

4

CAUSES OF PERSISTENT POVERTY AND HUNGER

In contrast to the thousands of lives depicted in the figures and tables of the previous chapters, we start this chapter by considering the life story of one family in Bangladesh. A group of IFPRI researchers visited Abdul and Ayesha Karim a number of years ago and the Karims' story is told in Box 4.1. Their story underscores the severity of poverty and hunger and highlights some of the reasons their deprivation was worse than that of others in their village. Remoteness from government services, sudden loss of their land, distress sales of other assets, and unemployment resulting from low productivity and hunger all contributed to the severity of their situation.

In the last few years, researchers have learned much about the causes of persistent poverty and hunger in the lives of Abdul, Ayesha, and others like them who are represented in the numbers in the previous pages. This chapter of the report reviews what has been learned. It draws on the literature on the causes of poverty and hunger and on the analysis of the causes of poverty and hunger in World Bank Poverty Assessments of the 20 countries considered in Chapter 3.

The location of a household—the country of residence and the location within a country—

is found to have a large impact on potential household welfare. Section 4.1 of this chapter shows that a country's growth experience and its ability to translate that growth into poverty reduction varies from country to country, affecting the probability that a household will experience poverty and hunger. A person's country of residence determines his or her access to services, infrastructure, and markets, and thus determines the return an individual can expect to get on his or her assets. Perhaps even more importantly than this, the ability of a country to secure peace for its citizens is an essential precursor to well-being. The disparity in the incidence of poverty and hunger across countries presented in Chapters 2 and 3 attests to the importance of regional and country characteristics in determining poverty and hunger, as does the fact that economic migrants are the fastest-growing group of international migrants.²³ Section 4.2 highlights the importance of agroecological conditions and access to technologies, markets, and services in allowing households to live lives free of poverty and hunger.

BOX 4.1 Causes of Poverty and Hunger in One Family

Abdul Karim, about 35, is the head of a landless household. He lives with his wife, Ayesha, and their three children in Puthimari village of Chilmari Thana, one of the most distressed areas of Bangladesh. Abdul's household is among the many severely poor households in the village that were not covered by any government intervention program. The household was included in the control group of IFPRI's consumption and nutrition survey.

Abdul's one-room house, with walls made of kash (a tall, wild grass) and bamboo and a roof of straw, is too small for his family. It is clear that the household is in subjacent poverty. The severity of the family's malnutrition is evident from their skeleton-like features.

IFPRI field investigators Zobair and Farzana interviewed Abdul and Ayesha. "You can see our miserable condition. Yet we are not included in any of the government programs," Abdul said bitterly. "It is true that most of those who are getting rations are also poor, but none of them are as needy as we are."

"Two days ago, I worked on a neighbor's land, weeding his radish field. He gave me 5 taka, and a meal of rice and dal for the whole day's work," Abdul continued. "Yesterday, I went to him again, but he offered me only 3 taka and a meal. I accepted and worked from morning till evening." The day IFPRI visited the Karims, nobody in the family could find any work. Abdul had spent his 8 taka to buy about a kilogram of wheat, which Ayesha was frying in an earthen pot. "I soaked the wheat in salt water before frying," she said. "The wheat becomes hard and brittle after frying. This fried wheat is all we have for today's meal. From this, I have to save some for tomorrow also; we don't have money to buy more wheat or rice. Nobody wants to hire me or my husband for work because we are so weak. But if we can't find work, then we can't eat, and without eating we will become weaker."

Abdul nodded. "She is right. Aswin and Kartik [months in the lean season] are the most difficult months. Many children in this area die during this time. They are so weak that even simple diseases kill them," he said, looking at his own children. "But things will improve after a month during the aman rice harvest. Everybody will get work. Ayesha will parboil paddy and husk rice in farmers' houses."

"But what will happen to us next? The river will probably take away our house next year," said Ayesha anxiously. "We were not this poor when we got married. We had some land, and we produced enough rice for our small family during that time. But one night, there was a big land erosion and the rakkushi [a legendary animal, like a dragon] river swallowed our land. Except this house, we have nothing left now. Last month, I sold my gold nose pin to a neighbor for one-fourth the price my husband paid for it. With that money we bought some rice and wheat."

Abdul sold a mango tree earlier in the month for only 100 taka. "The tree could easily fetch 500 taka," he said. "Big and sweet mangoes used to grow on that tree. But the man who bought the tree cut it for firewood because it could go into the river during the next flood. You see, the river is the cause of all our misery," Abdul concluded.

As the interview ended, Biplab, Abdul's eight-year-old son, came running with a large and beautiful water hyacinth flower in his hand. He gave the flower to Farzana and said shyly, "Please come again." Farzana had managed to hold her tears during the interview. She could not hold them any longer.

Source: Ahmed (2000b).

Against this backdrop of institutions, technology, and infrastructure, there are causes of persistent poverty and hunger that operate at the individual or group level (considered in Sections 4.3 to 4.10). Two themes underlie many of these explanations: traps and exclusion.

The inability of poor households to invest in the education and assets of their children (see Section 4.5), the constrained access to credit for those with few assets (see Section 4.7), and the lack of productive labor of the hungry (see Section 4.8) are all indicative of the presence of a trap in which poverty begets poverty and hunger begets hunger. In some cases, initial poverty and hunger does entrap, which contradicts an alternate view caricatured by Bowles, Durlauf, and Hoff (2006, p. 1) that “initial poverty typically does not entrap; only those who don’t make the effort remain in its clutches.” One of the striking features of the regional comparisons presented in Chapter 2 is the high numbers of ultra poor in Sub-Saharan Africa and the slow improvement in reducing poverty in this region since 1990. This persistence of poverty and hunger is consistent with the existence of a poverty trap for very poor households.²⁴ While some studies find little evidence of poverty begetting poverty, a number of studies at the individual and household level provide clear evidence that poverty and hunger do put into play mechanisms that cause their persistence, suggesting that for some, poverty does entrap.²⁵ In these cases, poverty and hunger are inherited at birth, or result from unfortunate and unexpected events in the lifetime of an individual that can persist for many years (see Sections 4.3 and 4.4).

The systematic exclusion of certain individuals from access to resources and markets based on their characteristics increases

the propensity of ethnic minorities, scheduled castes and tribes, women, and those who are sick and disabled to be poor. This tendency of certain groups to be excluded from institutions and markets that would allow them to improve their welfare changes only slowly over time and gives rise to persistent poverty and hunger.²⁶ These mechanisms are considered in Sections 4.9 and 4.10.

4.1 SLOW GROWTH, INEQUALITY, AND UNREST

Growth and Inequality

Differences in average incomes between the poorest and richest countries in the world are immense and are directly attributable to the different growth experiences the countries have had since the industrial revolution, when the average incomes of countries across the world were pretty constant.²⁷ A number of cross-country studies concur that poverty reduction is more likely to take place in countries that experience economic growth.²⁸ Chapter 2 made clear that regions of the world that have experienced the most poverty reduction in recent years are also the regions of the world that have experienced the highest growth (East Asia and the Pacific and South Asia) and this is true on a country level as well. On average across countries, 1 percent of growth will bring a 2-3 percent reduction in the number of people living below the poverty line.²⁹

There are many factors that influence a country’s growth process, including resource endowments, institutions, access to markets, aid, terms of trade, commodity dependence, and many other factors. Rodrik and others suggest that the quality of institutions— institutions ranging from the legal system and protection of property rights to broader political institutions—is the most important determinant (Rodrik 2003).

However, although growth is good for the poor, it has not been found to be equally good in all countries. Growth explains only a quarter of the variation in reductions in poverty (Bourguignon 2003). The potential impact of 1 percent of growth on poverty reduction has been estimated to vary between 0 and 0.73 percentage points across 14 countries (Klasen and Misselhorn 2006).

