

# Understanding sustained escapes from poverty: A comparative analysis of Ethiopia, Tanzania, Rwanda, with reference also to Uganda and Kenya

*Synthesis report, abridged version*

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## Introduction

The principal objective of this research was to develop understanding of why some households managed to sustain their escapes out of extreme poverty while others fell back in, a main finding of the [2014-15 Chronic Poverty Report](#). To date, there has been little knowledge about what differentiates a sustained escape from a temporary escape, or these from chronic poverty (see Box 1 for definitions).

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 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-impooverished. For the purposes of this work, we view *sustained poverty escapes* as escapes which are sustained through to a third survey wave or for five years; and *resilience* as a set of capacities enabling 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.

This research asks **what is the nature of endowments, strategies and relationships which enable sustained poverty escapes, and how programmes and policies can effectively support sustained routes out of poverty**. The remainder of the paper attempts to unravel poverty dynamics, and identifies a number of ‘drivers’, in household demographics and gender relationships, intersecting inequalities, human development, livelihood strategies and risk management, and location, with a consideration of what leads to resilience.

Key emerging findings include 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 nonfarm and migrant livelihood strategies. Farming is intertwined with these nonfarm pathways, with even small and tiny plots of food cropping able to play a role in sustained escapes, and where land holdings are bigger, with farming still able to provide opportunities out of poverty. Hard work and collaborative husband-wife relationships were often emphasized by interviewees, the other side of the coin to the often-drastic impoverishing effects of family breakdown.

## Comparative analysis, including rural Kenya and Uganda

In comparing our Ethiopia, Tanzania, and Rwanda, we will add in two further cases as a check on whether the emerging findings are exceptional or typical. Rural Kenya and Uganda are comparable agrarian economies to the three considered above. 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 using panel data, and then introducing the greater understanding, nuancing and causal analysis possible with qualitative research.

## Poverty trajectories

Comparing across the 4 three-wave panel data countries (Rwanda still only has two) the following observations can be made (Table 1):

- **The periods covered by the surveys included the financial crisis and/or the period immediately afterwards.** They were periods of good growth if not as high as before the crisis.
- **Sustained escapers range between 5 and 12% of the sample** – note these are not strictly comparable as 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’; Tanzania, a surprise top performer, may be explicable by its low poverty line, but may also 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.
- **During these periods the proportion of transitory escapers exceeded the proportion of sustained escapers, in all cases except Tanzania.** This must put a question mark around the general celebration of reduced poverty, especially when poverty lines are so low. Adding transitory escapers to those who were impoverished for the first time and comparing to sustained escapers gives even higher ratios.
- **The proportion of chronic poor (and impoverishment) across three waves is remarkably varied.**

Table 1: Poverty dynamics trajectories and ratios, using national poverty lines

TRAJECTORIES	UGANDA (2005/06-11/12)	RURAL KENYA (2000-10)	TANZANIA (2008/09-12/13)	ETHIOPIA (2011/12-15/16)		RWANDA (2010-14)
Transitory escapers	9.02%	8.29%	1.70%	7.59%		
Impoverished	12.97%	17.22%	3.40%	13.64%	Descenders	9.52%
Sustained escapers	8.07%	6.92%	11.80%	4.56%	Escapers	14.75%
Churners	4.28%	5.47%	5.40%	5.08%		
Chronic poor	6.51%	13.03%	2.00%	44.47%	Chronic poor	27.59%
Never poor	47.58%	33.79%	71.10%	13.33%	Never poor	48.14%
Other	11.57%	15.29%	4.60%	11.34%		

### Drivers of poverty dynamics

The next section examines the ‘drivers’ of such patterns to see whether there is convergence or divergence across countries. This analysis is based on comparing the regressions carried out for each country dataset, focused largely on the resources, attributes, capacities and activities of households and the shocks or important events they experience. Areas of convergence and divergence across countries are identified, with areas of convergence suggestive of more widespread trends and explanatory factors. Then 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.

### Demographics and gender relationships

**Larger families and higher dependency ratios are generally negative – increasing the risk of chronic poverty**, but for those who are more mobile a growing family can be an asset for a sustained escape from poverty.

**Having older people in the household renders the unit more likely to experience chronic poverty or temporary escapes.** A slight exception here was Tanzania, where having a greater contingent of older people in the households was associated with a lower risk of escapes from poverty that was transitory rather than sustained. Accumulated productive assets including livestock and access to a pension can explain the association between poverty escapes and old age. But there is no universal pension in Tanzania, so it is purely income and asset growth which explains this result.

