Chronic Poverty Advisory Network

What has happened to the poorest 50%?

Challenge Paper 1

Amanda Lenhardt and Andrew Shepherd
Chronic Poverty Advisory Network, Overseas Development Institute, London

February 2013

ODI

Summary

The evidence we have on chronic poverty and the fortunes of the poorest people suggests that a significant proportion of the poor, between one quarter and one half, are chronically poor in low and lower middle income countries. Using the limited available data covering the last 20 years, this paper examines whether those that were poor in the 1990s could plausibly still be poor today despite international and national efforts to eradicate poverty. The data on poverty dynamics are restricted to only a few countries, so this paper also explores the changing fortunes of the poorest quintile of the population between the 1990s and the 2000s from 33 Demographic and Health Surveys, concluding that significantly greater benefits (and fewer losses) from development across a range of indicators have gone to the second and third quintiles. This evidence shows that the poorest quintile have indeed lost out: they have not seen the same total amount of benefits as accrued by other wealth groups. The poorest have also lost more land and marry earlier in relative terms.

Policies to equalize the benefits of development are wide ranging and often context specific, many of them are not amenable to international goals and targets and they require positive political change and supportive change in social values. The main action to achieve greater equality is at the national level and national policy makers need better and especially longitudinal data and analysis, particularly on wages and urban populations, if policies for the poorest are to improve significantly. The post 2015 framework needs to emphasis support for positive actions at national level and be sparing about imposing international goals and targets. While the MDGs focus on critical areas of policy which should not be lost sight of, the one new goal which could draw attention to the plight of the poorest would be about equality/inequality in its various forms. While the political feasibility of such a goal is in doubt, a second best solution would be to develop equity/equality indicators across any other goals and targets, and then pay a lot of attention to them post 2015.

Introduction

This paper draws on available evidence to challenge existing thinking on the way forward for a revised agenda to eradicate extreme poverty. In light of the finding that between a quarter and a half of the world's poor have persisted in a state of poverty despite a more than decade-long international effort, it is imperative that the discussion turn to focus seriously on those that have been left behind in recent progress, and the reasons for their persistent poverty.[i] This paper asks who the 'other 50%' are, those that have not progressed out of poverty amidst the achievements of the MDGs, and why they remain poor since to eradicate extreme poverty this is the group among the poor that will need to be reached. It then goes on to synthesise knowledge about what addresses chronic and severe poverty and deprivation. Much of this is national level policy making and investment. The international level can only really support relevant actions at this level.

The paper tests the hypothesis that:

- A high proportion of those who were poor up to 2000 are still poor up to the present day despite intervening economic growth and human development improvements in many/ most low and lower middle income countries.

Evidence to support this hypothesis suggests that the current policy focus on growth and selected aspects of human development is not enough. It also discusses relate hypotheses:

- The prospects of children in the poorest households around 2000 were better than the prospects of the children of the poor around 2010.
- The opportunities open to the poorest women are no better today than they were in 2000, despite reductions in gender disparity in education.
- Real wages of the poorest have improved since 2000, considering the effects of food prices and wage movements.

Several sources of evidence are used to test these hypotheses: 16 panel data surveys[ii] and the Demographic and Health Surveys (DHS) for 33 countries covering the 1990s and 2000s.[iii] While panel data are unparalleled to respond to these questions, there are few available household surveys with panels, and few with data points later than 2006/7. So although the DHS does not track the same households in the way that panel data does, it does enable tracking the aggregate fortunes of the bottom quintile over time, which will be shown to be a reasonable proxy for severe poverty, though it does underestimate this in some poorer countries (see Table 2).

The paper is structured as follows: Part A summarises the available evidence on the persistence of poverty for particular groups from panel data. The aim of this analysis is to show that a group of poor people have remained poor over much of the period of the MDGs, and to highlight some of the shared vulnerabilities across individuals and households which help explain why these people have remained poor. Following this the paper pursues the progress of this group using DHS household data to test the above hypotheses on particular groups presented above. It will also assess changing labour productivity data as the best available proxy for wages. Part B turns to the politics and policies needed to address chronic poverty and inequality in light of these findings, and analyses this in the changed context in which the post-2015 agenda on the revision of global goals and targets is being debated.

Part A: The evidence

1. Evidence on the persistence of poverty from panel data

Between one fifth and over one half (in most cases closer to one half) of the poor remained in poverty over the time periods covered*.*

In answering the question of how many chronically poor people there are at the global level there are significant data limitations. Table 1 summarises what we know about mobility in and out of poverty and chronic poverty from the country-level studies that have been conducted over this period. The chronically poor are defined as poor (below the national poverty line) in both periods of a panel survey, and where three or more panels are available this is also noted. There are potentially more complex measures,[iv] but here we use this intuitive one. In all cases presented here the chronically poor were at least 10% of the population. In most countries they were a significant proportion of the poor, varying from over one fifth to one over half. It is possible that those who were poor in 2005 or 2007 *may* not still be poor today and may have also experienced spells of non-poverty between survey dates, but these figures are the best indicative measure of chronic poverty levels available for these countries.

Surveys which have disaggregated poverty dynamics by investigating whether the underlying pattern is structural (based on assets and therefore likely to be sustained) or stochastic (based on socks and therefore more likely to vary over time because there is an element of randomness) suggest that a large proportion of both chronic poverty and impoverishment (becoming poor) is in fact structural.[v] If chronic poverty in other countries is also structural in this sense it would suggest that the estimates of chronic poverty in table 1 are unlikely to have changed significantly in more recent years.

The table further suggests that there are varied mobility patterns. Some of today's poor have been poor for a long time and are very poor. However, we also know that a significant proportion also became poor as a result of particular sets of events, and the risks of descent-inducing events appear to be increasing.[vi] Figure 1 shows that **impoverishment is often *as or nearly as* widespread as escaping poverty** - even sometimes where poverty and chronic poverty are reducing rapidly – which is something to bear in mind when scanning one-point-in-time measures of poverty. **Preventing future poverty plays little part in the current MDGs and yet should be central to poverty eradication.** Measures to reduce vulnerability are critical whether this is on a large scale – reducing the threat of conflict or the impacts of weather variability for example – or focused on individual vulnerability – such as social protection to provide a buffer against shocks, especially to people who have none or few. While it would be possible to propose a goal or target on reducing vulnerability, the choice of how to protect poor and vulnerable people is very political and context-specific.
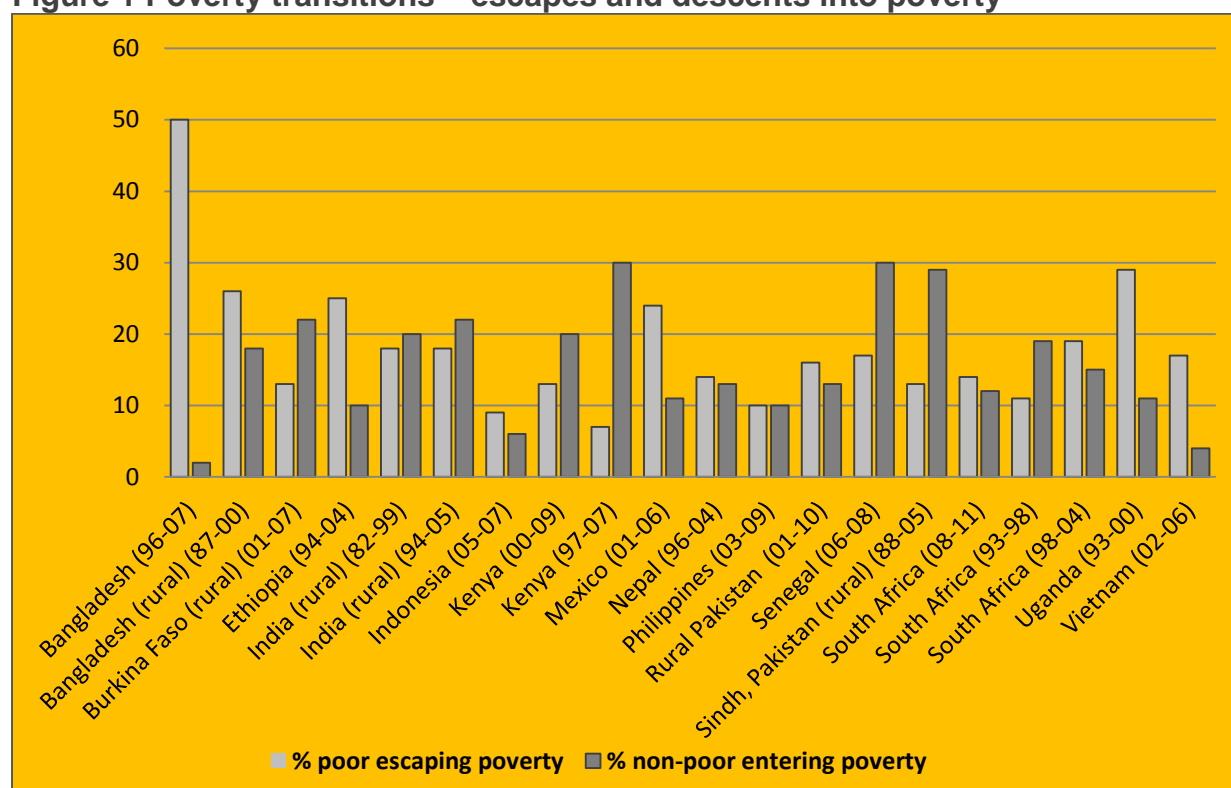
Table 1 Chronic poverty estimates[vii]

Country (panel wave dates)	Chronically poor	Chronically poor (rural)	Below national poverty line (baseline)[viii]	Below national poverty line (recent wave)
Rural Bangladesh (87-00)		31%	58.7% (92)	52.3% (00)
Bangladesh (96-07)		12%	50.1% (96)	40.0% (05)
Rural Burkina Faso (01-07)		22%	65.5% (03)	52.6% (09)
Ethiopia (94-04)		10%	45.5% (95)	38.9% (05)
Rural India (82-89)		23%		
Rural India (94-05)		18%	50.1% (94)	41.8% (05)
Indonesia (05-07)	3%		16.0% (05)	16.6% (07)
Kenya (97-07)	11%	19% (4 waves)	52.3% (98)	12.7% (07)
Kenya (00-09)		34% (3 waves)	52.3% (97)	45.9% (05)
Mexico (01-06)		55.5%	53.6% (00)	42.7% (06)
Nepal (96-04)	20%		41.8% (96)	30.9% (04)
Philippines (03-09)	11% (3 waves)		24.9% (03)	26.5% (09)
Rural Sindh, Pakistan (88-05)		41%		
Rural Pakistan (01-10)		4% (waves)		
Senegal (06-08)	46%	75%	50.8% (05)	
South Africa (93-98)	22%			
South Africa (98-04)	28%			
South Africa (NIDS) (08-11)	34%		23.0% (06)	
Uganda (93-01)	20%		56.4% (92)	33.8% (99)
Uganda (06-11)	10%		31.1% (05)	24.5% (09)
Vietnam (02-06)	11.9%		28.9% (02)	16.0% (06)

