2020 FOCUS BRIEF on the World's Poor and Hungry People

October 2007

CHARACTERISTICS AND CAUSES OF SEVERE POVERTY AND HUNGER

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Understanding the characteristics of the world's poorest and hungry, and the reasons why their deprivation persists, is important when designing policies to meet their needs and improve their welfare. This brief contributes to this understanding by analyzing household data and reviewing empirical research in 20 countries: Burundi, Ethiopia, Ghana, Kenya, Malawi, Mozambique, Rwanda, Senegal, Zambia, Bangladesh, India, Pakistan, Sri Lanka, Laos, Timor-Leste, Vietnam, Tajikistan, Peru, Guatemala, and Nicaragua. The characteristics considered here are limited to those that can be compared across countries, at least to some extent.

The findings indicate that the poorest often live in remote rural areas; are more likely to be ethnic minorities; and have less education, fewer assets, and less access to markets. Remoteness, exclusion, and lack of education are especially likely to characterize those living on less than 50 cents a day. Location, unexpected and unfortunate events, and the dynamics of poverty traps and exclusion all have a role to play in explaining deprivation.

Measuring Severe Poverty and Hunger

Many cross-country poverty studies measure poverty using the criterion of those living on less than US$1 a day—the threshold defined by the international community as constituting extreme poverty. In addition to comparing those living above and below the dollar-a-day line, this brief disaggregates those living below the line into three groups to more easily examine and compare their characteristics:

- Subjacent poor: those living on more than US$0.75 but less than US$1 a day
- Medial poor: those living on more than US$0.50 but less than US$0.75 a day
- Ultra poor: those living on less than US$0.50 a day

Similarly, in terms of hunger, those consuming over and under 2,200 calories a day—the average energy requirement for adults undertaking light activity—were compared, and those consuming fewer than 2,200 calories were disaggregated into three groups to more easily examine and compare their characteristics:

- Subjacent hungry: those consuming more than 1,800 but fewer than 2,200 kilocalories (kcal) a day
- Medial hungry: those consuming more than 1,600 but fewer than 1,800 kcal a day
- Ultra hungry: those consuming less than 1,600 kcal a day

In the 20 countries considered in this analysis, poverty and hunger fall along a spectrum from dire to relatively low incidences. The highest incidences of ultra poverty and hunger are found in Sub-Saharan Africa, but deprivation is also high in South Asia, Nicaragua, and Timor-Leste. Analysis suggests that, by and large, those living on less than US$1 a day also consume fewer than 2,200 calories and that a high correlation exists between living in ultra poverty and living in ultra hunger.

Characteristics of the Poorest and Hungry

Spending on Food, Fuel, Housing, and Health Care

Across income groups and regions, expenditures on food represent the highest share of household budgets. In general, poorer households and those in rural areas spend a relatively higher proportion of the family budget on food than others, but the differences are not large. Expenditures on fuel represent the second-highest share in Bangladesh, India, and Pakistan, while housing costs represent the second-highest share in Tajikistan and in all three sample countries in Latin America.

No clear pattern between health care expenditure and poverty emerges across these countries. This is a potentially worrisome finding since poverty assessments for these countries have repeatedly found that ill health is more prevalent among poor people. For example, in Bangladesh, serious illness, accidents, or death occurred in 43–48 percent of poor households compared with 29 percent of households classified as nonpoor. In Vietnam, long-term illness was repeatedly mentioned in the

participatory poverty assessment as being a defining characteristic of poor families. And in Guatemala, the prevalence of diarrhea among children is higher among those in the poorer quintiles. The finding that poorer households spend no more on health suggests that the poorest spend less on health care per need than do wealthier households.

