

**MAKING DEVELOPMENT WORK  
FOR THE POOREST**

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**DISCUSSION PAPER**

**Hitting the Target - Missing the Point: Achieving the MDGs but not  
reaching the poorest?**

**Global Targets and National Variations**

The international community is committed to achieving the Millennium Development Goals by 2015. Progress will be reviewed in 2005. The UN Millennium Project is in the process of assessing the viability of reaching the goals in various countries.

Recent evidence suggests that while reaching some of the goals is possible at a global level many countries are unlikely to achieve some or all of the goals. This is particularly the case for very poor countries where improvements made in the 1970's and 1980's have not been sustained (UNDP 2003).

Even within countries which demonstrate potential towards achieving the goals at national level there is vast variation across different sections of the population and different regions.

Disaggregating the targets and impacts presents a far less optimistic picture of poverty reduction than aggregate goals imply. Reducing income poverty by half is only on track at global level due to the scale of economic growth in India and China. Even if this target is achieved, without radical change in the way that development happens, some *900 million* people will still be living in income poverty in 2015 (CPR 2004:6).

**Who Will Stay Poor?**

The first global Chronic Poverty Report estimates that as many as *420 million* people are currently affected by *long lasting and severe poverty*. *Around one third of the global population living on less than \$1 a day will remain poor for more than five years* (Chronic Poverty Report 2004:92).

Two regions in the world account for 80% of this intractable poverty. The highest numbers of chronically poor people are in South Asia with up to 190 million people living in chronic poverty (CPR 2004: 28). The highest proportion of chronically poor people are in Africa, some 90 and 100 million people comprise around 29% of the world's chronic poor (CPR 2004:92).

Long lasting and severe poverty has a significant gender dimension. Poverty disproportionately affects women and girls. Seventy percent of the world's poor are female, according to UN estimates. Women and girls are likely to be similarly disadvantaged by extreme and long lasting poverty.

Although some of the women and men who are chronically poor are not engaged in the labour market or agricultural production because they are elderly, disabled or otherwise excluded, the majority of the chronically poor are economically active. Many are landless, lack productive assets, including the skills and education which would allow them to raise their incomes. Others live in remote regions where there is little investment in the kinds of opportunities that would enable the most poor to increase their productivity and incomes (CPR 2004:16-17).

### **What is Chronic Poverty?**

The long term poor are faced by multiple overlapping disadvantages which limit exit opportunities from poverty. They suffer income and capability deprivations which are mutually reinforcing. Low income, minimal assets and limited access to public services in health and education erodes human capital and limits opportunities for escape.

Social exclusion may reinforce other deprivations. The poorest include members of minority communities, including caste and ethnic groups which may be subject to discrimination; the elderly, those with disabilities, and people without rights of citizenship, as well as those subject to lack of rights because of their gender, age or stage in the life cycle. Such persons often have limited social capital because their networks are narrow and they may have few sources of community support (Hulme & Shepherd 2003: 405).

### **Absolute Deprivation and Hunger**

Low levels of education, inadequate nutrition and ill health are all causes and consequences of chronic poverty which are passed on to the next generation. Children born into chronic poverty grow up into chronic poverty, their life chances curtailed by inadequate diet and poor education. Over 15% of children under five in poorer countries are severely stunted, half of whom live in South Asia (CPR 2004:8).

Recent estimates suggest that *over one third of all children in low income countries, some 674 million children, live in absolute poverty*, deprived of basic human needs including health, education and sanitation (Gordon et al 2003:6).

Food insecurity, hunger and subsequent under nourishment contribute to chronic poverty. Today, there are an estimated 800 million undernourished people in the world. Over 500 million of these are in Asia, while in Sub-Saharan Africa one in every three people has insufficient food.

In Africa this proportion seems to be growing. As a result, the MDG target to halve, between 1990 and 2015, the proportion of people who suffer from hunger, seems increasingly remote. It can now only be reached if annual

reductions can be accelerated to 26 million per year, more than 12 times the pace of 2.1 million per year achieved to date (FAO 2003).

Given these alarming statistics, it would be fair to assume that the hunger target is at the core of developmental efforts to tackle chronic poverty. In reality hunger is often forgotten, surprising when food security and access to adequate and nutritious food types is a fundamental human right and of primary concern to people throughout the world.

If the hunger target is not reached chronic poverty in many developing countries is likely to persist for generations. Undernourished infants tend to enter primary school later and drop out earlier. When they are in school they tend to be less able to learn as compared to better nourished individuals. Malnutrition also increases risks of maternal mortality, particularly for younger mothers (Grant, Hulme, Moore & Shepherd 2004:14)

These human capital deficits, if created in early childhood are likely to persist significantly diminishing an individual's earnings throughout their working life. A recent study in Zimbabwe found that young adults who been exposed to the 1982-4 drought when they were 6-24 months and were subsequently malnourished, lost at least 12 percent of lifetime earnings (Gillespie & Haddad 2004).

