



How Concern understands Extreme Poverty

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Abbreviations

CPRC	Chronic Poverty Research Centre
EPAF	Extreme Poverty Analytical Framework
NGO	Non-Governmental Organisation
UN	United Nations
UNDP	United Nations Development Programme

1. Introduction

Concern has produced a number of policy and reference documents which discuss the position of Concern's work with regard to poverty and extreme poverty. While these papers complement each other, no single document clearly describes whom Concern sees as the poor and extreme poor, and how and why programmes should interact with them.

Hence the aim of this paper is to clarify Concern's understanding of extreme poverty in order to carry out more effective contextual analysis. In turn, this will lead to programmes which are inclusive, appropriate and have the greatest positive impact for the extreme poor¹.

This paper will describe and elaborate on the understanding of extreme poverty that has been reached by Concern, namely that extreme poverty and thus extremely poor people are those without basic assets, or even when basic assets are available their existence does not generate sufficient returns to meet basic human needs. Concern also recognises that the two dimensions of inequality, and risk and vulnerability need to be tackled if people are to exit sustainably out of extreme poverty.

2. Defining Poverty² - The Multi-Dimensionality of Poverty

There are many different ways of defining and measuring 'poverty' and 'extreme poverty'. Most definitions are based on income, the most well known being the dollar-a-day (purchasing power parity) measure which forms the basis of the Millennium Development Target No. 1 for halving extreme poverty.³

While income based measures are useful, they are often insufficient to capture the depth, duration, nature, and direction⁴ of poverty. In order to capture such complexity, other measures are sometimes used such as proxy indicators for wealth (e.g. assets), health measures (e.g. morbidity and mortality) or measures based upon human well-being and capabilities. For example, the UNDP's definition of absolute poverty is as "a condition characterised by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information: it depends not only on income but also access to services". Other factors such as inequality, vulnerability, exclusion and marginalisation are often used to

¹ This paper is based on the substantial work of Darren Evans who produced the original Extreme Poverty Analytical Framework draft document in early 2008.

² In order to define extreme poverty, this paper looks first at definitions of poverty. This is because, by defining poverty first, it is then easier to determine the similarities and differences between poverty and extreme poverty.

³ <http://www.un.org/millenniumgoals/>. This has been revised to \$1.25 per day (PPP) in August 2008.

⁴ Direction here refers to the fact that although poverty is often a long term state, people frequently move out of and into poverty, and experience different degrees of poverty depending on their circumstances.

help define poverty. These wider definitions are often referred to as the 'multi-dimensionality' of poverty.

The definition of poverty is often developed from the viewpoint of where an organisation itself interacts with poverty issues. For example, the UN defined three root causes of poverty as illustrated in Figure 1 below. This definition is derived from how the UN sees itself, its work, and the role of governments in defining solutions for poverty.

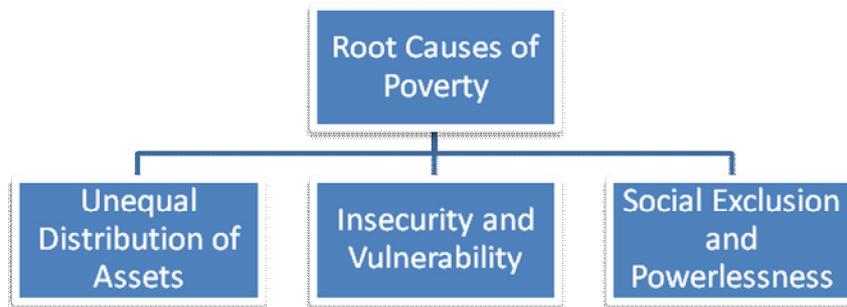


Figure 1: Conclusions of the UN High-Level Roundtable on Eradication of Poverty

The Chronic Poverty Research Centre (CPRC), in their analysis of long term causes of poverty, came up with a similar conceptual model, but one with greater emphasis on long term processes (Figure 2).

