

Controlled Document Control Sheet

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	<input type="checkbox"/> Strategy	<input type="checkbox"/> Guideline / Guidance Note / Position Paper	
	<input type="checkbox"/> Standard		
Purpose Brief overview of the document and why it exists	This policy outlines Concern's understanding of the nature of extreme poverty and how it needs to be tackled.		
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Relevant Laws and Regulations – List any laws and regulations which are addressed by and/or relevant to the document			

Version Control:

Version	Submitted on:	Changes and Notes after review:
1.0 (SAL)	October 2021	Justifications for changes strengthened. Discussion as to whether it is sufficiently guiding for Fragile and Conflict Contexts; where and when it is applied; and whether to split it to a bare policy and separate out the application pieces. We made minor changes and decided to keep with policy and application guidance. SAL Director unsure as to best structure
2.0 (SIEM)	November 2021	No major suggestions as to the core of the policy. The discussions and debate were more to do with application, some specific tools but mainly issues related to roll-out, review of Contextual Analysis guidance and training of teams on application via Contextual Analysis and programme design.
3.0 (SMT)	February and March 2022	February: Wording changes based on feedback and clarifications in a number of areas. Changed the structure to make the policy come up front and clear and not read like a commentary on a policy. The Original 2010 policy was annexed to clarify the provenance and origin of the core of the policy. A draft one page Human Rights Statement was added as an Annex. March: The Human Rights Statement was removed as it did not seem to work as an Annex and needs to be stronger. We decided to separate it out from the HCUEP policy.
4.0 (PM&E)	March 24, 2022	Committee welcomed the update policy and were pleased to see the extension of addressing inequalities beyond gender. No changes needed in the document but helpful suggestions related to linking KPIs to strategic plan, suggestion to use a "trauma informed approach".
5.0 (Board)	April 23, 2022	Approved by the Board with no further changes.

Introduction

Concern's mission is to help people living in extreme poverty achieve major improvements in their lives that 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. Two key foundational policy documents guide Concern's work and these lay out our understanding of extreme poverty and provide clarity on our approach to emergencies. This document addresses the former and provides an overview of *How Concern Understands Extreme Poverty* (HCUPE), updating the description presented in the 2010 paper, and providing clarity on where the approach embedded in this understanding, and the various tools produced to support it, should be applied.

Concern's Understanding of Extreme Poverty – Core Conceptual Framework

This policy paper elaborates the understanding of extreme poverty that guides Concern's work and introduces some small but important changes from our earlier thinking. We outline the changes in the narrative below the model and provide the original document in Annex 1, since it goes into more detail as to the derivation and sources of the model, which remain important.

Our understanding is that extreme poverty is driven by a **lack of basic assets**, or, where basic assets are available, their existence does not generate sufficient returns to meet human needs (**low returns on these assets**). Concern also recognises that the two dimensions of **inequality** and **insecurity, risk and vulnerability** need to be tackled if people are to exit sustainably out of extreme poverty.

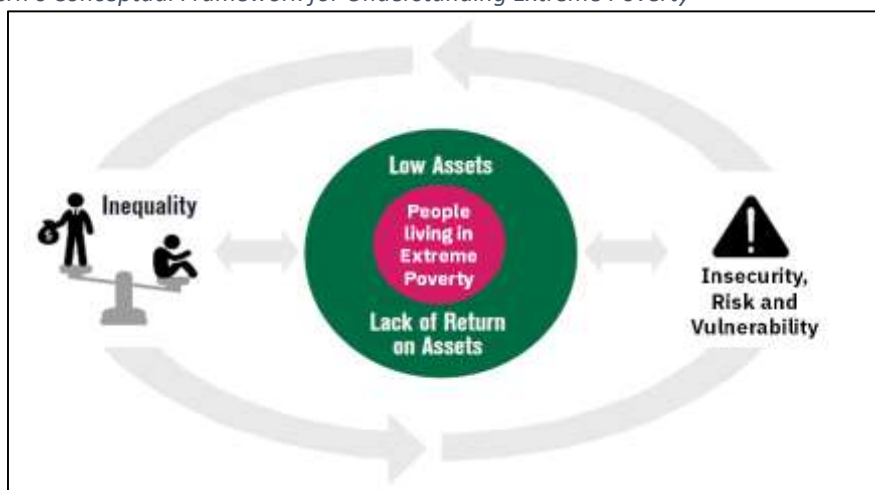
This understanding is completely in line with our commitment of reaching the furthest behind first and the universality encapsulated in the Sustainable Development Goals (SDGs). It is also in line with Concern's belief in human rights.

