Programming to End Extreme Poverty: Evidence and experience to guide the way forward
The road to zero extreme poverty: Chronic Poverty Report 2014-5
Andrew Shepherd, Chronic Poverty Advisory Network, Overseas Development Institute,
Outline

• Policy measures for extreme poverty eradication
• Policies against impoverishment
• Tackling intersecting inequalities
• Pro-poorest economic growth: tackling adverse inclusion, sustaining escapes. Highlights of recent work:
  – Employment
  – Financial inclusion
  – Private sector development
The Zero Poverty Tripod

- Tackle chronic poverty
- Stop impoverishment
- Sustain poverty escapes
A dynamic post-2015 goal to eradicate extreme poverty

Target 1: Promote escape from extreme poverty until it is eradicated

Target 2: Households escaping extreme poverty continue to improve their situation towards upper poverty line

Target 3: Stop descent into extreme poverty. Major risks and stresses managed

Extreme poverty line
Policies for the zero poverty tripod

- **Include the poorest people better in the economy, in politics and in society through:**
  - Better quality basic education and social assistance, employment quality measures, and better returns to farmers
  - Anti-discrimination, affirmative action measures, access to justice

- **Substantial investment in post-primary education and links to labour markets**
- **Land policy reforms enabling mobility**
- **Progressive regional development policies**
- **Universal access to sexual and reproductive health**

**Sustain poverty escapes**

**Progressive social change**

**Chronic poverty**

**A period of impoverishment**

- Prevent conflict
- Disaster Risk Management
- Universal Health Coverage
- Manage economic vulnerability
- Insure against major risks (e.g., assets, weather, old age)
- Universal access to sexual and reproductive health

**Time**
<table>
<thead>
<tr>
<th>Objectives</th>
<th>Tackle chronic poverty</th>
<th>Stop impoverishment</th>
<th>Sustain escapes from extreme poverty</th>
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<tbody>
<tr>
<td>Cross cutting policies</td>
<td>Social protection</td>
<td>Education, including pre- and post-primary and links to labour markets</td>
<td>Pro-poorest growth measures, including employment quality measures</td>
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<td>Universal access to reproductive and sexual health services</td>
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<td>Objective-specific policies</td>
<td>Anti-discrimination measures</td>
<td>Conflict prevention measures</td>
<td>Land policy reforms enabling mobility (renting in/out)</td>
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<td>Affirmative actions</td>
<td>Disaster risk management</td>
<td>Strong regional development policies</td>
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<td>Access to justice</td>
<td>Universal health coverage</td>
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<td>Agricultural market improvements</td>
<td>Insure against other major risks – asset loss, ill-health, deaths</td>
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STOPPING IMPOVERISHMENT
Poverty transitions – escapes and descents into poverty
What happens to households which escape extreme poverty?

![Bar chart showing percentage of households that fall back into poverty or remain out of poverty in different countries and periods.](chart)
LIFE HISTORY MAP: Amin, 61 years old, rural Bangladesh

1940
Born in 1946

1970
Starts work as a day labourer
Marries during war of independence
Son born in 1976

1990
Wife ill with typhoid
Falls ill for one year
Son marries Cost: tk4000
Leases wetland but loses fishing net. Cost: tk7000
Wife falls ill Cost: tk5000
Falls ill for 18 months
LIFE HISTORY MAP: Emanueli Mazua, 59 years old, rural Tanzania

- 1950: Born in 1950
- 1966: Attends primary school
- 1966: Famine in village from 1961-2
- 1993: He lost the chance to continue with his education after returning to school late when a bridge collapsed
- 1993: Begins fishing with Father. Earns moneys and buys assets
- 2009: Loses farm after divorce
- 2009: Can no longer afford to fish after fishing net regulations change
<table>
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<tr>
<th>Type of risk</th>
<th>Impoverishment channel</th>
<th>Policies to mitigate risk and reduce vulnerability</th>
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<tbody>
<tr>
<td>Individual</td>
<td>Production-related risks (inherent in farming and in entrepreneurial activity) and unemployment. Credit-debit spirals. Health shocks. Life-cycle turning points.</td>
<td>Tailor-made financial services, especially savings and insurance products. Universal Health Coverage. Social assistance for the extreme poor and social insurance in countries where the economy is (slowly) formalising. Pre-school educational vouchers and targeted support to young families.</td>
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• 6 out of 14 policy areas are social; 3 are integrated social-economic-environmental
• Social protection, education, sexual and reproductive health, anti-discrimination, affirmative action, universal health coverage
  – Measures vs gender inequality eg land inheritance laws and norms
• Social protection – need to open social insurance in addition to social assistance
Changes in land assets among the poor, poorest and median quintiles 1990s-2000s

