



## What we know about acute poverty: why acute poverty requires targeted action and who the acutely poor are

### *About acute poverty:*

Acute poverty is a loosely defined term: it is meant to capture those at the lower end of the poverty continuum.

There could be many ways to look at acute poverty, but intuitively, one understands that the fundamental test is whether or not a household is able to meet its basic needs (food, health and education, at a minimum). One way is to look at the income required to meet these basic needs and another is to look at the barriers faced in trying to meet these basic needs. For an in-depth look at options to measure poverty, go to [GPS – What is Poverty and How Does One Measure it](#).

In practice, the international community has agreed that a household lives in extreme poverty if the average consumption or income of its members is less than \$1.90/day, after adjustment for purchasing power. This is the basis for monitoring Sustainable Development Goal 1: Ending Extreme Poverty by 2030; i.e. progress is assessed on the basis of the number of people living on less than \$1.90/day.

Recent history, however, teaches us that a general improvement in poverty does not mean that the situation of those living in acute poverty is necessarily improved (more on this in the next section). Similarly, a general improvement in acute poverty will not reach all households in acute poverty. Intuitively, it is easy to understand that the populations that are not only poor from a monetary perspective, but experience poverty in their livelihoods, their health and their access to education are more at risk of being left behind. This is why the concept of ultra-poverty was invented: ultra-poverty is measured to determine the number of individuals who are facing serious barriers in at least two of three critical areas: health, education and living conditions; they are the most likely to remain unable to cross the \$1.90/day threshold. For more on ultra-poverty please see [www.ultra-poverty.org](http://www.ultra-poverty.org) and [GPS-Update on Ultra-Poverty](#)

This type and depth of poverty has self-reinforcing mechanisms: ill-nutrition and ill-health leads to lower earnings, low educational attainment leads to lower earnings, and lower earnings make the payment of medical or educational fees unaffordable which leads in turn to poorer nutritional, health or educational outcomes. Thus it is not only the attainment of the year-2030 poverty elimination goals that are jeopardized but also the education and health goals, and many other Sustainable Development Goals.

As of 2019, there were 740 million people living in extreme poverty and 350 million people in ultra-poverty.

What follows is mainly about extreme poverty but is largely applicable to ultra-poverty.

***The need to focus on acute poverty: it won't go away by itself!***

It is a well understood fact that the economic growth of the past decades has helped reduce acute poverty. Projections by the Brookings Institute, however, show that even under the most favourable growth scenarios and the most pro-poor redistribution/equity scenarios, there will still be a minimum of 100 million people below the extreme poverty line (monetary poor) in 2030<sup>1</sup>.

The Oxford Poverty and Human Development Initiative carried out a study on the more general topic of the incidence of growth on multidimensional poverty (poverty expressed as deprivations in the areas of health, education and living conditions). Their conclusions suggest that « while economic growth reduces multidimensional poverty, this impact is well below a one-to-one relationship. We also find that economic growth has a far bigger impact on reducing income poverty than on reducing multidimensional poverty(..)All in all, the results highlight the need for countries to grow in order to reduce poverty, but they simultaneously suggest the limited power of economic growth *per se* to achieve grand reductions in poverty..” <http://www.ophi.org.uk/wp-content/uploads/OPHIWP105.pdf>

Evidence over the long term shows that the conditions of the poorer segments of society are improving less fast than the less poor segments in the developing world (see [http://devinit.org/wp-content/uploads/2015/09/Investments-to-End-Poverty-Report-2015\\_online.pdf](http://devinit.org/wp-content/uploads/2015/09/Investments-to-End-Poverty-Report-2015_online.pdf), Figure 1.5): while the median income increased by 95% between 1990 and 2011, the income of the richest fifth increased by 101% and the income of the poorest fifth increased by 70%. As a result, in 1990, in the developing world, the median income was 77% higher than the income for the poorest fifth and in 2011, the median income was more than double the poorest fifth.

These analyses are also corroborated by the observations of poverty-fighting practitioners in countless countries of the developing world who have witnessed the exclusion of the very poor from the gains of economic development projects. They have noted that the very poor seldom have access to the resources they need and even when they do, they do lack the human and financial capital to take advantage of them; and they are exposed to personal, community, national or international turmoil that too often leaves them helpless. Practitioners have also observed that extra assistance coaching, training, health, asset transfer and income support is necessary to accompany them on a sustainable pathway out of poverty.

There is also urgency to intervene in support of the most likely to be left behind because some of the most powerful tools are being designed at this moment. All the interventions grouped under the name of “social protection” (cash transfers, support to seniors, workfare...) are of particular interest for the acutely poor if they can be properly targeted. There is ample evidence that they reduce poverty and protect people who have left acute poverty from falling back, and that they reduce the time spent in

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<sup>1</sup> <https://www.brookings.edu/interactives/the-final-countdown-prospects-for-ending-extreme-poverty-by-2030-interactive/>

acute poverty by those who could not avoid entering: In OECD countries, it is estimated that levels of poverty and inequality are nearly half of those that would otherwise be expected in the absence of such schemes (ILO 2010)<sup>2</sup>.