In that sense, our starting point is to reiterate the three dimensions to Concern's Understanding of Extreme Poverty:

1. Lack of and/or a low return on assets.
2. Inequality.
3. Insecurity, risk and vulnerability.

The conceptual model below is designed to help staff picture the interaction of these dimensions. In particular, the model places 'lack of and low return on assets' as a central element. Inequality and insecurity, risk and vulnerability are the causes, maintainers and obstacles that prevent people escaping poverty.

Figure 1. Concern's Conceptual Framework for Understanding Extreme Poverty



A lack of and/or a low return on assets: Concern sees people living in conditions of extreme poverty as those without a minimum level of assets, and even when these assets are available, their existence does not generate sufficient returns to meet basic needs. This is in line with other definitions of absolute poverty that describe it 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 on access to services” (UNDP)¹.

Concern’s Livelihood Security Policy describes how assets can be financial, natural, human, physical, social and political. Previously, we identified that those living in conditions of extreme poverty prioritised the first four of these, referred to as basic assets, and only once deficiencies in these were remedied would attention turn to securing and strengthening social and political assets.

However, experience in the past ten years from our Graduation programmes (in Burundi, Rwanda, Haiti, Malawi and other countries) has shown that these are essential to addressing the root causes of poverty, and that our programming also needs to tackle issues of powerlessness, voicelessness, discrimination, exploitation and exclusion. These issues are of particular importance when considering the formal and informal institutions that comprise social and political assets.

The ‘low return on assets’ emphasises the importance of looking at and working with the assets people have, in other words, working with their strengths. If Concern is to really help address extreme poverty, this is where we need to start: with what people already do, with how they cope, and with what they can already access.

We also believe that extreme poverty cannot be solved by only providing assets. The causes, maintainers and obstacles that prevent people from escaping extreme poverty also need to be addressed. Concern recognises two of these, which form the other key dimensions of our understanding of extreme poverty, 1) Inequality, and 2) Insecurity, Risk and Vulnerability. These have a strong relation to the absence or low value of basic assets and impact upon returns on assets.

Inequality: Often, people living in conditions of extreme poverty 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

¹ United Nations (1995), *The Copenhagen Declaration and Programme of Action, World Summit for Social Development*, 6-12 March 1995, New York, United Nations

assets. People living in conditions of extreme poverty lack representation, power and status. These unequal power relations limit people's ability to act according to their will, to exercise their rights, to control key productive resources which would enable them to improve their lives or to use the legal system. Inequality can constrain their agency, where opportunities are denied to make choices or acquire the skills, knowledge and confidence to build assets and increase the return to assets.

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

In the 11 year period since the original HCUEP document was adopted, Concern has focussed on addressing gender inequality in particular, which we identified as a consistent feature of extreme poverty that interacts with and deepens other forms of inequality. This was never intended to undermine or exclude work on any other inequality such as age, ethnicity, race, disability, caste, religion, sexual orientation or geographical location, and these should be addressed as a means to improving the situation of those living in extreme poverty.

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 people living in conditions of extreme poverty face, as well as providing the appropriate resources they need to achieve success through their participation. This means acknowledging the differences that exist between people and the different supports and resources they require to achieve the same outcomes as those who do not face the same degree of inequality.