Remoteness

Despite an increasing proportion of poor in urban areas, the incidence of dollar-a-day poverty is higher in the rural areas of all the study countries for which poverty data are available. The same pattern of rural disadvantage is found below the dollar-a-day line, but there is a tendency toward greater rural–urban differences as poverty deepens. The incidence of subjacent poverty is 2.4 times higher in rural areas than in urban areas, the incidence of medial poverty is 2.65 times higher, and the incidence of ultra poverty is 4 times higher. The poorest and most food-insecure households are located furthest from roads, markets, schools, and health services. In Nicaragua, for example, the incidence of extreme poverty is 20 percent higher in the central rural region, where people travel twice as long to reach the closest health care service and primary school. In Zambia poor people are more likely to be located more than 20 kilometers from the nearest market than are those who are not poor, and in Laos poverty is lower in villages with roads than in those without.

In addition to being an indicator of wealth, an electricity connection also indicates, to a certain extent, the "connectedness" of households to roads, markets, and communications infrastructure, and the resulting income-earning opportunities and public services. Consistently across countries, poor households have considerably less access to electricity than those living above $1 a day. Those living well below $1 a day in ultra poverty are even less likely to be connected; on average, they are four times less likely to be connected than households living above the dollar-a-day line. In rural areas of Sub-Saharan Africa, the proportion of ultra poor households with electricity connections is almost zero.

Education

Education has been shown to have significant positive impacts on agricultural productivity, employment, access to credit, use of government services, adult and child health, and education outcomes. Looking below the dollar-a-day poverty line reveals that uneducated women and men are much more likely to experience ultra poverty than subjacent poverty. In nearly all the study countries, the proportion of adult males without schooling is almost double or more among the ultra poor compared with the nonpoor, and in Vietnam and Nicaragua, adult males living in ultra poverty are three times more likely to be unschooled than those living above $1 day. In Bangladesh, nearly all women in ultra-poor households are uneducated (92 percent) compared with less than half of the women in households living on more than $1 a day (49 percent). The data overwhelmingly show that the poorest are the least educated.

Quality primary education can provide children from poor families with the tools to move out of poverty. In all study countries, however, the evidence is the same: children from poorer families are less likely to go to school. In India, 48 percent of children living in ultra poverty attend school compared with 81 percent of children living on more than $1 a day—a 33-percentage-point gap. In Vietnam the gap is 30 percentage points, and in Ghana and Burundi it is 28 and 24 percentage points, respectively. In some countries, enrollment rates remain alarmingly low although poverty rates have declined; despite Pakistan's success in achieving a poverty rate of 11 percent, 65 percent of the country's children living on less than $1 a day still do not attend school. Without education, the future of children living in ultra poverty will be a distressing echo of their current experience.

Landlessness in Rural Areas

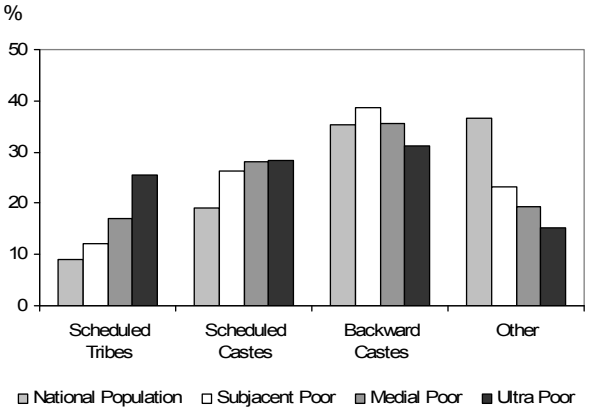
The ownership or control of productive assets is an important indicator of livelihood, because assets generate income. In all parts of Asia, the poorest are landless. Rates of landlessness are higher among those living on less than $1 a day, and the incidence of landlessness increases for those living in ultra poverty. For example, nearly 80 percent of the ultra poor in rural Bangladesh do not own land. In Sub-Saharan Africa, however, little difference was found between the incidence of landlessness among the poorer and less poor households, and in some cases the reverse was true. This corresponds to the findings of other studies that in Sub-Saharan Africa, the poorest often own some land (but too little) and lack access to other key assets and markets. In Latin America, although the incidence of landlessness is high, it was actually found to be higher among those living above $1 a day than among those living below $1 a day. This suggests that in Latin America, the poorest are more likely to be self-employed cultivators than are the nonpoor, perhaps because they lack employment opportunities in nonagricultural sectors.

