



# Sustaining escapes from poverty

Vidya Diwakar and Andrew Shepherd

October 2018

A teal-colored circle containing the text 'Key messages' in white.

## Key messages

- Managing risk is central to achieving sustained rather than temporary escapes from extreme poverty, and to achieving escapes rather than experiencing impoverishment. Examples of risks – and essential ‘conversion factors’ that can make or break a household’s ability to sustain a poverty escape – are those related to agriculture, asset theft, ill health, adverse gender norms, and conflict and disasters.
- If poor people were well protected against major risks, poverty reduction driven by growth, human development and progressive social change would progress much faster, especially in Africa.
- There are examples of policies and programmes that can reduce some of these risks and create enabling environments for poor and near-poor people: these need to be learned from, multiplied and expanded. A first step is for policy-makers to acknowledge that such risks are negating their efforts to lift people out of poverty, and then to develop risk management policy portfolios to enhance the process of poverty eradication.

Readers are encouraged to reproduce material for their own publications, as long as they are not being sold commercially. ODI requests due acknowledgement and a copy of the publication. For online use, we ask readers to link to the original resource on the ODI website. The views presented in this paper are those of the author(s) and do not necessarily represent the views of ODI or our partners.

This work is licensed under CC BY-NC-ND 4.0.

© Overseas Development Institute 2018.

---

## Acknowledgements

This research was developed by the Chronic Poverty Advisory Network, and the individual country studies supported by the United States Agency for International Development's Center for Resilience, and the Economic and Social Research Council. The views expressed in this publication do not necessarily reflect the views of funding bodies.

The authors are grateful to Agnes Quisumbing and Martin Evans for their reviews of an earlier draft of this paper. The responsibility for its contents lies entirely with the authors.

---

# Contents

---

<b>Acknowledgements</b>	<b>3</b>
<b>List of boxes, tables and figures</b>	<b>5</b>
<b>Acronyms</b>	<b>6</b>
<b>1 Setting the scene: poverty dynamics and the pathway to zero poverty</b>	<b>7</b>
<b>2 Theory and methods for examining poverty dynamics</b>	<b>9</b>
2.1 The capabilities approach to understanding sustained escapes from poverty	9
2.2 Mixed-methods research to explore poverty dynamics and drivers	10
<b>3 How prevalent are sustained escapes across countries?</b>	<b>12</b>
<b>4 How can households sustain escapes from poverty?</b>	<b>14</b>
4.1 Income strategies that can promote sustained escapes	14
4.2 Assets that can promote sustained escapes	17
4.3 Conversion factors to ensure that escapes from poverty are sustained over time	19
<b>5 Policy implications and conclusions</b>	<b>24</b>
5.1 Building endowments: the need to foster growth from below	24
5.2 Improving conversion factors to sustain poverty escapes	24
5.3 A final word	26
<b>References</b>	<b>27</b>
<b>Annex: Approach to mixed-methods analysis employed in this study</b>	<b>29</b>
A1 Approach to the quantitative analysis	29
A2 Approach to the qualitative analysis	30

---

---

# List of boxes, tables and figures

## Boxes

---

<b>Box 1</b>	Definitions of poverty trajectories used in the study	<b>7</b>
<b>Box 2</b>	Remittances and sustained escapes	<b>15</b>
<b>Box 3</b>	Limited market size restricts the opportunity for a profitable non-farm enterprise	<b>16</b>
<b>Box 4</b>	The various benefits of livestock	<b>17</b>
<b>Box 5</b>	Conflict in Kongwa drives transitory escapes	<b>18</b>
<b>Box 6</b>	Will this become a sustained escape from poverty?	<b>19</b>
<b>Box 7</b>	Risks of theft for female-headed households	<b>20</b>
<b>Box 8</b>	Gender norms inhibiting empowerment and ability to sustain a poverty escape	<b>21</b>
<b>Box 9</b>	Impoverishment through chronic mental health issues	<b>21</b>
<b>Box 10</b>	Impoverishment through high costs associated with health shocks, Cambodia	<b>22</b>

## Tables

---

<b>Table 1</b>	Summary of conversion factors	<b>10</b>
<b>Table 2</b>	CPAN country studies of poverty dynamics	<b>11</b>

## Figures

---

<b>Figure 1</b>	Process of change for sustained escapes from poverty	<b>8</b>
<b>Figure 2</b>	Visualising the capabilities approach	<b>9</b>
<b>Figure 3</b>	Poverty dynamics trajectories, using national poverty lines	<b>12</b>
<b>Figure 4</b>	Poverty trajectory ratios, using national poverty lines	<b>13</b>

---

# Acronyms

<b>CPAN</b>	Chronic Poverty Advisory Network
<b>FGD</b>	Focus group discussion
<b>KII</b>	Key informant interview
<b>LHI</b>	Life history interview
<b>ODI</b>	Overseas Development Institute
<b>SNNP</b>	Southern Nations, Nationalities, and Peoples' Region (Ethiopia)

---

# 1 Setting the scene: poverty dynamics and the pathway to zero poverty

To reach zero poverty, efforts must be made to: (1) tackle chronic poverty, (2) prevent impoverishment, and (3) ensure escapes from poverty are sustained over time (Shepherd et al., 2014). However, analysis of existing three-wave panel datasets to examine poverty dynamics in eight countries reveals a disturbing trend. In rural Ethiopia, for example, 15% of rural households that escaped poverty subsequently fell back into poverty between 1997 and 2009, while another 25% became impoverished over the same period (Mariotti and Diwakar, 2016) (see Box 1 for definitions). In Uganda, 21% of households similarly became impoverished or experienced only a transitory escape from poverty between 2005 and 2011 (Scott et al., 2016). As a result, the rate at which rural households descended into poverty (became impoverished) in these countries sometimes exceeded the rate at which other households achieved a sustained escape. In Asia, the rate of those escaping poverty exceeded the rate of those descending into poverty. For example, 41% of households escaped poverty sustainably between 1997 and 2010 in rural Bangladesh (Scott and Diwakar, 2016). Yet, the rate of descent is still substantial.

To date, there is little knowledge about what differentiates a sustained escape from a temporary escape, or these from chronic poverty. The principal objective of this research was thus to develop an understanding of why some households managed to sustain their escapes out of extreme poverty while others fell back into poverty. Country-level studies of poverty dynamics have in turn been an essential input into understanding what countries need to do to

## Box 1 Definitions of poverty trajectories used in the study

*Impoverishment* refers to the process whereby a poor person or household becomes poorer, or where somebody who is non-poor slips into poverty. *Chronic poverty* is long-term poverty that persists over many years, or even a lifetime, and which is often transmitted inter-generationally. *Transitory (or temporary) poverty escapes* refer to individuals or households that used to live in poverty, succeeded in escaping poverty and then subsequently fell back into poverty; i.e. they became re-impoverished. For the purposes of this work, we define *sustained poverty escapes* as escapes that are sustained through to a third survey wave or for five years. *Resilience* is defined as a set of capacities that enables households to remain out of poverty over the long term, even in the face of shocks and stresses. In other words, the capacity to be resilient means an individual or household is ultimately able to avoid becoming impoverished or to experience a transitory poverty escape.

ensure that escapes from poverty are sustained over time.

This paper attempts to unravel poverty dynamics, and identifies a number of ‘drivers’ nested within the capabilities approach. These drivers include endowments, and the livelihood strategies that build on these, household assets

and conversion factors. Conversion factors are those that enable assets to convert into reduced capability deprivations and so nurture sustained escapes from poverty. The purpose of comparison is to explore commonalities and differences in patterns of poverty dynamics, and the factors associated with the patterns. This is done first by using panel data, and then by introducing the greater understanding, nuancing and causal analysis possible with qualitative research.

The research reveals that, while livelihood strategies are important for improving household income and building up the assets necessary for resilience, conversion factors are crucial in determining whether households can ultimately sustain their escape from poverty (Figure 1).

Specific key findings include some well-worn issues, such as the role of family size and dependency ratios, urban and rural location, environmental and idiosyncratic risks, especially health, and the benefits of addressing these through policy. Less predictable findings include the importance of post-primary education, and especially labour market-oriented skills, gender

relationships underpinned by progressive policy reform, the intersecting inequalities connected with disability and old age, and the importance of non-farm and migrant livelihood strategies. Farming is intertwined with non-farm pathways, with even small plots of food cropping able to play a role in sustaining escapes from poverty, and, where land holdings are bigger, farming is still able to provide opportunities out of poverty. Hard work and collaborative husband-wife relationships were often emphasised by interviewees, the other side of the coin to the often drastic impoverishing effects of family breakdown.

