# Challenges in eradicating chronic poverty: what policies for pro-poorest growth and decent work for all?

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Chronic Poverty Advisory Network
Getting to Zero

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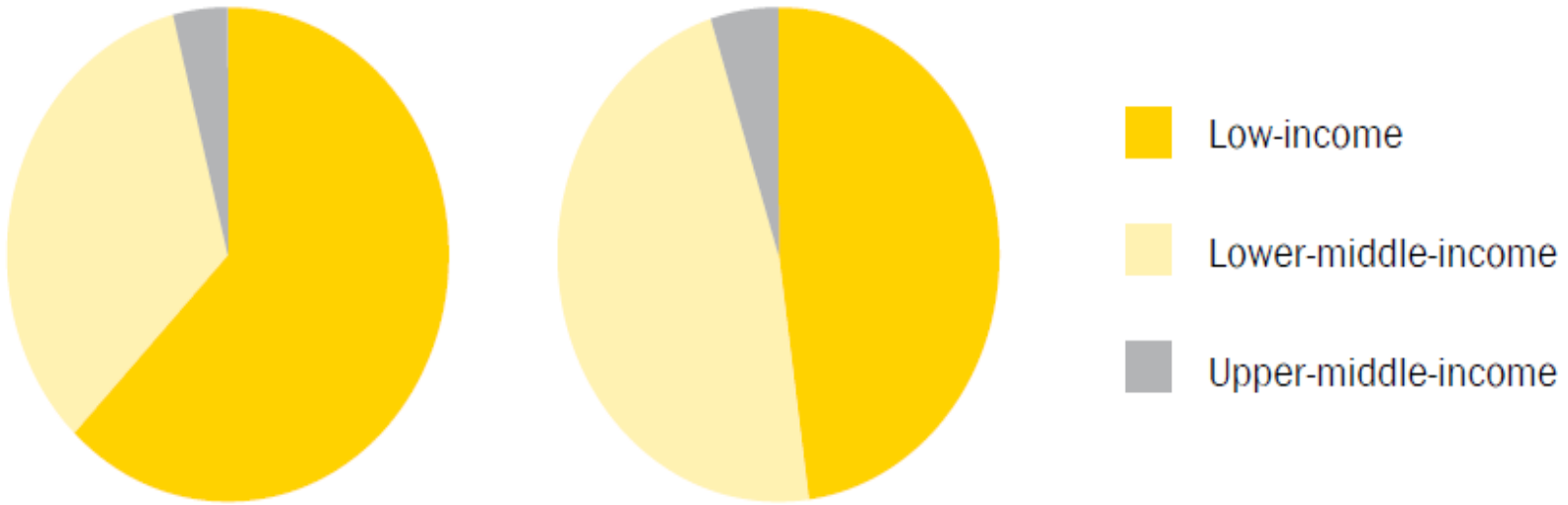
# Getting to zero? projections of poverty in 2030 (millions of people)

| | 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 |

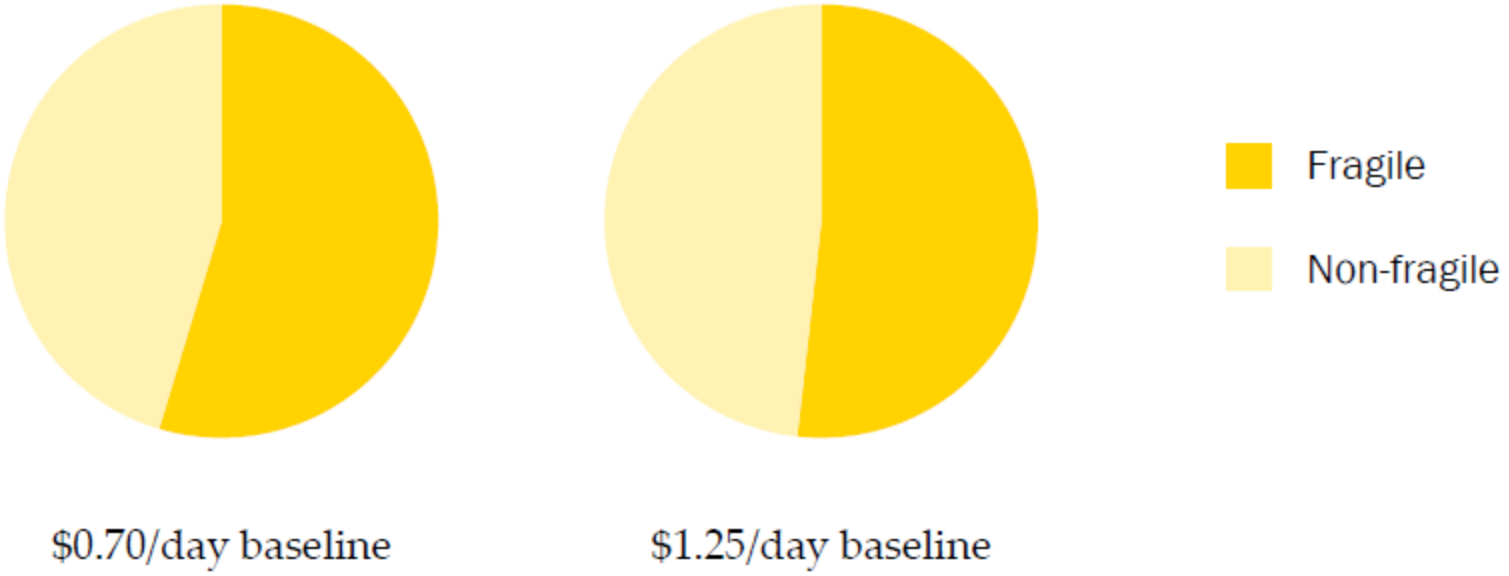
# Projected poverty headcount in 2030 by country income category