Source: Analysis of DHS data
3 Social-economic-environmental measures

- Land policy – tenure and management
  - Recognition of plural channels to tenure security
  - Permitting renting in and out
  - Climate smart farm systems – build stocks of soil and water
- Disaster risk management
  - Quality varies significantly at same income level
  - Sub-national disaggregation and targeted policy
- Reproductive and sexual health
  - Demographic change inherent in household mobility
  - Gender equality, education and economic transformation drivers
  - Poverty eradication as well as environmental outcomes
Tackling chronic poverty

• A combination of:
  – Social assistance
  – Access to quality education and health
  – Pro-poorest growth
  – Social transformation
“This approach captures the combination of multiple disadvantages that affect certain categories of people – those whose very identity is subject to deep inequalities. This is the case with the forms of identity that are ascribed from birth and are relatively immutable; such as race, caste, ethnicity and gender. A person can have more than one of these identity ‘markers’ and any or all of them can imply some form of disadvantage (e.g. an indigenous woman living in a remote rural location). These combined disadvantages leave some individuals and groups more constrained in their life chances than others, and more likely to suffer magnified deprivation.”
Essentials of addressing intersecting inequalities

Political change

Constitutional reform

Social mobilisation

Combination of universal and targeted and affirmative actions

Increased political participation
Trajectories of political change that promote equity and inclusion

- Governments with a strong inclusive and redistributive agenda combined with class-based social mobilisation (e.g. Brazil and Ecuador).

- Multi-ethnic countries in which movement-based governments result from identity-group mobilisation (e.g. Bolivia, Ethiopia, and Nepal).

- **What can be done**: national projects generating broad consensus around progressive policies; support by coalition of political parties and social movements; open spaces for civil society; indicators of progress towards inclusion in the SDGs.
The factors associated with living in poverty, escaping poverty and sustained poverty escapes

**South Africa (KIDS and NIDS)**

- Large household
- Female household head
- Head works in agriculture
- Head has little education
- Poor quality housing
- No electricity

- Small household
- Older household head
- Head has more than 3 years of primary education
- WATSAN
- Community has all-weather road

**Line in poverty in wave 1**

**Escape poverty by wave 2**

**After escaping in wave 2**

- Head has more than 3 years of primary education
- Cultivable land

Rural Ethiopia (ERHS) and Uganda (UNPS)

- Large household
- Aged household head
- Head works in agriculture
- Head has little education
- Poor quality housing
- Little land owned

- Head has primary or secondary education
- Head has formal education
- Land owned
- Receive remittances
- Good quality housing
- Community has all-weather road
Figure 17: Saw-tooth upwards mobility in rural Bangladesh: Monir, 46-year old man, Nilphamari District
• The majority of chronically poor are economically active
• Relevant CPAN policy guides (www.chronicpovertynetwork.org):
  – Agriculture
  – Employment
  – Energy
  – Financial inclusion (May 2015)
  – Private sector development (May 2015)
  – Macro-economic policy (September 2015)
East Africa GIC

Growth Incidence Curves

- Burundi
- Kenya
- Mozambique
- Tanzania
- Ethiopia
- Malawi
- Rwanda
- Uganda
Employment

- Escapes from extreme poverty often associated with gaining jobs or developing nonfarm micro-businesses
  - Create more opportunities, and increase access by poorest
- Informality here to stay, not a stage in development
  - Improve terms and conditions, including minimum wages supported by social protection
- Broad range of policies key for poorest (and not covered much by Jobs WDR):
  - Support for internal migration
  - Protection of casual labourers, and inclusion of labour contractors
  - Voluntary/private codes and standards
  - Implementation of labour laws
  - Support for collective representation through broad alliances
Domestic workers

- Increasingly teenage girls and young women migrants, many different types
- Some international progress (ILO Convention 189 and Recommendation 201)
- Less good inclusion in national legislation, regulation of placement agencies
- Minimum wages can be a powerful instrument (eg S. Africa – law abiding society)
- Measures difficult to implement – conflicts of interest
  - Recognition issues
  - Formalisation: proceed with care to avoid harm
  - Written contracts – desired by surveyed child workers in Iringa, Tanzania
  - Organisation: SEWA both sources work and trade union wing represents. Also trains on sexual abuse
  - Alliance between South African Domestic Service and Allied Workers’ Union, Commission on Gender Equality and COSATU – unemployment insurance
Financial inclusion

- Mixed evidence on micro-credit on inclusion of the poorest
- The only financial service currently strongly linked to poverty dynamics is informal savings clubs/groups (next slides)
- 4 promising avenues for including the poorest:
  - Linking savings clubs with formal services
  - Linking social protection with financial services
  - Weather-indexed insurance
  - Mobile money
Nigeria: financial inclusion and poverty dynamics
Private sector development

• A pro-poor PSD strategy puts the informal sector at the centre
• Combined interventions are needed to include the poorest (eg asset transfer + business/skill training; package of measures in value chains)
• Enabling environment: tackle petty corruption in police, judiciary, social services, natural resources
• Skill acquisition constraint: modernise traditional apprenticeships?
• Much stronger poverty assessments in Bottom of the Pyramid initiatives, PPPs and Challenge Funds
Why does aid not reduce poverty (much)?

