

**WHO OWNS
POVERTY?**

PRAISE FOR THIS BOOK

“A meditation on poverty that goes profoundly deeper than anyone else has gone. It’s a revelation to find that materialism does not get at the nature of human misery any more than it gets at human happiness. This book will bring major changes in public policy.”

—*Edmund Phelps, 2006 Nobel Laureate in Economics;
Director, Center on Capitalism and Society, Columbia University*

“Not just a new contribution to development literature but a new paradigm for effective change. Burt is eminently qualified to offer a better way of influencing dramatic and sustainable economic, psychological and social progress for the world’s most vulnerable. Those entrenched in old funding and program models will find this book irritating. Those whose first commitment is to results rather than legacy models will find it illuminating. Open. Read. And learn from one of the world’s most effective influencers.”

—*Joseph Grenny, New York Times bestselling co-author
of Influencer and Crucial Conversations*

“A wonderful account of the work of Fundación Paraguaya, which runs perhaps the most effective anti-poverty program anywhere in the world. It is an absorbing, compelling story of the lessons learned in its widely-successful fight against poverty—and, most importantly, the profound lessons the world can learn from the Foundation in this most fundamental, necessary, and compassionate of all human endeavors.”

—*Ken Wilber, Author of The Theory of Everything and
The Religion of Tomorrow*

“This book is poised to make a significant contribution to the critical task of rethinking conventional assumptions about what poverty is, and how it can be eliminated. Burt weaves a compelling case that what poverty is varies from household to household; the knowledge and creativity of those experiencing poverty are critical to solving it; and long-neglected perspectives from the South are as important as those from the North. This book should be on every development syllabus, and on the nightstand of everyone working to end poverty.”

—*Richard Matthew, Faculty Director, Blum Center for Poverty Alleviation, University of California Irvine*

“Having worked in social development for the past 40 years— I am excited with how Burt defines and simplifies poverty, and places it where it belongs... in the family. It’s too limited to see the Stoplight as an assessment tool; it’s an intervention tool as well, providing the family a development plan, and giving them the agency to take charge. I have seen it first-hand through our work with the Poverty Stoplight within the WDB Zenzele Development Programme.”

—*Zanele Mbeki, Social worker and Founder, Women’s Development Banking Trust (South Africa)*

“This book and the Poverty Stoplight are game-changers. They remind you that, wherever you are in the world, you have the opportunity to help end poverty, not reduce it, but end it. Who wouldn’t want the key to that door?”

—*Lyla Bashan, Author of Global: An Extraordinary Guide for Ordinary Heroes*

“A profoundly important book and long overdue. It challenges the orthodoxy of largely unsuccessful top-down prescriptions for measuring and ‘ameliorating’ poverty (whatever that means), offering an alternative rooted in the lived experience and entrepreneurial spirit of the poor. It is a compelling account, a space for new and profound conversations.”

—*James Koch, Founding Fellow and Emeritus Professor, Miller Center for Social Entrepreneurship, Santa Clara University*

“Martín Burt fundamentally reframes the way we think about poverty. When poor families are welcomed into the process of designing solutions to the world’s thorniest challenges, they become the protagonists of their own stories. Drawing on decades of experience as a mayor, an academic, and a development practitioner, Burt offers a road map for working with, not for, the world’s poor to eliminate poverty for good. A must-read for all people who are fighting for transformational change.

—*Willy Foote, Founder and CEO, Root Capital (US)*

“A powerful reminder that good intentions will not solve global poverty. Poor people themselves must be involved in defining and solving their own poverty, and their voices must be heard in development organizations. His book documents how this can happen with the Poverty Stoplight. The Poverty Stoplight honors the potential of human creativity and resourcefulness.”

—*Margee Ensign, President, Dickinson College*

“Martín Burt is a remarkable changemaker, equally at home in rural villages of Paraguay or Tanzania as in Davos. This book is a wonderful account of his personal journey exploring how to make poverty measurement genuinely ‘owned’ by the poor in ways that expand their agency to potentially transform the nature of their interaction with state and market institutions. This story is vividly told, right down to the dialogues of engagement and resistance that he faced on this ongoing exploration.”

—*Michael Walton, Senior Lecturer in Public Policy,
Harvard Kennedy School*

“A marvelous book, beautifully written. Overflowing with wisdom, humility, clear and revolutionary bottom-up philosophy and methodology for eliminating poverty in partnership with families and communities. It is filled with fascinating stories about addressing the resistance to change and the addiction to conventional wisdom embedded in government. Every anti-poverty activist, advocate, or administrator needs to read this book.”

—*Dorothy Stoneman, Founder, YouthBuild (US)*

“Such powerful reflections and insights about an undeniable reality: that no one knows more about poverty than those who experience it, and that external solutions can only concentrate on the appearance of poverty, rather than its essence. So too is a powerful challenge to those organizations working on the Sustainable Development Goals—a call to return ownership of (and power over) poverty to those whose lives it shapes, and to ensure that the opportunities they supply match the demands made by poor families themselves.”

—*Carmen Velasco, Co-Founder, ProMujer International*

“This book is a masterpiece. Its power is the lens it creates through which assumptions are challenged and new perspectives are formed. If a problem well-defined is a problem half-solved, this book is a testament to how we view and define the problem can either liberate or limit us. A must-read read by all who have a conscience and are advocates for a more just and fair society.”