$0.70/day baseline

$1.25/day baseline

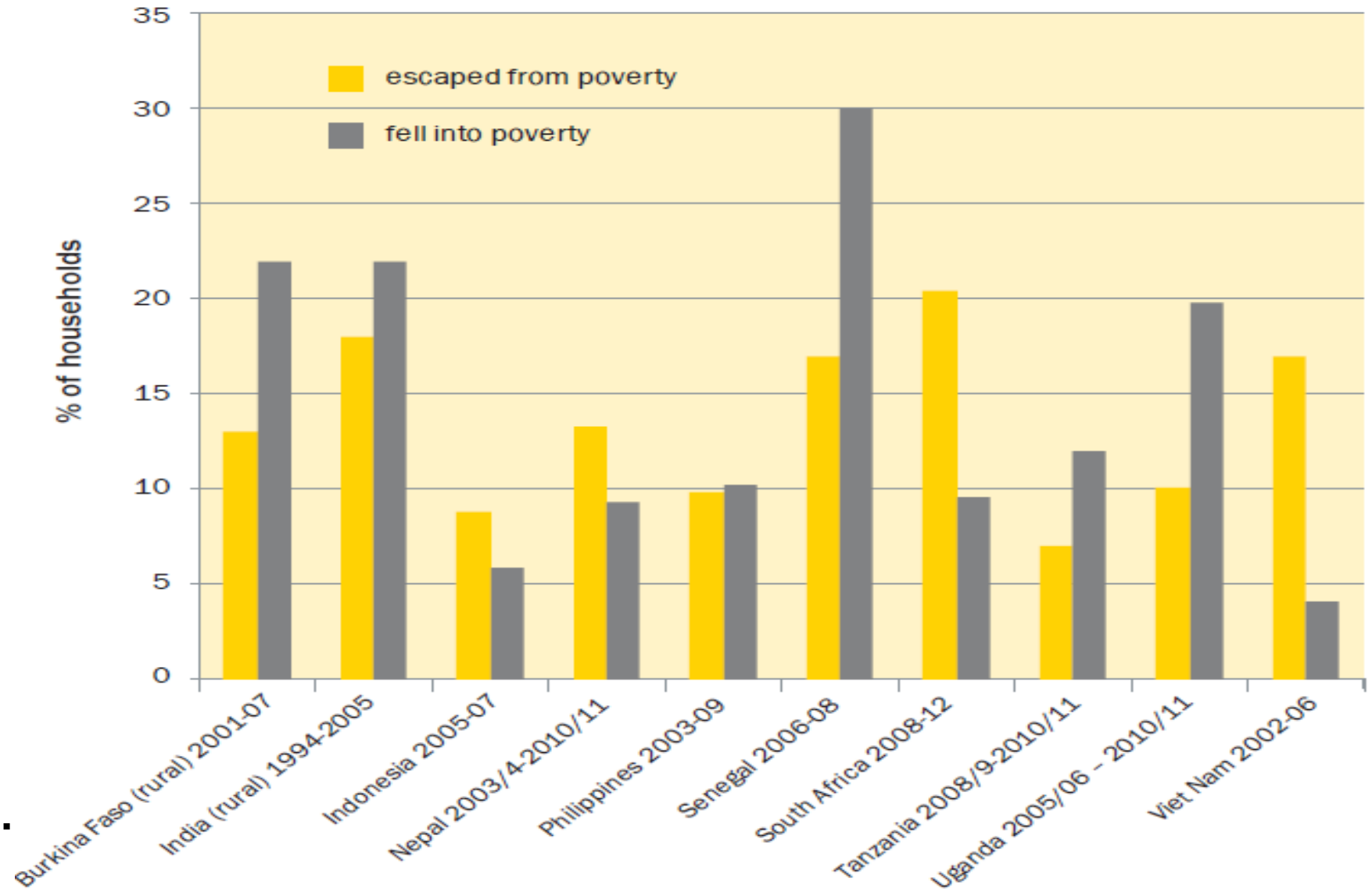
# Projected poverty headcount by 2030 in fragile and non-fragile states