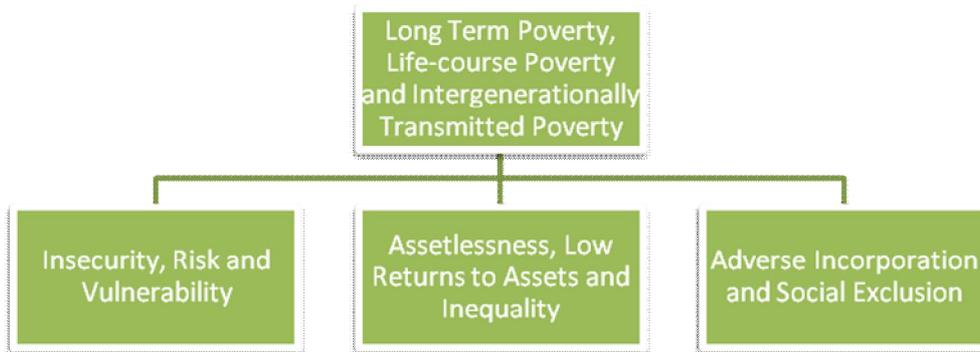


Figure 2: Chronic Poverty Research Centre: Framework for Chronic Poverty

The model in Figure 2 introduces the concept of *adverse incorporation*. This is the idea that people are included in social, political and economic institutions and processes, but on extremely unfavourable terms and in a way that perpetuates their poverty. For example, child labour may result in immediate economic benefits to households and can be seen as a form of inclusion within processes of economic development. Yet child labour obviously has the potential for a long term negative impact through the loss of education, hazardous work and low remuneration⁵. Other definitions of poverty are based upon freedoms, welfare and outcomes, seen in the work of authors like Amartya Sen and Martha Nussbaum, where poverty is seen as the deprivation of capabilities. The Non-Governmental Organisation (NGO) CARE has an understanding of poverty

⁵ As well as being a rights violation

that concentrates more on household assets, emphasizing the fact that CARE works more at a community level. Overall, there is no one definition of poverty. However, it is crucial to be aware of the different ways of defining poverty and its different characteristics.

Figures 1 and 2 above show that definitions of poverty by different organisations highlight different causes and it is therefore important that Concern fully understands what extreme poverty means *for Concern* and who the extreme poor are according to this definition.

3. The Three Dimensions of Extreme Poverty

Concern's mission is to help people living in extreme poverty achieve major improvements in their lives which last and spread without ongoing support from Concern. To achieve this mission Concern engages in long term development work, responds to emergency situations, and seeks to address the root causes of poverty through our development education and advocacy work.

3.1 Dimension 1: A Lack of and Low Return to Basic Assets

In defining *extreme* poverty as opposed to poverty, it is essential to show what is unique to it. What is unique to extreme poverty is the **lack of basic assets and/or the low return to these assets**: this is the first and core dimension of Concern's definition of extreme poverty.

According to Concern's Livelihood Security Framework, assets can be financial, natural, human, physical, social and political. Concern's programme experience indicates that extremely poor people prioritise financial, natural, human and physical assets which this document will refer to as basic assets. From the perspective of the extreme poor, it is often only once deficiencies in the basic assets are remedied that there is opportunity to acknowledge that social and political assets need to be secured and strengthened in order to address the root causes of poverty. Analysis and response to inequality entails taking into account issues of powerlessness, voicelessness, discrimination, exploitation and exclusion. These issues are of particular importance when considering the formal and informal institutions which make up social and political assets and so, in line with the inequality analysis approach taken so far by Concern, the inequality dimension explicitly also includes a lack of and low return to social and political assets.

Concern therefore sees extremely poor people as those without basic assets and that, even when basic assets are available their existence does not generate sufficient returns to meet basic needs. The low return to assets emphasises the importance of looking at and working with the assets people have, in other words, working with their strengths. They may have assets, but they may not necessarily receive much for them or be able to use them to their maximum potential. If Concern is to really help extremely poor people, it needs to start with them, with what they already do, and with what they can already access.

