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Should and can development policy focus on the poorest too?

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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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Abstract

There is a growing consensus that vulnerability undermines growth and human development progress, and so social protection to prevent downward mobility and poverty is an important third policy leg. This paper argues that nowhere in the current mainstream policy discourse is there a strong or systematic focus on the poorest people in society and posits several arguments as to why this is of critical concern. Three aspects of ‘the problem’ are introduced, which are then pursued in detail further in other CPRC Working Papers. First, policy processes and approaches may need adjustment. Second, specific measures are important and may require considerable re-prioritisation of effort and resources. Third, approaches to international aid require reviewing or adjusting. We conclude that this is not only important and useful (particularly in contexts of high poverty concentrations, rising inequality or state fragility) but also that it can be done, it is morally important and that necessary policy rethinking should be undertaken urgently.

Keywords: poorest, growth, equity, social protection, policy processes

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1 Introduction

Mainstream international development policy – known as the ‘Washington Consensus’ or, by some, as the ‘Post-Washington Consensus’ (Hayami, 2003) – broadly emphasises economic growth and human development (mainly through provision of basic education and health services) within a tight monetary framework, with national policymakers steering the necessary reforms. There is a growing consensus that vulnerability undermines growth and human development progress, and so social protection to prevent downward mobility and poverty is a third leg. All of these should be facilitated by people’s empowerment consequent on limiting the role of the state, developing democracy and devolution of power to local governments or civic associations.

With the UN signed up to the Millennium Development Goals (MDGs), and the degree of attention poor people in poor countries receive in other world fora (e.g. G8 summits, the World Trade Organization – WTO), an observer could be forgiven for asking whether there is really still a problem here, or whether a focus on development policies and the poorest is merely an academic exercise. An insider to these policy processes could be forgiven for assuming that the editors and authors were simply out to score points at the expense of a set of policies (and underpinning institutions) that have collectively made strides towards reducing poverty, even though there are many countries in which many of the MDGs will not be met (UNDP, 2002). Surely better to focus on at least reaching the targets already agreed, and by implication focus most effort on the merely poor, as opposed to the chronically or extremely poor – who will be harder and more expensive to include?

The MDGs provide targets and a device to monitor progress along the economic growth, poverty reduction and human development lines. As the 2003 Human Development Report (UNDP, 2002) pointed out, progress towards the MDGs is highly variable across countries. The Millennium Project’s 2005 Report to the UN Secretary-General on MDG progress contrasted the strong progress evident in Asia with the considerable challenges still faced in Africa, but acknowledged country-level and sub-national variations.

Nowhere in this mainstream discourse is there a strong focus on the poorest – defined here as both the chronically poor and the extremely (or ‘food’) poor; although the first MDG (‘eradicate extreme poverty and hunger’) does suggest indicators that reflect on the progress of the poorest (the poverty gap and the income share of the poorest quintile). However, these are not targets, only indicators, and have been paid little attention. The first target, to be achieved by 2015, aims to reduce the incidence of poverty by half (a noble target, but it says nothing about making progress for the other half); the second target is more useful. It aims to reduce by half the proportion of underweight children and by half the proportion of the population below the minimum level of dietary energy consumption. However, this target receives relatively very little attention, and limited action has followed.



Many argue that this is as it should be. That there is no evidence to conclude that mainstream policies will not reduce poverty among the poorest. That it is already difficult enough to achieve the existing targets, especially outside China and India. There are serious limitations of capacity in governments, civil society and the private sector, which mean that it is best to focus on what can most easily be achieved. Finally, if paying attention to the poorest implies additional aid and/or public expenditure, this might threaten the fragile macroeconomic balance that countries undergoing structural adjustment have achieved at considerable cost and that underlies future prosperity. In the mean time, they would argue, let growth, human development and social protection and better governance achieve what can be achieved.

However, McKay (2008) suggests that economic growth, while very important for the inclusion of the poorest, may not always benefit them as much as it benefits the averagely poor or the non-poor. High levels of inequality are part of the picture, and judicious redistribution, avoiding reducing growth through disincentives to save and invest, is part of the solution.

