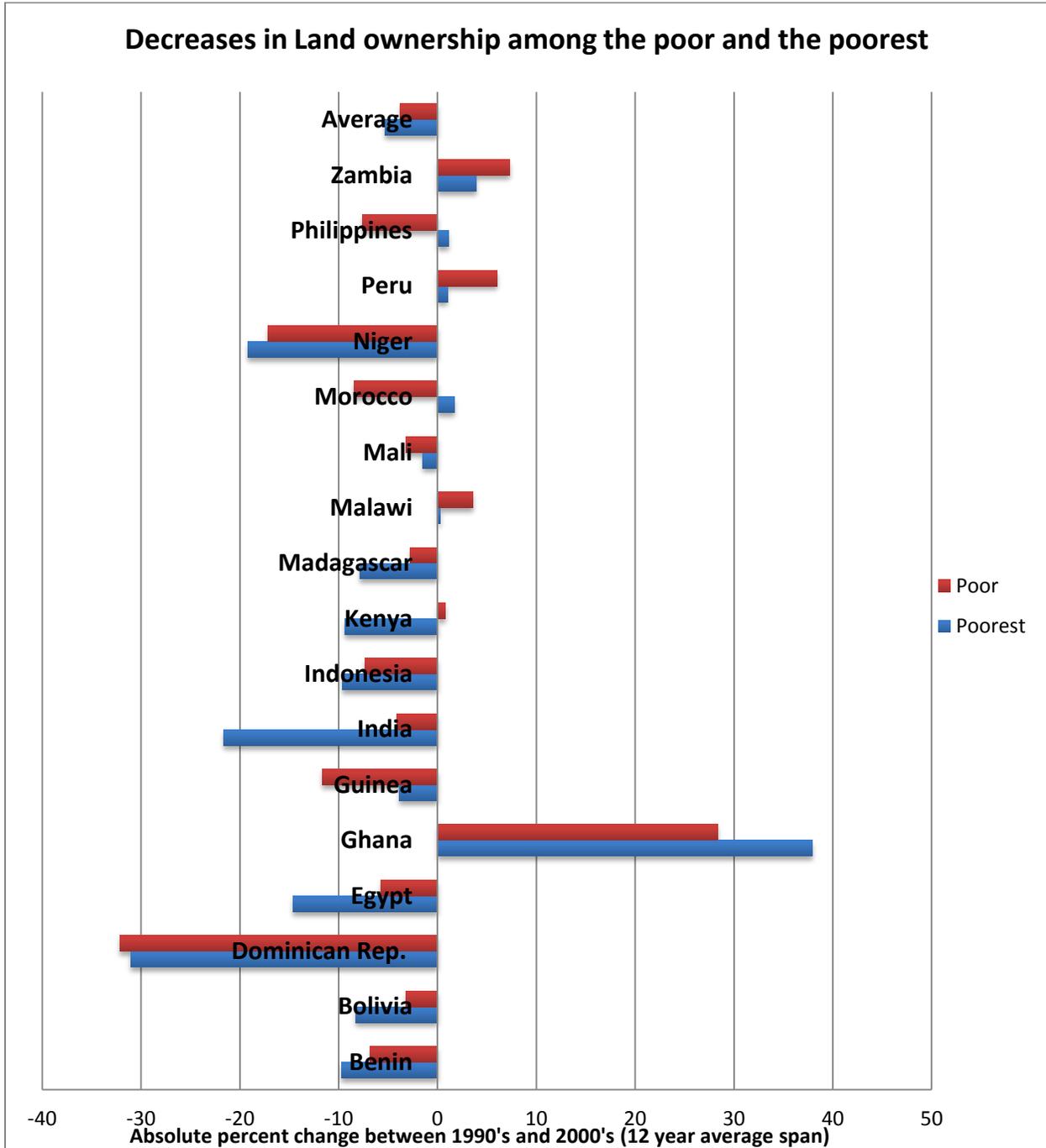
Source: [Secondary panel data analysis \( \)](#); World Bank PovcalNet

## Land

**Land assets, that is land owned by individuals or held by their families, is severely diminishing across all observed income groups, but particularly among the poorest.** Between the 1990s

and the 2000s the relative ownership of land assets in observed countries fell by 7.3% among the poorest wealth quintile, while at the median this decline was 5.5%.<sup>xvii</sup> In absolute terms these findings suggest that in the 2000's 5.3% fewer poor households owned land than in the 1990's, a staggering decline over an average 12 year span.