—*Diran Apelian, Alcoa-Howmet Professor of Engineering, Worcester Polytechnic Institute; Distinguished Visiting Professor, University of California Irvine*

“Martín Burt devotes his entire life to understanding and alleviating poverty. His methodologies are pragmatic and adaptive. His heart is magnanimous, sharing all his knowledge selflessly. You will certainly gain from reading this rich depository of wisdom.”

—*Jack Sim, Founder, World Toilet Organization (Singapore)*

“Martín has a unique ability to see solutions where others see only problems, solutions that begin with empowering people by enabling them to see that they are capable of what no one else thinks they can do: defining their own biggest challenges and then triumphing over them. And when a few people do that, then an entire village starts to do it, and entire nations and maybe even the world.”

—*Carl Byker, Winner of the Primetime Emmy and Peabody awards*

“Burt’s life long quest to understand and abolish poverty is inspirational. This beautifully-written, engrossing book makes the case that the only path to poverty elimination is to put the real experts, people living in poverty, at the center of the solution. This book will leave you with a glowing feeling that poverty could soon be relegated to the past.”

–*Dr. Jordan Kassalow, Founder, VisionSpring;
Co-Founder, EYElliance (US)*

“This book argues convincingly that it is essential to account for the knowledge, talent, views and experience of the people subject to the problem of poverty in order for the effort and resources of governments and development organization to be successful in overcoming that poverty.”

–*Vicky Colbert, Founder and Director,
Fundación Escuela Nueva (Colombia)*

“This book powerfully calls us to make a bet on who can best stamp out poverty: people who grapple with the challenges of poverty every day. At a moment in the life of our world when we need to come together across divides to create positive change, it shares inspiring stories that illumine a new, transformative way to understand and tackle poverty.”

–*J.B. Schramm, Co-Founder, PeerForward (US)*

“Eliminating poverty is an audacious aspiration. Martín Burt shows how it could be achieved. This inspiring, page-turning narrative is a must-read for development practitioners in NGOs and charities, for local and national politicians; indeed for anyone who is prepared to have their thinking challenged and their development practice disrupted.”

–*Robert Webb, Director of Transmit Enterprise CIC;
Director of UK Poverty Stoplight Hub, SIGNAL*

“A delightfully readable book, with language that is luminous and flashes of humor throughout. The time-worn clichés about poverty are far too narrow, top-down, too simplistic. This book tells the story of Martín’s gradually-evolving revolutionary approach to eliminating poverty, a journey that takes him all over the world, to the Corporate Social Responsibility giants of the private sector to the poorest of the poor in the slums.”

—*Dr. Taddy Blecher, CEO, Maharishi Invincibility Institute (South Africa)*

“A generous invitation to understand and learn from an incredible journey dedicated to impact communities as a changemaker. While sharing his deep questions about the concept of poverty, Martín offers us a chance to be more successful in our attempts to work and fight against social injustice. The Poverty Spotlight is an innovative approach to empower families and communities to eliminate their own poverty. Revealing his great storytelling talent, Martín explains how we can unite efforts to make it happen, and how to put people at the center.”

—*Rodrigo Baggio, President and Founder, Center for Digital Inclusion (Brazil)*

“This book will become an indispensable manual, and can potentially change the perspective of millions of people, its effects reaching into the most secluded corners of the planet to change the destiny that for centuries fell as the worst punishment to humanity.”

—*Luis Szaran, Founder, Sounds of the Earth (Paraguay)*

WHO OWNS POVERTY?

MARTIN BURT



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Who Owns Poverty?
Dr. Martín Burt

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#WhoOwnsPoverty
#PovertyStoplight

To Dorrie, the love of my life.

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INTRODUCTION

WHAT IF NEARLY EVERYTHING we thought we knew about poverty was wrong? What if the legions of policymakers, social scientists, economists, aid workers, charities and NGOs marching across the globe have been using the wrong strategy, and the wrong tactics, to wage the wrong war against poverty? With the very best of intentions, we've been trying to help poor people ascend the ladder out of poverty in the name of social and economic justice. But what if we have been, as it were, leaning the wrong ladder on the wrong wall? And what if being wrong about the problem of poverty was the only thing standing in the way of finding the solution?

Of course, this would not be the first time that society labored under assumptions later proved to be misguided. Recall a time when educators believed that corporal punishment would 'cure' left-handed students, long before we understood that handedness is determined *in utero*. Doctors in ages past believed tuberculosis to be transmitted by vampires – and that dry air in caves, deserts or mountains was a potent cure – before scientists determined it is caused by bacteria and therefore best treated with antibiotics. Before Copernicus and Galileo, scientists believed the sun revolved around the earth.

Nor have our views on poverty itself been immune to similar debate and revision. Seeking to justify the persistent gap between rich countries and poor countries, theorists over the ages have proffered explanations ranging from the cultural to the geographical—and most everything in between.

Marxists view poverty as the inevitable result of the uneven distribution of the means of producing wealth in a society. Capitalism was created to organize production in the belief that enlightened self-interest and the logic of the market create wealth for all; it depended on a certain measure of wealth inequality to promote the entrepreneurial spirit and risk-taking behavior needed to create more jobs and more wealth (and on the view that government programs to reduce inequality only got in the way). Indeed, it's only in recent years that we've started to challenge the orthodoxy of inequality as a necessary precondition for growth.

