

Who are the “ultra poor” and how can we alleviate their poverty?

While much debate has focussed on static measures of poverty, looking at poverty dynamics can help us to better understand why some people are trapped in long-term poverty – and what sets of policies, in what contexts, might help them escape. The Chronic Poverty Report 2008–09 offers a guide to the latest thinking on these issues.

There is little consensus, and no objective way of defining poverty. The \$US1/day criterion adopted by the MDGs has as many critics as it has supporters. Money-metric definitions of poverty – linked to a measurement of income or expenditure – are limited in what they can tell us about the experience of poverty, and multi-dimensional conceptions of poverty and vulnerability have begun to realise a more useful understanding of the complexity of poverty traps.

A number of terms identify those who experience poverty most intensely – ultra poor, extreme poor, hardcore poor, etc. However, to deepen the understanding of why poverty occurs, and significantly improve the effectiveness of poverty reduction policies, poverty research needs to focus on *poverty dynamics*. By this we mean how people’s poverty status changes – or does not change – over time, and what particular sequences of events cause people to fall into poverty, or allow them to escape. The distinguishing feature of chronic poverty is its extended duration. Chronic poverty describes extreme poverty that persists



Photo: IFPRI/Borbor Bule

for ‘a long time’: many years, an entire life, or even across generations.

How many people are chronically poor?

Trends in poverty rates

It is important to locate chronic poverty figures within both conventional \$US1/day poverty figures and trends, and multidimensional indicators of chronic poverty. Recent poverty estimates (Chen and Ravallion 2007) suggest that between 1993 and 2002 the headcount \$US1/day poverty figure in developing countries declined by 100 million people to 1.2 billion. However, China accounts for a large part of

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this: and recent changes to purchasing power parities (PPPs) may produce higher poverty estimates in many poor and emerging economies.

Two regional poverty trends stand out: the dramatic reduction in the numbers of poor people in China; and the fact that poverty in Latin America and the Caribbean (LAC) became more urban than rural. In LAC the rural share of the poor dropped by more than 11 percent; while poverty became more urban across the world, elsewhere this was at a much slower rate. Excluding China, there

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was a 3.9 percentage point decline in the rural share of the poor, which translates into a sluggish rural–urban shift of around 0.4 percentage points per year. Apart from LAC, at least 70 percent of the poor were still found in rural locations in all regions in 2002 (Chen and Ravallion 2007). However, rapid urbanisation in many countries in South and East Asia, and worsening urban poverty indicators in many countries, suggest that urban chronic poverty is a growing problem.

Multidimensional indicators give us important information about the well-being of the poor. Whilst child mortality (both under-five and infant) and life expectancy are worst in sub-Saharan Africa, child stunting, malnutrition and wasting are worst in South Asia.

Estimates of chronic poverty

The lack of high quality, representative and comparable panel data sets means that we have to rely on approximate estimates. A best estimate is that at least 320–443 million people were chronically poor in the early part of the millennium (see Table). In other words, at least one-quarter to over one-third of the number of extremely (\$US1/day) poor people were chronically poor. That is roughly the combined populations of the USA and Japan.

Preliminary evidence on the relationship between extreme poverty and chronic poverty suggests that while in some countries (e.g. Ethiopia) there is a strong relationship between extreme poverty and chronic poverty, in other contexts many people suffer chronic poverty without always being classed as ‘extremely poor’.

Who is chronically poor?

The chronically poor are not one distinct group. Most of them are ‘working poor’, with only a minority unable to engage in labour markets. They include people who are discriminated against; socially marginalised; members of ethnic, religious, indigenous,

Estimated number of people suffering chronic poverty, early 2000s

Region	Estimated chronic poverty for entire region (low estimates)	Estimated chronic poverty for entire region (high estimates)
Sub-Saharan Africa	124 million	159 million
East Asia and Pacific	51 million	81 million
South Asia	126 million	176 million
Rest of World	19 million	27 million
All	320 million	443 million

nomadic and caste groups; migrants and bonded labourers; refugees and internal displacees; disabled people; those with ill health; and the young and old. Often, poor women and girls are the most likely to experience life-long poverty.

Despite this heterogeneity, we can identify five main traps that underpin chronic poverty:

Insecurity trap. Those who live unprotected within insecure environments often experience an extended duration in poverty. Conflict and violence are obvious sources of insecurity, as are economic crisis and natural hazards. While such shocks may affect many people, chronically poor households, with few assets and entitlements, have little capacity to cope with them. The chronically poor are also more susceptible to individual or household level shocks (“idiosyncratic shocks”), especially ill-health.

Limited citizenship. Individuals’ engagement in the political sphere is linked to their poverty status. Frequently the chronically poor do not have a meaningful political voice, and lack effective and legitimate political representation and power.