3.2 Dimensions 2 and 3: Poverty's Causes, Maintainers and Obstacles

Extreme poverty cannot be solved by simply providing basic assets: though important, it is not necessarily sustainable or sufficient. In order to combat extreme poverty, the **causes, maintainers and obstacles** that prevent people from escaping extreme poverty need to be also considered. These are many and often interlinked.

Concern recognises two other key dimensions that capture extreme poverty's principle causes, maintainers and obstacles. These are 1) **Inequality**, and 2) **Risk and Vulnerability**. These two dimensions are recognised due to their strong relation to the absence or low value of basic assets. The two dimensions of inequality, and risk and vulnerability interact through their impact upon returns to assets and lack of assets.

3.2.1 Dimension 2: Inequality

Often, the extreme poor are not recognised as equals in society and experience discrimination, stigmatisation and exclusion. Unequal treatment can occur both in the formal and informal spheres causing diminished political assets and restricting social assets or allowing these only to be strengthened on unfavourable terms. As a result, the extreme poor lack representation, power and status which prevents them claiming their rights and denies them opportunities and resources which would enable them to improve their lives. Inequality can also constrain the agency of the extreme poor, where opportunities are denied to make choices or acquire the skills, knowledge and confidence to build assets and increase the return to assets. Concern believes that gender inequality in particular is a consistent feature of extreme poverty and moreover that it interacts with and deepens other forms of inequality.

Inequality therefore needs to be considered as a dimension of extreme poverty which can both cause a lack of assets and poor return to assets, and which can prevent people accessing services and taking up opportunities for their own development. Without attempting to address the effects of inequality on the lives of the extreme poor, Concern's interventions may only contribute to short term change.

In addressing inequality, Concern strives for 'Equality of Outcome'. This means that beyond simply opening up opportunities for people to participate, Concern must address the specific obstacles to participation that the extreme poor face, as well as providing the appropriate resources that people need to achieve success through their participation. In other words, acknowledging the differences which exist between people and hence the different supports and resources that each person requires in order to achieve the same outcomes as someone who does not face the same degree of inequality.

Some examples would be:

- Giving consideration to the different starting points people have (for example level of education or literacy) by providing adult literacy classes or training in bookkeeping.
- Addressing the different barriers people may face (for example cultural norms which discriminate against women in leadership roles) by doing gender sensitization and awareness raising, using behaviour change methods like community conversations and providing leadership training and exposure to role models.
- Acknowledging the different skills or means that people have at their disposal (for example having no assets to invest in savings or small enterprises) by providing start up grants and training to assist extremely poor people to graduate to microfinance products.

3.2.3 Dimension 3: Risk and Vulnerability

When considering the contexts in which Concern works and the fact that the livelihoods of the extremely poor are often very dependent on their labour and ever depleting natural resources, it is evident that our target groups face considerable levels of risk and vulnerability.

Many of the countries Concern works in are experiencing or recovering from conflict; have weak, under-resourced systems of governance; and suffer from inappropriate and unsustainable policies. In addition, most of our target groups live in areas that are prone to recurrent floods, droughts, tropical storms, earthquakes, landslides and crop pests; are exposed to abusive behaviour and practices and are very vulnerable to diseases such as malaria. Global phenomena such as the HIV & AIDS pandemic, economic crises, high food prices and climate change are already, and are expected to continue, to impact on the poorest most and increase their risk and vulnerability to other shocks and stresses. Concern's experience and wider evidence shows that this level of risk, if left unchecked, is a significant cause and maintainer of poverty and a considerable obstacle in efforts to help lift people out of poverty.

Given this context, it is imperative, if Concern is to achieve its mission of improving the lives of the extremely poor, that we are capable of analyzing the risk and vulnerability context in which our target group lives and respond appropriately within our programmes to reduce that risk and vulnerability by seeking to protect their assets and increase their resilience.