Elsewhere, the Bible assures us that the poor will always be with us, and the Protestant work ethic reminds us the poor only have themselves to blame—as wealth (the outward sign of God's blessing) is achieved by overcoming personal, moral, intellectual or spiritual deficits. And if our hard work means we deserve our wealth, the converse must also be true: we deserve our poverty when it happens.

While these worldviews proffer competing narratives on why there is poverty, they are strangely silent on the question of what poverty actually is—as if, perhaps, we are meant to infer the definition from context. But surely if we're going to get serious about the business of reducing global poverty, then we've got to start by agreeing what we mean by the term, right? Here, too, we witness the evolution of human understanding over time.

In our earliest attempts to define poverty, we alighted on the most straightforward of answers. Poverty must be a lack of money: a lack of money coming in (income) and a lack of money going out (consumption). Poverty is the opposite of

profit, wealth and accumulation—all of the things society values as inherently good. Armed with this understanding, our solution was to throw money at the problem—in the form of alms, conditional cash transfers and (more circuitously) trickle-down economics.

When our progress in global poverty reduction hit a plateau, we went back to first principles. Some converted poverty from a problem into an opportunity; witness poor Bangladeshi and Mexican women rebranded as ‘microentrepreneurs’ and offered microloans to grow their cottage industries and thereby increase their income. For those tinkering with the engine of economic growth, this was a thrilling retrofit designed to harness the potential energy of poor individuals, to unleash the power of small business and to empower women as economic agents—by giving them the skills, incentives and motivation they lacked to make enough money to live well.

Still others looked beyond the question of cash to reimagine poverty as a many-faced beast. We started talking about ‘multidimensional poverty’, which encompassed a lack of voice, access, equality, security, health, sanitation, education, infrastructure, political representation and so much more. Yet while this new multidimensional framework accounted for a broad range of societal, structural and political factors that created and maintained poverty, income was still at the top of the list. Income was, quite simply, seen as a key that automatically unlocked well-being improvements across the board.

Our current definition of multidimensional poverty, however, comes preloaded with two unsettling consequences. These consequences shape our understanding of what causes poverty and, as a result, what we can do about it.

To understand the first of these, let’s consider the Sustainable Development Goals (SDGs), elaborated by the United Nations (UN). The primary goal is ‘No Poverty’

(largely defined in terms of income and access to resources), and a further 16 goals consider hunger; health; education; gender inequality; water and sanitation; clean and affordable energy; work and economic growth; industry, innovation and infrastructure; sustainable cities; responsible consumption and production; climate change and environmental degradation; and peace and justice.

There's nothing inherently wrong with getting everyone in the development sector working from the same definition and toward the same goals. It's the manner in which the SDGs are formulated that creates the problem. That's because when one person's poverty is partly, or even wholly, subject to forces beyond their control, we negate the efficacy of any individual effort in overcoming that poverty. I might, if I were living in poverty, be able to increase my income, but I have zero influence over structural factors that mitigate my ability to improve my life and livelihood, such as trade distortions in global agricultural markets, my country's resilience to climatic events and respect for the rule of law, or whether the Ministry of Health provides adequate funding for my local hospital.

In short: the way we define poverty makes it too complex to solve. While we've long since abandoned the idea that a person's poverty is their fault (because they are too uneducated, lazy or apathetic to provide for themselves), there's little room within the current paradigm for a poor person to have any agency over most of the factors that create their poverty. It's too big. Too difficult to influence. Out of their hands. Reliance on external solution-providers is baked in, by design.

The second unsettling consequence of the current definition of multidimensional poverty is that it renders development organizations' current, unidimensional solutions obsolete. Development organizations, by nature, typically focus on one or two issues; despite recognizing that

there are many interlocking pieces to the puzzle, we only work on one of them, leaving the rest to someone else. We dig wells and build bridges. We hand out shoes. We train journalists. We administer vaccines. We help farmers grow bigger harvests without worrying about whether they can get their crops to market. We empower the women without bringing the men along for the journey toward a more gender-equal society. We work on decreasing child mortality but leave building schools to someone else. We might win the battle, but we'll never win the war.

At the same time, no one can doubt that poverty – however we define, measure and tackle it – is a growing threat to existing institutions and the cause of much unnecessary suffering in the world. Poverty, abject and otherwise, also manifests as increasing levels of broad-scale voter discontent and civil unrest when the state can't be relied upon to provide basic services and/or deliver broad economic growth. And poverty isn't just a problem 'over there' anymore—wealth gaps are on the rise in the United States of America, Canada, France, Sweden and Germany (among others), and we've been forced to coin new terms (such as 'working poor') to cope with the stark reality that, for ever-growing numbers of people, having a job isn't always enough to put food on the table. Likewise, people from poorer countries are increasingly packing up the few belongings they have and 'voting with their feet', journeying to richer countries to seek a better life (whether by choice or necessity).

Cheap internet access makes it easier than ever for poor migrants to peer into the lives of those more fortunate than they are and to glimpse the promise of a higher standard of living. What's more, cheap global travel means that they don't need to spend their whole lives on the outside, looking in. The end of the rainbow, with its promised pot of gold, has never been more within reach. Increasingly, too, poor migrants are tech-savvy travelers, armed with potent tools

such as smartphones and Facebook. In fact, many organizations aiding refugees often report that the first question that migrants ask when crossing a border is: “What is the Wi-Fi password?”