While haphazard efforts targeted at the poorest do occur increasingly frequently – sometimes through non-governmental organisation (NGO) actions, through specific social protection programmes or urban and rural development projects and programmes – there is no systematic acceptance that targeting the poorest is a useful thing to do. The fact that a significant proportion of the poor at any given point in time are either severely or chronically poor suggests that current approaches are indeed failing at least these people.¹ The fact that many escapees from poverty do not escape very far above the poverty line, and are therefore vulnerable to renewed episodes of poverty, also suggests the need for some rethinking. The argument that it is not only useful and can be done is explored, and also that it is right to include the poorest in the benefits of mainstream development policy and that, if policy needs rethinking as a result, this exercise should be undertaken urgently (at the very least so that, well before 2015, the international community has a better idea of what to do beyond what is necessary to achieve current partial targets).

This is the first proposition, then: before 2015, the international community needs to *know* what policies, rules or institutions and programmes will enable the *eradication* of absolute poverty. Learning what works necessitates at the very least some pilot countries, policies or programmes, as well as well-informed assessment of the results of current mainstream policies. It is likely that much of the current approach does indeed work for the poorest; we

¹ Between one-third and one-half of the income poor have been found to be poor over several years in low-income countries experiencing significant economic growth.



need to know the circumstances under which it does, and the important factors determining whether it does or not.

A second proposition is that, in some situations, concentrations of very poor people may put a brake on what can be achieved in terms of growth and human development. Many people in one place demanding little from the market, and having little by way of support to offer each other, probably means that place will not grow and develop. Thus a study of economic growth in underdeveloped northern Ghana calculated that had this region grown at Ghana's average rate during the 1990s, it would have added substantially (0.7 percent per year) to Ghana's average per capita income, and also to foreign exchange earnings, while continued lack of growth in the region threatens to undermine national stability (ODI/CEPA, 2005). This 'neighbourhood effect' operates locally, regionally and nationally. Demands for public services where a substantial proportion of the population is very poor are likely to be beyond what an economy (or a polity) can manage.

The US government's 2000 Task Force on State Failure, which has subsequently been more or less ignored in US policymaking on fragile states, concluded that 'failing countries' were most often partial democracies (rather than either fully democratic or autocratic) with high infant mortality – the latter a good indicator of levels of general wellbeing. Subsequent work has emphasised that, while the *level* of economic development is important, part of this effect occurs through its influence on the quality of institutions (Vallings and Moreno-Torres, 2005), which require strengthening alongside increased domestic legitimacy (François and Sud, 2006). Ill-being (and widespread poverty) thus lies at the heart of state failure, and the greatest benefits flow from focusing on very poor countries which have the highest risk of civil war and also contain a large proportion of the world's poorest people (Fearon and Laitin, 2003). This is a set third set of reasons.

It should be noted that the role of the poorest in conflict leading to state failure is controversial: however, Cramer (2008) argues that poverty (and inequality) plays a central role in most analyses of the origins of conflict, whether the main focus is on social injustice, environmental scarcity, the 'incentive mix' favouring conflict rather than cooperation or globalisation.

Of course, the moral arguments are also compelling – if equality of opportunity is an important universal principle, it should be applied to poor nations and absolutely poor people. None of this detracts from the priority of achieving existing goals, however. Leaving the issue entirely until 2015 may also make it harder to address, as societies where the poorest are not included are likely to have become more unequal. This depends on whether remaining poverty is 'residual' or 'structural' and, to the extent that it is structural, whether sustainable delivery from poverty depends primarily on asset redistribution or on addressing exclusion and discrimination.



The final proposition is that the current set of policy responses is inadequate even to achieve the MDGs as they are. The current policy mix referred to above includes policies to promote growth and policies to support human development. For example, 'growth policies rarely focus on the vulnerability and insecurity faced by the chronically poor or tackle the exclusion, discrimination or lack of rights which, along with low asset holdings and low returns on their assets, typically underlie their livelihood insecurity' (Bird and Pratt, 2004: 8). Bird and Pratt (2004) conclude that traditional growth policies will take a long time to generate the kinds of change needed to move chronically poor people out of poverty, arguing for specific and sometimes targeted policies, which reduce stigma and exclusion and protect and build assets. In turn, Grant and Hulme (2008) argue that household characteristics (including lack of assets) and poor service quality and access tend to reduce demand for public services. Bird and Pratt (2004) claim that this results in a tendency for social sector investments to generate lower returns for chronically poor households than for other households.