### **Causes of Chronic Poverty**

The intransigence of chronic poverty is determined by combinations of factors. Some of these factors are *structural*: that is related to the social and political position of people in a country, economy or society. Such factors include living in remote and or politically marginal areas, being from a minority ethnic group, age and gender.

Other factors relate to the *shocks* which affect individuals, households, regions and countries. Poor people living in poor households stay trapped in chronic poverty because they have insufficient access to the assets, public or private, that would enable them to deal with shocks, particularly where shocks are cumulative.

At household level significant shocks include falling sick, losing a job or the effects of a bad harvest. Other shocks occur at national or regional level, for example a collapse in coffee prices, the effects of war or a natural disaster. Such events reduce the minimal assets of the very poor, leaving them vulnerable to destitution.

Structural factors '*maintain*' chronic poverty, shocks - '*drive*' it. Factors identified by the Chronic Poverty Research Centre which maintain chronic poverty are those which reduce the livelihoods security of the poorest. These include discrimination, local social relations e.g. gender and caste, inadequate basic services, inappropriate policies, state collapse, conflict and violence, food insecurity and HIV and AIDS.

Research conducted by the CPRC suggests that different policy strategies will be needed to address the *maintainers* and *drivers* of chronic poverty,

involving an adaptive menu of longer and short term policy options depending on the country context.

Such options might include short term measures aimed at enhancing the livelihoods security of the very poor, such as targeted transfers to the poorest, while longer term policies focus on including the poorest in economic growth and on redistribution ( Grant, Hulme, Moore & Shepherd 2004; CPR 2004).

### **Chronic Poverty and Development Policy**

Despite overall reductions in the global numbers of poor people, chronic poverty, particularly in Africa and South Asia, remains largely unaffected by development policy.

Additional research conducted by CPRC for DFID examined how some aspects of current development policies impact on chronic poverty.<sup>1</sup> This work confirms the findings of other studies carried out across a range of organisations which suggest that current policies are not very successful at interrupting the factors which drive or maintain chronic poverty. Without radical change in content and priority, development policies will have little impact on chronic poverty (UNDP 2003; UN ESA 2003; Gordon et al 2003).

Key findings from this research suggest that:

- Although current aid instruments such as Sector Wide Approaches (SWAs) and Direct Budgetary Support (DBS) properly targeted offer a potential entry point for beginning to address chronic poverty, the lack of disaggregated poverty analysis in PRSPs precluded consideration of the very poor. Moreover, the level of poverty analysis in most PRSPs and in the new toolkits developed to assess the poverty impact of policies, such as the Poverty and Social Impact Assessment (PSIA) is too basic to take into account the structural factors such as political marginality and social exclusion which keep some people in poverty.
- There is no magic bullet in the fight against chronic poverty. Without political will and improved understanding and targeting of poverty dynamics direct budgetary support in support of PRSPs will not address chronic poverty.
- Economic growth is failing to reduce chronic poverty and hunger. There is growing consensus that development strategies which rely on growth alone will not meet the targets for poverty reduction. Redistribution is critical to reducing extreme and chronic poverty. This can be achieved in part through additional investment in the public services which enable them to consolidate their human, social and financial capital.
- Improvements in service delivery through SWAs may have little impact on the very poor who are often unable to access remote or costly public services. Women living far from clinics are more likely to have unsafe deliveries, contributing to unacceptable levels of maternal mortality. In addition, demand among this group, particularly for

education services, may be low. Consequently, the supply orientation of current policy reforms may be failing to reduce chronic poverty. The poorest will be helped most by increasing demand and access for public services. Single interventions will not address the multiple disadvantages faced by the poorest.

- Poor people spend much of the income on curative health services which are often of low quality and in the private sector. Improved access to affordable curative health care for the most poor is required to end chronic poverty.
- The poorest people require assistance to ensure that they do not fall into destitution. Through social protection systems, investment in timely, adequate and guaranteed assistance will help to stop people falling into destitution and free them to make investments in improving their livelihoods making them less vulnerable to shocks.
- Violent conflict and insecurity are key causes of chronic poverty, especially in Africa. Personal security and accessible justice which respects human rights are critical to enhancing the livelihood security of the very poor, and in particular women.
- Strategies which increase the livelihood security for the poorest through income transfers, increasing food security and building human capital, offer the best options for reducing chronic poverty.

### **How Can Development Policy Change to Benefit the Poorest?**

The Millennium Development Goals are not just targets. They are intended to provide a guide and framework for the longer term objective of achieving a world without poverty.

Hitting global targets is not the point. Reducing poverty requires a sequential approach that adapts approaches to progress made and which learns from good practice as well as from less successful strategies. In moving towards the targets for 2015 we have an obligation to build a strong foundation for the elimination of poverty by 2030. This involves beginning to address to poorest now-those who will be amongst the most poor after 2015 but whose situation can be improved through changes in our policies and practice if these are considered soon enough.

The time for this is now. A decade remains in which to accelerate the pace and reach of progress towards the MDGs, within countries and globally. It is a time of unprecedented opportunity for tackling long lasting and extreme poverty and hunger. Resources available for development have increased post Monterrey, and may increase further in future.