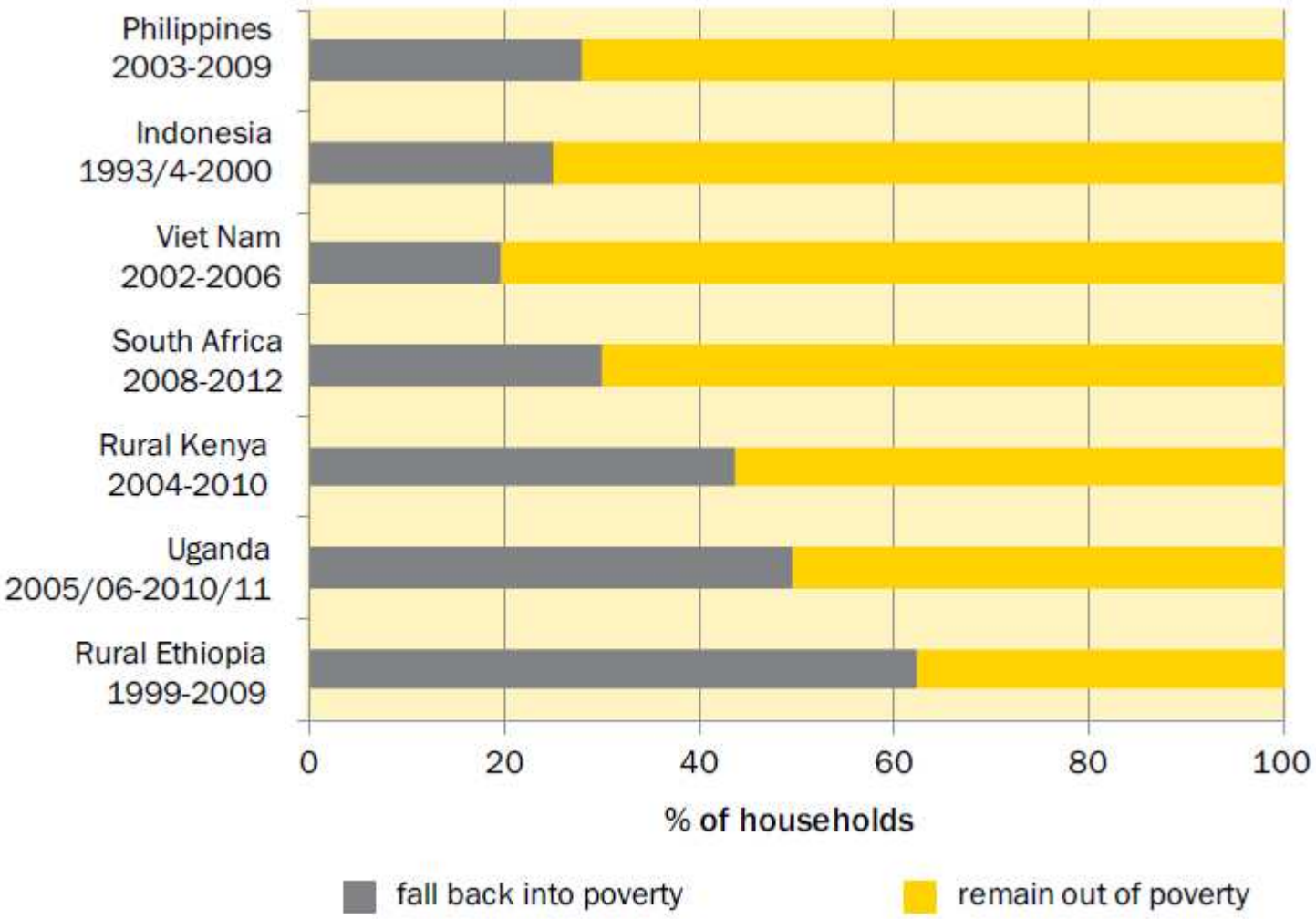
# Definitions of poverty dynamics

- **Chronic poverty:** extreme poverty that persists over years or a lifetime, and that is often transmitted intergenerationally. The extreme and severe poor are also usually chronically poor.
- **Impoverishment**: descent into extreme poverty.
- **Sustained escapes from extreme poverty:** staying out of poverty and progressing towards a higher threshold (such as $2 per person per day).

