Overview

The Chronic Poverty Report 2014-2015:

The road to zero extreme poverty

Chronic Poverty
Advisory Network

Getting to Zero

The third *Chronic Poverty Report* proposes a new framing for a post-2015 goal to eradicate extreme poverty, focused on improving poverty dynamics – tackling chronic poverty, stopping impoverishment, and supporting sustainable escapes from poverty.

All three are necessary if we are to have any chance of 'getting to zero' – the new goal for poverty reduction – while ensuring that we 'leave no one behind'. The specific targets to be achieved under each heading need to be set by each country, because the relationships between these three trajectories are context-specific – some countries need to place more emphasis on stopping impoverishment, for example, and these relationships may change over time.

The *Chronic Poverty Report* is divided into two parts: Part A, which examines improving poverty dynamics; and Part B, which assesses whether or not the zero poverty target is achievable by 2030, and what it will take to get there.

Part A. Improving poverty dynamics

One of the implications of the phrases 'getting to zero' and 'leaving no one behind', both of which are being used repeatedly to characterise the evolving post-2015 sustainable development framework, is that governments have a duty to include the poorest people in progress. If this principle is to stick, the full implications need to be worked out.

In Part A of the *Chronic Poverty Report*, chapters 1-4 outline the kinds of policy agenda and political settlements[1] required to improve the dynamics of three poverty trajectories: tackling chronic poverty, stopping

impoverishment and supporting sustained escapes from poverty – escapes that last and that take people some way above the extreme poverty[2] line. **Poverty eradication strategies (or national plans that include poverty eradication) should lay out what they will do to improve these three poverty dynamics.**

What works everywhere to improve poverty dynamics across all three trajectories?[3] Education and social assistance are universally relevant, and require massive public resourcing and political support in the coming years. One obvious implication is that stronger domestic tax systems and greater tax revenues will be required. Aid will also need to contribute significantly to the start-up costs for social assistance and to finance education, including scholarships for the poorest children and other measures.

Incorporating 'reducing (income) inequality' as a post-2015 goal would steer the international agenda in the right direction, given that reducing or containing inequality speeds up the impact of economic growth on poverty reduction. The post-2015 framework would, however, still need to frame a specific goal on the eradication of poverty, as it is possible (although harder) to reduce inequality without necessarily eradicating poverty.

This report argues that a focus on reducing the inequalities that affect the poorest people in terms of access to land, labour markets and power relationships between women and men can achieve two goals at the same time: reducing both chronic poverty and inequality. The policies to improve poverty dynamics are similar to those that aim to address inequality, and may generate less political contention. Improving poverty dynamics will reduce the inequalities that blight the lives of the poorest, and can be applied to all societies however rich, poor, or unequal.

1. A recap and political perspective

Up to half a billion people are chronically poor, most of them in South Asia and sub-Saharan Africa. Around one-third of all those who are extremely poor are poor over many years or even for their entire lives, and may well pass their poverty on to their children.

The severely poor (those languishing well below the extreme poverty line – on less than $0.70 per person per day in this report's calculations) are often also chronically poor because of three layers of factors. First: a lack of assets, poor returns from the assets they have, and shocks or crises that lead to the loss of their assets. Second: the skewed distribution of power that shuts them out, and their inclusion in economies, polities and cultures only on adverse terms. And third: the wider environment of the political settlement (the nature of the elite-citizen political bargain), macroeconomic policy, and social norms that may all work against the interests of the poorest. Policies need to address

all three of these layers.

This requires a greater focus on certain areas. The impact of **social norms**, for example, has been a largely neglected aspect in efforts to eradicate poverty. Yet they can be critical in marginalising people and keeping them poor, and the stigma attached to various identity groups – by ethnicity, gender, caste or religion, for example – can be a powerful force for impoverishment. Equally, while a general commitment to increase employment is important, there has been less emphasis on the creation of **decent jobs** (which guarantee safe working conditions and a decent salary). And **improving the quality of education, as well as educational access**, reinforces the impact of all other anti-poverty interventions.

Any poverty eradication strategy needs to be underpinned by a pro-poorest political settlement that puts the poorest people at the heart of the national development compact. Generating such a 'pro-poorest' political settlement is partly about political change, but progress can also be made if the intermediate characteristics of governance are 'good enough': if there are, for example, credible commitments by political leaders and parties; strong oversight systems; coherent policies; and the capacity for local problem solving and collective action. Tackling the most intractable, identity-based injustices, however, does require a combination of political and constitutional change that leads to universal policies and affirmative action; accompanied by social mobilisation and political participation. Countries that have taken such steps include: Bolivia, Brazil, Ecuador, Ethiopia and Nepal.

A (relatively simple) administrative reform such as the establishment of a civil registration system can significantly increase the efficiency of social assistance and enable the poorest and most vulnerable people to access public services. Examples include Pakistan's Benazir Income Support Programme, or India's universal biometric identification programme.

2. Tackling chronic poverty

A focus on chronic poverty is justified by the fact that the poorest are still being left behind by social and economic progress, despite growing economies across the developing world. This phenomenon may well continue, given the growth paths adopted by some countries (Tanzania would be one example) and the threats posed by conflicts and natural disasters in certain countries. Measures to tackle chronic poverty (other than social assistance) are rare, and have not been mainstreamed or comprehensive in most countries, with the possible exceptions of Bangladesh, Brazil and China. Given the lack of specific concern among governments (and donors) about chronic poverty, its eradication will, inevitably, be a challenge; requiring much context-specific analysis and policy creativity.