THE STARTING POINT FOR THIS BOOK is the recognition of our collective failure to adequately translate decades of good intentions and earnest efforts into complete and lasting global poverty elimination. For all our intellectual advances, for all our technological innovations, foreign aid budgets, impact assessment studies, tools, methodologies, data, symposia, campaigns and benefit rock concerts: half the world’s population lives in poverty, and up to a quarter of these live in extreme poverty. To point out this collective failure is not, I think, a controversial thing to do. The poor are still with us, and on our current trajectory, they always will be.

Against this backdrop, I offer a deceptively simple question: *who owns poverty?* It’s certainly not an idea we’ve ever articulated before—although, if you re-examine development thinking and practice through the lens of this startling question, you might conclude we had quite strong feelings on the subject all along.

Global poverty discourse has, to date, concerned itself with the question: *what is poverty?* This seems reasonable, given that good poverty solutions depend on good poverty definitions. Yet there’s also something subtler at work here, when you consider that owning a thing starts with naming it. Adam named the beasts in the field and the fowl in the air. Conquistadors (re)named the lands they ‘discovered’ on behalf of their sovereigns. We name stars, diseases and social trends in order to bring them into our sphere of influence. We name, we claim.

When it comes to who has naming power over global poverty, it is almost too obvious (to the point of

embarrassment) to point out that poor people have traditionally been relegated to a non-speaking part in someone else's narrative about their lives. They are passive recipients of someone else's poverty definition, someone else's poverty measurement. As a consequence of this, poor people are also locked out of the room where decisions get made about what our poverty solutions look like, unable to articulate their perspectives and priorities.

The question 'who owns poverty?' isn't one I pulled out of thin air. There was no 'eureka moment'. Rather, it emerged slowly, over the course of years, as a reaction to a number of things about the global poverty agenda that I found very puzzling indeed.

The initial seed of doubt was sewn with the realization that the definition of 'poor person' used by poverty experts rarely seemed to line up with what we were seeing in our work as a Foundation supporting microentrepreneurs in Paraguay (*Fundación Paraguaya*). Or rather, it didn't describe *everything* about them. The joy, generosity, creativity, problem-solving and entrepreneurial spirit we saw led us to conclude that the people we worked with were so much more than simply a binary classification of poor versus non-poor. Their lives were bigger than whether they lived on \$1 per day or \$2 per day. Those labels seemed all the more inapt and reductionist when applied to two people whose individual experiences of poverty differed completely from each other.

The next seed was one of discontent with the absurdity of there being so much poverty data in the world—but none that served the needs of poor people themselves. We take it for granted that the government departments and development organizations working to reduce poverty need poverty data to make good strategic and operational decisions. But rarely, if ever, do poverty experts consider poor people as equally important decision-makers, despite the fact that every day they solve problems related to their family's well-being.

As a result – in addition to having no input on what’s being measured, how and when – poor people have no access to information collected about their lives and no control over what gets done with it, or by whom.

There are exceptions; I can point to a few promising initiatives that are ‘listening to the voices of the poor’ through participatory data collection and qualitative research. I wonder, however, whether we’re only listening to what we want to hear (feedback on our own indicators, using our own process). I also wonder what happens to the insights generated through this listening. Are they used as a foundation to co-create and co-implement community-led development projects? Or are they simply used to tweak around the edges of our own standardized package of programs and services?

More typically, however, the anti-poverty program-design cycle starts with poverty experts descending on a village with clipboards, extracting pre-defined data points about the lives and livelihoods of poor people and returning to head office to aggregate the data into a spreadsheet. In the worst cases, it starts with consulting governments and civil servants rather than communities—as absurd a scenario as a doctor who takes the temperature of a hospital administrator, instead of the patient, before prescribing the medicine (in the words of my colleague, Andy Carrizosa).

The questions that the Foundation began asking were: What would happen if we gave poverty back to poor people? What would happen if we could find a way for poor people to ask their own questions and create their own poverty indicators? What if we could collect poverty information in a way that put relevant data into the hands of families, so they could be the ones planning and implementing their own family poverty-elimination program? And what if we allowed poor people to define what success looks like?

Over the past decade, the Foundation has been on a journey to do just that. While this journey is still underway, it

is already signposted with a number of interesting landmarks and discoveries.

The first of these is that the richness of poverty can be found in its nuance. Thanks to the work of social scientists and economists in the Global North, we have a huge range of poverty indicators at our disposal. However, we have found that no single constellation of deprivations can be used to describe everyone's poverty. No single index can adequately capture the diverse ways in which a single family experiences poverty and non-poverty. If you believed Tolstoy when he said happy families are all alike, believe me when I say poor families are all poor in their own ways.

The second discovery relates to efficacy. When people have the power to name their own poverty, to call out their problems for themselves, they also have the power to do something about those problems. To define the solution; to own the solution. Time and again, we have seen poor families devising solutions to problems we previously considered intractable. And I'm not talking about solutions to *reduce* their poverty, or to *alleviate its effects* so as to make it a little more bearable, but solutions to *eliminate* their poverty once and for all.