# Poverty transitions – escapes and descents into poverty

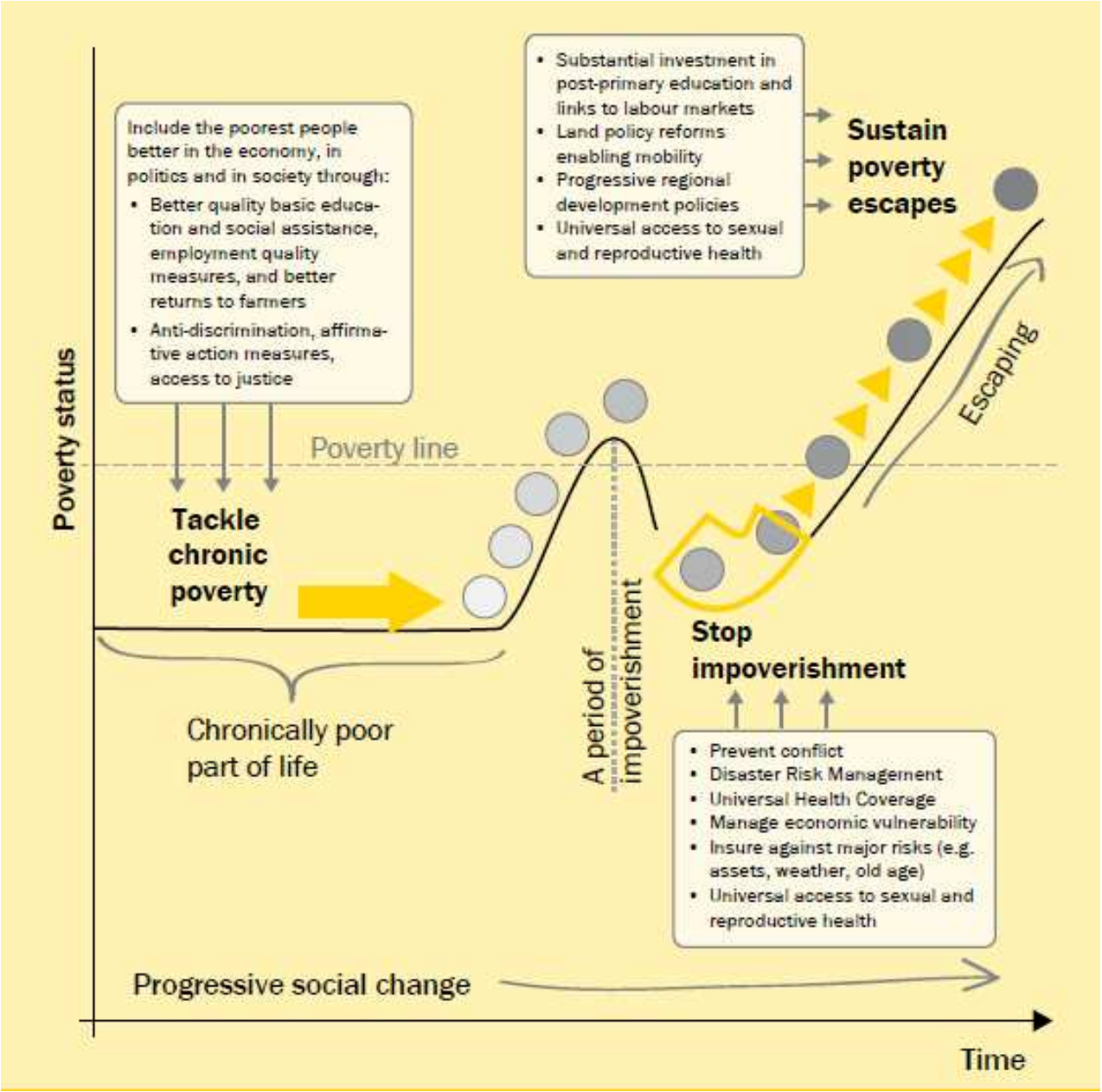


# What happens to households which escape extreme poverty?



# Challenge 1: thinking in terms of poverty dynamics

# Challenge 2: policies to address poverty