Risk is defined as the probability of a hazard⁶ happening in a given timeframe and the magnitude of its impact(s) when it does occur. Risk management, or efforts to reduce risk, consists therefore of two broad efforts:

- 1) Addressing the hazard itself (reducing the probability and frequency of a hazard happening and its intensity) and/or;
- 2) Reducing the impact that it has on the lives, assets, and livelihoods on those exposed to the hazard. The magnitude of impact of a hazard is largely determined by the level of vulnerability experienced by people.

Risk, therefore, is commonly characterised by the following equation: *Risk = Hazard x Vulnerability*.

Vulnerability⁷ describes people's level of susceptibility and exposure to the negative effects of hazards and their impacts. The level of vulnerability of an individual or group is determined by

⁶ **Hazards** are potentially damaging physical events, phenomena, or human activities and processes. Concern takes a broad view of hazards. In addition to natural hazards that include those associated with weather, geology, and biological threats (disease and pests affecting humans, crops, and livestock), Concern explicitly recognises conflict, poor policies, poor governance, and the impacts of climate change as hazards. Other commonly used language that denotes Concern's understanding of hazard are 'threat', commonly used when considering risk in the context of staff security and humanitarian protection, and 'shocks' and 'stresses' of the livelihoods model. Use of any of these is appropriate.

their ability to anticipate, cope with, respond to, and recover from hazards and their impacts. Key factors contributing to people's vulnerability can include:

- The social, political, economic, security, and environmental context in which people live;
- Their economic status, skills and experience, gender, age, disability, and ethnicity;
- The levels of marginalisation they experience;
- The location of where they live and pursue their livelihoods.

The more vulnerable someone is to a hazard and its impacts, the greater the risk that hazard poses to their life and livelihood.

Often, vulnerability is expressed in terms of groups that share certain characteristics e.g. Orphans and Vulnerable Children, Female Headed Households, Child Headed Households, disabled and so on. These groups are seen as more vulnerable as they are more exposed to a multitude of hazards.

⁷ In using the dimension of 'Risk and Vulnerability', it is recognised that the term 'Risk' already encompasses aspects of 'Vulnerability'. This means that Vulnerability is double counted within the definition. However, the term 'Risk and Vulnerability' is consistent with other organizational documents and widely understood within the organization. Consequently, it was decided to use this term in Concern's definition of extreme poverty.

4. Extreme Poverty Conceptual Model

In summary, there are three dimensions to Concern's understanding of Extreme Poverty:

1. Lack of and/or Low Return to Basic Assets (unique to extreme poverty)
2. Inequality (causes, maintainers and obstacles)
3. Risk and Vulnerability (causes, maintainers and obstacles)

The conceptual model below is designed to help staff remember Concern's three dimensions of extreme poverty and to illustrate the interactions between them. In particular, the model places 'lack of and low return to basic assets' as a central element. Inequality and Risk and Vulnerability are the causes, maintainers and obstacles that prevent people escaping poverty, but the lack of or low return to assets is what primarily distinguishes extremely poor people from other disadvantaged and marginalized groups. Concern will base its Contextual Analysis Guidelines (currently under development) on these three dimensions and corresponding model.