There is a more pressing need for a re-examination, especially where a large proportion of the poor (or a large absolute number) are chronically or extremely poor. To some extent, re-examination is occurring: many chronically poor people live in 'poorly performing', fragile, failing or failed states. As mentioned above, the special problems of these states are under the spotlight as never before (François and Sud, 2006). However, some of the greatest risks – most common and with deepest effects – go largely unprotected in practice: the risks of exposure to conflict or avoidable death of adult breadwinners in a household. Other hazards may have been attended with more effective responses – drought, flood, infant and child mortality. Growth is widely acknowledged not to be enough by itself, and 'pro-poor' or 'shared' growth strategies, which look inside the aggregate pattern for growth which benefits the poor equally or disproportionately, are now widely discussed (McKay, 2008).

Research to date has suggested that there are three aspects of 'the problem'. First, policy processes and approaches may need adjustment – examples include a focus on targeting and demand-led approaches. Second, specific measures are required – on growth, on human development, human security and social protection – which reduce vulnerability and allow escape from 'poverty traps' (Barrett and Swallow, 2005), and open up opportunities to the poorest. Third, approaches to international aid may be inherently problematic and require reviewing or adjusting. All of these themes appear in a series of CPRC Working Papers – Sen and Begum (2008) focus on the practicality of identifying and targeting the poorest; McKay (2008) analyses the impact of growth on the poorest; Grant and Hulme (2008) investigate the limitations of service delivery options for human development outcomes of the poorest; Slater (2008) examines the nexus between HIV/AIDS, social protection and the poorest; Cramer (2008) identifies the dynamics of conflict as serious for the poorest and the



dynamics of poverty as germane to the incidence of conflict; Shepherd and Cabral (2008) review the new aid modalities.²

2 Can policy distinguish the poorest from the poor?

'The poorest' are defined here in two overlapping ways: as poor people whose poverty is long term – the chronically poor; and as people who are extremely poor – considerably below whatever level defines the poor. Sometimes this is a measure of food poverty; sometimes a percentage of a poverty line. Conventionally, poverty is measured in terms of income or consumption. However, deprivation is a wider concept and poverty today is often defined and measured in terms of a range of dimensions of wellbeing or deprivation. Participatory poverty assessments give some support to this widening of the concept, although poor people themselves often maintain an economic (income, consumption) core to the idea of poverty. The MDGs capture this diversity in deprivation.

It is now a widely accepted policy nostrum that poverty is a multidimensional phenomenon. Only one dimension of poverty tends to be applied in policy debates, however, perhaps for simplicity and convenience, reflecting data availability or training. This dimension is typically per capita income, expenditure or consumption and is compared with the poverty line but can be extended to include other indicators (such as assets or nutrition) or combinations of indicators (such as a household-level human deprivation index). The apparent precision of monetary measures of poverty can mask the fact that they are only partial and particularly weak in measuring poverty duration, but indexes are also limited by data availability and comparability. Hulme and McKay (2005) warn against aggregating different dimensions into a single indicator, and instead argue the case for considering different dimensions separately and 'not giving policy makers what they want'.

The cut off point to distinguish the poor from the non-poor is to a degree always arbitrary (CPRC, 2004). The same statement is true also for distinguishing the poor from the poorest. However, it becomes less arbitrary if being poor for a certain length of time or being below a very low level of welfare makes it more difficult to escape poverty – in other words, if the level or duration of poverty themselves are part of a poverty trap.

Generally, however, policymakers do not make these distinctions. Where they do it is usually on the basis of crosscutting vulnerable groups (not all of whom are poor), and sometimes because the wellbeing of certain groups (e.g. indigenous groups, castes) is enshrined in law

² Earlier versions of some of these papers were prepared for the Reaching the Very Poorest policy team in DFID in 2004. The analysis, information and opinions presented here are entirely the responsibility of the authors, however.



or constitution, and the state is obliged to monitor progress. Such groups almost always cut across the poorest-poor-non-poor distinction. Older people, the disabled, the unemployed and households with high dependency ratios are disproportionately represented among the poorest. They typically have lower levels of (or even no) physical assets (such as land or livestock); poorer human development outcomes or access to services; less secure or less well-paid employment; and are more commonly or deeply affected by conflict or environmental hazards.

There is considerable scope to enhance the quality of public debates about poverty through provision of research findings on these issues in the public domain.