Sources: For chronic poverty statistics see reference list; National poverty statistics based on World Bank Indicators

Within countries there may also be significant variation in mobility patterns (as shown in figure 1) both across states and even (sub-state) regions, and distinct reasons for mobility. This is certainly the case in India where it has been argued that there is a need for sub-state policies on eradicating poverty since even the state level is too aggregated.[ix] This suggests that **context specific analysis and equally defined policy measures will be critical in eradicating poverty** since the standard uniform approach derived from setting international goals, and especially *targets,* will not work well. For example, while shocks are often important determinants of mobility, which shocks are important varies significantly across countries. Even economic growth does not uniformly improve mobility patterns across the poverty line, although agricultural growth is closely associated with poverty reduction. All of this is added justification for the international community to invest in greater capacity for national level data and policy analysis to better understand both mobility patterns and these contextual factors.

Perhaps surprisingly then, there are in fact commonalities across many of these surveys. The following observations derive from a relatively consistent set of analyses across 6 countries:

Figure 1 Poverty transitions – escapes and descents into poverty

Legend: ■ % poor escaping poverty ■ % non-poor entering poverty

Sources: see Reference list

The chronically poor consistently have significantly fewer physical assets than the never poor, and also frequently compared to those escaping poverty. Opportunities to accumulate physical assets (especially land but also livestock), and their protection have not been central to the MDGs. A household's starting portfolio of assets is almost always a strong influence on whether or not it escapes poverty. Changes in assets are also often (if not always) strongly correlated with mobility patterns; so low assets is a good predictor of chronic, if not transient poverty.

Not completing primary education is almost always a feature of chronically poor household heads, and the number of literate adults often features too. Although the level of education required to stay out of poverty varies both across countries and time, primary education tends to be a minimum requirement for escaping chronic poverty. The MDGs have rightly focused attention on children's education; but much stronger efforts on adult and 'second chance' education could also have borne fruit. The degree of focus on primary education alone has been excessive since escaping poverty and bringing a household out of poverty typically requires more than primary completion. This may be especially the case where nonfarm employment and migration offers the main route out of poverty. Education offers an example of the distortions which international targeting can create.

Demographics, household size and changes in household size – the addition of children in particular - feature as highly correlated with chronic poverty across surveys. In the poorest countries the life cycle remains an important determinant of poverty dynamics, with additional children preventing households headed by younger people especially from escaping poverty. Of course later in the life cycle many teenage children start to work and their additional incomes contribute to families escaping poverty. After a big tussle the MDGs in 2000 finally excluded sexual and reproductive health[x] and although this was put back in the form of a

universal target in 2005, progress has been slow with services inadequate, underfunded, and exclusionary; especially but not only in Africa where 'one in four women who wish to delay or stop childbearing is not using any family planning method'.[xi]

Illness related expenses commonly impoverish those households vulnerable to underemployment, natural disasters and similar negative events– leading to the drawing down of productive assets. Vulnerable households descending into poverty as a result of illness related expenses combined with other shocks often lack a safety net which would allow for a return to some pre-existing asset level. While improving health services and making them free at the point of delivery has been at the heart of much anti-poverty policy during the MDG period, if not the MDGs themselves, they have focused on targeted outcomes and not processes and have therefore led to vertical health programmes rather than the all-round improved health service delivery which is needed. **Striving to satisfy social norms also commonly impoverishes** – dowry related expenses in South Asia, funeral or wedding expenses elsewhere, the treatment of separated, divorced or widowed women - the excessive consumption of alcohol or other addictive substances; and such socio-cultural issues are of course highly context specific and not amenable to international goals and targets. Other community level shocks such as weather, conflict, and political crisis are context specific too, and some have increased in frequency.

Ethnic or other minorities often experience poverty more deeply and persistently. They often inhabit 'adverse geographies', less well integrated economically and politically. They experience discrimination in labour markets, education and other institutions. Measures against discrimination do not always work well or take a long time to work. Such groups are often highly vulnerable, with few buffers in terms of assets or networks to enable coping with shocks. In the post-2015 framework such intersecting inequalities need to be taken into account if poverty and extreme deprivation are to be eradicated.[xii] Box 1 summarises the evidence.

Box 1 Intersecting Inequalities and the MDGs – a Summary of the Findings[xiii]

A review of findings on patterns of deprivation across the world showed that, while progress on the MDGs were uneven across countries, progress was also uneven within countries. Those most likely to be left out or left behind where there had been any progress were those groups in the population whose economic deficits intersected with their culturally devalued identities, locational disadvantage and lack of political representation. The most enduring forms of identity-based inequalities were those that were ascribed to groups from birth, such as race, caste and ethnicity and persisted over generations.

For example, while India had experienced rapid economic growth between 1983 and 2004-5, accompanied by a decline of 40% in national poverty rates, the pace of decline was much lower among the socially marginalised groups who were already over-represented among the poor: it declined by 35% among dalits, the lowest castes, and just 31% among, *adivasis*, its tribal groups. In China, average incomes grew for both ethnic minorities and majorities over the 1990s, a period of rapid economic growth, but far more slowly for ethnic minority groups, leading to an increase in income inequality between the two groups. In Latin America, moderate and extreme forms of poverty had decreased over the previous decade but remained considerably higher for ethnic and racial minorities in all countries for which disaggregated data is available. Thus white people made up 88% of the richest 1% of the population of Brazil in 2005 and just 27% of the poorest 10% while Afro-descendants made up 12% of the richest 1% and 74% of the poorest 10%.

This story of persisting inequality was repeated across countries for other dimensions of

poverty. As Sumner points out, though this is an approximate finding, since the data is a little precarious, about two-thirds of education, health and nutrition poverty in low-income and lower middle income countries is found in ethnic minority households. The close association between group-based identity and deficits in human capabilities is confirmed by country level data. Infant mortality rates are systematically lower among indigenous groups in Latin America as are school enrolment rates. In India, despite declines in under-five mortality rates across the population, mortality rates are considerably higher among *adivasis* followed by *dalits* compared to the rest of the population. In Nigeria, child mortality rates vary between different zones, a rough proxy for religious and ethnic differences, from a low of 32 deaths per 1000 children in the South-west zone to a high of 139 deaths in the North-west zone.

While gender on its own did not lead to social marginalisation, its interaction with other forms of group-based inequality generally worked to the detriment of women and girls. Thus head count poverty began and remained higher among African females than the rest of the population in South Africa; the lowest incidence of poverty was found among white males followed by white females. In Brazil, the intersection of race and gender gave a somewhat different ranking with white men reporting the highest earnings and black women earning the lowest at all levels of education but with black men earning more than white women at higher levels of education. In Nigeria, girls from poor Hausa communities living in rural areas were least likely to go to school while boys from affluent urban households were most likely.

Milanovic has suggested, on the basis of his analysis of global data, that national location explains more than two-thirds of global inequality and that class explains the rest. A more fine grained analysis tells us that within national locations across the world, regardless of income levels, social identity will differentiate the disadvantages of class and provide a powerful predictor of chronic poverty and social exclusion. The poorest 5% of the world's population who have failed to benefit from recent declines in global poverty are most likely to be drawn from these socially marginalised groups.

2. Evidence on the changing situation of the poorest from DHS analysis over two points in time between the 1990s and 2000s

The poorest quintile in the 2000s has been catching up with where the median quintile was in the 1990s across most indicators but their trajectory away from deprivation has been slower than the next two quintiles; inequalities between the poorest and the median are greater today on most indicators explored.

We know that severely poor people are unlikely to escape poverty at least in agrarian societies, indicating that severe poverty is a good initial proxy for chronic poverty (though there are many chronically poor people who are not severely poor, in addition to those who are).[xiv] Although the DHS does not measure income poverty it does divide its samples into wealth or asset quintiles.[xv] Looking at the lowest quintile will give some indication of the conditions of the poorest, particularly in the earliest surveys.

Table 2 compares these countries' chronic poverty figures from table 1 with the poorest quintile from DHS data and shows that at a minimum the lowest quintile measured by these DHS surveys is capturing the population living on less than one dollar a day in the 1990's, and in most cases this quintile also captures the severely poor (living on less than $0.75 per day).

Most figures presented in the following analysis will make use of comparisons between the poorest quintile and the third quintile (or median quintile). This paper has opted to analyse figures in a manner which compares outcomes for the poorest individuals and households to their country averages since this not only minimizes long upper tails in these distributions (caused by a few wealthy individuals for example) but also because bringing progress for the poorest up to meet rates of progress seen for the median wealth group seems a more feasible goal than comparing their progress to the wealthiest households.