Spatial disadvantage. Remoteness, certain types of natural resource endowments, political disadvantage, and weak integration can all contribute to the creation of intra-country spatial poverty traps. But spatial disadvantage also includes Chronically Deprived Countries and certain urban locations which, despite proximity to wealth, are characterised by poor services, violence and desperate living conditions.

Social discrimination. The chronically poor often experience traps based on their positions within households and communities. Such social structures evolve with ‘social orders’ such as class and caste systems, ethnicity, or gender-specific roles, responsibilities and rights. Many of the chronically poor are bound into negative social relationships that, while protecting against destitution, deny them choice and voice, and limit their scope to move out of both the constraining relationship and poverty itself.

Poor work opportunities. Chronically poor people often live in countries or regions where work opportunities are very limited; and even where there is broad-based growth, the employment generated may be exploitative, with unhealthy working conditions. Whilst allowing day-to-day existence, poor work opportunities and unsustainable livelihoods do not permit savings or significant asset accumulation, and often increase health shocks.

Different contexts: Chronically Deprived Countries

It is also possible to differentiate analysis according to country development trajectories. Analysis using four welfare/deprivation indicators – GDP per capita, child mortality, fertility and undernourishment – shows evidence of four distinct country clusters and a residual group (Chronic Poverty Report 2008–09, and Anderson, 2007):

- *Chronically Deprived Countries* (CDCs) are characterised by relatively low initial levels of welfare (relatively low GDP per capita and

relatively high mortality, fertility and undernourishment) and by relatively slow rates of progress over time across all available indicators.

- In contrast, *Partially Chronically Deprived Countries* (PCDCs) are characterised by relatively low initial levels of welfare and relatively slow rates of progress over time across at least one available indicator.
- *Partial Consistent Improvers* (PCIs) are characterised by relatively low initial levels of welfare, a fast rate of progress over time in at least one available indicator, and with no indicator showing chronic deprivation.
- *Consistent Improvers* (CIs) are characterised by relatively low initial levels of welfare, but faster rates of progress over time across all available indicators.
- *Others* are countries which are neither chronically deprived nor good performers in any of the four indicators.

The CDCs are mostly in sub-Saharan Africa (see Box), although they include some states in other regions. Many of them have suffered from high levels of violence, and figure on various lists of 'fragile states'. Partial CDCs include countries from many world regions. Mauritius is the only sub-Saharan African country in the Improver categories, which include many countries in Central and Eastern Europe, North Africa and the Americas.

Chronic poverty and fragile states

Violence is a problem for the poor in all societies, but especially so in

chronically deprived countries: more than half of these countries have experienced major violent conflicts. For most people in poverty, their already weak economic, social and political position makes them particularly vulnerable to the direct and indirect loss of assets and economic opportunities due to conflict. Laws or social norms of protection and rights may be increasingly disregarded; their limited assets may be seized to provision combatants; they may be targets for acts of terror or revenge, especially the rape of women.

And yet poverty can also be a cause of conflict: there are two principal routes for this. Firstly, persistent poverty may increase social discontent. Where discontent is politicised, and where there is little prospect of non-violent political change, violent conflict becomes more likely. Desperate lack of economic opportunity is the second route. Leaders need to recruit followers and the lack of viable peaceful livelihoods makes recruitment easier. Often combatants may be motivated merely by satisfying basic needs – food, education and security. In some cases combatants are recruited by force. It may be that chronically poor people – particularly children – have the least material and social resources with which to buy or bargain their way out of such situations.

While injustice can start wars, as they progress, commercial motives can start to drive them. And commerce is sometimes the initiator of civil wars, especially when rich mineral resources are the prize. Ending wars therefore involves dealing with those who use violence to become powerful and wealthy. But once these 'spoilers' are removed (or contained), neither peace, nor poverty reduction, is guaranteed.

Fragile post-conflict governments need to find a way to establish pro-poor policies to build a just social compact.

What should be done about chronic poverty?

Policies must move beyond the so-called 'post-Washington consensus' and directly attack the five chronic poverty traps. This entails deepening the contemporary policy focus on insecurity and citizenship and incorporating the other three chronic poverty traps – spatial disadvantage, social discrimination and poor work opportunities – into the policy mainstream.

