

# MOVING OUT OF POVERTY



*Moving out of Poverty*

***Moving Out of Poverty: Perspectives from  
the Bottom Up***

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**<http://www.worldbank.org/movingoutofpoverty>**

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# MOVING OUT OF POVERTY

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How and why do some households move out of poverty and stay out of poverty while others are able to maintain their wealth, some fall, and some remain trapped?

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# Data Collected

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## MOP India

- 300 villages
- 300 Community Profiles
- 4420 Household Questionnaires
- 2700 Life Stories
- 2260 Focus Group Discussions
- Over 30,000 Individuals included in the study



# India Study

## State Specific Policy Focus

### UTTAR PRADESH

*Caste*: Does social identity matter in men's and women's mobility patterns?

### WEST BENGAL

Role of local governance and its impact on people's mobility over time

### ANDHRA PRADESH

Role of people's own organizations in helping or hindering mobility

### ASSAM

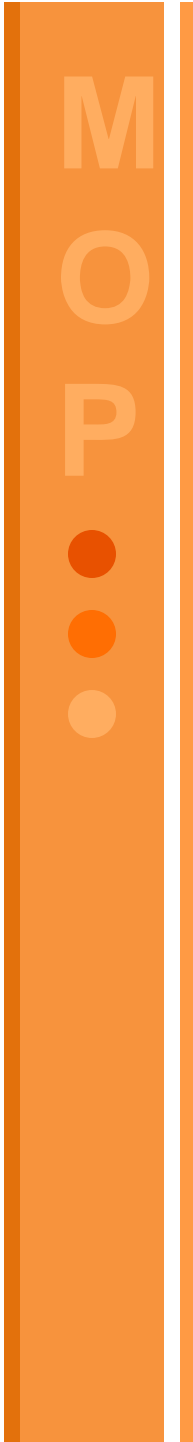
Do people experience mobility differently in areas of conflict and non-conflict within Assam?



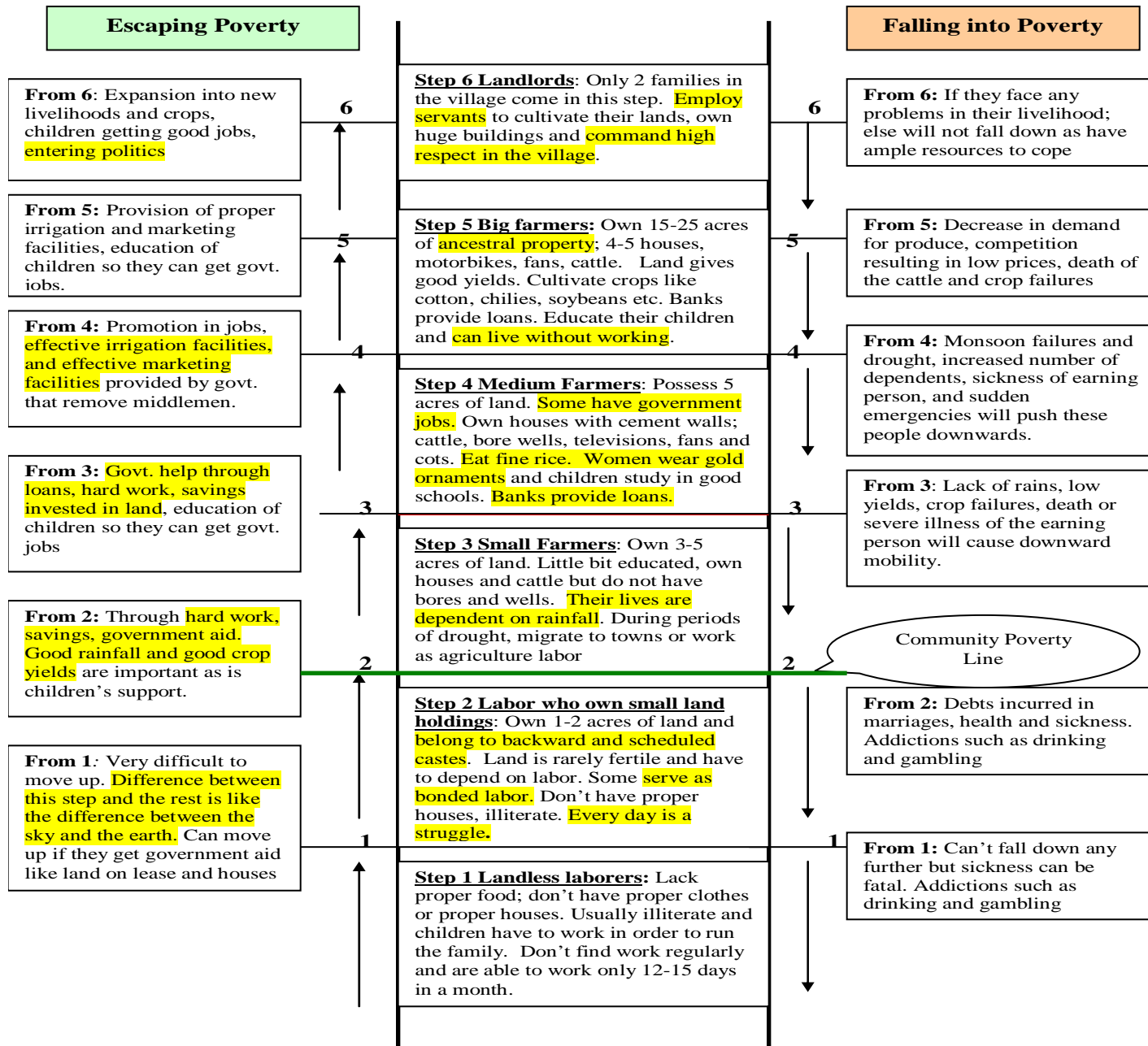
# Who is Poor?