Table 2 Chronically, severely and extremely poor in DHS/panel overlapping countries

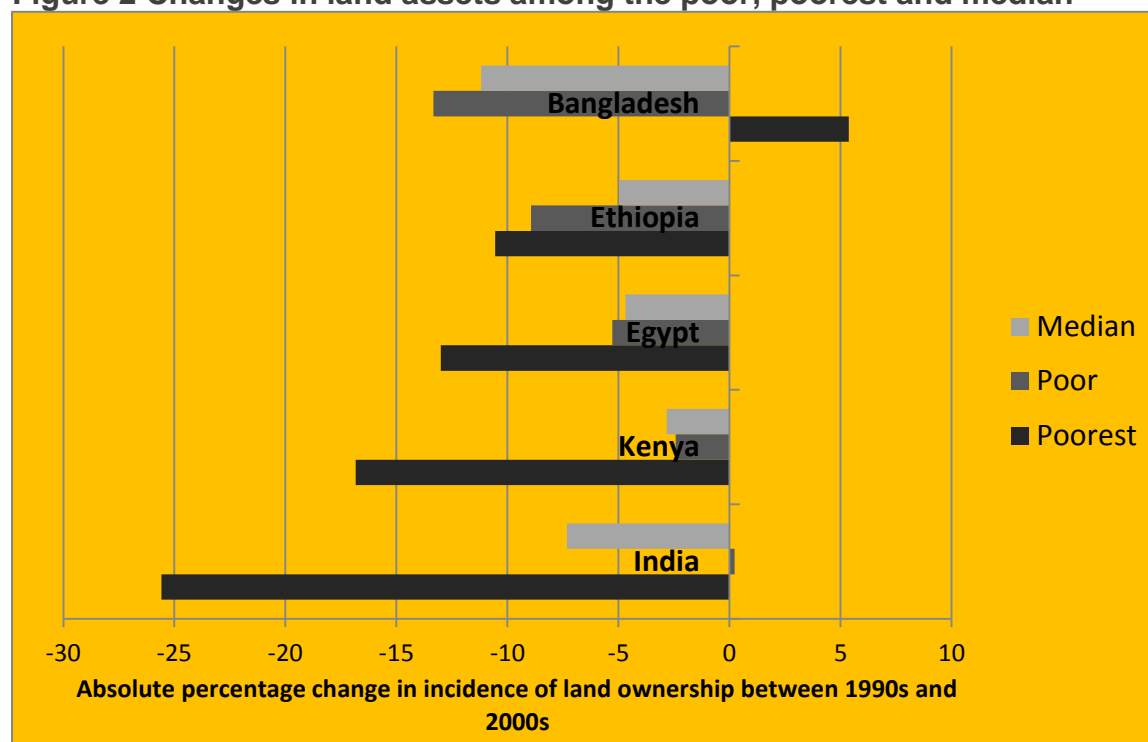| Country (DHS baseline year)	Chronically poor (poor in at least 2 panel waves)	Severely poor (below $0.75/day)	Extremely poor (below $1.00/day)	Extremely poor (below $1.25/day)
Bangladesh (93)	31%	22.93%	45.19%	63.17%
Burkina Faso (93)		47.04%	61.05%	70.6%
Ethiopia (99)		15.14%	35.93%	55.17%
India (93)		12.3%	33.25%	52.82%
Kenya (93)	11%	15.6%	25.12%	34.21%
Nepal (96)	20%	32.21%	52.43%	67.97%
Pakistan (90)		25.76%	45.64%	61.92%
Uganda (96)	10% to 20%	38.46%	50.19%	64.39%

Sources: Secondary panel data analysis (see reference list); World Bank PovcalNet

2.1 Land

Land assets, that is land owned by individuals or held by their families, is severely diminishing across the poorest, poor[xvi] and median income groups, but particularly among the poorest.

Data available from five countries shows that in all but one, the ownership of land assets has fallen dramatically between the 1990s and the 2000s and this decline is most apparent among the poorest wealth quintile. Figure 2 compares the absolute changes in land owning households among the poorest, poor and median wealth quintiles. On average these countries saw a 13% decline in land ownership among the poorest households over just 12 years.[xvii] India has experienced the most significant decline with 25.6% fewer of the poorest households owning land (compared to a 7.3% decline for the median wealth quintile). Bangladesh is the only county experiencing a moderate increase in land ownership among the poorest households, an outcome that might be attributable to the Chars land resettlement programme that has provided land grants to severely poor household over this period. [xviii]While each of these figures should be treated with caution since this data is not tracking the same households over time, there is nonetheless an overall trend in land losses being observed here.

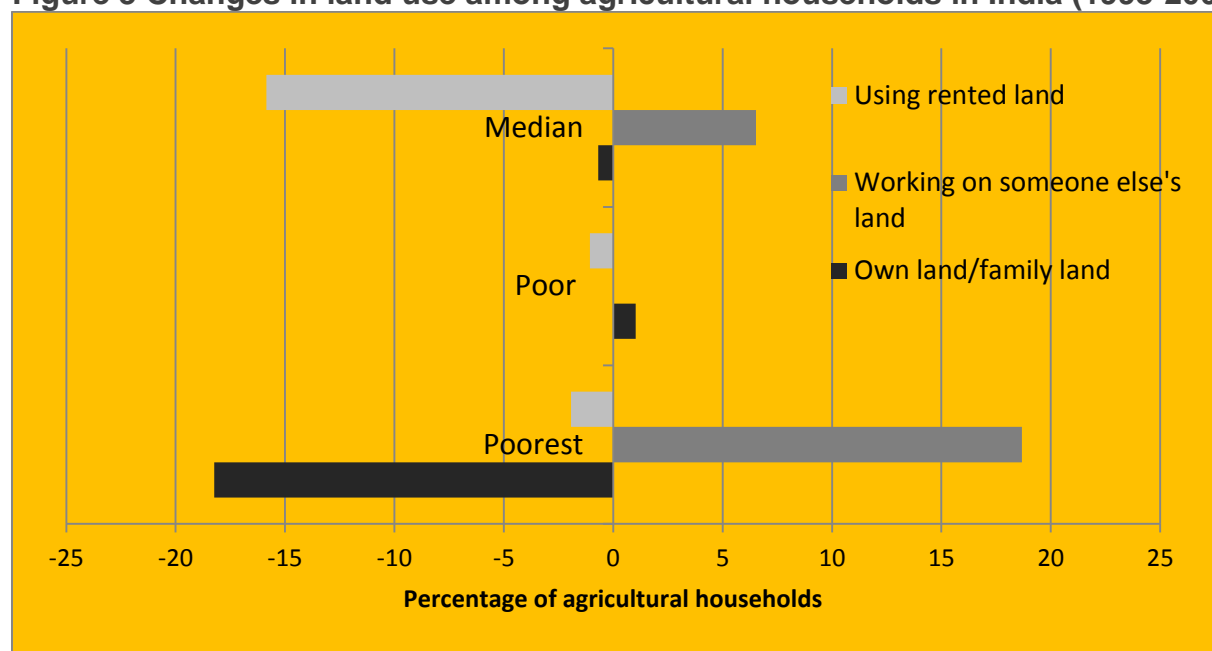**Figure 2 Changes in land assets among the poor, poorest and median**

Median
Poor
Poorest

Absolute percentage change in incidence of land ownership between 1990s and 2000s

Given the importance of land as a buffer against shocks, not to mention land's significance as a productive resource and what we know about the impoverishing effects of losing it, losing land is a critical indicator of distress. Accumulating land (owned or rented) is also often a factor in escaping poverty: losing access probably also prevents escapes in at least some cases. Therefore another striking finding is that alongside these declines in land ownership it does not appear that they have been met by increases in land rentals but rather by increases in agricultural labour. Figure 3 shows that in India the percentage change in households owning their own land has been met by a near equivalent increase in the proportion of those working on someone else's land. This finding also implies that decreases in land ownership are unlikely to be driven much by household's leaving agricultural or migrating to wage labour in urban areas, but suggests that these declines are the result of selling-off land assets and shifting towards agricultural labour.

Amidst this trend, agricultural wages have seen significant declines in Latin America, marginal increases in Africa and some significant increases in select Asian countries. Agricultural wage trends do not suggest that much relief from land losses is being generated from the farm labour market. A recent ILO study of 53 countries found that 68% of the working poor were working in agriculture.

Figure 3 Changes in land use among agricultural households in India (1993-2006)

There are a number of possible drivers for these trends, among them: demographic transitions and increased pressures on cultivatable land; mounting resource extraction and commercial interests; persisting struggles to secure common and traditional land rights; and the recent, pervasive, global land grab. More research is urgently needed to understand these drivers, what affects they are having on the poorest households' long-term livelihoods portfolios, and what sort of balance can be struck between competing interests for land resources.

2.2 Education

The poorest women have gained less from increases in educational attainment than the average women. Although the poorest women[xix] have seen significant relative increases in education, attaining an average of 10.5% more education between the 1990's and the 2000's (moving from 1.43 to 2.2 years), in absolute terms their gains have been less than the average since over the same time span the median wealth quintile were receiving 1.81 more years of education, bringing them up to 4.63 years of education. The gap between levels of education among the poorest women as compared to women in the median wealth quintile has therefore increased from a difference of 1.31 years of schooling to 2.43 years. Inequality within women's education is therefore increasing. These details, country by country, are found in Table 3.

Given the importance of staying in school for escaping poverty, and breaking the cycle of inter-generational transmission,[xx] it is clear that today's poorest women are losing out massively: they need to be catching up with the median if they are to compete for decent jobs rather than falling further behind.

Table 3 Average years of women's schooling and gaps between poorest and median quintiles

