



The Moving Out of Poverty Study: An Overview

*Poverty is a dark stain that darkens the
whole world.*

— MEN'S DISCUSSION GROUP,
Villa Rosa, Colombia

*The longer I live the more convinced
am I that—except in purely abstract
problems—the statistical side must never
be separated even for an instant from
the nonstatistical.*

— ALFRED MARSHALL,
English economist, 1906

The goal is clear: to end poverty. And to do that we must begin by answering the question of why poor people are poor. Beliefs about the poor and the underlying causes of poverty determine the actions that development practitioners pursue, the policies that national politicians devise, and the actions that we as concerned citizens take. Our assumptions about the underlying causes of poverty, therefore, will play a part in whether families living in communities in Mississippi, Malawi, Manchester, Mexico, or Morocco will have a chance to move out of poverty. Our unspoken, unexamined, and often unconscious beliefs about poor people are critical, as these determine whether poverty is defined as a problem at all. And if it is a problem, whose problem is it? Is it their problem or is it our problem? Beliefs about the nature of poverty and “the poor” can motivate action—or rationalize inaction.

Our book is not about ideology, whether right or left. It is not about bleeding heart liberalism or rugged individualism. It does not take a position for or against free markets or big government. It is not pro-globalization or anti-globalization. It is not about a clash of civilizations or about Protestant values as opposed to Catholic, Islamic, or Hindu values. It is not about paradigm shifts.

Our book is about local realities, and about the urgent need to develop poverty-reducing strategies informed by the lives and experiences of millions of poor people in communities around the world. To do so, we must put aside our assumptions. When we look closely at the local realities of communities rather than at countries, we see movement, not only stagnation. Despite the odds, some poor people in places from Bangladesh in South Asia to Mexico in Latin America are moving up and out of poverty. At the same time, others in the same communities are stuck in poverty or falling down. We set out to find out why and how.

We begin with the lives of three individuals from different parts of the world who either moved out of poverty or remained stuck in poverty.

Meet Three People . . .

Ayesha from Bangladesh

Forty-year-old Ayesha lives in the farming village of Pirjadi in Narshingdi district in Bangladesh. A divorcee, Ayesha has been reviled and derided by people in her village for her marital status. She has fought hard to achieve what little she has today. Unlike other women in the community, she now owns the small mud-brick house she lives in, and she has a small poultry farming business. She lends money to her neighbors.

It was not always this way. About a decade ago, Ayesha recalls, "My condition was very bad. I did not have food, and I used to stay in others' houses. I passed my days covering my body with this sack." (She points to a soiled jute gunny bag). "But those days are gone. Now I am fine."

Ayesha is illiterate, and her mother died three days after she was born. Married at 15, she was stuck in an abusive marriage, with her husband frequently "going to other girls." She left him when she was about 20 and started working as a maid in a neighbor's house. She received no salary for the first six years and worked only for food and clothing. After prodding from others, she asked for a salary and started receiving 50 taka a month (about 75 cents). She also worked as a wage laborer and sold the rice that her employers provided for her evening meal. "For three years, I did not have rice at night," she says proudly. With her miniscule wages and the money she received from selling her food, Ayesha saved bit by bit and was able to buy a chicken and a goat and some clothes for herself.

At the age of 32, Ayesha applied for a small job at the union parishad (local council) office. She worked there for four years and received 1,200 taka (about US\$18) each month. At the time our field team met her, Ayesha had substantial savings from her union parishad job—savings that she had invested wisely. She had returned to Pirjadi, where she reared and sold ducks and chickens; she had her own house and her own piece of land that she bought to cultivate rice. She says that she feels lonely with no family of her own: "Nobody is with me. If I lie down in this room for the whole day, nobody will call me." Yet she is proud of what she has achieved. "I have my own house," she says. "That is why I have been able to entertain you, no? I'll tell you my secret: unity, courage, and hard work."

Mamba from Malawi

Mamba is a 35-year-old farmer who lives in chronic poverty in the village of Kalugeni in Dowa district in Malawi. He loves his country, his village, his people, and his family and has no desire to leave his village, despite droughts and periods of acute hunger.

Mamba started his education late, at the age of 15, and he had to leave school two years later because his family could not afford his school fees and uniform. He started farming maize and groundnuts and later added sweet potatoes, which he raised both for consumption and for sale. But in 1998 Mamba stopped growing sweet potatoes because the cuttings for the crop dried out due to improper storage. He got new cuttings from a friend in 2000, but he did not manage a good crop. "There was hunger in the land at that time. I was spending a lot of time doing *ganyu* [farm day labor]. As a result, my garden was neglected and the harvesting was affected."

The next two years were a period of widespread hunger in the community. Villagers ate sugarcane waste and wild roots that had to be boiled three times to make them edible. Some people died. Farm work became increasingly difficult to find, and Mamba went from place to place looking for work and food. He survived by molding and selling bricks. In 2002 the government started a fertilizer and seed distribution program for poor families, but Mamba's village received only 28 starter packs for more than 400 families. "The big programs that top leaders make do not reach us here," Mamba says. From 2002 to 2004 Mamba toiled on his garden, but yields were low due to poor rains. His break finally came in 2005, when he secured employment on a road maintenance project.

Looking back at his life, Mamba sees that he has not been able to accumulate any assets except for a chair that he had bought for visitors; it had broken and he pointed to it, hanging from the roof. "Never in my life have I been able to hold money. There have always been ups and downs. I cannot afford fertilizer because it is too expensive. The government is not helping us by controlling its price. If this is hard, then they should restore farm clubs so that we can obtain fertilizer loans from them. Maybe if the starter packs were to be distributed to all people in the village, things would have been better, but they just distribute it to only 20 or 15 people."

Mamba has suffered many losses, including the deaths of two sons, who died from hunger and lack of medical care. His friends are his lifeline. They extend help when needed, from giving him a hoe for farming to stitching his clothes for free. Despite all he has endured, Mamba feels confident. "I am an

energetic man, and I believe that if I have fertilizer I can do better. This confidence has been growing, since I am a man who has a family. I have failed to move forward in well-being, yes, but the way I see it, the respect that I receive within my family has increased over the last 10 years. This is because I do not love to do a lot of things like chasing skirts, drinking beer, and smoking tobacco. I just love to play football. . . ." And he smiles.