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- The study does not define poverty
- It asks respondents to define it



# Ladder of Life: Lingapur Village, Andhra Pradesh



# Community Mobility Matrix: Tikrikhurd Village, Uttar Pradesh (India)

10 years before	Now →	1	2	3	4	5	6	Total
	1	1,3,4,5,6,7,8,10,11,12,13,15,19,21,22,24,25,26,27,28,29,30,32,46,47,48,49,51,53,56,57,83,84,85,110,112,113,114,116,117,118,123,124,125,126,128,133,134,135,139,149,150	14,23,33,50,59,64,108,109,119,120,122,129,130,131,132,137,138,	107	20,76,82,86,87,136	93	34	78
2	42,44,45,67,95,111,140,141,145,145,147,148	9,16,17,38,39,40,41,43,54,58,65,66,68,69,70,71,72,73,80,89,94,127,142,143,144	36,37,52,55,60,61,62,63,75,103,104,115	81,88	78	79	53	
3			35				1	
4	2,106,121	74		91	92		6	
5	18,31				77		3	
6						90,96,97,98,99,100,101,102,105	9	
<b>Total</b>		<b>69</b>	<b>43</b>	<b>14</b>	<b>9</b>	<b>4</b>	<b>11</b>	<b>150</b>

**OPL**

**CPL**

Chronic Poor

Movers

Fallers

Never Poor



# Caveats

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- Poverty numbers based on community perceptions not official poverty lines
- Not representative for state as a whole





## Poverty Numbers using Community Perceptions

### Figures conflate moving and falling

Study Region	% of movers	% of fallers	% of initially poor	% reduction in poverty
Assam	7.0	5.5	71.5	-1.5
Andhra Pradesh	10.6	3.1	63.8	-7.5
Uttar Pradesh	12.8	5.5	66.7	-7.3
West Bengal	18.8	7.7	63.3	-11.1