Country	Average years **poorest** women 1990s	Average years **poorest** women 2000s	Average change in number of years	Average years **median** women 1990s	Average years **median** women 2000s	Average change in number of years	Gap between poorest and median 1990s	Gap between poorest and median 2000s
Bangladesh	0.41	2.12	1.72	1.61	3.81	2.20	**1.21**	**1.69**
Benin	0.18	0.46	0.28	0.61	1.32	0.71	**0.43**	**0.86**
Bolivia	2.57	4.44	1.88	5.81	7.92	2.10	**3.24**	**3.47**
Burkina	0.21	0.37	0.16	0.24	0.73	0.48	**0.03**	**0.36**
Cambodia	1.81	2.81	1.00	2.76	4.61	1.85	**0.95**	**1.79**
Colombia	3.31	5.96	2.65	6.45	9.00	2.55	**3.14**	**3.05**
Cote d'Ivoire	0.95	1.97	1.02	1.72	3.33	1.60	**0.77**	**1.36**
Dominican	4.05	5.87	1.81	7.38	8.86	1.48	**3.33**	**3.00**
Egypt	0.86	2.23	1.37	3.62	6.88	3.27	**2.76**	**4.65**
Ethiopia	0.30	1.01	0.71	0.41	1.67	1.26	**0.11**	**0.65**
Ghana	3.30	2.86	-0.44	4.39	6.68	2.29	**1.09**	**3.82**
Guinea	0.21	0.32	0.11	0.37	0.66	0.29	**0.15**	**0.34**
India	0.75	1.33	0.58	2.02	4.01	1.99	**1.27**	**2.68**
Indonesia	3.77	5.04	1.27	5.06	7.04	1.98	**1.29**	**2.00**
Jordan	4.64	9.16	4.52	6.68	11.17	4.49	**2.04**	**2.01**
Kenya	3.72	4.58	0.86	5.94	7.49	1.55	**2.22**	**2.91**
Madagascar	2.23	1.68	-0.55	3.17	3.34	0.18	**0.94**	**1.66**
Malawi	1.19	3.30	2.12	2.15	4.72	2.57	**0.96**	**1.42**
Mali	0.16	0.75	0.59	0.40	0.63	0.23	**0.24**	**-0.12**
Morocco	0.15	0.61	0.46	1.55	3.23	1.67	**1.40**	**2.62**
Mozambique	0.79	1.98	1.19	1.41	2.60	1.18	**0.63**	**0.62**
Nepal	0.29	1.89	1.60	0.68	3.65	2.97	**0.39**	**1.76**
Niger	0.24	0.29	0.05	0.40	0.37	-0.03	**0.16**	**0.09**
Nigeria	1.14	1.63	0.49	2.14	5.21	3.07	**1.00**	**3.58**
Pakistan	0.07	0.22	0.15	0.52	1.47	0.95	**0.45**	**1.25**
Peru	3.63	4.49	0.86	7.56	8.92	1.37	**3.93**	**4.43**
Philippines	5.62	6.54	0.92	8.65	10.35	1.70	**3.03**	**3.81**
Rwanda	2.54	2.86	0.33	2.83	3.88	1.06	**0.29**	**1.02**
Tanzania	3.13	3.67	0.53	4.15	5.34	1.19	**1.02**	**1.68**
Turkey	2.07	2.84	0.77	3.67	4.97	1.30	**1.60**	**2.13**
Uganda	2.00	3.09	1.09	2.72	5.03	2.31	**0.73**	**1.94**
Zambia	3.51	4.15	0.64	4.95	5.32	0.37	**1.43**	**1.16**
Zimbabwe	4.75	7.04	2.29	6.46	8.64	2.18	**1.72**	**1.60**
Average	**1.96**	**2.96**	**1.00**	**3.29**	**4.93**	**1.65**	**1.33**	**1.98**

2.3 Early marriage

The gap between average ages of the poorest girls marrying compared to the median wealth quintile is increasing significantly. In the 1990's the poorest girls married 0.46 years earlier than the average while in the 2000's they were marrying 0.72 years earlier. In fact, seven of the countries sampled saw girls marrying younger in the 2000's than in the 1990's (Benin, Bolivia, Cambodia, Guinea, Pakistan). Among those countries with girls marrying younger, some were among the lowest average age of marriage to begin with, and many of those

countries with the youngest girls marrying later saw only marginal increases in the age of marriage over the time period (India's average age increased from 15.6 to 15.9, and Bangladesh from 13.9 to 14.4, both over a 13 year span). **Only two out of thirty-three countries had significant positive change: Côte d'Ivoire and Mozambique.** Table 4 has the details.

Later marriage has been widely associated with greater wellbeing both for the woman concerned, and also for any children she might have. These findings suggest that many of the poorest families are not participating in the demographic transition. Early marriage is associated with early child bearing, higher infant mortality, higher overall fertility, inter-generational transmission of poverty, and reduced women's autonomy and agency.

Table 4 Girls' age of marriage and gaps between poorest and median wealth quintiles

Country	Average age of marriage 1990s (poorest)	Average age of marriage 2000s (poorest)	Average age of marriage 1990s (median)	Average age of marriage 2000s (median)	Gap poorest and median (1990s)	Gap poorest and median (2000s)
Bangladesh	13.92	14.36	14.00	14.93	0.08	0.57
Benin	17.35	17.22	17.56	17.75	0.21	0.53
Bolivia	19.43	19.40	19.22	19.56	-0.22	0.16
Burkina Faso	16.90	16.95	16.77	17.20	-0.13	0.24
Cambodia	19.52	19.50	19.07	19.46	-0.45	-0.04
Colombia	18.70	18.50	19.75	20.14	1.05	1.64
Cote d'Ivoire	17.03	19.65	17.43	20.11	0.40	0.46
Dominican Rep.	16.55	16.66	18.34	17.96	1.79	1.30
Egypt	17.04	17.90	18.03	19.36	0.99	1.45
Ethiopia	15.18	16.13	15.84	16.06	0.66	-0.07
Ghana	18.15	18.20	18.29	18.76	0.14	0.56
Guinea	15.79	15.67	16.01	16.15	0.22	0.49
India	15.62	15.87	16.15	16.65	0.53	0.77
Indonesia	17.63	18.36	17.62	18.85	-0.01	0.49
Jordan	18.67	20.74	18.64	20.67	-0.03	-0.06
Kenya	17.27	17.86	18.14	18.53	0.87	0.67
Madagascar	16.65	16.92	17.32	17.93	0.67	1.01
Malawi	17.19	17.26	17.39	17.14	0.20	-0.11
Mali	15.74	16.34	15.73	16.21	-0.01	-0.13
Morocco	18.21	18.42	18.26	19.23	0.05	0.81
Mozambique	16.17	19.00	16.71	19.48	0.54	0.48
Nepal	15.84	16.77	15.56	16.84	-0.28	0.06
Niger	14.80	15.29	14.78	15.17	-0.02	-0.11
Pakistan	17.53	17.25	17.76	18.24	0.23	1.00
Peru	18.26	18.76	19.49	19.77	1.22	1.01
Philippines	19.10	19.43	20.47	20.92	1.37	1.49
Rwanda	19.49	20.19	19.12	20.24	-0.37	0.05
Tanzania	17.52	17.89	17.62	18.04	0.10	0.15
Turkey	17.56	18.39	18.33	19.23	0.77	0.84
Uganda	16.56	17.23	16.99	17.36	0.43	0.13
Zambia	16.92	17.28	17.04	17.42	0.13	0.14
Zimbabwe	17.87	18.34	18.49	19.00	0.62	0.67
Average	17.19	17.74	17.56	18.26	0.37	0.52

2.4 Women's agency

The poorest households have fewer women making decisions on household spending.
The poorest women in the 2000s were not quite exercising as much financial agency as the average women in their countries were in the 1990s. On average, more women are gaining some control over household resources such that a greater degree of gender parity in financial decision-making seems an attainable goal in many countries based on current trends. That being said, additional efforts are needed to empower the poorest women if their progress is to meet the average rate of progress among women in wealthier quintiles.   In the 1990s 8.1% of women in the median quintile reported having no agency in financial decision-making while for the poorest women, 9.41% were still reporting having no agency in financial decision-making 12 years later.[xxi]

Table 5 Women's agency in financial decision-making

Country	Women with some control over spending 1990s **poorest**	Women with some control over spending 2000s **poorest**	Women with some control over spending 1990s **median**	Women with some control over spending 2000s **median**
Bangladesh	89.98	82.9	89.4	88.36
Benin	94.05	93.55	95.19	94.13
Bolivia	90.84	92.39	94.12	97.09
Cambodia	90.31	98.57	95.21	98.83
Dominican Rep.	94.32	97.99	95.94	98.91
Egypt	94.82	96.59	96.10	95.12
Ethiopia	96.66	90.26	95.88	88.91
Indonesia	92.13	97.66	95.08	95.62
Madagascar	86.29	94.78	85.85	95.43
Mali	94.36	88.34	92.02	90.28
Nepal	82.92	87.93	83.43	91.47
Niger	91.12	94.43	91.72	96.92
Tanzania	77.4	73.61	82.79	71.98
Uganda	80.53	83.48	81.76	80.1
Zambia	55.87	71.92	71.84	68.32
Zimbabwe	85.05	89.9	87.52	92.2

Particularly alarming is the fact that 5 countries (Bangladesh, Benin, Ethiopia, Mali and Tanzania) saw fewer of the poorest women reporting agency in household resource control in the 2000s than in the 1990s suggesting that women's agency is actually declining in these countries, as shown by findings in Table 5. This is a complex set of issues, and the measures reported here may be crude, but, given the emphasis on gender equality in the MDGs, this suggests that not enough is being done to achieve solid progress for the poorest people.

It is widely thought that a woman's agency in the household is essential to both her wellbeing and that of her children. There is little change in a positive direction evident from this brief analysis for the poorest people and in those cases where women's empowerment appears to be regressing, immediate attention will be necessary to prevent women becoming even more disadvantaged within the household.

Since the poorest women have lost out relatively compared to quintiles two and three on education, age of marriage, and decision-making in the household, this would suggest a general increase in gender inequality is apparent at this end of the distribution.

2.5 Child mortality

The results on child deaths (Figure 4) are better than expected in the sense that it is the only indicator explored here where the poorest households are catching up somewhat with the next quintiles. Mortality among female children has been reduced to 17.2% in the 2000's from 23% in the 1990's, though this progress has only just reached the median wealth quintile's household incidence of female child deaths in the 1990's. Child mortality figures, as expected, are slightly worse for male children, with 18.7% of households still reporting having a son who has died. In all cases more households reported child deaths in the bottom wealth quintile than the next two quintiles, except Mali, Niger, and Nigeria where the second quintile reported slightly greater rates of child mortality. In all these countries child deaths are particularly prevalent. This shows that while progress is visible among all wealth levels, child mortality is still highly correlated with asset deprivation. Health and nutrition service provision coupled with child social protection policies will need to be targeted to asset-poor households if child mortality is to be equally minimized among all wealth groups.