Adolfo from Mexico

In the small mountainous community of Guadalamoros in Oaxaca, Mexico, Adolfo, age 29, is busy in his *tiendita*, his small store. Thanks to the store, Adolfo is "economically independent," according to his friends. But things were not always so. After he completed secondary school, Adolfo had to help his father in the fields, for which he received no pay. To escape the drudgery, he decided to migrate to the United States, and at the age of 20 he crossed the border, undetected, for the first time. "I suffered a lot," he recalls. "At 3 p.m. we left Tecate walking, and we walked for an entire day. We had nothing to eat."

Adolfo began working in a restaurant in California. He knew no English, but his brother, who worked in the same restaurant, helped him. "It was easy because my brother worked there so I didn't need to know the language." But the separation from his family was hard. "Migration splits the family and it is not with money that you can cure the effects [of the separation]."

He returned to Mexico two years later with some savings, but they soon ran out. "I lasted a year and a half in Guadalamoros, and then I had to return to California again because I needed more money. There is no money, no jobs here in Guadalamoros," he says. In 2000 Adolfo, now age 24, went back to California. This time the border crossing was more difficult. He first tried to cross at Mexicali but was caught and sent back. The Mexican border patrols treated him very badly (he does not say how). He finally crossed at Tijuana. "Tijuana is the saddest city. You have to protect yourself against our government and authorities. Instead of helping migrants, they hurt them."

A year later Adolfo returned once more to Guadalamoros—this time, he says, for good. He used savings from his work in California to set up his store. He prefers living in Mexico, but he also recognizes that without migration he would not have been able to go into business. "I pray to God that I will never have to return. Not for fear of work, but for fear of leaving the family and for fear of the risks you have to take to cross the border." Adolfo insists that it is not "correct" to leave one's country for good and that he could never live outside Mexico permanently. "Mexico is my land, my country, my people" (*México es mi tierra, mi país, mi gente*).

One study . . . thousands of narratives

The lives of poor people like Ayesha, Mamba, and Adolfo push us to look beyond simplistic ideological divides or economic formulas. We are forced to come to terms with our flawed and discipline-constrained diagnosis of why there are still so many poor people in our prosperous world. As we trace backward to root causes, we see that the underlying assumptions and residues of ideologies about poverty have left deep imprints on policy choices. Confronting these assumptions leads us to a series of questions. Are poor people dysfunctional or are the contexts in which they live dysfunctional? Is poverty the result of lack of initiative among the poor, or is the problem lack of opportunity?

We build our case from the bottom up. Our “data,” our “case material,” are narratives from 60,000 people: poor or formerly poor women, men, and youths in over 500 communities across 21 study regions in 15 countries of Africa, South Asia, East Asia, and Latin America.¹ Some of these people have escaped poverty over the last decade even as others in their communities have remained poor or have fallen into poverty; a few have never been poor. We learn from thousands of discussions—some animated, some angry, some tearful, some filled with laughter. We start with questions, not theories. We use an inductive approach to gradually aggregate, life story by life story, discussion by discussion, the threads that tie these experiences together. In doing so, we lose some of the rich details of each local context, but we gain insights into the underlying processes by which people either escape poverty or remain stuck in chronic poverty.² These insights guide our concluding reflections on policy and action that call for innovations on a large scale by civil society, businesses, and governments, informed by poor people’s realities.

This opening chapter now turns to a brief discussion of the principles grounding our study and the multiple methods, both qualitative and quantitative, that we used to understand people’s lives over time. We then summarize seven key sets of findings that emerge from our inductive analyses. These findings frame the structure of the book. We end this chapter with a discussion of the conceptual framework that evolved as we pored over thousands of pages of field notes, reflecting primarily on individuals’ life stories and group discussions.

Principles and Methods

The Moving Out of Poverty study is a follow-up to the earlier Voices of the Poor study (Narayan et al. 2000, 2001, 2002). Its purpose is to explore

from the bottom up how people move out of poverty. Our approach builds upon and has been influenced by the work of many colleagues, some of whom contributed to the first volume in the *Moving Out of Poverty* series (Narayan and Petesch 2007). This second volume is based on new qualitative and quantitative data gathered for this study.

Individual voices, local context, and change over time

Three principles guided this study. First, each individual is the expert on her or his own life. Poor people are no different. Hence, we give primacy to the voices of thousands of people, living primarily in rural communities, who shared their life experiences and insights with us. This is not methodological naiveté. We are well aware that subjective data, especially subjective data about the past, are subject to a variety of distorting factors. These include biases in recall (Gibbs, Lindner, and Fischer 1986; Withey 1954), the ways in which individuals frame narratives about themselves (Tilly 2006; Bertrand and Mullainathan 2001), sensitivity of responses to the research method and questions (Krueger and Schkade 2007; Kahneman and Krueger 2006), social context and power structures (Chambers 2002), and just plain errors. An additional concern in poverty studies is the incentive facing poor people and poor communities to give answers that “please” in the hope of gaining funds and programs. Our data are not immune to any of these problems. At the same time, we believe that how people recount their own experiences is intrinsically of interest. Moreover, we believe in methodological pluralism, in the need to investigate a phenomenon from multiple perspectives using multiple methods. This study is meant to complement and not substitute for the enormous body of existing quantitative and qualitative work on the topic of poverty.

The second principle is that local context matters. Hence, we locate individuals and households *in their community contexts* and go beyond the exclusive focus on individual or household characteristics that is typical of poverty surveys. We pay particular attention to the rules, regulations, informal norms, and expectations that govern the local social, economic, and political institutions with which poor people interact.

Third, our interest is in change over time, in the dynamics of poverty mobility. Most studies present a snapshot, a static picture of individuals frozen in time. We want the movie. We seek to understand in some depth the processes through which people rise out of—or fall into—poverty.

Study sites

The study was conducted in 15 countries:

- In Africa: Malawi, Morocco, Senegal, Tanzania, and Uganda
- In South Asia: Afghanistan, Bangladesh, India (the four poorer states of Assam, Andhra Pradesh, Uttar Pradesh, West Bengal), and Sri Lanka
- In East Asia: Cambodia, Indonesia, the Philippines, and Thailand
- In Latin America: Colombia and Mexico

While for convenience we refer to our results by country—for example, the results in Senegal or in the Philippines—we never take these results to be representative of the whole country (or in the case of India, of the state). We sacrifice national representation to study in depth a smaller number of communities in order to reveal relationships and processes that lead to poverty outcomes. Altogether we conducted 21 studies. In several countries—the Philippines, Sri Lanka, and Tanzania—we conducted two studies, each with its own focus. As a reminder that our studies are not nationally representative, we mostly refer to results by study region.