The level of inequality in a country is one of the factors that affects the relationship between growth and inequality. Growth has been found to have less of an impact on reducing poverty in countries where inequality is high. This means that in countries where inequality is high, not only do the poorest and hungry have the least share of resources, they are also least likely to benefit from growth (Ravallion 2007).

The influence of growth on poverty and hunger also depends on whether the type of growth that occurs benefits poorer or richer households more. Section 2.2 showed that while the ultra poor have benefited the least from increases in incomes during the past 15 years, they did benefit at least a little in most regions of the world, which allowed some reductions in ultra poverty to be made. Growth in sectors in which the poor and hungry reside benefits them the most, and Chapter 3 showed that for much of the developing world that means growth in the rural sectors of the economy (such as agriculture).³⁰

Although reductions in inequality rarely occur in practice without concurrent growth, reductions in inequality (through growth that favors the poor more than the rich or through redistributive measures) can reduce poverty. This is indicated by rough estimates that show that reducing the level of inequality in each region in the world by one standard deviation is enough to more than halve poverty in Sub-Saharan Africa and almost halve poverty in

Latin America.³¹ Some types of inequality are more likely to result in persistent poverty and hunger than are others. For example, removing market restrictions that keep inequality low by compressing the labor-market returns to schooling may ultimately help households escape poverty. However, inequalities resulting from inequalities in education, exclusion of certain groups on grounds of their ethnicity, or inequalities in access to credit and insurance make it hard for the welfare of the poorest to improve.³² Good policy is crucial to both encouraging growth and reducing inequality.

Unrest

Stable environments are also essential for helping households escape poverty and hunger. A third of those living in absolute poverty in developing countries live in countries defined as “difficult environments” due to conflict or state collapse. Of the 980 million people identified by Collier (2007) as living in 50 failing states, nearly three-quarters live in states that have recently been through, or are still in the midst of, a civil war (and 70 percent live in Africa).³³ Chapter 2 showed that most of the large outliers with comparatively high Global Hunger Index (GHI) scores, especially in Sub-Saharan Africa, are countries that have experienced long-lasting wars in the past 15 years. And even this is an incomplete picture, since those countries most affected by conflict—such as Somalia, Afghanistan, and Iraq—are those without poverty and hunger estimates. Conflict impacts poverty and hunger both during the conflict and after it has ceased, as evidenced by the experience of some of the countries considered here that have recently experienced conflict (Rwanda, Mozambique, and Sri Lanka). Hunger is also sometimes used as a weapon when combatants cut off food supplies with

the aim of starving opposing populations into submission.³⁴

The most direct impact of conflict on well-being is the loss of human life. In addition to the immediate distress this causes, loss of life can have a long-term impact on a household's welfare because the loss of able-bodied members limits the household's earning ability and deprives children, the sick, and the elderly of their caregivers. In northeastern Sri Lanka (where civil conflict has been present for the past two decades), 1 of every 12 households reported that a family member was killed as a result of the conflict. Those who are the poorest experienced even higher losses, with 1 of every 7 households reporting a member killed.³⁵ In some cases, the poorest and most vulnerable are more likely to become combatants and risk loss of life. Sometimes they are forcibly recruited, but in Sri Lanka the rural poor are reported to be more likely to serve in the armed forces due to a lack of other opportunities to earn a living.³⁶

When people are compelled to leave their homes as a result of conflict, they are cut off from their usual sources of income and food and become very vulnerable. In refugee camps, they are frequently subject to overcrowding, poor sanitary conditions, and inadequate food supplies. Outbreaks of micronutrient deficiency diseases rarely observed in populations in their normal environment have been frequently reported in refugee camps. This was the case, for example, among Mozambican refugees in Malawi in 1990.³⁷ The living conditions in the camps facilitate the spread of infectious diseases, including HIV infection, as was the case in Rwandan refugee camps set up as a result of the genocide that displaced half the Rwandan population.³⁸

The disruption of markets, roads, crops, livestock, and land that warfare brings also has an immediate and long-term impact on

the incomes of those in the affected areas.³⁹ Rwanda's Participatory Poverty Assessment highlighted how the genocide had set in place a vicious cycle of "low production, lack of seasonal savings, lack of inputs in subsequent seasons, and increasing food insecurity."⁴⁰ The destruction of livestock and the loss of life during the genocide had long-term economic impacts. In Sri Lanka, there has been some compensation for asset loss resulting from the civil war, but those who have not benefited from this are the poorest households.⁴¹

Provision of basic services is difficult during and after conflict when institutions are absent, many service providers are missing, and security cannot be guaranteed. Persistent poverty and hunger becomes more likely when basic services are absent. Schools are destroyed during conflict and teachers are killed, compromising the education of a whole generation, especially in long-lasting civil wars.⁴² Healthcare services are also jeopardized. Deliberate destruction of healthcare facilities has been reported during conflicts in Mozambique, Liberia, and Sierra Leone, and more generally, healthcare systems suffer from a lack of public funding, a lack of medical supplies, and personnel losses during times of conflict.⁴³ In Rwanda, most of the trained workforce was killed or fled the country during the genocide.⁴⁴

The impact of conflict on poverty and hunger in turn makes conflict more likely.⁴⁵ Regression estimates suggest that halving the income of a country doubles the risk of civil war. This and the fact that conflict is also likely to reoccur—half of all civil wars are post-conflict relapses—generate a "conflict trap" in which countries embark on a downward spiral of increasing impoverishment, hunger, and violence.⁴⁶

Achieving peace, an equitable society, and economic growth are clearly important elements of a poverty and hunger reduction strategy. The remainder of this chapter examines the factors

that, given those broad conditions, have been shown to be important in determining whether a particular household in a given country will or will not experience poverty and hunger.

4.2 ADVERSE ECOLOGY AND REMOTENESS

In Chapter 3, we noted that locational variation in the prevalence of poverty and hunger within countries can be just as striking as that between countries; it is estimated that 76 percent of those living on less than \$1 a day live in rural areas,⁴⁷ and the poorest are often located in certain geographic areas within countries: southwestern China, parts of northeastern India, northwestern and southern rural areas of Bangladesh, northern Ghana, and the Andean and Amazonian regions of Peru.

Extreme poverty in Peru, for example, is about six times higher in the Andes and more than four times higher in the Amazonian region than in the urban coastal areas.⁴⁸ In Ghana, a participatory poverty assessment indicated that the depth of poverty and vulnerability in the rural north is greater than in other rural areas, that serious food insecurity prevails for at least part of the year for nearly all households in the region, and that, unlike in the rest of the country, access to food predominates in local views of poverty.⁴⁹ This section explores whether some of these differences reflect the importance of a person's location in explaining his or her experience of poverty and hunger.

Adverse Ecology

The regional patterns of poverty and hunger across the world and within countries show that the world's most deprived are those located in geographically adverse zones. Areas such as deserts, savannah, mountains, and swamps are characterized by harsh living conditions and often low productivity and higher incidence of untreatable disease. Upon dividing countries

into three categories—tropical, arid, and temperate—the variations in yields across agroclimatic zones are clear. Average cereal yield in 1995 was 18,051 kilograms per hectare (kg/ha) in tropical areas, 18,540 kg/ha in arid areas, and 37,288 kg/ha in temperate areas.⁵⁰

In adverse zones, the technologies available to increase productivity and fight the diseases that affect humans, crops, and livestock lag behind the technologies that have been developed to control habitats in more temperate zones. For example, a study in West Africa showed that almost 100 percent of the increase in per capita food output since 1960 has come from an expansion of harvest area as opposed to the use of new technologies or farming methods.⁵¹ Some of this results from a failure to adopt new methods when they exist, but to some extent it indicates little technological development. Of the 1,223 new drugs marketed worldwide between 1975 and 1996, only 13 were developed to treat tropical diseases.⁵² As a result of low yields, greater risks of disease, and a higher prevalence of natural disasters, households located in less-favorable areas are more likely to be and remain poor.