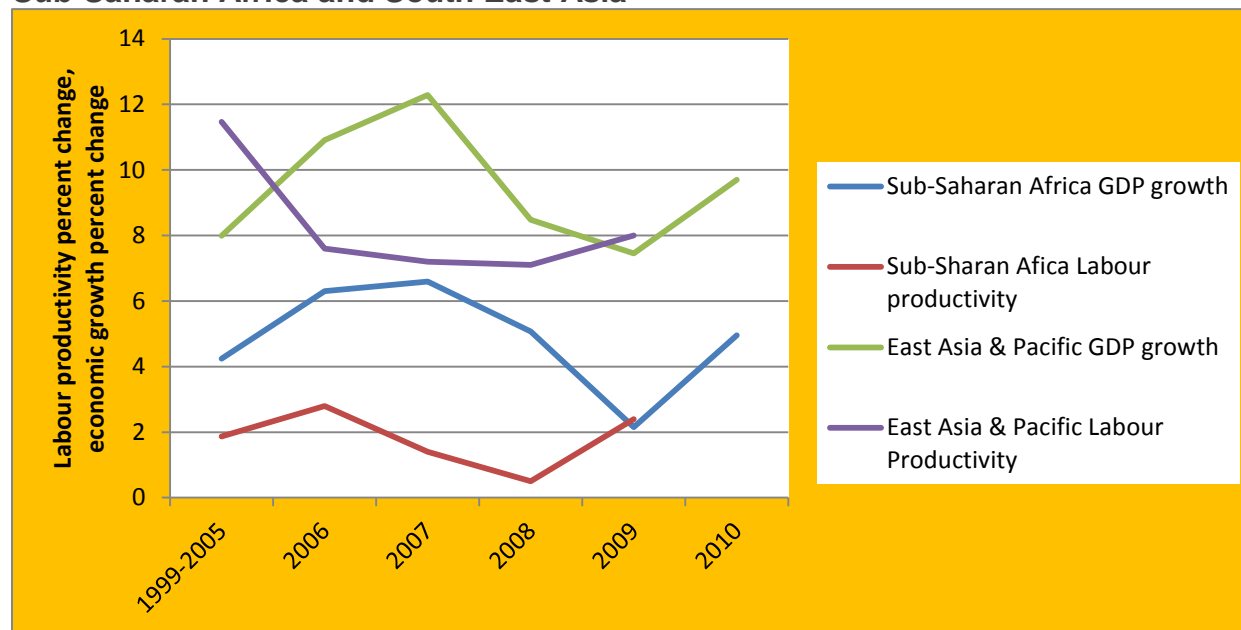**Figure 4 Changes in the incidence of child mortality 1990s-2000s**

Source: Ibid

2.6 Wages

Wages, especially but not only casual and informal economy wages, are critical determinants of trends in poverty and wellbeing but the data to make comparisons over time and across regions and countries is largely absent. In this analysis, labour productivity is used as the best available proxy, as it has been isolated as the biggest influence on changing real wages over time.[xxii]

Average incomes are generally rising, but drastic increases in some countries like China, and rapid economic development in some regions (East and South East Asia) tend to present a more encouraging aggregate picture than what lies below the surface. In fact **real wages (as proxied by labour productivity) have been relatively stagnant in most of Sub-Saharan Africa after a period of decline in the 1990s[xxiii], and while they have been on the rise in parts of Asia, wages have not moved in line with high rates of economic growth (Figure 3)**. This is the biggest data gap of significance to the poorest people. There is not only a deep scarcity of data, but very little serious disaggregated analysis of wage trends.

Figure 3 Economic growth vs labour productivity (as proxy for wage growth), Sub-Saharan Africa and South East Asia

Sources: Authors analysis based on estimates from: ILO 2010/2011 Wage Report; World Bank economic growth indicators

Amidst economic growth, income inequality has also been on the rise, particularly in middle income countries. Among the 75 middle income countries with available data, 30 among them have seen the proportion of national income going to the poorest 20% decline between 1990 and 2010. Where there is an increase, the median increase of income share to the lowest 20% has been a mere 0.33% over this same period. Where there is a decrease, the median is 0.8%. [xxiv] This suggests that economic growth alone will not ensure rising wages for the poorest.

Although real wages have been growing, the rate of growth in Africa is very low and while Asia's wage growth appears high this is mostly explained by wage growth in China. The 2010/11 ILO's Wage Report shows that while China's wage growth was between 11-13% between 2007-2009, Thailand, the Philippines and Malaysia actually saw wages decline in this same period.[xxv] The Indian experience of growth and job creation shows that inequality and quality of jobs can drive a wedge between economic growth and its potential wage growth. Himanshu and Parekh (2008) argue that this wedge has "largely driven by the differential returns to labour in a segmented labour market."

3. Implications of the Evidence so far

The first point to be made loud and clear is that there is a great need for more investment in panel data so that the fortunes of different groups of people or households can be tracked. To understand poverty and wellbeing dynamics there is no need for expensive and impractical annual panel data (as in a number of current World Bank projects): every few years is quite enough (5 or more for example). An as yet virtually undocumented aspect of poverty dynamics is its urban dimension. Table 1 and figure 1 highlight rural dimensions because these have at least some available data whereas urban data is nearly non-existent. Consistent data collection is an urgent project that the international community can really invest in and help change in the next two years so that by 2015 the world has a much better base for monitoring the progress made by particular groups of people. This should include a much stronger focus on urban populations,[xxvi] as well as longitudinal data.

A second point is that good wage data are urgently needed to monitor progress made by the poorest people, many of whom depend at least partly on wages. This must include casual wages and wages in the informal economy. Household surveys are one tool; more regular labour force surveys another; and there may also be innovative ways of collecting real time data through mobile telephony, or along with food and other market prices.

A third implication is the need for local, contextual data and analysis. This applies not only to cities, where existing national level sources of data do not permit any fine grained analysis of progress, but also to sub-national levels of government – regions, provinces, and even local governments. These will increasingly be the frontiers for poverty eradication work in years to come as they are in a better position to work on the more context specific agendas which will be vital to that goal.

Part B: The politics and policies of addressing chronic poverty and inequality

There are powerful drivers of chronic poverty and poverty dynamics which are, and also some which are not included in the current MDG framework. These can be grouped as: structural micro-social and economic drivers (assets, health, and education); discrimination and political relationships; and the nature of the state and governance processes (and corresponding investment and other policy outcomes). These three types of drivers are present in different combinations in different countries. Space limits the exploration of these here, but they are addressed in Shepherd and Scott (2011).

Few of these are really amenable to stating as international targets, however, beyond deepening the existing ones, covering education to include post-primary, reshaping health goals to support national systems, and giving a boost to reproductive rights, possibly as part of a broader gender equality goal. A big push on these issues would go a long way to facilitate more favourable poverty dynamics. Beyond this, countries need a lot of scope to decide priorities to eradicate extreme poverty and deprivation for themselves at a national, and in some cases (large countries like India) at a sub-national level. For example, countries need to decide to address vulnerability head on and how to reduce it.

One way of doing this is to set either one goal (preferably – for simplicity and focus sake - 'eradicate extreme poverty and deprivation', with a definition of what that means in practice), or a very few international goals with accompanying indicators (rather than targets) in order to be suggestive of actions (for example on asset accumulation); but leave countries to set their own time bound targets. This would avoid the distortion inherent in setting international targets, as experienced with education, or several of the health targets.

The riposte to this suggestion is that it was the targets which had 'bite' or led to action in the pre-2015 framework. However, this was a world in which the international community and aid donors in particular had far more sway than they will have in the post-2015 world. Internationally set targets will not be meaningful unless national policy makers take them to heart. The current UN consultative process is of course a valiant effort to persuade UN member states to do precisely that.

On the positive side, it is clear that the best poverty eradication strategies are where there is a strong national political or nation building project. International support for such political and policy 'projects' should be a key aspect of the framework. Where there is no national political project to guide efforts to poverty eradication, for example, in fragile states, the international community will understandably want to play a stronger role as development partners in supporting peace and state building and finding a new progressive political settlement which can pave the way to reduce poverty. The evidence suggests they need to do this in a more organised way than has occurred in the past.

1. National politics and policy making

A theme emerging from the above analysis is the critical role which national politics and policy making play in addressing chronic poverty, and facilitating improved poverty dynamics. This section will look at the policies which are needed.

The reasons for remaining poor go far beyond the characteristics and situation of the poor themselves to focus on societal structures and processes which determine who progresses as well as who does not (Box 2). Measuring inequality over time (or inequalities across different

dimensions – income, health, education, disaggregated by gender and age) and among groups captures aspects of the nature of society and the direction of change. **Developing a political regime that can address inequality** is critical to improving the life chances of the poorest.

<div style="border:1px solid #000; background:#ccc; padding:10px;">

Box 2 Inequality trends

Inequality, as measured conventionally buy the Gini Index of income inequality, is determined by what happens at the top and bottom of the distribution). Across the world, the middle classes (deciles 5-9) tend to be converging in terms of living standards, while the top and bottom may be diverging both nationally and internationally.[xxvii]

</div>

Measures to reduce inequality at the national level include: more effective and more progressive taxation - the former especially in low income countries with low tax takes, and in middle income countries especially with reference to the wealthiest groups and companies; social protection to bring up the minimum standard of life of the poorest, reduce the poverty gap, and prevent impoverishment; measures to ensure the poorest people can access health, education and other social and infrastructural services. Box 3 explains what is needed for the poorest children to get an education which then helps take their families out of poverty.

The nature of the political regime is critical to whether an inclusive political and economic 'project' emerges with adequate provision of public goods. The second Chronic Poverty Report found that political regimes based on social and political movements had better policies against chronic poverty than electorally competitive regimes. Movement based regimes in this study included Ethiopia, Uganda, and Vietnam. Other examples would be China, and Cape Verde. There are also some elected political parties which also have good policies against chronic poverty – Brazil's MST being the foremost case, but once again this was and is a movement as well as a party.

<div style="border:1px solid #000; background:#aaa; padding:10px;">

Box 3 Education – the critical path out of poverty

A recently published CPAN [policy guide on education](#) is a reminder of how important it is that countries analyse their own situation and set their own goals and targets. This suggests that for the poorest to benefit from investments in education a life cycle approach is necessary. Alongside greatly improved *quality* of primary and post primary education this requires a focus on pre-school provision for poor children, second chances for school drop outs, and job oriented technical training and enhanced apprenticeships. This will be made possible for poor children by social transfers and scholarships as well as the basic public expenditure on education services. Different countries will want to emphasise different parts of this agenda depending on their circumstances.

</div>

When political parties compete over public goods provision, then electoral democracy can offer powerful incentives to address chronic poverty – the cross-party political consensus on conditional cash transfers and related human development as a public good in Latin America is a case in point. And not all movements bring with them progressive politics. The Nicaraguan Sandinista movement, for example, seems to have run out of steam, and among other things cancelled a successful, well targeted cash transfer scheme. The point is, however, that the international pre-occupation with electoral democracy will not necessarily be the fastest route to eradicating extreme poverty; there should at least be an open mind about the political systems which will eradicate poverty.

For Africa, this conclusion is reinforced by research from the Africa Power and Politics (APP) programme which has argued that while there are massive challenges in producing political and governance pre-conditions for poverty reduction and economic transformation, it will be

necessary to ditch many of the assumptions and approaches of 'good governance' reforms to date.[xxviii] Its analysis of the political pre-conditions for unlocking the barriers to quality public goods provision in Africa emphasised three issues: coherent sectoral policies and institutions; clear top down pressure on actors to provide quality services; and an enabling environment for local government to solve collective action problems and adapt solutions at that level. Interestingly, successes did not rely on electoral democracies with strong political competition. Good examples of functioning 'practical hybrid' organisations providing quality public goods were found in Rwanda and Niger as well as multi-party Ghana.