This could include considering the different starting points people have, such as their level of education or literacy, and addressing this by providing adult literacy classes and specialised training. It might mean addressing barriers women face in taking on leadership roles by adopting interventions that are transformative and tackle rigid social norms, through our engaging men and boys approach; or by undertaking programmes of economic inclusion (such as graduation) that allow people engage with financial institutions.

Insecurity, Risk and Vulnerability: When we talk about **risk**, we mean the likelihood of an event occurring that leads to a negative impact, or consequence, if not mitigated (at the same time recognising that not all risks can be mitigated). We do not restrict our thinking to natural hazards (such as geophysical or environmental), including human derived hazards like conflict and economic crises, and other everyday risks, such as gender based violence (GBV), HIV and threats to protection. We also consider issues of the probability of an event happening, distinguishing between intensive (large scale and often less frequent) and extensive (or every day) risks.

Vulnerability refers to people's exposure to and ability to withstand the adverse impact from external hazards². Vulnerability describes people's level of susceptibility and exposure to the negative effects of hazards and their impacts. This is often expressed in terms of groups of people who share certain characteristics, such as orphans and vulnerable children, female-headed households, child-headed households and people living with disabilities. The characteristics of these groups mean they are often more exposed to a multitude of hazards than others, reinforcing and compounding their level of disadvantage. Addressing this is closely linked to addressing inequalities.

² More on the definition of risk, vulnerability and hazard is provided in the policy "Approach to Disaster Risk Reduction".

Many of the people we work with face multiple deprivations that are compounded by the considerable levels of **insecurity** they face, which remains one of the key traps keeping people in poverty. Our recent increased emphasis on insecurity is partially a result of the shift to working in more fragile and conflict affected contexts, it is also designed to give impetus to the need to address conflict more prominently within our work.

The majority of the areas in which we work are susceptible to some combination of recurrent floods, droughts, tropical storms, earthquakes, landslides and crop pests, while the impact of climate change will be felt in many ways, including through changes in food production, increases in diseases such as malaria and diarrhoea, and subsequent drains on household resources by increased health expenditures. While this contributes to people living in conditions of long-term, chronic poverty, it also returns many people to conditions of extreme poverty, or to falling below a poverty line for the first time, particularly when they are hit by a **combination or sequence of shocks**. We recognise that insecurity, risk and vulnerability are often encouraged by poor systems of governance, inappropriate and unsustainable policies and the poor implementation of good policies, something that needs to be addressed in our programming. We are also cognisant of the fact that these levels of risk and vulnerability are contributing factors to record levels of displacement.

Given this context, it is imperative, if Concern is to address extreme poverty, that we are capable of analysing the insecurity, risk and vulnerability context in which our programme participants live; and that we respond appropriately within programmes to these, working with people to protect their assets and increase their resilience.

Key changes from the 2010 policy:

The major changes are to look beyond basic assets only, bringing elements of social and political assets more to the fore, and expanding risk and vulnerability to incorporate more explicitly elements of insecurity. In this sense, we are referring to human security, and how violence and insecurity are constraints to individuals' and groups' possibilities to find paths out of poverty. It is borne from a recognition that conflict and insecurity are often volatile and rapidly changing in the areas where we increasingly work, and a person's security can differ radically depending on gender, ethnicity, age, and identity or in which region one lives.³

This is different from the more traditional means of defining and measuring poverty and extreme poverty based on income or consumption. It is also wider than multi-dimensional measures of extreme poverty that generally focus on a broader spread of people's assets. It entails a commitment to understanding the depth, duration, nature, and direction of poverty and builds on definitions of poverty based on freedoms, welfare and deprivations of capabilities.⁴

Importantly, we will no longer talk about 'the extreme poor' and will from now on will refer to: 'people living in conditions of extreme poverty'. This is a recognition of people's agency (what a person is free to do and achieve in pursuit of whatever goals or values they regard as important) and that our focus should be on empowering people to identify and pursue their own paths for a meaningful life. It is also a recognition of the fact that extreme poverty is a condition imposed on