If policymakers were to try to make the distinctions on the basis of poverty, data availability may be a problem – especially to identify the chronically poor, as there are rarely the necessary representative panel data. Policymakers need accessible and plausible proxy measures to guide them. One approach is explored in Sen and Begum (2008). There is an urgent need to develop this stream of work for countries where there are no panel data.

The poorest are widely, and often wrongly, identified as economically inactive or dependent (Bird and Pratt, 2004). However, in most low-income countries, the vast majority of the poorest people are in fact engaged in some form of economic activity – however low or insecure the return may be – or are seeking work, and so cannot be seen as a passive or dependent group (see McKay, 2008). Their livelihood strategy though may rely on remittances or transfers and, for a minority of poor people, this may be the main basis of their livelihood. Relying on remittances may leave them insecure and unable to plan forward, or it may, in fact, may be a sign of *relative* prosperity: where the poorest have weak social networks, they will often be those who do not receive any, or receive the least regular and smallest remittances.

The depth of causal analysis of poverty varies among governments and, within this, policymaking is often informed only by limited *social* and *political* analysis (Grant and Marcus, forthcoming), reflecting the dominance of economic analysis in thinking about poverty and poverty reduction and the technocratic character of policy processes. We know that exclusionary processes keep people poor and extremely poor. Multi-faceted problems experienced by the poorest are deeply embedded socially and politically. Often, policy responses are contested and successful policy requires linked interventions by a number of organisations, making implementation both complex and difficult, which is politically challenging (Bird and Pratt, 2004). Improvement may also require long-term social change.



3 Policy processes and the poorest

Reaching the poorest is not simply a matter of implementing current policies more fully, if the ways in which they are conceptualised are blind to or biased against specific aspects of poverty. Some issues are simply not viewed to be sufficiently severe or large-scale for policymakers to feel justified in allocating time or budget to them. This can mask underlying prejudices affecting policy processes (see Bird and Pratt, 2004). Research can play a role in drawing policymakers' attention to the significance of a problem. Thus, in Uganda, as it has been demonstrated that chronic poverty is likely to affect nearly one in five Ugandans, the government has begun to show an interest. Statistics and stories about, for example, disability (statistics are very rare) or 'missing' women and girls can also contribute to increased attention from policymakers.

3.1 Bias and blind spots in policy processes

The reality is that certain people and poverty issues are invisible to policymakers. This can simply reflect a lack of data and the fact that the poorest are often missing from available surveys because of difficulties in reaching marginalised groups and remote, insecure or illegal geographical regions. The problems of the poorest may relate particularly strongly to non-monetary aspects of poverty (e.g. discrimination or social exclusion); however, it is the monetary aspects of poverty that tend to be most recognised by mainstream policymaking. Policy may not identify root causes. Similarly, tendencies towards characterising rather than explaining poverty in both research and policy processes can also narrow the conceptualisation of poverty (Grant and Marcus, forthcoming). Recognising disaggregated need is itself subject to the social processes that exclude and exacerbate poverty differently in the first place, rendering certain people's needs a blind spot in the design of development policy and the delivery of public services.

Poverty reduction policy is underpinned by ideas of 'who' is poor and 'why' they are poor. These ideas may be both explicit and implicit (Matin and Hulme, 2003). Hickey and Bracking (2005) argue that poverty discourses within academic and policy arenas, as well as broader political and social discourses, closely influence the possibility of inclusion for particular groups, areas and issues. They argue that the persistence of poverty itself reflects its 'institutionalisation within social and political norms and institutions, and its legitimisation within political discourse' (ibid: 851). These processes can stigmatise certain people, areas and issues, or label them 'undeserving' of legitimate policy attention and resources.



Internalisation of stigma and the accompanying lack of self-confidence and self-respect are real. People always exercise agency³ in one way or another, but may do so in ways that limit their opportunities and lead to stigmatisation. Even where policymakers are committed to tackling deep-seated problems, including dependencies, exclusions and discrimination, it can be harder to justify policy attention to negatively constructed and perceived poverty issues, particularly where supply (e.g. of a service) has previously not been met with demand among the poorest for this policy attention.

Hickey and Bracking (2005: 851) assert that to challenge structural and deeply embedded poverty requires 'sustained (re)allocation of resources and shifting of power relations within which chronic poverty is embedded'. However, achieving this is far from straightforward. The prominence of economic stabilisation and growth policies as major development paths tend to homogenise rather than differentiate 'the poor', and bias interventions towards the 'productive' population over and above those people and areas that are viewed to be residual or even 'undeserving'.