## Falling Down

### Primarily a story of shocks

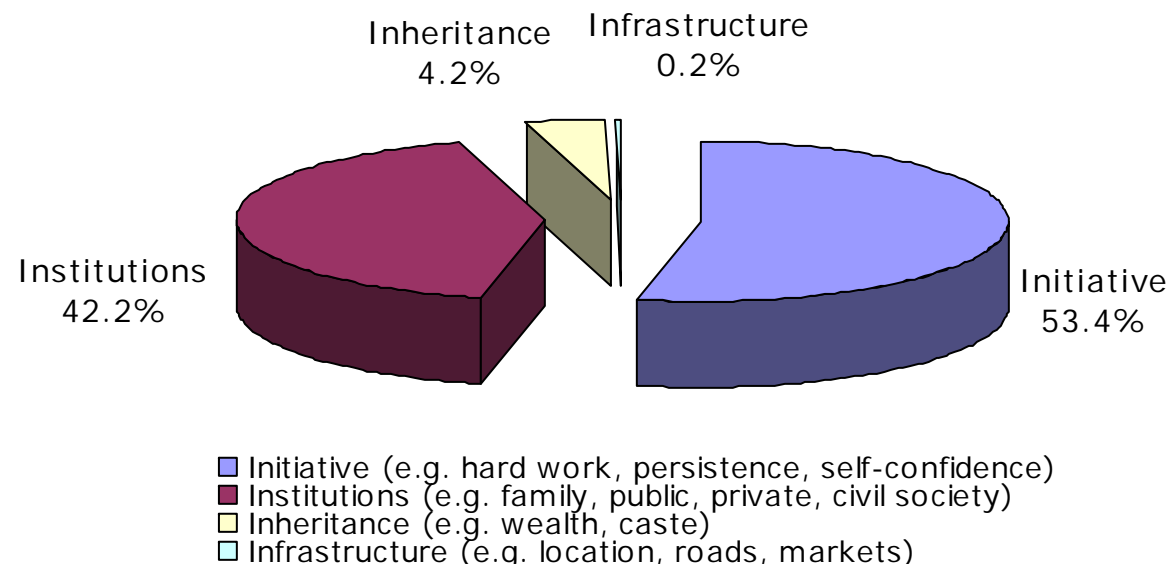
Shocks	Assam	A.P.	U.P.	W.B.	Total
Death	28.2	22.2	19.6	14.9	20.3
Health	22.4	10.2	11.0	14.5	13.6
<b><i>Death + Health</i></b>	<b>50.6</b>	<b>32.4</b>	<b>30.6</b>	<b>29.4</b>	<b>33.9</b>
Social	15.5	15.7	30.5	30.4	26.9
Financial	13.5	19.4	17.5	23.3	18.2
Education	11.4	14.8	9.7	9.1	10.2
Occupation	5.7	14.8	6.0	6.8	6.8
Migration	0.4	2.8	2.6	0.3	1.8
Judicial/Legal	2.0	0.0	3.1	0.7	2.2
Political	0.8	0.0	0.0	0.0	0.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>



# Moving Up through Initiative

*At an early age I started to do work like clearing gardens, ranching animals like cattle and goats. I used to work as a labor of a carpenter and mason. They gave me Rs20/day; yet I continued to work for that small payment. I worked with them in order to learn*

**A man in a village in West Bengal**



*Source:* Authors' calculations using coded data from life stories gathered from the Indian study regions; N=2700 life stories

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## Movers take more initiative, but those in chronic poverty take about as much initiative as the never poor

% times initiative was cited for asset accumulation

Study Region	Movers	Never Poor	Chronic Poor	Fallers
UP	53.9	52.1	46.0	45.3
WB	59.3	46.6	45.7	42.1
Assam	55.1	52.3	52.2	45.9
AP	57.6	58.1	60.9	64.2
<i>India sample</i>	<i>55.6</i>	<i>52.3</i>	<i>53.9</i>	<i>46.1</i>

Source: Authors' calculations using coded data from life stories gathered from the Indian study regions; N=2700 life stories



# Livelihoods of Poor People

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*The hawkers or vegetable vendors in the market have to pay a tax of Rs. 3-4 every day. If they want to open a regular shop in the market, then a license is necessary. For the license the expenditure is around Rs. 4000-5000*

**Discussions with female hawkers in a village in U.P.**

- About 70 percent of the chronic poor and fallers in all states engage in casual, temporary, daily work
- They do several little things in the realm of the informal economy: vending, selling, herding, cleaning, sowing, harvesting, migrating to work in urban ghettos, but...
- They face low and unpredictable returns with no social protection
- They confront unfair local markets dominated by wealthier households



# Gender Inequality

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*Society does not approve when it comes to a girl running a shop*

Discussions with young girls on their aspirations, a village in Assam

*In our community a man is no less than a spoilt brat and the condition of the women is no less than that of a servant*

Discussions with young girls in a village in U.P.