³ This definition is drawn from discussions presented in: Shepherd et al. (2019) *Fourth Chronic Poverty Report*. Chronic Poverty Advisory Network, ODI, 2019; and SIDA's Dimensions of Poverty Conceptual Framework (2017), accessed at: <https://cdn.sida.se/publications/files/sida62028en-dimensions-of-poverty-sidas-conceptual-framework.pdf>

⁴ Nussbaum, Martha, (2000) *Women and Human Development: The Capabilities Approach*. Cambridge. Cambridge University Press. Nussbaum, Martha, and Sen, Amartya. *The Quality of Life*. Oxford: Clarendon Press, 1993 Sen, Amartya. *Development as Freedom*. Alfred A. Knopf, 1999.

people by existing systemic structures that must be tackled. Our work will start by addressing these challenges linked to inequality, and insecurity, risk and vulnerability.

Application and Implications

The following provides an overview of where this policy (*How Concern Understands Extreme Poverty*) needs to be applied, the implications of the framework on who we work with and the need to design contextually appropriate programmes.

Policy Focus

How Concern Understands Extreme Poverty, alongside our *Approach to Emergencies*, are the two fundamental programme policy documents for the organisation. In this respect, they need to be considered and reflected in all our organisational programmatic policies, strategies and approaches papers. This means that at a global level, all programme policies, strategies and approach papers will clearly identify how they align to HCUEP and our other foundational policy, the *Approach to Emergencies* paper. Meta reports on each sector will specifically comment on how well sector programmes and strategies are addressing the three dimensions of extreme poverty. At a country level, it should continue to influence: (a) our country strategic plans; (b) where we work, outside emergency responses; (c) who we work with, and how they interact with those who find themselves in conditions of extreme poverty; and (d) what we do.

Using and updating tools and guidance

To help in the application of Concern’s understanding of extreme poverty, a number of tools have been developed. It is important that these are used at the right time and in the right way.

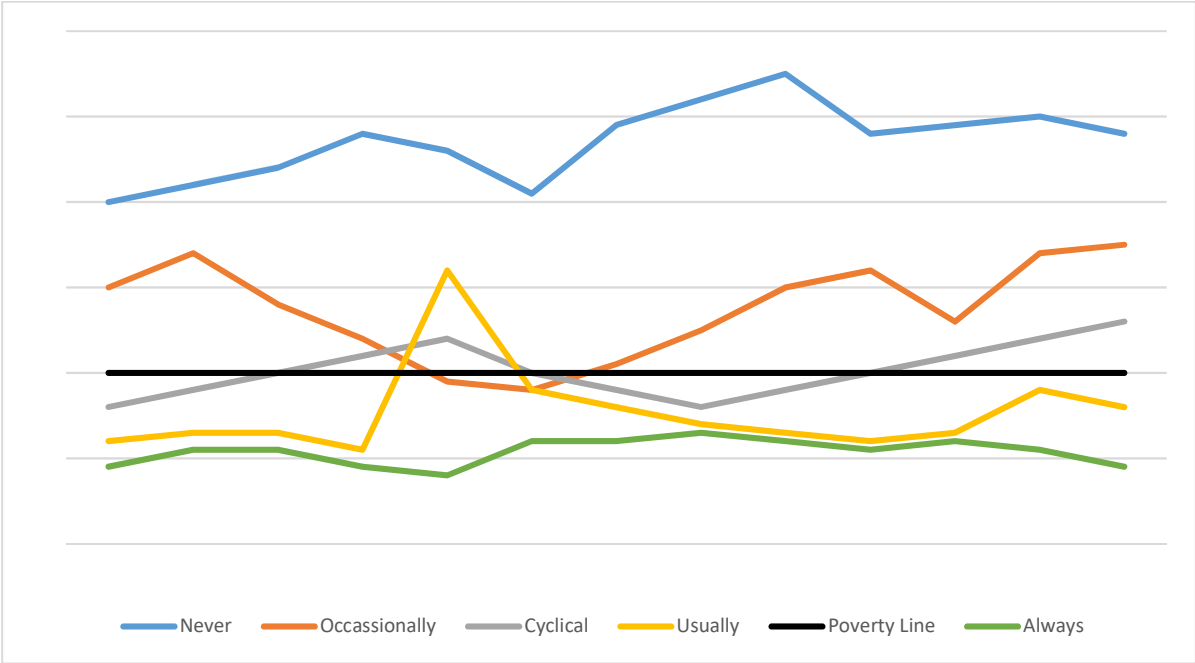
Level	Tool	Purpose
Global	Poor Vulnerable Index	Composite index of available data to help guide in the selection of countries to enter or exit outside of an emergency response.
National	National Poor Vulnerable Index	Composite index of available data to help identify where to work in a particular country, outside of an emergency response. This uses multiple sources of data and does not always correspond to the districts where people live on less than \$1.90 per day.
	External Analysis	A review of data and reports about the country to help us remain objective in the decisions we make in our strategic planning in terms of responding to the most recent and pressing poverty issues in the country.
Sub-National	Contextual Analysis	Identification of those living in extreme poverty in a given context; developing an understanding of what keeps them in poverty and the opportunities available to them to improve their lives. Incorporates basic analysis of a variety of issues including inequalities, disaster risk, and conflict. The primary aim is to identify what we should work on (outlining a number of programme options from which to choose).
	Sector Specific Analysis	A deeper dive into specific sectoral or technical areas we have identified to work on, such as health, nutrition, education, livelihoods or conflict specific programming.
Community	Targeting Exercise	Where a blanket approach to targeting is not taken, this is to identify who to work with, either through participatory approaches or a pre-defined checklist.