Figure 1: Relative decreases in land assets among the poor and poorest



Source: Authors' calculations based on DHS household survey data

Amidst this shift in land ownership away from the poorest households, agricultural wages have seen significant declines in Latin American, marginal increases in Africa and some significant increases in select Asian countries.<sup>xviii</sup> Agricultural wage trends do not suggest however, that much relief from land losses is being generated from the farm labor market. Given the importance of land as a buffer against shocks, not to mention land's significance as a productive resource and what we know about the impoverishing effects of losing it, losing land is a critical indicator of distress.

### Education

**The poorest women have gained less from increases in educational attainment than the average women.** Although the poorest women have seen significant relative increases in education, attaining an average of 10.5% more education between the 1990's and the 2000's (moving from 1.43 to 2.2 years), in absolute terms their gains have been less than the average since over the same time span the median wealth quintile were receiving 1.81 more years of education, bringing them up to 4.63 years of education. The gap between levels of education among the poorest women as compared to women in the median wealth quintile has therefore increased from a difference of 1.31 years of schooling to 2.43 years. Inequality within women's education is therefore increasing.

Given the importance of staying in school for escaping poverty, and breaking the cycle of inter-generational transmission,<sup>xix</sup> it is clear that today's poorest women are losing out massively: they need to be catching up with the median if they are to compete for decent jobs rather than falling further behind.

### Early marriage

**The gap between the average ages of the poorest girls marrying compared to the median wealth quintile is increasing significantly.** In the 1990's the poorest girls married 0.46 years earlier than the average while in the 2000's they were marrying 0.72 years earlier. In fact, seven of the countries sampled saw girls marrying younger in the 2000's than in the 1990's (Benin, Bolivia, Cambodia, Guinea, Pakistan). Among those countries with girls marrying younger, some were among the lowest average age of marriage to begin with, such as Guinea (15.8 years in 1999), and many of those countries with the youngest girls marrying later saw only marginal increases in the age of marriage over the time period (India's average age increased from 15.6 to 15.9, and Bangladesh from 13.9 to 14.4, both over a 13 year span). **Only two out of thirty three countries had really significant positive change: Côte d'Ivoire and Mozambique.**

Later marriage has been widely associated with greater wellbeing both for the woman concerned, and also for any children she might have. These findings suggest that many of the poorest families are not participating in the demographic transition. Early marriage is

associated with early child bearing, higher infant mortality, higher overall fertility, inter-generational transmission of poverty, and reduced women's autonomy and agency.

### Women's agency

*The poorest households have fewer women making decisions on household spending. The poorest women in the 2000s were not quite exercising as much financial agency as the average women in their countries were in the 1990s.* On average, more women are gaining some control over household resources such that a greater degree of gender parity in financial decision-making seems an attainable goal in many countries based on current trends. That being said, additional efforts are needed to empower the the poorest women if their progress is to meet the average rate of progress among women in wealthier quintiles. In the 1990s 8.1% of women in the median quintile reported having no agency in financial decision-making while for the poorest women, 9.41% were still reporting having no agency in financial decision-making 12 years later. Particularly alarming is the fact that 5 countries (Bangladesh, Benin, Ethiopia, Mali and Tanzania) saw fewer of the poorest women reporting agency in household resource control in the 2000s than in the 1990s indicating that women's agency is actually declining in these countries

It is widely thought that women's agency in the household is essential to both her wellbeing and that of her children. There is little change in a positive direction evident from this brief analysis for the poorest people and in those cases where women's empowerment appears to be regressing, immediate attention will be necessary to prevent women becoming even more unequal within the household.

