

Side event summary on Strategies for eradicating poverty in LDCs: Findings from research

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The side event was organised by the Chronic Poverty Research Centre www.chronicpoverty.org

What is Chronic Poverty?

The distinguishing feature of chronic poverty is extended duration in absolute poverty.

Therefore, chronically poor people always, or usually, live below a poverty line, which is normally defined in terms of a money indicator (e.g. consumption, income, etc.), but could also be defined in terms of wider or subjective aspects of deprivation.

This is different from the transitorily poor, who move in and out of poverty, or only occasionally fall below the poverty line.

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Key questions

- Why is poverty so persistent?
- What are the new ways of understanding poverty dynamics, which can refresh anti-poverty policy?
- What policies are especially useful in addressing chronic poverty, preventing impoverishment, and helping people escape poverty?

How does this agenda relate to the main themes of the UN LDC IV conference?

The LDCs are rightly pre-occupied with global inequalities; but the internal inequalities within the LDCs also contribute to global inequalities. LDCs include 250 million of the poorest people in the world. If their living standards and quality of life were significantly enhanced, so would global equality. While LDC government and the inter-governmental negotiations are focused on trade and growth, it is clear that a large number of the poorest people cannot participate in growth. How can this be changed? This meeting addressed this issue.

Why is poverty so persistent?

At this meeting evidence from 6 LDCs was presented about the nature and extent of poverty, chronic poverty, its causes and desirable policy responses.

- In Bangladesh, inequality is increasing despite well diversified growth, and the chronically poor are now the majority of the poor in rural Bangladesh.
- In Burkina Faso, the life cycle remains critical in determining wellbeing, and agro-ecological potential is a serious limit. Agriculture is at the core of chronic poverty, with current agricultural strategies unable to provide people with reliable and adequate income stream.
- In Niger, the situation is similar with food security undermined by inadequate protection against unpredictable weather.
- In Senegal, it is education deficits and the absence of resources to enable migration to cities and internationally, where the major opportunities to escape poverty lie.
- In Tanzania, it is also the acknowledged failure of growth to translate into poverty reduction which is at the heart of the debate, with a large proportion of the poor near the poverty line but chronically poor.
- In Uganda, inequality is also increasing with economic growth, although the achievement of peace in the north and east has greatly increased the opportunities for the large number of chronically poor people living in conflict affected areas.

In several countries where there is growth, inequality is increasing, and this is accompanied and explained by a stagnation in the numbers and/or proportion of the population that

is chronically poor. Chronic poverty is therefore becoming a more important issue over time. All the country analyses have found it useful to disaggregate poverty, understand the dynamics of moving into and out of poverty, as well as chronic poverty, and develop differentiated policies in response to these different trajectories.

New understanding

Poverty is widely seen as multi-dimensional, and the MDGs have been constructed on that basis. It is also dynamic, however, this is not yet well recognised in official poverty analysis and policy responses. For example, the poverty indicator most widely used is the incidence of poverty; but this takes a snapshot which masks processes of entering poverty, escaping it, and being stuck in poverty – which are three rather different dynamics. The case made by the work of the Chronic Poverty Research Centre is that anti-poverty policy could be much better if it focused on these dynamics, mindful of the different dimensions of poverty and wellbeing.

What policies are especially useful in addressing chronic poverty, preventing impoverishment, and helping people escape poverty?

Key to preventing impoverishment (entries into poverty) are the provision of good quality public health services which are accessible to all. This is a priority far from being achieved, as witnessed by the mixed performance of the MDGs. Secondly, the risks faced are so many and widespread, that a strong system of social protection is needed to prevent impoverishment and also reduce the

Launch of Chronic Poverty Advisory network

The Chronic Poverty Research Centre has developed a network of researchers and associates in several developing and developed countries who form the core of this new advisory network. The purpose of the network is to be available to governments, agencies and organisations to advise and work together with them on addressing chronic poverty through development policies and development programmes.

If you would be interested to know more about the network, or have specific requests for information or assistance with development policies and programming, please contact Andrew Shepherd, Director Chronic Poverty Research Centre, Overseas Development Institute, 111 Westminster Bridge Rd, London SE1 7JD, Tel +44 (0)207 922 0325

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vulnerability which underlies chronic poverty. Thirdly, women's access to property and resources needs to be stabilised, through inheritance and marriage law and practice reform. There are also context specific causes of impoverishment which need addressing – dowry in south Asia, for example. Anti-dowry measures and campaigns have so far, not succeeded. This will need significant experimentation to see what works.

