



**Chronic Poverty**  
Research Centre

**Washington, 26-27 February 2009**

# Escaping Poverty Traps



[www.chronicpoverty.org](http://www.chronicpoverty.org)



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# Who are we?





# Outline

- Who are the chronically poor, and what do we know about why?
- The solutions to chronic poverty in the Second Chronic Poverty Report
- The likely impact of recession
  - on the chronically poor
  - on the identified solutions



# Definitions

- Different concepts: long-term poverty, life-course poverty, intergenerational poverty
- Sources of knowledge
  - Longitudinal data
  - Qualitative sources e.g. life histories, plus others (PPAs)
  - Some from cross section surveys e.g. stunting
- Poverty severity an imperfect proxy



# Who are the chronically poor?

- At disaggregated level, more likely to be:
  - Highly agriculture dependent (small land areas), often casual agricultural wage labourers
  - Other disadvantages: illiteracy, remote location, disadvantaged ethnic groups or scheduled tribes/castes
  - Higher budget share on food, and often higher degree of market engagement
  - Some dependent poor



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# Why are so many people chronically poor?

- Explanatory framework (next slide)
- Some research highlights to date
  - Concepts: unresolved tension between methodological individualism and structural political and anthropological perspectives
  - Poverty dynamics: important, integrated qual-quant initiative in Bangladesh
  - Intergenerational transmission of poverty: inheritance as a key determinant of outcomes

# DEGREE AND NATURE OF CHRONIC POVERTY AND SOCIO-ECONOMIC MOBILITY

... AND INTERGENERATIONALLY  
TRANSMITTED POVERTY

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*Changing social norms,  
learned behaviour, social  
practices & group  
membership & collective  
action*

*Changing nature and  
quality of market and  
state institutions*

*Changing pattern of  
economic growth*

*Changing nature of  
inequality and social  
structure*

*Changing  
demography*

**Low returns to assets**

**Assetlessness**

**Insecurity**

**Probability of shocks and  
stresses**

**Social exclusion and  
discrimination, patterns  
of inclusion**

**Adverse incorporation**



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# Why are so many people chronically poor?

- More research highlights:
  - Asset levels strongly correlate with poverty, even if not much evidence of poverty traps
  - Insecurity: informal employment can lead to intergenerational poverty via care and education of children
  - Adverse incorporation/social exclusion: ‘unequal categories’ and the need to politicise poverty agenda





# Country research insights

- Bangladesh:
  - upward mobility in small steps through savings and accumulation
- India:
  - poverty persistence of over 30 years for about half the poor: elements of exclusion and discrimination
- South Africa:
  - Challenges the separate ‘second economy’ idea: mainstream & marginal are intertwined. Prospects depend on how individuals are caught up in complex social and economic relationships
- Uganda
  - vulnerability core aspect of chronic poverty, opening the door to a national social protection programme
- West Africa:
  - Severe insecurity; migration as an escape for some

# Research Synthesis

- Conference a first step
- Challenge of disciplinary and methodological tensions
- Thematically and nationally diverse material (CPRC +)
- Connecting research and policy responses
- Needs a focus
  - MDG review, and post-2015 agenda
  - National political and policy agendas
  - Chronic Poverty Report = 1<sup>st</sup> take on policy response <sup>10</sup>



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# **Chronic Poverty Report 2008/09**