In Ethiopia, the poorest live at altitudes of less than 1,800 meters or more than 2,400 meters and food-insecure regions are those that experience both the lowest and most variable rates of rainfall.⁵³ In Senegal, rural poverty is concentrated in areas where land availability is low because of population pressures, soil degradation, or saltwater intrusion.⁵⁴ In Bangladesh, the most severe poverty exists in areas of physical remoteness, areas that are prone to drought or flooding (such as the northwest), and the southern coastal region, which is vulnerable to cyclonic storms and high tidal waves.⁵⁵ In Guatemala, the poorest areas are remote areas with limited agricultural potential.⁵⁶

This pattern has been found in other countries, too. Other things being equal, households in rural mountainous areas in southern China are less likely to escape poverty than households in the hills, while households in the hills are less likely to escape poverty than households on the plains. This reflects the fact that natural conditions for agriculture in China tend to be better in the plains than in the mountains or hills.⁵⁷

The fact that the poorest live in these areas is not necessarily a coincidence; culturally devalued and impoverished groups are frequently driven to inhabit less-favorable lands by the dominant ethnic group or wealthiest households.⁵⁸ In Guatemala, for example, one impact of the expropriation of indigenous communal lands was to force indigenous peoples into marginal areas.⁵⁹ Similarly in Peru, indigenous peoples are concentrated in the less-favorable Andean and Amazonian regions.⁶⁰

Remoteness

Frequently, the poorest regions of a country are not only ecologically disadvantaged, but are also the most remote, with the highest traveling time to the country's capital and main economic centers. A consistent characteristic of poverty among the 20 countries considered in Chapter 3 is that the poorest and most food-insecure households are those located furthest from roads, markets, schools, and health services.

The cost of buying or selling goods increases greatly for households located far from markets, so many households operate as subsistence farmers, growing food to meet their own consumption needs. Barter trade with neighboring households is possible, but it limits the types of goods that can be bought and sold. In rural Laos, barter trade was found to account for as much as 80 percent of trade in the remotest areas, and fell when villages had

access to all-weather roads and were closer to major towns.⁶¹ In the poor rural west of Timor-Leste, the nearest everyday market is approximately 26 kilometers away, compared to about 1.5 kilometers in the better-off rural east.⁶²

In Ethiopia, the poverty assessment finds that remote rural areas are more likely to be poorer than the national average. Areas with high food insecurity have on average greater distances to food markets (7.4 km compared with 6.0 km in food-secure zones) and all-weather roads (15.7 km compared with 11.0 km in food-secure zones). Other things being equal, the increased distance to food markets, water, and transportation services lowers consumption.

In Bangladesh, poverty is severe in areas of physical remoteness, as indicated by the fact that seven rural districts are home to half of the country's severely stunted children (there are 64 districts in Bangladesh) while Dhaka is home to only 1 percent.⁶³ Enhancing accessibility by improving the surface of roads was found to reduce daily transport costs by 36-38 percent and fertilizer prices by 45-47 percent, and increase the average prices of the five main crops sold by 3-5 percent. Per capita consumption increased by 11 percent as a result.⁶⁴

Remoteness also reduces households' access to public services. The poorest and hungry have the furthest to travel to reach basic education and health services. This increases the cost (and reduces the likelihood) of the poorest receiving education and increases the likelihood that they will suffer diseases that go untreated. In Zambia, the poorest are located far from secondary schools and hospitals; more than 55 percent of the poor stated that they did not access healthcare because it was too far away.⁶⁵ In Malawi, only 42 percent of the poorest households were within 5 kilometers of a health unit, as compared to 71 percent of the richest households.⁶⁶ In

Nicaragua, the incidence of extreme poverty is 20 percent higher in the central rural region. Only 9 percent of the roads in this region are paved and residents have to travel twice as far as the average Nicaraguan household to reach the closest healthcare service and primary school. Additionally, about three-quarters of the population in this region does not have electricity and more than one-third lives without access to safe water.

There are different reasons for remoteness. Easy access to roads and markets is more difficult in mountainous areas than in lowland areas, and at the country level, landlocked countries or countries located the furthest distance from export markets are likely to have lower incomes and lower growth rates than countries with sea ports or those closer to markets.⁶⁷ However, remoteness and lack of access to services can be the result not only of geographic factors, but also of political decisions. In the Dominican Republic, the dictator Rafael Trujillo avoided building any roads to villages in areas of dissent, and in Cameroon, President Ahmadou Ahidjo refused to pave the roads between the capital, Douala, and Bafoussam in the heart of the Bamileke region in order to limit the development of the region and more generally, to limit southern economic power.⁶⁸

4.3 SUDDEN AND UNEXPECTED EVENTS

A distinct characteristic of countries with high poverty and hunger is the risk associated with everyday life. In Ethiopia alone, there were 15 droughts (and famines) between 1978 and 1998 that led to the displacement, injury, or death of more than 1 million people.

Unexpected events that cause ill health, a loss of assets, or a loss of income (often collectively referred to as shocks) play a large part in determining the fortunes of many people in

the developing world. A study exploring welfare dynamics in rural Kenya and Madagascar found that every poor household interviewed could ultimately trace its poverty to an unexpected loss of assets or health.⁶⁹ Shocks play an important role in explaining poverty in South Asia, too. In 74 percent of the households that had fallen into poverty in the Indian state of Andhra Pradesh, serious illness was discovered to be one of the causes.

Unexpected events often hit harder once a household is already poor, ensuring that hunger and poverty remain persistent. In Peru, a third of poor households are never able to recover from a natural disaster, about twice the proportion of non-poor households.⁷⁰ In Pakistan and China, the consumption of households in the bottom income deciles fluctuated much more than the consumption of households in the upper income deciles, suggesting they were less able to protect themselves against shocks. In Ethiopia, fluctuations in adult nutrition were found to be larger for women and individuals from poorer households.⁷¹

In fact, the harsh blows these unexpected events inflict on the poorest is a distinguishing feature of what it means to be poor, as was highlighted in *Voices of the Poor* (Narayan-Parker et al. 2000):⁷²

“The poor live at the whim and mercy of nature.” Kenya 1997 (p. 45)

“In my family if anyone becomes seriously ill, we know that we will lose him because we do not even have enough money for food so we cannot buy medicine.” Vietnam 1999 (p. 39)

“If you don’t have money today, your disease will take you to your grave.” Ghana 1995 (p. 42)

This is the nature of poverty—wealthier, more socially connected households are better able to protect themselves against unexpected misfortunes than are poor households—thus,

the fate of poor households is more strongly bound to the events it experiences.

Shocks have a permanent effect on households' welfare, lasting long after the event itself. Although an unexpected event can rapidly change the fortunes of a household, recovery tends to be gradual and often slow. Household incomes may take several years to recover from shocks and recovery is slower for the poor.⁷³ In Ethiopia, the long-term impact of the 1984–85 famine was considered for households in six villages. The drought was found not only to influence the level of poverty years later, but it also affected the rate at which the incomes of households that had been badly affected were improving many years later. Households at the 75th percentile of consumption loss during the 1984–85 famine experienced on average 16 percentage points less growth during the 1990s than those at the 25th percentile.⁷⁴ One reason for this slow increase in growth is that households sometimes have to sell their productive assets such as land and livestock in order to survive the hardship brought about by a shock (these are often referred to as distress sales, and in these cases the prices received are often much lower than their true value). This loss of assets reduces the opportunities available to a household for earning income and causes households to change their behavior in ways that make persistent poverty and hunger more likely (as seen in Section 4.7). With other types of shocks, such as ill-health or death of a family member, the household directly loses its ability to earn.