Women headed households can also experience escapes from poverty (Box 2). **As women accumulate assets, however, so their risks increase, at least in East Africa – of property grabbing by husbands’ relatives on separation, divorce or widowhood, and of theft.** Gendered norms also act to curtail women’s mobility and agency, and can sometimes circumvent existing laws which lack the power of implementation or monitoring. These may be the reasons why chronic poverty and temporary escapes are the dominant patterns for women headed households.

Box 2: Will this become a sustained escape from poverty?

Among the ILH interviews conducted, only one individual was identified in Morogoro Urban who fell under the category of PPN (poor, poor, non-poor). In this interview, it was found that the individual had experienced destitution in the past. She had 8 children, 3 died and her husband was a drunkard which meant she was the only one responsible for taking care of her children, especially feeding and taking them to school. The husband died leaving her with 5 children to take care of. Due to this experience, Ashatu learned that she had to work hard if she was to escape poverty. The following are the important factors which enabled her to escape from poverty despite her being a widow with 5 children to take care of.

- Land availability: Land availability enabled the study participant to run agricultural activities without any obstacle. 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 the third one 4 acres which was used for planting maize and vegetables).
- Working hard on farm: Although the human capital decreased after the death of her husband, she never gave up; she kept on pushing through both farming and sale of what they were harvesting in their farmland. This enabled her to keep on sending her children for primary education.
- Buying a piece of land in a new residential area: through the money obtained through working hard, she was able to buy land and build a new house made of a cement floor, brick walls, an iron sheet-roof, two bed rooms and a sitting room.
- Savings: It was also found that the individual 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 three bedrooms and one sitting room to accommodate the family size.
- Children: Use of her children in farming activities increased the human labour on the farm.

However, it was pointed out that farming inputs, especially fertilizer, were needed to improve crop production and move the study participant even further up 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 subsidized fertilizer is available, in most cases, I do not have money to pay for it... when I try to mobilize money the time lapses; by the time I get money it is too late...”

Source: LHI in Tanzania

**Sustained escapes are consistently supported in the qualitative data where husbands and wives have collaborative relationships and work hard.** In Rwanda this applied especially to those with some land and assets. The combination of this and the previous finding suggests that preventing marital breakdown and the premature death of male breadwinners are issues which could be more important in policy than they currently are. Rwanda, with its 80% population coverage, illustrates how important health insurance has become to escaping poverty; Tanzania is about to invest in a more serious scheme than it currently has, and Kenya is also considering it. Ethiopia could do the same, as recommended in the Ethiopia qualitative working paper (Tafere, 2018).

**Enhancing marital harmony, by contrast, is not generally a policy issue in the countries researched.** The consistent nature of the findings that marital breakdown can lead to escapes from poverty not being sustained across several countries, however, suggest it should be. Rwanda has legislated and is putting a lot of effort into implementing stronger rights for women to retain access to assets upon separation, and this is beginning to have beneficial effects, though complementary measures are also needed. Other countries could usefully follow this example, though they may not have the intensity of implementation machinery that Rwanda has, so may need to rely on state and civil society action together to change norms. Even Rwanda’s strong state led approach needs complementary measures of awareness raising.

Couples based counselling has been developed in the context of HIV/AIDS, for example (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 counselling could be assessed with a view to potentially extending to the issue of preventing marital breakdown to avoid the impoverishment** which can face the women headed households which result from breakdown.

### *Intersecting inequalities: disability can be a most powerful shock*

**Although in general it is multiple shocks which typically impoverish, or keep people chronically poor, disability is an exception – by itself the existence or advent of a disabled person in a household is often enough to impoverish** - in Rwanda, for example (Simons, 2018). In general, chronic poverty or impoverishment are typical. Interestingly, a household with a disabled member in Uganda is less likely to experience a transitory escape. The unexpected finding could reflect the severity of disability; in particular, an individual was defined as having a disability if a physical difficulty (seeing, hearing, walking, remembering, self-care, communicating) always or sometimes limited the amount of work they could do at home, school, or work. When restricting the definition to those individuals who ‘always’ had difficulty, we observe a higher prevalence of disability amongst the poor which is statistically significant, but insignificant when comparing the group of transitory to sustained escapers.