The State of Social Safety Nets 2014 gives an idea of the magnitude of the expansion of the phenomenon: “There has been an exponential growth in social safety nets, especially cash-based programs. The expansion of cash transfers is particularly evident in Sub-Saharan Africa. For example, back in 2010, 21 countries in the continent (or about half) had some form of unconditional cash transfer in place; by 2013, the number had almost doubled and social safety nets are now implemented in 37 African countries. Globally, the number of countries with conditional cash transfers increased from 27 in 2008 to 52 in 2013, while countries with public works expanded from 62 in 2011 to 85 countries in just two years.<sup>3</sup> The State of Social Safety Nets 2017 further states: “The number of developing countries with social safety nets (SSN)1 doubled in the last two decades from 72 to 149 countries (Figure 1). This means that almost every developing country in the world has SSN programs. In terms of cash transfers, in particular, 97% of countries in Europe and Central Asia (ECA) and Sub-Saharan Africa (SSA) have them, and other regions are catching up.<sup>4</sup>” The report’s data shows that 122 developing countries have unconditional cash transfers and 67 have a conditional cash transfer program. Properly targeted, these safety nets have the potential to create an unprecedented dent in acute poverty worldwide.

And there is now additional evidence that social protection programs stimulate economic growth, which further helps the acutely poor. This happens in many ways at the macro and meso levels, but also simply at the micro level where transfer recipients have been documented, for instance, to use a portion of the funds received to purchase productive assets to increase their income in Mexico, Mozambique, Nicaragua, South Africa, Lesotho, Zambia, Bolivia, Brazil, Kenya and Malawi.<sup>5</sup>

### *Who are the acutely poor?*

We know very little about these people but findings from the Chronic Poverty Research Centre summarized in the P20 Report <sup>6</sup> show that, in general terms, in extreme poverty...

“People are more likely to be casual labourers than to have a secure job – often working in hazardous environments and on exploitative terms.

Children and older people will be working, but for very low returns.(...)

Families have very few assets, so an illness, the loss of work, a mudslide or a drought can push people into deeper, and sometimes intergenerational, poverty.

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<sup>2</sup> Quoted in <http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/SP-Discussion-papers/430578-1331508552354/1203.pdf>

<sup>3</sup> <http://documents.worldbank.org/curated/en/302571468320707386/pdf/879840WPOFINAL00Box385208B00PUBLIC0.pdf>

<sup>4</sup> <http://documents.worldbank.org/curated/en/811281494500586712/pdf/114866-WP-PUBLIC-10-5-2017-10-41-8-ClosingtheGapBrochure.pdf>

<sup>5</sup> Ibid.

<sup>6</sup> <http://devinit.org/wp-content/uploads/2017/03/P20-Initiative-baseline-report.pdf>

People are also likely to be held back by discrimination that reinforces disadvantage – this may be because of where they live or aspects of their identity such as gender, religion and caste, sexual orientation, disability, age and citizenship status.”

The Chronic Poverty Advisory Network looked specifically at the characteristics of those people in extreme poverty who have not been able to progress out of poverty amidst the achievements of the Millennium Development Goals.<sup>7</sup> They find, among other things, that the left behind are more likely to not own assets (livestock and land) and not even be able to afford rent someone else’s land.

Furthermore, the data from the Chronic Poverty Research Centre highlights that between 20% and 60% of the people who escaped extreme poverty in six countries fell back within 10 years.<sup>8</sup> While some people are escaping poverty and progressively improving their living conditions, others live in conditions of vulnerability, one step away from losing any gains after an unforeseen event or an unlucky set of circumstances.

The acutely poor are largely invisible and as such, do not have much political clout and receive very little attention. We do know, however, that they mainly live at the margins in that they are victims of two compounding types of inequality: a strong inequality of course compared to the richer quintile in their own countries but also a disproportionate inequality among countries (a very poor Indian is likely to be among the 5% poorest on the planet while a very poor American would be among the 40% richest of the planet; in contrast, a very rich Indian would be among the richest 30% of the world and the very rich American would be among the 1% richest). And this inequality is not static but deepens over time: whereas virtually every other income group saw their income increase between 1988 and 2008, the poorest 5% saw no increase at all.<sup>9</sup>

The Oxford Poverty and Human Development Institute (OPHI) reports on the varying degree of likelihood of certain types of deprivations among the citizens of the developing world.<sup>10</sup> For instance they report that 53% of the 5.2 billion in the developing world lack clean cooking fuel, and that 40% lack sanitation. The acutely poor are of course very likely to be among those who have to face these deprivations. OPHI also reports that a much smaller proportion lives in a household where a child has died in the previous 5 years (17%), where no one 10 year or older has completed more than 5 years of education (14%) or where no child is attending school until grade 8 (14%). The acutely poor are the ones who are more likely to be experiencing these severe forms of deprivation.