The next section presents a brief overview of the approach and methods employed in this study, with more details provided in the Annex. This is followed by a presentation of poverty dynamics across country studies in section 3. Section 4 follows this overview with a comparative analysis of results across countries, disaggregated by livelihood strategies, assets and conversion factors needed to ensure sustained escapes from poverty. Section 5 finally offers brief policy implications and concludes.

**Figure 1 Process of change for sustained escapes from poverty**





# 2 Theory and methods for examining poverty dynamics

This section outlines the theoretical underpinnings and empirical strategies employed in this study to examine drivers of sustained escapes from poverty.

## 2.1 The capabilities approach to understanding sustained escapes from poverty

The capabilities approach articulates that well-being should be evaluated based on both capabilities and functioning (Sen, 1992). Within this approach, poverty is best understood as capability deprivation. Following this definition, escaping poverty involves overcoming capability deprivation. In a visual conceptualisation of the capabilities approach (Figure 2), we are interested in the left-hand side of the diagram. In this figure, various sources of income – both from livelihoods and non-market production or transfers – can lead to individuals accruing assets.<sup>1</sup> Assets are goods

and services, not necessarily monetary, which can enable capabilities.

Conversion factors affect the ability of an asset to contribute to a sustained escape. These factors can be categorised into personal, social and environmental or other macro contextual characteristics (Table 1).<sup>2</sup> Conversion factors are important in the context of this study because they can help determine an individual's or household's capabilities given their endowments and asset set, including the ability to build resilience and escape poverty sustainably. These conversion factors would suggest that household resources and capacities are necessary but not sufficient indicators of well-being; rather, it is important to understand the circumstances in which people live, from the micro to up the macro contexts, that can influence their ability to sustain an escape from poverty. This study explores income sources, assets and conversion factors and the extent to which they drive or inhibit sustained poverty escapes.

**Figure 2** Visualising the capabilities approach



Source: Adapted from Robeyns (2005).

- 1 We use the term 'assets' in place of 'commodities', to reach a wider audience and avoid confusion with more typical meanings of the latter, which tend to focus on monetary goods.
- 2 For ease of understanding, we replace the term 'environmental' conversion factors with 'other macro contextual' conversion factors.

**Table 1 Summary of conversion factors**

Characteristic	Examples	How it affects functioning
Personal	Intelligence, handicaps, height	A person who is given ample food would be unable to convert this into the functioning of nutrition if he has a condition that reduces his absorptive capacity
Social	Gender and social norms, government policies	Restrictions on women taking up decision-making positions in society might not allow education and talent to convert into the functioning of power
Other macro contextual (environmental)	Climate, provision of public goods, infrastructural facilities <sup>3</sup>	Inadequate infrastructure could affect commerce and discourage the functioning of entrepreneurialism even for those with sufficient credit

Source: Summarised from Nambiar, 2013.

## 2.2 Mixed-methods research to explore poverty dynamics and drivers

Our study explores the ways in which households can sustain these poverty escapes. It synthesises a mixed-methods analysis of existing three-wave panel data and qualitative in-country research across eight countries (Table 2) to make comparisons between country contexts. The aim is to identify why some households escape poverty only to fall back into poverty (a transitory poverty escape) or descend into poverty for this first time (impoverishment), while other, more resilient households are able to escape poverty and remain ‘non-poor’ (a sustainable poverty escape).

The mixed-methods approach employed in our analysis is outlined in the annex to this report. In our approach, multinomial logistic regressions and other econometric techniques are used to analyse the correlates of poverty dynamics based on secondary panel data analysis, with a focus on the characteristics of the household head, variables on household region and area of residence, and various household controls, including shocks that have affected the household. For equations, regression outputs and detailed commentaries of country contexts, refer to the papers listed in Table 2.

The initial analysis of a quantitative dataset also identifies a sub-sample of the survey respondents for follow-up qualitative research

based on life history interviews, focus group discussions and key informant interviews. Pathways of sustained and transitory escapes found in the life histories are then analysed in terms of the wider macro and meso social, cultural, agro-economic and political contexts for a meaningful interpretation of the drivers of sustained escapes from poverty, and the panel data is then explored again based on new issues or further areas of exploration that emerge from the qualitative analysis.

This iterative, integrated combination of data permits analysis of poverty status and dynamics, the use of econometric techniques to explore the correlates of the outcomes, and a deeper exploration of factors and processes through the life history-based work. Integration and triangulation is achieved by sequencing the quantitative and qualitative analysis. The sequencing of fieldwork (at both the community and capital city levels) with analysis of panelised household survey data enables the research to explore processes and causality in considerable depth, and for individual decision-making processes to be understood in the context of household, community and macro changes.

Having outlined our empirical approach above, the following section explores poverty dynamics based on our analysis of panel datasets from the study countries.

<sup>3</sup> In addition, we would add characteristics here such as economic growth rate and composition, the political settlement and environmental policies.

**Table 2 CPAN country studies of poverty dynamics**

Country	Country report Rural/urban <sup>4</sup>	Country report Source <sup>5</sup>	Panel data (years/households)		Qualitative data (sample/date)		
			Dataset and years	No. of respondents	LHIs	FGDs	KIIs <sup>6</sup>
Bangladesh (R)	Scott and Diwakar, 2016	Chronic Poverty and Long Term Impact Study: 1997/2000, 2006, 2010	1,193	293 (2007) 60 (2016) 24 (2016)	16 0 6	0 0 18	
Cambodia (R)	Bird et al., forthcoming	Agriculture, Rural Development and Poverty Reduction Survey: 2001, 2004, 2008, 2011, 2014, 2017	852	60 (2018)	36	24	
Ethiopia (R)	Mariotti and Diwakar, 2016	Ethiopian Rural Household Survey: 1994, 1995, 1997, 1999, 2004, 2007, 2009	1,056	23 (2016) 75 (2017)	2 8	3 10	
	Woldehanna et al., 2018	Living Standards Measurement Survey: 2011, 2013, 2015	3,388				
Kenya (R)	Scott et al., 2018	Tegemeo Agricultural Panel Survey: 2004, 2007, 2010	1,243	28 (2008) 60 (2017)	4 4	0 15	
Nepal (R & U)	Diwakar, 2018a	Nepal Living Standards Survey: 1995, 2003, 2010	434	40 (2017)	8	18	
Philippines (R & U)	Diwakar, 2018b	Family Income and Expenditure Survey: 2003, 2006, 2009	6,519	40 (2018)	8	19	
Tanzania (R & U)	da Corta et al., 2018; Kessy et al., 2018	Living Standards Measurement Survey – National Panel Survey: 2008, 2010, 2012	3,079	106 (2009) 20 (2017) 60 (2017)	18 8 24	52 15 29	
Uganda (R & U)	Scott et al., 2016	Living Standards Measurement Survey – National Panel Survey: 2005, 2009, 2010, 2011, 2013	1,398	24 (2016)	6	21	

Note: LHIs = life history interviews; FGDs = focus group discussions; KIIs= key informant interviews.

- 4 Some datasets are not nationally representative, which affects the generalisability of results. For example, the Bangladesh survey was purposively collected purely in certain rural areas of the country. Nevertheless, these surveys still broadly characterise the variability of livelihoods and ago-ecological zones in rural areas.
- 5 Please refer to CPAN country reports for country-specific qualitative analysis as well as tables of regression results, summary statistics and other quantitative analysis into the drivers of sustained and transitory poverty escapes. Note: Regression results for rural Bangladesh and Uganda are slightly different to those in the 2016 reports as a result of modifications to the earlier data approach. An earlier round of LHIs and FGDs were conducted in Uganda in 2006/08 that are not reflected in this current table.
- 6 This includes the overall number of interviews at national and local levels, as well as individual or group interviews with knowledgeable community members.