Selection of study regions within countries took into account the availability of local research institutes with the interest and capacity to carry out the multidisciplinary study. In addition, the study team held intensive dialogues with government and civil society representatives, academics, and World Bank staff to identify specific policy questions that were of interest. In the Philippines, for instance, two study regions were identified. The Bukidnon study built on a panel data set to examine the role that physical assets, human capital, and governance play in mobility. In the region of Mindanao, however, the focus was on local-level conflicts to investigate how conflict in different growth contexts affected people’s ability to move out of poverty.

We did more intensive study of a small number of communities, 8–20 in every study region (except in the four Indian states, where the number of communities ranged from 50 to 110). Communities were chosen through stratified randomized sampling with purposive stratification that depended on the regional context. In some regions stratification was based on high- and low-growth regions, in others on high or low availability of infrastructure, in still others on conflict (see appendix 2, table A.2, for a list of study regions and selection criteria for communities).

Data collection methods

We used 10 different data collection methods, in part to overcome by triangulation potential distortions. Sometimes we probed the same issue with the same people using different methods, such as a questionnaire followed by a life story interview. At other times we asked different people to discuss the same issue, presenting the same question, for example, to separate focus groups of men, women, and youths. Our core tools include individual life stories, the ladder of life exercise, focus group discussions on various topics, and household interviews using questionnaires. All 10 methods are summarized in appendix 3.

Individual life stories. We examined over 5,000 life stories from more than 500 communities in the 15 countries. The individual life story is an open-ended interview that complements the household questionnaire. Its purpose is to gather people's own perceptions of key events in their lives over time. We graphed people's life histories along five dimensions: their migration history; their occupational history; their economic history; their social, cultural, and psychological history; and their education. People discussed the impact of each event on their well-being and identified the turning or tipping points. These discussions and graphs made visible to them and to us the sequencing and interaction of factors over time. Most people loved talking about their lives; invariably the interviewer rather than the storyteller was the one to gently bring the session to a close.

Ladder of life. We conducted nearly 1,000 discussions to obtain local definitions of poverty and wealth and causes of mobility with focus groups of men and women. These discussions used a tool called the ladder of life, described in more detail in the next section. The groups clarified local understandings of how someone moves out of poverty or falls into poverty and why some people in the community are rich and others poor. The focus groups then categorized actual households in their community according to their well-being status at the time of the study (2005) and a decade earlier (1995), allowing us to see the extent of upward and downward movement in the community.

Focus group discussions. We conducted more than 1,500 discussions to understand key events that helped or hindered community prosperity. We also held more than 2,000 focus group discussions on the topics of livelihoods, democracy, freedom, and power.

Household interviews. We conducted approximately 9,000 household interviews using questionnaires that investigate a household's economic, political, and social life. These interviews provide most of our quantitative data.

Use of these various tools generated a massive body of evidence spanning multiple contexts. Analyzing this diverse data set has taken time. Although we use statistics and statistical analyses even of the qualitative data obtained from life stories and group discussions, these are located in the “thick” descriptions gathered. These narratives were systematically analyzed over thousands of hours, both manually and using an anthropological software package, Nudist. We struggled with letting individuals express themselves while at the same time starting the process of aggregation to allow common themes to emerge.

Most important, we let poor people and those no longer poor speak for themselves. We are fully aware that such individual narratives are inevitably complicated by the social interaction of the interview and by people’s natural desire to present themselves in ways that are positive and consistent with their social ideals. But by the same token, the ways in which people choose to describe their experiences reveal a great deal about how they think their worlds are ordered and how they think their worlds *should* be ordered. Of necessity, we also bring in the literature—the perspectives of technocrats, policy makers, world leaders, economists, political scientists, philosophers, and anthropologists who have influenced the poverty debates. But while expert representations add an important dimension to our overall understanding of poverty, we do not focus on them, because these voices have already been heard. We present them sparingly, as needed. They should not drown out the voices of the poor.

What Is Poverty? Who Is Poor?

Poverty is timeless.

—Women’s discussion group, Tecamín, Mexico

Poverty is a cruel wild animal. If you doze, it eats you up. So people are not sleeping; they are working to prosper.

—Kevina, a 60-year-old female farmer, Bukwaime, Uganda

If one is to understand poor people’s lives and how they move out of poverty, poverty has to be defined and measured. When the World Bank dreams of a world free of poverty, the World Bank defines poverty. When heads of state gather at the United Nations to pledge an attack on poverty, the U.N. defines poverty. In our study, we do not define poverty. We let local people define poverty for themselves.

The ladder of life

We use a tool called the ladder of life to establish each community's own definition of poverty and wealth and determine who in the community qualifies as poor. A typical ladder of life discussion group has 6–15 participants who are purposively selected to represent different social and economic groups in the community. The discussions last from two to four hours; where possible, they are held separately with men and women.

The activity starts with an icebreaker exercise in which the group discusses the most important factors that have facilitated and hindered prosperity in their community. Participants then create a figurative ladder of well-being, with the bottom step representing the poorest or worst-off people found in that community and the top step the wealthiest or best-off. Participants discuss and describe the household characteristics that define each step of the ladder and the typical ways in which households can move up or down the ladder.

The group then sorts up to 150 households in the community onto the ladder steps. They identify each household's placement initially (approximately 10 years ago, around 1995) and currently (in 2005). Based on these rankings, we develop a community mobility matrix that shows which households moved up or down the ladder or stayed at the same step over the 10-year study period. Examples of the mobility matrixes are presented in chapter 3.

After sorting the households, the focus group identifies a community poverty line (CPL). The CPL is drawn between two steps of the ladder: households at steps below the line are considered poor and those at steps above the line are considered not poor. Just as different focus groups create ladders with different numbers of steps (usually four to six), they can set the poverty line wherever they think is appropriate for their own community. In the example shown in table 1.1, the focus groups set the line between steps 2 and 3 in a village in Andhra Pradesh and between steps 4 and 5 in a village in Uganda.

