

The  
**Chronic  
Poverty  
Report  
2004–05**



**Chronic Poverty**  
Research Centre

# Acknowledgements

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Bottom left: Bangladesh. Living on the railway tracks. Stuart Franklin/Magnum

Bottom right: Ethiopia. Desperate farmer with handful of immature wheat. David Dahmen/Panos

### Chapter One

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# About the Chronic Poverty Research Centre (CPRC)

CPRC is an international partnership of universities, research institutes and NGOs.

CPRC aims

- to provide research, analysis and policy guidance
- to stimulate national and international debate
- so that people in chronic poverty will have a greater say in the formulation of policy and a greater share in the benefits of progress

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# Welcome to The Chronic Poverty Report 2004–05

*This report comes to you from the Chronic Poverty Research Centre, one of a new breed of Development Research Centres supported by the UK Department for International Development. The CPRC is a virtual centre – an international partnership of universities, research institutes and NGOs from Bangladesh, India, Kenya, South Africa, Uganda and the UK.*

*Development research, like all other activities supported by DFID, must contribute to poverty eradication and the achievement of the Millennium Development Goals. Research should not only be aimed at an academic audience, it must reach out to meet the needs of policy-makers and practitioners. This Chronic Poverty Report is designed to do just that. We hope it will stimulate thinking and debate on the ways that policy and practice can change so that the hundreds of millions of people living in chronic poverty are included in development progress.*

*Working in policy-relevant research throws down new challenges. Researchers – used to developing and testing hypotheses, gathering data, creating analytical frameworks and producing findings – have to be much more responsive to the policy agenda and timeframes. For NGOs – used to starting with an advocacy position and picking out the evidence to back it up – it means a much more integrated approach to research and policy work.*

*For all involved, this requires a degree of boldness. Short, intuitive messages may understate the complexity or diversity of an issue, but they are what is needed by policy-makers. And the dynamics driving policy are often so tightly bound to specific timeframes that they cannot wait for research findings to be perfected.*

*The Chronic Poverty Report 2004–05 is characteristic of policy-relevant research. Its objective is to open up the debate, not to present completed and closed findings. It is one plank in a raft of outputs including technical working papers, journals, newsletters, conferences, public meetings and, increasingly, direct engagement with policy-makers and practitioners on how to make development work for people in chronic poverty. A second Chronic Poverty Report will be coming out in 2006.*

*We hope you will find The Chronic Poverty Report useful. A visit to the Chronic Poverty Research Centre website, [www.chronicpoverty.org](http://www.chronicpoverty.org), will provide you with detailed background papers, information on CPRC partners and working methods – and if you are interested in chronic poverty and what can be done about it, we would like to hear from you.*

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## Overview

Between 300 and 420 million people are trapped in chronic poverty. They experience deprivation over many years, often over their entire lives, and commonly pass poverty on to their children. Many chronically poor people die prematurely from health problems that are easily preventable. For them poverty is not simply about having a low income: it is about multidimensional deprivation – hunger, undernutrition, dirty drinking water, illiteracy, having no access to health services, social isolation and exploitation. Such deprivation and suffering exists in a world that has the knowledge and resources to eradicate it.

This Report's concern about chronic poverty leads to a focus on poverty dynamics – the changes in well-being or ill-being that individuals and households experience over time (Chapter 1). Understanding such dynamics provides a sounder basis for formulating poverty eradication policies than the conventional analysis of national poverty trends.

The chronically poor are not a distinct group. Many different people suffer such deprivation (see Chapter 2); people who are discriminated against, stigmatised or 'invisible': socially-marginalised ethnic, religious, indigenous, nomadic and caste groups; migrants and bonded labourers; refugees and internal displacees; disabled people or those with ill-health (especially HIV/AIDS). In many contexts poor women and girls, children and older people (especially widows) are likely to be trapped in poverty.

While chronically poor people are found in all parts of the world (see Chapter 3 for an overview and Chapters 6 to 10 for specific regions) the largest numbers live in South Asia (135 to 190 million). The highest incidence is in sub-Saharan Africa, where 30–40% of all present day 'US\$1/day' poor people are trapped in poverty – an estimated 90 to 120 million people. East Asia has significant numbers of chronically poor people, between 55 to 85 million, living mainly in China.