- **W**omen contribute both directly to economic activities and indirectly through their support in holding the household together
- **Y**et gender inequality persists in wage differentials, educational attainment, mindsets
- **D**omestic violence - an issue of fairness, justice, equity and governance. Norms can be changed if supported by the local government (case of A.P.)



# What distinguishes the movers?

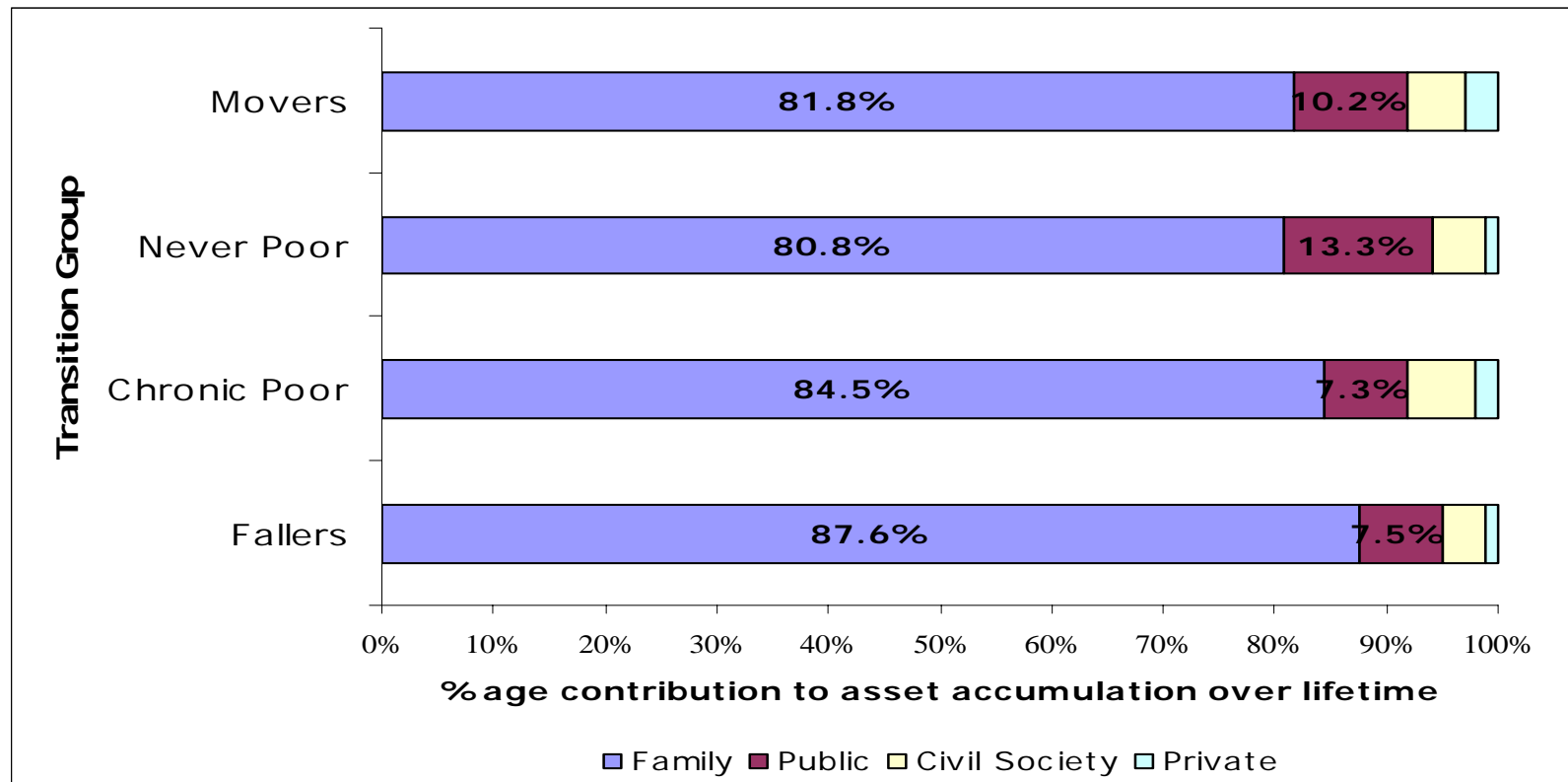
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- Role of institutions
- Empowerment and aspirations
- Role played by local democracy

