

Can the chronically poor benefit from a pro-poor growth strategy?

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Introduction

- **Conventional view: growth for poverty reduction**
- **Direct and indirect benefits**
- **But can this include the chronic poor?**
 - **Vulnerable groups; fragile livelihoods**
- **Preliminary assessment based on current country level evidence**

Introduction (continued)

- **ODI research (DFID supported)**
 - Lessons for poorest from 14 country case studies from multi-donor Operationalising Pro-Poor Growth project
 - Household trajectories over time: Uganda
 - Non-income dimensions: Ghana and Uganda
- **Preliminary, incomplete picture; comments welcome**

Finding 1: poorest included in growth where it happened

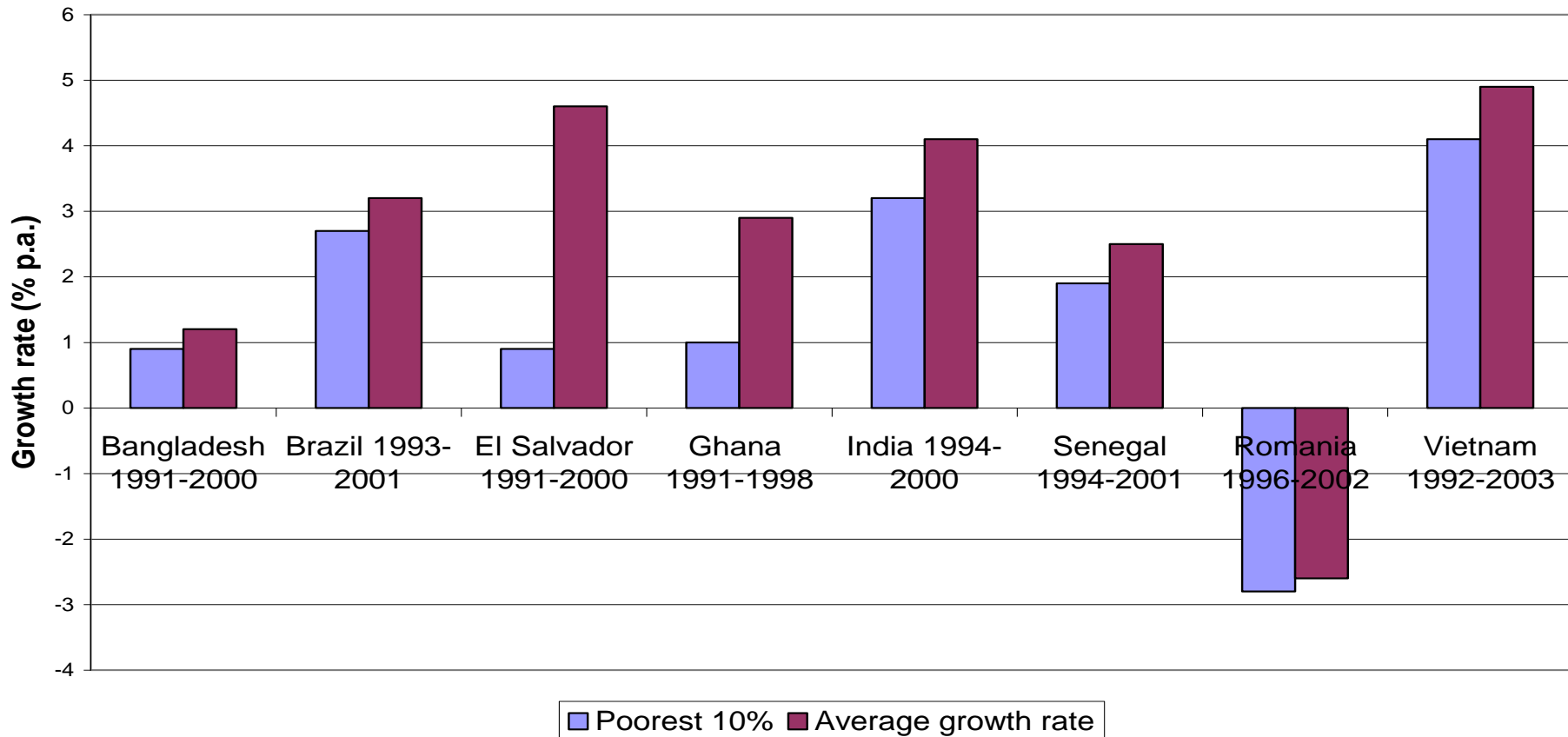
- Average incomes of poorest 10% grew in countries experiencing positive growth
- e.g. 0.9% per year increase in Bangladesh, 2.9% in Uganda, 4.1% in Vietnam
- Incomes of poorest 10% fell in Romania (negative growth)