Figure 1: Addressing intersecting inequalities
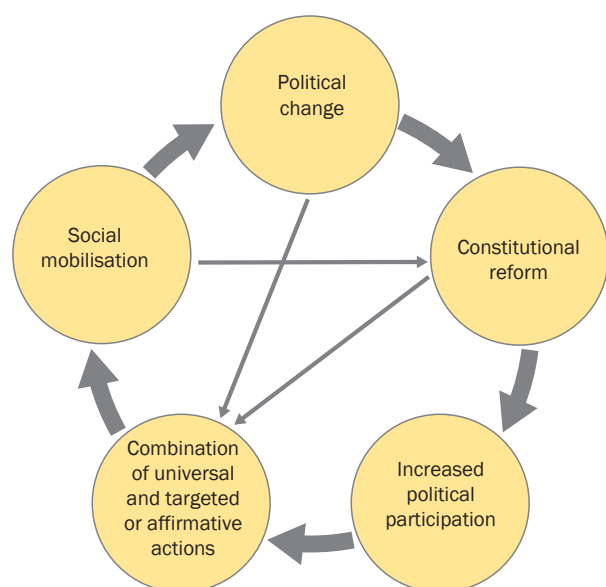
Each country will have to design the mix of social assistance programmes (cash transfers, employment guarantee, asset building) most appropriate to its conditions and needs. The impact will be stronger when these programmes are built into integrated anti-poverty strategies and/or sustainable comprehensive social assistance systems. In addition to social assistance, the strategies required include: pro-poorest growth that tackles the adverse inclusion of the poor in economic life through measures to create decent employment and develop pro-poor value chains; ensuring that the hard-to-reach are included in human development, for example by empowering women through education and ownership of productive assets; and transformative social change, such as tackling the discrimination and exclusion experienced by some groups of people (e.g. women, persons with disabilities, older people, ethnic or religious groups) in labour markets and in political and social institutions.[4]

There are a few exceptions (e.g. Ethiopia and Nepal) that have tackled the identity-based intersecting inequalities that keep people poor. China has also done exceptionally well in reducing extreme poverty and deprivation among many of its ethnic minorities. Figure 1 outlines the critical ingredients in these stories of change, showing how difficult eradicating poverty is going to be, given the combination of strategies needed. It will require political and constitutional change, supported by social mobilisation; as well as universal and targeted policies or affirmative action.

While examples of such combined efforts are few and far between, there are programmatic responses that address specific areas with some success, such as inclusive strategies in education: school feeding programmes, stipends for poor children or girls, or fee exemptions. In a few cases, the poorest have been targeted by microfinance institutions or anti-

poverty programmes with the kinds of transfers, training and institutional support and development they need to raise themselves to the point where they can afford to take credit (BRAC's programmes in Bangladesh, for example). A few programmes in agriculture target the poorest farm households with the aim of improving their food security, usually through the provision of seeds and fertiliser farming inputs; the Malawi fertiliser subsidy is a rare and high-profile example.

Tackling chronic poverty and the intersecting injustices that keep people poor is also served by social protection. However, the problem here, in countries that do not yet have social-protection systems, is that demand from elites and citizens is too weak. Mechanisms for citizen voice are needed, as is recognition among elites that the promotion of social cohesion through social protection is in their own best interests.

Addressing income inequality head-on may or may not be a relevant objective, depending on country context and history and the current level of inequality. But inequalities in terms of lack of access to land, education and labour-market opportunities and gendered disadvantages, needs to be tackled if chronic poverty is to be rolled back.

3. Stopping impoverishment

The rationale for the separation of targets by trajectory (chronic poverty, impoverishment and escapes from poverty) proposed in the *Chronic Poverty Report* is to challenge governments to plan their anti-poverty strategies in a more sophisticated way. People do escape from extreme poverty, but often fall back, and non-poor people do become poor; so a target to stop impoverishment makes perfect sense. **Otherwise, the often hard-won gains made by families can be wiped out as they slip into poverty or fall back into poverty. In the past two decades impoverishment has been nearly as widespread as escapes from poverty in many countries over particular time periods** (Figure 2). Given that the most common causes of impoverishment are natural disasters, conflicts, economic crises and health shocks, the risk of impoverishment is not likely to decrease in the near future.

Countries can easily calculate their impoverishment index at a given point in time if they have panel data. This measures the ratio of descents into poverty to escape from poverty (Table 1). Countries should aim explicitly to reduce their impoverishment index if they want to ensure that their progress in reducing chronic poverty is sustainable in the medium and long term and resilient to shocks. As Table 1 shows, this varies across countries, and within countries across different time periods. The policies adopted must be context-specific, given the major variations in the ratios of escapes from poverty and descents into poverty across different countries. The appropriate policy mix for each country may have to change over time as the impoverishment