Within countries there are often distinct geographies of chronic poverty, with concentrations in remote and

low-potential rural areas, politically-marginalised regions and areas that are not well connected to markets, ports or urban centres. There are also concentrations of chronically poor people in particular slum areas in towns and cities as well as the millions of homeless people sleeping in streets, stations, parks and burial grounds.

The causes of chronic poverty are complex and usually involve sets of overlaying factors. Sometimes they are the same as the causes of poverty, only more intense, widespread and lasting. In other cases, there is a qualitative difference between the causes of transitory and chronic poverty. Rarely is there a single, clear cause. Most chronic poverty is a result of multiple interacting factors operating at levels from the intra-household to the global. This is illustrated by Maymana and Mofizul's story (Chapter 4): their chronic poverty is an outcome of ill-health, widowhood, a saturated rural labour market, disability, social injustice and poor governance. Some of these factors are *maintainers* of chronic poverty: they operate so as to keep poor people poor. Others are *drivers* of chronic poverty: they push vulnerable non-poor and transitory poor people into poverty that they cannot find a way out of.

There are several important maintainers of chronic poverty.

1. **No, low or narrowly-based economic growth** means that there are few opportunities for poor people to raise their incomes and accumulate assets.
2. **Social exclusion and adverse incorporation** interact so that people experiencing discrimination and stigma are forced to engage in economic activities and social relations that keep them poor – poorly paid, insecure work; low and declining assets; minimal access to social protection and basic services; and dependency on a patron.
3. **In disadvantaged geographical and agro-ecological regions** poor resources, weak economic integration, social exclusion and political marginality create 'logjams of disadvantage'.
4. **High capability deprivation, especially during**

**childhood** – poor nutrition, untreated sicknesses, lack of access to education – can diminish human development irreversibly.

5. **In weak, failing or failed states** economic opportunities are few, lack of health services and social protection means that people can easily fall into desperate poverty, children go uneducated, violence destroys assets and discourages investment, and poor people have few means of asserting their rights.
6. **Weak and failed international cooperation** over the 1980s and 1990s has deepened poverty through structural adjustment and over-rapid economic liberalisation, allocated aid away from countries with large numbers of chronically poor people and blocked off trade opportunities for poor countries.

Not all chronically poor people are born into long-term deprivation. Many slide into chronic poverty after a shock or series of shocks that they cannot recover from. These include ill health and injury, environmental shocks, natural disasters, violence, the breakdown of law and order, and market and economic collapse. These are the *drivers* of chronic poverty. When shocks are severe and/or repeated, when people have few private or collective assets to ‘fall back’ on, and when institutional support (social protection, public information, basic services, conflict prevention and resolution) is ineffective, such processes are likely to trap people in poverty.

The knowledge now available about chronic poverty must be used to mobilise public action and reshape development strategy. While there are many policies that are potentially beneficial for the poor *and* for the chronically poor, many people living in chronic poverty are not ‘just like the poor but a little bit further down the poverty spectrum’. Overcoming chronic poverty requires policy-makers to reorder their priorities and set their sights higher than the current consensus on poverty reduction policy.

Development strategy needs to move beyond the bounds of its present emphasis on economic growth – hundreds of millions of people are born poor and die poor in the midst of increasing wealth. Chronically poor people need more than ‘opportunities’ to improve their situation. They need targeted support and protection, and political action that confronts exclusion. If policy is to open the door to genuine development for chronically poor people, it must address the inequality,

discrimination and exploitation that drive and maintain chronic poverty.

#### **Action on chronic poverty needs a framework to:**

**Prioritise livelihood security** A much greater emphasis is needed on preventing and mitigating the shocks and insecurities that create and maintain chronic poverty. This is not only about providing recovery assistance but also about giving chronically poor people a secure position from which to seize opportunities and demand their rights. Thus, social protection policies are of great importance.

**Ensure chronically poor people can take up opportunities** It is crucial both to promote broad-based growth and to redistribute material and human assets, so that chronically poor people can take up economic opportunities.