More broadly, argues the APP, elites need to be willing to participate in finding solutions to collective action problems like the provision of public goods. This is not easy when the political incentives are usually based on providing services and investments for a limited constituency rather than for all – the politics of clientelism. While it is possible to do this at sectoral or local level, doing it at national levels is critical for sustained economic transformation. Finding spaces where different elite factions can agree on key policies can be useful. This is necessary to ensure that education policy commitments, promotion of small scale agriculture or the provision of road infrastructure are off limits for political competition, just as conditional cash transfers have begun to be off limits in some Latin American countries. And beyond that there is merit in constitutions which provide for regionally/ethnically based federalism or which ensure that national political parties must have truly national membership and activities.

What causes regimes to adopt progressive policies? One intuitive theory with considerable evidence to back it is that they are responses to riots or the threat of destabilisation.[xxix] This may be especially true of health and social protection commitments, which often as responses to crises, whereas education commitments may be part of a nation building project focused on economic growth.[xxx] However, an analysis of the politics of introducing social protection across a number of countries has suggested that the drivers of this progressive policy are in fact quite varied from response to crisis, through electoral strategy to the business of normal politics. Electoral competition is often a stimulus and clientelist politics does not seem to have been an obstacle. Underlying all of these, social protection has been a response to the deepening pressures of economic liberalisation and in some cases of urbanisation. A wide range of ideological discourses are compatible with social protection ranging from radicalism, through nationalism, to 'liberalisation with a human face'.[xxxi]

A balanced conclusion from this discussion of the political roots of poverty eradication policies is that pro-poorest policies can be found in electoral democracies as well as (de jure or de facto) one party states, and that developing an inter- or intra-party consensus around certain critical policies, especially social protection and human development is critical. This permits long term policy stability which will be necessary to hasten the eradication of poverty.

2. The changing context and relevant policy measures

There are several contextual aspects which are critical for the prospects of eradicating poverty. There is a trend to *democracy*. As we have seen, at least for low income countries this may not be vital; other political regimes may deliver better; for middle income countries where poor people are in significant numbers,[xxxii] it should be a critical ingredient where the political class can be disciplined enough to focus on the public interest and investing for the long term and where political competition emerges around eradicating poverty as the leading way of winning elections. For example, the coalition of parties around the Indian Congress Party has won successive elections with a controversial rights based platform, moving from the right to information to the right to employment, education, and in future health and food. Nevertheless this has not extended to reviewing the strategy for growth in any fundamental way, so as to

create more jobs, for example. [xxxiii] Nor has the rights based strategy been uniformly implemented, of course.

The context is frequently one of *jobless economic growth*; many countries are unable to emulate the Asian powerhouses with their labour-intensive export led growth. States will need to substitute for the private sector by creating work opportunities for the poorest through regular and massive public works programmes. They will need to tax minerals, oil and gas, or consumption, incomes, and wealth in order to pay for this, as with India's Mahatma Gandhi National Rural Employment Guarantee Act. Donors will also need to support national efforts, as with Ethiopia's Productive Safety Net Programme which has received long term international support. This will help tighten the labour market, underpin minimum wages, and build some assets for local economic growth, even if they are rarely assets which directly benefit the poorest. Producing job-rich growth is a challenge, as in India (Box 5). The evidence on what works will be synthesised in CPAN's forthcoming policy guide on Employment.

The jobs which are created in such contexts which are accessible to the poorest people tend to be informal, insecure, sometimes hazardous, and poorly paid. Policy makers are reluctant to regulate informal economies for fear of deterring job creation. Ways forward include generic measures which underpin minimum wages – legislation, public works schemes, stipends and other measures which keep children in school and out of the labour force for longer, and measures against child labour. Giving attention not only to wage levels and basic conditions of work, but also to more psychological aspects, such as dignity, is important here. This was one of the reasons the Indian NREGA does not work through contractors.

Box 5 India's jobless growth[xxxiv]

Total employment in manufacturing in India increased from 44 million in 1999-2000 to 55 million in 2004-05, falling to 51 million by 2009-10. Most of the increase in the first half and decrease in the second half of the decade was accounted for by manufacturing employment in the unorganized segment of the industry, although there was some increase in the organized segment as well. Within the organized segment, formal employment has been growing at the expense of the informal employment. The conclusion appears to be not only that the organized segment's growth in employment has been marginal, despite a sustained growth rate of manufacturing GVA over the decade, but also that the distribution of employment between formal and informal segments suggests that at least half of the employment in organized manufacturing remained of an informal nature. The reasons for this trend, continuing from an earlier period, could lie in a number of factors (labour laws, technology up-gradation being largely confined to the organized segment, tax laws, among other reasons), but that is a subject for further research, which must be undertaken if an appropriate policy response is to be drafted by the Central and the State governments during the 12th Five Year Plan.

Certification and inspection schemes are difficult to extend to the informal economy and informally or casually hired labour, but efforts to do this are valuable and continuing. These efforts should be aware of the inability of the poorest informal businesses to pay high registration and administrative fees, possibly targeting lower fees for these businesses. Also where laws are introduced to eliminate illegal informal labour practices which include punitive measures they must pay careful attention to the way in which poorer households might be affected (for example child labour laws must be accompanied with social protection provisions for children who have to work to survive).

Continued high demographic pressure especially among the poorest households is a feature of many countries, including many Middle Income Countries. Increased family size and higher dependency ratios are a frequent correlate of chronic poverty and impoverishment. Poor women are not currently provided the means to space their children as they would like to and social norms very often put poor men in charge of deciding on family size. Some heads of state are pro-natalist, and religious leaders may also reinforce patriarchal values and practices. Implementation of sexual and reproductive health policies remains politically controversial in many countries. This is but one aspect of a much broader problem of often highly inequitable access to health and education services, where the middle classes opt out of public services, leaving only poor or rural customers behind whose lobbying power is not great.

Interestingly, whereas education is often part of an economic growth based nation-building project, major investments in universal access to quality health services and to social protection occur later in the development sequence.[xxxv] Some of the health MDGs have not helped in this respect as they have promoted vertical disease-focused programmes rather than universal access and quality services. This means that the full panoply of policies enabling people to have and space the children they want is not available to many poor households.

Early marriage is a major obstacle to girls' education, and remains prevalent, especially among the poorest, as we have seen. Child marriage is often seen as the best available protection for an adolescent girl, in material as well as personal and sexual terms.[xxxvi] The long term solution to early marriage is keeping girls in education for longer, though there may be limits to this effect[xxxvii] – a multi-faceted problem requiring changes to social norms about women's roles as well as the kinds of changes to the provision of education mentioned in Box 3. Measures against this practice include: stipends to keep girls in secondary school, for example, in Pakistan, Bangladesh and Cambodia; increased autonomy achieved through migration for work may have a delaying effect in some contexts (in South Asia – evidence from Bangladesh garment workers, for example); and a strengthened child protection framework of laws and measures to implement them may help change what is often an omnipresent culture. Implementation of such laws is often extremely weak, however. Public information campaigns on the risks associated with early marriage, and girls' empowerment programmes supporting the choices girls make can also help.

More broadly, enhancing girls and women's agency, which is so critical to faster progress being made by the poorest households, is amenable to a variety of context specific interventions. A recent compendium focused on girls and young women highlights six groups of actions: legal provisions to eliminate gender discrimination in the family, school, workplace and community; supporting children's and especially girls' rights to be heard; investing in the design of children and gender sensitive social protection; strengthen services for girls who are hard to reach because of spatial disadvantage and socio-cultural barriers; support measures to strengthen girls' and young women's individual and collective ownership , access to and use of resources; and strengthen efforts to promote girls' and women's physical integrity and control over their bodies, especially in conflict and post-conflict settings.[xxxviii]

Faltering agricultural sectors in which a majority of the poorest still gain their livelihoods are still a characteristic of many countries despite the prevailing high global food and agricultural commodity prices since the early 2000s. While structural economic transformation reduces the share of agriculture in GDP, as other sectors grow, its share in employment often remains high for longer, and it remains where the poorest people earn at least part of their livelihood, and also where they get some of their security from.

Supportive public investment in infrastructure, including irrigation, and information services has lagged demand. The global heightened attention towards food security has resulted in narrow investments in technology development and dissemination, but not in the wider public and merit goods which agricultural sectors desperately need. Private investors have by and large had to be cajoled into relating to large numbers of smallholder farmers through contract farming and other arrangements, but this can provide secure and remunerative conditions for small family farms. Agricultural policies have not been good at taking on a focus on the poorest. Box 6 explores the implications.

Box 6 Re-orienting agricultural policies for the poorest

In CPAN's recently published [Agriculture Policy Guide](#) we have laid out a sustainable agricultural pathway out of poverty. A growing proportion of the extreme poor work in agriculture and the quality of agricultural jobs is often poor. Based on evidence about how people emerge from poverty through an agricultural route and what the constraints are, this guide changes the focus of agricultural policy from technology (and especially the green revolution) to intensification through a combination of asset accumulation and protection (including soil and water conservation), sustainable technical innovations, better market functioning, and better agricultural and more non-agricultural jobs.

The accumulation of assets including land is critical to poverty reduction through agriculture. As we have seen, a high proportion of the poorest households have been losing access to land, and this has not been adequately compensated by employment opportunities. So, ministries of agriculture have a choice if they want to improve the impact of agriculture on poverty: either protect the land assets of the poorest and find ways of increasing these; and/or work to improve the opportunities for decent employment in agriculture. In a context where land values are on the rise and where there are investors and speculators acquiring large chunks of land, protection of access to land has become a critical issue in some contexts.

Smallholder agriculture is also typically susceptible to the *increased climate variability and climate change* which is now rapidly having impacts. Preventing climate change is therefore an urgent requirement for the poorest working in agriculture. Little of the global financial resources raised so far in the names of mitigation and adaptation have made their way to the poorest people. Restructuring these initiatives to permit benefits to flow to the poorest is a task to be addressed in a future CPAN Challenge Paper.