Figure 2: Poverty transitions – escapes and descents into poverty[6]
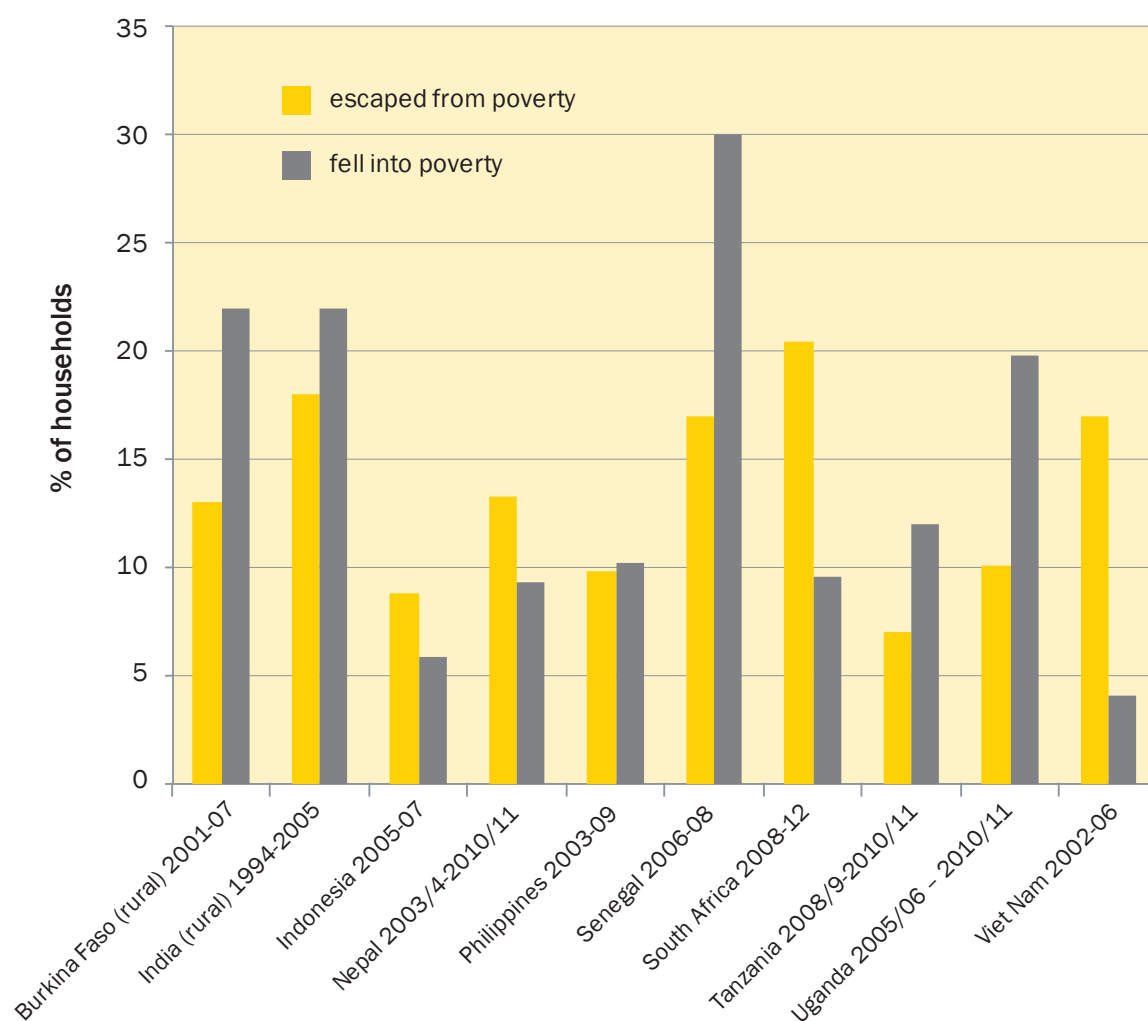
Table 1: An impoverishment index to measure the relative importance of flows across the poverty line[5]

	Impoverishment index		Impoverishment index
Rural Kenya		**Uganda**	
2004-2007	1.1	2005/06-2009/10	0.9
2007-2010	1	2009/10-2010/11	2.5
Nepal		**Indonesia**	
2003/04-2010/11	0.7	2005-2007	0.7
Tanzania		**South Africa**	
2008/09-2010/11	1.7	2008-2010	0.5
		2010-2012	0.4

An impoverishment index greater than 1 means that descents into poverty outnumber escapes from it.

Table 2: Risks and policy measures

Type of risk	Impoverishment channel	Policies to mitigate risk and reduce vulnerability
Individual	• Production-related risks (inherent in farming and in entrepreneurial activity) and unemployment. • Credit-debit spirals. • Health shocks. • Life-cycle turning points.	• Tailor-made financial services, especially savings and insurance products. • A commitment and steps towards Universal Health Coverage. • Social assistance for the extreme poor and • Social insurance in countries where the economy is (slowly) formalising. • Pre-school educational vouchers and targeted support to young families.
Systemic	• Macro-economic and financial shocks. • Conflicts. • Natural disasters and climate change. • Price spikes and inflation.	• Macro-economic policies. • Conflict prevention. • Disaster risk-management. • Wage policies.

index evolves; it will depend on the nature of the shocks that drive impoverishment in each context and the different kinds of risks faced by the poor.

Technically, stopping impoverishment is the 'easy' part of improving poverty dynamics: social protection (including social assistance and social insurance), disaster-risk management and universal provision of health care can all be extended and improved with the necessary political leadership and sustained commitment.

The biggest challenge is conflict, especially in the poorest countries, many of which also face the immense tasks of preparing for and managing disasters (so that they do not impoverish so many people so frequently) and of responding to climate change. Education (the most portable of assets) serves as a major insurance against such profound risks.

Pro-poorest political settlements will stop such risks destabilising entire countries and can focus on the notion that the state reduces the risk of impoverishment faced by individuals and social groups. Such a comprehensive approach may be hard to achieve politically, but involves a combination of the following priorities, adapted to different country and sub-national contexts:
• Universal Health Care is a policy priority wherever ill-health constitutes a primary source of impoverishment.
• Improving disaster-risk management is critical in countries, and especially in sub-national regions, where poverty and vulnerability to disasters are concentrated.
• Microfinance agencies should promote savings and insurance before credit, given that the poor are so vulnerable to shocks and stresses and may be unable to cope with a burden of debt.
• The high start-up costs of insuring the poor against critical risks mean that governments (or donors) need to subsidise these, at least initially.

More selective approaches may be all that can be achieved politically in some situations, but can still make an enormous difference. For example, significantly improved disaster-risk management may emerge as a response to a particularly catastrophic event, and in the absence of wider political change.

Aiming for a pro-poorest political settlement to prevent impoverishment can facilitate a turnaround in fragile states; moving them towards being resilient states, as the motivation for violence often generated by poverty and inequality is reduced.

Such approaches will, however, require greater freedom for countries to implement counter-cyclical macro-economic and fiscal policies than they have had in the past.

The complexity of this story is illustrated by Uganda. The standard household surveys show that the incidence of extreme poverty fell from 31.1% to 24.5% of the population below the poverty line (from 8.5 million to 7.5 million people) between 2005/06 and 2009/10, and the panel data confirms that escapes from poverty outnumbered descents into poverty for the same years. Between 2005/6 and 2010/11, however, the panel data show that descents into poverty exceeded escapes by a long margin, suggesting that 2010/11 was a very bad year for many Ugandans.

4. Climbing out, and staying out, of poverty

Helping people to escape from poverty is the most common apparent objective of anti-poverty policies. The *Chronic Poverty Report* provides the first evidence that escapes are actually happening in many different contexts. As Figure 1 (in the Executive Summary) demonstrated, between 4 and 8 out of 10 households that escaped poverty remained out of it by the time of a follow-up survey.