On the flipside of this is the fact that many policymakers very seriously believe that there is a moral hazard in dealing with the problems of poverty through means that are not directly or indirectly related to individual, household or national productivity. There is a strong belief in the role that traditional safety nets play in benevolent support of those people deemed deserving yet dependent. Public interventions are argued to interfere with these traditional and informal institutions, and instead raise fears that beneficiaries will become more dependent and/or lazy, instead of relying on their own efforts. Bird and Pratt (2004) found that improved rights for marginalised or vulnerable groups was rarely viewed as justification in itself for increased expenditure, despite potential instrumental benefits to wellbeing.

3.2 Resource allocation decisions and disbursement

There are potentially substantial public resource allocation implications. For example, very little is currently spent on social protection in most low-income and even in a number of middle-income countries (Anderson *et al.*, 2005). The International Labour Organization (ILO) has calculated the cost of a basic protective package for an exemplar low-income country, which would require sustained aid over a period of at least 25 years (Pal *et al.*, 2005).

Addressing the 'demand-side constraints' that prevent take-up of basic services by the poorest does not involve simply supporting community participation, but a range of measures

³ Defined by Kabeer (1999: 4) as 'the ability to define one's goals and act upon them'.



to understand and respond to the needs of specific groups among the poorest, geographical targeting, linking social protection to basic service provision and changing and adapting the way services are provided (Grant and Hulme, 2008). None of this comes cheap.

Redistribution of assets that the poorest are particularly short of may also not come cheap or easily where there are zero-sum games, and where redistribution threatens the powerful. And, as McKay (2008) points out, if threatening the powerful reduces the rate of savings, investment and growth, this will damage the poorest. (Growth is often fragile and needs nurturing where there are concentrations of poor people.) Education and training, backed by wider social protection measures, are examples of potentially non-threatening channels for redistribution, but the degree of threat will depend on the distributive and incentive impacts of taxation and other approaches to revenue raising.

It is unlikely that the necessary resources will be allocated without a struggle. There are various dimensions to this. At the international level, hard-won macroeconomic frameworks may constrain public expenditure. Governments seek to reach out to a large proportion of the population through service provision and social protection. Narrow targeting is often difficult as a result, especially in low-income countries where the average person is poor. At the local level, elites capture public resources flowing to their areas, and make use of them for their own purposes unless constrained and monitored. Who speaks on behalf of the poorest in any of these fora?

At the local level also, the pressure to raise *local* taxes is often a powerful disincentive to poor people, and may have impoverishing effects (Ellis and James, 2003).

3.3 Political lobbies and political processes

If and how societies decide to deal with particular forms of poverty are inherently political questions. Alliances and conflicts underlie normative and policy commitments. The politics of policymaking involve both formal and informal relationships and processes. A commitment may be made within a policy document, such as a poverty reduction strategy (PRS), and is affected by formal lobbies. The way in which this commitment is subsequently resourced and implemented may, however, be subject to many conflicting and some informal dynamics. Representation in a formal document may not be enough to see change on the ground.

Multiple government agencies may be involved in a particular policy shift, and all are influenced by varied parties and interest groups. Marginalised groups and vulnerable people tend to have low political capital to get their issues represented. Despite this, however, poverty reduction is a high stated policy priority of governments globally. Participatory poverty reduction processes have attempted to open up policy spaces and have been very successful in some contexts. The extent to which they have done this in ways that benefit the



poorest is questionable, however. Increasingly, these processes are recognised as fairly instrumental activities and not transformative as they were first conceived. Whether this always matters is another question, but a more unforgiving critique, such as that of Hickey and Bracking (2005: 854) asserts that these approaches have undermined and distracted from exploring the most legitimate and effective forms of representation available to the poorest people.

In many contexts, the policy environment is strongly influenced by personalised interactions, in which the public sector is appropriated by private interests as public and public roles overlap (Chabal and Daloz, 1999, in Bird and Pratt, 2004: 15). The inclusion of the poor and poorest can carry little weight against the influence of more powerful interest lobbies that may divert policy processes toward the non-poor. This means policy processes intersect with societal structures in ways individuals often understand and can negotiate, but ways that also exclude and disempower particular groups – reinforcing poverty based on caste, ethnicity and gender. Embedded and powerful interests support and benefit from the status quo.