# Role of Institutions

*Each and every person has to work hard if a family has to reach a higher step. If we simply sit idle and eat, even hills would melt.*

Discussion with women in a village in Andhra Pradesh



Source: Authors' calculations using coded data from life stories gathered from the Indian study regions; N=2700 life stories

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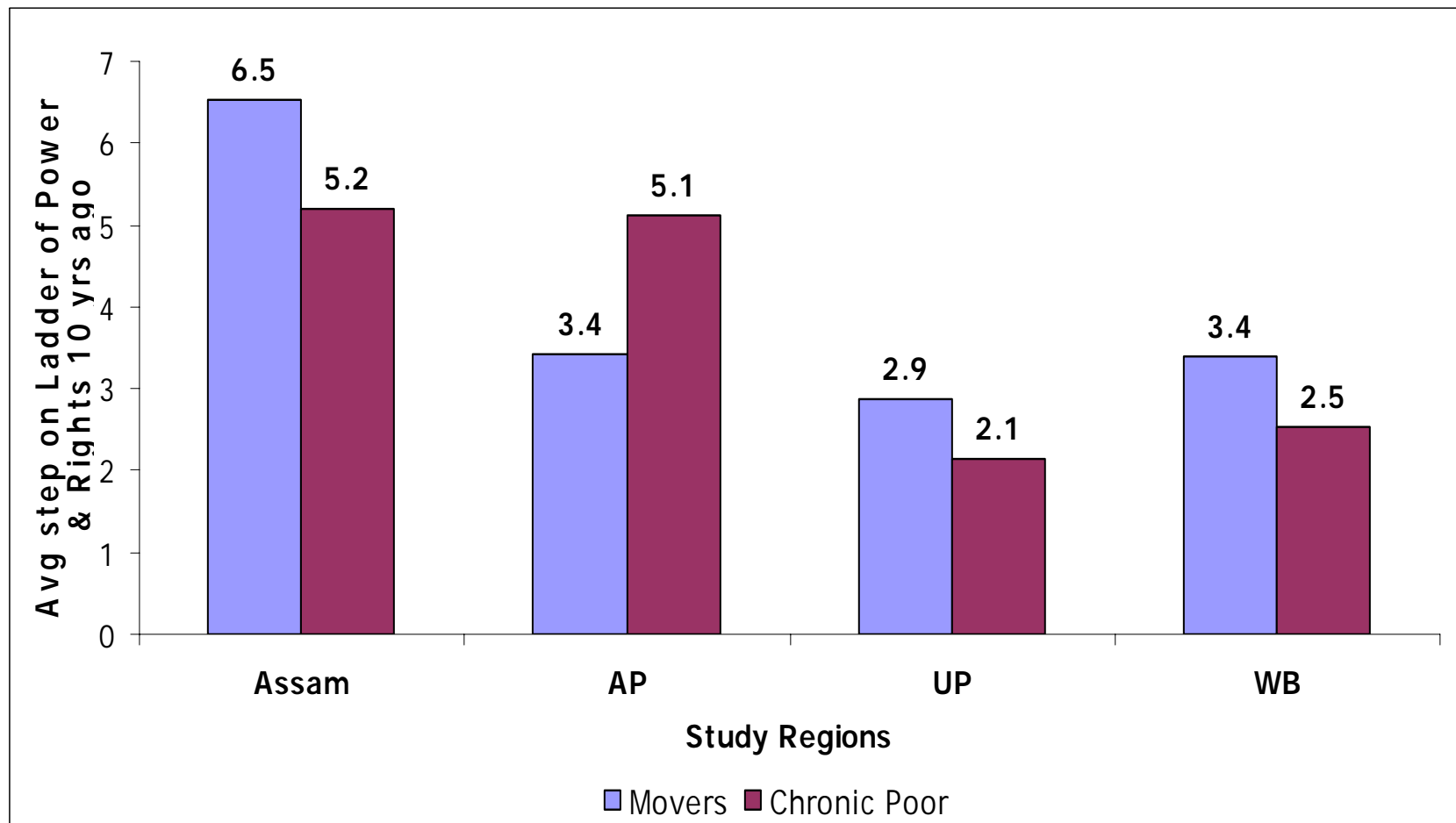
# Movers more empowered 10 years ago

*Power means confidence in yourself. Power is nothing but to go ahead in life with courage.*

Discussion with men in a village in Assam

*I can perform any work that I try – having this confidence is power*

Young girls in a village in W.B.