Shared global commitments to the MDGs, increasing developing country leadership and responsibility (e.g. NEPAD), the new modalities for donor harmonisation in support of country strategies and increased national ownership provided through the PRSP framework combined have the

potential to enhance the effectiveness of development partnerships for addressing chronic poverty.

However, without fundamental changes in the content and direction of development policy these opportunities will not alter the situation of those at whom the goals are targeted. Some of these concerns are being articulated by the Millennium Project which is assessing progress towards the MDGs in several countries. Other commentators have also remarked on the need for changes in policies if extreme poverty is to be reduced (e.g. Kanbur 2004; Vandemoortele 2003).

A nascent consensus is beginning to emerge across agencies concerned with the social dimensions of development that the current prioritization of policies oriented towards economic growth is an inadequate basis for achieving human development. Attacking poverty at the global level is important, as is economic growth. But aggregation distorts the real scale of the problems faced by millions of poor people and the genuine challenges for development policy if the goals are to be met as they were intended

For the poorest people in the poorest countries in the poorest regions human development is a precondition for economic development to occur. This calls for greater investment in basic services that are accessible to the poor and for the long term financing of the policy mixes necessary to dismantle the structural conditions which perpetuate chronic poverty (UNDP 2003: 77).

### **Interrupting the Drivers of Chronic Poverty**

If development policies are to become capable of addressing the poorest policies must be developed which can *interrupt* the factors which drive and maintain chronic poverty. This will involve different interventions aimed at supporting poor households' recovery from shocks and reducing vulnerability, building personal and public assets including social networks and voice.

Options for interrupting *drivers* of chronic poverty include various social protection mechanisms including: transfers and safety nets, reducing risk, access to curative health services and food security (Grant, Hulme, Moore and Shepherd 2004).

### **Dismantling the Maintainers of Chronic Poverty**

Dismantling the structural factors which maintain chronic poverty is less straightforward and will attract opposition from those who have a vested interest in the current system. Political elites and those living in areas which are the main beneficiaries of economic development and access to services may be unwilling to support redistributive policies. Redistributive strategies must emphasize equity and the extension of rights to basic services.

Tackling insecurity and HIV/ AIDS will require commitment by both internationally and by national governments as well as an increase in resources. Inequality reducing growth is critical for poverty reduction. This may involve more public services for the poorest. Targeting may be necessary to address regional and other inequalities.

## **Adapting Aid Instruments**

Such policies will only have an impact if the frameworks through which they are designed and delivered are adapted to target chronic and extreme poverty. Possible adaptations suggested by our research include:

- ***Improving PRS:*** Strengthen the analysis of poverty disaggregation and vulnerability of poorest in PRS and policy process to take into account the different socioeconomic relations that underpin it and take actions to address these. Key indicators within PRS and MDGs should be disaggregated for gender and poverty. Health and socioeconomic datasets must be made more compatible. Work to enhance the scope of DHS and other key household surveys to enable disaggregated analyses of the poor and to track changes in poverty over time should be supported over the long term.
- ***On politics:*** Peace building and conflict prevention will reduce extreme poverty and famine. This will involve more joined-up policies around regulation of the trade in arms and goods associated with conflict zones. Political willingness to impact on the poorest is a precondition for effective policies in poor countries. Donors need to develop strategies to promote buy in from partner governments and the less poor within societies.

## **Other Issues to Consider**

Other issues remain:

- What is role of social ***protection*** in interrupting the factors which contribute to chronic poverty? There are many examples of affordable SP in poorest countries, ranging from public works programmes in India to old age pensions in Nepal and South Africa. Are the links between social protection, risk management and reducing vulnerability, and the positive correlation between social protection and investments in human capital an adequate justification for the longer term financing of social protection systems? Are there any other mechanisms which could break the intergenerational cycle of long term poverty traps? Do we need to commit aid to longer term funding to SP type work (e.g. recent safety nets initiative in Ethiopia) We fund recurrent expenditure in health and education: why not in other forms of asset building? How efficient and affordable are cash transfers compared to other forms of social protection? Is there a role for conditional transfers in eliminating extreme and chronic poverty? Are conditional transfers compatible with a human rights framework?
- How important is ***local and national engagement*** in the design of pro-poorest policies? How can obligations towards the poorest be encouraged in national policies and programmes? What is the relation between inequality and chronic poverty?
- What is the potential of a ***human rights framework*** to achieving the MDGs for the poorest? What institutional support is necessary for rights based approaches to address chronic poverty?

- Current aid allocations favour middle income countries. What priorities should guide **aid allocation**? How can we reconcile reducing extreme poverty with the promotion of economic growth?

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<sup>1</sup> DFID commissioned 7 papers exploring the interface between development policy and the poorest from the CPRC and its associates. Topics covered were: Economic Growth, Poverty and Social Impact Assessments, The MDGs and the Poorest, Aid Instruments and the Poorest, Service delivery, Politics and Conflict . Copies of these papers are available on request from [j-doogan@dfid.gov.uk](mailto:j-doogan@dfid.gov.uk).