The mapping of households onto the community mobility matrix allows us to categorize them in terms of their poverty mobility or lack of mobility during the study period. Households may have moved up or down or remained stuck at the same step of the ladder. Those that have moved may or may not have crossed the community poverty line. Throughout the book, we refer to four mobility categories:

- *Movers*: households that were poor in 1995 but had moved out of poverty by 2005
- *Chronic poor*: households that were poor in 1995 and remained poor in 2005

- *Never poor*: households that were not poor in 1995 and remained not poor in 2005
- *Fallers*: households that were not poor in 1995 but fell into poverty by 2005

Thus throughout our study, the terms “poor people” and “poverty” refer to households identified by the ladder of life focus groups as poor. No more. No less. Each discussion group’s definition is what it is. Mobility status is not assigned by the outside researchers, nor is it assessed by the household itself.

Poverty is a problem of the many, not the few

There is no economic inequality here. Everyone is poor.

—Men’s discussion group, Chakax, Mexico

When you give a person that much [income at the official poverty line], also prepare a prison for him or her, because after a few hours she or he will already start stealing.

—Discussion group, Chubaka, Kagera, Tanzania

Construction of the ladder of life and the community mobility matrix allows us to gain an overall picture of poverty and wealth in a community. Using the community-created definitions of poverty, there is no question that poverty is perceived as a problem of the many, not the few. In a typical country or study region, more than 60 percent of households were classified as currently in poverty, and in every single study region, the fraction of households classified as poor was more than 40 percent (figure 1.1).³ And as the focus groups recall it, things used to be even worse: in the typical country more than 70 percent of households were poor 10 years ago, in 1995.

These poverty percentages are much higher than those that would result from applying the “\$1 a day” measure often used in international circles as the poverty line. Our focus group perceptions often aligned fairly closely with a standard based on \$2 a day—sometimes higher, sometimes lower, but nearly always closer than to the \$1 a day standard.

Is this expansive definition of poverty reasonable? The key debate is around two alternative conceptions of poverty. One defines poverty down: the poor are the destitute, the wretched, those on the fringes of society, the poorest of the poor. This characterization makes the poor seem different from the rest of us and casts poverty as a problem of the few. Some (but not all) focus groups did associate such characteristics with the households at the very bottom step of the ladder of life. That is, in some villages the focus groups reserved the bot-

TABLE 1.1
Sample ladders of life from two villages in Andhra Pradesh and Uganda

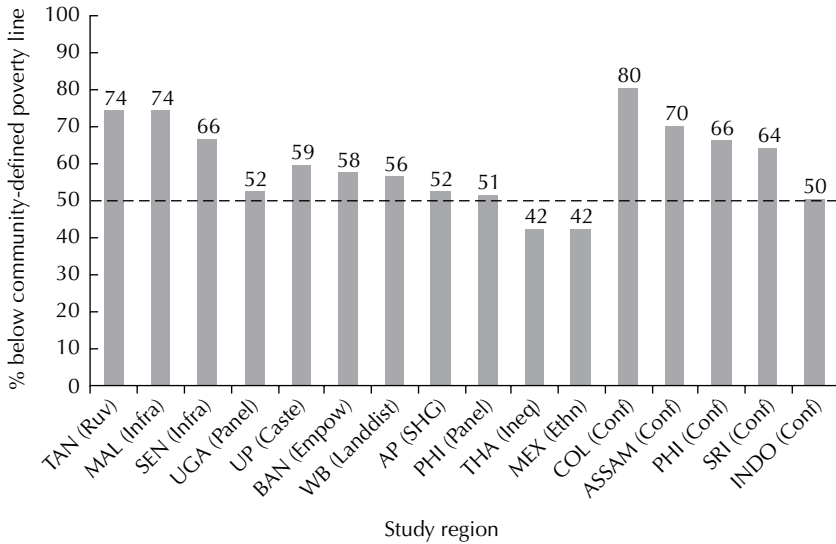
	<i>Ladder constructed in Kamalapur, Andhra Pradesh</i>	<i>% of households</i>	<i>Ladder constructed in Bufkaro, Uganda</i>	<i>% of households</i>
Step 6	Landlords: Employ servants to cultivate their lands, own huge buildings, and command high respect in the village. Only 2 families in the village are at this step.	4	They can pay for a piece of land worth 400,000 shillings in one day. They have permanent, well-furnished, beautiful houses, a means of transport, and at least 5 cows. Their friends are also rich and can give them loans if they get into a problem.	1
Step 5	Big farmers: Own 15–25 acres of ancestral property plus 4–5 houses, motorbikes, fans, and cattle. Land gives good yields. Cultivate crops like cotton, chilies, soybeans. Banks provide loans. Educate their children and can live without working.	6	They own painted cement houses, a bicycle, and livestock, including 2 cows, 2 goats, and 3 sheep. They can afford to buy a bar of soap every week. Even when their children are sent away from school, they are able to pay the fee next morning.	6
Step 4	Medium farmers: Own 5 acres of land. Some have government jobs. Own houses with cement walls, cattle, borehole wells, televisions, fans, and cots. Eat fine rice. Women wear gold ornaments and children study in good schools. Banks provide loans.	25	They save money to educate their children above primary 7. All household members sleep on mattresses, and the house has furniture. They own livestock—about 3 goats, 1 cow, and a chicken. But they are forced to sell off the animals because they have no land for grazing them.	14

Step 3	Small farmers: Own 3–5 acres of land. Own houses and cattle but do not have wells. Their lives depend on rainfall. During periods of drought, they migrate to towns or work as agricultural labor. They are a little bit educated.	28	They own about 1.5 acre of land, which they cultivate. They have iron-roofed houses, mattresses, and blankets. Each member of the family can afford at least 2 shirts, 2 trousers, and 1 coat. People at this step also do manual labor. Parents are able to educate children up to senior 2, but after that the school sends the child away for want of fees. Children at this step dress in secondhand clothes and shoes.	48
Step 2	Laborers with small landholdings: Own 1–2 acres of land. Land is rarely fertile and they have to do wage labor; some serve as bonded labor. Don't have proper houses. They are illiterate and belong to backward and scheduled castes. Every day is a struggle.	26	They usually sell their land so they can build a house and have a decent place to stay. Most people do not have shoes. They eat meat only on big days like Christmas and Easter. Most children complete primary 7, but with a lot of struggle. They are sent away from school for want of uniforms.	29
Step 1	Landless laborers: Lack proper food, proper clothes, and proper houses. Don't find work regularly and are able to work only 12–15 days a month. They are usually illiterate, and their children cannot attend school because they have to work.	11	The “unplanful”: They work as casual laborers for others. They are unemployed and have no money. They do not care about cleanliness and have only one pair of clothes that they rarely wash. When paid money for labor, they use it to buy alcohol.	2

Source: Male ladder of life focus groups in Kamalapur, Andhra Pradesh, and Bufkaro, Uganda.