# 3 How prevalent are sustained escapes across countries?

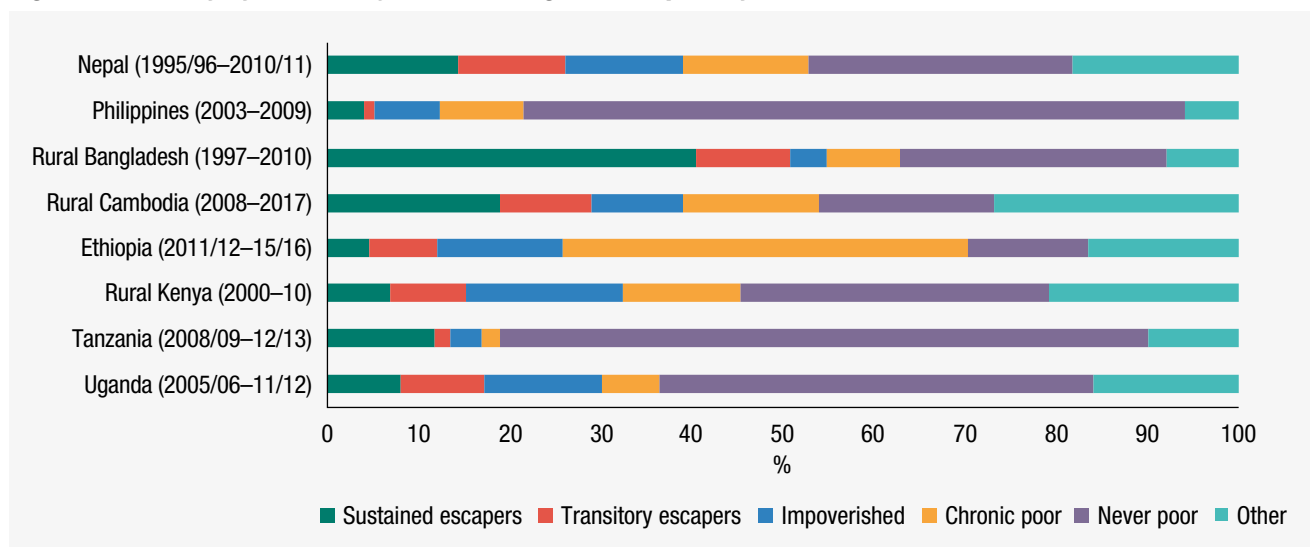
Figure 3 displays household poverty trajectories over a range of years spanning the mid-1990s to the present day. We employ national poverty lines in our analysis as they are typically more meaningful in context, though not always comparable.<sup>7</sup>

Comparing across three-wave panel data countries, we observe that the periods covered by the surveys include the global financial crisis and/or the period immediately afterwards. Growth rates during this period were high, although not as high as before the crisis. Typically, a higher share of sustained poverty escapes is seen where there

is a sustained period of high growth, compared with periods of high growth volatility or low growth. Relatedly, a separate macro-level analysis of poverty trends reveals that countries making weak progress on poverty reduction have typically experienced higher volatility of growth. This includes groups of fragile and conflict-affected states, least developed countries and lower-middle-income countries (Shepherd et al., 2016).

The proportions of sustained escapers across countries are remarkably varied, ranging between 5% and 41% of the samples (Figure 3) (although

**Figure 3 Poverty dynamics trajectories, using national poverty lines**



Source: Scott et al. (2016, 2018); Woldehanna et al. (2018); Rubinduka et al. (2018); Diwakar (2018a, 2018b).

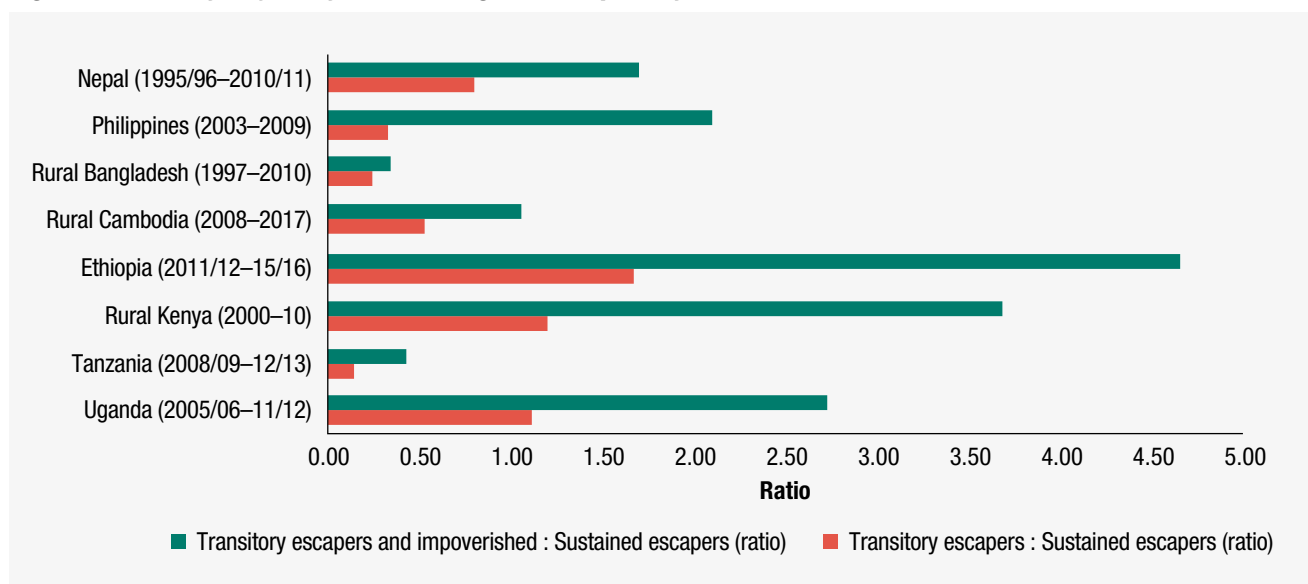
<sup>7</sup> Note that these poverty lines vary relative to the international \$1.90 a day level. For example, when converted into 2011 purchasing power parity, the poverty line in Uganda ranges from 72% to 82% of the international level, and in the Philippines it is almost twice as high as the \$1.90 line. However, the purpose of this study was not to offer a comparison of poverty estimates, but rather to explore the drivers of the various poverty trajectories examined.

these are not strictly comparable because poverty lines vary). Ethiopia’s low level, despite its good poverty reduction and policy record, reflects the high level of risk experienced by Ethiopians, and this is reinforced by the low level of ‘never poor’. The higher level in Tanzania, a surprise top performer in our African studies, may reflect the relatively benign policy environment for ‘growth from below’ (at least prior to 2015), the absence of implemented regulations and a fair degree of competition for the agricultural output of the majority, as well as the presence of large numbers of grassroots financial intermediaries. Rural Bangladesh, with 41% of the sample experiencing sustained escapes, is a clear outlier. Significant poverty reduction in the country has occurred amidst rapid growth in gross domestic product (GDP) and improvements in human development, which surpass those of other countries with similar levels of per capita income (Scott and Diwakar, 2016). Additionally, the high

rate of sustained escapes may be attributable to the purposive nature of the rural panel dataset, which was collected to evaluate development interventions around microfinance, agricultural technologies and food for education in the study communities. This could partially explain the particularly high rate of sustained escapes.

Moreover, during these survey periods the proportion of transitory escapers exceeded the proportion of sustained escapers in all African cases except Tanzania (Figure 4). This must put a question mark around the general celebration of reduced poverty, especially when poverty lines are so low. If the proportions of transitory escapers and those who were impoverished for the first time are combined and compared with the proportions of sustained escapers, we see even higher ratios. In contrast, the share of sustained escapers consistently outpaces the share of transitory escapers in the South and East Asian countries analysed (Figure 4).

**Figure 4 Poverty trajectory ratios, using national poverty lines**



Source: Authors’ analysis based on panel datasets listed in Table 2.

---

# 4 How can households sustain escapes from poverty?

This section examines the ‘drivers’ of such patterns to see whether there is convergence or divergence across countries. The analysis is based on comparing the regressions carried out for each country dataset, focused on livelihoods, assets and the conversion factors for sustained escapes. Areas of convergence and divergence across countries are identified, with areas of convergence suggestive of more widespread trends and explanatory factors. The analysis integrates results from the qualitative research, where findings cover the same issues as revealed in the regression analysis, but where additional issues also emerge, and relevant policy implications are drawn out. The quantitative and qualitative results that are mentioned below are based on a comparison across existing country reports produced by CPAN (Scott and Diwakar, 2016; Scott et al., 2016, 2018; Diwakar, 2018a, 2018b; Kessy et al., 2018; Shepherd et al., 2018; Woldehanna et al., 2018).

## 4.1 Income strategies that can promote sustained escapes

A household’s income can be used to build its asset base and endowments for current and future generations. Per capita income, indicative of monetary welfare, would in turn also be affected by the size and constituent members of a household. We explore this first, and thereafter explore income sources and the associated livelihood strategies.