**Since the poorest have lost out relatively compared to quintiles two and three on education, age of marriage, and decision-making in the household, this would suggest a general increase in gender inequality is apparent at this end of the distribution.**

### Child mortality

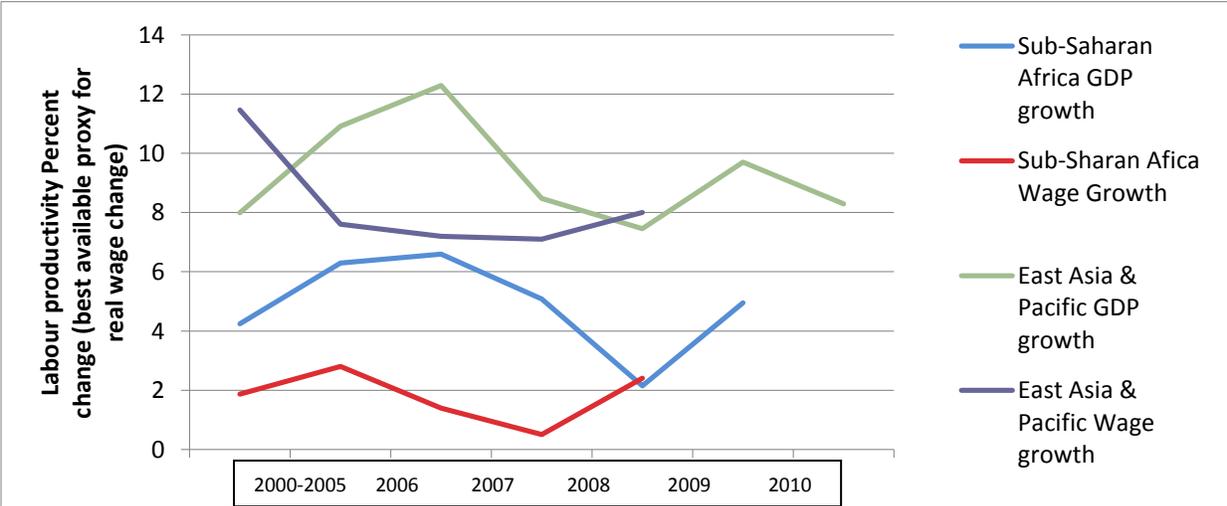
The results on child deaths are better than expected in the sense that it is the only indicator explored here where the poorest households are catching up somewhat with the next quintiles. Mortality among female children has been reduced to 17.2% in the 2000's from 23% in the 1990's, though this progress has only just reached the median wealth quintile's household incidence of female child deaths in the 1990's. Child mortality figures are slightly worse for male children, with 18.7% of households still reporting having a son who has died. In all cases more households reported child deaths in the bottom wealth quintile than the next two quintiles, except Mali, Niger, and Nigeria where the second quintile reported slightly greater rates of child mortality. In all these countries child deaths are particularly prevalent. This shows that while progress is visible among all wealth levels, child mortality is still highly correlated

with asset deprivation. Health and nutrition service provision coupled with child social protection policies will need to be targeted to asset-poor households if child mortality is to be equally minimized among all wealth groups.

Wages

Average incomes are generally rising, but drastic increases in some countries like China, and rapid economic development in some regions (East and South East Asia) tend to present a more encouraging aggregate picture than what lies below the surface. In fact **real wages have been relatively stagnant in most of Sub-Saharan Africa after a period of decline in the 1990s<sup>xx</sup>, and while they have been on the rise in parts of Asia, wages have not moved in line with high rates of economic growth (Figure 2)**. Amidst economic growth, income inequality has also been on the rise, particularly in middle income countries. Among the 75 middle income countries with available data, 30 among them have seen the proportion of national income going to the poorest 20% decline between 1990 and 2010. The median increase of income share to the lowest 20% has been a mere 3% over this same period.<sup>xxi</sup> This suggests that economic growth alone will not ensure rising wages for the poorest.