The guidance on how to undertake each of these exercises as well as the tools associated with each will be constantly reviewed and updated, and we are committed to making sure these are as accessible and practical as possible. The head office support functions, such as SAL, IPD and the Emergency Directorate will look for new ways of supporting in the application of these in each country of operation and ensuring consistency in the messages they deliver.

Implications for whom we work with

Poverty measures generally only present a snapshot of people’s lives at one particular moment in time. However, people may move in and out of poverty frequently (transient poverty), they may stay in poverty for long periods (chronic poverty), or they may only ever occasionally experience poverty. The following figure shows four different descriptions of how frequently people dip below a given poverty line – occasionally, cyclically, usually and always. In general, our long-term work tries to ensure that the benefits of our interventions accrue to those in the latter three groups.

Figure 2. Chronic and Transient Poverty, adapted from the Chronic Poverty Research Centre (CPRC)⁵



While 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 does not mean that we always, or only, work directly with people living in conditions of extreme poverty, just that the *benefits* must disproportionately accrue to them. This is consistent with taking a system strengthening approach whereby large sections of the population or community may also benefit from the work we do. In instances where individuals or households are targeted, for example in our livelihoods work, it is possible to work with better off members of the community, particularly if these individuals support others who are considered worse off.

Contextually Appropriate Programmes

Part of the rationale for the original development of HCUPEP was to guide the contextual analysis process, and to address the high transaction costs and inefficiencies in applying many different

⁵ Chronic Poverty Research Centre (CPRC) (2007). Chronic Poverty: An Introduction. Policy Brief No.1

analytical lenses separately. It was felt that this would lead to programmes that were more inclusive, appropriate and most likely to have the greatest positive impact for people living in conditions of extreme poverty. The importance of developing effective, context specific interventions remains; our increased presence in **fragile and conflict affected contexts** means the need for even more complex analysis, including enhancing our understanding of the drivers of insecurity and identifying what we can do in an area. All areas where we undertake, or plan to undertake, medium-term programming (that is, outside a short term emergency response) should conduct a contextual analysis as soon as possible, this analysis should be updated periodically, and should be substantially revised every five years.

