



Overseas Development
Institute

Overcoming Spatial Poverty Traps

Policy and Programmatic Responses

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Overview

- Defining spatial poverty traps (SPTs)
- Why do SPTs matter?
- Policy instruments to address SPTs
 - What does the international development community say and do about SPTs?
 - What does WDR 2009 prioritise?
- Policy recommendations

What are spatial poverty traps?

- Places where 'geographic capital' is low and poverty is high - partly as a result of geographic disadvantage
- Geographically remote
 - Isolated/ poor infrastructure
 - far from the centres of political and economic activity
- Low potential / marginal areas
 - ecologically disadvantaged
 - low agric / natural resources
- Less favoured
 - politically disadvantaged areas
 - institutional, political & governance failures
- Weakly integrated
 - areas that are poorly linked both physically and in terms of communication and markets

Why do SPTs matter? (1)

- Billions live in SPTs
 - c. 2 billion live in low potential areas
 - c. 1 billion live in slums in the South
 - Adds up to 2/3 of the populations of developing countries

Why do SPTs matter? (2)

- *Location* important in explaining poverty drivers
- SPTs associated with
 - within country inequality (explaining c.20%)
 - partial integration into poorly functioning markets
 - exclusion from goods and services, information, political decision-making and social networks
 - higher levels of risk and vulnerability
 - lower returns to investment ('bad neighbourhood' effect, low geographic capital - Ravallion)
 - stigma and exclusion
 - crime and violent conflict
 - poverty - incidence, severity and chronicity
- Compound disadvantage - now overlaid (or protected from?) impacts of global crisis

SPTs in the development discourse

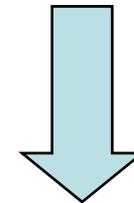
- Area based analysis = discredited – legacy of integrated rural devt
- Donors
 - Upstream focus
 - Harmonisation around govt priorities – and SPTs often politically marginalised
 - Only one donor (AusAid) in our sample (DFID, AusAid, EU, USAID, UNICEF) discusses SPTs – “lagging and vulnerable regions”
 - Sectoral, thematic and indicator based narrative
- INGOs
 - *Very* limited spatial analysis
 - Very few programmes/ projects aim to reduce SPTs/ inter-area inequality
 - Why?
 - issues don't have traction with supporters/ funders?
 - focus on easy wins – easy to reach, near poverty line?
- WDR 2009 – start of a pendulum swing?

‘Reshaping Economic Geography’

- Puts the spatial back on the agenda
- Highlights unevenness of economic development at local, national & international levels
- Argues that
 - economic growth will always be unbalanced
 - development *requires* the spatial concentration of production and economic integration
 - geographic & spatial dimensions of poverty need to be addressed

WDR 2009: Policy recommendations

- Focus
 1. density (of population);
 2. distance (shorten/ease to facilitate migration);
 3. divisions (thinner economic borders)
- Strategies
 1. urbanisation
 2. territorial development (reduce friction of distance, within country integration)
 3. regional integration (to improve access to global markets)
- Policy instruments
 - institutions (spatially blind, universal policies)
 - infrastructure (connect geographic spaces)
 - interventions (targeted policies)



WDR 2009: Critique

- Policy transfer
 - Appears to assume the path the OECD took to devt can be replicated
 - Ahistoric - importance of historical moments? Opportunities available then, may not be now
- Assumes urban/ manufacturing sectors will drive devt in LDCs
 - Ignores importance of agriculture and rural development in driving development in sub-Saharan Africa
- Assumes away context
 - Success of policy prescriptions may depend on a certain urban hierarchy
- Apolitical
 - Implications of accepting (and enabling) inter-area inequality
- Policy sequencing
 - Spatially blind policies do not deliver in SPTs
- Exceptions (around priorities & policy sequencing)
 - Large numbers of countries regarded as special cases (inc. SSA)
- What is the development project?
 - Ideological/ world view/ disciplinarity
 - Objectives and drivers of development?
 - Downplays low well-being of people now and during the process of development - collateral damage



We argue for.....

- Mixed economy
- Enabling and supporting market functioning
- Alongside delivery of social and development interventions
- Raft of static and dynamic redistributive policies and programmes

Policy recommendations (1)

- Policy instruments traditionally seek to address issues singly
 - Universally applied sectoral policies
 - Vertical programmes
- Not adequate
- Context analysis
- Layer policy instruments - to address
 - issues of life cycle groups
 - issues of other categorical groups (e.g. pastoralists, slum dwellers, people living with HIV/AIDS)
 - problems identified by specific policy lenses (e.g. SPTs, climate change, financial crisis)
- Identify key entry points & instruments
- Sequencing
- Tailoring of instruments and the policy mix to context



Policy recommendations (2)

- Ambitious
- Political economy challenges – political will, state-citizen contract
- Implementational challenges – data, poor analysis, poor delivery
- Many govts struggle to deliver services/ provide enabling environment to urban populations
- Institutional weakness of many low income developing countries