Figure 2: Economic growth vs labour productivity<sup>xxii</sup> (Sub-Saharan Africa, South East Asia)



Sources: Authors analysis based on estimates from: ILO 2010/2011 Wage Report; World Bank economic growth indicators

## Part B. The politics and policies of addressing chronic poverty and inequality

The reasons for remaining poor go far beyond the characteristics and situation of the poor themselves to focus on societal structures and processes which determine who progresses as well as who does not. Measuring inequality over time (or inequalities across different dimensions – income, health, education, disaggregated by gender and age) and among groups captures aspects of the nature of society and the direction of change. **Developing a political regime that can address inequality** is critical to improving the life chances of the poorest. Inequality across the world is determined by what happens at the top and bottom of the distribution. The middle classes (deciles 5-9) tend to be converging in terms of living standards, while the top and bottom may be diverging both nationally and internationally.<sup>xxiii</sup>

**Measures to reduce inequality** include: more effective and more progressive taxation – the former especially in low income countries with low tax takes, and in middle income countries especially with reference to the wealthiest groups and companies - ; social protection to bring up the minimum standard of life of the poorest and reduce the poverty gap; and specific measures to ensure the poorest people can access health, education and other social and infrastructural services. Box 1 gives the example of how the poorest children can get an education which helps them take their families out of poverty.

### *Box 1 Education – the critical path out of poverty*

A recently published CPAN [policy guide on education](#) is a reminder of how important it is that countries analyse their own situation and set their own goals and targets. This suggests that for the poorest to benefit from investments in education a life cycle approach is necessary. Alongside greatly improved *quality* of primary and post primary education this requires a focus on pre-school provision for poor children, second chances for school drop outs, and job oriented technical training and enhanced apprenticeships. This will be made possible for poor children by social transfers and scholarships as well as the basic public expenditure on education services. Different countries will want to emphasise different parts of this agenda depending on their circumstances.

The nature of the political regime is critical to whether an inclusive political and economic ‘project’ emerges with adequate provision of public goods. The second [Chronic Poverty Report](#) found that movement based political regimes had better policies against chronic poverty than more electorally competitive regimes.<sup>xxiv</sup> The international pre-occupation with democracy will not necessarily be the fastest route to eradicating extreme poverty; there should at least be an open mind about the political systems which will eradicate poverty.

For Africa, this conclusion is reinforced by research from the Africa Power and Politics (APP) programme which has argued that while there are massive challenges in producing political and governance pre-conditions for poverty reduction and economic transformation, it will be necessary to ditch many of the assumptions and approaches of ‘good governance’ reforms to date.<sup>xxv</sup> Its analysis of the political pre-conditions for unlocking the barriers to quality public goods provision in Africa emphasised three issues: coherent sectoral policies and institutions;

clear top down pressure on actors to provide quality services; and an enabling environment for local government to solve collective action problems and adapt solutions at that level. Interestingly, successes did not rely on electoral democracies with strong political competition. Good examples of functioning 'practical hybrid' organisations providing quality public goods were found in Rwanda and Niger as well as the multi-party Ghana.

More broadly, argues the APP, elites need to be willing to participate in finding solutions to collective action problems like the provision of public goods. This is not easy when the political incentives are usually based on providing public goods for a limited constituency rather than for all – the politics of clientelism. While it is possible to do this at sectoral or local level, doing it at national levels is critical for sustained economic transformation. Finding spaces where different elite factions can agree on key policies is critical. This is necessary to ensure that education, promotion of small scale agriculture or the provision of road infrastructure are off limits for political competition, just as conditional cash transfers have been made off limits in Latin America. And beyond that there is merit in constitutions which provide for regionally/ethnically based federalism or which ensure that national political parties must have truly national membership and activities.

What causes regimes to adopt progressive policies? One theory with considerable punch is that they are responses to riots or the threat of destabilisation.<sup>xxvi</sup> However, an analysis of the politics of introducing social protection across a number of countries has suggested that the drivers of this progressive policy are quite varied from response to crisis, through electoral strategy to the business of normal politics. Electoral competition is often a stimulus and clientelist politics does not seem to have been an obstacle. Underlying all of these, social protection has been a response to the deepening pressures of economic liberalisation and in some cases of urbanisation. A wide range of ideological discourses are compatible with social protection ranging from radicalism, through nationalism, to 'liberalisation with a human face'.<sup>xxvii</sup>