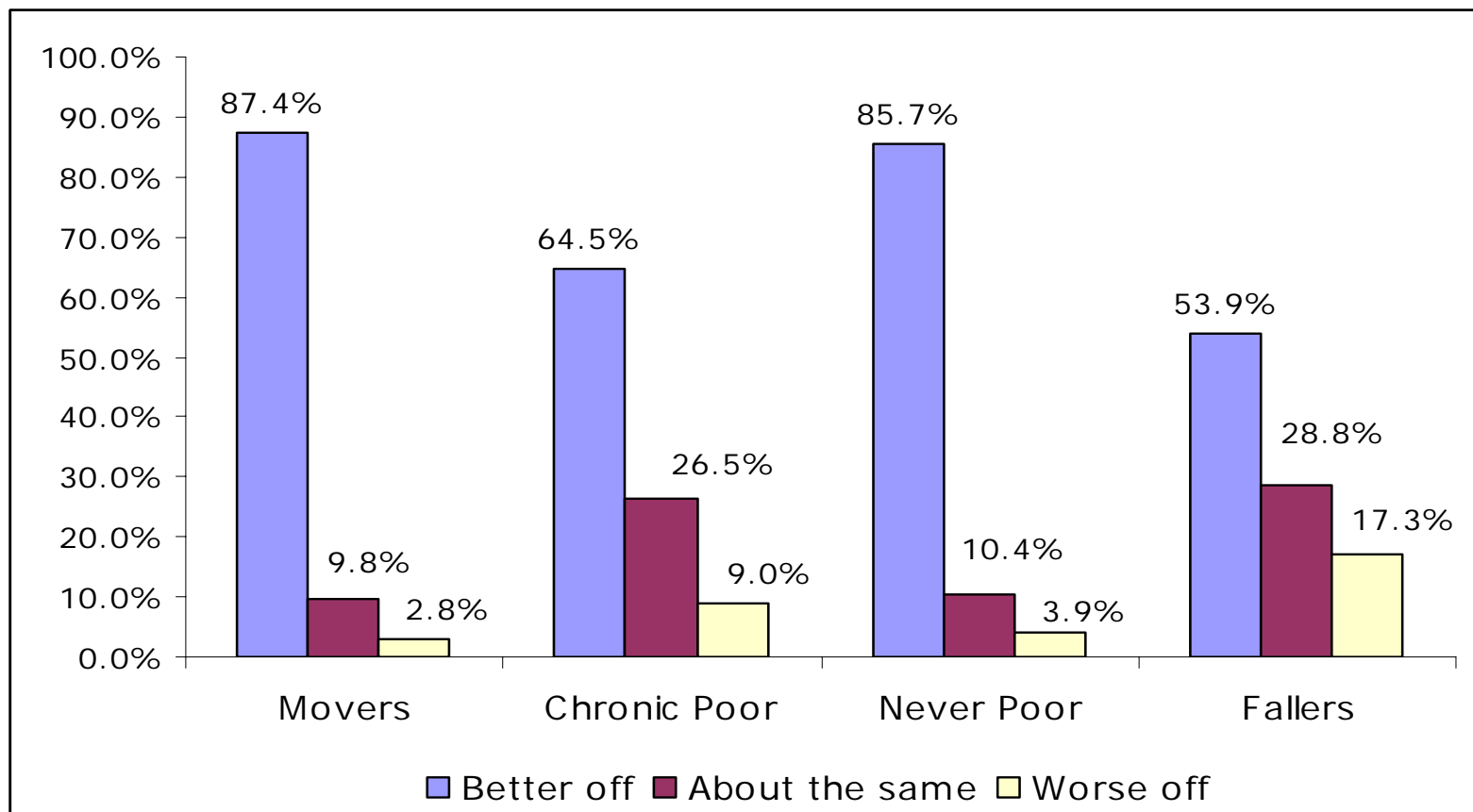


# Success reinforces success

## Movers have higher aspirations

*It is the season of the fall. But we are sure that flowers would blossom again.  
The future will be bright.*

Young boys in a village in U.P.