Influencing wider societal values and commitment to poverty eradication does not follow a linear progression. Working with the press, academics and social movements and so on to challenge generally accepted positions, relationships and even discriminations can be effective in indirectly changing policy processes. Poverty experiences and patterns of living become unacceptable only if people are pressing for change and the particular issues affecting the poorest become less possible to ignore.

3.4 Role of donors and external policy influence

Donor interests have a significant effect on policy agendas and can play a potentially powerful role in shifting policy discourses. However, donor interest is not enough if national institutions are not developed to take new policy forward. The best scenario is one where donors support virtuous circles of national policy processes which emphasise policies beneficial to the poorest. In practice, donors are scared off by talk of redistribution through taxation or legislation – because of presumed (but often undemonstrated) disincentive effects – and current donor strategies may limit the beneficial effects of aid for the poorest (Shepherd and Cabral, 2008). Where policy spirals in vicious circles, political and economic conditionality followed by withdrawal of support from the state and then the country have been the predominant strategies. The ‘fragile states’ discourse is now challenging these simplistic responses (François and Sud, 2006)

3.5 Delivery and implementation of policies

Provision and delivery mechanisms are an essential part of policy and, given the propensity of the poorest to exclude themselves or to be excluded, the more critical questions often



arise in implementation. In many developing countries, the reach of the state may be limited in terms of geographical coverage and also in terms of the goods and services provided. The poorest often have limited interactions with the formal economy and have poor access to government services. Government policies may have no strong negative or positive direct effects, except where they support impoverishing forms of development – such as those involving internal displacement.

Physically ‘reaching’ the poorest populations is often difficult. These people commonly live in less accessible areas (geographically or in terms of physical insecurity), with weak infrastructure and government administrative capacity. They often have social positions that make contacting them problematic (for example, patrons or male relatives stop them from meeting other people) (Hulme and Shepherd, 2003: 417). The costs involved in extending services and policy initiatives to these groups and areas can be off-putting in resource-strapped contexts. Lower rates of return on investments in remote and insecure regions may inhibit justification on efficiency grounds (Bird and Pratt, 2004).

The complexity of interlocking problems affecting the poorest people may often demand multiple agency and arguably more technically complex responses, which take time and resources and may go against institutional incentives to perform efficiently. The severity of poverty among the poorest people means that it is likely that initiatives will take longer to raise them above the poverty line. This can reduce incentives to focus on the poorest and instead encourage attention to the less poor and hope for trickle down benefits to the poorest. Without strong representation of their interests, there is rarely a strong political voice to counter prevailing institutional incentive structures.

Where state reach is limited and accountability to the poorest is weak or non-existent, potential for corruption at the point of delivery can be strong and can undermine the delivery to the poorest and weaken the demand for government interventions. This distortion may simply reflect the weak capacity of government in certain areas both in terms of administration and financial management. However, it can also reflect targeting errors and high levels of discretion among front line staff.

The ways in which the poorest people are treated by front line staff has considerable impacts on demand. It is essential to recognise the considerable impact of demand-side factors on the supply of goods, services and infrastructures (Grant and Hulme, 2008). If people experience discrimination and maltreatment by providers they will understandably tend not to return. Low uptake among the poorest people can be misconstrued as a simple reflection of ignorance and, while illiteracy and lack of awareness can inhibit the access of the poorest to government-provided services, the reality is more complex.

The actual and hidden costs of government services can exacerbate the poverty of the poorest, and are often considerably higher than the costs of accessing other local providers.



Non-formal providers proliferate at the local level, particularly where access is constrained by barriers to formality (e.g. in illegal or unstable settlements). Complex behavioural patterns behind choice of provider reflect a set of informal and formal relationships based on discrimination, and self-exclusion, costs, as well as relevance of provision to household structures and beliefs.