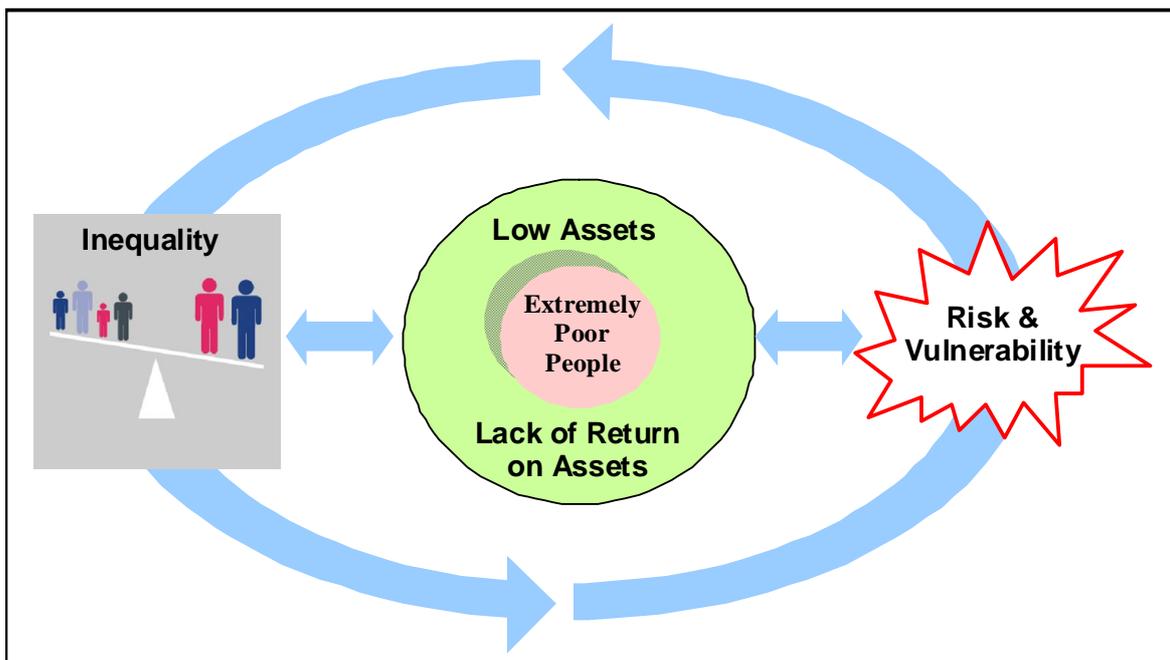


Figure 3: Concern's Conceptual Model of Extreme Poverty

5. Who are the extreme poor targeted by Concern?

Often poverty measures only present a snapshot of people's lives at one particular moment in time. However, over time people may move in and out of poverty frequently, they may stay in poverty for long periods, or they may only ever occasionally experience poverty. The CPRC has tried to illustrate this movement as shown below:

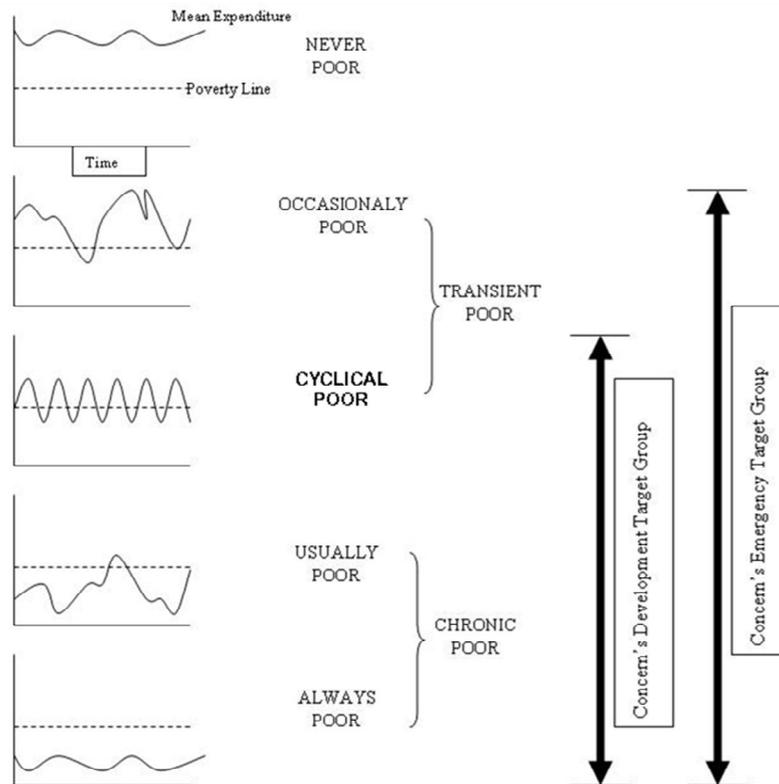


Figure 4: Adapted from CPRC's Chronic Poor, Transient Poor and Non Poor

The Chronic Poor on the diagram may occasionally lift themselves out of poverty, for example through greater returns on assets such as labour. They tend to be those who are poor over long periods of time, and in many cases, over generations. The Transient Poor may only occasionally be poor due to infrequent shocks and stresses. Alternatively, they may be cyclically poor due to repeated or predictable shocks and stresses e.g. the hunger season.