# Empowerment and Aspirations

## A significant correlate of mobility

	Power and Rights	Control over decisions	Aspirations
UP	+ sig	-	+ sig
WB	+ sig	+ sig	+ sig
Assam	+	+ sig	+ sig
AP	-	-	+

The basic specification includes variables on economic opportunity, local democracy, collective action, agency, aspirations, violence against women and social inequality/divisions. Also included are household characteristics (assets, livestock, house ownership, education level, health shocks). All regressions are OLS cluster corrected, and tested for robustness.



# The Role of Local Democracy

## How do poor people define democracy

### FREEDOM

*Democracy means equal rights for men and women, men will not get more freedom and women will not get less freedom.*

**Discussion with women in a village in West Bengal**

### PARTICIPATION

*Democracy means to join with people to rule ourselves.*

**Discussion with men in a village in A.P.**

### VOICE

*Where more importance is paid to the voice of the people*

**Discussion with men in a village in U.P.**

### JUSTICE

*In democracy, all are equal. A poor person can reject or select an MP or a Minister. There are no religious differences*

**Discussion with men in a village in Assam**



# The Role of Local Democracy

## Responsiveness helps

	Responsiveness
UP	+ sig
WB	+ sig
Assam	+ sig
AP	+

The basic specification includes variables on economic opportunity, local democracy, collective action, agency, aspirations, violence against women and social inequality/divisions. Also included are household characteristics (assets, livestock, house ownership, education level, health shocks). All regressions are OLS cluster corrected, and tested for robustness.

# The Role of Local Democracy

## Crowd out effects of Local Democracy (HH level)

	Responsiveness	LOM of Responsiveness
<b>UP</b>	+ sig	-
<b>WB</b>	+ sig	- sig
<b>Assam</b>	+ sig	- sig
<b>AP</b>	+	+

The basic specification includes variables on economic opportunity, local democracy, collective action, agency, aspirations, violence against women and social inequality/divisions. Also included are household characteristics (assets, livestock, house ownership, education level, health shocks). All regressions are OLS cluster corrected, and tested for robustness.



# The Role of Local Democracy

## Crowd out effects of local democracy (except in AP)

*Democracy is like a pond. The pond has not only fish but also other animals like frogs and snakes. The snakes catch the frog while the big fish eat the small fish. Democracy too is a pond where man eats man.*

Discussion with men in a village in Assam

*The easiest way to be powerful is to grasp the hands of the party, only then will you have many privileges.*

Discussion with women in a village in West Bengal

*Only those people can reach them (the village head) who are of the same caste or flatter them a lot.*

Discussion with women in a village in U.P.

*The representatives are (now) working in fear of the people. They realized that the people respond to their mistakes. Earlier, work took people to the offices, now the government goes to people for work*

Discussion with women in a village in A.P.



# MOVING OUT OF POVERTY

## Other Correlates (HH level)

	SC Dummy	Asset Index	Education
<b>UP</b>	- sig	-	+ sig
<b>WB</b>	-	+ sig	+
<b>Assam</b>	na	+	+ sig
<b>AP</b>	insig	+ sig	+

The basic specification includes variables on economic opportunity, local democracy, collective action, agency, aspirations, violence against women and social inequality/divisions. Also included are household characteristics (assets, livestock, house ownership, education level, health shocks). All regressions are OLS cluster corrected, and tested for robustness.