Note: Bold lines indicate the community poverty line.

FIGURE 1.1
More than half of all households were classified as poor in 2005



Source: Ladder of life discussion groups.

Note:

AP (SHG) = Andhra Pradesh, Self-help groups
 ASSAM (Conf) = Assam, Conflict
 BAN (Empow) = Bangladesh, Women's empowerment
 COL (Conf) = Colombia, Conflict
 INDO (Conf) = Indonesia, Conflict
 MAL (Infra) = Malawi, Infrastructure
 MEX (Ethn) = Mexico, Ethnicity
 PHI (Conf) = Philippines, Conflict

PHI (Panel) = Philippines, Panel study
 SEN (Infra) = Senegal, Infrastructure
 SRI (Conf) = Sri Lanka, Conflict
 TAN (Ruv) = Tanzania, Ruvuma
 THAI (Ineq) = Thailand, Inequality
 UGA (Panel) = Uganda, Panel study
 UP (Caste) = Uttar Pradesh, Caste
 WB (Landdist) = West Bengal, Land distribution reforms

tom step for those with problematic behaviors (e.g., too much drinking) or physical disadvantages (e.g., disability) or social stigma (e.g., widows with no sons). But this category, where it existed, was usually very small, many times containing only one or two households. As seen in table 1.1, people in the bottom category in Bufkaro, Uganda—some of whom spend their meager wages on alcohol—represented just 2 percent of all households. They were a small minority even of those considered the bottom poor.

In the alternative definition of poverty, the poor are those who have some things but lack enough of the important things that they are considered poor. This is clearly the concept of poverty that, by and large, the focus

groups used. They typically did not single out the bottommost group as “the poor,” but rather included several categories on the lower end of the ladder as collectively experiencing poverty.

Table 1.1 shows ladders of life constructed by men’s focus groups in two sample villages in Uganda and Andhra Pradesh. Both groups created ladders with six steps. As people move up the ladder, they accumulate more assets and no longer engage in casual or bonded labor. Vulnerability declines. There are some discontinuities, particularly in relation to owning permanent housing, but overall there are few sharp distinctions just below and just above the poverty line. The groups distinguished households by some mix of six characteristics:

- *Occupation and land ownership.* In Kamalapur, Andhra Pradesh, the step just below the CPL includes laborers with small landholdings of 1–2 acres. Just above the CPL are small farmers with 3–5 acres, who may also do wage labor during periods of drought. The bottom category consists of landless laborers who do not find regular work.
- *Assets and savings.* In Bufkaro, Uganda, households just below the CPL own mattresses and some furniture. They also have a few animals—“three goats, one cow, and a chicken”—but often have to sell them off. Those just above the CPL own more livestock, typically two goats, three cows, and three sheep. In Kamalapur, households below the CPL don’t have proper houses; those above the CPL own houses, which become larger and finer as one moves up the ladder.
- *Consumption.* In Kamalapur, those at the bottom of the ladder “lack proper food” while those two steps above the CPL “eat fine rice.” In Bufkaro, lack of clothing partly defines those low on the ladder. Those at steps 1 and 2 have just one soiled set of clothes and no shoes, but at step 3 each person can afford at least two shirts, two trousers, and one coat, although children are clad in secondhand clothes and shoes.
- *Education of household head and children.* In Kamalapur, people at step 1 are illiterate, and their children cannot attend school because they have to work. By step 3, just above the CPL, people are “a little bit educated,” and at step 4 their children “study in good schools.” In Bufkaro, step 2 households can give their children seven years of primary schooling, but it is a struggle. At step 3, children can go up to “senior 2” but cannot progress further because families cannot afford school fees. Households at step 5, above the CPL, have no problem paying the fees. The desire to educate children appears in all categories; what varies is the ability to send children to school.

- *Behavioral characteristics.* Households in the very lowest category in Bufkaro “when paid money for labor . . . use it to buy alcohol.” Apart from this, there is no mention of behavior.
- *Social status.* High status and respect is only mentioned in the very top categories. Households at step 6 in Kamalapur “employ servants” and “command high respect in the village.” In many other village ladders, the top category consists of bosses and landlords, those who can tell others what to do.

Across our study sites, as in Kamalapur and Bufkaro, there is decreasing vulnerability as people rise up the ladder and accumulate assets. Although some of our focus groups identified a small category of destitute and dysfunctional households on the very bottom rung of the ladder, this is not their overall view of poverty. Rather, they see poverty as a condition that affects the majority of the population—and is a risk to nearly all.

One women’s discussion group in Assam described people just below the poverty line this way: “Their behavior is good. They work hard and have food daily. They also have 2–3 bighas of land. Their houses are usually made of mud walls with a tin roof.” A similar description would apply to many, perhaps most, of the households in our study communities. For the overwhelming majority of people in these communities, then, the definition of poverty can be summed up in a few words: the poor are us.

Key Findings

Seven key findings emerge from our research. These findings, highlighted here and discussed in depth in subsequent chapters, link to our conceptual framework that defines mobility largely as the interaction between two concepts: the *initiative* poor people take to move out of poverty and the *opportunity* they have to do so, facilitated or constrained by local-level social, political, and economic institutions.

Poor people are not trapped in a culture of poverty

People want to work, want to improve. They’re getting organized. Isn’t that something good?

—Doralis, a poor woman, Villa Rosa, Colombia

Poor people have aspirations but they are not met. Rich people have aspirations that can be achieved.

—Suka, a 45-year-old woman, Tattantok, Indonesia

I couldn't have come to this position if I hadn't labored, dealing in rice and paddy. You have to maintain prestige and at the same time work hard. Doing both, I have been able to get my children educated. That's the best achievement in my life.