Key to assisting people to escape from poverty is a pro-poor growth policy which emphasises the quantity and quality of jobs especially in the labour-intensive sectors, agriculture, construction and manufacturing. Labour markets need to work better than they do, but policy makers have been reluctant to intervene for fear of reducing investment; and feel that traditional labour inspection systems cannot be extended to the informal economy. So far, CPRC's answer to this is encourage the extension of social protection, especially social transfers to the informal economy; and support, strengthen and build on the better labour standards which have been achieved in some of the consumer-related global value chains. Labour-education links need to be greatly strengthened. Children from poor families need to be able to go through 10 years of education and have better prospects of work at the end of it. Achieving the synergies between asset accumulation, market functioning and protection is critical so that assets once accumulated produce a good return and are not lost. The greatest opportunities to escape poverty are generally available to younger people – so policy should focus on boosting their prospects.

Addressing chronic poverty also involves some of the above, but also, measures to address the discrimination and powerlessness experienced by chronically poor people. Context is critical in all this – the policy priorities in the 6 countries are necessarily different, focusing on governance, building assets and local level economies, and fighting discrimination.

We are not arguing that the current set of policies are useless in addressing chronic poverty, but that an additional set is needed. Moreover, anti-poverty policies as a whole can be greatly improved if a disaggregated, dynamic and differentiated approach is taken.

Questions addressed during the discussion included:

Have you got a consensus on what the most important causes of chronic poverty are? There were varied answers to this from the panel. In Bangladesh, it was risk and vulnerability which was blocking progress for the 31/32% poor who are chronically poor, and as a result the key response is to roll out a one or more social transfer schemes – at the moment they are tokenistic, small amounts given to too few people. This needs to be tax-based,

and the government needs to bite the bullet and raise additional tax revenues for this, and other measures, including education. In Burkina Faso, it was the sluggish pace of agricultural growth, which requires a coalition of actors to work together to reform agriculture. In Niger it is the riskiness of agriculture, which can be combated through irrigation investments. In Senegal, the fundamental problem lies in governance, with weak commitment to investing in rural productivity, education, and to target public expenditure properly. In Tanzania and Uganda, there is a refusal to accept that there could be only one binding constraint – a one size fits all policy will not work; and in Tanzania regional differences are strong, and need to be recognised. It was also pointed out in the Chronic Poverty Report 2008-09, that the twin core policy responses were in social protection and universal access to key social services.

Where are policies working well for the chronically poor? The panel considered that the evidence for social transfers addressing chronic poverty is now very strong, principally from the long term monitoring of Mexico's Oportunidades programme (see <http://www.chronicpoverty.org/publications/details/social-transfers-and-chronic-poverty/ss>), but also from other programmes in middle- and low-income countries. In micro-finance, there are quite successful efforts to bring chronically poor people into the micro-finance arena through transfers, savings and asset building, training and group insurance. There are global value chains where consumer pressure has led to improved labour standards. Through partnerships between states, private sector and civil society organisations this focus on labour standards can be strengthened, and the development of consumer movements in developing countries can also bring the same concerns into the domestic value chains. Community nutrition programmes have also seen some successes in Senegal, Tanzania and elsewhere. One of the problems is that nutrition departments in government are too weak to conclude satisfactory budget negotiations despite the good work they do. There are many small scale examples (see in '[Stemming Girls' Chronic Poverty](http://www.chronicpoverty.org/publications/details/stemming-girls-chronic-poverty/ss)' (<http://www.chronicpoverty.org/publications/details/stemming-girls-chronic-poverty/ss>)) which have addressed the discrimination and disadvantage facing girls and young women, which in turn lead to inter-generational transmission of poverty.

Is it possible that countries will shift their interest in growth to one of wealth distribution, social protection and greater sustainability? It was considered by the panel that governments will not stop focusing on growth, nor should they, as growth is essential. However, growth could be better governed, more balanced (eg between sectors, exports and domestic production, labour and capital intensive sectors).