In addition to selling assets, poor households often adopt other drastic coping mechanisms that can have long-term impacts. In the face of reduced income or higher food prices and food scarcity, households often cut back on consumption. In Peru, one-fifth of poor households reduced consumption and another fifth reduced their savings/assets.⁷⁵

These were also common risk-coping strategies in Nicaragua.⁷⁶ Sometimes parents cut back on their consumption to protect the consumption of their children, but when the consumption of children is also cut back, it can have long-term consequences.⁷⁷ This was seen after the drought in Zimbabwe. Those who were children during the drought suffered malnutrition at a crucial age and as a consequence had lower adult heights and poorer educational outcomes. The impact on lower earnings was estimated at about 7 percent of lifetime earnings.⁷⁸ In a number of circumstances, the consumption of women and girls has been shown to be cut back before the consumption of male family members. Another drastic coping mechanism that parents often have to adopt is pulling children out of school when hardship strikes.⁷⁹ Both of these coping mechanisms show that when hardship strikes at critical ages, the impact can be very long lasting.

While the types of shocks that cause households to fall into and remain in poverty depend to some extent on the context, we see that more than any other shock, health shocks such as the long-term illness, disability, or death of an adult household member are large determinants of poverty. These are considered in further detail in the next section.

There are also many examples for the 20 countries considered here in which shocks due to weather or macroeconomic conditions have caused severe deprivation. The fact that these shocks affect a household and its neighbors simultaneously can contribute to the severity of their impact. Droughts, floods, and sudden price decreases in crops commonly produced for sale (or conversely price increases in crops commonly bought for consumption) are all examples of such shocks. In Pakistan, a significant proportion of variation in expenditure is explained by weather shocks.⁸⁰

In Nicaragua, decreases in the coffee price between 1998 and 2001 caused consumption to fall by 16 percent among coffee-producing households. Although net primary enrollment rates increased by 10 percent on average among rural households, they declined by more than 5 percent among coffee-producing households, suggesting that coffee-producing households were responding to the decline in prices by taking their children out of school.⁸¹ In Guatemala, coffee-producing households—which comprise some of the poorest households in the country—also reported responding to declines in the international coffee price by taking children out of school so that they could work, as well as decreasing their consumption and using their savings.

4.4 ILL HEALTH AND DISABILITY

Health shocks such as HIV/AIDS, malaria, tuberculosis, disfigurement or loss of limb, and leprosy can cause a household's fortunes to change rapidly. Not only does a household have to pay for the sick member to receive treatment, it also loses the income that could have been earned in the future. In addition, for illnesses such as HIV/AIDS and physical and mental disabilities, the illness is often the basis for exclusion from society, village institutions, and public services. As this quote from Barrett et al. (2006) shows, the impacts of health shocks are far ranging:

“Some adverse effects are direct, as when economically active household members fell ill and subsequently had to stop working or even died and their earnings were lost or their absence came at a critical time in the cropping cycle, causing them significant seasonal losses from which they have been unable to recover. Other effects respondents mentioned frequently are indirect, as when children had to be pulled out of school for

want of school fees due to the high costs of treating illness or funeral expenses, or when the family lost productive draught power, manure or milk production when it had to undertake ritual slaughter of livestock for a funeral.”⁸²

In villages in Kenya and Madagascar, health shocks causing the permanent injury, illness, or death of an adult household member were the most frequently cited reasons for households falling into poverty.⁸³ In one area of Kenya (Madzoo), health shocks were cited by nearly every household that was poor in 2002. In the Indian state of Andhra Pradesh, 74 percent of households that had fallen into poverty cited health and health-related expenses as being one of the four main reasons. Further examining the experience of these households through regression analysis, we see that households experienced declining fortunes when ill health occurred in combination with debt, offering some indication that one shock on its own will not cause a decline into poverty, but a shock at the wrong moment will.⁸⁴ In Bangladesh, illness, accident, or death in the family was the most frequently reported crisis for all households, but particularly so among households that had fallen into poverty or stayed in poverty (43 percent and 48 percent, respectively, for these households compared to 29 percent for households that were not poor during this period).⁸⁵ In Vietnam, long-term illness and disease was repeatedly mentioned in the participatory poverty assessment as a defining characteristic of poor families, with phrases such as “ill health,” “chronic disease,” and “becoming indebted to pay medical costs” being mentioned in all research sites.⁸⁶

When adults of working age suffer from ill health and disability they become much less able to take on productive activities, especially the heavy-labor activities of agriculture production that are the province of many poor

households. Ill health can also result in additional costs being incurred for medical advice and treatment. The impact of ill health is often worse for poorer households on account of the fact that they are less likely to seek medical treatment even though their incidence of disease is higher. In Guatemala, for example, only 14 percent of children in the lowest quintile with diarrhea or acute respiratory infection see a doctor compared to 56 percent of children from families in the highest quintile.⁸⁷ Despite more severe health problems and higher malnutrition among the poorest in Vietnam, they are less likely to use health services or even treat themselves (34 percent of the poorest quintile compared to 37 percent of the richest) and the average number of health-service utilization visits per year is also lower (8 in the poorest quintile and 10 in the richest).⁸⁸

Disability

Little evidence has been collected on the well-being of households with disabled adult members, but a recent study on this issue in Uganda found that the incidence of poverty was 15-44 percent higher in households with disabled heads. In urban areas, the probability of poverty among people who live in a household with a disabled head was 60 percent higher than for those in a household with a non-disabled head.⁸⁹ This confirms what has been found in qualitative studies. For example, participatory poverty assessments consistently found that the poorest of the poor were those with no control over labor resources, such as the disabled.

In many cases, physical and mental disability carries a stigma that is the basis for exclusion of these groups, and is an additional source of poverty and hunger. For example, when land was redistributed after Tajikistan's independence, those living in disabled households were less likely to receive land on account of

the lack of productive labor in their household.⁹⁰ Disabled children also suffer greater deprivation. In Tanzania, children with disabilities have relatively low school attendance, such that by the age of 17, children with disabilities have missed 4 years of primary education compared to 1.7 years among children without disabilities.⁹¹ In Nicaragua, there were also significantly lower school enrolment rates among disabled children.⁹²

Elderly

As noted in Chapter 3, there are complex and dynamic links between demographic variables and poverty, but the higher reported incidence of poverty and hunger among elderly people arises from their inability to work and their resultant reliance on others. The elderly are also frequently excluded: "institutional policies in all countries regularly discriminate against people on the grounds of age, while popular opinion carries ingrained prejudices against older people and accepts the routine denial of their basic rights."⁹³

In many countries with high poverty rates, care for the elderly is traditionally provided by the extended family, but this is not a perfect safety net, especially when the children of elderly people are too poor to support them or when adult children die from disease, as is increasingly the case with the spread of HIV/AIDS.

In Sub-Saharan Africa, more and more families contain only the young and the old because HIV/AIDS causes high mortality among the adults on whom these family members have traditionally depended. In 20 of 28 countries in Africa and Latin America, more than one-fifth of orphaned children were found to be living with their grandparents. This was the case for 40 percent of orphaned children in South Africa and Uganda, and more than 50 percent in Zimbabwe.⁹⁴ The financial burden of being

a primary caregiver again late in life can cause the elderly to sell assets or borrow money and can result in substantial poverty in these households. In Malawi, Uganda, and Zambia, the poverty rate among households containing only the elderly and children is 20 percent higher than the average. Other changes also limit the extent to which extended families are now able to provide and support for older people, including demographic changes that are contributing to the increasing aging of the world population, urbanization, and the shift to nuclear families.

4.5 THE INHERITANCE OF POVERTY

Poverty and hunger are often passed on from one generation to another. When poverty is experienced in childhood, it is likely to have long-term impacts because it affects the health and education outcomes that bear on an individual's future earning potential. Assets such as land are also often difficult to acquire other than through inheritance, and as a result, a lack of assets is another means by which poverty is passed on from parent to child.