3.6 What are pro-poorest policy processes?

Policymaking is not linear, but involves dynamic interlocking and overlapping processes influenced strongly by prevailing contexts (RAPID, 2004). Within these complex processes there will be space for the interests of the poorest, if only in alliance with those of other more powerful and visible groups. Critical elements would include: recognition within policy that 'the poor' must be disaggregated, and that researchers and social movements have a role to play in the disaggregation process such that the 'voice' of the poorest is magnified (Shepherd and Cabral, 2008); addressing 'demand-side' issues alongside improving the supply of publicly provided services and protection; approaches capable of addressing the context-specific combinations of deprivations experienced by the poorest; long-term approaches to complex issues which entail learning over significant periods of time; and an effective combination of targeting with universal provision

4 Policy priorities for pro-poorest poverty reduction

Moore *et al.* (2008) present a framework for thinking about the different causes of poverty. These include both poverty driving processes (idiosyncratic shocks and crises) and poverty maintaining processes (structural causes, set within prevailing institutions and relationships). Responding to the drivers is arguably easier and more straightforward to conceptualise than tackling the structural factors associated with institutions and embedded relationships (Grant and Marcus, forthcoming). There are known 'interrupters' of poverty too: material assets, education, sustained employment creating growth: to what extent do they work for the poorest?

A pro-poorest set of policies may look very different in varied contexts. For example, effective policy responses in contexts of pervasive extreme and chronic poverty will contrast with those contexts where extreme poverty is concentrated in pockets. Similarly, the political, economic, environmental and socio-cultural specificities will influence this design. This means assessing the utility of combinations of directly targeted programmes, mainstream services with specific devices to increase demand from the poorest, sectoral initiatives and the creation of an enabling political and institutional context for the poorest.

There may be trade-offs between some of these policy objectives and those that have come to be accepted as the main thrusts of poverty policy dialogue. The kinds of policy concerns



identified below may be considered to be of lesser priority than getting the 'fundamentals' of governance and macroeconomic management 'right', or emphasising basic (e.g. preventive) health and (the almost exclusive focus on primary) education services in public expenditure, at the least that they should be carefully sequenced in relation to these fundamentals. There are also trade-offs within policy objectives (e.g. free services versus improved quality with cost recovery) (Shepherd and Cabral, 2008).

4.1 Known interrupters

Sectoral policies tend to be the bedrock of poverty reduction actions in most countries, notably through education and health provisions. In PRSs, sector investments are justified in stimulating growth and employment opportunities that will benefit poor people (but not exclusively) and provide services that will benefit poor people and others (Grant and Marcus, forthcoming). Within the health sector, the Chronic Poverty Research Centre (CPRC) has clearly identified the importance of actions that promote effective, accessible and affordable *curative* health care, enabling early returns to work, following ill-health or accident. This illustrates that appropriate sector focus alone is not enough to benefit the poor but rather it is the detail of sub-sector resource allocations and implementation. The same case can be made for education, where it may be pre-school interventions which contribute to enhanced demand for and access into education (Kabeer and Hossein, 2004), and post-primary stages which are critical to the interruption of extreme poverty.

Certain types of pro-poor actions (e.g. microfinance provision, irrigation, transport, infrastructure improvements allowing greater access to markets) appear to benefit the less poor and non-poor more than the poorest people. However, this needs much further investigation: infrastructure – installed for other purposes – has been found to be closely associated with greater incomes from wage labour in India (Bhalla, 2004). The indirect (e.g. employment) effects of irrigation investments have been significant. Additional components may render actions significantly more sympathetic to the poorest – for example, the focus on savings rather than credit and the addition of micro-insurance, training and capacity development in micro-finance programmes (Matin and Hulme, 2003).

4.2 Economic growth

It is a major political challenge to change the growth path of a national or regional economy. McKay (2008) discusses the relationship between economic growth and the wellbeing of the poorest. This is not a passive relationship but rather dependent on the ways in which the poorest are able to participate in growth themselves and derive benefits from growth in incomes and assets of others – linking back to the relationships between the poorest and the less or non-poor, but also the public provision of services. McKay posits that the fact that they are very poor makes both participation and benefiting from economic growth more



difficult. Policies that redistribute or distribute assets that are critical to self-propelled growth of the poorest individuals, households, regions and countries would potentially include education, land and housing, livelihood protections and financial capital.

Policies directed at opening up opportunities to the poorest need to be treated with some caution. Opening up markets (labour, commodity, finance) demands very context-specific understanding of what the barriers are to market participation. Discrimination and practices based on gender, ethnicity, race, disability, caste, etc. may constrain access to markets for some people (not just the poorest). This is particularly the case with reference to labour markets (Hulme and Shepherd, 2003). However, reducing the cost of migrating or commuting to work may be just what stimulates the erosion of discrimination and social barriers (Deshingkar and Start, 2003).