Regression results show that, across the countries studied, an increase in the share of children or dependants is typically associated

with an increased risk of transitory escapes and impoverishment, relative to sustained escapes. An exception is rural Bangladesh, where having a greater contingent of children in the household is associated with a lower risk of an escape from poverty that was transitory rather than sustained, and a lower risk of impoverishment. Income and asset growth around the turn of the century, corresponding to the early survey period, might help to explain this result. This could also be the case in contexts where there is a high rate of child labour (Quattri and Watkins, 2016) coupled with an ageing population, as characterises the rural Bangladesh dataset over the panel. Relatedly, across countries, an increase in household size, controlling for dependency share and other variables, is associated with a reduced risk of negative poverty trajectories, such as transitory escapes and impoverishment. This possibly reflects the importance more generally of productive earners who can contribute to income and asset growth. These findings suggest that life cycle effects on poverty are still strong in most of the countries.

These productive earners can engage in various strategies to build resilience and sustain escapes from poverty. Research results across countries point to three strategies commonly adopted by households to build their income base and resilience:

A. Stepping up within agriculture, for example through adopting improved production, made possible by improvements in access to markets and extension services and investments in rural infrastructure.

- 
- B. Stepping out from agriculture, to also engage in non-agricultural activities and so diversify livelihood risks, to ensure that escapes from poverty are sustained.
  - C. Moving out of agriculture altogether, as a means of both escaping poverty and reducing livelihood risk, to ensure that those escapes are sustained.

In the qualitative data analysis of life history interviews, stepping up within agriculture (Path A) appears increasingly less viable as a successful strategy for sustaining poverty escapes, particularly in settings where land divisions have resulted in significantly reduced farm holdings. Accordingly, it is not surprising that in the regression analyses for the Philippines and rural Bangladesh, households where the head is engaged in agriculture is associated with an increased risk of transitory escapes. However, qualitative case studies show that sustained escapes are still possible, particularly where there is collaboration among household members, diversification within agriculture or intensification. On the latter, in the regression analysis for Kenya, an increase in agricultural assets (e.g. ploughs, tractors and irrigation equipment) is associated with a reduced risk of a transitory rather than sustained escape from poverty, although land ownership itself is associated with an increased risk. Together, these findings indicate that there are likely to be necessary preconditions, beyond ownership of land, for activities in crop agriculture to contribute to a sustained escape from poverty, and that intensification is more profitable in the Kenyan context (Scott et al., 2018).

For rural households, stepping out to engage in both agricultural and non-agricultural activities (Path B) is a more commonly adopted strategy. Across countries, moving into urban-based activities and/or receiving remittances from a migrant are important preconditions for sustained escapes and provide a basis for longer-term resilience (Box 2). Interestingly, in the quantitative analysis, receiving remittances is associated with an increased risk of transitory escape in rural Bangladesh and of impoverishment in Nepal, but with a reduced risk of impoverishment in Cambodia. This is likely to be related to the type of migration,

the specific risks involved and the situations of households receiving remittances. Focus group discussants in Nepal noted that while overseas employment in Malaysia and Gulf countries was increasingly important for improving welfare, there were also great risks involved in migration: people died, became handicapped, were robbed, became engaged in substance abuse or were cheated by brokers. The source of remittances also matters; in Ethiopia, local remittances from urban areas specifically are associated with a reduced risk of chronic poverty relative to sustained escapes.

Relatedly, loans that permit migration among poor households may be an effective strategy for diversifying livelihood risk in agriculture (Akram et al., 2016). However, an increase in the receipt of loans is associated with a higher risk of impoverishment in rural Kenya (specifically for agricultural credit), rural Nepal and the Philippines. This association may again reflect a reverse causality, where loans may be taken to take care of unexpected medical expenses and so help cushion a steep descent into poverty. In contrast, an increase in the receipt of loans is associated with a reduced risk of impoverishment in Ethiopia, and of transitory escapes in rural Cambodia.

### **Box 2 Remittances and sustained escapes**

One household from Tigray, Ethiopia experienced poverty for years before the husband migrated to Saudi Arabia and changed the life of his family. The wife confirms: ‘We were poor until the last few years. We were living in a rented private house. Our family moved out of poverty after my husband migrated to Saudi in 2016 for work. We bought land with the money he sent us. Later, we built a house for living and for rent. This year, we have started getting income by renting a house’ (Selemawit, 32, wife, Tigray). She is now engaged in trade and poultry farming. The family is generating more income and its well-being has improved.

*Source: Life history interview in Ethiopia.*

There is also strong and consistent qualitative evidence to support the idea that diversifying crop and livestock production within the farm or into a non-farm business or job can help to increase the chances of staying out of poverty. In both cases, managing the risks will be very important. Although non-farm occupations have become increasingly important, as has migration, the proportion of households with a non-farm occupation or business is still small in all countries, and most rural households still rely on agriculture and/or other natural resource-based industries, where high risks are inherent. Relatedly, regression results for the Philippines show that household heads who are engaged in agricultural activities and have a non-farm enterprise experience a reduced risk of an escape from poverty that is transitory rather than sustained.

Moving out of agriculture altogether (Path C) is another strategy that households may adopt, although it is a minority strategy compared with the other two pathways. In the Philippines and rural Kenya, engagement in non-farm, salaried employment was viewed by interviewees as the surest route out of poverty, typically for households that had the social connections to secure stable employment. These connections were lacking among chronically poor households. Also, in the Philippines' fieldwork, engaging in different economic activities and having multiple livelihoods – especially in stable, salaried employment or non-farm businesses – was found to have helped households sustain poverty escapes.

However, being engaged in a non-farm enterprise alone has varied results, reflecting the differences in context and the structures of specific economies. For example, regression analysis indicates that non-farm enterprises are associated with an increased risk of transitory escape in Kenya, but with a reduced risk in Nepal. Qualitative fieldwork in Nepal showed that success in non-farm enterprises was often contingent on receipt of training and education. In contrast, risks to non-farm enterprises include low barriers to entry (requiring low levels of capital), high levels of competition, low rates of return and high levels of business risk

(e.g. non-settlement of bills, inadequate custom, theft of business assets). Market size is limited, people go in and out of such businesses rapidly, and changing regulations can lead to business collapse (Scott et al., 2016). These risks can be especially high for women, as in Uganda (Box 3).

The three livelihood strategies outlined above have enabled households across countries to build their incomes over time to sustainably escape poverty. However, income and the livelihoods that generate this income offer only part of the story. Equally important are the assets that households invest in, which can affect their ability to build resilience and sustain poverty escapes.

### **Box 3 Limited market size restricts the opportunity for a profitable non-farm enterprise**

Linda Gonza lost her mother when she was 10 years old and her father when she was 12. When she was 17 she got married. She never got the chance to go to school. After marriage, Linda and her husband settled on her parents' traditional land; people let her settle there as her husband was reasonably well off. Her eyes were opened to enterprises after her mother died. Then she sold small amounts of crops at the roadside.

In September 2015, Linda created a small enterprise selling pancakes at the local market and on the roadside, but there was just no market for it. The enterprise was making a loss, and the bicycle on which she relied to go into town and buy produce broke, so she stopped engaging in small enterprises. Now things are tough for Linda and her family: there are school fees to pay (they have five girls), money is needed to finish the house, the bicycle is still broken, so she cannot get to town to buy produce to then re-sell in the village, and her husband is not doing well finding work.

*Source: Life history interview in Uganda.*



## 4.2 Assets that can promote sustained escapes

The acquisition of assets, both tangible and intangible, can help households to build resilience. The different types of asset are discussed in turn below.

### 4.2.1 Tangible assets

The impacts of assets vary depending on the type of asset and the country context. An increase in the asset value of consumer durables is associated with a reduced risk of chronic poverty in rural Bangladesh, rural Kenya (for agricultural assets), the Philippines, Tanzania and Uganda. However, in Nepal and Uganda, an increase in asset value is also associated with an increased risk of transitory escapes and impoverishment relative to sustained escapes from poverty. Further qualitative investigation identified the risk of theft, which may render assets vulnerable and so increase the risk of a transitory escape. In this context, theft in post-conflict settings reduces the ability of assets to be converted effectively into improved well-being and resilience.

For households in rural areas, land and livestock are particularly important types of asset. Again, land is a highly contextual driver, depending on a range of conversion factors. These factors include pro-poor government policies and extension services, and the consequent ability of households to convert land into a source of livelihood. Land can help enable sustained escapes (in rural Bangladesh and Uganda). In Ethiopia, where land is relatively abundant, such as in the Southern Nations, Nationalities, and Peoples' Region (SNNP), it plays a strong role in sustaining people's escapes, but it plays a less important role in the more densely populated regions. Much of Tanzania is more akin to the SNNP. Very small holdings can still be important as safety nets, for rental income or for small-scale market-oriented farming. However, dependence on land can also be a risk factor for transitory escapes, as observed in rural Kenya, where land division and fragmentation of land holdings in the face of population growth has contributed to increased land scarcity for households, which at times has resulted in land disputes and land grabbing.