Parental investments in their children determine the assets and educational attainment children take with them into adult life. But the time and budget constraints that parents face limits the extent to which they can invest in their children and the extent to which they can invest in their children equally. When incomes are tight, time may need to be dedicated to work rather than child care. In a Ghanaian study, children said that one of the worst consequences of poverty for them was the lack of time their parents had to show them love or answer questions.⁹⁵ When consumption supplies are limited, children suffer nutrition shortfalls and those who have higher earning potential (boys) may be given more food than children who are less likely to earn

so much (girls). Shortfalls in consumption and nutrition requirements have particularly large impacts on young children, affecting height and cognitive development. As a result, nutrition shortfalls early in life have long-term impacts because they translate into lower adult heights, poorer educational outcomes, and consequently, lower adult earnings.⁹⁶

When parents face both budget and credit constraints, they may not be able to invest in their children's education as much as they might otherwise choose to.⁹⁷ There is much empirical evidence from all parts of the world that when parents face credit constraints, low levels of income affect investments in education;⁹⁸ the tables presented in Chapter 3 show that to be true for the countries considered here. School fees can prevent children from attending school. A study in Zambia found that more than half of households whose children had dropped out of school cited an inability to afford school fees as the main reason. In Pakistan, the cost of schooling was often given as the reason for a child not going to school.⁹⁹ However, the cost of going to school can be a deterrent even when education is free because the cost of books, school uniforms, and traveling to school can be prohibitively high. For households with very little income, the opportunity cost of a child going to school when he or she could be undertaking productive work is also another reason many children do not progress beyond a few years of primary education. In Guatemala, about 500,000 children between the ages of 7 and 14 are employed and work about 30 hours a week, which seriously inhibits their ability to attend school.¹⁰⁰ The experience of Simon Aprianus Banamtuan, a 13-year-old Indonesian boy, provides a clear example of the dilemma faced by parents and children in this situation (see Box 4.2).

Holding other things constant, children from low-income households have been shown

BOX 4.2 The Cost of Education

“Simon Aprianus Banamtuan is 13 years old. As a student at an SD (primary school), he was always at the top of his class. His favorite subject is mathematics. “On my report card, I always received the top grade for mathematics,” he says calmly. But his prowess is not limited to mathematics; he excels in all subjects, as shown by his Final School Exam (UAS), which placed him second in overall ranking at his school. But after completing his sixth-grade exam in 2004, Simon did not continue on to SMP (junior secondary school). His parents could not afford the entrance fee and the annual tuition fees. Despite there being an SMP not far from Simon’s house and three other SMPs in the local district, Simon’s family cannot make use of them. Instead of going to school, Simon now helps his neighbor by scaling his coconut trees to collect coconuts. For every 10 coconuts he collects, Simon is given four. Since he usually collects 20 coconuts, this means he gets to keep 8. After gathering the coconuts, he accompanies his neighbor to the market to help sell them. If he manages to sell all 8 of his own coconuts at the market, Simon should receive a total of Rp 4,000, or Rp 500 for each coconut. ... Although Simon is keen to continue his education, the topic of school is never discussed. But his father is already clearly aware of it: with obvious pride, Jonathan highlights the awards his son has achieved at school. He concedes that if Simon were to continue his education, his future would be brighter. With a hint of bitterness in his voice, Jonathan says that putting his bright, hardworking son through school is just a pipe-dream when the reality is that Simon is needed for work, no matter how modest his contribution.”

Source: World Bank 2007b, pp. 80-81.

to be less likely to complete as many years of school as children from higher income households in Peru, Malaysia, Brazil, and Indonesia, and in Peru and Vietnam, children from households with lower income and fewer holdings of durable goods are more likely to fall behind in school.¹⁰¹ Perhaps the clearest example of the direct link between household income and child education comes from studies in Brazil and India, which found that when poor households experienced sudden and unexpected falls in their income, children spent less time in school or were withdrawn from school altogether.¹⁰² Being in a household with more siblings also reduces resources available for each child; a study in Bolivia and Guatemala found that children with more siblings in the house are more likely to repeat grades.¹⁰³ It is likely

that the quality of the schooling received by children of poor parents is lower than that of other children in that they are more likely to go to public schools than to private schools and poor parents are often illiterate themselves and less able to determine how much their children are learning. A survey in India indicated that poor parents are less able to know whether their school-age children can read than richer parents.¹⁰⁴

When parents own little land they can give very little land to their children. There is less empirical evidence on this given a lack of longitudinal data, but one study undertaken in the Philippines shows that parents who were credit constrained 20 years previously made significantly lower transfers of land and non-land assets to children.¹⁰⁵ One of the

ways in which parents give assets to children is by giving them assets at marriage. A study examining this issue in Ethiopia found that the correlation between parental wealth and child wealth at marriage is high.¹⁰⁶ Also, importantly, the assets and education a child is able to take into a marriage often influences the choice of partner, with the poor marrying the poor and the rich marrying the rich. The pairing of prospective partners in this way reinforces the passing of asset inequalities from one generation to the next.

The impact of parental income on investments in children in these ways causes poverty to be passed on from generation to generation since adults who were nutritionally deprived while young attain less, adults without education are more likely to be poor, and adults without land are more likely to face hunger.

Orphanhood

Although having poor parents increases a child's vulnerability to poverty and hunger in later life, some of the most vulnerable children are those who have lost one or both of their parents. As well as being a distressing and traumatic experience in the life of a child, the loss of a parent also signifies the loss of a breadwinner in the household and sometimes a household dissolves as a result. A number of studies have shown that orphanhood can result not only in lower current consumption, but also stunting and reduced educational attainment, which causes the impact of orphanhood to last well into adult life. Stunting among orphans was observed in Tanzania and Uganda.¹⁰⁷ In Tanzania, orphans and foster children between the ages of 13 and 17 had significantly lower enrollment rates than children living with both their parents; in Rwanda, orphans were about 20 percent less likely to be enrolled in school than non-orphans by age 15.¹⁰⁸ An analysis of

data on orphans in 10 African countries found orphans were less likely to be in school than the non-orphans with whom they lived.¹⁰⁹

Existing datasets often make it difficult to fully attribute lower health and education outcomes to the impact of orphanhood rather than to other unobservable causes. However, a recent study undertaken in northern Tanzania that traced and surveyed children over 14 years found substantial impacts of orphanhood on height and educational attainment, indicating that orphanhood not only reduces the welfare of a child but increases the likelihood of poverty and hunger in adult life also. Almost one-quarter of the children interviewed had lost one or both parents in this 14-year period. Those who lost their mother were less likely to survive and when they did, they suffered a permanent height deficit of 2 centimeters and a persistent loss of one year of total years of education. In general, those children who lost their father did not suffer as much, but this was partly because they often did not live in the same household as their father before he died. Those children who did live in the same household as their father before their father died had two-thirds less schooling by adulthood as a result of his death.¹¹⁰

Orphaned children are also vulnerable to the risk of abuse, neglect, and exploitation. Teenage female orphans seem particularly at risk. The lack of parental protection often leads to a violation of rights to assets and property grabbing by others.¹¹¹ This means that orphaned children have fewer assets at adulthood than adults who were not orphans, and experience the increased chance of poverty and hunger that this implies. Orphanhood can often result in a life on the streets. Children on the streets have extremely low welfare, receive much less education, and are more exposed to health risks and prostitution, drug abuse, HIV infection, and crime.¹¹²

4.6 LACK OF EDUCATION AND SKILLS

Education improves welfare and reduces the likelihood of experiencing poverty and hunger in a variety of ways:

Education can offer a means to get a better-paying, safer job; to understand the instructions on a bag of fertilizer or bottle of medicine; to follow price trends in the newspapers and keep accounts; to extend one's social network into those who influence policy; and to garner respect in one's own household and community.¹¹³

Empirically, education has been shown to have significant positive impacts on agricultural productivity, engaging in off-farm self-employment, getting a job, overall income, accessing credit, size of social network, political participation, using government services, own health, and child health outcomes. As a result of a lack of skills, the poor are often found in employment that does not require the high levels of specialized competence that take a long time to acquire.¹¹⁴ Education also has an intrinsic value separate from whether or not it is a means by which people can increase their income. It is a fundamental part of increased capabilities.