3. Implications for post 2015

Analysis of what is specifically required in different national contexts remains unavoidable and that is where policies, post-2015, need to be framed and targets set. The international community can support progressive initiatives taken by national and local governments and other actors, as well as the generation and analysis of data and the policy analysis needed to frame relevant policies in the first place. A framework of international goals like the MDGs will continue to help orchestrate international support, provided they are simple, intuitive, and build on the MDGs by 'aiming at zero' – the lowest possible levels of absolute poverty, hunger, child mortality, and illiteracy. Much of the debate about the post 2015 goals centres on what else should be included. The view from this analysis is that most other critical inputs into eradicating poverty, such as anti-discrimination measures, are context-specific and not easily amenable to framing as simple, intuitive and relatively uncontentious international goals and targets. This applies to vulnerability reduction, equality (though gender equality might be an exception, and see below on indicators), inclusive growth, energy for all, access to land, governance and other

eminently worthwhile strands of development thinking which are critical to the fortunes of the poorest people.

Anti-discrimination measures are critical. These are naturally highly context specific in detail given the varied and intersecting patterns of discrimination. Specific legislation together with properly resourced implementing bodies, implemented constitutional provisions, human rights laws and commissions are possible 'top down' approaches. However, the problem with discrimination is that it is embedded in social norms and values, institutions and common practices. Addressing these requires leadership at many levels, needs community organisation, and is necessarily a long term process. Such norms can of course be challenged by structural socio-economic change – urbanisation and industrialisation, and especially by education beyond basic levels.

Another example of a clearly context specific issue featured in the analysis above and relevant to the discussion of gender equality is age of marriage. Table 4 clearly shows that very few countries are reducing the gap between the poorest girls' age at marriage and the median; in many it is increasing, and in some girls are actually marrying younger. This means that the poorest people are barely participating in the demographic transition. Keeping girls in school for longer is the prime policy objective which might help reverse these trends and could be framed as a universal goal. But a universal target would make much less sense given the variation in ages of marriage and the trends. Making a reality of the right to sexual and reproductive health services already in the MDGs would also help, though extending that right to teenagers is culturally complex. Otherwise the issue involves context specific cultural and social issues. The politics of an equitable demographic transition is again extremely context specific.

Reducing vulnerability is also critical. Social protection and other policies that increase resilience are essential. These include measures to protect women from loss of assets and status upon separation, divorce and widowhood. However, vulnerabilities of the poorest people also vary from one situation to another. It would be good to have a commitment to reducing the vulnerability of the poorest people at an international level; but the specific priorities for doing so must be worked out nationally. A prescription for universal or even targeted social protection – while a good thing in its own right – would not necessarily be the right immediate priority everywhere.

Social protection systems are basic, but addressing the vulnerability of the poorest people comprehensively requires a raft of measures in any given situation. To reduce the impoverishing consequences of ill health, public health service improvements, measures to reduce the costs of ill-health (low cost drugs; service free at point of delivery), health insurance are all possibilities. To reduce the negative consequences of separation, divorce and widowhood, marriage and inheritance law reforms giving more rights to women, and implementation of these despite countervailing social norms are critical. Death insurance, programmes for orphans and vulnerable children (OVCs) and social protection more broadly protect against the deaths of breadwinners which can otherwise have devastating impacts. Weather based insurance, disaster risk reduction strategies, including drought and flood proofing, protect against the effects of climate variability. Enhanced community justice and policing, as well as tribunals specifically established for gender based violence, protect against localised violence and crime. Peace building and recovery programmes protect against the negative consequences of large scale violent conflict.

Social protection also helps to tighten wage labour markets, supports the achievement of a minimum wage and is an essential part of the decent work agenda. Social protection also helps children stay in school and make use of health services. So, what to do? In low income, low

state capacity situations it makes sense to have just one programme which achieves as many objectives as possible since vulnerabilities tend to overlap and sectoral divisions might leave out key areas of intersection. This would need to be targeted and focused on the poorest households. It could have supplementary payments for particularly vulnerable individuals (older people, orphans, separated/widowed women, disabled). Elsewhere, more multi-stranded policies with more specific programmes become possible, with approaches being dependent on political contexts and institutional capacities. The right way to frame this will vary from one political context to another.

Economic growth needs to be focused on sectors, markets, and regions which have significant poverty and inequality reducing potential, and needs to be accompanied by 'do no harm' measures which prevent immiseration – for example, protections against the livelihood undermining effects of land acquisitions. Policy measures are global (company incentives and regulation and self-regulation) as well as national (protective legislation, but also subsidy and credit policies favouring national land investors over smallholders).

Specifically, pro-poorest growth needs to encompass (i) the promotion of nonfarm employment opportunities for low and semi-skilled workers, something whose need is widely recognised, but where innovative and effective policies are typically absent;[xxxix] (ii) land tenure reforms, for example, to encourage a buoyant rental market and protect smallholders against being bought out by investors; (iii) the decent work agenda in largely informal economies, including large and especially medium and small scale agriculture; and (iv) measures against child labour.

The most striking finding reported in section 2 is that the poorest have been losing access to land. While some of this may be beneficial, allowing them to specialise in more remunerative occupations than subsistence agriculture, most of it is likely to reduce their livelihood security and social status, and have negative consequences for other aspects of their wellbeing and opportunities. This finding definitely needs to be further researched – what are the causes and consequences of such losses, and what can be done to mitigate them, how desirable is it to prevent them, and so on. A hypothesis would be that this is the result of social differentiation, and local market forces, as well as failed or slow and inequitable demographic transitions rather than the global land grab. The policy implications are clearly different. Beyond research, is there scope for recognition of this issue in the post-2015 framework? An indicator on land inequality would at least bring the issue into the open and motivate the collection of data.

Human development investments need to gear up to the challenges of increasing labour productivity through massively enhanced quality of primary services and a quantum leap in access to post-primary services for poor households. This is a major way to address the growing inequalities discussed above. For education we know what is needed (Box 1). As in the MDGs, much of this agenda is amenable to international goal setting.

Each of these policy implications makes it clear that reducing inequality across a wide range of groups and regions needs to be high on the post-2015 agenda. As the evidence in Part A has shown, not only have policies derived from the current MDGs failed to benefit the poorest to the same extent as less impoverished groups, but in some respects inequalities have been deepening over the lifespan of the MDGs. If the forthcoming poverty eradication agenda is going to reach out to the 50% unaccounted for by current progress, concrete measures will need to be taken to ensure that the most deprived do not continue to be left behind. The conundrum is that most of these measures are context and country specific.

4. Two proposals

An inequality goal focusing on the fortunes of the same groups would potentially be effective in drawing policy makers' attention to these issues. However, its feasibility must be politically in doubt when some of the largest and most successful countries have (and will have for the foreseeable future) rising inequality from a low base. These countries will be leading lights in determining whatever is approved by the UN General Assembly.

The one thing which would make a significant difference would be to introduce *equity (or inequality) indicators* which draw attention to the fortunes of the poorest across whatever goals and targets are agreed in 2015. And then to pay attention to them! There was an inequality indicator under the poverty target in the MDGs – the share of the bottom quintile in consumption/income – but strangely no attention has been paid to it, despite the growing recognition that excessive inequality is a drag on development. The suggestion would be that each goal/target achievement would be monitored for achievement in the bottom 5%, 10%, and 20% of the population, and that the UN, the World Bank, IMF and other global stakeholders popularise this aspect of monitoring among national statistical offices. This would have the scope to generate public and policy discussions about the distributional effects of policies and trajectories if political and other leaders take up the issue. The significantly greater global interest in inequality (compared to 2000) may not, however, extend to national policy discourses, and countries with increasing inequality may be particularly reluctant to take this on board. Nevertheless, if the data was there it would be possible for interested civil society or political leaders to make use of it.

There are specific inequalities which this paper has highlighted, and which should feature among indicators – in assets, especially land, but also, in urban areas, housing; gender inequalities, including indicators on education, women's agency and age at marriage, and wage differentials; and the often inherited identity based inequalities experienced by groups who are excluded or discriminated against.

A second thing which would also make a big potential difference to the quality of policy making for the poorest is a commitment to better data – more longitudinal or panel data, better wages data, including data on casual and informal economy wages, and more disaggregated data – for cities and regions, permitting more devolved policy responses. This commitment could be supported by the international community and could come in the form of an international goal, with a number of targets – e.g. 'countries with xx type of data published in the last 3 or 5 years'.

Annex

DHS Survey coverage by country and year

Country	Baseline Survey	Recent Survey
Bangladesh	1994	2004
Benin	1996	2006
Bolivia	1994	2008
Burkina Faso	1993	2010
Cambodia	2000	2010
Colombia	1990	2010
Cote d'Ivoire	1994	2005
Dominican Rep.	1996	2007
Egypt	1995	2008
Ethiopia	2000	2011
Ghana	1993	2008
Guinea	1999	2008
India	1993	2006
Indonesia	1997	2007
Jordan	1990	2009
Kenya	1993	2008
Madagascar	1997	2008
Malawi	1992	2010
Mali	1996	2006
Morocco	1992	2003
Mozambique	1997	2009
Nepal	1996	2011
Niger	1998	2006
Nigeria	1990	2010
Pakistan	1990	2007
Peru	1992	2007
Philippines	1993	2008
Rwanda	1992	2010
Tanzania	1996	2010
Turkey	1993	2003
Uganda	1995	2011
Zambia	1996	2007
Zimbabwe	1994	2011

REFERENCES

Aguero, J, Carter, M and May, J (2007) 'Poverty and Inequality in the First Decade of South Africa's Democracy: What can be Learnt from Panel Data from KwaZulu-Natal?' *Journal of African Economies*, 16/5

Bajracharya, A. & Amin, S. (2012). 'Poverty, Marriage Timing and Transitions to Adulthood in Nepal: A Longitudinal Analysis using the Nepal Living Standards Survey.' *Studies in Family Planning*. Vol. 43, No. 2: 79-92.

Baulch, B (ed.) *Why poverty persists: poverty dynamics in Africa and Asia*. Edward Elgar

Bird, K (2011) *Stopping the inter-generational transmission of poverty: research findings and policy recommendations* CPRC Working Paper 214, www.chronicpoverty.org

Booth, D (2012) *Development as a collective Action problem: addressing the real challenges of African governance* www.institutions-africa.org.