Livestock emerged across most country studies as an asset with various benefits: livestock can provide a pathway out of poverty (Box 4), and small ruminants may be used as insurance, to be sold during times of crises. Indeed, in the Philippines and Uganda, households with a share of livestock higher than the mean experience an associated reduced risk of impoverishment, relative to a sustained poverty escape.

However, in other cases, such as Tanzania, livestock is associated with an increased risk of a transitory escape relative to a sustained escape. The qualitative evidence indicates that climate-related conflicts between farmers and pastoralists are inhibiting the ability of livestock to contribute to improved well-being in Tanzania (Box 5).

#### Box 4 The various benefits of livestock

The situation of Rabeya Khatun's family started to improve when her husband's income from vegetable trading increased and they were able to buy two cows. These two cows then gave birth to two calves; income from selling the milk and the increased asset value helped to put her and her family on an upward trajectory. After her husband secured employment in 2003 as a second-class government employee in the Jessore Dairy Firm, they bought another cow, which gave birth, gaining them additional income from selling milk. In 2005, her husband's job became permanent, and their income again increased. Rabeya also worked hard rearing the livestock and doing small agricultural work. With their surplus income, they bought a cross-bred cow that gave birth and produced 18 litres of milk a day, which they sold for 30 taka per litre. Savings from their multiple sources of income meant that they were then able to invest in buying two *bigha* (traditional unit of land measurement) of land. Currently, they own four cross-bred cattle.

*Source: Life history interview in rural Bangladesh.*

---

**Box 5 Conflict in Kongwa drives transitory escapes**

Mayanga became resilient over time as he invested a lot in his farm. He purchased a further 40 acres of land in 2014, built five houses on the farm, started keeping livestock (goats and poultry) and started a crop trading business. In 2015, he lost everything – the farm, crops in store, crops on the farm, livestock and houses – following a conflict and fight between farmers and pastoralists. Everything was burned to ashes. He fell into poverty, and today he survives because of assistance provided by his sons.

*Source: Life history interview in Tanzania.*

Finally, investment in housing is another important factor in improving a household's ability to sustain a poverty escape. For example, an increase in rooms per person is associated with a reduced risk of transitory escapes in rural Bangladesh, Cambodia and Uganda, relative to the base of sustained poverty escapes. It is likely that households make these investments as they become wealthier. Entering the housing market as a landlord, to rent to others, is also often an indicator of the achievement of a significant degree of resilience, for example in Ethiopia.

#### 4.2.2 Intangible assets

Education can be both an asset and a capability, with intrinsic as well as instrumental value. It is an asset insofar as it can improve the ability of households to secure decent work, build resilience and sustain poverty escapes. Regression analysis showed that secondary education is almost always associated with a reduced risk of transitory poverty escapes (Uganda), chronic poverty (rural Bangladesh and the Philippines) and impoverishment (Cambodia and Tanzania), all relative to sustained poverty escapes. However, the absence of universal statistical significance across countries suggest that conversion factors are not always consistent. This finding could reflect the weak links between education and the labour market and the general

absence of technical and vocational education and training opportunities or apprenticeships, which might have more immediate effects on entry into the labour market.

By contrast, results for primary education are mixed. For household heads, completion of primary education is often not enough to support a sustained escape from poverty, as labour markets have become more competitive and more people have completed primary education. Furthermore, the quality problems that remain often means that students graduate without the ability to apply what they have learned, which has been enough to reduce substantially the effectiveness of primary education in terms of poverty reduction.

Qualitative data from the Asian country studies consistently referenced the instrumental value of education. In the Philippines, secondary education (and increasingly tertiary education) was considered the single most important asset that focus group discussants listed as being important for sustaining escapes. In contrast, education features little in the qualitative data in African case studies, except as a cost that must be met: being able to meet those costs and keep children in school features almost as a sign of status, of reduced poverty of the household. An exception is in rural Kenya, where the qualitative data shows that families often pooled their assets and income to support children through secondary and sometimes tertiary education. However, regression results indicate that households in which the head is more educated are significantly more likely to experience an escape from poverty that is transitory rather than sustained. Reasons for this could be that this older generation may have misapplied resources to academic education when technical training may have been a better investment, or factors around the low quality of education combined with the opportunity costs of going to school and weak links between the formal academic education system and the labour market. Conversion factors are inhibiting the ability of education to drive sustained poverty escapes.

The discussion so far has centred on the assets that individuals and households may have, in terms of their initial resource base and capacities, that could affect their ability to improve welfare sufficiently over time to escape poverty and

remain out of it. In the next section, we explore conversion factors and how these could help poverty escapes to be sustained.

### 4.3 Conversion factors to ensure that escapes from poverty are sustained over time

Conversion factors can help ensure that livelihood strategies and assets can help sustain escapes from poverty. This section discusses conversion factors, including individual factors such as gender relationships and health

status, social and gender-based norms and other contextual macro-level characteristics. Particularly in the face of shocks, an enabling context could help households to sustain their poverty escapes over time.

#### 4.3.1 Individual, household and social conversion factors matter

For households with less favourable demographics, effective conversion factors can help them to sustain poverty escapes. For example, despite their vulnerability, female-headed households can experience escapes from poverty (Box 6).

#### Box 6 Will this become a sustained escape from poverty?

Among the life history interviews conducted, only one individual was identified in Morogoro Urban who was originally poor and only very recently became non-poor. In this interview, it was found that the individual, Ashatu, had experienced destitution in the past. She had had eight children, three of whom had died. Her husband was a drunkard, which meant she was the only one responsible for taking care of her remaining children, especially feeding and taking them to school. Her husband then also died, leaving her to take care of the children alone. Ashatu learned that she had to work hard if she was to escape poverty.

The important factors that enabled Ashatu to escape from poverty despite being a widow with five children to take care of include:

- **Land availability:** The availability of land enabled Ashatu to run agricultural activities without any obstacles. It was revealed in her story that her husband had left her with three plots of land (1.25 acres, which was used for planting maize; 1.75 acres, which was used for planting paddy; and 4 acres, which was used for planting maize and vegetables).
- **Working hard on the farm:** Although the number of working adults decreased after the death of her husband, Ashatu never gave up; she kept on pushing, in both farming and in selling what they were harvesting. This enabled her to keep on sending her children to primary education.
- **Buying a piece of land in a new residential area:** Using the money she obtained through working hard, Ashatu was able to buy land and build a new house with a cement floor, brick walls and an iron-sheet roof, with multiple bedrooms and a sitting room.
- **Savings:** It was also found that Ashatu was able to escape from poverty due to her saving practices. The savings enabled her to buy building materials such as iron sheets and build a new house with multiple bedrooms and one sitting room to accommodate the family size.
- **Children:** Using her children in farming activities increased the labour available on the farm.

However, it was pointed out that farming inputs, especially fertiliser, were needed to improve crop production and move Ashatu and her family even further above the poverty line. She said:

‘If I were able to get fertilizer, I believe I would improve my crop production and harvest more. But the problem I have been facing is that when they announce that the subsidised fertilizer is available, in most cases, I do not have money to pay for it ... when I try to mobilise money the time lapses; by the time I get money it is too late ...’

Source: Life history interview in Tanzania.

However, sustained escapes are consistently supported in the qualitative data where husbands and wives have collaborative relationships and work hard. Positive gender norms around women's economic empowerment thus have a role to play in, for example, converting education and entrepreneurialism, such that they ensure escapes from poverty are sustained. Qualitative work in rural Bangladesh also found that migration of male heads overseas left female heads more financially secure due to their receipt of remittances and the consequent ability to invest in assets conducive to well-being.

However, female-headed households are typically more likely to face vulnerabilities coupled with weak conversion factors that can impede their ability to sustain poverty escapes. Regression analysis found that these households are more likely than male-headed households to experience an increased risk of transitory poverty escapes and impoverishment in rural Kenya and Nepal, relative to sustained poverty escapes, and an increased risk of impoverishment relative to sustained escapes in Cambodia. Vulnerabilities faced by women are often related to social characteristics (social norms, discriminating practices) that inhibit individual and household functioning. For example, as women accumulate assets, their risk of losing assets may also increase. For example, in East Africa, women with assets face the risk of theft and of property grabbing by their husbands' relatives if their marriages dissolve, whether through separation, divorce or widowhood (Box 7).