This document needs to be able to answer five key questions:

1. Who are the people living in extreme poverty in this context? Who are likely to fall into this group in the coming years as a result of major drivers of poverty such as climate change or conflict?
2. What are the key drivers of this and how are they likely to change over the coming years?
3. What keeps people living in conditions of extreme poverty?
4. What opportunities are available to them?
5. What needs to change for people to realise their potential – who is responsible, what is already happening?

The final question is the crucial one in terms of identifying programme options and **prioritising** these. This should look beyond a simple focus on working with the individual, and seek to incorporate ways of addressing systemic challenges. We should not try to address all the challenges in a particular area in one go, nor alone. Outlining a range of programme options based on an up-to-date contextual analysis allows us the flexibility to respond to specific funding calls from donors that may be applicable in this area over time.

Set up of Programme Teams

Our approach to HCUEP has brought us to work on (basic) assets, focusing on providing goods and services to those living in extreme poverty, where such goods and services were not being delivered already. To apply our broader understanding of extreme poverty, we need to address the underlying challenges that lead to the marginalisation and exclusion of those in extreme poverty – this means addressing the systemic challenges leading to inequality and risk and vulnerability.

To do this, we need to have teams that have the appropriate skills. At a country level, this means having teams that can address the challenges at national level as well as at household and community level. In terms of the technical support offered by the head office, this needs to be agile and flexible, and based on the principle of providing constructive support. This means advisers across a number of teams need to prioritise working with programme teams in the application of both new and existing tools and approaches. The potential for alternative or different forms of support which might be more effective from the country perspective will be carefully evaluated.

Application

It is expected that HCUEP will be applied in all contexts where we have, or intend to have, medium to long-term programmes. This means that it is applicable in contexts affected by fragility, conflict and environmental vulnerability, where nearly 90% of all people deemed to be living in extreme poverty are located. It does not apply to rapid onset emergencies, including in our existing areas of operation. Here we are committed to deliver responses that are appropriate and target those in greatest need, and address human suffering wherever it is found, paying particular attention to those

who are most vulnerable. Decisions to enter new areas or countries in this instance are guided by the *Approach to Emergencies* paper.

Implementation and Management

As part of the routine process of reporting on the implementation of our key policies, a report will be prepared for senior management, and subsequently for Concern's Board, on how well the policy *How Concern Understands Extreme Poverty* is being implemented. Key indicators to assist in the assessment will include:

1. Proportion of evaluations of long-term programmes that: (a) assess performance against the three dimensions of extreme poverty; and (b) reach an assessment of satisfactory and above.
2. Proportion of areas where we are implementing medium or long-term interventions that have an up-to-date (i.e. produced or updated in the previous 24 months) contextual analysis.
3. Proportion of country programmes that can demonstrate that they have used our understanding of extreme poverty in the selection of areas to work.
4. Number of new starters who have been provided with an induction on HCUPEP.

Each meta-review of our core programmes (health, livelihoods WASH), will assess how each is addressing the different dimensions and the focus of our work in each area.

Annex 1: How Concern Understands Extreme Poverty (2010)

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 poor⁶.

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 Poverty⁷ - 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.⁸

While income based measures are useful, they are often insufficient to capture the depth, duration, nature, and direction⁹ 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 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

⁶ This paper is based on the substantial work of Darren Evans who produced the original Extreme Poverty Analytical Framework draft document in early 2008.

⁷ 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.

⁸ <http://www.un.org/millenniumgoals/>. This has been revised to \$1.25 per day (PPP) in August 2008.

⁹ 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.

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).