However, strategies rarely identify the combinations of policies required to keep newly non-poor households out of poverty. The report argues that the necessary foundations to end chronic poverty include a 'pro-poorest growth package'

of agricultural, infrastructural and employment policies; supported by a life-cycle approach to education and social assistance systems. The policies required to ensure that people who escape from poverty continue on an upwards trajectory include, once again: education, secure land-tenure systems for the poorest and regional and local economic development policies. Each country would need to identify its own context-specific policies to sustain escapes from poverty, which will be defined to a great extent by the character of economic growth in each particular place. These policies could span all or a combination of the following:

- Support for the accumulation of agricultural assets (such as land and livestock), combined with diversification of crops and livestock, helps to increase upward mobility.

- Security of tenure is vital and would include: reversing policies that disenfranchise women on separation, divorce or widowhood; legal protection of existing land assets of poor smallholders, especially where land is not registered or privately owned; and the physical protection of land through soil and water conservation and sustainable smallholder agricultural development.

- Encouraging landowners to increase land availability for smallholder farm households by establishing a secure legal basis for land rental.

- Reducing landholding fragmentation upon inheritance through legal reforms that allow families to consolidate their fragmented holdings privately.

- Investing in good-quality education and skills for the poorest children to enable them to find employment in non-farm activities and lift their future households out of poverty. The level of education required to do this is context specific, but in all cases the education needs to be of a good quality and provide skills relevant to the world of work. Primary school education alone is not usually enough and several years of post-primary education are needed if children are, as adults, to pull their families out of extreme poverty.

- Much more needs to be done to improve skills-based education to make the transition from education to work more successful, and working with the private sector is essential to ensure young people develop the skills they need to succeed in the job market.

- In countries with a large informal sector, work skills could be improved by the formal recognition of traditional apprenticeships; the introduction of regulations to protect apprentices from exploitation and the certification of the skills and experience they have gained through a national qualification. This would need to be accompanied by targeted interventions, such as cash transfers, to ensure the participation of the poorest people.

- Regional development policy can extend the benefits of an economically dynamic region outwards to poorer areas. Urbanisation is one critical aspect of regional development.

- Implementing universal access to sexual and reproductive health services is also important for staying out of poverty, as it is for easing chronic poverty and impoverishment. But an equitable demographic transition is achieved by a combination of universal access, income increases for the poor, investment in education and other public health measures to address the perception that having large numbers of children provides some insurance against poverty.

Working to improve poverty dynamics will require significant investment in national panel data, and associated qualitative research to promote an understanding of the causes of what is observed.

Finally, a dynamic approach to setting poverty targets would need to extend beyond the $1.25 a day poverty line. Monitoring the progress that escaping households make toward $2 and $4 poverty lines would make sense from an extreme poverty perspective, since vulnerability to impoverishment generally declines as income rises.

Part B. Can it be done?

5. What works? The drivers of success

National progress on poverty reduction varies markedly, but significant progress is, and has been, possible across a wide range of countries. Up to 2010, success has not been confined to the superpowers of Brazil, China and India: Bangladesh, Mali (pre-conflict), Nepal, Pakistan and Senegal have also halved the number and the proportion of people living on less than $0.70 per person, per day,[7] over the previous 20 years.

It seems that some low-income countries (LICs) and middle-income countries (MICs) have been making the kind of progress required to get to zero extreme poverty and deprivation by 2030 on some indicators. However, few manage it on all indicators, especially when the poorest are disaggregated from the average. Even much vaunted successes like Bangladesh, with its powerful non-governmental organisation (NGO) programmes; or Ethiopia, with its social protection and major investments in human development and infrastructure, still have major strides to take for their poorest people.

There are policies and programmes that have been successful in addressing chronic poverty, and in improving human development outcomes overall. Less successful countries can learn from these experiences at the 2015 'half way mark' to the eventual eradication of extreme poverty.

The success stories of the past 20 years suggest five drivers of progress against chronic poverty:
- Pro-poorest economic growth (with its rate and composition determining its impact).
- Major investments in inclusive education as part of nation-building approaches.
- Policies to address the individual and systemic risks faced by the poorest.

Box 1: The International Futures Model: projections of poverty to 2030

The International Futures (IFs) model is a large-scale, long-term data-modelling system developed at the Frederick S. Pardee Center for International Futures at the University of Denver. It contains and regularly updates internationally representative data sources on demographic, economic, energy, agricultural, socio-political and environmental subsystems for 183 countries, with data series dating back as far as 1960. The system facilitates the development of scenarios based on user-generated assumptions about the drivers of a future condition, producing structure-based, agent-class driven dynamic projections.

In the *Chronic Poverty Report*, the model's 'baseline scenario' is used alongside optimistic and pessimistic scenarios created specifically for the report, which manipulate a set of variables available in the model that determine extreme poverty levels. The baseline and pessimistic scenario results are within the ranges of, if somewhat more pessimistic than, other recent projections.[8] The report uses these to explore the justifications for pessimism.

- Transformative social change.
- Governance that ensures credible political commitments to deliver public sector services for everyone, backed by the ability to do so.

For LICs to reach zero poverty, they need a combination of pro-poorest growth and the better management of risks, but the policies and politics to achieve these are very challenging. Risks facing the poorest tend to have been addressed late in the development sequence, especially in today's East Asian successes, partly because landholdings were relatively equal to start with, which reduced the need for risk management through public policy. Today, however, leaving improved risk management until the last minute is a problem in a global economy that presents increasingly high-risks and in a climate change-affected 21st century.

It is worth remembering, however, that today's MICs were LICs two or three decades ago – a cause for hope for the most impoverished countries.

6. A daunting task: projections of extreme poverty and human development deprivation to 2030

Getting to zero extreme poverty by 2030 will be extremely difficult. Projections based on a complex and constantly updated global model (Box 1) show just how daunting a task this is, given the political and policy pre-conditions essential for the achievement of this goal.