Inequality is a key mediating factor in the relationship between growth and poverty reduction. While the poorest may benefit from national economic growth, the benefits they accrue tend not to be proportional to the rest of the population. Where there are high and rising levels of inequality, economic growth rates will result in slower reductions in poverty generally. While some forms of static redistribution (e.g. land redistribution) may in some situations inhibit economic growth – by reducing incentives to save and invest in the short term, growth strategies that disproportionately build the assets of the poor and poorest can have strong impacts (McKay, 2008). This might translate into an emphasis on sector investments that specifically include large numbers of the poorest people, for example regional development strategies. Policies that enable casual labourers and marginal farm households to participate more fully in economic growth would be an important emphasis in many contexts, given the predominance of these groups among the poorest.

4.3 Social assistance

Targeted direct transfers and other elements of social assistance can be relevant to the poorest. Direct and targeted support to redistribute assets or income (e.g. through cash transfers and land tenure reforms), or to address specific obstacles faced by the poorest people (e.g. through business support and training), and to enhance their access to services (e.g. through fee waivers, or by additional resources to services mainly used by poor people or in areas where poor people are concentrated) are some approaches that can respond to the particularly disadvantages of poverty in old age, disabilities and other disadvantages that keep people in deep and long-term poverty. Social protection includes social assistance, against vulnerability, failure of labour markets and processes which lead to destitution. It can also include the provision of justice and policing to ensure a minimum level of physical and personal security. Many targeted programmes outlined in PRSs tend to be just small-scale and are likely to be underfunded in relation to the scale of need, however (Grant and Marcus, forthcoming).



This emphasis recognises that growth alone will simply not be enough to ameliorate certain kinds of poverty and some people really do need support to improve their livelihoods and wellbeing. Social assistance responds to the vulnerabilities that different people face and aims to increase individual and household security so that they can make the best choices over their own spending, investments and productivity. However, there remains a considerable policy gap over how to best provide this kind of security especially in low-income countries, although many initiatives currently in place in different world regions are providing increasing lessons (Shepherd *et al.*, 2004).

The dilemmas are illustrated in Slater's article on HIV/AIDS and social protection (2008). While the world rushes to design schemes for orphans and vulnerable children, an argument is advanced for targeting based on vulnerability in general rather than HIV/AIDS specifically – because HIV/AIDS sufferers cannot easily be distinguished in poor countries and proxy indicators are indicators of other types of vulnerability, and because proliferating separate social assistance schemes is not a good idea where administrative capacity and outreach is low.

4.4 Long-term social change

There are limits to how far policies can challenge politically and historically based relationships that create and sustain patterns of distribution and discrimination. It is necessary for society to challenge these patterns and dominant ideas and discourses. If such challenges are successful this may reduce stigma and discrimination and open up opportunity for doing things differently within the whole range of policy levels.

Is there a role for policy processes within this? PRSs tend to assign little analytical attention to the barriers to addressing social inequalities and much is made of social mobilisation campaigns (Grant and Marcus, forthcoming). However, as proponents of participatory approaches might have originally argued before such approaches become mainstream, there is much that can be achieved through efforts to support conscientisation processes and recognise and challenge the psychology of living in extreme poverty. Hickey and Bracking (2005: 862) argue, with reference to Rawl's theory of justice, that principles of fairness and redistribution require much stronger and thorough challenge than a technocratic focus on 'poverty reduction' will muster.



5 Conclusion

Poverty reduction is not a linear process and occurs at different speeds on different variables and among different individuals, households and geographical regions. Reversals can be expected and policy must be flexible enough to deal with this and not simply convert those who make slow progress into 'dropouts' (Matin and Hulme, 2003: 661). A range of policy instruments are needed to transfer, build and protect the assets, capabilities and rights of the poorest, to match the complexities of the poverty that they experience in social, economic, environmental and political spheres. The science of sequencing and combining these is at an early stage.

The choice between the existing policy orthodoxy and some other range of policies is artificial. In practice, the poorest can benefit from at least aspects of the orthodoxy if additional actions are taken – analysis and monitoring are disaggregated; demand for services is enhanced; better tools for identifying and targeting are developed; significant attention is given to monitoring and improving implementation, probably through media, social movements and the law.



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