*Obwaavu obumu buba buzaale. Abaana babuyonka ku bazadde baabwe, ate nabo nebabugabira ku baana.*

– Some poverty passes from one generation to another as if the offspring sucks it from the mother’s breast.

Source: group of disabled Ugandan women

**Take empowerment seriously** Policy must move beyond the cosy rhetoric of participatory approaches, decentralisation and theories about rights. It needs to address the difficult political process of challenging the layers of discrimination that keep people trapped in poverty.

**Recognise obligations to provide resources** Chronic poverty cannot be seriously reduced without real transfers of resources and sustained, predictable finance. The political in-

difference to meeting national and international obligations on poverty eradication needs to be challenged and ways found to foster social solidarity across households, communities and nations.

The need for policy change must not mask the fact that it is the chronically poor themselves who are the leading actors in overcoming their poverty. To date, when their existence is recognised, the chronically poor are perceived both in policy and 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 difficult circumstances that they have not chosen. They need real commitment, matched by actions and resources, to support their efforts to attain their rights and overcome the obstacles that trap them in poverty.

# Contents

<b>PART A: Global chronic poverty in 2004–05</b>	<b>1</b>
<b>Chapter 1 What is chronic poverty and why does it matter?</b>	<b>3</b>
What is different about chronic poverty . . .	3
. . . and why does it matter?	3
A window of opportunity to put chronic poverty on the agenda	4
Defining chronic poverty	4
<i>Poverty dynamics – becoming poor, staying poor, and escaping poverty</i>	5
<i>Disaggregating chronic and severe poverty</i>	6
<i>Multi-dimensional deprivation and low levels of assets</i>	6
Who are the chronically poor?	7
Counting the chronically poor	8
<i>Non-monetary indicators of chronic poverty</i>	8
How many people are chronically poor?	9
Where do chronically poor people live?	9
<i>Chronically poor places</i>	12
Chronic poverty matters	12
<b>Chapter 2 Who is chronically poor?</b>	<b>14</b>
Discrimination reinforcing disadvantage	14
<i>Minorities and indigenous people</i>	15
<i>Discrimination through oppressive labour relations</i>	16
<i>Displacement, powerlessness and chronic poverty</i>	18
<i>Disability and stigmatised illness</i>	19
<i>Women and girls in chronic poverty</i>	21
<i>Chronic poverty, age and the life-cycle</i>	22
<i>Multiple deprivation, discrimination and disadvantage</i>	25
<b>Chapter 3 Where do chronically poor people live?</b>	<b>26</b>
Global dimensions of chronic poverty	26
<i>Spatial poverty traps</i>	26
<i>Ecological characteristics of spatial poverty traps</i>	31
<i>Poor infrastructure</i>	31
<i>Weak institutions and organisations</i>	32
Politics, rights and conflict in spatial poverty traps	33
Conclusion	34