Excluded Groups

In each of the 20 countries considered in this study, some groups—not the majority—have consistently higher prevalences of poverty and hunger. Individuals in groups excluded from regional progress against poverty remain among the poorest in Asia. In Laos, for example, the prevalence of poverty is more than twice as high

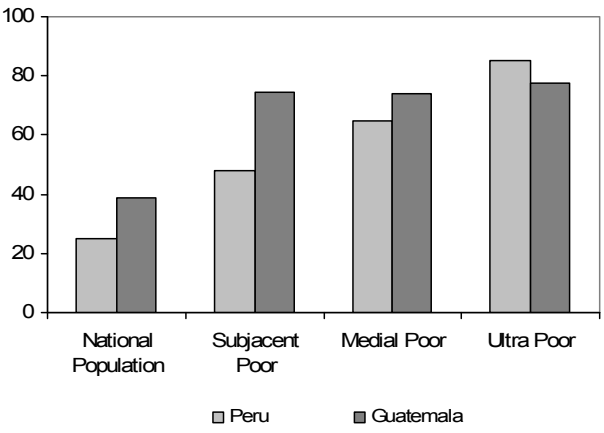
among the minority Mon-Khmer as among the majority Lao, and in Vietnam the incidence is more than six times higher among ethnic minorities than among the Kinh and Chinese. In India, disadvantaged castes and tribes (referred to as Scheduled Castes and Tribes) are overrepresented among the ranks of the poor, particularly among those living in ultra poverty (see Figure 1). This overrepresentation is more evident for Scheduled Tribes than for Scheduled Castes.

Figure 1—India: Proportion of Scheduled Castes and Scheduled Tribes in the National Population Living in Subjacent, Medial, and Ultra Poverty



Source: Calculated by authors using National Sample Survey, 55th Round Socio-Economic Survey (National Sample Survey Organization, India).
Note: Backward castes are defined as those whose ritual rank and occupational status are above Scheduled Castes and Scheduled Tribes but who remain socially and economically depressed.

Figure 2—Guatemala and Peru: Proportion of Indigenous in National Population Living in Subjacent, Medial, and Ultra Poverty



Source: Calculated by authors using Encovi 2000, Instituto Nacional de Estadistica-Guatemala and Peru Living Standards Measurement Survey 1994, Encuesta Nacional de Hogares Sobre Medicion de Vida, Peru.

In Latin America, indigenous groups are overrepresented among the poor, and increasingly so further below the dollar-a-day poverty line (see Figure 2 for the poverty rates of indigenous peoples in Peru and Guatemala). In Peru, the incidence of poverty is twice as high for indigenous groups as for non-indigenous groups. In Guatemala, stunting is more than twice as prevalent among indigenous children as it is among non-indigenous children.

In Sub-Saharan Africa, access to land and other resources depends on membership in groups of common descent, which results in outsiders having difficulty accessing resources and securing stable livelihoods. This is true in Senegal, where refugees from Mauritania and displaced people from the Casamance are most likely to remain in poverty. The genocide in Rwanda also evidenced the importance of ethnicity in determining access to resources.

Women

Some weak evidence supports the hypothesis that female-headed households are overrepresented among the ultra poor, but, in general, large differences are not found. Examining only the differences between male- and female-headed households hides the reality that, within households headed by men, the welfare of women and girls may be lower than that of their male family members. While empirical evidence on this is limited, a previous IFPRI study found that at the individual level, women were poorer than men in 6 of the 10 countries considered, but significantly so in only 3 of those countries. Some studies in South Asia have shown that, within households, women take in significantly less food and sometimes less high-quality, food such as meat and eggs.

The Role of Poverty Traps and Exclusion in Explaining These Findings

The characteristics highlighted in this brief are both important and measurable in a way that allows comparison across countries and settings. The available data indicate that the poorest are those from excluded groups, those living in remote areas with little education and few assets, and—in Asia—the landless. But why do these characteristics prevail among the poorest, and why do those in ultra poverty become and stay poor? In the past few years, much has been learned about the causes of persistent poverty and hunger. The following paragraphs summarize findings from some of these studies, particularly studies on the 20 countries considered in this brief.

