

# WHAT IS CHRONIC POVERTY AND WHO ARE THE CHRONIC POOR?



**Chronic Poverty**

Research Centre

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

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# THE CHRONIC POOR – IN A NUTSHELL

- The chronic poor are those who experience significant deprivation over many years and/or whose deprivation is passed onto the next generation
- They are a heterogeneous group often living in remote and marginal rural areas, regions of violent conflict and including older people (especially widows), child headed households, refugees and displaced people and those experiencing social discrimination
- Often classified into two groups
  - those not able to economically support themselves ('God's poor')
  - those who are economically active but remain poor (the adversely incorporated)

# WHY FOCUS ON CHRONIC POVERTY?

## The General Arguments

- Large numbers of people are chronically poor
  - 18 to 24% of South Africa's population
  - 25% of Ethiopia's population
  - 22% to 33% of India's population
- The chronic poor experience poverty because of structural factors (economic, social and political). Their position may not be improved by economic growth. We need to understand the specific nature of their poverty if we are to reduce poverty levels
- Effective poverty reduction policies for the transient poor are often not transferable to the chronic poor

# WHY FOCUS ON CHRONIC POVERTY?

## The Arguments and the MDG/IDTs

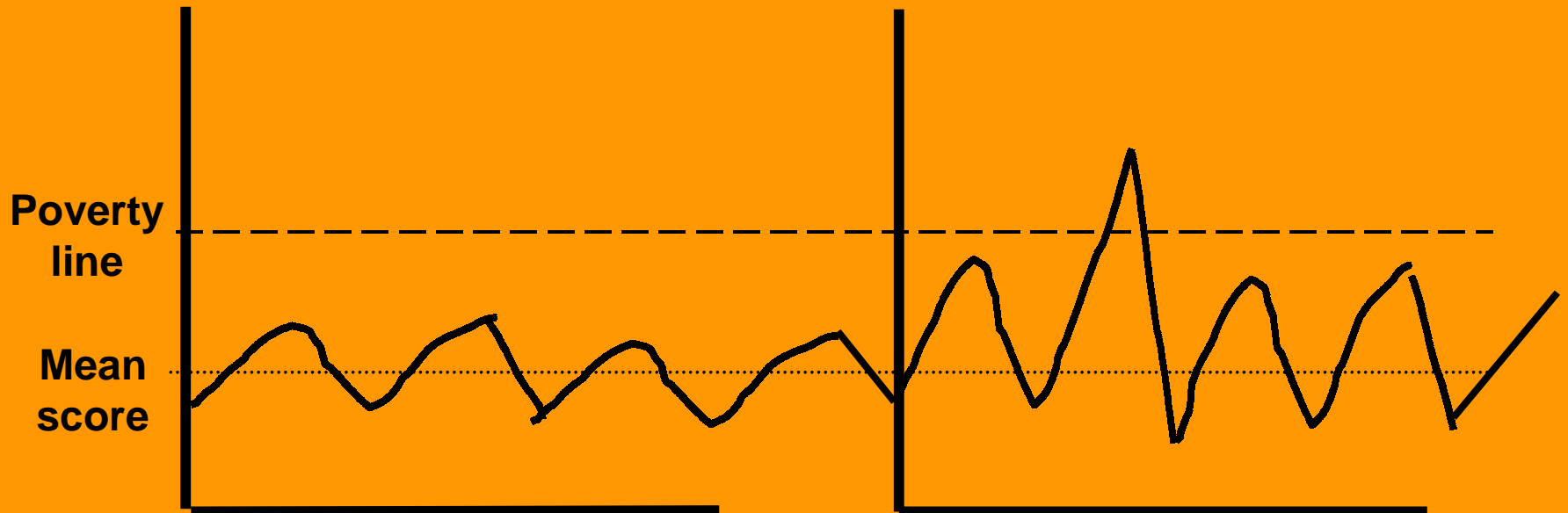
- Even if the MDGs are achieved there will be 900 million people living in extreme poverty in 2015. This 'other half' of the poor are mostly people who are poor at the present time or will be the children of people who are now poor. We need to understand why these people stay poor while others escape poverty
- The enthusiasm to achieve MDGs may encourage a policy focus on those who can most easily be helped out of poverty or stopped from sliding into poverty – the transient poor. We need to develop policies that will also help those who benefit least from contemporary development policies – the chronic poor

# WHAT IS CHRONIC POVERTY?

- Chronic poverty is poverty that is experienced over an extended period of time – while we are concerned about severity the key criterion is DURATION
  - A long poverty spell (more than 5 years)
  - A stage of the lifecourse (e.g. old age)
  - An entire lifetime
  - Poverty that is transmitted to the next generation

# WHAT IS CHRONIC POVERTY?

- Chronic poverty can be analysed in terms of different concepts of poverty - from the very narrow to the holistic
  - income/consumption poverty
  - human development
  - capabilities and freedoms
  - rights
  - subjective assessment
- These yield different indications of who is chronically poor and overall numbers. Some measures have high levels of fluctuation (income or consumption) while others (physical assets, primary education) change more slowly
- CPRC is taking an eclectic approach to poverty, as much of our work is with pre-existing datasets. However, in our own primary research we are pursuing a multi-dimensional concept of poverty