<b>Chapter 4</b>	<b>Why are people chronically poor?</b>	36
	Staying poor: the maintainers of poverty	36
	<i>Economic growth, growth quality and inequality</i>	36
	<i>Social exclusion and adverse incorporation</i>	37
	<i>Geography and agro-ecology</i>	39
	<i>Cultures of poverty</i>	39
	<i>Capability deprivation</i>	40
	<i>Weak, 'failing' and 'failed' states</i>	41
	<i>Weak and failed international co-operation</i>	41
	Falling into poverty: the drivers of chronic poverty	42
	<i>Access to assets</i>	42
	<i>The nature of shocks</i>	42
	<i>Institutional context</i>	43
	Understanding chronic poverty and taking action	46
	Conclusion	49
<b>Chapter 5</b>	<b>What should be done about chronic poverty?</b>	50
	Security first	50
	<i>Prioritising livelihood security for chronically poor people</i>	50
	<i>Tackling childhood poverty</i>	52
	<i>Preventing and interrupting chronic poverty through health services</i>	52
	Opportunity is not enough: growth, inequality and redistribution	54
	Empowerment: making rights real	55
	The national agenda: reaching chronically poor people	56
	<i>Delivering basic services</i>	56
	<i>Delivering social assistance</i>	56
	<i>Using PRSs to prioritise the chronically poor</i>	57
	Putting chronic poverty on the international action agenda	58
	<i>Using the Millennium Development Goals to address chronic poverty</i>	58
	<i>The coherence of MDGs and international policy</i>	58
	<i>Financing chronic poverty reduction</i>	58
	<i>Persistent poverty requires sustained assistance</i>	60
	<i>Financing targeted transfers</i>	60
	<i>Obligations on aid must be met</i>	61
	Chronic poverty – an agenda for action	61
<b>PART B:</b>	<b>Regional perspectives on the experience of chronic poverty</b>	<b>63</b>
<b>Chapter 6</b>	<b>Understanding chronic poverty in sub-Saharan Africa</b>	65
	Poverty trends in sub-Saharan Africa	65
	How many people are chronically poor in sub-Saharan Africa?	67
	Who are the chronically poor in sub-Saharan Africa?	67
	<i>Women-headed households and AIDS widowhood</i>	68
	<i>People with low and declining access to income, land and other assets</i>	69
	Where are the chronically poor in sub-Saharan Africa?	69
	<i>Chronic poverty in remote rural sub-Saharan Africa</i>	69
	<i>Urban chronic poverty in sub-Saharan Africa</i>	70
<b>Chapter 7</b>	<b>Understanding chronic poverty in South Asia</b>	71
	Poverty trends in South Asia	71
	How many people are chronically poor in South Asia?	71
	Who are the chronically poor in South Asia?	72
	<i>The working poor</i>	72
	<i>Excluded minorities</i>	72
	<i>Poor women, older women, disabled women and widows</i>	73
	<i>The hungry, weak and ill</i>	74
	Where are the chronically poor in South Asia?	74

<b>Chapter 8</b>	<b>Understanding chronic poverty in Latin America and the Caribbean</b>	79
	Poverty trends in Latin America and the Caribbean	79
	How many people are chronically poor in Latin America and the Caribbean?	80
	Who are the chronically poor in Latin America and the Caribbean?	80
	<i>Those with less education</i>	80
	<i>Race and ethnicity</i>	80
	<i>The working poor</i>	81
	<i>Women and women-headed households</i>	81
	Where are the chronically poor in Latin America and the Caribbean?	81
	<i>Rural chronic poverty</i>	81
	<i>Chronic poverty in megacities and smaller towns</i>	82
<b>Chapter 9</b>	<b>Understanding chronic poverty in transitional countries</b>	83
	Poverty trends in transitional countries	83
	How many people are chronically poor in transitional countries?	84
	Who are the chronically poor in transitional countries?	84
	<i>Ethnic minorities</i>	84
	<i>Women</i>	84
	<i>Single older people</i>	85
	<i>Children</i>	85
	Where are the chronically poor in transitional countries?	85
<b>Chapter 10</b>	<b>Understanding chronic poverty in China</b>	87
	Poverty trends in China	87
	How many people are chronically poor in China?	87
	Who are the chronically poor in China?	87
	Where are the chronically poor in China?	88
<b>PART C: Measuring global trends on chronic poverty: statistical appendix</b>		<b>89</b>
<b>Chapter 11</b>	<b>Measuring chronic poverty</b>	
	How many chronically poor people are there in the world?	91
<b>APPENDIX A</b>	<b>Glossary of terms</b>	131
<b>APPENDIX B</b>	<b>References</b>	134
<b>APPENDIX C</b>	<b>CPRC working papers and Chronic Poverty Report 2004–05 background papers</b>	139
<b>APPENDIX D</b>	<b>The Chronic Poverty Report 2006–07</b>	140