The risk is that nearly one billion people will still be extremely poor in 2030 (Table 3), and up to 300 million will be severely poor.[9] Several successful LICs and MICs are still at risk of continued extensive poverty in 2030. The projections indicate that 2030 poverty is split fairly equally between LICs and MICs, and fragile and non-fragile states (figures 3 and 4), with extreme poverty in sub-Saharan Africa accounting for a significantly larger share of the whole than South Asia by 2030 (Table 3).

The report argues that there are, therefore, two categories of country (plus certain states in India), that need special attention if getting to zero is to be possible:

- Fragile, unstable and conflict-affected countries (and Indian states), which include both lower-middle-income countries (LMICs) and LICs; where getting a stable political settlement is the first challenge, and preventing the recurrence of conflict through inclusive development is the second. Key countries include: Burundi, Democratic Republic of Congo, Madagascar, Nepal, Nigeria, Pakistan, Rwanda (despite its record of having the greatest poverty reduction in Africa) and Sudan; plus the poorest and conflict-affected Indian states of Bihar, Madhya Pradesh, Orissa and Uttar Pradesh. The resources to eradicate

Table 3: Regional and global projections in 2030 for severe ($0.70 per person per day) and extreme ($1.25 per person per day) poverty: optimistic, baseline and pessimistic scenarios (millions of people)

	East Asia and Pacific	Europe and Central Asia	Latin America & Caribbean	Middle East & North Africa	South Asia	Sub-Saharan Africa	Global
$0.70/day Optimistic	6.9	0.2	8.8	2.2	27.5	84.5	130.1
$0.70/day Baseline	10.3	0.4	11.6	4.1	47.8	124.8	199.0
$0.70/day Pessimistic	15.2	0.6	14.4	6.3	92.8	172.1	301.4
$1.25/day Optimistic	33.1	1.9	21.4	9.1	143.4	218.7	427.5
$1.25/day Baseline	46.6	3.0	27.8	14.2	228.0	304.5	624.1
$1.25/day Pessimistic	68.3	4.4	35.3	20.3	409.1	417.5	954.9

Figure 3: Projected poverty headcount in 2030 by country category – LICs and LMICs (severe, $0.70 a day poverty and extreme, $1.25 a day)
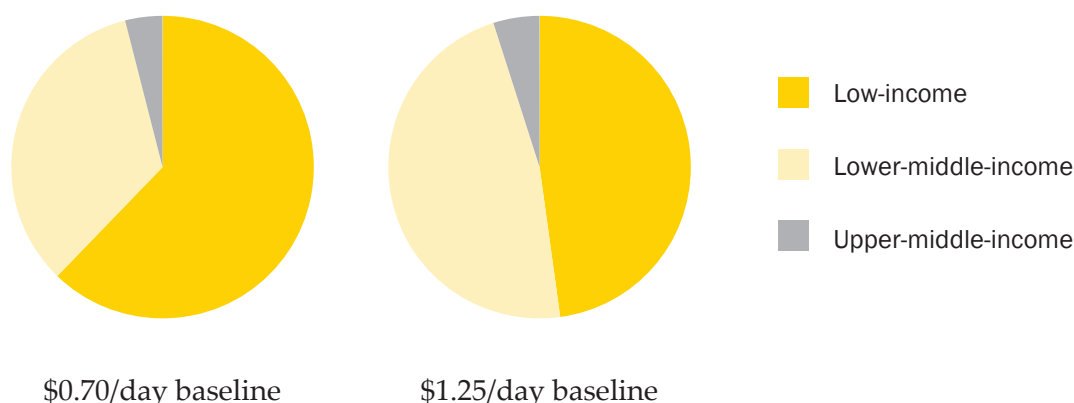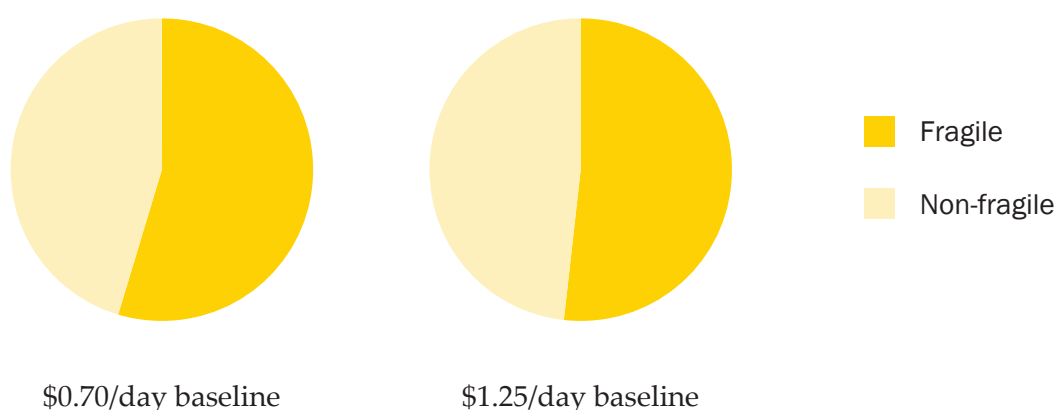