What's more, we have seen poor families connecting to each other to share poverty solutions and ideas, rather than sourcing them from external aid workers. After all, not every individual in a community suffers from malnutrition. Not every individual in a community suffers from domestic violence. Where a poor person can identify someone else beating the odds in one particular aspect of poverty, they can create horizontal learning networks that tap into locally held knowledge and solutions. The poor can help not only themselves but also each other to overcome their deprivations.

We might have started with a small question, but what we've ended up with is nothing short of a revolution. This book is a first attempt to tell the story of that revolution.

As you read on, you'll also find a second revolution unfolding. While most of this story concerns the question of who owns poverty, a quieter question at play is: *who owns the global poverty agenda?* To date, that agenda has predominantly been the domain of thinkers and doers in the Global North, articulated and driven largely without meaningful input from thinkers and doers in the Global South. If we're going to eliminate poverty once and for all, we must give everyone a seat at the table; otherwise, we're missing out on a lot of potential insights and experiences that can meaningfully inform our collective work.

There's a particular tyranny associated with being from Paraguay. No one knows where it is, no one knows anything about it and (especially when you're in a room full of global poverty experts) no one seriously believes they have anything to learn from someone born there. I recall my boredom during countless networking sessions of countless international conferences when no one wanted to talk to 'that guy from Paraguay'. During these times, I found company in the form of 'that guy from Bangladesh'; he was doing the same conference circuit and feeling similarly overlooked by most everyone there. To escape the oppression of our insignificance, we once hopped into a taxi to tour whatever city we happened to be in at the time. That was before the world noticed he was doing amazing work—and before that work garnered him the Nobel Peace Prize.

For me, therefore, this book represents another important step toward ensuring that Southern voices are heard; toward finally integrating our perspectives, experiences and insights about the very pressing problem of global poverty (which is, after all, right outside our front door). And, to be honest, I'm not even talking about my perspective—because, in my own country, I come from a place of relative privilege. I'm talking about the real experts on poverty: people living in poverty.

The intellectual agenda, as articulated by the North, has carried us so far—but not far enough. Correctly, it has identified that the machine of poverty has a lot of moving parts. However, the solutions offered by the developmental industrial complex don't come equipped with a corresponding number of moving parts. At best, they're ineffective. At worst, they make the problem more acute. What's more, they do nothing to identify the poverty living in the rich man's house (because poverty isn't just confined to so-called 'poor countries').

This book offers a new framework and a promising approach, conceived and developed in Paraguay but as applicable in Angola as it is in Austria and Alabama. This radical new methodology corrects the shortcomings of the current paradigm by putting poor families at the center of the conversation about what it means to be poor, what it means to be not poor and how to get from one to the other.

The pages that follow chart a journey in progress, and there will be times when I offer more questions than answers. For this, I cannot apologize. Asking 'who owns poverty?' has fundamentally changed the kinds of conversations I have about poverty and has positively changed the work we do as an organization. My aim is to encourage more people, and more development organizations, to ask themselves this very same question—and find the answers that will help them do more meaningful, more engaged, more sustainable and, ultimately, more impactful work.

I WROTE THIS BOOK for people who are frustrated with current global and national anti-poverty efforts and are searching for a new approach to eliminating poverty. People who believe all human beings, no matter how poor, can lift themselves out of poverty in this generation through self-help, encouragement, mentoring and compassionate support. People who believe in self-reliance as a liberating experience

for everyone involved. People who know we are all poor in some ways and rich in others, and that this common vulnerability allows us to dispense with unhelpful turns of phrase, such as ‘the haves and have-nots’. It’s no longer a question of ‘us versus them’. Winning the war against global poverty requires us to discover our oneness.

I bring to this book more than three decades of experience in working with and for the poor in many parts of the world. This work began in Paraguay and, over time, found a home in countries across the world, including Taiwan, England, the U.S., Tanzania, Nigeria, Argentina, Mexico, Ecuador, Colombia, Bolivia, Chile, Brazil, Papua New Guinea, Singapore, Malaysia and South Africa. My journey of trying to improve social justice has not been without disappointment and excitement as I learned about my limitations and grew with my successes and failures.

I have been lucky to always understand, just like Bernard of Chartres in the 12th century, *nanos gigantum humeris insidentes*—that I have been a dwarf standing on the shoulders of giants. As I have climbed the rungs of my ladder, leaning on different walls over time, I have been able to appreciate those who came before me: the thinkers, fighters, dreamers, poets, stubborn leaders—anyone and everyone who never relented in their fight for a fairer world.

CHAPTER 8

POVERTY STOPLIGHT

NEARLY TWO YEARS had passed since the day when Luis Fernando challenged me to define poverty. The journey to arrive at the point where I could respond to that challenge had taken me far and wide, and deep into the communities we were serving. By October 2010, I was finally ready to give him an answer.

That didn't mean I wasn't nervous at the prospect of doing so, but at the very least, I knew we were well prepared: my team had been working diligently for five months to pull everything we'd learned into one coherent methodology, design it into a user-friendly tool and create the operational framework that would allow us to implement it. My reservation stemmed from the fact that what we'd come up with looked *nothing* like any of the other poverty tools available at the time. I had come to appreciate, and even rely on, Luis Fernando's pragmatic, skeptical nature—but I couldn't guess whether our new methodology would be a step too far in the direction of blue-sky thinking for him.