<b>Boxes</b>			
	<b>Box 1.1</b>	Poverty that persists – in their own words	3
	<b>Box 1.2</b>	Poverty trends and poverty dynamics in 1990s Uganda	6
	<b>Box 1.3</b>	Poverty lines	7
	<b>Box 1.4</b>	Child malnutrition: is severe stunting the best proxy for chronic poverty?	8
	<b>Box 1.5</b>	Researching chronic poverty	12
	<b>Box 2.1</b>	The chronic poverty of the ‘non-existent’	15
	<b>Box 2.2</b>	Wage labour, migration and poverty in rural Bangladesh	17
	<b>Box 2.3</b>	‘We ran to the camps to save our lives, but entered into poverty’	18
	<b>Box 2.4</b>	‘I am a refugee from the world’	19
	<b>Box 2.5</b>	Chronically poor woman – in a wealthy household	21
	<b>Box 2.6</b>	Childhood poverty in Kyrgyzstan – a snapshot of the future	22
	<b>Box 2.7</b>	Planning for the future	23
	<b>Box 2.8</b>	‘You are given only once, and if you are unfortunate, that is it’	24
	<b>Box 3.1</b>	Chronic Poverty by region	28
	<b>Box 3.2</b>	Risk and vulnerability among Bangladeshi <i>char</i> communities	31
	<b>Box 3.3</b>	The Batwa people of the Great Lakes Region	34
	<b>Box 4.1</b>	Adversely incorporated, top to bottom	39
	<b>Box 4.2</b>	Slums, shocks and chronic poverty	42
	<b>Box 4.3</b>	Widowed, abused, and robbed	43
	<b>Box 4.4</b>	The 2002 Malawi famine – bad weather, bad policies, increased vulnerability	43
	<b>Box 4.5</b>	Violent conflict and a collapse into poverty in the Solomon Islands	45
	<b>Box 4.6</b>	The cost of a cup of coffee – market collapse and poverty traps	46
	<b>Box 4.7</b>	Maymana and Mofizul’s Story	47
	<b>Box 5.1</b>	Poverty reduction policies that assist the poor <i>and</i> the chronically poor	51
	<b>Box 5.2</b>	Lesson learned? HIV/AIDS in India and China	53
	<b>Box 5.3</b>	Rojamma and the campaign against domestic violence and drunkenness	55
	<b>Box 5.4</b>	Are rich countries and their citizens really committed to reducing poverty? Targetting MDG 8	56
	<b>Box 6.1</b>	Understanding chronic poverty in middle income South Africa	68
	<b>Box 6.2</b>	Voice from the field	69
	<b>Box 7.1</b>	‘My heart feels as if it is being held with forceps’	74
	<b>Box 7.2</b>	Access to non-timber forest products in Orissa	77
	<b>Box 8.1</b>	Sebastiana’s story, Ecuador	81
	<b>Box 8.2</b>	Indigenous poverty and vulnerability in Bolivia	82
	<b>Box 9.1</b>	Women ex-collective farm workers in Kyrgyzstan	85
	<b>Box 11.01</b>	Concentrating aid on the poorest?	128

<b>Figures</b>	<b>Figure 1.1</b>	The chronically poor, transitory poor and non-poor – a categorisation	5
	<b>Figure 1.2</b>	Comparative approaches to geographical concentrations of poverty	10
	<b>Figure 1.3</b>	The ‘shape’ of multi-dimensional deprivation for different countries	11
	<b>Figure 3.1</b>	The proportion and size of chronically poor populations in world regions	27
	<b>Figure 5.1</b>	ODA to least developed countries in real (2001) prices (US\$ millions)	60
	<b>Figure 5.2</b>	DAC donors – gap between income and aid per capita (at 1988 prices and exchange rates)	61
	<b>Figure 6.1</b>	Chronic poverty in sub-Saharan Africa	65
	<b>Figure 7.1</b>	Chronic poverty in South Asia	71
	<b>Figure 7.2</b>	Bangladeshi districts with highest HPI (2000)	75
	<b>Figure 7.3</b>	Pakistani districts with lowest HDI (2003)	75
	<b>Figure 7.4.1</b>	Indian states with above average proportion of the population below national poverty line (1993–4)	76
	<b>Figure 7.4.2</b>	Indian regions with highest proportions of the population below national poverty and/or severe poverty lines (1993–4)	76
	<b>Figure 7.4.3</b>	Indian states with below average HDI (1991)	76
	<b>Figure 7.4.4</b>	India’s most deprived districts	76
	<b>Figure 8.1</b>	Chronic poverty in Latin America and the Caribbean	79
	<b>Figure 8.2</b>	Racial inequality and education in Brazil, 1999	81
	<b>Figure 11.1</b>	Aid Concentration Curve for all DAC donors combined (2001)	128
	<b>Figure 11.2</b>	Aid Concentration Curves for the Netherlands, Japan and the United States (2001)	128
	<b>Figure 11.3</b>	Aid Concentration Curves for the UK, Germany and France (2001)	128
	<b>Figure 11.4</b>	Aid Concentration Curves for the EC (2001)	129
	<b>Figure 11.5</b>	Aid Concentration Curves for the World Bank (IDA) (2001)	129
	<b>Figure 11.6</b>	Aid Concentration Curves for the UN (2001)	129