Gendered norms also act to curtail women's mobility and agency (Box 8) and can sometimes circumvent existing laws whose implementation is not monitored. These gendered risks and restrictions can hinder the ability of education to be converted into improved well-being, and so may explain why chronic poverty and temporary escapes are the dominant patterns for female-headed households. Relatedly, quantitative research on disability and poverty dynamics in Bangladesh identified poor disabled women as facing a 'triple discrimination', making it very difficult for them to escape poverty (Diwakar, 2017; Shepherd, 2017).

Although it is widely accepted that it is multiple (sequenced or combined) shocks that typically impoverish people (Baulch, 2011) or keep people chronically poor, as in Uganda, disability is an exception – by itself the existence or advent of a disabled person in a household can be enough to impoverish that household, according to the qualitative data analysis. As the capabilities approach posits, sustaining a poverty escape may require additional levels of resources, so that households with persons with disabilities could achieve similar standards of living to those without persons with disabilities. The qualitative research in Bangladesh and other countries (Box 9) also points to mental health issues which can put a long-term drag on household finances, both through the costs of treatment and medicines and the forgone earnings. Interestingly, a household with a disabled member in Uganda is less at risk of a transitory escape. However, when

### **Box 7 Risks of theft for female-headed households**

Acanit is 80 years old. Before her husband died they were doing well; they had built up their assets through farming and investing in cattle. They had a cattle *kraal* (enclosure) – there were so many cattle. Since her husband died, her animals have been scattered. Her relatives tricked her: she lent them some cattle but they did not return them. Since she is a woman they know she has no power to make them give the cattle back. In the end she just gave up, saying, 'After all, they are my relatives and my children'. Acanit now has no cattle and instead farms a small garden close to her house. Here she grows beans, which she shares with her neighbours, friends and relatives, and she goes and eats with them as well. Sharing, she explains, is a reciprocal safety net to ensure one gets from neighbours what one lacks.

*Source: Life history interview in Uganda.*

---

## **Box 8 Gender norms inhibiting empowerment and ability to sustain a poverty escape**

### **Example A**

Aarshi in Dailekh, rural Nepal, reflects that her freedom of movement has been curtailed ever since her husband migrated. ‘I used to work here before and live with my husband here. After he went abroad, I could go and stay in the urban area of Dailekh and Surkhet but I didn’t go because people will think badly about me if I went and stayed there alone. People of the village perceive badly if women go out more often here.’

### **Example B**

Even for Nepalese women who do work, Devi notes that there continues to be ‘discrimination in payment between men and women. If the men get 400 rupees per day then the women get 300 rupees per day ... They don’t give equal pay to all.’

### **Example C**

Life histories show hints of increased agency for women in urban areas of Nepal. During Sita’s trajectory out of poverty in urban Banke, she noted: ‘I did social work ... I did tailoring work too. My mother-in-law informed me about training programmes ... So, I gradually got engaged in it. My husband also didn’t restrict me in any way.’ However, while women in urban areas may experience fewer sociocultural restrictions, such examples point to their higher workloads, stemming from the double-burden of income and care work (Chant and McIlwaine, 2013), without the same level of community support. This care work may be transferred to daughters, contributing to the transmission of traditional gender roles and, with it, income and time poverty (Chant, 2013).

*Source: Life history interviews in Nepal, unless stated otherwise.*

## **Box 9 Impoverishment through chronic mental health issues**

In 2010, Florence’s third-born son, who used to stay in Nairobi, started to display signs of mental illness and would disappear for stretches at a time before returning home. His family took him to Mbale hospital, where he was admitted for three days. They spent 49,000 shillings during this time. The following year the problem persisted and the family took him to Kakamega, where they spent an additional 39,000 shillings. In 2013, the family again spent 42,000 shillings for his medication. In 2014, they were advised by the doctor to stop injecting him, otherwise he would continue to be violent and would require strong men to hold him back during his episodes of anger. Instead, the doctor advised the family that their son should be taking medication on a daily basis. The mother used to have a well-stocked kiosk, but the business collapsed since 2013. The sons are not financially able to help their mother, who instead depends on her sister, who works in Nairobi and assists in buying medication.

*Source: Life history interview in Kenya.*

restricting the definition to those individuals who have a physical difficulty (seeing, hearing, walking, remembering, self-care, communicating) that ‘always’ limits the amount of work they can do at home, school or work, we observe a

higher, and statistically significant, prevalence of disability among the poor. A similar result is seen in rural Bangladesh, where severe disabilities are strongly linked to extreme poverty (Sen and Hoque, 2017).

More generally, the absence of adequate safety nets or social networks to cushion against health shocks and offset health-related costs can mean that chronic poverty or impoverishment are typical among households with high health spending (Box 10). An increase in per capita monthly health expenditure is associated with an increased risk of impoverishment in Cambodia, Nepal, the Philippines and Uganda, and also an increased risk of transitory escapes in rural Bangladesh, Nepal and Uganda. The fieldwork reinforces the impoverishing effects of health shocks, even among households that otherwise had useful assets, such as sufficient land or completed secondary education of the household head. In contrast, the impoverishing effect of ill health was rarely noted in life histories from a parallel study in Rwanda. This was attributed to the high coverage of Rwanda's effective health insurance policy, linked with significant improvements in public health services (da Corta et al., forthcoming).

The individual and social conversion factors outlined in this section illustrate the varied ways in which assets alone may be insufficient to ensure that escapes from poverty can be sustained. Other macro contextual characteristics also play a considerable role in helping sustain poverty escapes, which we turn to next.

### 4.3.2 Macro conversion factors: shocks impede the ability of households to sustain escapes

Across countries, the most common shocks that can impede the ability of households to sustain poverty escapes are ill health (detailed above) and environmental disasters. The regression results show that disasters, such as floods in Ethiopia or high-intensity typhoons in the Philippines, are associated with an increased risk of impoverishment relative to sustained poverty escapes. Disasters also increase the risk of transitory escapes and chronic poverty in Ethiopia. The existence of inadequate disaster risk management or development policies and programmes that are not sufficiently risk informed could exacerbate the impacts of disasters on poor households. Moreover, poverty in itself can increase vulnerability to risk: in the Philippines, poverty was found to be the 'single most important factor in determining disaster

#### Box 10 Impoverishment through high costs associated with health shocks, Cambodia

Leang Leak (female respondent, transitory poverty escape, Baboang) sold three cows in 2017 for \$90 (360,000 riels) and borrowed \$750 (3 million riels) at 2% interest per month to pay for her mother's medical treatment and subsequent funeral. This was one of the factors that prevented her poverty escape from being sustained.

Suon Ly (male respondent, transitory poverty escape, Baboang) sold five cows and used savings and borrowed money in 2015 to cover his wife's medical bills (\$3,000) when she was diagnosed with cancer. He added to the loan to meet other contingencies, and was still repaying the loan three years later.

Meas Thon (female respondent, sustained poverty escape, Kanhchor) sold land in 1998 to pay \$200 for her parents' medical treatment. In 2018, she had to have surgery for a tumour on her spine, costing \$5–6,000. She drew down on savings, borrowed from her family, raised \$2,000 from AMK microfinance and borrowed \$1,000 from her husband's employer.

*Source: Life history interviews in Cambodia.*

vulnerability' (Shepherd et al., 2013). It will be necessary to enhance macro enablers in order to improve household well-being and the ability to sustain poverty escapes in the face of disasters.

Other shocks also reflect weak conversion factors and prevent poverty escapes from being sustained. Input price shocks in Ethiopia are associated with an increased risk of transitory escapes and impoverishment relative to sustained escapes. The death or theft of animals in rural Cambodia is associated with an increased risk of chronic poverty relative to sustained escapes. Regarding the latter, ensuring that pro-poor justice systems or local-level policing operate effectively could help to improve the ability of households to deal with theft, so that such losses do not detract from households' ability to sustain a poverty escape.

---

Finally, rural–urban differences in poverty trajectories are universally significant. Sustained escapes are most likely to be achieved in urban areas, or through investment in these areas, for example through the provision of homes for rent. Achieving resilience is sometimes tied up with moving to or investing in an urban property and/or enterprise. Sustained escapes are also more likely in particular regions, where environmental or security risks are lower (for example, Central and Western Uganda). Rates of chronic poverty are much higher in places where there is or has

been conflict, for example in post-conflict areas of Nepal compared with other areas, and similarly in the Autonomous Region in Muslim Mindanao. A focus on reducing the sources of risk in rural areas and the poorest regions is indicated.

Among all these conversion factors, the provision of public goods, and more generally the policy and programming space vis-à-vis poverty reduction, has the strongest impact on the ability of households to escape poverty sustainably. The following section delves into the policy implications of this study and concludes.