$0.70/day baseline $1.25/day baseline

■ Low-income

■ Lower-middle-income

■ Upper-middle-income

Figure 4: Projections to 2030, fragile and non-fragile states

$0.70/day baseline $1.25/day baseline

■ Fragile

■ Non-fragile

poverty are far more available in the LMICs than in the LICs among this group, but the political settlements are not necessarily better.
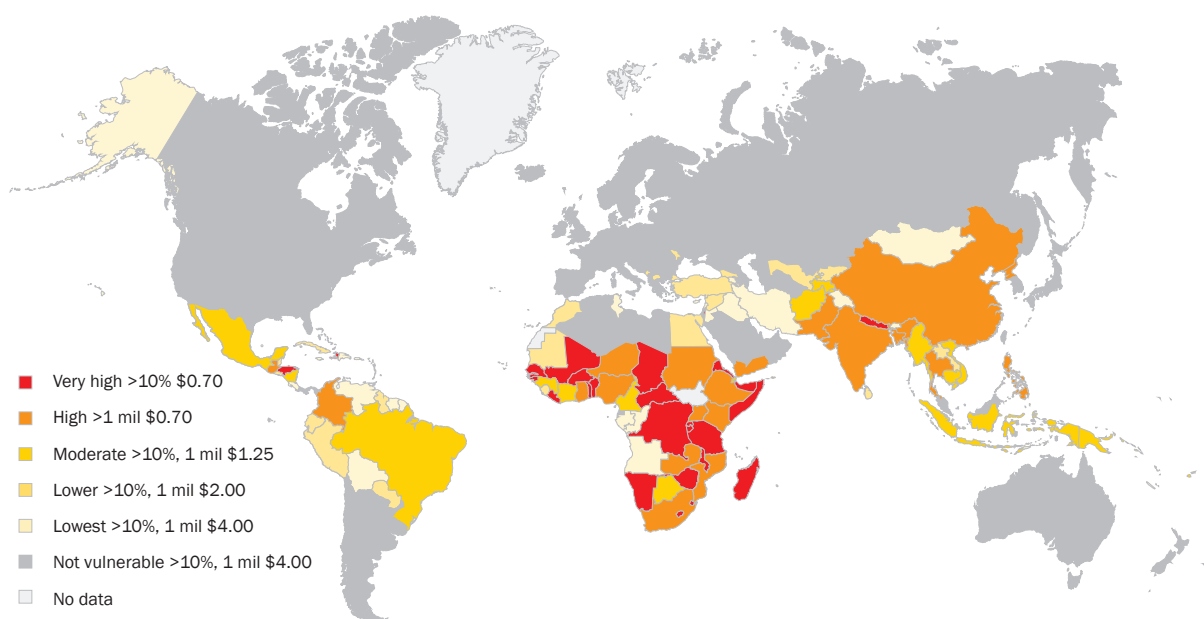
- LICs (and some Indian states) where conflict, stability or social cohesion are not immediately pressing issues, but where poverty remains widespread as a result of sectoral and geographical patterns of economic growth, adverse inclusion of the poorest in economic life and resource constraints. Here, the key countries include: Bangladesh, Burkina Faso, Ethiopia, Malawi and Tanzania; and the key Indian states are: Andhra Pradesh, Rajasthan and West Bengal.

Figure 5 summarises the geography of vulnerability to poverty in 2030, with the highest vulnerability seen in countries with the highest proportions of the population in severe poverty. The most vulnerable countries being those with the highest proportions under $0.70, through to the least vulnerable countries, with more than 10% of the population living on less than $4.00 per day and more than one million people on less than $4.00 per day.

The politics of eradicating poverty in the above two categories of country that need attention is challenging.

However, clear successes in the past have been underpinned by several models of political regime:

- Maturing democratic societies that elect redistributive governments for long periods (and with strong links to social movements), which develop integrated policies and programmes to address the most intractable forms of extreme poverty and deprivation, often with a strong rights-based approach (examples are Brazil and Ecuador).

- Communist regimes where market-based economic growth has been pursued on the basis of initial and continued equal distribution of key resources, such as land, and a commitment to smallholder farming and to education for all through to post-primary levels (examples are China and Viet Nam).

- Populist regimes that have invested in significant universal and targeted policy measures, often including social protection, to include the poorest in the benefits of economic growth and human development (for example, Thailand).

- Autocratic regimes in East Asia that invested early and heavily in human development, and that industrialised rapidly while retaining strong commitment to rural development. Two of these, South Korea and Taiwan, are

Figure 5: Poverty vulnerability index, 2030

- Very high >10% $0.70
- High >1 mil $0.70
- Moderate >10%, 1 mil $1.25
- Lower >10%, 1 mil $2.00
- Lowest >10%, 1 mil $4.00
- Not vulnerable >10%, 1 mil $4.00
- No data

the only non-oil producing economies to have become high-income countries (HICs).

These are examples of the most dramatic cases of improvement. More incremental progress can also be made, even in clientelistic states,[10] through the development of more progressive 'hybrid' institutions that contain elements of both modern and traditional arrangements. These have proved to be helpful in finding solutions at local as well as national levels to critical collective-action problems. Such incremental progress may, however, be set back by crises and its impact on poverty may be very slow.

Ultimately, if we believe the lessons of history, incremental progress needs to give way to 'going viral' – with poverty dynamics perspectives included in the policies of all major sectors and geographical regions, and competing political parties or other power centres promoting the interests of the poor and vulnerable alongside their own in new political alliances and coalitions. Going viral makes it more likely that extreme poverty will be eradicated more rapidly.

7.   Goals and financial resources

Based on the analysis developed in Part A, the *Chronic Poverty Report* proposes a new framing for a post-2015 goal to eradicate extreme poverty with targets to: tackle chronic poverty, stop impoverishment and support sustained escapes from poverty (Figure 6). All three are necessary to have a chance of 'getting to zero'. Table 4 provides suggested indicators, which need to cover: changes in (i) poverty dynamics; (ii) critical inequalities; and (iii) access to key opportunities and services.

This set of indicators demands new data, with national panel data required for many of them (1.1, 1.2, 1.3, 1.5, 2.1, 2.3, 3.1, 3.2, 3.4). This will require significant investment in not only data collection, but also in the capacities to analyse disaggregated data in terms of gender, age and intersecting disadvantages. Associated qualitative research will promote understanding of the causes of what is observed, to inform policy.
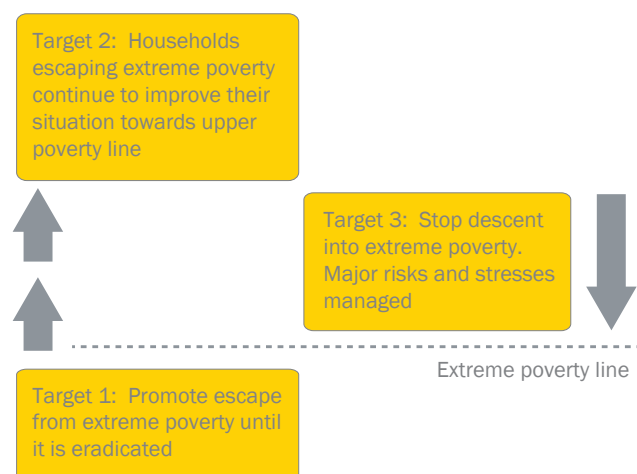
The report then assesses the various goals and targets that have been proposed during the discussions about the post-2015 development framework (up to December 2013), in terms of the extent to which each one would tackle chronic poverty and improve poverty dynamics.