There are five policy areas key to tackling chronic poverty:

- **Social protection.** Publicly provided social protection, and particularly social assistance, plays a vital role in reducing insecurity and increasing opportunities for the chronically poor to engage with the growth process.
- **Public services for the hard to reach.** While all services are vital, reproductive health services and post-primary education are especially key in breaking the intergenerational transmission of poverty and have a dramatic effect on the prospects of chronically poor households.
- **Building individual and collective assets.** Asset holdings increase the personal (and collective) agency of the chronically poor. The more assets – psychological, as well as physical and social – a household possesses, the more leverage it has in social networks and transactions, as well as in markets.
- **Anti-discrimination and gender empowerment policies.** Tackling social discrimination promotes a just social compact and increases the economic opportunities of the chronically poor.
- **Strategic urbanisation and migration.** Chronically poor people need to be given the chance to migrate,

The most chronically deprived countries

Afghanistan; Angola; Burundi; Cambodia; Cameroon; Central African Republic; Chad; Côte d'Ivoire; Democratic Republic of Congo; Eritrea; Ethiopia; Gambia; Guinea; Iraq; Kenya; Liberia; Madagascar; Malawi; Mozambique; Niger; Papua New Guinea; Rwanda; Senegal; Sierra Leone; Somalia; Sudan; Swaziland; Tanzania; Togo; Republic of Yemen; Zambia; Zimbabwe

Source: Chronic Poverty Report 2008/9: 15; Anderson 2007

through education and anti-discrimination policies. A new concept for urban planning is needed, which recognises the beneficial ripples of urban growth, and permits poor rural in-migrants to gain a share of urban productivity.

The one policy which is most likely to be effective across a range of country contexts, and act as a building block for other policy areas, is social protection and social assistance in particular. Not only does social protection provide security for the poorest and most marginalised people, through maintaining minimum consumption levels (and improving nutrition, education and healthcare) and asset holdings, but it can also help to build a momentum for much wider societal changes – improving poor people’s participation in growth, their effective demand for key services and their social and political agency. Extending the reach and improving the quality of basic public services can also play a role in tackling all five poverty traps.

The social compact

In the longer term, to promote social and political institutions that give the chronically poor voice and support their demands, they need assistance in organising and developing political linkages. This is a complex process that can be conceptualised as fostering a just social compact at the national level.

The need for policy change must not mask the fact that the chronically poor themselves are the leading actors in overcoming their poverty.



Photo: Willecke

A social compact sets up mutual obligations between the state and the individual, with the state acting to reduce people’s risks – in return for their commitment to the state (including a willingness to finance it through taxation). This is especially important in fragile states. The state thus becomes an institution that enters meaningfully into the lives of poor people, rather than an abstract entity (or even worse, a threat).

Historically, there are different models for achieving a viable social compact, but common to all is an effective system of public finance, including revenue generation. Fiscal institutions need to be built and focused on the poor and their needs. This is to be matched at the international level by a shift away from charity for distant strangers to solidarity with fellow global citizens.

Finally, the need for policy change must not mask the fact that the chronically poor themselves are the leading actors in overcoming their poverty. To date, when their existence is recognised

at all, the chronically poor are perceived both by policymakers and in the popular imagination as dependent and passive. Nothing could be further from the truth. Most people in chronic poverty are striving and working to improve their livelihoods, and the prospects for their children, in very difficult circumstances they have not chosen. They need real commitment, matched by actions and resources, to support their efforts and overcome the obstacles that trap them in poverty and deny them citizenship.

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Zusammenfassung

Schätzungen zufolge leiden weltweit rund 443 Millionen Menschen unter chronischer Armut, das heißt Armut, die über viele Jahre, ein Leben lang oder über mehrere Generationen andauert. Betrachtet man, wie sich die Armutssituation der Menschen im Lauf der Zeit verändert, so erkennt man multidimensionale Armutfallen, die durch Unsicherheit, schlechte Arbeitsmarktchancen, Wohnort, soziale Diskriminierung und beschränkte Bürgerrechte verursacht sind. Es wird zunehmend über

Politiken und Strategien nachgedacht, um diese Armutfallen zu durchbrechen. Ein übergreifendes Ziel dabei ist ein „Sozialvertrag“ zwischen Staat und Bürgern für Gerechtigkeit und Armutsbekämpfung.

Resumen

Se estima que 443 millones de personas en todo el mundo sufren de pobreza crónica, es decir, una situación de pobreza que perdura muchos años, ya sea toda una vida o incluso varias generaciones. Al examinar las dinámicas de

la pobreza – es decir, la forma en que el estatus de pobreza cambia a lo largo del tiempo – se descubre la existencia de trampas de pobreza multidimensionales relacionadas con la inseguridad, la falta de oportunidades de empleo, la ubicación respectiva, la discriminación social y una ciudadanía restringida. El artículo discute las políticas y estrategias dirigidas a acabar con estas trampas, que incluyen el objetivo más amplio de desarrollar un “pacto social” entre el Estado y sus ciudadanos en torno a la temática de la justicia y la pobreza.