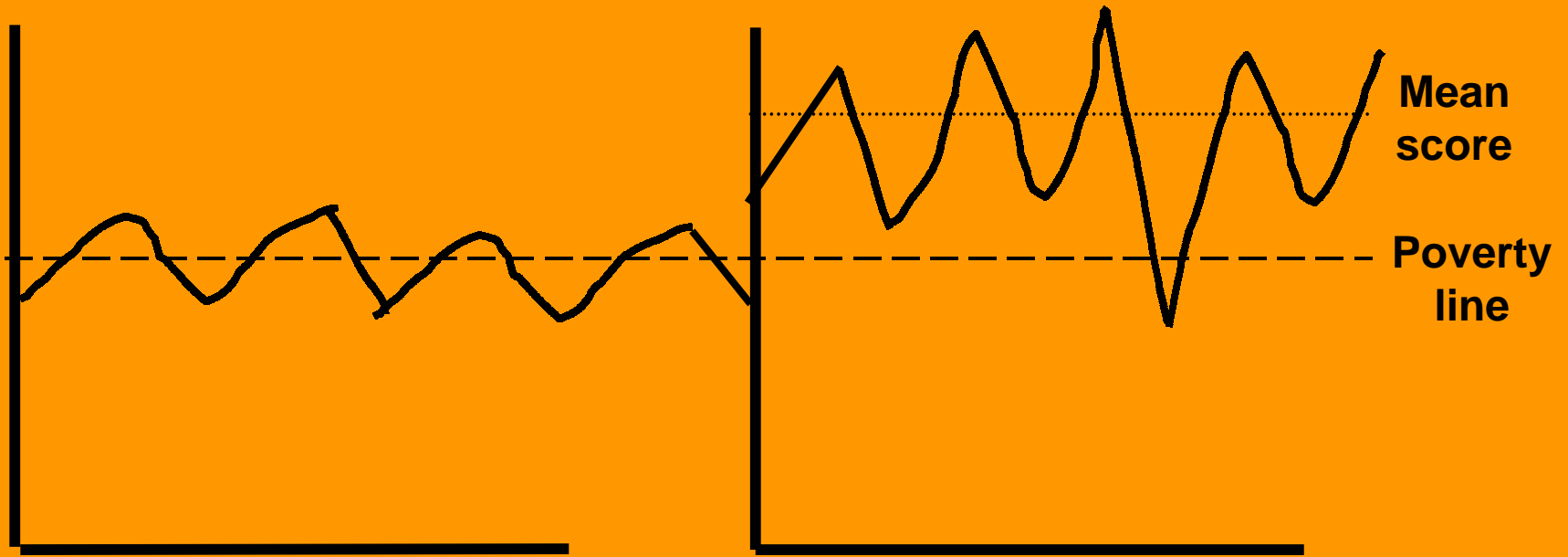
*Time*

*Time*

**Always poor**

**Usually poor**

**THE CHRONIC POOR**



*Time*

*Time*

**Churning poor**

**Occasionally poor**



# **THE TRANSIENT POOR**

# CHRONIC POVERTY, ULTRAPOVERTY AND POVERTY DYNAMICS

- Policymaking commonly assumes that those who are ultrapoor in income or consumption terms at any particular moment in time are the chronic poor – this needs to be closely examined. Depending on contexts there can be great differences in the degree of overlap between the chronic poor and the ultrapoor
- A focus on the ways in which levels of poverty and different components of poverty change over time (poverty dynamics) assists with the understanding of the poverty reduction strategies of the poor themselves and of poverty-reduction policies
- The simple models of policymaking (often based on monitoring aggregate poverty levels) are not the worlds in which poor people see themselves operating
  - One step graduation (poor to non-poor)
  - Two step graduation (ultrapoor to poor and non-poor)

# WHO IS CHRONICALLY POOR?

- Individuals, households, social groups, geographical areas
- Poverty based on position in the **life cycle** e.g. elderly couples, households with many young children
- Poverty based on **health or impairment status** e.g. households headed by disabled people or AIDS sufferers and/or households which experience frequent ill-health
- Poverty based on **position within the household** e.g. children, women, widows
- Poverty based on **socio-economic status** e.g. marginalized caste, ethnic or religious groups, migrants, refugees, nomads, bonded labourers
- Poverty based on **geographical location** e.g. remote areas, arid and mountainous areas, zones of conflict

# WHY DO THEY STAY POOR?

- Structural factors
  - unequal economic relationships (adverse incorporation)
  - social exclusion
  - lack of political power and influence
  - spatial poverty traps
  - institutional failure (states, markets and civil society)
- Multiple vulnerabilities
  - health
  - physical insecurity
  - lack of social protection (staying poor staying secure)
- Shocks
  - environmental
  - violent conflict
  - economic and political
- Combination of factors

# EMERGING ISSUES

- Continued pressures to emphasise livelihood promotion strategies ahead of livelihood protection strategies may have adverse consequences for the chronic poor in many countries
- Innovative strategies that harness promotional and protectional strategies working together show promise
- The likelihood that higher levels of redistribution (through income support or asset transfer) within countries and internationally will be required to achieve targets
- Continued need to tackle rural poverty, especially in spatial poverty traps

# EMERGING ISSUES

- Forces that seem likely to increase levels of chronic poverty are becoming evident:
  - child poverty (HIV/AIDS)
  - increasing numbers of elderly who eventually become dependent
  - female headed households
  - persistent violent conflict
- The need for more data and research!
  - heavy reliance on a few datasets
  - large sums of poverty-reduction funding programmed on 'low cost' evidence (R & D problem)
- Poverty analysis and national 'ownership'. Our Southern partners are being stretched more and more – real need for serious capacity development of poverty research and analytical resources in Asia and Africa