The location of a household—its country and location within the country—has a large impact on potential household welfare. The disparity in the incidences of poverty and hunger across countries attests to the importance of locational characteristics in determining poverty and hunger. Against the backdrop of institutions,

technology, and infrastructure, causes of persistent poverty and hunger also operate at the individual or group level. Two themes underlie many of these explanations: poverty traps and exclusion.

The inability of poor households to invest in assets and in educating their children, the constrained access to credit for those with few assets, and the lack of productive labor for the hungry are all indicative of the presence of a trap in which poverty begets poverty and hunger begets hunger. The coincidence of severe and persistent poverty and hunger (see the brief in this series by Ahmed, Hill, and Weismann) is also consistent with the presence of a poverty trap. While some studies find little evidence of poverty begetting poverty, a number of studies at the individual and household level provide clear evidence that poverty and hunger put into play mechanisms that cause their persistence, suggesting that, for some, poverty does entrap. In these cases, poverty and hunger inherited at birth, or resulting from unfortunate and unexpected events in the lifetime of an individual (very often health shocks), can persist for many years.

Additionally, the systematic exclusion of certain individuals from access to resources and markets increases the propensity of ethnic minorities, Scheduled Castes and Tribes, women, and those with ill health and disabilities to be poor. This tendency of certain groups to be excluded from institutions and markets that would allow them to improve their welfare changes only slowly over time and gives rise to persistent poverty and hunger.

Conclusion

Understanding who the poorest and hungry are is crucial for the effective design of interventions to improve their welfare. Without context-specific and timely information, it is difficult to design programs that fit their needs. It is thus important to broaden the collection of and access to accurate data on the poorest and hungry.

The evidence presented in this brief suggests that effective interventions to reach those living on less than 50 cents a day should be targeted to remote households, traditionally excluded from resources and markets, and should take into account both low levels of education and—in Asia—landlessness. This study suggests that interventions to insure the poor against health shocks, address the exclusion of groups, prevent child malnutrition, and enable investments—particularly in education—for those with few assets are essential to helping the poorest move out of poverty.

For Further Reading: A. Banerjee and E. Duflo, "The Economic Lives of the Poor," *Journal of Economic Perspectives* (Vol. 21, No.1, 2007); C. Barrett, M. Carter, and P. Little, "Understanding and Reducing Persistent Poverty in Africa: Introduction to a Special Issue," *Journal of Development Studies* (Vol. 42, No. 2, 2006); J. Hoddinott, "Shocks and Their Consequences Across and Within Households in Rural Zimbabwe," *Journal of Development Studies* (Vol. 42, No. 2, 2006); J. Jalan and M. Ravallion, "Geographic Poverty Traps? A Micro Model of Consumption Growth in Rural China," *Journal of Applied Econometrics* (Vol. 17, No. 4, 2002); N. Kabeer, "Social Exclusion: Concepts, Findings and Implications for the MDGs," Background paper for the Social Exclusion Policy Paper (London: Department for International Development, 2005).

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Suggested citation: Akhter U. Ahmed, Ruth Vargas Hill, Lisa C. Smith, and Tim Frankenberger. 2007. Characteristics and Causes of Severe Poverty and Hunger. 2020 Focus Brief on the World's Poor and Hungry People. Washington, DC: IFPRI.

This brief was prepared for a policy consultation process coordinated by IFPRI and focused on the World's Poor and Hungry People. IFPRI gratefully acknowledges the contributions of: Asian Development Bank (ADB), Bill and Melinda Gates Foundation, Canadian International Development Agency (CIDA), Deutsche Welthungerhilfe (German Agro Action), European Commission, German Federal Ministry for Economic Co-operation and Development, with Deutsche Gesellschaft für Technische Zusammenarbeit (BMZ/GTZ), International Development Research Center (IDRC) Canada, and Irish Aid.

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