dynamics



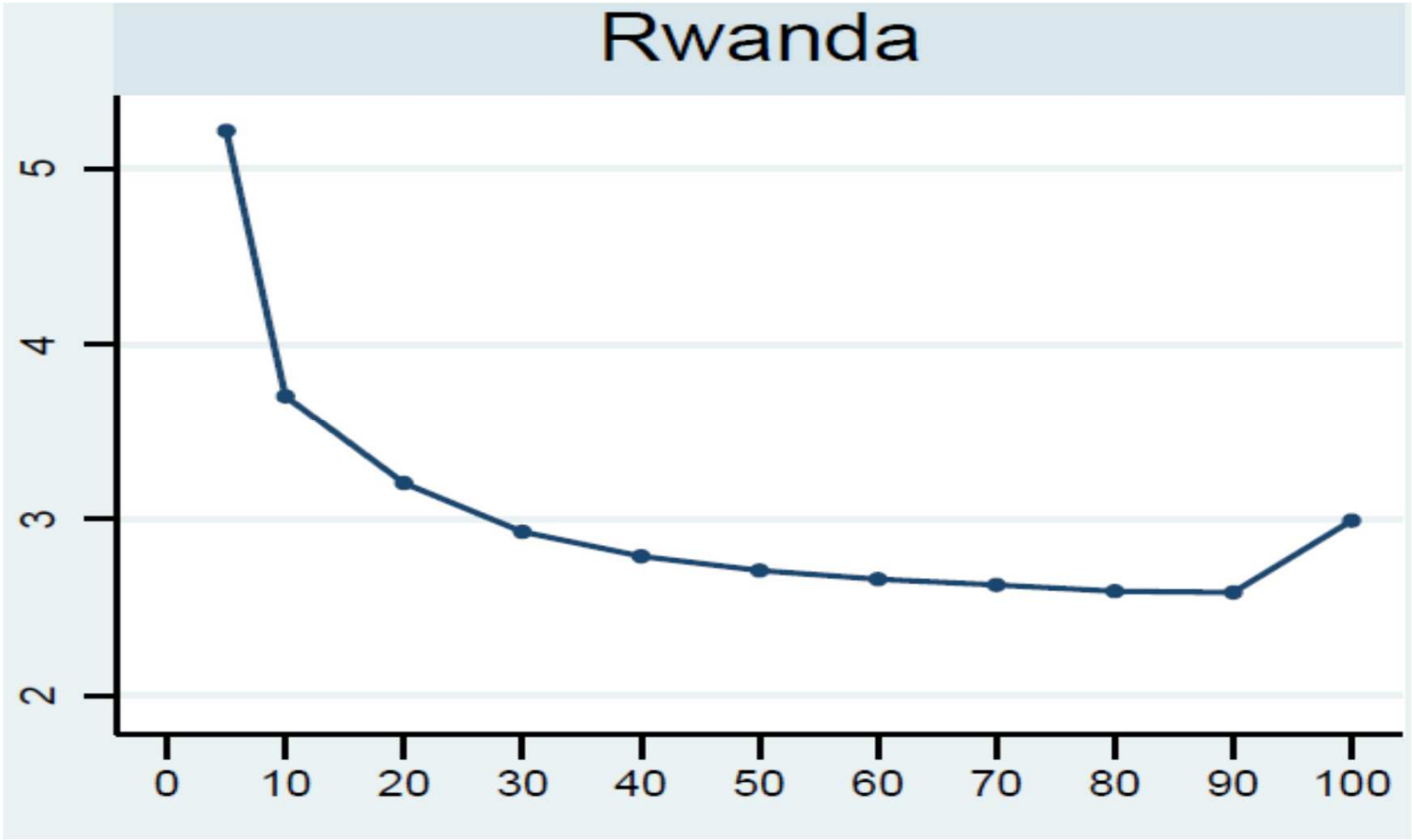
## Policies for all poverty dynamics

- Social assistance
- Education
- Universal health coverage
- Pro-poorest growth

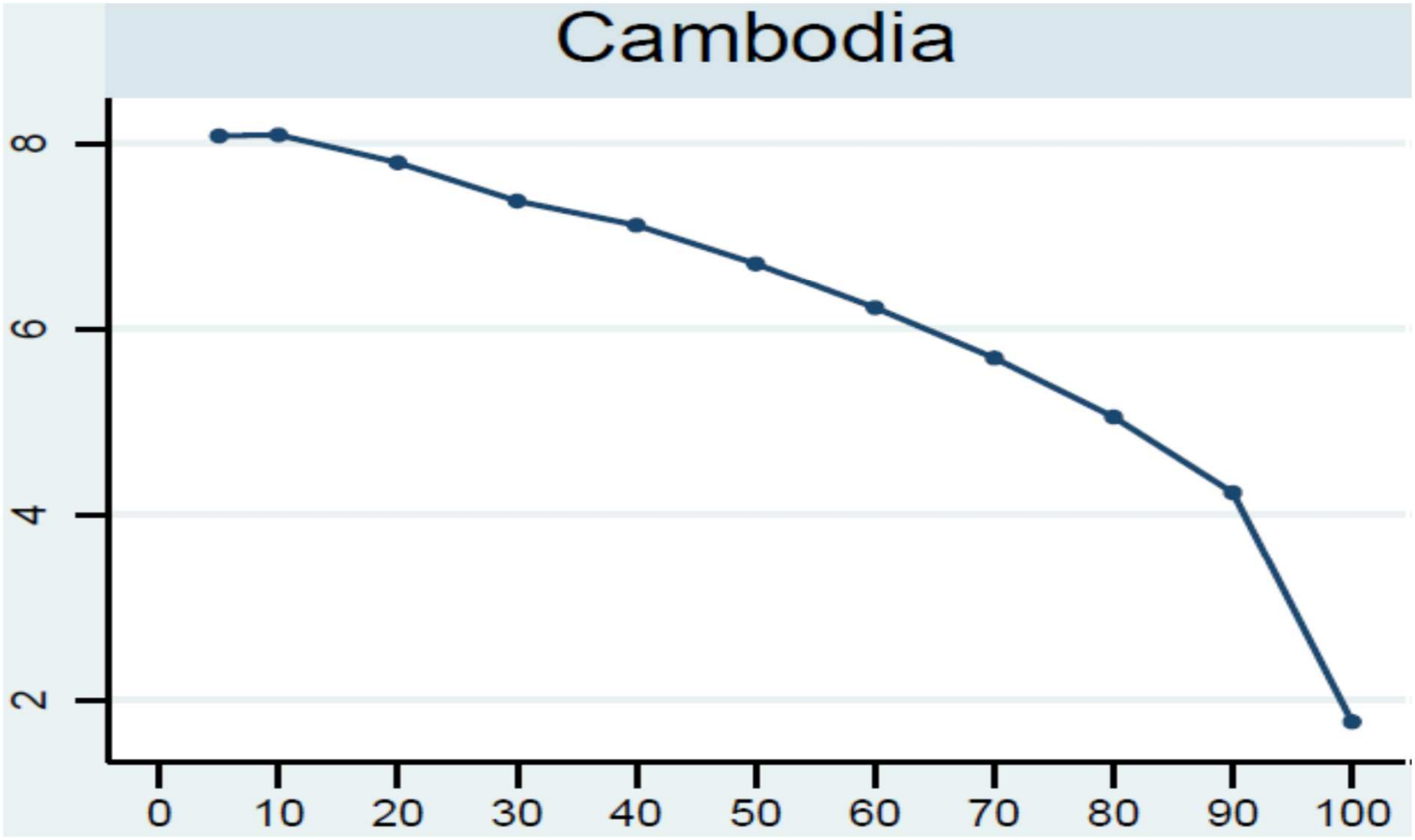
# Challenge 3: achieving pro-poorest growth