Chapter 3 showed not only that children in poor and hungry families are less likely to go to school, but also that adults in poor families are less educated. Further analysis shows that this relationship between the education of adults and poverty persists even when controlling for other household characteristics. In Ethiopia, regression analysis shows that the poorest are those who have less education: other things being equal, an extra year of schooling increases consumption by 1.6 percent for men and 2 percent for women.¹¹⁵ In Peru, diversi-

fication of household income is important in escaping poverty and hunger and yet, uneducated households are found to be less able to diversify. In Vietnam, households whose heads have higher education consume 28 percent more than those without, other things being equal. Correspondingly, the higher education of the spouse of the household head increases consumption by 43 percent.¹¹⁶

However, the importance of the contextual setting in determining the impact of low levels of education as a cause of poverty and hunger cannot be overstated. In situations where there are low returns to education, receiving higher levels of education may not help. In rural Pakistan, the relationship between education and higher income is insignificant, and in Bangladesh, education in the past has had a greater impact on reducing poverty and hunger in urban areas than in rural areas, predominantly because of greater labor market opportunities and returns to education in urban Bangladesh.¹¹⁷ Additionally, when discrimination is present—such as discrimination against girls or discrimination against ethnic groups and indigenous peoples—the ability of education to improve welfare among those already disadvantaged in labor markets and social structures is limited. For instance, comparing households with higher secondary education and above in India shows that households from scheduled castes are more than twice as likely to be poor than non-scheduled households, and households from scheduled tribes are one and a half times more likely to be poor than non-scheduled households.¹¹⁸ In Guatemala, analysis suggests that by relying on improvements in education alone, a Ladino woman would need 15 years of schooling to escape poverty, while an indigenous woman would require 23 years.¹¹⁹

4.7 ASSET POVERTY TRAPS

The tables in Chapter 3 clearly show that the poorest and hungry have fewer assets than better-off households. Given that asset levels are in many ways a different indicator of poverty, it is not surprising that we find that the poorest are those with less land, fewer livestock, less production and transport equipment, and less consumer durables. This section considers how a lack of assets can cause households to be persistently trapped in poverty and hunger. Owning few assets is a cause of initial and persistent poverty. We start by understanding the reasons for lack of access to land among poor households.

Landlessness

While factors such as a household's sociopolitical setting and the geographical environment determine the assets it most benefits from holding, for many of the world's poorest and hungry, being assetless is synonymous with being landless. Historically and currently, land plays a major role in the livelihoods of the vast majority of rural households. Where productivity of land varies within a region, the key question is not just how much land is owned, but also the quality of the land. In the countries considered in Chapter 3, it is clear that land ownership rates are always lower for the poor. This is particularly the case for the poorest in Asia. In Sub-Saharan Africa, the poorest often own some land—but not enough—and lack access to other key assets.¹²⁰ In Pakistan, 75 percent of the poor do not have any land of their own, and regression analysis shows land to be most important in reducing chronic poverty.¹²¹ Regression analysis has also found that in Malawi, a household must have at least 0.54 hectares to generate the income necessary to

reach the 40th percentile income cut-off, yet few of the poorest own that amount.¹²²

The history of land rights is in many respects context specific and often complex, but in general there has been a move from communal patterns of land holding to more individualistic private property rights. However, access to land often comes through community membership rather than through the market. This was even found to be the case in recent land privatization efforts in Tajikistan in central Asia. During privatization, members of local governing clans helped themselves and their relatives gain access to land and assets, or gave more favorable leases to clan members.¹²³ In many countries across the world, land ownership rights are not given or transferred to women, which is a major source of the prevalence of poverty and hunger among women.¹²⁴

In rural areas, little land is bought and sold, and land rental markets are weak.¹²⁵ Evidence from Africa suggests there are few economies of scale in crop production; rather, small family farms have been found to be more efficient than large ones. However, poor households rarely buy bits of land from larger farmers and if anything, the sales of land that are most commonly observed are distress sales made by poor farmers to large farmers in times of hardship. And most land is passed from one owner to another through inheritance. The inability of poor households to acquire land can be explained by their lack of access to credit and savings, the insurance value to large farmers of holding land, and the power large landlords enjoy when they choose not to sell land. These explanations are considered further in the next two subsections.

Access to Credit and Asset Poverty Traps

Empirical studies have shown that optimal behavior and welfare dynamics change once a household falls below a certain level of assets, causing households to be engaged in behavior that traps them in poverty. We consider why this is the case in order to understand some of the means by which poverty can entrap.

When credit markets are limited, lenders usually require collateral (often in the form of land) from their borrowers. The poor lack land or other assets for collateral so are unable to take these loans, and lacking these loans they are often left in low-income activities that require little initial investment. The type of investment that high-return activities require is often large and indivisible, for example, improved cows for zero-grazing dairy production, irrigation for fruit production, or motorized vehicles for trading operations. In a cross-country study of the economic activities of the poor, Banerjee and Duflo show that many of the poor are engaged as entrepreneurs, they undertake many different types of activities (usually those with low start-up costs in terms of capital or acquisition of skills), and they undertake those activities on a small scale.¹²⁶ Studies in Senegal have found that the “distinguishing characteristic of economic activity of poor households is not the sector of activity, but the lack of capital with which the activity is performed.”¹²⁷ Participatory poverty assessments in southern Ghana similarly pointed to a lack of access to capital as an impediment to improvements in well-being.¹²⁸ Measuring access to credit is difficult, but an indication of credit constraints is given by the fact that poor households are less likely than non-poor households to be granted loans (as is the case in Malawi, Nicaragua, and Peru).¹²⁹

Sometimes loans are available to poor households, but without collateral the interest rates are much higher than elsewhere, making

it difficult for the poor to pay back the loans. Those living on less than \$1 a day in the Indian city of Udaipur were found to pay 3.84 percent interest per month on average compared to 3.13 percent among households living on \$1–2 a day. Furthermore, interest rates from informal sources were lower by 0.40 percent per month for each additional hectare of land owned.¹³⁰

When poor households are excluded from financial markets, the only option they have is to slowly accumulate savings. This slow accumulation strategy requires substantial short-term sacrifices for little immediate gain on the part of the households that already have very low consumption, since it is only when they have accumulated enough savings that they are able to invest in indivisible assets and enter into new activities with higher returns. For many of these households, using some of their precious few resources to save for very little immediate reward is just too difficult, and as a result, savings rates are often lower among the poor.¹³¹ For example, poor households are three times less likely to save in Peru.¹³² Without interventions to aid savings or access to credit, the very poverty of the poor prevents them from accessing credit markets or being able to save. As a result, they are often unable to take advantage of economic opportunities that may exist for their wealthier neighbors. In the face of poverty, opportunity proves not to be enough.