---

# 5 Policy implications and conclusions

Opportunities for households to sustain escapes from poverty exist, but they are not always abundant and can be difficult to identify, and competition can be high. Some resources are diminishing, especially land, so alternative pathways out of poverty to agriculture are increasingly needed. Capabilities are often not well adjusted to the demands of the market; there can be a mismatch. This section analyses these expectations a little further and identifies common policy priorities.

## 5.1 Building endowments: the need to foster growth from below

To date, policy contributions to sustained poverty escapes have been principally in the form of social policies; getting economic policies and programmes to work well for poor people is much tougher. The rural non-farm economy and migration are two critical areas where policies and programmes are undeveloped. Policies are better developed in agriculture, but the sector remains fraught with challenges in terms of adjusting to the capacities, needs and requirements of poor farm households, and the interest of political elites in supporting smallholder agriculture. Inflation management – especially food and agricultural input prices – is a challenging aspect of macroeconomic policy (which is itself intrinsically difficult and a matter of trade-offs). All this means that ‘growth from below’ remains important, given the slow rate of accessible job creation ‘from above’ in many countries, but it is difficult to foster.

While agricultural policy often gets plenty of emphasis and a substantial budget allocation (several African countries, including Ethiopia, are now meeting or near to the 10% budget target adopted by the African Union), levels of investment in the rural non-farm economy and in

making urban development migrant-friendly lag way behind. There is scope for African countries to learn from the migrant support programmes developed in Asia, and from more inclusive urbanisation processes, which encourage ‘growth from below’ (McGranahan et al., 2016; Tshofuti, 2016). And the agricultural policy implications are also clear: agriculture remains an important part of many stories of sustained escape, even where land holdings have become small and focused on food farming. However, such farmers typically get very little external support, but there are interventions that can make a big difference – such as using the manure from livestock to fertilize small plots of land, which reduces variation in crop production and can increase the small surpluses available for sale. Getting agricultural markets to work well for these small producers can also help (CPAN, 2012).

To summarise, while governments may justifiably be focused on attracting foreign direct investment and developing small and medium-sized enterprises, which can provide some opportunities for migrants, the poor progress largely through ‘growth from below’ – a combination of agricultural and non-farm growth and migration to towns for work or enterprise development. These livelihoods improve their net income, which can in turn affect the assets they have, and lead to a cyclical process of growth and resilience-building.

## 5.2 Improving conversion factors to sustain poverty escapes

Even for households that have an adequate endowment base and are pursuing an effective livelihood strategy, the presence of shocks coupled with weak conversion factors could



---

inhibit their ability to build resilience and achieve a sustained poverty escape. This is a key, novel finding of this paper, and one with important policy implications.

At a household level, social conversion factors could be strengthened in several ways. Our research found strong life cycle effects across most countries. A generic policy implication of these effects is to work towards relieving households of the poverty-inducing effects of having children. This can be done through improving social policies that work towards the provision of free, high-quality schooling, free health care or effective health insurance, nutritional support during childhood, child grants and good family planning services.

Provisions to protect women's property rights, even in the event of marital dissolution, are necessary. Many times, women are impoverished because both statutory and customary laws do not provide adequate protection for widows and divorced or separated women. Couples-based counselling could be new avenues to explore in these contexts. It has been developed in the context of HIV/AIDS (Kennedy et al., 2010) and in the context of reproductive health for younger mothers and their husbands (Sarkar et al., 2015). The results of such work around couples-based counselling could be assessed with a view to potentially extending it to promote spousal collaboration and help avoid the impoverishment that can face female-headed households after marital breakdown. However, it should be borne in mind that, in some cases, a woman's only route to empowerment may be through separation and divorce, and counselling should not be interpreted as pressure to remain married. The reform of the Family Code in Ethiopia is a step towards providing better protection for women, even in the case of marital dissolution (Kumar and Quisumbing, 2015).

Another issue that requires more attention in policies is the prevention of premature deaths among breadwinners. Health insurance has a useful role in these contexts. It also helps to prevent households from drawing down their asset stocks to cope with shocks. In countries where women's assets are disposed of first, it also helps women to preserve their asset

base. Tanzania is about to invest in a more comprehensive health insurance scheme than it currently has, and Kenya is also considering such a move. Ethiopia could do the same (Tafere, 2018). The issue has also been explored for Niger and Cambodia.

Other macro contextual conversion factors relating to infrastructure and the provision of public goods are also important in ensuring that livelihoods and assets can lead to sustained poverty escapes. Strengthening urban–rural links through better roads and telecommunications and increasing electrification are examples of hard-infrastructure policies. The functioning of labour markets is also an important policy area. Steps to reduce the degree of exploitation by migrant labour recruiters and to ensure workers' freedom to organise, among other related measures, would improve workers' rights and, thereby, their households' ability to sustain poverty escapes.

There is also scope for improvement in macro conversion factors that can cushion against shocks. Environmental shocks are typically addressed through disaster risk management policies, which may be of varied quality (Shepherd et al., 2013). In some cases, risk management policies may be strong on environmental shocks, but most are undeveloped on a variety of issues. The absence of resources and supporting policies and programmes to deal with idiosyncratic shocks, especially ill health, theft and predictable cultural obligations, is remarkable. As already mentioned, the movement towards the provision of health insurance is gathering momentum. There is much less appreciation of the impact of property theft – both within families and externally – with crop and asset theft now a major reported risk against which there seems to be few policy initiatives and very limited policing and legal capacity. This can particularly be a problem where villages have been consolidated and farmland is located far away from dwellings. There are no or few policy or programme responses to this issue. Reducing harmful cultural obligations has also been a very difficult area of development work. Innovative thinking and experimentation are badly needed to address this issue.

---

### 5.3 A final word

The risks poor people face in finding ways out of poverty are multiple and intense: escaping poverty is no mean feat; and staying out of it is also no mean feat for many. This study reveals that livelihood strategies that build income are necessary to ensuring sustained escapes from poverty, but they are not sufficient on their own. Increased income can lead to investments in

both tangible assets (e.g. land and livestock) and intangible assets (e.g. education), which can help households to build resilience in the face of shocks. However, it is centrally the conversion factors, ranging from the individual level to the macro environmental level, that can make or break a household's ability to sustain a poverty escape. Policies aimed at eradicating poverty would do well to focus on the enabling factors that can help households to sustain their escapes from poverty.

---

## References

- Akram, A., Bryan, G., Chowdhury, S. and Mobarak, M. (2016) *No lean season: encouraging seasonal migration to address income insecurity*. IPA Policy Brief. New Haven, CT: Innovations for Poverty Action
- Baulch, B. (2011) *Why poverty persists: poverty dynamics in Asia and Africa*. Cheltenham, UK: Edward Elgar Publishing
- Bird, K., Roth, V. and Diwakar, V. (forthcoming) *Resilience and sustainable poverty escapes in rural Cambodia*. USAID report. Washington, DC: United States Agency for International Development
- Chant, S. and McIlwaine, C. (2013) 'Gender, Urban Development and the Politics of Space'. *E-International Relations* – open access website. Retrieved from: <http://www.e-ir.info/2013/06/04/gender-urban-development-and-the-politics-of-space/>.
- Chant, S. (2013) 'Cities through a "gender lens": a golden "urban age" for women in the global South?' *Environment and Urbanisation* 25: 9–29
- CPAN – Chronic Poverty Action Network (2012) *Meeting the challenge of a new pro-poor agricultural paradigm: the role of agricultural policies and progress*. CPAN Agriculture Policy Guide. London, UK: Overseas Development Institute
- da Corta, L., Kessy, F., Ruhinduka, R., Shepherd, A. and Scott, L. (2018) *Resilience and sustainable poverty escapes in Tanzania*. USAID report. Washington, DC: USAID
- da Corta, L., Shepherd, A., Baguma, A., Eichsteller, M. and Simons, A. (forthcoming) 'A qualitative enquiry into temporary and sustained pathways out of poverty and the policies and the political settlements shaping them in Rwanda 2000-2017'. Swindon: Economic and Social Research Council
- Diwakar, V. (2017) *A tale of triple disadvantages: disability and poverty dynamics amongst women in rural Bangladesh*. CPAN Working Paper. London, UK: ODI ([www.chronicpovertynetwork.org](http://www.chronicpovertynetwork.org))
- Diwakar, V. (2018a) *Resilience and sustainable poverty escapes in Nepal*. USAID report. Washington, DC: USAID
- Diwakar, V. (2018b) *Resilience and sustainable poverty escapes in the Philippines*. USAID report. Washington, DC: USAID
- Kennedy, C., Medley, A., Sweat, M. and O'Reilly, K. (2010) 'Behavioural interventions for HIV positive prevention in developing countries: a systematic review and meta-analysis' *Bulletin of the World Health Organization* 88: 615–623
- Kessy, F., Ruhinduka, R., Kayunze, K., Massito, J. and Songole, A. (2018) *Understanding and supporting sustained pathways out of extreme poverty and deprivation: Tanzania national report*. CPAN. London, UK: ODI
- Kumar, N. and Quisumbing, A. (2015) 'Policy reform toward gender equality in Ethiopia: little by little the egg begins to walk' *World Development* 67: 406–423
- Mariotti, C. and Diwakar, V. (2016) *Ensuring escapes from poverty are sustained in rural Ethiopia*. USAID Leo Report 36. Washington, DC: USAID
- McGranahan, G., Schensul, D. and Singh, G. (2016) 'Inclusive urbanisation: can the 2030 Agenda be delivered without it?' *Environment and Urbanization* 28(1): 13–34
- Nambiar, S. (2013). Capabilities, conversion factors and institutions. *Progress in Development Studies* 13(3): 221-230.
- Quattri, M. and Watkins, K. (2016) *Child labour and education: a survey of slum settlements in Dhaka*. ODI Report. London, UK: ODI
- Robeyns, I. (2005) 'The capability approach: a theoretical survey' *Journal of Human Development* 6: 93–114