- Growth whereby the incomes of the poorest people (bottom 5, 10 and 20% of the distribution) grow more rapidly, or at least as rapidly, than the average income.
- The poorest people have not gained much in absolute terms even in contexts of economic growth and poverty reduction
- Growth Incidence Curves

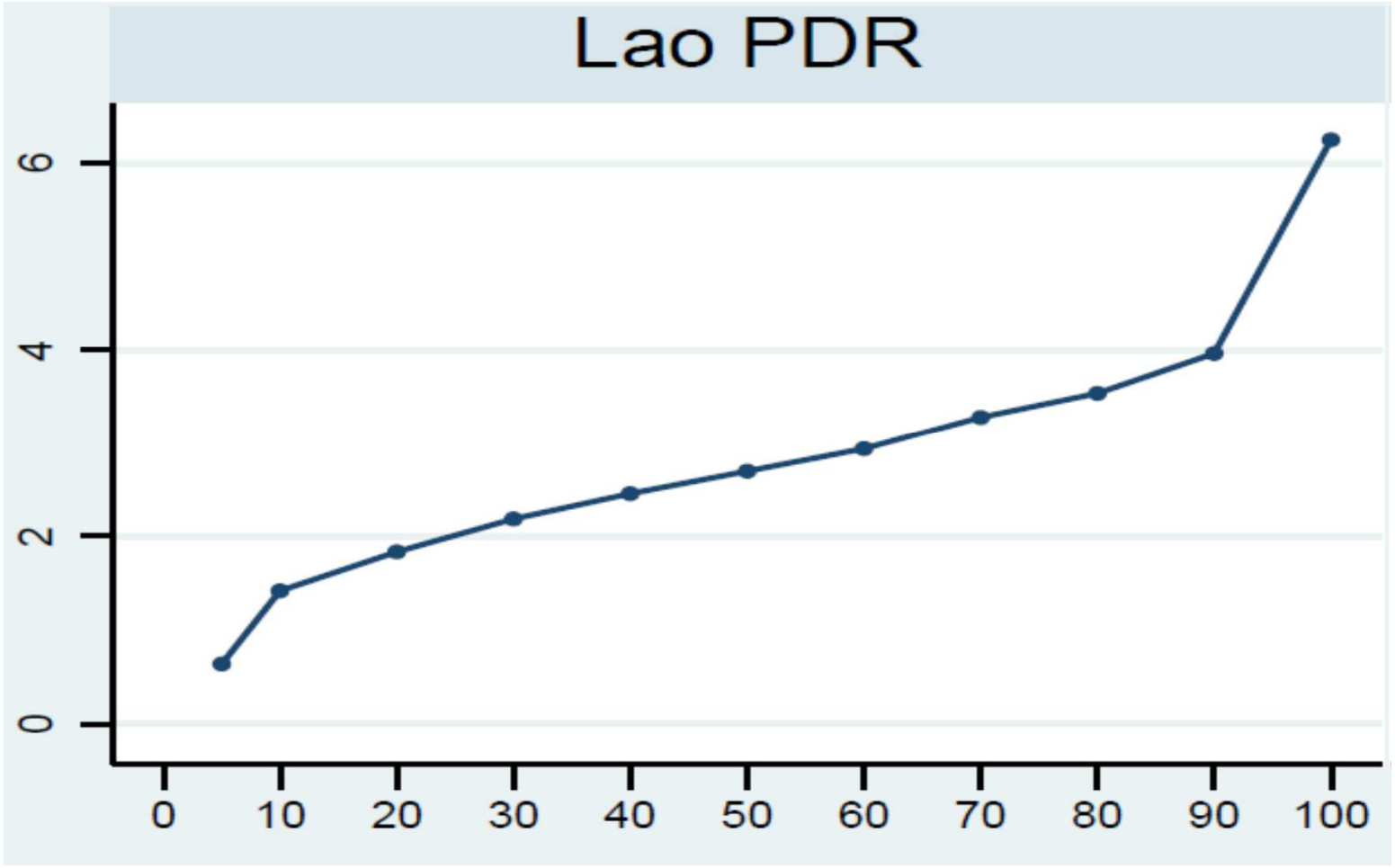
# GIC for Rwanda (2000-2011; rescaled annualised data)