Education tops the list of priority policy areas that cut across all three trajectories (chronic poverty, impoverishment and poverty escapes). Here, major education investments are needed to support: pre-school education for the poorest children; 9-10 years of good quality education for every child, with special provisions for the poorest children and for girls; and modernised apprenticeship systems to smooth the transition from school to the world of work. These education investments will help to promote pro-poorest economic growth.

Social assistance is also vital, helping to build the capacity of households to pull themselves out of poverty and their resilience to shocks. Further investment is also needed in the health sector, with a healthy and well-nourished population better able to escape poverty and contribute to national economic development.

The financial resources required for the likely health and education goals are predominantly domestic (as are the

Figure 6: A dynamic post-2015 goal to eradicate extreme poverty

Target 2: Households escaping extreme poverty continue to improve their situation towards upper poverty line

Target 3: Stop descent into extreme poverty. Major risks and stresses managed

Extreme poverty line

Target 1: Promote escape from extreme poverty until it is eradicated

accompanying politics). However, in the 44 countries that currently spend less than $500 per year per head (way below the levels required to eradicate poverty)[11], aid will continue to play a key role as a source of revenue through to 2030, and probably beyond. An estimated 540 million people live in intense multidimensional poverty in such countries. Current projections show that 19 of these countries are still likely to have government spending below $500 in 2030, and that 16 of these are in sub-Saharan Africa.

The report argues that domestic resource mobilisation is an essential part of any evolving national political settlement between the governing and the governed, elites and other citizens. Such mobilisation may be easier, in technical terms, for LMICs than LICs, but it may be just as hard politically. International development cooperation and aid can play roles in both contexts, although the specific roles may differ. The boundary between LICs and LMICs is entirely arbitrary and, contrary to the view of many donor agencies, aid should not be reduced or cut off automatically when a country 'graduates'. There are, and will continue to be, many people living in extreme poverty in LMICs in the coming decades.

The political resources and strategies required are, therefore, considerable. To summarise a thread of political analysis running through the *Chronic Poverty Report*: eradicating poverty is as much a political as a technical exercise. Coalitions, alliances and social mobilisation as well as political settlements and the delivery of coherent policies and commitments, are all likely to be important features. The politics is particularly challenging in fragile states, but LMICs with high or rapidly growing inequality also face significant political challenges in balancing the demands of their growing middle classes and the needs of the poorest and most vulnerable, who generally have little or no voice in the process.

While the post-2015 international development framework can attempt to build in incentives to encourage the elites to form pro-poor alliances and coalitions and adopt transformative policies, it is national politics, political parties

Table 4: Illustrative indicators for a dynamic poverty eradication goal

Target	Indicators
1	1.1. % and numbers crossing the extreme poverty line. 1.2. % and numbers of chronically poor. 1.3. % and numbers of severe poor crossing the extreme poverty line. 1.4. % of national income going to bottom 5%, 10%, 20%. 1.5. % of the poor children, women, older women and men, and poor persons with disabilities in excluded groups and regions crossing the extreme poverty line. 1.6. % of the poor adequately covered by social assistance to close the poverty gap. 1.7. % of the poor effectively included by value chain standards and/or labour standards.[12] 1.8. % of poorest children, women, older women and men, and persons with disabilities covered by the above. 1.9. Implementation of anti-discrimination and affirmative action measures. 1.10. Years of (quality) education acquired by the poorest children.
2	2.1. % and numbers who have crossed the extreme poverty line who reach an upper poverty line (e.g. $2 a day) and a country-specific resilience threshold (e.g. $y a day/x years of education). 2.2. Extent to which target is met by excluded groups and regions. 2.3. % of the women in excluded groups and regions crossing the extreme poverty line and reaching upper poverty line. 2.4. Years of post-primary education achieved by the poorest children. 2.5. The poorest educated children's access to (decent) jobs.
3	3.1. % and numbers becoming poor. 3.2. Asset depletion due to conflict, natural disasters or ill-health. 3.3. Number of forced displacements. 3.4. Reported impoverishment due to conflict, natural disasters or ill-health. 3.5. Coverage of the poorest households by universal health care, disaster risk management. 3.6. % of poorest children, women, older women and men, and disabled people malnourished.

and leaders that will determine the pace of progress towards the eradication of poverty.

What is to be done to produce the right policies?

The degree of difficulty involved in eradicating extreme poverty suggests that it is not a job for one set of actors only: it will need coalitions and alliances, with the state playing a major role, but probably a different role in different societies. It is worth asking at this point: who should do what and how? Clearly the answer to that must be both context- and regime-specific. Table 5 can be only the beginnings of a menu to be elaborated in each country, and sub-nationally. It is more about process than the policies themselves, and while processes are even more context-specific than policy, some pointers can be given.