OPHI tracks the number of people living in what they term **severe** poverty (a form of acute poverty) and its prevalence in rural and urban areas. The difference is striking: based on 2017 data, there are 35 countries in the world where the prevalence of severe poverty in rural areas is above 30% but there are only 3 countries, South Sudan, Chad and Somalia, where the prevalence of severe poverty is above 30% in urban areas. Similarly, there are 18 countries where the prevalence of severe poverty in rural areas is above 50%, and there is only one country, South Sudan, where the same prevalence is above 50% in

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<sup>7</sup> Lenhart and Shepard: What Happened to the Poorest 50%? 2013 CPAN

<sup>8</sup> Chronic Poverty Advisory Network, 2014. *The Chronic Poverty Report 2014–2015: The road to zero extreme poverty*. ODI, page 2, Figure 1.

<sup>9</sup> <http://documents.worldbank.org/curated/en/959251468176687085/pdf/wps6259.pdf>

<sup>10</sup> <http://www.ophi.org.uk/wp-content/uploads/OPHIRP046a.pdf>

urban areas. This level of rurality makes acute poverty even less visible to the politicians and the media, who are based in the capitals. The very poor in rural areas are at much higher risk of being left behind.

### *Gender imbalance in the incidence of extreme poverty*

Gender imbalance is often very difficult to substantiate because the most of data comes from surveys where the household is the unit of measure. In other words, surveys tend to measure whether households are poor, not people.

We know, however, that women are more likely to receive lower salaries, more likely to be illiterate and more likely to deal with the consequences of ill health (they are the ones who take care of sick family members) and experience unique health challenges (lack of skilled personnel and ensuing high pregnancy-related morbidity and mortality, anemia, infections due to unequal sexual bargaining power). We also know that girls face the adverse influence of the inequitable gender division of household labor which depressed the educational performance of the girl-child.

Women are more likely to live in poverty than men. UNWomen reports that, in sub-Saharan Africa, for example, “women are overrepresented in poor households, mainly because they are less likely to have paid work, and even when they do they are, on average, paid less than men. Data from demographic and health surveys shows that in 29 countries in Africa, Asia and Latin America, women aged 15 to 49 are much less likely to earn cash income than men in the same age category. While 83 per cent of men earned cash income over the 12 months preceding the survey, this was true for only 33 per cent of women. Across countries and regions, women are less likely than men to have access to decent work, assets and formal credit.”<sup>11</sup>The same imbalances are likely found among the acutely poor, only perhaps exacerbated, as the gap between very poor women and women in the average has worsened.

According to Chronic Poverty Research Centre, the poorest women have gained less from increases in educational attainment than the average women, and their educational gap compared to the median, has increased. 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. They have less control over household spending.

Lack of access to health services is another area that affects women disproportionately. Anaemia, caused by poor nutrition and deficiencies of iron and other micronutrients, is the lot of 41.8 per cent of pregnant women worldwide<sup>12</sup>. And in 2012- 2017, 23% of births were not attended by skilled health personnel in central and South Asia, and up to 50% in Sub-Saharan Africa<sup>13</sup>. Because of unequal sexual bargaining power, among women between 15 and 24 years of age, the rate of new HIV infections remains double or greater than that among men in the same age group in sub-Saharan Africa<sup>14</sup>.

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<sup>11</sup> [http://www.unwomen.org/-/media/headquarters/attachments/sections/library/publications/2015/sg%20report\\_synthesis-en\\_web.pdf?vs=5547](http://www.unwomen.org/-/media/headquarters/attachments/sections/library/publications/2015/sg%20report_synthesis-en_web.pdf?vs=5547)

<sup>12</sup> [https://www.who.int/vmnis/anaemia/prevalence/summary/anaemia\\_data\\_status\\_t2/en/](https://www.who.int/vmnis/anaemia/prevalence/summary/anaemia_data_status_t2/en/)

<sup>13</sup> [https://www.who.int/gho/maternal\\_health/skilled\\_care/skilled\\_birth\\_attendance\\_text/en/](https://www.who.int/gho/maternal_health/skilled_care/skilled_birth_attendance_text/en/)

<sup>14</sup> <https://www.theglobalfund.org/en/hiv/aids/>

Finally, it should be noted that many cases of extreme poverty are triggered or compounded by crises and disaster situations, and in these situations too, women have, for decades, been more vulnerable: “Following the 1991 cyclone in Bangladesh, the female death rate within the age group 20-44 was 71 per 1,000, compared to 15 per 1,000 for men. Similarly, in Indonesia and Sri Lanka, more than 70 per cent of the fatalities from the 2004 tsunami were women and when Cyclone Nargis hit Myanmar in 2008, 61 per cent of the fatalities were women”.<sup>15</sup>

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### ***Key Questions for Self-Directed Learning***

*Why is a specific focus on acute poverty needed in the fight against extreme poverty?*

*What do we know about the conditions in which acutely poor households live?*

*What are some instances of gender imbalances in extreme poverty?*

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<sup>15</sup> [http://www.unwomen.org/-/media/headquarters/attachments/sections/library/publications/2016/fpi%20brief-gir\\_v2.pdf?vs=2816](http://www.unwomen.org/-/media/headquarters/attachments/sections/library/publications/2016/fpi%20brief-gir_v2.pdf?vs=2816)