The underlying reason for my concern was that our new methodology overturns so much of what was considered 'conventional wisdom' when it came to poverty. Like so many before us, my team tried to figure out what poverty was, and how to measure it. But my conversation with Wilber

had opened our eyes to the far more important question: who owns poverty? It's a deceptively simple question, and asking it leads you to a startling insight: poor people have never owned their own poverty.

To put it bluntly: poverty reduction programs are not something *done with* a community, or even *done by* a community; they are something *done to* a community—imposed from the outside when an external organization uses its own definition (however coherent), its own measures (however accurate) and its own solutions (however well-intended). A water NGO arrives and decides that water is the problem, so they build a well. An educational charity arrives and decides that schools are a problem, so they build a school. A health social enterprise arrives and decides that vaccines are the problem, so they vaccinate the kids. Please don't misunderstand me: none of these efforts are inherently a bad thing. It's just that in none of these examples is the community calling the shots, finding solutions to the problems that they themselves have articulated and prioritized. But that's not really surprising, is it? After all, if they could have, they would have already, right? (Or so the thinking goes.)

Our methodology, on the other hand, gives poverty back to poor families. First, families have *naming power* to decide what poverty means in the context of their lives. We ground the definition within the global canon of poverty literature, but the indicators we selected for our tool are those that our clients told us were important. In total, the methodology contains 50 indicators within six dimensions: 'Income and Employment', 'Health and Environment', 'Housing and Infrastructure', 'Education and Culture', 'Organization and Participation' and 'Self-Esteem and Motivation'.

Importantly, each and every indicator is framed from the perspective of the client and their family—written in the first-person plural, rather than the third-person singular. Each indicator makes the family the protagonist: *We save*.

We have diverse sources of income. We participate in the community. Our indicators were understandable, actionable and achievable by clients themselves. Very deliberately, we created distance between ourselves and existing statistical measures of change (such as poverty indexes), which economists and social scientists conceived and created to serve policymakers and decision-makers, who need to aggregate internationally comparable data, but which bear very little relation to what's actually happening in the life of the family.

Second, the families have *judgment power* to decide where they stand, using thresholds (determined by the poor themselves) that differentiate between what it means to be very poor, poor and non-poor in each indicator.

To facilitate this, we assign a color to each state: green for non-poor, yellow for poor and red for very poor (you can guess why we starting calling it the Poverty Stoplight). Families self-diagnose their own poverty levels for each indicator by considering the pictorial representations of each state (supported by a written description and a verbal explanation from the staff member). This step amounts to what Joseph Grenny would call *making the invisible visible*, which is important because sometimes we can't see what's in front of our eyes *precisely because* we see it all the time. Some of the situations describing what it means to be 'non-poor' in certain indicators might come as a surprise to someone completing their Poverty Stoplight survey.

For instance, we found that poor people are quite capable of intuiting that clean water is important for well-being, but might not appreciate the importance of having that running clean water near their house and always available (because, after all, human beings are perfectly capable of adapting to less-than-optimal situations). Or they might vote but not understand the value of knowing how to petition the government for public services. What the Poverty Stoplight does is to name all of the distinct faces of poverty at once, in a way

that is comprehensive, easy to understand and visible—all in one place and one moment. And the client, for the first time, has a visual record of their own personal poverty—a large, sturdy card with 50 colored dots describing their situation in relation to each indicator; where they’re doing well, and where they can make improvements.

When it comes to eliminating poverty, we also learned that celebrating each family’s strengths is just as important as naming their weaknesses. It allows them to, as the axiom says, ‘count their blessings, or else they don’t count’. This allows families to see how apparently insignificant little details in life can affect other, seemingly more important things—for example, by connecting self-esteem (a soft indicator) with income-generating capacity (a hard indicator).

When a family has detailed, easy-to-understand data about their poverties and non-poverties all in one place, they can also start to recalibrate their relationship with the word ‘poverty’. Much like we (as a Foundation) have moved away from a simple reductionist definition of ‘poor equals living on less than \$2 a day’, time and again we’ve heard poor families, after taking the visual survey, exclaim that they’re not as poor as they thought they were. They cry: “Is that all it is? Oh, in that case, I can do something about it!” (In a similar vein, we’ve heard members of the so-called middle class exclaim, after taking the visual survey, that they’re poorer than they thought they were—on which more later.)

The final piece of the puzzle is about ensuring that families have the *action power* to do something about the various deprivations they’ve identified in their lives. That’s why the methodology includes a Life Map. Once a family assigns a color to each indicator, the facilitator starts a conversation about which five indicators are the family’s top priorities to tackle first. If you think about poverty as an ear of corn, the Poverty Stoplight simply breaks poverty down into bite-sized kernels.

For each priority area, the family reflects on three questions: *Why don't I have it?* (drawing from Wilber's quadrants), *What can I do to attain it?* (drawing from Grenny's six sources of influence) and *When will I have it?* (creating a realistic time-frame to take concrete steps toward an achievable goal). All of this information is recorded directly into the Life Map, which the family keeps for reference. Our role in all of this is activating the family's agency (potential energy) to eliminate their own poverty in the areas they prioritize, leveraging all six sources of influence to help them along the way.

Having actionable indicators that families can directly influence is important here. If the idea of poverty seems too abstract, or if a family feels too alienated from the root causes of their poverty, then the path of least resistance will always be inaction. But once a family can see the small concrete steps they can take to improve their life, that's a really powerful motivator. Suddenly, it's all clear. Suddenly, it's all within reach. *It's worth it, and I can achieve it.* What is more, they have a mentor, who has access to a bank of solutions that correspond to the reason for and severity of the family's unique deprivation.