**Aimed at national and international policymakers**

**Offers solutions to five chronic poverty traps**



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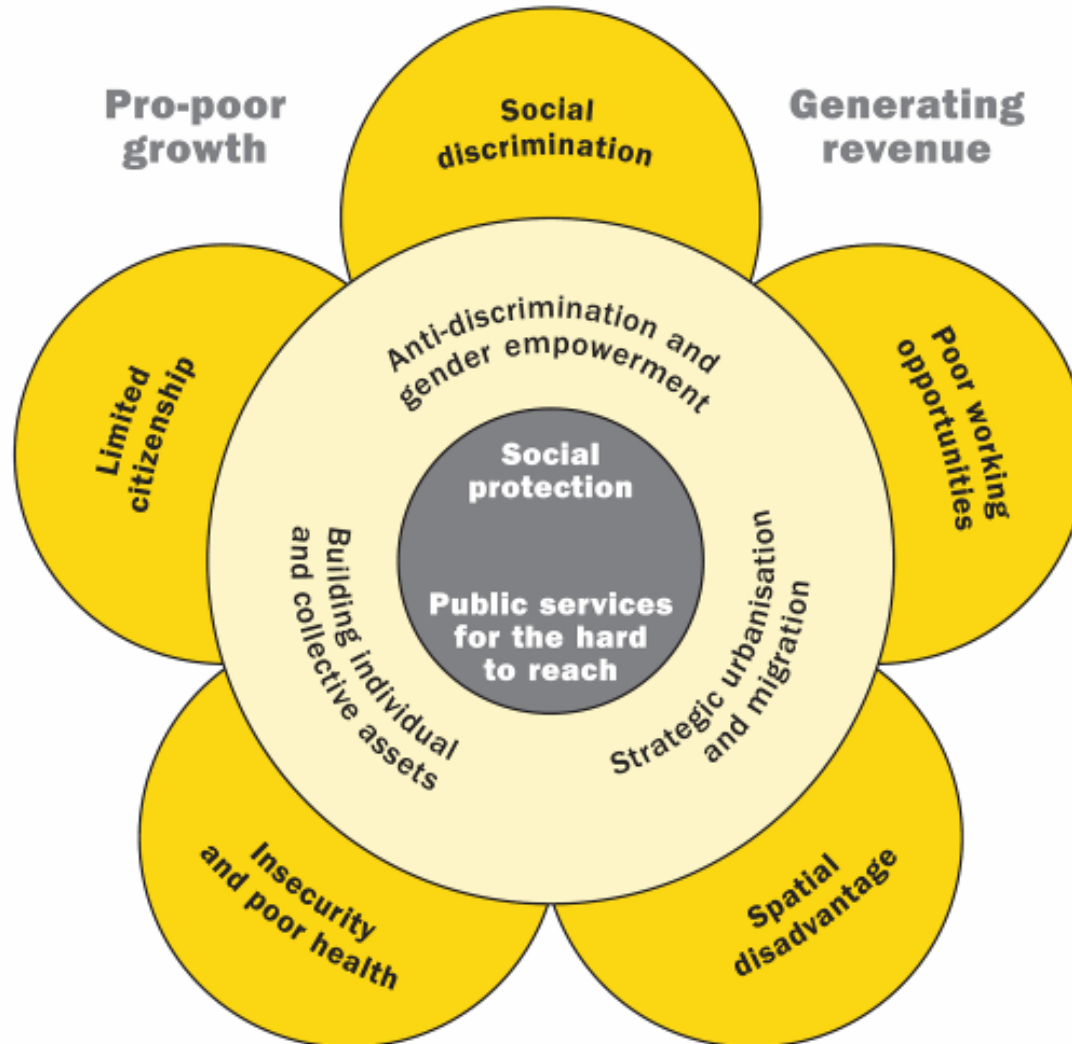
# What are the five chronic poverty traps?





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# What are the solutions?





## **The growth context**

- Chronic/severe poor do not share equally
  - But still beneficial for chronic poor
  - And provides the opportunity of greater resources for government spending
- Aim of transformative growth (à la Vietnam)
- Sectoral pattern of growth matters, especially agriculture
  - Infrastructure, education, information ...
    - But climate change a long term challenge



# The growth context

- Strategic urbanisation beneficial, including smaller towns and links to rural areas
- Social protection also likely to have beneficial growth impacts in longer term
- Current lack of growth will have adverse impacts; inequality really matters



# Chronic poverty and recession

- Likely impacts on the chronically poor
  - Lower growth rates
  - Reduced tax revenue
  - Reduced aid receipts
  - Price changes (positive and negative, but volatility not helpful)
  - Loss of: public protection, services; remittances, jobs and migration opportunities
  - Further erosion of assets – need protection
- Likely to make it harder to deliver social protection, but when need is greater





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# The recession and policy responses

- Chronic poor might lose less than others?
- Evidence from past recessions of important impacts on women and children
  - More women entering labour force, often adversely incorporated
  - Increased child labour
- Politics
  - Renewed focus on the chronic poor?



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# **Policy response is more than the sum of its parts...**