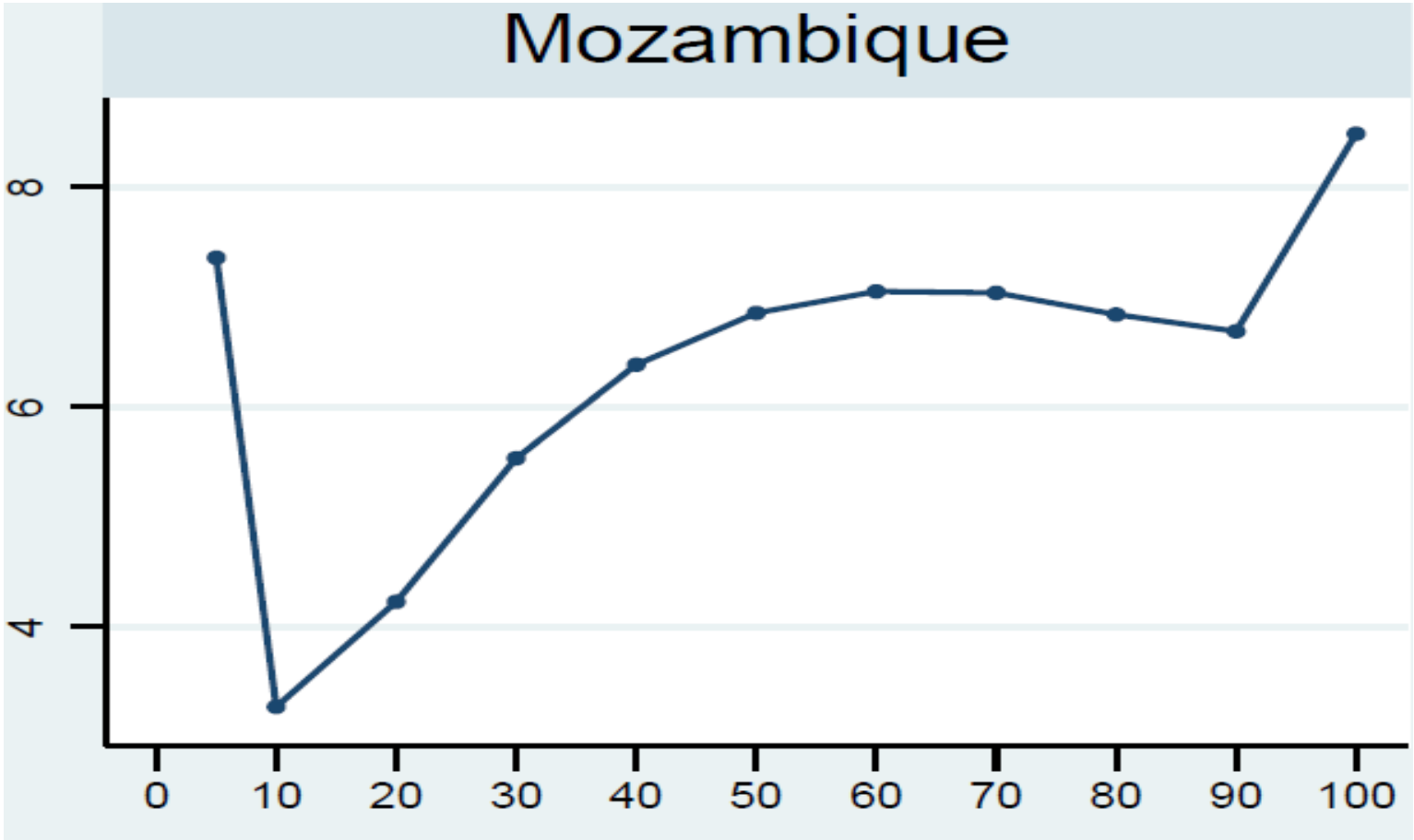
# GIC for Cambodia (2004-2009; rescaled annualised data)