Empirical evidence of this type of asset-based poverty trap has been found among very poor households in Africa. Those with low asset levels in Kenya were found to be unable to “surmount liquidity barriers to entry into or expansion of skilled non-farm activities and so remain trapped in lower return ... livelihood strategies” (Barrett, Bezuneh, and Aboud 2001, p. 15). In less-favored areas in Kenya and Madagascar, increasing returns to assets

(consistent with the presence of indivisible, highly remunerative investments) were found for households above rather than below the poverty line. In southern Ethiopia, poverty traps in livestock wealth were found to exist for pastoralists.¹³³ Evidence of asset-based poverty traps is also found in South Africa.¹³⁴

Lack of access to credit can also result in another means by which low levels of assets cause poverty to endure. When households do not have access to credit or insurance markets, they are forced to insure themselves, often at considerable cost. One way for poor households to insure themselves is to limit their exposure to risk. The anticipation that something bad will happen for which one is unprepared can in this way change the type of earnings activities undertaken or the way assets are kept. For example, households may pass up a profitable opportunity that is considered too risky, diversify the types of economic activities pursued, or keep assets (as much as possible) in easily disposable forms. By limiting exposure to risk through these strategies, the poor tend to lower their average income, which reinforces long-run poverty.¹³⁵

In Tanzania, households with few livestock were found to be more likely to grow low-risk, low-return potatoes than wealthier households. A shift into low-risk, low-return crops resulted in 20 percent lower incomes per unit of land for households in the lowest quintile compared to the richest quintile.¹³⁶ In India, households with lower levels of wealth are more likely to engage in low-risk, low-return activities, and more likely to hold low-risk, low-return assets and make investments that are more readily liquidatable.¹³⁷ As a result of undertaking less risky strategies, poorer households were indeed found to have less volatile incomes than richer households in northern Kenya.¹³⁸ Together, these studies suggest that the incomes of the poor could be

25-50 percent higher on average if they had the same protection against shocks as those with high asset levels.¹³⁹

If asset-based poverty traps are present, we would expect to see households stubbornly holding onto assets at all costs to prevent themselves from falling beneath critical asset levels as much as possible. This is indeed what has been found. In Zimbabwe, those with fewer than two oxen tend to allow their consumption to fluctuate up and down in order to hold onto their assets, while those with more than two oxen sell the additional oxen in times of need to keep consumption constant.¹⁴⁰ In Ethiopia following the 1998 drought, the richest households sold their assets to ensure minimum consumption while poorer households stubbornly held onto their livestock, allowing consumption to fall.¹⁴¹

The Social Power of Assets as a Poverty Trap

In addition to being excluded from credit markets, asset-poor households are often more likely to be excluded from various social networks that bestow resource advantages. While exclusion from political power can occur on the grounds of ethnicity, gender, or other prejudices (discussed below), it can also result from a lack of asset ownership. Large landholdings can give their owners special social status or political power.¹⁴² According to Barrett and Foster (2007), "The most needy households, for example, may not have the same access to income smoothing or information networks as do better off households. Endogenous social arrangements can cause and perpetuate exclusionary mechanisms associated with persistent poverty."¹⁴³ In Tanzania, poorer households tend to have fewer people to turn to in times of need, and can only turn to other poor households, not richer households.¹⁴⁴

As Shepherd (2007, p. 16) states, “political participation in some contexts can be more open to the ‘assetted,’ as assets act as status signals that grant ‘permission’ to speak in public.” This has been found to be the case in a number of different settings. In Jamaica, wealthier and better-networked individuals dominated decisionmaking in participatory processes, and similar patterns have been found in Malawi, Nicaragua, and Zambia.¹⁴⁵ This is not necessarily true in all contexts; in India, for example, it is the most disadvantaged groups that are likely to attend local meetings.¹⁴⁶

4.8 THE HUNGER TRAP

Hunger itself has its own dynamic. When an individual is severely malnourished, the lack of energy and the ill health it brings can entrap. This “hunger trap” is described by Dasgupta (1997):

The picture of begging is one of behavioural adaptation with a vengeance. The account tells us that emaciated beggars are not lazy: they have to husband their precarious hold on energy. As we have seen, even the timeless model makes sense of these matters by showing how low energy intake, undernourishment, and behavioural adaptation that takes the form of lethargy, can all be regarded as being endogenously determined ... 500 million people in Asia, Africa and Latin America are undernourished ... The nutrition-productivity model I have sketched here offers an account of how this could have come about. More importantly, it offers an account of how it persists. (p. 30)

Evidence from a number of countries is found to be consistent with this hypothesis. In Colombia, height, weight, and lean body mass were found to be significantly correlated

with the daily tonnage of sugarcane delivered by sugarcane cutters and loaders. The stature of Guatemalan laborers was found to be positively correlated with the quantity of coffee beans picked per day, the amount of sugarcane cut and loaded, and the time taken to weed a given area. In Brazil, height was found to have a strong and positive effect on market wages. In Sierra Leone, energy intake was found to have a positive effect on productivity up to about 5,300 kcal per day: a worker that consumed 5,200 kcal per day was twice as productive as one who consumed 1,500 kcal per day.

As indicated above, hunger has a particularly long-term impact on maintaining poverty when its victims are the young and children. Those who are hungry when young are likely to be poorer for longer. As Dasgupta (1997) stated:

Mild to moderately wasted pre-school children under free-living conditions have been observed to spend more time in sedentary and light activities than their healthy counterparts. They have been found to rest longer and to play more often in a horizontal position ... Little children by the wayside no more consciously husband their precious hold on energy than bicyclists solve differential equations in order to maintain balance. (pp. 20-1)

4.9 GENDER DISCRIMINATION

Tentative evidence that women are more likely to suffer poverty and hunger than men was presented in Chapter 3. For countries in Asia and Sub-Saharan Africa, there was some evidence that female-headed households are likely to be poorer. This is the case for a number of reasons discussed in this chapter of the report: women are less likely to be educated, have less ownership rights over land,¹⁴⁷ are more likely to suffer from HIV/AIDS, and are more likely to be discriminated against in the

provision of services and access to markets. In Malawi, female-headed households were poorer than other households and they also owned less land, had less access to credit markets, and owned fewer productive assets than other households.¹⁴⁸ In some cases, the reason women are disadvantaged is because they have less access to assets and resources, not because of other additional effects of gender. In Ethiopia, for example, female-headed households were found to be no poorer than households headed by males with similar demographic features, the same level of education, and the same access to land.¹⁴⁹

However, female-headed households are a heterogeneous group comprising married women whose husbands have migrated, widowed women, and single or divorced women. The vulnerability of each of these types of female-headed households to poverty and hunger is not necessarily the same. For example, while female headship was not on its own related to poverty in the Ghanaian participatory poverty assessment, the combination of age, widowhood, and lack of adult children was frequently seen as being associated with chronic vulnerability.¹⁵⁰ Also, in Vietnam's participatory poverty assessment, women who had been divorced or deserted by their husbands were noted as particularly vulnerable in a number of sites.¹⁵¹ In Malawi, the incidence of poverty is similar for single, divorced, and widowed women, but it is lower for married female household heads.¹⁵²

Examining only the differences between male- and female-headed households hides the fact that within households headed by men, the welfare of women and girls is often lower than that of their male family members. While empirical evidence on this is limited, an IFPRI data study (noted in Chapter 3) found that at

the individual level, women were poorer than men in 6 of 10 countries and significantly poorer in Ghana and Bangladesh. In a number of countries, statistics suggest that parents are less likely to invest in the schooling of their girls (although Appendix Tables A4.6 and A4.7 show that this is not universally the case). For example, there is substantial evidence of greater investment in boys' education than in girls' education in South Asia.¹⁵³ This is confirmed by the fact that the enrolment rate is as low as 21 percent for girls from poor families in rural Pakistan (compared to 38 percent for boys).¹⁵⁴ Micro-level studies in South Asia also show that women receive significantly less provision of medical care.¹⁵⁵