*Crispin Hughes/Panos*

**Builds a *social compact*  
between the state and its  
people**

**Primary function of the state  
is to reduce individual risk**

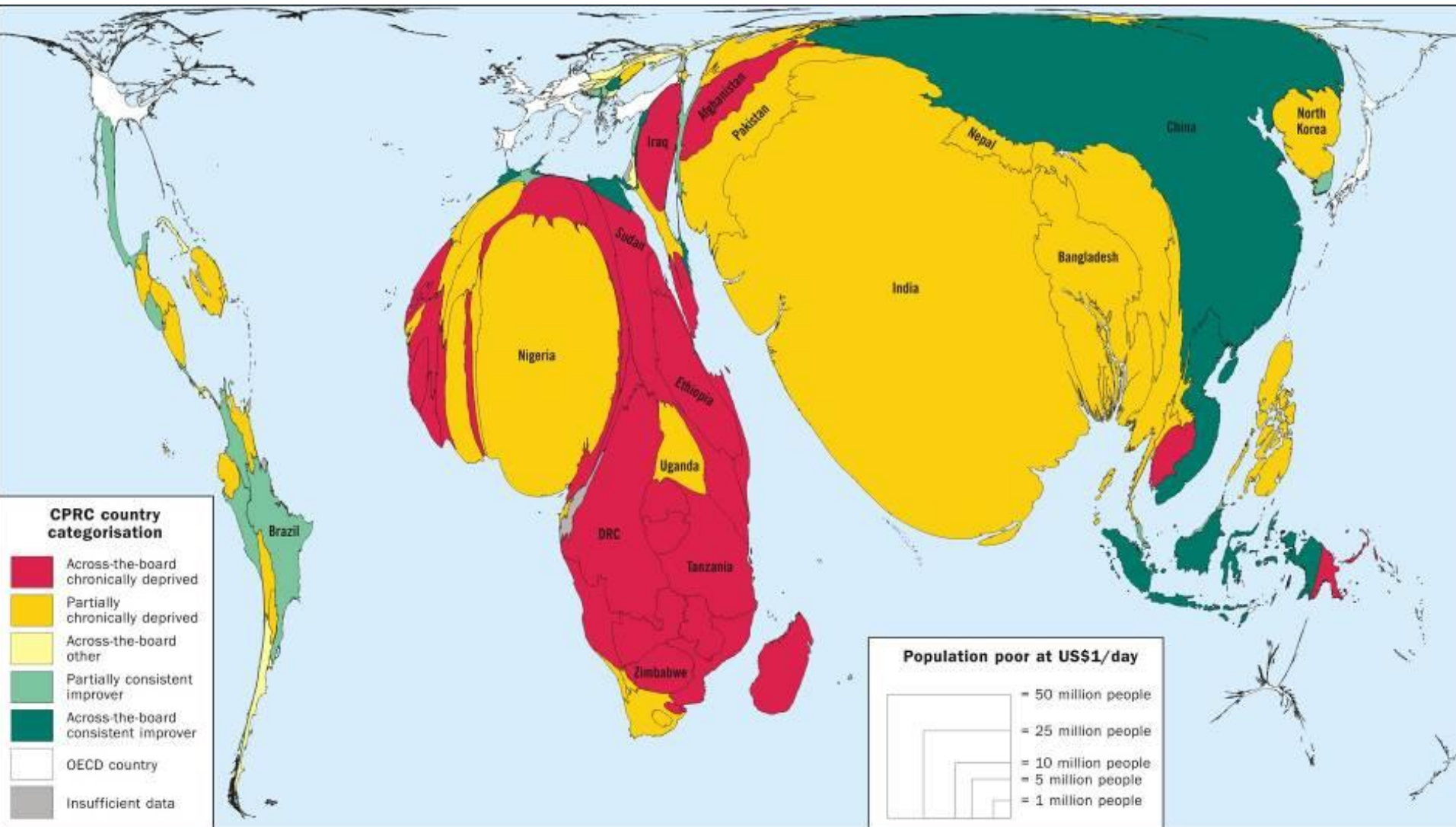
**Policies reduce risks in  
return for commitment and  
revenue (through taxation)**

**Recession as opportunity?<sup>18</sup>**



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# Tailoring policy responses to country context





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## Country level policy engagement

- Chronic poverty reports produced for Bangladesh and Uganda, India in process
  - Major tool of engagement with policymakers
- Substantial participation in political dialogue in India, including into latest plan
- Announcement in Uganda on social protection
- Engagement with local media



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## **What should happen now?**

***Poverty Reduction Strategies*** should remain a vital tool, but a 3<sup>rd</sup> generation of PRSPs need to:

- Shift from being donor-owned documents, to being embedded in national societies and polities;
- Be based on national political projects
- Open up formal and informal spaces and networks for the voices of the poor

**...but recession may make aid more important again, national ownership less easy**



## **What should happen now?**

The *Millennium Development Goals* need extending beyond 2015

- Goal of extreme poverty elimination by 2025?

A **Global Social Protection Strategy** should be put in place by 2010

- Target: access to basic social protection for all poor and vulnerable people by 2020?
- These are calls to action – more work on feasibility needed to underpin them, especially given recession



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Abbie Trayler-Smith/Panos