### *The changing context and relevant policy measures*

There are several contextual aspects which are critical for the prospects of eradicating poverty. There is a trend to *democracy*. As we have seen, at least for low income countries this may not be vital; other political regimes may deliver better; for middle income countries where poor people are in significant numbers,<sup>xxviii</sup> it should be a critical ingredient where the political class can be disciplined enough to focus on the public interest and investing for the long term and where political competition emerges around eradicating poverty as the leading way of winning elections. For example, the coalition of parties around the Indian Congress Party has won successive elections with a controversial rights based platform, moving from the right to information to the right to employment, education, and in future health and food. Nevertheless this has not extended to reviewing the strategy for growth in any fundamental way, so as to create more jobs, for example.<sup>xxix</sup> Nor has the rights based strategy been uniformly implemented, of course. The context is frequently one of *jobless economic growth*; many countries are unable to emulate the Asian powerhouses with their labour-intensive export led

growth. States will need to substitute for the private sector by creating work opportunities for the poorest through regular and massive public works programmes. They will need to tax minerals, oil and gas, or consumption, incomes, and wealth in order to pay for this, as with India's Mahatma Gandhi scheme. Donors will also need to support national efforts, as with Ethiopia's Productive Safety Net Programme which has received long term international support. This will help tighten the labour market, underpin minimum wages, and build some assets for local economic growth, even if they are rarely assets which directly benefit the poorest.

The jobs which are created in such contexts which are accessible to the poorest people tend to be informal, insecure, sometimes hazardous, and poorly paid. Policy makers are reluctant to regulate informal economies for fear of deterring job creation. Ways forward include generic measures which underpin minimum wages – legislation, public works schemes, stipends and other measures which keep children in school and out of the labour force for longer, and measures against child labour. Certification and inspection schemes are difficult to extend to the informal economy and informally or casually hired labour, but efforts to do this are valuable and continuing. These efforts should be aware of the inability of the poorest informal businesses to pay high registration and administrative fees, possibly targeting lower fees for these businesses. Also where laws are introduced to eliminate illegal informal labour practices which include punitive measures they must pay careful attention to the way in which poorer households might be affected (for example child labour laws must be accompanied with social protection provisions for children who have to work to survive).

*Continued high demographic pressure* especially among the poorest households is a feature of many countries, even those currently progressing to Middle Income Status. Increased family size and higher dependency ratios are a frequent correlate of chronic poverty and impoverishment. Poor women are not currently provided the means to space their children as they would like to and social norms very often put poor men in charge of deciding on family size. Some heads of state are pro-natalist, and religious leaders may also reinforce patriarchal values and practices. Implementation of sexual and reproductive health policies remains politically controversial in many countries. This is but one aspect of a much broader problem of often highly inequitable access to health and education services, where the middle classes opt out of public services, leaving only poor or rural customers behind whose lobbying power is not great.

Early marriage is a major obstacle to girls' education, and remains prevalent, especially among the poorest. Child marriage is often seen as the best available protection for an adolescent girl, in material as well as personal and sexual terms.<sup>xxx</sup> The long term solution to early marriage is keeping girls in education for longer, though there may be limits to this effect<sup>xxxi</sup> – a multi-faceted problem requiring changes to social norms about women's roles as well as the kinds of changes to the provision of education mentioned in Box 1. Measures against this practice include: stipends to keep girls in secondary school, for example, in Pakistan and Bangladesh; increased autonomy achieved through migration for work may have a delaying effect in some contexts (in South Asia – evidence from Bangladesh garment workers, for example); and a strengthened child protection framework of laws and measures to implement them may help

change what is often an omnipresent culture. Implementation of such laws is often extremely weak, however. Public information campaigns on the risks associated with early marriage, and girls' empowerment programmes supporting the choices girls make can also help.