Table 5: Key stakeholders' strategies on the road to zero (cont'd overleaf)

	Tackling chronic poverty	Stopping impoverishment	Sustaining escapes out of poverty
Governments and major political parties Develop disaggregated and panel data-based monitoring systems, with linked qualitative research and policy evaluation	Political parties acknowledge the electoral significance of giving the chronically poor a voice, and support relevant policy measures: social assistance, human development, pro-poorest growth measures. Use disaggregated data in policy making to target needs of specific regions and/or groups of people. Facilitate progressive social change; for instance through policies that ensure that women have good access to key assets, and anti-discrimination policies to tackle intersecting inequalities. Pursue pro-poor economic strategy based on creation of decent jobs and of value chains that generate reasonable returns for smallholder farm households. Reinforce domestic tax revenue capacity.	Use policy space created by shocks to implement and re-prioritise disaster-risk management. Develop political strategies and peace settlements to prevent (re-) emergence of violent conflict, for instance pursuing a sustainable and inclusive distribution of power and resources. Aim for universal health provision and, if necessary, take intermediate steps like making some critical services free at the point of delivery.	Social contract evolves to focus on job quality: security, wage levels, working conditions. Develop opportunities to reform land-tenure policies to support accumulation of land by successful smallholders. Respond positively to social movements on land. Build public opinion in favour of a massive improvement in opportunities for the poorest children to go through 9-10 years of good quality education, as a public good, and for good apprenticeship schemes to create a more skilled workforce. Build a new approach to urbanisation linked to regional development, with a view to supporting migration and other flows to/from the poorest locations.
Global governance institutions and processes Support collection of panel data and data disaggregation, and linked qualitative research.	Take an active interest in the fortunes of the poorest, and begin to act as their advocates with partner governments. Provide adequate, stable, consistent aid in LICs and high poverty LMICs with a long-term perspective through to 2030. Create conditions (e.g. trade agreements) for labour-intensive value chains to prosper. Help countries implement targeted cash transfers and employment guarantees as part of integrated anti-poverty strategy and/or sustainable comprehensive social assistance programmes. Build support in donor countries for tackling chronic and intractable poverty.	Support the initial costs of scaling up successful social protection pilots into durable tax-based systems in LICs. Support Universal Health Coverage and disaster-risk management in similar ways. Prioritise support for fragile states, including support for civil-society alternatives to state action ('Bangladesh model'). Support creation of global public goods that address the needs of the poor.	Support the achievement of resilience – among previously poor households, poor disaster-prone regions, and resilience against the eventuality of war by providing massive support for education. Take the long-term view when social movements or governments propose radical schemes for land reform. Continue to work intensively at sub-national levels – the new poverty frontier.

	Tackling chronic poverty	Stopping impoverishment	Sustaining escapes out of poverty
Civil society organisations and social movements Demand disaggregated and Q² longitudinal data systems.	Lobby for the chronically poor, since they rarely lobby for themselves; and lobby against discrimination. Acknowledge that the poorest need a 'leg up', and cannot 'pull themselves up by their own bootstraps'. For example, they need additional assets to empower them to participate in contract-farming arrangements. Support social movements for transformative social change.	Global NGOs to support growth of civil-society organisations in fragile states, where the 'Bangladesh model' may be of special relevance. Create consensus in the public opinion for policies and programmes that tackle exclusion, discrimination and intersecting inequalities.	Social movements on land issues are critical. Educational NGOs could pave the way to massive investment through pilot programmes to demonstrate how the poorest children can get through enough years of education to bring their families out of poverty.
The private sector	Introduce and strengthen labour and other ethical standards. Agribusiness to work with smallholder farmers on contract farming and other similar arrangements to achieve economies of scale. Support poorest farm households with relevant asset-building.	Disaster- and climate-proofed investments by medium- and large-scale businesses. Develop weather-based and other (life, death, health) insurance schemes with financial arrangements that suit the poorest.	Expand and tighten up voluntary codes and standards. Major actor in TVET and formalising apprenticeships. Agribusiness to work with smallholder farmers on contract farming and other similar arrangements to achieve economies of scale.

Notes

1   A political settlement is the relationship between power and institutions in a country. It refers to the way in which organisational and political power is organised, maintained and exercised, as well as to how the state relates to its citizens.

2   Extreme poverty refers to people living below the level of $1.25 per day (or below national poverty lines in some cases). This basic statistical measure is based on consumption or expenditure as recorded by household surveys.

3   Improving poverty dynamics is used here in a new, normative sense to indicate the sum of tackling chronic poverty, stopping impoverishment and sustaining escapes from extreme poverty. Poverty dynamics has been used previously in a descriptive sense, describing movements (or the lack of them) around a poverty line.

4   Shepherd, A. and Scott, L. (2011) Tackling chronic poverty: The policy implications of research on chronic poverty and poverty dynamics. London: Chronic Poverty Research Centre.

5   Scott, L., Shepherd, A., Hanifnia, K., Muyanga, M. and Valli, E. (2014) How Resilient are Escapes from Poverty? CPAN Challenge Paper 2. London: Chronic Poverty Advisory Network, Overseas Development Institute.

6   Sources of panel data for the impoverishment index are the Tegemeo Agricultural Survey, rural Kenya; Nepal Living Standards Survey; Tanzania National Panel Survey; Uganda National Panel Survey; Indonesia National Socio-Economic Survey; South Africa's National Income Dynamics Study.

7   Purchasing power parity.

8   Edward, P and Sumner, A (2013) The Future of Global Poverty in a Multi-Speed World: New Estimates of Scale, Location and Cost. Washington DC: Center for Global Development.; Chandy, L., Ledlie, N., and Penciakova, V. (2013) 'The Final Countdown: Prospects for Ending Extreme Poverty by 2030'. Washington D.C.: Brookings Institute.; Ravallion, M (2012) How Long Will It Take to Lift One Billion People Out of Poverty? World Bank Policy Research Working Paper, 6325. Washington D.C.: World Bank.

9   These are necessarily rough figures. Severe poverty is defined here as $0.70 per person per day or below. This figure has been chosen because it is the average level of poverty in sub-Saharan Africa – well below the international extreme poverty line. Ideally any such measure would be relative to national extreme poverty lines, so a uniform international figure is very much a second best.

10 Clapham (1985, The Nature of the Third World State. London: Routledge), defines neo-patrimonial (here 'clientelistic', for simplicity) as a "form of organisation in which relationships of a broadly patrimonial type pervade a political and administrative system that is formally constructed on rational-legal lines." It is a system in which an office of power is used for personal uses and gains, as opposed to a strict division of the private and public spheres.

11 These figures include all domestic revenue based spending, but also includes aid transferred in the form of general budget support, but not other forms of aid.

12 This is proposed in the absence of a viable indicator on decent work.