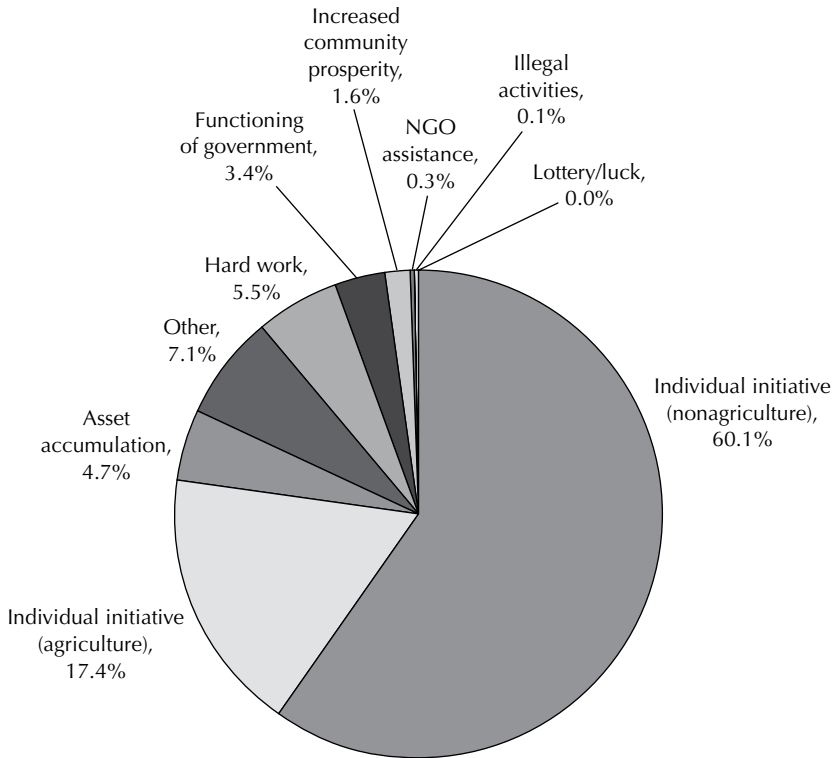
— Abdus Salam, a male mover, Satgailijhara, Bangladesh

Three ideologies have long shaped thinking about poverty and “the poor.” The first two can be traced back to the Industrial Revolution, when large numbers of poor people emerged in the cities of England. The Victorian view is that people are poor because of their character deficits and moral failings; hence charity combined with uplifting moral instruction is the appropriate solution. Marxists, by contrast, argue that the system is stacked against the poor, and thus the poor can be helped only by changing the system. Poor people are rightly fatalistic, by this logic, and their own initiative has no role to play. Although these two worldviews differ radically, both deny poor people their agency.

In the past century, American anthropologist Oscar Lewis posited a “culture of poverty” (1959, 1966). He described it as a complex of many characteristics including alienation, passivity, laziness, feelings of powerlessness and unworthiness, and low aspirations, not to mention addictions, alcoholism, and crime. These cultural deficits, he argued, are passed from generation to generation within families. His views have informed debates and policy making on welfare in the United States. There is still a persistent belief, though it may be vehemently denied, that poor people have no one to blame but themselves for their plight. Most recently, Charles Karelis (2007) uses cultural factors to explain the persistence of poverty in the United States and around the world.

In our study, we find very little evidence that poor people are trapped in a culture of poverty. Even in the desperately poor country of Malawi or conflict-torn communities in Indonesia and the Philippines, poor people seldom seem apathetic. Instead, they take initiatives, often pursuing many small ventures simultaneously to survive and get ahead. Some do manage to move out of poverty. In country after country, when we asked movers to name the top three reasons for their move out of poverty, the answers most frequently emphasized people’s own initiative in finding jobs and starting new businesses (figure 1.2). The distribution is very similar when we examine the reasons given for any upward movement by the chronic poor. This picture, detailed in chapter 2, is far removed from a culture of laziness, passivity, and criminality.

FIGURE 1.2
Movers most frequently cite initiatives as reasons for their move out of poverty

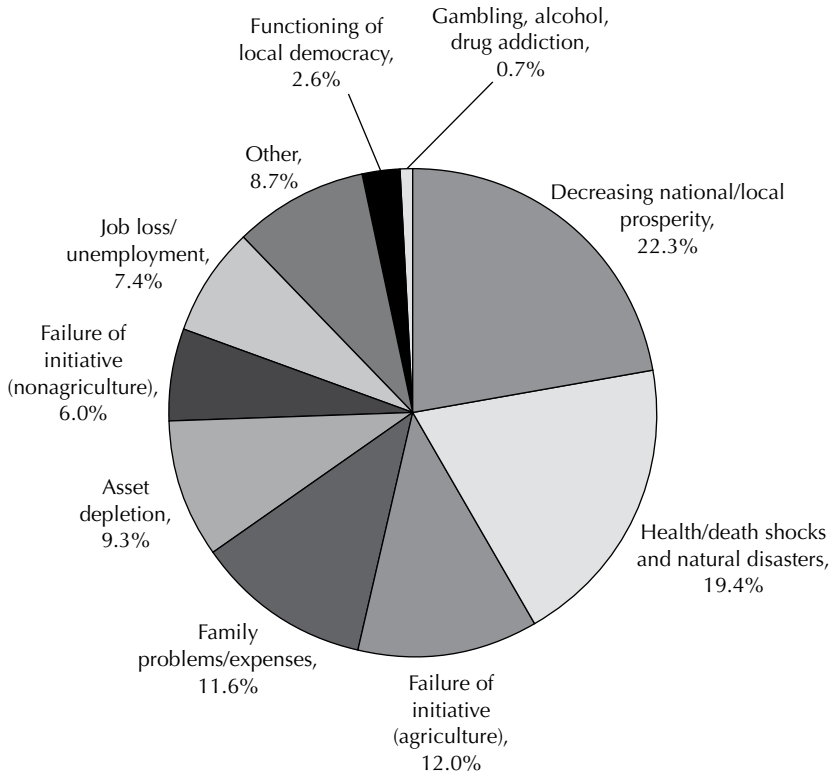


Source: Authors' analysis of household survey; all study regions; N = 3,991 movers.

Note: Figures are percentages of reasons cited by movers when asked to name the top three reasons for their movement out of poverty. "Individual initiative (nonagriculture)" includes finding jobs, investing in business, adding new sources of income, and migration.