<b>Tables</b>	<b>Table 1.1</b>	Preliminary estimate of the world's chronically poor (millions)	9
	<b>Table 2.1</b>	Access to basic infrastructure by race in Ceres, South Africa	15
	<b>Table 2.2</b>	Poverty head count by social group, Orissa and India, 1999-2000 (%)	16
	<b>Table 2.3</b>	HIV-positive people and people living with AIDS, by region	20
	<b>Table 3.1</b>	A conceptual framework for understanding spatial poverty traps	30
	<b>Table 4.1</b>	Economic growth, chronic poverty and poverty dynamics	38
	<b>Table 4.2</b>	The influence of state, market, society and family on Maymana's and Moziful's prospects	48
	<b>Table 5.1</b>	The MDGs and the chronically poor – helping each other?	59
	<b>Table 6.1</b>	Summary of poverty indicators for Africa	66
	<b>Table 6.2</b>	The changing African picture, 1980–2000	66
	<b>Table 7.1</b>	Summary of poverty indicators for South Asia	72
	<b>Table 7.2</b>	Different approaches to chronic poverty in rural Pakistan	73
	<b>Table 7.3</b>	Gender gap in adult literacy in South Asia	74
	<b>Table 7.4</b>	Poorest Indian states	77
	<b>Table 8.1</b>	Summary of poverty indicators in Latin America and the Caribbean	80
	<b>Table 8.2</b>	Income polarisation in Latin America	80
	<b>Table 9.1</b>	Summary of poverty indicators in transitional countries	83
	<b>Table 9.2</b>	Households characteristics of Roma and non-Roma in Bulgaria, Hungary, and Romania	84
	<b>Table 11.1</b>	Panel data on chronic and transitory poverty: selected countries	93
	<b>Table 11.1a</b>	Chronic Poverty in Nicaragua, 1998–2001	93
	<b>Table 11.1b</b>	Chronic Poverty in Kwa-Zulu Natal, South Africa 1993–1998	93
	<b>Table 11.1c</b>	Chronic Poverty in Uganda, 1992–1999	93
	<b>Table 11.1d</b>	Chronic Poverty in Vietnam, 1993–1998	93
	<b>Table 11.1e</b>	Chronic Poverty in Egypt, 1997–1999	94
	<b>Table 11.1f</b>	Chronic Poverty in Rural Bangladesh, 1998–2000	94
	<b>Table 11.1g</b>	Chronic Poverty in Rural Chile, 1968–1986	94
	<b>Table 11.1h</b>	Chronic Poverty in Rural China (Sichuan), 1991–1995	94
	<b>Table 11.1i</b>	Chronic Poverty in Rural India 1970/71 to 1981/82	94
	<b>Table 11.1j</b>	Chronic Poverty in Urban Ethiopia, 1994–1997	94
	<b>Table 11.2</b>	Characteristics of Chronic Poverty in Rural Bangladesh	95
	<b>Table 11.3</b>	Characteristics of Chronic Poverty in rural India	96
	<b>Table 11.4</b>	Characteristics of Chronic Poverty in KwaZulu-Natal	97
	<b>Table 11.5</b>	Characteristics of Chronic Poverty in Uganda	98
	<b>Table 11.6</b>	Characteristics of Chronic Poverty in Vietnam	99
	<b>Table 11.7</b>	Global Indicators of Chronic Poverty	100
	<b>Table 11.8</b>	Global Indicators on Childhood Poverty	107
	<b>Table 11.9</b>	Global Indicators on Inequality	114
	<b>Table 11.10</b>	Resource Inflows	121