Other research on disability and poverty dynamics in Bangladesh identified poor, disabled women as facing a ‘triple discrimination’ making it very difficult to escape poverty (Diwakar, 2017; Shepherd, 2017). It also observed a much denser relationship between severe disabilities and poverty (Sen, 2017). The qualitative research in Bangladesh and other countries (Box 3 for rural Kenya) also point to **mental health issues which can put a long-term drag on household finances through costs of treatment, medicines, and foregone earnings.**

#### **Box 3: Impoverishment through chronic mental health issues**

In 2010, my third born son who used to stay in Nairobi started to have a mental illness and began to disappear and come home. We took him to Mbale hospital where he was admitted for three days. We parted with Ksh. 49,000. The following year the problem persisted and took him to Kakamega where we spent Ksh. 39,000. In 2013, again the family used Ksh.42, 000 for his medication. In 2014, I was advised by the doctor to stop injecting him as he will still continue to be violent and will require strong men to be holding him. Instead, he should be taking medication on daily basis. I used to have a well-stocked kiosk but the business collapsed since 2013. My sons are not financially stable to help me. I depend on his aunt who works in Nairobi and assists in buying medication.

Source: LHI in Kenya

### *Secondary education*

**Secondary education – or in Ethiopia having greater number of years of education – is always associated with sustained escapes from poverty** (compared to both temporary escapes or chronic poverty), and statistically significant in Rwanda. This is a key distinguishing feature of sustaining escapes from poverty. The absence of universal statistical significance suggest that the transmission mechanism is not straightforward – which 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. Education-labour market links is an important area for policy development.

By contrast, **results for primary education are very mixed: indicating that completing it 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; and that the quality problems which remain have been enough to reduce substantially the effectiveness of primary education in terms of poverty reduction.

**Education features little in the qualitative data, except as a cost which has to be met – being able to meet costs and keep children in school features almost as a sign of status**, of reduced poverty of the household. Its absence in the life stories of adults is again perhaps because the available academic education does not visibly or specifically prepare people for jobs, enterprises or farming. In rural Kenya, education features to a greater extent in stories of sustained escapes; but secondary school was also mentioned as a major cost, for which households had to strategize and sometimes sell assets. The new government’s commitment to free secondary education picks up on this widespread concern.

### *Livelihood strategies*

**Moving into urban based activities, and/or receiving remittances from a migrant is an important ingredient of sustained escapes** in Ethiopia (Box 4), and increasingly important elsewhere too.

#### Box 4: Remittances and sustained escapes

One household from Tigray experienced poverty for years before the husband migrated to Saudi Arabia and changed the life of his family. The wife confirms: ‘We were poor before three 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 it has economically improved.

Source: LHI in Ethiopia

There is strong and consistent qualitative evidence to support the idea that **diversifying crops and livestock within the farm or into a nonfarm business or job can help increase the chances of staying out of poverty**. Diversification within farming and from farming consistently emerges in the qualitative research as important. In both cases, managing the risks will be very important. Although nonfarm occupations have become increasingly important, as has migration, the proportion of households with a nonfarm 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. And, for example, in Rwanda, it has been shown that 2.6% growth in agriculture leads to 0.9% growth in the nonfarm economy, a relationship likely to hold across most agrarian countries.

However, the panel data present a more varied picture of the relationship between economic activities and poverty trajectories: suggesting that **nonfarm enterprises too can be risky and the source of downward as well as upward mobility**. Sometimes this may be because the nonfarm enterprises have low barriers to entry, requiring low levels of capital, are very competitive, and have low rates of return, or high levels of business risks attached (eg non-settlement of bills; inadequate custom, theft of business assets). Market size is limited, and people go in and out of such businesses rapidly, and changing regulations can lead to business collapse (Scott, Diwakar and Okech, 2016). These risks can be especially high for women, as in Uganda (Box 5).

#### Box 5: Limited market 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 parent’s 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 she created a small-enterprise selling pancakes at the local market and on the roadside, but there is just no market for it. The enterprise was making a loss, and the bicycle on which she relies to go into town and buy produce has broken, so she has since stopped engaging in small enterprises. Now things are tough for Linda and her family: there are school fees (they have five girls), money is needed to finish the house, the bicycle is broken so she can’t get to town to buy produce to then re-sell in the village, and her husband is not doing well finding work.

Source: LHI in Uganda

Linked to these variations is the significance of farm and nonfarm assets and livestock. Asset accumulation is important in differentiating sustained and temporary escapes, but which assets, not surprisingly, remains varied. **Land is a highly contextual driver: dependence on land can be a risk factor (rural Kenya), or can be part of sustained escapes (Uganda). In Ethiopia, where land is a relatively abundant resource (in the SNNP, for example) it plays a strong role in sustaining people’s escapes;** less so in the more densely populated regions. Much of Tanzania is more akin to the SNNP, while Rwanda is densely populated. Very small holdings can still be important as safety nets, for rental income, or for small scale

market-oriented farming. As demonstrated in the qualitative work on Rwanda, very small, food production oriented holdings can also play an important part in stories of escaping poverty and staying out of poverty.