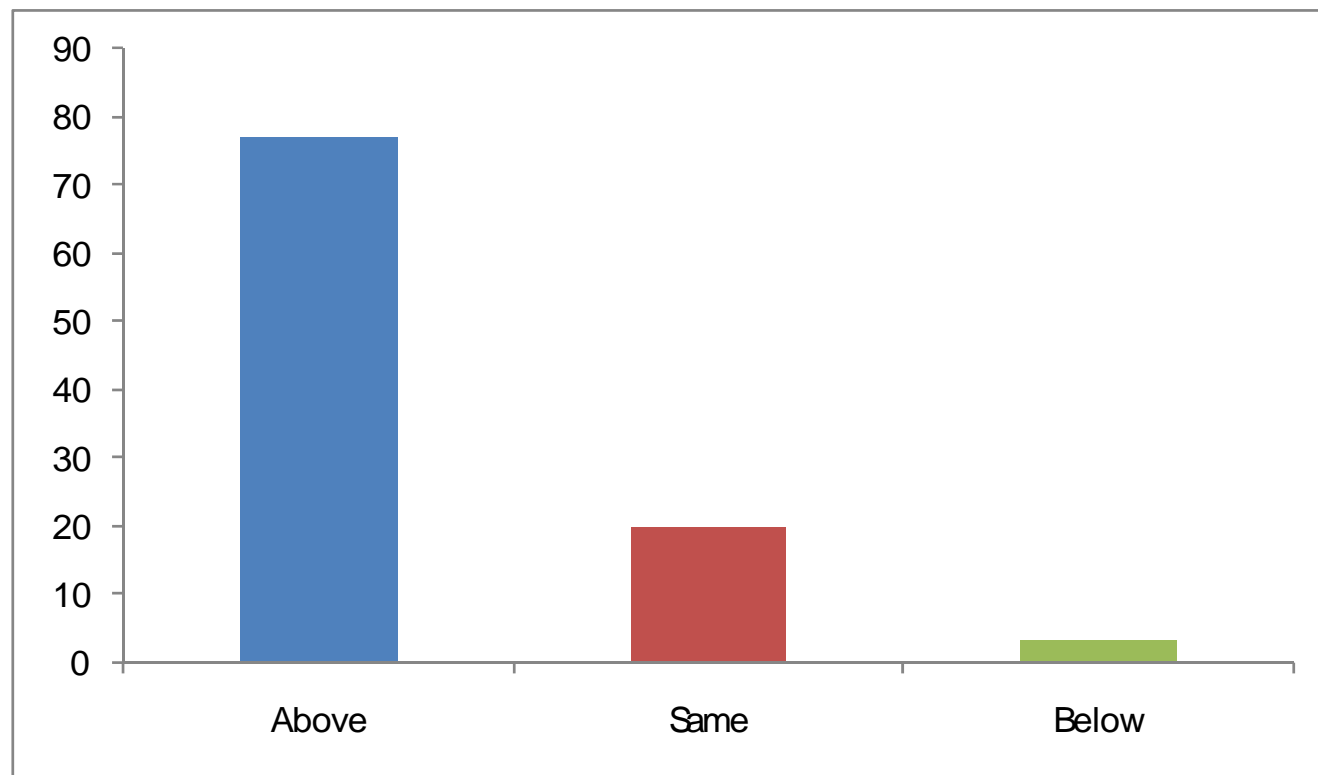




## Official Poverty Lines underestimate Poverty

*What can a person do with such a poor income? He would die of starvation.*

– Man in Uttar Pradesh



Source: % of male LOL FGDs all India sample; in response to a question whether CPL is above, same or below OPL?



# Conclusions and Policy Implications

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## 1. Safety nets to prevent falling down

- Importance of improving affordable health services and health insurance
- Norms about social expenditures need to be addressed in policy making and in the middle class

## 2. Empowerment matters

- Confidence building and programs like SHGs can significantly help; also have positive spillover effects on democracy
- Needed Liberalization from below: Improvement of investment climate for poor people's entrepreneurial activities
- Gender inequality needs to be addressed at local and programmatic levels



# Conclusions and Policy Implications

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## 3. Local Democracy can facilitate mobility

- (a) But works mostly as a private good; public institutions captured by a few (the never poor and the movers)
- Assam: economic connections
  - UP: caste connections
  - WB: political connections
  - AP: People's organizations strengthen local democracy
- (b) Local democracy can be a positive sum game for all provided the right checks are in place
- Active voting
  - Access to information
  - Citizen participation