You'll notice I'm using the word 'family', rather than 'person', as my unit of analysis. There's a reason for this, and it's a lesson we learned through our work with our microfinance clients. None of us live our lives in isolation, and we share resources within families in response to challenges and opportunities and to harness economies of scale.

I am certainly aware of the practical limitations and drawbacks of focusing on families rather than individuals. I know our work comes in for criticism from social scientists who would rather the unit of observation and analysis (the 'what' and the 'who') to be the individual. I know others will criticize our approach because inequities within families become less visible if the unit of analysis is the family. Also, there is a legitimate concern that a lack of a functioning family

unit might often be the thing creating poverty (e.g. homeless people, orphans).

Despite these things, we find it more practical to use family household (the people who sleep and eat under one same roof) as our unit of analysis because society is made up of communities, which are made of families. Family groups are essential for survival and well-being. Families serve to transmit culture from one generation to another. Families provide support in times of failure and celebration in times of successes. Healthy families produce healthy individuals.

We have also come to learn that there are usually idle resources at the family level. What's more: families need to work together to eliminate poverty, and that starts with both a common understanding of the problem and a shared motivation to do something about it. Take, for example, Ana Maria from the town of Ybicuí. She needed to move from yellow to green in the 'Diversified Sources of Income' indicator. Noting that Ana Maria's 22-year-old son was at home during the day, the Loan Officer asked her why he wasn't working. Ana Maria said he studied rural management at college every night from 6pm to 9pm. In discussing how he could leverage his free time to contribute to the family's income, they decided he would take on a cleaning supplies microfranchise (a Foundation program), selling door to door in the area.

For us, as a development organization, talking about poor families rather than poor people also opens up interesting possibilities. First, it changes the scale of the problem. In practice, we no longer work with only 70,000 microfinance clients; we are supporting 70,000 families. At a rate of 4.5 members per family, this means we are trying to guide 315,000 people out of poverty. In other words, one organization stands to make a significant contribution, given the right tools. This logic works both ways. If we look at Paraguay, we don't have 7 million inhabitants but rather 1.4 million family

households. This might seem like a sleight of hand, but it's worth considering that the perceived size of the challenge has a direct and inverse relationship to our confidence that we can rise to it.

Perhaps more importantly, naming families as the unit of analysis opens the door to a whole new level of coordination between development agencies and organizations working to alleviate poverty. Some of those organizations only vaccinate children; some only provide business-management training to women; some only boost agricultural entrepreneurship skills among men. Yet none of these efforts unfold in a vacuum. Healthier kids mean the mother has more time to devote to work; a more business-savvy wife can effectively sell her husband's produce at market; a more effective farmer will grow more, better and more diverse crops, which boosts sales and contributes to better household nutrition. You'd be hard-pressed to throw a stone in a developing country and not hit a development NGO—and just because the left hand doesn't know what the right hand is doing doesn't mean they don't all share the same goal. If we expect families to come together to tackle the problem of poverty, shouldn't the same apply to all the organizations out there working to eliminate poverty?

And yes, I really am using the word 'eliminate'. We're not aiming to simply reduce poverty to some arbitrary level that we perceive to be morally acceptable or realistically achievable. We don't want to merely alleviate its effects, like a doctor who cures the symptoms but ignores the disease. What's more, 'reduce' and 'alleviate' are such elastic, ambiguous and diffuse ideas; no one really knows what they mean – how much poverty reduction is *enough* poverty reduction – which means we have no idea how to even begin putting them into practice.

And this, it must be said, was the first concern Luis Fernando raised when we sat down together to review the

draft tool. He didn't waste time getting to the point: "Don't you think that poverty is too intractable, too complex for an organization such as ours to do anything about it? Especially in a country as poor as ours."

"It might not seem obvious at first," I said, "but using 50 indicators to describe poverty is actually much simpler than using only one indicator, such as income, or an index comprised of ten different indicators. Yes, there are a lot of different things that come together to influence whether or not we're poor: our country's systems, our culture, our own actions, our beliefs, our aspirations. But there's nothing inherently wrong with complexity. We just need the right tools to help us transform complexity from a challenge into an opportunity. Think of the Poverty Stoplight as being able to genetically sequence an individual family's poverty. Once you can do that, you can create personalized poverty-elimination medicine.

"Let's imagine two different families living in the same community," I continued. "One is poor in water, the other is not. What does this tell us? First, it tells us that water poverty is not inevitable in that community, because there is at least one family beating the odds. Furthermore, it means that the water-poor family can learn from the water non-poor family—because just like we pool knowledge and resources within families, we do the same within communities. But all those insights and resources about how to be non-poor will lie dormant until we know how to deploy them in any given community. If we were using some index to describe families in terms of poverty percentages or income brackets, we couldn't do any of that."

"So, what will this do to our institutional goals?" he asked.

"Our current goals are to increase family income, strengthen precarious jobs and create new jobs. This new tool will let us go farther, deeper, than that. We'll be able to

embrace the concept of poverty elimination. Now, with this concrete and measurable strategy, everyone knows exactly what success looks like, what the end of poverty means: to work on your reds and yellows, and to eventually be green in everything. From a management point of view, it's great. We know what to measure, we know how to measure it and we know when we've got the job done."