- Social protection: scattered contributions to global progress; systematic approach awaits post-2015
- Education: ‘basic’ focus limits impact
- Pro-poor growth: ideological resistance; eclectic AfT; potential of markets/value chain work, but little evaluated/properly analysed; job quality trumped by quantity; little policy purchase on informal economy
Poverty focus in selected Swedish bilateral aid portfolios

- Half Swedish bi-lateral aid in selected countries plausibly reduces poverty
- Tackles extreme poverty better than impoverishment or sustaining escapes
- Aid decisions are driven by other factors, despite poverty eradication being Sweden’s aid goal for 50 years!
Annex 1: Definitions of poverty concepts

- **Extreme poverty** = $1.25 per person per day (or below national poverty lines). This basic statistical measure is based on consumption or expenditure as recorded by household surveys.
- **Severe poverty** = $0.70 per person per day, based on the average consumption of the poor in sub-Saharan Africa (or in some cases consumption below national food or severe poverty lines).
- **Chronic poverty** = extreme poverty that persists over years or a lifetime, and that is often transmitted intergenerationally.
- **Impoverishment** = descent into extreme poverty.
- **Sustained escapes from extreme poverty** = staying out of poverty and progressing towards a higher threshold (such as $2 per person per day).
- **Panel household survey** = a survey that tracks the same households over several years, enabling the tracking of movements in and out of poverty.
- **Multidimensional deprivation/poverty** = the Oxford Poverty and Human Development Initiative defines this as being ‘deprived in 3 of 10 assets and capabilities’; and severe deprivation as being deprived in half of these indicators.
- **Poorest** = the chronically poor, the severely poor (overlapping categories).
1. Social movements and social mobilisation that have succeeded in linking to political power

- Social mobilisation: threat factor (Nepal) or incentive (Brazil).

- Results include: new and more inclusive policies, opening of spaces of participatory democracy, rewriting of the ‘rules of the game’.

- **What can be done**: continued social mobilisation; governments maintaining links with civil society; spaces for consultation and collaboration around policy making based; open information flows.
2. Constitutional change can trigger social transformation that favours marginalised groups

- Progressive governments that are underpinned by long term social mobilisation often use constitutional change to mark the passage to new political discourse and policy making (Nepal, Ethiopia).

- **What can be done**: willing political coalitions turning constitutional reforms into laws, policies and provisions that are actually implemented.

  ‘Get right’ the detail of constitutional provisions and follow-up legislation; maximise spaces for consultation with civil society.
3. Increased political participation can be an outcome of political change and constitutional reform

- New Constitutions offer the chance to set aside the historical political structures in favour of a more participatory process where both civil society organisations and traditionally marginalised groups can find more space and voice (India, Nepal).

- What can be done: proportional electoral system (Nepal), decentralisation (Ethiopia), and the involvement of civil society and local governments in policy discussion through conferences and councils (e.g. Brazil and Ecuador).
4. Policies that reduce exclusion and inequality combine universal and targeted or affirmative action measures

• **What can be done**: the tension between universal and targeted approaches can be resolved by targeting basic transfers in cash or kind to those in greatest need, while ensuring universal access to the basic services that are needed by all.
  
  – Focusing on just one good universal programme that then works as entry point for subsequent interventions (Pakistan).
  
  – Grounding programmes in a legislative framework that recognises the rights of minorities and marginalised groups (India).
5. Addressing intersecting inequalities through global action: four suggestions to improve the SDGs

• Measuring progress towards the goals and targets focusing on those in the bottom 5%, 10% and 20% of the income distribution.

• Set ‘stepping stone targets’ at the national level that address measurable group-based disparities in context (e.g. the gap in educational attainment between girls in marginalised livelihood groups and boys in urban centres) and set targets for the progressive narrowing of the gaps (Watkins, 2014).

• Strengthen information systems to pick up group-based inequalities and develop appropriate indicators that focus on marginalised groups across the goals and targets.

• Include a target to ensure that the poorest 5% 10% and 20% of rural and urban households have access to sufficient land and/or housing to secure a basic standard of life and social status.