The IFPRI study noted that cultural practices are a strong determinant of whether or not women are poorer than men. In Burkina Faso, for example, women who are subjected to onerous cultural practices and girls who have dropped out of school were identified as groups highly vulnerable to poverty.¹⁵⁶ In Ethiopia, the strength of traditional norms in impacting beliefs is seen in the fact that 85 percent of women in Ethiopia believe that a husband is justified in beating his wife for at least one of the following reasons: burning food, arguing with him, going out without telling him, neglecting the children, or refusing sexual relations. The disempowerment of women not only impacts the well-being of these women themselves, it is also highly correlated with the development outcomes of their children. The under-five mortality rate for children of women who did not accept any of the given reasons as justification for abuse was 154 out of 1,000 live births, but was more than 192 for children of women who accepted at least one reason—representing an increase of almost 40 more children per 1,000 live births.¹⁵⁷

4.10 GROUP IDENTITY AND DISCRIMINATION

Although individual experiences and behavior are important in explaining why poverty persists, an explanation based on these reasons alone misses out on much of what causes poverty: the deliberate exclusion (current or historical) of particular groups of people from participating in the opportunities for betterment available to the society as a whole. There are relational features of deprivation. The Chronic Poverty Research Centre eloquently states this problem:

The chronically poor are those trapped in unequal social relations that are so unjust that there is no or very limited opportunity for upwards social and economic mobility, such that they experience persistently high levels of poverty. These may be at national or international level, but in some cases are at local, community level, and may even be found within households.¹⁵⁸

In the countries studied in Chapter 3, there are some groups considered separate from the majority that were found to have a consistently higher prevalence of poverty and hunger: ethnic minorities in Southeast Asia, hill tribes and scheduled castes in South Asia, indigenous groups in Latin America, and pastoralists and strangers in Sub-Saharan Africa.

The higher deprivation of one group vis-à-vis another is often the result of identity-based forms of disadvantage. These differences can often be explained by a political exercise of power by one group to exclude (or include on adverse terms) another, either legally or in reality, through the continued influence of processes of historical exclusion. This cause of poverty is one that is difficult to overcome, since elites may not want the change necessary to bring about an end to this cause of poverty.

Identity and the Return to Assets

As the discussion on landlessness highlighted, identity can determine access to assets. Additionally, some groups of the poor find it harder to receive adequate returns to their assets (labor, land) and the goods they sell. This means that even when two groups own the same amount of assets, one group will still earn a lower income. While this may sometimes reflect individual differences, when it is systematically experienced by distinct disadvantaged groups it is likely to be a consequence of their socially excluded status.¹⁵⁹

Unequal asset ownership explains a large part of the higher incidence of poverty among ethnic groups in Laos. The Lao majority have more land (and irrigation) than other ethnic groups and have a higher value of agricultural assets (average of 4.5 million kip in rural areas compared to 2-3.8 million kip for ethnic minorities). However, even controlling for asset endowments and village infrastructure, the Mon-Khmer remain poorer than the Lao.¹⁶⁰ In Vietnam, the per capita expenditures of ethnic minorities are 14 percent lower than those of Kinh or Chinese, even holding family size, asset ownership, education, and location constant.¹⁶¹ Similarly, although the differences between indigenous and non-indigenous households result from differences in the endowments of both groups, analysis finds that holding asset endowments constant, indigenous households are still 11 percent more likely to be poor than non-indigenous households in Peru, and 14 percent more likely to be poor in Guatemala.¹⁶² Regression estimates show a 42 percent gap in labor earnings between indigenous and non-indigenous males in Guatemala that cannot be explained by productive characteristics.¹⁶³

In India, regression analysis has also shown that households from scheduled castes (SCs) are being rewarded less than their counter-

parts in non-scheduled households for similar jobs. Despite affirmative action taken by the government of India to ensure the rights of the SCs and the scheduled tribes (STs), the discrimination against these groups continues in many subtle ways throughout the country. For example, most SC/STs live in the village outskirts and are not permitted within the village communities beyond a certain time of the day. It was estimated that for SC households, 36 percent of the probability of being in the bottom income quintile came from a “discrimination factor;” for ST households it was 53 percent.¹⁶⁴

Utilization of Services

Access to public services such as health, education, and transfers is important in reducing the likelihood of poverty and hunger. However, different groups often have very different access to services. For example, many urban migrants are often excluded from public services in cities as a result of being unregistered. Even when access is constant, discrimination at the point of delivery often results in certain groups utilizing these services less.

In Guatemala, indigenous children are less than half as likely to be enrolled in school as non-indigenous children, and a higher share of indigenous children report not having school books.¹⁶⁵ In Laos, it takes the Mon-Khmer three hours to travel to the nearest pharmacy compared to only one hour for the Lao, and even longer for other ethnic groups (4-6 hours). Net primary enrolment rates are 76 percent among the Lao, compared to 49 percent among the Mon-Khmer (and even less among the other ethnic groups).

The following story from the state of Madhya Pradesh in India provides a clear example of how different groups can have very different real access to basic services:

If you go to primary school in Jabuya, the demographic division will be honestly reflected in class one: 85 percent will be tribals and 15 percent will be non-tribals. By the time you get to high school, the percentage is exactly reversed ... Dalit girls drop out because of child labor and acute poverty but also because of the torture inflicted on them by fellow students. These girls tend to be bhangis, the ones who clean latrines and you don't need to be an expert on caste to know who the bhangi girls are because they are not allowed to sit with the rest of the class. They sit in the corner, near the door, where the shoes of the other students are kept. They are not allowed to sit on the patts that other rural children sit on, they have their own sacks. When the girl enters the class, all the other children mock them and start singing “Bhangi aye hain” (the latrine-cleaner has come). The girl bursts into tears and runs away and refuses to go back to school.¹⁶⁶

Access to political representation and social networks that help fill in for missing markets is also often heavily determined by group membership. In Peru, indigenous people have little political voice and as a result, while there has been general social progress over time, wage earners have more social protection than indigenous populations in rural areas.

Aspirations and Perceptions

More subtly, group membership can have a measurable impact on individual welfare by determining role models and peer groups. Successful role models of those with like identities are important in determining aspirations. Peer groups have an impact by reinforcing language or behavior that is different from that of actors with power (such as employers and law enforcers) and that is perceived as deviant,

dysfunctional, or unproductive.¹⁶⁷ By influencing both perceptions of others and aspirations, the group an individual belongs to can exert a strong influence on educational attainment, occupational choice, employment, and protection by the law, even when no explicit discriminatory behavior has taken place. Role models have been shown to be important in encouraging adoption of income-improving livelihoods in Ghana.¹⁶⁸

The power of a history of discrimination and deprivation is highlighted in the following examples from India and Peru. In Uttar Pradesh, a recent study of Indian castes showed how a history of social and legal disabilities may have persistent effects on an individual's earnings through the impact of group membership on expectations. When caste was hidden, low-caste and high-caste students performed equally well on tests, but when caste was announced, low-caste groups performed less well by 23 percentage points. This was not because of lower self-confidence on the part of lower-caste students, but because low-caste children anticipated that when their caste was known, they would be treated prejudicially.¹⁶⁹ In Peru, the history of deprivation causes those households who are most excluded not to perceive it. Despite the huge gap in monetary poverty between indigenous and non-indigenous

groups in Peru, only 22 percent of indigenous households said they considered their household to be poor compared to 23 percent of non-indigenous households.¹⁷⁰

4.11 CHAPTER CONCLUSION

In this chapter we have considered some of the causes of persistent poverty and hunger found in numerous analyses, focusing mainly on the countries considered in Chapter 3. Sections 4.1 and 4.2 underlined the importance of the location of a household in determining its likelihood of experiencing poverty and hunger. Unexpected events in the life of a household—particularly health shocks—and lack of educational investments and assets passed on from previous generations of poverty were then shown to be a significant determinant. The last six sections of this review showed how group identity and the health, educational, and asset endowments of households can have persistent impacts on poverty by limiting their access to opportunities, credit, markets, services, and hope. Together, these sections suggest that interventions to address exclusion of groups, child malnutrition, lack of education, and low assets are essential to help the poorest move out of poverty.