Such initiative taking is common even among people who do not succeed in moving out of poverty. In India, where we did detailed analyses of 2,700 life stories, we find the chronic poor taking as many initiatives as the rich. Yet they have stayed poor. We find little evidence that poor people are poor because of laziness, drunkenness, or disinterest in work and saving. On the contrary, a refrain heard in country after country was the importance of hard work and of a healthy body to do hard work. A men's discussion group in Bufkaro, Uganda, summed up by saying, "The capital of a poor person is his physical strength. He uses his strength."

FIGURE 1.3
Gambling, drugs, and alcohol are rarely cited as reasons for falling



Source: Authors' analysis of household survey; all study regions; N = 3,661 (all four mobility groups).

Note: Figures are percentages of reasons cited by respondents in all mobility groups when asked to name the top three reasons for their downward movement.

Poor people are not saints. In a few communities in every country, and particularly in the conflict-affected contexts, we do find a few of the households at the lowest step afflicted by alcoholism, drugs, family disintegration, and hopelessness. But such severe problems affect a very small percentage of those who are poor. Gambling, drugs, and alcohol are seldom mentioned as reasons for falling by any group (figure 1.3). Instead, declines in national and local economic prosperity, health and death shocks, and family expenses play the most important roles in the downward slide.

The majority of poor people in our study do not lack confidence, although confidence is reinforced by the positive experience of moving up. Even in conflict-affected contexts, people display courage, tenacity, and goal orientation. Pedro, a 32-year-old who lives in the crime-ridden barrio of Santa María in Colombia, says, "I feel confident because I like setting goals for myself. I like moving on, overcoming obstacles."

Self-confidence and initiative should go hand in hand with high aspirations for the future. Indeed, we find that 78 percent of all households interviewed believe that their children will be better off in the years to come. Strikingly, more than 90 percent of households in the low-income contexts of Bangladesh, Senegal, Afghanistan, and Andhra Pradesh had high aspirations for their children's future. Clearly, most poor parents are not transmitting expectations of poverty to their children.

These findings have three important implications for poverty reduction strategies. When countries experience mass poverty—when more than 60 percent of the nation is poor, as in Zambia, or half the nation, as in Malawi, or one-third of the nation, as in India—this cannot be the result of large numbers of people engaging in bad conduct. Charity-oriented and other paternalistic programs may ease the pain for a few in the short run, but they are totally inadequate to lift entire nations or communities out of poverty.

Poverty assessments, the main diagnostic tools used by organizations concerned about poverty reduction, also focus on measuring the characteristics of the poor in the bottom quintiles and measuring and describing how they differ from the better off. Implicitly, they assume that poor people's characteristics are the problem. Instead, studies should focus much more on understanding the contextual constraints to poor people's initiatives and how to expand economic opportunity at the local level.

When economic prosperity is low and half the population is poor, redistributive programs that are supposed to give everyone a little may help poor people cope. But they rarely build permanent assets that reduce vulnerability: the resources they provide are often tiny, and they seldom reach everyone. In Malawi, a discussion group described a food-for-work program in their village. "It has brought social inequality because in the whole community, they only chose two people. . . . Development work is not supposed to choose. . . . You only get two people. How are these two people going to improve the whole community?"

Such programs cannot lift large numbers of people out of poverty. Social protection programs should be generous enough to enable poor people to survive shocks *and* build assets to lift them out of poverty. Moreover, the

focus has to shift to increasing local-level economic prosperity, unblocking opportunity, providing business know-how so that poor people's initiatives pay off, and stopping the bleeding from health shocks. Chapter 2 explores these findings in greater depth.

Poverty is a condition, not a characteristic

My father's illness is our family problem, because I even fear to imagine what our life would be without our father, in whom lay all our hopes and aspirations.

—Munmi, a female youth, Thengal Gaon, Assam

A poor person is like a prisoner. Circumstances deny him freedom to join others in doing things. He is always anxious about how he will get food and clothing to cover his body. . . . It's not like dressing to look better, but dressing just to cover up the body because his clothes are dirty.

—Men's discussion group, Matdombo, Malawi

Is being poor more like being left-handed or like having a cold? This question may sound a little crazy, but that is the point. The question describes two different aspects of the human experience. One consists of stable, permanent characteristics like our biological sex, or our adult height, or left-handedness. These characteristics tend to be integral to our identity, although that is not always the case. The other consists of short-term, contingent situations or conditions that people experience, like wearing a red shirt or having a cold. They may persist for a long or short time, but they are not by definition permanent and they do not define our identity.

There are now hundreds of organizations seeking to address the problem of poverty. There is more and more talk of "the poor." Who are "the poor"? Where do "the poor" live? How will "the poor" be affected by globalization? But the term "the poor" is itself misleading, because it lumps together individuals who may have nothing more in common than a transitory experience of poverty.

There is nothing intrinsically wrong with creating an empirical category based on a characterization of the fraction of the population having a certain experience. For example, statisticians can, and do, identify the fraction of people who were pregnant at the time of a household survey. This group, "the pregnant," would share some demographic characteristics (they would all be women, in a limited age bracket), and they would probably tend to have certain social characteristics and behaviors (in a marriage/partnership,

sexually active) in common as well. Yet no one would think of “the pregnant” as identifying a stable set of *individuals*. We all recognize pregnancy as a transitory condition that is an experience or situation of individuals at certain points in their lives.

Using our analysis of the community mobility matrixes in the study villages and the qualitative data in the life stories, we find, most boldly stated, that poverty is not a problem of “the poor.” That is, although there might be a small group of people for whom “poor” is a stable ascriptive identity, for most people, poverty is a *situation*. Poverty is not, by and large, a permanent characteristic of households. It is a condition, something households *experience*.

How do we know this? Our analysis yielded three key insights, all of which point to poverty as an experience. One, people in our study communities do not see being poor as an identity. Two, there is lots of movement up and down the ladder. Three, there are strong location effects; that is, which community you live in matters. Chapter 3 explores these findings in greater depth.

There is no evidence that poor people or others in local communities see being poor as an identity. In the ladders of life, described above, there were typically more similarities than differences between households just above and households just below the poverty line. This is not consistent with the notion of being poor as an identity. Moreover, if poverty were a socially constructed identity—either self-ascribed or imposed by society—then one could not talk of escaping it through individual effort. Yet when asked how one could move out of poverty, nearly all groups, including disabled people, emphasized individual effort, self-reliance, and initiative. These are pathways out of a situation, not an identity. In life stories too, people clearly identify periods of poverty—but they emphasize that this was a situation to be coped with, not a permanent fate.