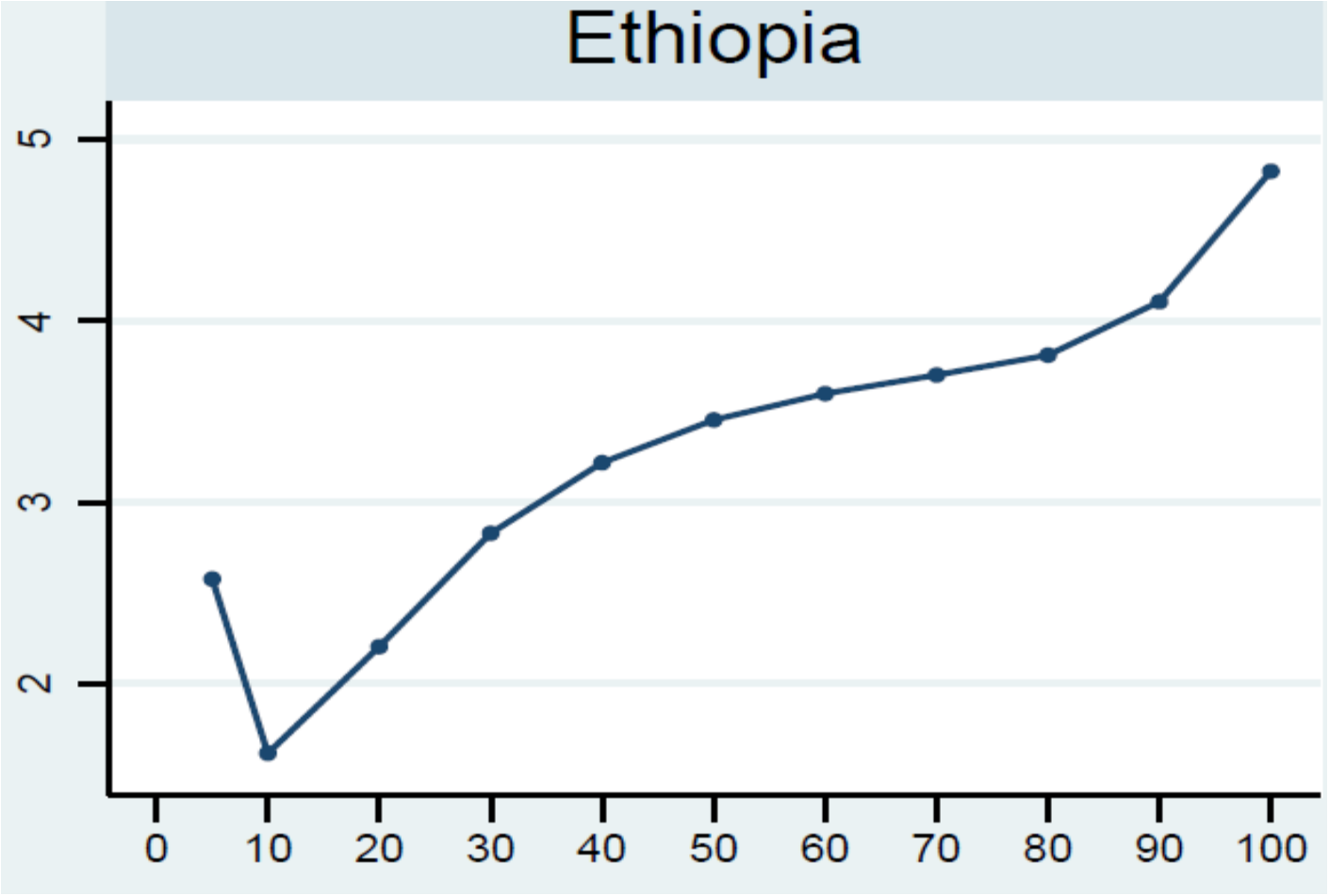
# GIC for Lao PDR (2002-2008; rescaled annualised data)



# GIC for Mozambique (2003-2009; rescaled annualised data



# GIC for Ethiopia (2000-2011; rescaled annualised data)



# What is inside the 'black box' of pro-poorest growth?

- Macroeconomic policies
- Sectoral policies to trigger structural transformation
- Investment in agriculture, infrastructure and education
- Creation of decent work
- ….?

# Critical policy areas to create decent work for the poor: lessons from CPAN's policy guide

- Include informal sector in policy making and improve data collection on informal wage employment
- Labour market policies that recognise and protect the informal, casual workforce
- Promote the collective representation of chronically poor informal wage workers
- Support to internal work migrants