Finding 2: but the poorest did not benefit in proportion

- In some cases incomes of the poorest grew faster than average ...
- But in majority of cases they grew less
- Some tendency to increased inequality with growth

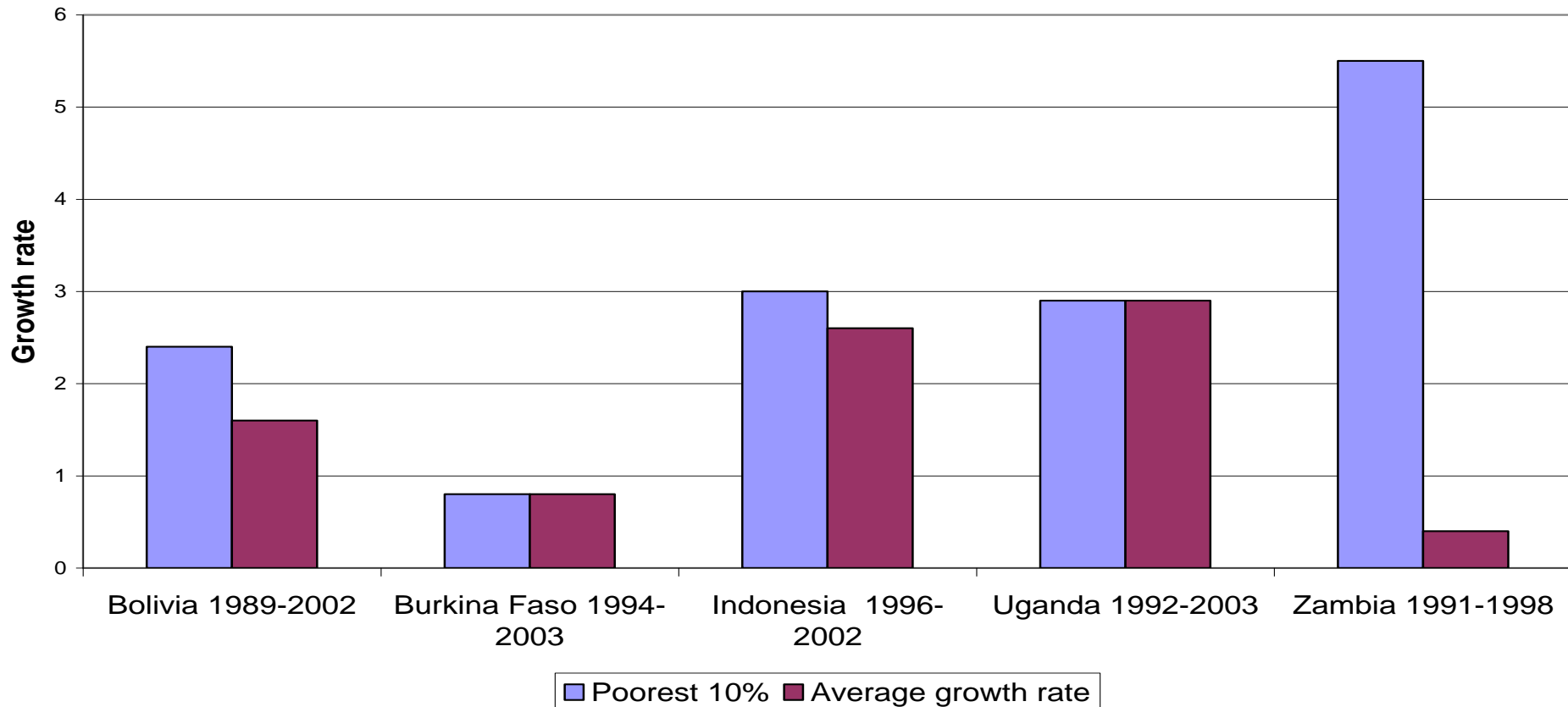
Finding 2 continued: cases of increasing inequality

Growth rates for poorest 10% and national growth rates



Finding 2 continued: and some pro-poor(est) cases

Growth rates for the poorest 10% and national growth rates



Finding 3: “pro-poorest” growth has distinctive characteristics

Examples from different country case studies:

- Reduced urban-rural gap and/or strong performance of agriculture
- Poorest sometimes less hit by downturns
- Political economy focused on poorest groups
- Infrastructure
- Public spending beneficial to poorest

Finding 3 (continued)