"But how dare we ask a stranger about their latrine or even their self-esteem?"

"Ah, you see, we're not," I replied. "That's the whole point. It is not I, nor our Loan Officer, nor any social worker who conducts the interview. It is the poor person, the head of the poor household, who self-diagnoses their own level of poverty. Neither you nor I have the capacity or the confidence to ask a stranger whether, for example, she feels she has enough autonomy to make decisions in her home. But she does."

"But the poor, uneducated people we are dealing with will have no capacity to understand the data. How will we manage the data? How will we put forth this information so that policymakers can make some sense out of it?"

"Why do you believe that policymakers are the only decision-makers when it comes to a family's poverty? The mother of a teenager girl has a profound influence on whether her daughter will finish high school, or whether she will get pregnant and drop out of school. Everybody knows that. The prime user of the data produced by the self-diagnosis is the head of the household. She doesn't need some complex poverty index of aggregated data in a spreadsheet telling her about abstract things like percentages or change over time. She needs targeted information: my family has these three reds and those six yellows. Nine things to work on to be green in everything."

“So, on top of the fact that they are poor, you are going to burden them with getting themselves out of poverty?” he asked. “Isn’t that a little cruel?”

“Don’t underestimate people just because they might be poor in some ways, because they’re rich in other ways. The most important consequence of the Poverty Stoplight is that, by allowing the poor to self-diagnose and measure their level of poverty, they are empowered to own their poverty, and do something about it. We’re not giving them anything that they can’t actually do—we know that everything is within their reach, because they defined the indicators, and because if they’re red or yellow in an indicator, they probably know someone who is green who they can learn from.

“And anyway, owning their own poverty doesn’t mean that poor families are left to fend for themselves,” I continued. “That’s why we created a dimension called ‘Organization and Participation’. In this category, we included actionable indicators such as being part of a self-help group, having the capacity to influence the public sector, having problem-solving abilities, and being registered voters and voting in elections. Getting your family out of poverty means that families are encouraged not only to help themselves but also to become active seekers of solutions—citizen activists capable of signing petitions and staging protests so that government service providers become aware of their needs and are held accountable for meeting them. We all know that, if demand is not articulated, it is easy for poor people to become invisible. And it’s not just governments that will benefit from more visible poverty. The Poverty Stoplight will allow development organizations to deploy their own resources more efficiently. Not everyone in a community will be red in health—so not everyone needs health education. Not everyone in a community will be red in literacy—so not everyone needs literacy education. But without knowing

who needs what, we tend to apply blanket, one-size-fits-all solutions to any given problem.”

“You say things like health and education, and that’s what worries me,” Luis Fernando said. “We don’t do any of those things. *Fundación Paraguaya* is in the business of enterprise loans. It’s *quid pro quo*. We provide loans, and clients pay them back. If we start dabbling in this poverty stuff, then they’ll start thinking that we’re one of those charities that offer free services—like the ones that go to the slums and hand out free wheelchairs or eyeglasses. It would be sending mixed signals—and then clients won’t pay back their loans because they think they are a gift. Or, they’ll tell us they can’t repay because they suddenly have realized that they need a modern bathroom. And what about the burden on our Loan Officers? To tell them that they have to do their job *and* get people out of poverty? We can’t do it.”

“I hear your concerns. I do. All I can say is that we’ve been trying this visual survey out with clients, and they love it. They’ve never been asked these kinds of questions before, and the whole thing is eye-opening. What’s more, clients are really embracing it, taking charge. It’s not a burden, it’s an awakening. One client pointed to her completed survey and said ‘That’s it? Poverty is nothing more than this? I’ve been living in the slums all my life. I started working at 13, and I got pregnant with my first child at 14. And now I have a roadmap to get out of poverty. I never thought that I could do it, but now I see that it’s easy.’”

“But that’s my point—getting out of poverty isn’t easy!” he retorted. “What happens to that woman when she is green in everything? She’ll still be living the slums. She’ll still be relatively uneducated. What makes you think that her life will be any different?”

“Her life will be different because she’ll be a slum dweller who is non-poor. It’s an important distinction, but maybe one that’s difficult to understand. She won’t be rich, she

won't have an extravagant lifestyle and her life won't be without challenges. But she'll have joined the Paraguayan middle class—and when I say that I'm not talking about income levels or type of profession. Being a member of the middle class is nothing more than being able to ask for what you want. To demand your rights. To set goals and work toward them, because you know they're worth achieving, and because you know that you can. It's about no longer accepting a status quo that doesn't meet your needs simply because you can't imagine life any other way. Once she's green in everything, she'll take it from there. Once she's activated, she'll keep going. We're just helping her through the hardest part.”

Luis Fernando nodded. I could tell that he still had his doubts, but he seemed willing to suspend judgment for the moment. As for myself, I was amused by two things. One, that over the course of researching and designing the Poverty Stoplight, the all-powerful income indicator – money – had become just one of the family's priorities, and not always the most important one (a point that would take us a few years to fully appreciate). Two, I saw the irony implicit in the fact that, having gone abroad to do undergraduate and graduate studies in how to create national development plans, here I was helping to create *family* development plans based on their own poverty dashboard. I had moved from the macro to the micro—and I had never been more certain that I was on the right path.