

Poverty reduction strategies

The Poverty Reduction Strategy (PRS) is increasingly important for harmonising bilateral and multi-lateral development cooperation for a particular country. As the key policy framework, it is important that it provides a full and accurate picture of the poverty situation.

A PRS is a comprehensive country-driven approach to poverty reduction, originally required as a condition for debt relief for poor countries under the HIPC process.

Sweden, together with other bilateral and multilateral donor agencies, now has a sharper focus on poverty reduction aimed at attaining the Millennium Development Goals and development cooperation is guided by the "Paris Agenda".¹ The role of the PRS is in this context fundamental. But a review has revealed methodological problems that tend to underestimate and misinterpret urban poverty.²

Key issues

Measuring urban poverty

The demographic shift from a predominantly rural to a predominantly urban society, which is taking place in all our partner countries, means that poverty also is being "urbanised". But the extent of urban poverty is generally underestimated in the PRS because of inappropriate definitions of poverty lines and other methodological problems with statistics and data collection.

One example: homeless people, or those living in illegal settlements or cheap boarding houses are not registered and only partially covered by household surveys.

Average figures can also be totally misleading. Figures on income or provision of services are calculated as an average per capita for areas and populations that



Kibera slum area, Nairobi, Kenya.

PHOTO: SEAN SPRAGUE/PHOENIX

food basket or minimum calorie intake is used to measure poverty. These still miss the high costs of non-food items and basic services. For instance, when setting poverty lines, very few countries make allowance for the cost of housing, even though rent often takes 10-30 percent of a poor household's income. The high cost of transport is another example.

If not adjusted, these measures will underestimate the depth and extent of urban poverty.

Some PRSs consider access to health, education, safe water and other basic needs, but the indicator is often the distance to the service, which seems to favour the urban population. However, a poor household in an urban slum may be close to a standpipe, but the water supply may be irregular, with a long queue when the water is on, or live next to a hospital without being able to pay for its medical services.

Physical proximity thus has limitations as an indicator, and the extremely unequal conditions in urban areas must be accounted for.³

Understanding urban poverty

Sida's *Perspectives on Poverty* advocates a multi-dimensional and context-specific approach. This is particularly needed for analysing urban poverty. The living conditions of the urban poor are quite different from rural villages. The dimensions of poverty may be the same everywhere, but urban and rural poverty are manifested differently, which calls for treating them with different poverty reduction strategies.

One urban-specific aspect is the dependence on the cash economy. Another is the nature of livelihoods. Most urban poor depend on an income from the informal economy, which accounts for three-fourths of employment in Sub-Saharan Africa and two-thirds in Asia. Poverty alleviation then depends on facilitating economic development in this

may include both poor and wealthy, living side by side in a very unequal urban society. Even in smaller towns the difference between rich and poor is huge.

Furthermore, the definitions of poverty are not sufficiently adjusted to urban living. A poverty line like 'one dollar a day' does not take into account that basic survival costs (paid in cash) are much higher for the urban poor than for the rural poor.

Sometimes the cost of a minimum

sector. A third aspect is housing conditions. Most urban poor live in very densely populated settlements with life-threatening unsanitary conditions and without security of tenure, which means they may be evicted by force at any time. A further particular dimension of urban poverty is the fundamental lack of security. The poor suffer more than other citizens from crime and violence. Street children and youth gangs are social phenomena only found in urban areas. Urban poor are also more exposed to traffic accidents and accidents at home, and are also disproportionately exposed to dangers related to environmental and occupational hazards and natural disasters.

Finally, urban societies are very unequal and in most countries urban inequalities are higher than rural inequalities with the only exception being countries with plantation systems in which the rural poor are forced to be wage labourers. In most cities the poor and rich live close to each other, with the poor experiencing daily discrimination and exclusion from official services. People in informal settlements without an official address may, for instance, be denied piped water, schools and healthcare. In many cities they cannot even vote. Power is in the hands of the elite and democracy in the context of scarce resources tends to result in patronage or clientelism with partial distribution of benefits. The demand for democracy and human rights therefore are pertinent issues.

Urban health statistics also tell a tale. Child mortality rates in many poor urban settlements are often as high, or even higher, than in rural areas and the prevalence of HIV/AIDS is normally more than twice as high. In some African cities 30 to 40 percent of pregnant

women are HIV-positive. Food shortages are common. In Kinshasa, for example, 31 per cent of children suffer from chronic malnutrition.

For many poverty is not permanent. They may experience periods of poverty and many of the urban poor may succeed in shaping a better life, although remaining vulnerable to falling back into poverty. However, there is also a large number of urban poor living in chronic poverty, usually unreached by poverty reduction programmes.

The intention here is not to underplay rural poverty, but to highlight the need for a better understanding of urban poverty. We also need to recognise that many low-income households – urban and rural – rely on both urban and rural resources for their livelihoods.

A poverty profile of a country must be based on accurate and interpretable data. This is not the case as long as definitions and tools used to measure poverty are inadequate and even unable to record major aspects of urban poverty.

How could Sida contribute?

More knowledge and a better understanding of urban poverty are required to reach the goals for Swedish development cooperation, since it is a matter of understanding poverty as a whole and will have consequences for all development cooperation sectors. As part of the donor community, Sida will be involved in PRS processes, and Sida could contribute to improving the quality of future PRSPs in this respect.

For countries preparing a PRS, Sida and other donors could request that urban poverty be clearly identified and described. Sida could support surveys and other studies that would enhance the level

of knowledge. It is important that such studies consider the nature of poverty in different sized towns separately.

Where a PRS is already in place, Sida together with other donors may insist that evaluations of the impact differentiate between rural and urban poverty and take into account the specific dimensions of poverty in each case.

When Sida is preparing a cooperation strategy or a development cooperation programme aimed at poverty reduction, it is important to ensure that the analysis provides sufficient information and full understanding of the situation of the urban poor – especially if the PRS does not.

In the dialogue with governments and other donors, there are many opportunities for Sida to put forward the concerns that urban poverty conditions be adequately taken into account; for instance when planning for harmonized interventions like Sector-Wide Approach processes and budgetary support.

Through support to statistical services, research and higher education, Sida could contribute to the production of more valid and reliable data and analysis of urban and rural poverty conditions in the country, which would benefit poverty reduction policies and programmes.

Sida references

Available at www.sida.se

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Notes

1. Paris Declaration on Aid Effectiveness, Ownership, Harmonization, Alignment, Results and Mutual Accountability (2005) Paris, OECD
<http://www.oecd.org/dataoecd/11/41/34428351.pdf>

2. Mitlin, D (2004) *Understanding urban poverty; what the Poverty Reduction Strategy Papers tell us*, Poverty Reduction in Urban Areas Series, Working Paper 13, IIED, London

3. Satterthwaite, D (2004) *The under-estimation of urban poverty in low and middle-income nations*, Poverty Reduction in Urban Areas Series, Working Paper 14, IIED, London

REMINDERS

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| <input type="checkbox"/> Does the PRS use definitions and measurements that tend to underestimate urban poverty? | single-headed households properly addressed? |
| <input type="checkbox"/> Are the urban poor clearly identified in the PRS and are the conditions of this group adequately analysed in its particular context? | <input type="checkbox"/> Is urban population growth known and sufficiently considered? |
| <input type="checkbox"/> Are conditions for vulnerable groups such as street children, HIV/AIDS victims and | <input type="checkbox"/> Do Terms of Reference for poverty analysis and similar studies specify tasks related to urban poverty? |
| | <input type="checkbox"/> Do follow-up reports on the PRS reflect impacts on urban poverty? |