More broadly, enhancing girls and women's agency, which is so critical to faster progress being made by the poorest households, is amenable to a variety of context specific interventions. A recent compendium focused on girls and young women highlights six groups of actions: legal provisions to eliminate gender discrimination in the family, school, workplace and community; supporting children's and especially girls' rights to be heard; investing in the design of children and gender sensitive social protection; strengthen services for girls who are hard to reach because of spatial disadvantage and socio-cultural barriers; support measures to strengthen girls' and young women's individual and collective ownership, access to and use of resources; and strengthen efforts to promote girls' and women's physical integrity and control over their bodies, especially in conflict and post-conflict settings.<sup>xxxii</sup>

*Faltering agricultural sectors* in which a majority of the poorest still gain their livelihoods are still a characteristic of many countries despite the prevailing high global food and agricultural commodity prices since the early 2000s. Supportive public investment in infrastructure, including irrigation, and information services has lagged demand. The global heightened attention towards food security has resulted in narrow investments in technology development and dissemination, but not in the wider public and merit goods which agricultural sectors desperately need. Private investors have by and large had to be cajoled into relating to large numbers of smallholder farmers through contract farming and other arrangements. Agricultural policies have not been good at taking on a focus on the poorest. Box 2 explores the implications.

*Box 2. Re-orienting agricultural policies for the poorest*

In CPAN's recently published [Agriculture Policy Guide](#) we have laid out a sustainable agricultural pathway out of poverty. A growing proportion of the extreme poor work in agriculture, and the quality of agricultural jobs is often poor. Based on evidence about how people emerge from poverty through an agricultural route and what the constraints are, this guide changes the focus of agricultural policy from technology (and especially the green revolution) to intensification through a combination of asset accumulation and protection (including soil and water conservation), sustainable technical innovations, better market functioning, and better agricultural and more non-agricultural jobs.

The accumulation of assets including land is critical to poverty reduction through agriculture. As we have seen, a high proportion of the poorest households have been losing access to land, and this has not been adequately compensated by employment opportunities. So, ministries of agriculture have a choice if they want to improve the impact of agriculture on poverty: either protect the land assets of the poorest and find ways of increasing these; and/or work to improve the opportunities for decent employment in agriculture.

## **Policy implications: summary**

The policy implications are clear and will be explored briefly. They mostly involve context specific measures, which cannot be legislated at an international level. Analysis of what is specifically required in different national contexts remains unavoidable and that is where policies need to be framed and targets set. The international community can support progressive initiatives taken by national and local governments and other actors, as well as the data and policy analysis needed to frame relevant policies in the first place..

Anti-discrimination measures are critical. These are naturally highly context specific in detail given the varied and intersecting patterns of discrimination. Specific legislation together with properly resourced implementing bodies, implemented constitutional provisions, human rights laws and commissions are possible 'top down' approaches. However, the problem with discrimination is that it is embedded in social norms and values, institutions and common practices. Addressing these requires leadership at many levels, needs community organisation, and is necessarily a long term process. It can of course be greatly sped up by structural economic change – like urbanisation and industrialisation

Reducing vulnerability is also critical. Social protection and other policies which increase resilience are essential. These include measures to protect women from loss of assets and status upon separation, divorce and widowhood. The post-2015 framework needs to have a major emphasis on reducing vulnerability. Social protection also helps to tighten wage labour markets, supports the achievement of a minimum wage and is an essential part of the decent work agenda. Social protection also helps children stay in school and make use of health services. So, what to do? In low income, low state capacity situations it makes sense to have just one programme which achieves as many objectives as possible since vulnerabilities tend to overlap and sectoral divisions might leave out key areas of intersection. This would need to be targeted and focused on the poorest households. It could have supplementary payments for particularly vulnerable individuals (older people, orphans, separated/widowed women, disabled). Elsewhere, more multi-stranded policies with more specific programmes become possible.

Social protection systems are basic, but addressing the vulnerability of the poorest people comprehensively requires a raft of measures in any given situation. To reduce the impoverishing consequences of ill health, public health service improvements, measures to reduce the costs of ill-health (low cost drugs; service free at point of delivery), health insurance are all possibilities. To reduce the negative consequences of separation, divorce and widowhood, marriage and inheritance law reforms giving more rights to women, and implementation of these despite countervailing social norms are critical. Death insurance, OVC programmes, and social protection more broadly protect against the deaths of breadwinners which can otherwise have devastating impacts. Weather based insurance, disaster risk reduction strategies, including drought and flood proofing, protect against the effects of climate variability. Enhanced community justice and policing, as well as tribunals specifically established for gender based violence, protect against localised violence and crime. Peace

building and recovery programmes protect against the negative consequences of large scale violent conflict.