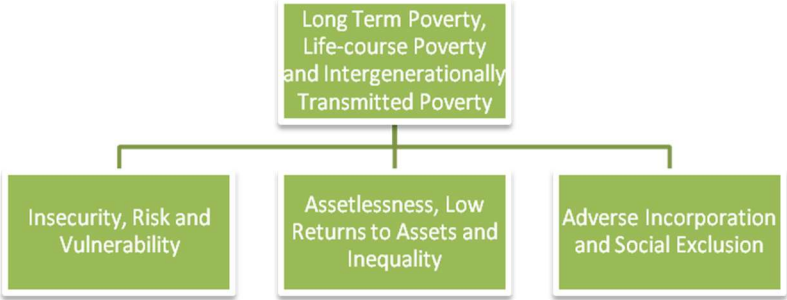


Figure 2: Chronic Poverty Research Centre: Framework for Chronic Poverty

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 remuneration¹⁰. 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 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

¹⁰ As well as being a rights violation

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.

3.2.2 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 hazard¹¹ 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: $Risk = Hazard \times Vulnerability$.

Vulnerability¹² 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 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.

¹¹ 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.

¹² 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.

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.

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.

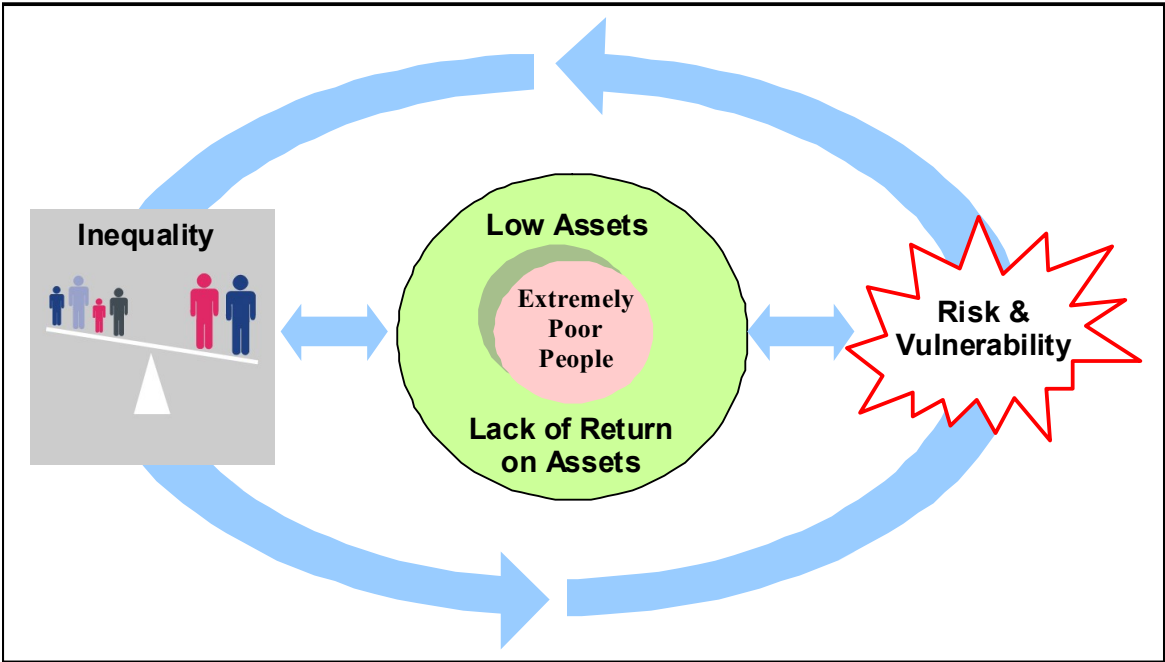


Figure 3: Concern’s Conceptual Model of Extreme Poverty

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:

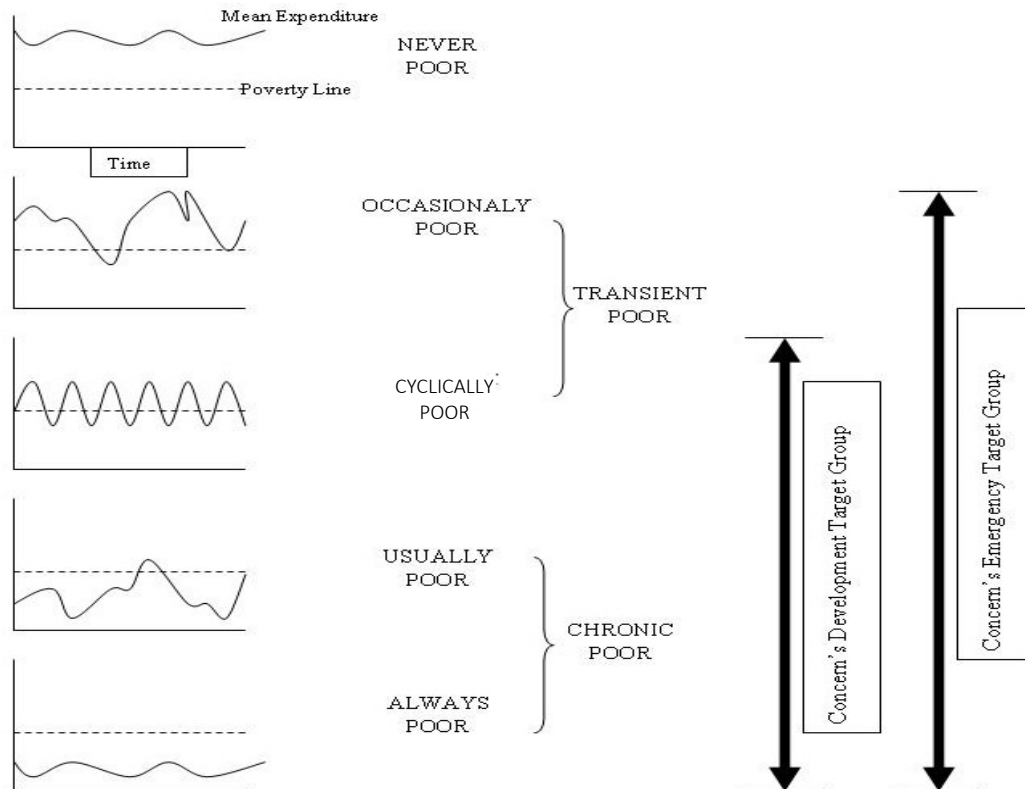


Figure 4: Adapted from CPRC's Chronic Poor, Transient Poor and Non Poor

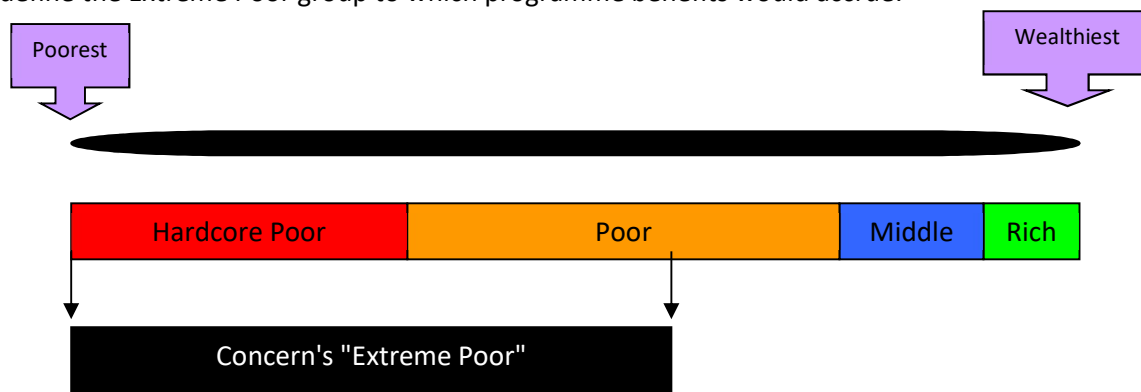
The Chronic Poor on the diagram may occasionally lift themselves out of poverty, for example through greater returns on assets such as labour. They tend to be those who are poor over long periods of time, and in many cases, over generations. The Transient Poor may only occasionally be poor due to infrequent 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 or other target groups 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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