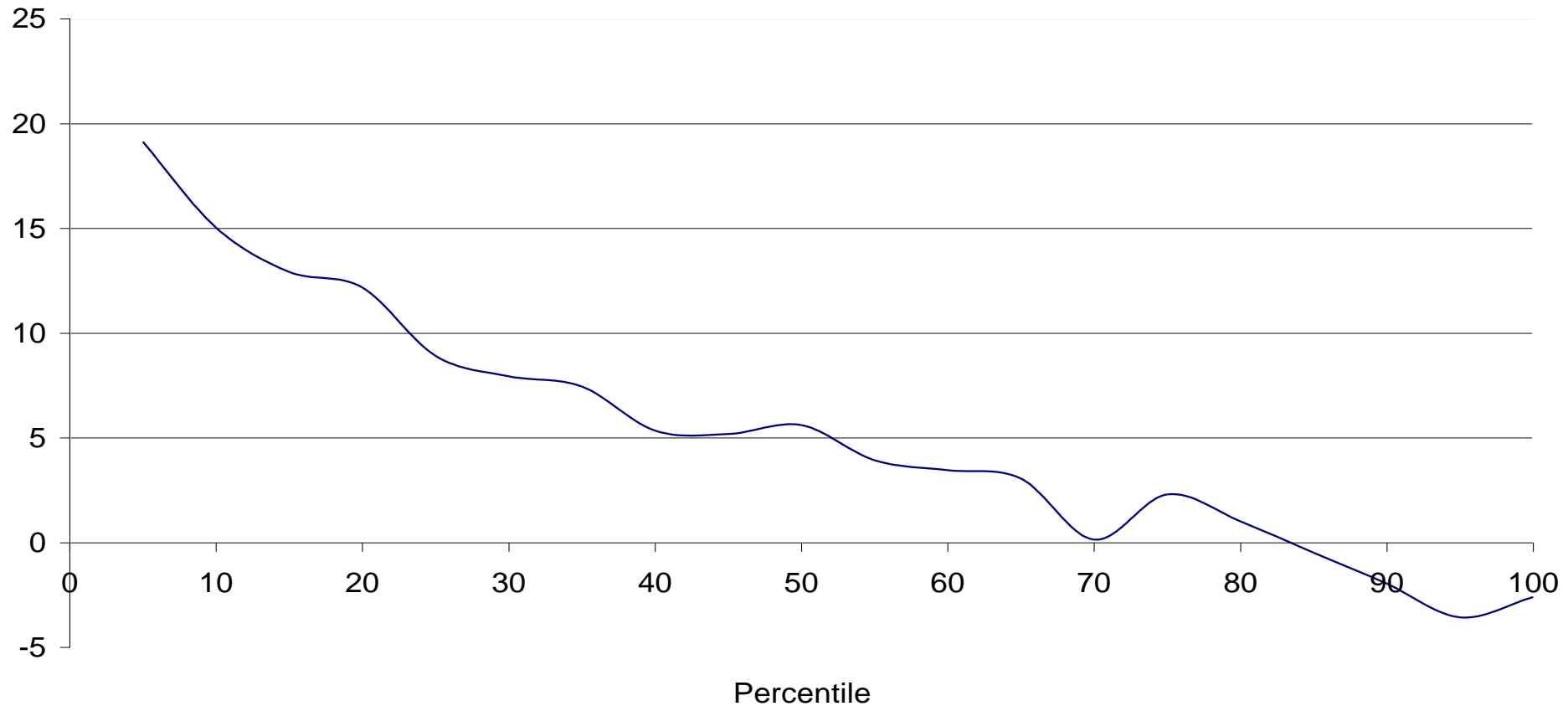
- Many reasons why may be harder for chronic poor to participate in growth e.g.
 - Lack of assets
 - Severe vulnerability
 - Political exclusion
- However public policy, especially public spending, can offset

Finding 4: considerable downward and upward mobility

- Follow same households over time to observe mobility ... and identify persistent poor
- Uganda shows considerable mobility ... and fast average growth among poorest
- Substantial vulnerability

Finding 4 (continued)

Annual growth rate of consumption for panel households in Uganda, by percentile, 1992 to 1999



Finding 5: mixed evidence on non-income indicators

- Importance of looking at non-income welfare indicators (e.g. education, health, vulnerability)
- Evidence of such indicators from household surveys in Ghana and Uganda during the 1990s shows a mixed picture.

Finding 5 (continued)

- **On the positive side:**
 - Large increases in primary school enrolment and completion rates among the poorest in both countries
 - Similarly large increases in child vaccination rates among the poorest in Ghana.

Finding 5 (continued)

- On the negative side:
 - 12% of surveyed households in Ghana remained asset-less in 1999, and therefore vulnerable to shocks;
 - Large *reductions* in child vaccination rates (bcg, measles, dpt) in Uganda

Summary

- Need for further work
- However important that the chronic poor are connected with growth ... implications for type of growth
- But growth alone insufficient ... and much too slow to reduce chronic poverty
 - Measures to reduce inequality

Summary (continued)

- Key role for public spending in relation to chronic poor: not just social sector
- Insecurity as a major issue – key role for social protection