While these results are not as clear as they initially seem – the importance of migration and the nonfarm economy for sustained escapes – the policy implications are clearer. While agricultural policy often gets plenty of emphasis and a substantial budget allocation (several African countries are now meeting or near the 10% budget target adopted by the AU, including Ethiopia and Rwanda of countries studied here), **levels of investment in the rural nonfarm 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. Such farmers typically get very little external support, however, whereas there are interventions which can make a big difference – like having the manure from livestock to fertilise 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 enterprise, which can provide some opportunities for migrants, the poor progress largely through ‘growth from below’** – a combination agricultural and nonfarm growth and migration to towns for work or enterprise development.

#### *Risk management*

As found previously with respect to chronic poverty (Baulch, 2011) **more than one shock in combination or sequence is what drives impoverishment.** A single shock can more often be coped with. We now know that disability may be an exception to this pattern (see Shepherd, 2017, and above). Ill health and environmental shocks are the most common shocks, though theft is also becoming common at least in East Africa. **Environmental shocks are responded to with disaster risk management (DRM) policies, which may be of varied quality** (Shepherd et al, 2013). All the countries researched here had scope to improve their DRM responses in 2013.

However, **the absence of resources and supporting policies and programmes to deal with idiosyncratic shocks, especially ill health (the exception is Rwanda), theft and also predictable cultural obligations is remarkable.** As already mentioned, the movement towards health insurance is gathering momentum, with Tanzania actively planning for it, and Kenya considering it. There is much less appreciation for the impact of theft, of crops, business assets or livestock. This can be a problem especially where villages have been consolidated and farmland is far away. There are no or few policy or programme responses to this issue. The Rwandan health insurance scheme is clearly having major impacts in preventing impoverishment. As revealed in the qualitative research (Da Corta et al, 2018), there may still be operational issues to iron out, but this programme represents a major achievement for government.

#### *Location*

**Rural-urban differences in poverty trajectories are universally significant – sustained escapes being more likely in urban areas, or through investment in them, and education having a greater impact there** (Box 6); and in particular regions, where environmental or security risks are less (Central and Western Uganda). A focus on reducing the sources of risk in rural areas and the poorest regions is indicated. Achieving resilience is sometimes tied up with moving to or investing in urban property and/or enterprise.

#### **Box 6: Urban resilience through property and children’s education**

Vedeste had a successful business in second hand clothes trading and was an early entrant into a trader’s cooperative (he helped form it) where shares rose overtime which enabled him to heavily invest in each of his 5 children’s secondary and tertiary education and in rental property in addition to his own urban house. So when he recently had a severe shock when second hand clothes trading was banned and heavily enforced with confiscation of stock and materials – combined with a further shock with illness – he was sustained

through his investments in property and children's education he still has not fallen into poverty and his managing through loans to educate his younger children.

Source: LHI in Rwanda

## Conclusion and brief policy implications

The risks poor people face in finding ways out of poverty are multiple and intense: escaping poverty is no mean feat; staying out of it is also no mean feat for many. Opportunities are there, though in the countries focused on here they are not abundant, can be difficult to identify, and competition can be high. **Some resources are shrinking, 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. The conclusion analyses these expectations a little further also identifies common policy priorities.

Risk management policies are strong on environmental and are getting stronger on the health side of idiosyncratic shocks, but are undeveloped on a variety of issues: property theft - both within families (Rwanda is an exception), and externally, with crop and asset theft now a major reported risk against which there seem few policy initiatives and very limited policing and legal capacity. Becoming resilient from poverty is hard won, and there can be relatively few cases. This is supported by the finding that often escapes from poverty do not rise far above the poverty line. **In urban areas property ownership is a common pathway; in rural areas accumulating land, livestock and other assets are instrumental, but so is developing nonfarm occupations.** Rwanda's health insurance scheme raises the possibility that resilience can be achieved at a lower level of individual asset ownership and diversification than would otherwise be the case.

**Policy contributions to sustained 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 nonfarm economy and migration are two critical areas where policies and programmes are as yet undeveloped; agriculture, where policies are better developed by contrast, remains fraught with challenges in terms of adjusting to the capacities, needs and requirements of poor farm households. Inflation management – food and agricultural input prices – is a challenging aspect of macro-economic policy (which is 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', but difficult to foster.

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