Bulla, D., Lenhardt, A, Massoudi, P, Shepherd, A (2013 forthcoming) *Addressing Chronic Poverty in Middle Income Countries: a Background Paper* Chronic Poverty Advisory Network

Conroy, K, Goodman, A.R. & S. Kenward (2010) Lesson from the Chars Livelihoods Programme, Bangladesh (2004-2010), Paper presented to the CPRC International Conference 8-10th September 2010.

Chronic Poverty Advisory Network (2013, forthcoming) *Addressing chronic poverty in Middle Income Countries*: *a Policy Guide*

CPRC (2008) *Escaping Poverty Traps: Chronic Poverty Report 2008-9* www.chronicpoverty.org

Foster, J (2009) 'A class of chronic poverty measures' in Addison, T. Hulme, D and Kanbur, R (editors) *Poverty Dynamics: Interdisciplinary Perspectives* Oxford: Oxford University Press

Foster, J and Santos, M (2012) *Measuring chronic poverty*. Oxford University: OPHI Working Paper 52

Hickey, S et al (2006) *The politics of what works in reducing poverty* Chronic Poverty Research Centre, Working Paper 91 www.chronicpoverty.org

Himanshu and Parekh, C (2008) *Growth, Employment and Poverty Reduction: Post-Reform Indian Experience* London School of Economics, Asia Research Centre, Working Paper 23

Hossain, N (2012) *Education Policy Guide* www.chronicpovertynetwork.org

Hulme, D and Scott, J. (2010) *The political economy of the MDGs: Retrospect and Prospect for the World's Biggest Promise*. Manchester University: Brooks World Poverty Institute Working Paper 110

IFAD (2011) *Rural Poverty Report: New realities, new challenges and new opportunities for tomorrow's generation* Rome

ILO (2010) *Global Wage Report: Wage policies in time of crisis*, Geneva

ILO (2012) *Global Wage Report 2012/13: Wages and equitable growth*, http://www.ilo.org/global/research/global-reports/global-wage-report/2012/WCMS_194843/lang--nl/index.htm

Jones, N, Harper, C, and Watson, C (2010) *Stemming Girls Chronic Poverty: catalysing development change by building just social institutions* www.chronicpoverty.org

Kabeer, N (2010) *Can the MDGs provide a pathway to social justice? The challenge of intersecting inequalities.* Institute of Development Studies/MDG Achievement Fund

Krishna, A (2010) *One way illness: how people become poor and how they escape poverty* Oxford: Oxford University Press

Johnson, K & Rustien, S. (2004). *DHS Comparative Reports No. 6: The Wealth Index.* http://www.measuredhs.com/publications/publication-cr6-comparative-reports.cfm

Krishna, A. & Hariff, a. (2010). The irrelevance of national strategies? Rural poverty creation and reduction in states and regions of India. BWPI Working Paper No. 139.

Landesa (2012) *Land Rights and Agricultural Productivity.* http://www.landesa.org/wp-content/uploads/Landesa-issue-brief-on-land-rights-and-agricultural-productivity.pdf

Landesa (2012a). *Land Rights and the Global Land Rush.* http://www.landesa.org/wp-content/uploads/Issue-brief-land-rights-and-the-global-land-rush-May-2012-updated-8-21-20121.pdfht

Lloyd, C. (2005) *Growing Up Global: The Changing Transitions to Adulthood in Developing Countries.* National Research Council and Institute of Medicine; panel on Transitions to Adulthood in Developing Countries; Michailof, S and Bonnel, A (2010) *Notre maison brûle au sud: que peut faire l'aide au développement.* Paris : Fayard/Commentaire

Madulu, N. (2005). 'Impacts of Population Pressure and Poverty Alleviation Strategies on Common Property Resource Availability in Rural Tanzania.' AJEAM-RAGEE, Vol. 10, pp.26-49.

McKay, A. & E. Purge (2011). Is severe poverty a good proxy for chronic poverty? Evidence from a multi-country study. CPRC Working Paper No. 179. http://www.chronicpoverty.org/publications/details/is-severe-poverty-a-good-proxy-for-chronic-poverty-evidence-from-a-multi-country-study

Mehrotra, S. et al (2102) *Joblessness and Informalisation: Challenges to Inclusive Growth in India* Delhi: Planning Commission, Institute of Applied Manpower Research, Occasional Paper 9

Mehta, A et al (2011) *India Chronic Poverty Report: towards solutions and new compacts in a dynamic context* Delhi: Indian Institute of Public Administration. www.chronicpoverty.org

Mitlin, D and Satterthwaite, D (2012) *Urban Poverty in the Global South: Scale and Nature* London: Routledge

Mosley, P et al (2012) *The politics of poverty reduction* Oxford: Oxford University Press

Muyanga, M, Jayne, T and Burke, W (2010) *Pathways into and out of poverty: a study of rural wealth dynamics in Kenya* TI Working Paper Series 39/2010. Nairobi, Kenya: Tegemeo Institute, Egerton University.

Palma, J. G. (2006). "Globalizing Inequality: 'Centrifugal' and 'Centripetal' Forces at Work," United Nations, Department of Economics and Social Affairs, Working Papers 35

Radeny, M, Van den Berg, M and Schipper, R (2012) Rural poverty declines in Kenya: structural declines and stochastic escapes World Development, 40/8

RRI (2012). *Turning point: What future for Forest peoples and resources in the emerging world order?* http://www.rightsandresources.org/documents/files/doc_4701.pdf

Shepherd, A and Scott, L (2011) *Tackling chronic poverty: the policy implications of research on chronic poverty and poverty dynamics* www.chronicpoverty.org.

Shepherd, A, Gueye, B, Shah, A, Scott, L, Lenhardt, A, Morgan, M (2012) *Agriculture Policy Guide:* Chronic Poverty Advisory Network, www.chronicpovertynetwork.org

Sumner, A. (2012) *Who are the world's poor? The changing face of global poverty by geography, class and ethnicity in Low Income and Lower Middle Income Countries.* London: Overseas Development Institute

Tezanos, S and Sumner, A. (2012) *Beyond Low and Middle Income Countries: What if There Were Five Clusters of Developing Countries?* Institute of Development Studies, Working Paper 404

VanWey, L., A. D'Antona, & E. Brondizo (2007). 'Household demographic change and land use/land cover in the Brazilian Amazon.' *Population and Environment*, Vol. 28, No. 3: 164-185.

WHO (2011) *Universal access to reproductive health: accelerated actions to enhance progress on Millennium Development Goal 5 through advancing Target 5B.* Geneva

World Bank (2008) *World Development Report: Agriculture for Development.* http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTWDRS/0,,contentMDK:23062293~pagePK:478093~piPK:477627~theSitePK:477624,00.html

---

[i] CPRC (2008)

[ii] Estimates have been adjusted based on each paired survey time span. The countries selected based on this criteria were: Bangladesh, Benin, Bolivia, Burkina Faso, Cambodia, Colombia, Cote d'Ivoire, Dominican Republic, Egypt, Ethiopia, Ghana, Guinea, India, Indonesia, Jordan, Kenya, Madagascar, Malawi, Mali, Morocco, Mozambique, Nepal, Niger, Nigeria, Pakistan, Peru, Philippines, Rwanda, Tanzania, Turkey, Uganda, Zambia, Zimbabwe.

[iii] Two surveys were used for each country: the baseline was set with the earliest available survey in the 1990s and the endpoint set as the most recent survey available; each with a minimum 10 year span and the average span was 12 years.

[iv] For example, Foster (2009) and Foster and Santos (2012)

[v] Muyanga, Jayne and Burke (2010); Radeny, Ven den Berg and Schippeer (2012); and Aguero, Carter and May (2007)

[vi] according to Krishna (2010)

[vii] These figures are not comparable between countries as they are based on national poverty lines.

[viii] National poverty headcount statistics vary by year of availability. Statistics are taken from years with available data closest to the baseline and most recent waves of corresponding panel data.

[ix] Krishna and Sharif (2010)

[x] Hulme and Scott (2010)

[xi] WHO (2011) p5.

[xii] Kabeer (2010)

[xiii] Box 1 was written by Naila Kabeer as a summary of her own work (Kabeer 2010), as part of a forthcoming report on Addressing Intersecting Inequalities, for the UN MDG Achievement Fund.

[xiv] McKay and Perge (2011)

[xv] See Johnson & Rustien (2004).

[xvi] 'Poor' quintile refers to the second wealth quintile.

[xvii] These figures are not population weighted, unlike all other measures presented in this paper. This is because India saw dramatic declines in land ownership among the poorest households as compared to the median wealth quintile and while some other countries followed a similar trend, the population weighting would distort the outcomes in other countries. The figure presented in the paper therefore represents the standard arithmetic mean of all countries.

[xviii] See Conroy, Goodman and Kenward (2010)

[xix] DHS statistics on women represent eligible women aged 15-49.

[xx] Bird (2011)

[xxi] The DHS survey question for this finding asks: Who usually decides how the money you earn will be used: you, your (husband/partner), or you and your (husband/partner) jointly? Women were measured as having financial agency where responses were: they or they and their partner (jointly) made financial decisions. Lack of agency is therefore measured as their husband (solely) making financial decisions. The DHS survey asks households whether the land they work on is (1) owned by themselves, (2) their family, (3) someone else or 4) rented. Land ownership is calculated here by summing responses for self-ownership and family ownership. Changes in land ownership are measured by the difference between the average number of respondents who and yes to (1) or (2) between the 1990s and 2000s. These figures do not, therefore account for households who have moved out of agriculture but instead shows the proportion of those households who do work in agriculture that also own the land they work on.

[xxii] ILO (2011)

[xxiii] Ibid

[xxiv] Author's calculations based on most recent World Bank indicators for available countries

[xxv] ILO (2010) *Global Wage Report: Wage policies in time of crisis* Geneva

[xxvi] Mitlin, D and Satterthwaite, D (2013)

[xxvii] Palma (2006)

[xxviii] Booth (2012)

[xxix] Mosley (2012)

[xxx] Chronic Poverty Advisory Network (2013, forthcoming)

[xxxi] Hickey (2006)

[xxxii] Tezanos and Sumner's category 1 countries in Tezanos and Sumner (2012)

[xxxiii] Mehta et al (2011)

[xxxiv] Mehrotra et al (2012)

[xxxv] Bulla, Lenhardt, Massoudi, and Shepherd (2013 forthcoming)

[xxxvi] Bajracharya and Amin (2010)

[xxxvii] Lloyd (2005)

[xxxviii] Jones, Harper, and Watson (2010)

[xxxix] IFAD (2011) Chapter 6