- 
- Ruhinduka, R., Massito, J., Songole, A. and Kessy, F. (2018) *Understanding and supporting sustained pathways out of extreme poverty and deprivation in Tanzania: quantitative approach*. CPAN Working Paper. London, UK: ODI
- Sarkar, A., Chandra-Mouli, V., Jain, K., Behera, J., Mishra, S. and Mehra, S. (2015) 'Community based reproductive health interventions for young married couples in resource-constrained settings: a systematic review' *BMC Public Health* 15: 1037
- Scott, L. and Diwakar, V. (2016) *Ensuring escapes from poverty are sustained in rural Bangladesh*. USAID Leo Report 32. Washington, DC: USAID
- Scott, L., Diwakar, V. and Okech, M. (2016) *Ensuring escapes from poverty are sustained in Uganda*. USAID Leo Report 25. Washington, DC: USAID
- Scott, L., Miller, R., Eichsteller, M., Diwakar, V., Njagi, T. and Nyukuri, E. (2018) *Resilience and sustainable poverty escapes in rural Kenya*. USAID report. Washington, DC: USAID
- Sen, A. (1992) *Inequality re-examined*. Oxford, UK: Clarendon Press
- Sen, B. and Hoque, M. (2017) *Unpacking disability-extreme poverty links in Bangladesh through household income and expenditure survey: a quantitative exercise*. CPAN Challenge Paper. London, UK: ODI
- Shepherd, A. (2017) *Disability, poverty and poverty dynamics: a preliminary analysis of panel data, policies and politics in Bangladesh: Synthesis*. CPAN. London, UK: ODI
- Shepherd, A., Mitchell, T., Lewis, K., Lenhardt, A., Lones, L., Scott, L. and Muir-Wood R. (2013) *The geography of poverty, disasters and climate change 2030*. London, UK: ODI
- Shepherd, A., Scott, L., Mariotti, C., Kessy, F., Gaiha, R., da Corta, L., Hanifnia, K., Kaicker, N., Lenhardt, A., Lwanga-Ntale, C., Sen, B., Sijapati, B., Strawson, T., Thapa, G., Underhill, H. and Wild, L. (2014) *The chronic poverty report 2014–2015: the road to zero extreme poverty*. London, UK: ODI
- Shepherd, A., Samman, E., Gavas, M. and Faure, R. (2016) *Trends in poverty and inequality and further clustering of developing countries: challenges and opportunities for development policy*. Prepared for the European Commission, internal document.
- Shepherd, A., da Corta, L., Diwakar, V., Kessy, F., Massito, J., Ruhinduka, R., Simons, A., Tafere, Y. and Woldehanna, T. (2018) *Understanding sustained escapes from poverty: comparing Ethiopia, Rwanda and Tanzania*. CPAN. London, UK: ODI
- Tafere, Y. (2018) *understating and supporting sustained pathways out of extreme poverty and deprivation in Ethiopia: qualitative evidence*. CPAN report. London, UK: ODI
- Tshofuti, L. (2016) *Benefits and limitations of the informal economy in promoting sustainable and inclusive local economic development: a Stellenbosch case study*. Dissertation. ([scholar.sun.ac.za/handle/10019.1/98527](https://scholar.sun.ac.za/handle/10019.1/98527))
- Woldehanna, T., Amha, W., Yonis, M. and Tafere, Y. (2018) *Sustained pathways out of extreme poverty in Ethiopia: national synthesis report*. CPAN. London, UK: ODI

---

# Annex: Approach to mixed-methods analysis employed in this study

This study adopts both a monetary measure of poverty, through the quantitative data analysis, and a multidimensional understanding of poverty, through a participatory well-being approach within the fieldwork. This combination, outlined below, allows for an holistic understanding of poverty and sustaining poverty escapes, in keeping with the capabilities approach.

## A1 Approach to the quantitative analysis

This study employed analysis of multinomial logistic regressions to investigate determinants of sustained poverty escapes, transitory poverty escapes, impoverishment and chronic poverty. The following equation was used:

$$\Pr(\text{poverty trajectory}_{i,t} = 1 \mid \beta, v_{i,t}) = F(\beta_0 + \beta_1 \text{head}_{i,t} + \beta_2 \text{household}_{i,t} + \beta_3 \text{region}_{i,t})$$

for  $v_1 = (1, \text{head}_i, \text{region}_i, H_i)$

where *poverty trajectory*<sub>*i*</sub> is the probability of household *i* experiencing a transitory poverty escape, experiencing chronic poverty, becoming impoverished or sustaining a poverty escape, *head* is a vector of variables defining the characteristics of the household head, *region* is a set of dummy variables on household region and whether it is urban or rural, and *household* is a vector of household-specific controls, including shocks that occurred between survey rounds.

The base outcome is whether a household has experienced a sustained poverty escape. A variable coefficient that is greater than 1 indicates that a household has a higher risk ratio of the outcome (transitory poverty escape, impoverishment or chronic poverty) relative to the base reference group of sustained escapers. The analysis in this report only comments on variables that are statistically significant at conventional levels (*p*-value < 0.05; or otherwise marginally at *p*-value < 0.10 where explicitly noted). We also include a 5% band above and below the poverty line in which we exclude households from the analysis to minimise measurement errors.

Source: Scott and Diwakar (2016).

---

## A2 Approach to the qualitative analysis

The initial analysis of a quantitative dataset also identifies a sub-sample of the survey respondents for follow-up qualitative research based on life histories, focus group discussions and key informant interviews. Well-being in the qualitative work was classified following a participatory wealth ranking approach into the following levels:



Analysis of the fieldwork involved the following approaches:

1. Frequency of attributions analysis: This analysis offers an understanding of the salience of key factors mentioned for each poverty trajectory. Through the life histories approach, each respondent narrates his or her life history, focusing on the key rises and falls in well-being and the key reasons for these changes. Later, a qualitative researcher codes the key reasons given for mobility, organised by changes in resources, capacities, activities and shocks. These are then further divided into a series of relevant codes (for instance, acquisition or sale of land, livestock non-farm assets). Within these codes, memos on less-tangible drivers, such as changes in power in key relationships which enable or constrain improvements in resources, livelihoods and capacities – drivers which can influence the capability set – are also documented. These are then analysed using coding software to assess the frequency or salience of these attributions in terms of the number of households citing each reason.
2. Critical realist and process tracing methods: This second approach supplements the frequency of attributions analysis through a less-deductive, more context-centred approach, guided by both critical realist methods and process tracing methods. Pathways of sustained and transitory escapes found in the life histories are analysed in terms of the wider macro and meso social, cultural, agro-economic and political contexts to gain a meaningful interpretation of the drivers of sustained escapes and impoverishment identified in the life history interviews and focus group discussions. The timing of actions taken (e.g. individually, policy change) is crucial, as policies, economies and norms change.

*Source: da Costa et al. (2018).*





**Evidence.  
Ideas.  
Change.**

---

ODI is an independent, global think tank, working for a sustainable and peaceful world in which every person thrives. We harness the power of evidence and ideas through research and partnership to confront challenges, develop solutions, and create change.

---

**ODI**  
203 Blackfriars Road  
London SE1 8NJ

+44 (0)20 7922 0300  
info@odi.org

odi.org  
odi.org/facebook  
odi.org/twitter