Economic growth needs to be focused on sectors, markets, and regions which have significant poverty and inequality reducing potential, and needs to be accompanied by 'do no harm' measures which preventing immiseration. These are global (company incentives and regulation and self-regulation) as well as national (protective legislation). Specifically, pro-poorest growth needs to encompass (i) land tenure reforms, for example, to encourage a buoyant rental market or protect smallholders against being bought out by investors; (ii) how to achieve the decent work agenda in largely informal economies, including large and especially medium and small scale agriculture; and (iii) measures against child labour.

Human development investments need to gear up to the challenges of increasing labour productivity through massively enhanced quality of primary services and a quantum leap in access to post-primary services for poor households. This is a major way to address the growing inequalities discussed above. For education we know what is needed (Box 1).

Each of these policy implications makes it clear that reducing inequality across a wide range of groups and regions needs to be high on the post-2015 agenda. As the evidence in Part A has shown, not only have policies derived from the current MDGs failed to benefit the poorest to the same extent as less impoverished groups, but in some respects inequalities have been deepening over the lifespan of the MDGs. If the forthcoming poverty eradication agenda is going to reach out to the 50% unaccounted for by current progress, concrete measures will need to be taken to ensure that the most deprived do not continue to be left behind. The conundrum is that most of these measures are context and country specific.

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<sup>i</sup> The average span between DHS surveys is 12 years. Estimates have been adjusted based on each paired survey time span. The countries selected based on this criteria were: Bangladesh, Benin, Bolivia, Burkina Faso, Cambodia, Colombia, Cote d'Ivoire, Dominican Republic, Egypt, Ethiopia, Ghana, Guinea, India, Indonesia, Jordan, Kenya, Madagascar, Malawi, Mali, Morocco, Mozambique, Nepal, Niger, Nigeria, Pakistan, Peru, Philippines, Rwanda, Tanzania, Turkey, Uganda, Zambia, Zimbabwe.

<sup>ii</sup> Further original work on additional datasets is planned for a revised version of this paper

<sup>iii</sup> For example, Foster, J (...and Foster and Santos

<sup>iv</sup> Muyanga, Jayne and Burke (2010); Radeny, Ven den Berg and Schippeer (2012); and Aguero, Carter and May (2007)

<sup>v</sup> according to Krishna (2010)

<sup>vi</sup> India ref

<sup>vii</sup> Baulch, (2010) The countries were: Bangladesh, Ethiopia, Nepal, Pakistan, S. Africa, and Vietnam

<sup>viii</sup> Hulme and Scott (2010)

<sup>ix</sup> WHO (2011) p5.

<sup>x</sup> The MDGs have focused on targeted outcomes not processes, so in health have led as much to vertical health programmes as much as those focused on improved health service delivery, unfortunately.

<sup>xi</sup> Kabeer (2010)

<sup>xii</sup> Shepherd and Scott (2011) p 20-22

<sup>xiii</sup> Chronic Poverty Research Centre (2008) *Addressing poverty traps: the Chronic Poverty Report 2008-9*.

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<sup>xiv</sup> Afghanistan, which has received most attention (Michailof and Bonnel2010), has not been a success story; and there are few successes to record in addressing this difficult problem.

<sup>xv</sup> See endnote 1 for a list of countries covered by the Demographic Health Surveys used for this section of the paper.

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- <sup>xvii</sup> These figures are not population weighted, unlike all other measures presented in this paper. This is because India saw dramatic declines in land ownership among the poorest households as compared to the median wealth quintile and while some other countries followed a similar trend, the population weighting would distort the outcomes in other countries. The population results with India show a relative decline of 24% land ownership but without India that figure stands at 3.8%. The figure presented in the paper therefore represents the standard arithmetic mean of all countries to avoid biasing these statistics towards only those outcomes in India.
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- <sup>xxi</sup> Author's calculations based on most recent World Bank indicators for available countries: <http://data.worldbank.org/indicator/SI.DST.FRST.20>
- <sup>xxii</sup> Labor productivity is broadly accepted as a proxy for real wage increases since it has been isolated as among the most significant influences on changes in real wages over time (see ILO 2011).
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