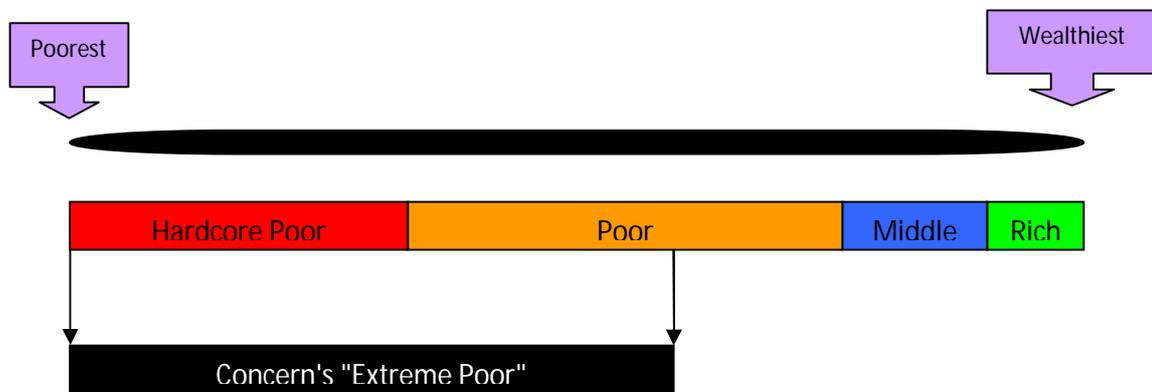
According to this representation in Figure 4, Concern's development target groups would be the Chronic Poor (those who are usually or always poor) and the Cyclical Poor (those who enter and exit out of poverty on a cyclical basis). In emergencies, Concern might also include the Occasionally Poor.

Concern's Policy Statement (2005:3) states that Concern is guided by, "the central belief that we must target our work so that the benefits come primarily to those living in extreme poverty". This means that Concern does not always specifically *target* the extreme poor. Instead, Concern's policy emphasises that *benefits* must accrue to the extreme poor. This means that Concern can only work with the poor as long as the extreme poor ultimately benefit from the different interventions. By ensuring that extremely poor people benefit from Concern's programmes, it is

not necessary to exclude other groups from benefiting. Indeed if extremely poor people benefit, so in general will other members of the community.

The extreme poor are not a homogeneous group. There are inequalities within this group and it may be difficult to reach all who are within it. The temptation is to work with those who are less poor, those with labour, potential and access and/or control of resources. It is important however to ensure that benefits are felt throughout the extreme poor and not just with certain sub-groups. As a result, a certain level of disaggregation is needed to take into account the different capabilities and assets of people and how people are able to interact with, and take advantage of different development interventions.

The differences between and within the poor can be understood by sound contextual analysis. This allows Concern's target group within the intervention to be defined. For example, Concern Bangladesh's Nodi o Jibon (River and Life) project defined a poverty continuum which in turn helped define the Extreme Poor group to which programme benefits would accrue:



6. Conclusion

This paper has attempted to clarify Concern's interaction with and understanding of extreme poverty: extreme poverty and thus extremely poor people are those without basic assets, or even when they are available their existence does not generate sufficient returns to meet basic human needs. Concern recognises that the two dimensions of inequality, and risk and vulnerability need to be tackled if people are to exit sustainably out of extreme poverty. Based on this understanding Concern has proposed a conceptual model of poverty. Through a better organisational understanding of extreme poverty, its causes, maintainers and obstacles, Concern aims to design better programmes to ensure maximum, sustainable benefits for the extreme poor.

Based on this background paper, a contextual analysis guideline has been developed to assist in the analysis of extreme poverty and to distinguish between the poor and extreme poor. Sound contextual analysis based on this understanding will facilitate better programme and project design and improve overall programme quality.

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