If “the poor” were in poverty because of some stable, permanent characteristic (such as being illiterate), we wouldn’t have seen them experience any upward climb in the short run without a change in that characteristic. Yet our evidence suggests that there is considerable upward movement of people in poverty within localities in rural areas. This is not to say that there are no “poverty traps,” only that most people currently in poverty are probably not in a poverty trap because of their personal characteristics. In the typical study region, almost half of all households that began in poverty moved up by at least one step on the ladder of life. The average proportion of households moving out of poverty altogether was almost a quarter.

Statistics of net reduction or increase in poverty levels at any point in time hide two opposing effects: movement out of poverty and movement into it. To find the net reduction in poverty, we must count those who move

out of poverty *less* those who fall into poverty over the given period. Our sampled communities in Malawi, for instance, registered a marginal increase in net poverty of less than 1 percent. But this stagnation did not mean calm. Looking more closely, we see that 10.2 percent of all Malawi households sorted for the ladder of life exercise had moved out of poverty. At the same time, nearly 10.6 percent of households fell into poverty. The extent of falling thus negated the positive news on upward movement.

Across study regions, our evidence suggests very high levels of mobility, both up and down. In the typical study region, three times as many people moved up or down as the net number of people who moved out of poverty. This fluidity of households is important for policy. If “the poor” were a fixed group, then they could be identified and reached by narrowly targeted transfer programs. But with so much rising and falling, the underlying vulnerabilities of large numbers of people have to be addressed. Poverty-reducing strategies have to help people build permanent assets and livelihoods to help them cope with fluctuating life circumstances in tight economies.

No one doubts that living in a country with sustained, rapid economic growth improves one’s chances of moving out of poverty. But absolute poverty reduction at the national level often hides enormous local variability. Our data suggest that local conditions do matter significantly for poverty mobility. Two key findings support this result. First, we find large variation across villages both in prosperity levels and in upward movement from poverty. There are communities in which a majority moved out of poverty and communities in which almost nobody did. Second, the differences seem to be largely local. In fact, a simple analysis of variance across communities shows that only 25 percent of the variation in upward movement of the poor can be attributed to the study region or country; the remaining 75 percent depends on the community of study within a country. When community-level effects are so strong, poverty is clearly not just an individually determined characteristic.

Economic, social, and political factors make a difference to community mobility. Positive factors that favor movement out of poverty include overall economic prosperity (especially ease in finding jobs), the physical presence of markets in a village, and proximity to cities and roads. Local government responsiveness also makes a positive difference. On the other hand, mobility is hindered by the presence of a large proportion of poor people in a village and by deep social divisions, which impede fair access to markets, facilities, and services. Somewhat less obviously, propensity toward collective action is also negatively related to mobility. Our qualitative evidence shows that in highly socially stratified communities—as in caste-dominated India, for

example—poor people are excluded from the networks of the rich and pursue collective action with each other to cope and survive because they are poor; hence the negative sign.

Together, our findings belie the notion that poverty is a permanent or semi-permanent characteristic of individuals. If people were permanently trapped in poverty because of some stable identity, we wouldn't have observed large upward movements out of poverty. Nor would we have observed such high levels of movement of households up or down (churning). Finally, if mobility from poverty were largely an individual or country-of-residence phenomenon, village-level differences wouldn't matter.

The search for solutions should thus go below the national level to focus on local communities. The emphasis needs to shift to contextual efforts to increase local prosperity by providing roads and markets, improving local government attentiveness, and working to smooth social inequalities, including through organizations of poor people. Diagnostic tools to aid poverty reduction need to take into account local contexts and the factors that facilitate community prosperity. They should seek to answer the question that arises next: If poverty is a temporary condition, what determines whether households escape poverty or not?

In general, as our study in Kagera, Tanzania, demonstrates, existing economic models are better at predicting falling than at predicting movement out of poverty.⁴ Our study seeks to do a better job of explaining which people move out of poverty, and how they do it, by examining local processes in depth and locating individuals within these local contexts. Our analysis is guided by a conceptual framework that examines the interactions between poor people's initiatives and opportunities within the context of local-level institutions. We examine the extent to which social stratification conditions poor people's access to economic and political opportunities, either individually or collectively. The framework is discussed in greater detail at the end of this chapter.

Power "within" can help a person move up

What restricts me is just the amount of money I get. But I am not confined inside. I think big.

—Milward, a man in chronic poverty, Guluteza, Malawi

Power is capability. Every person who has capability is able to be in command of everything. For example, though we are poor, if we have strong will then we can do anything.

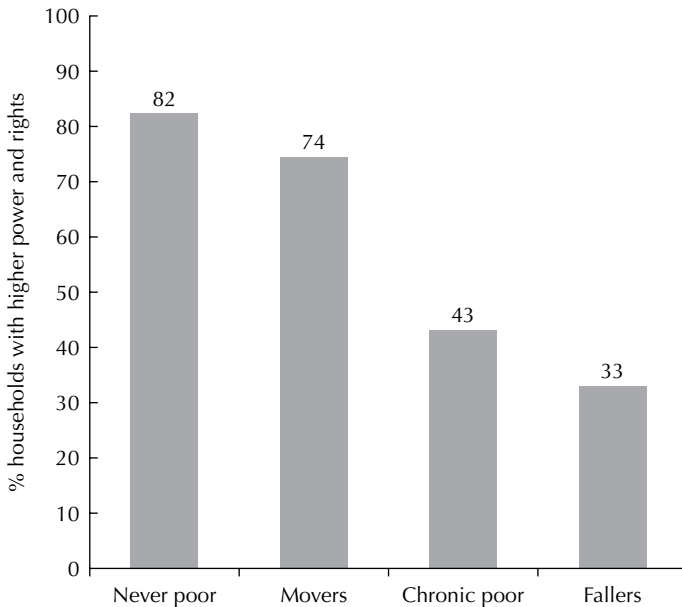
—Discussion with young boys, Patobako, Indonesia

In thousands of conversations with men and women in our study, inner strength and confidence emerge time and again as a key factor in moving out of poverty. Moreover, self-confidence increases quickly as poor people experience some success. In fact, poor people soon start looking very similar to the rich in their sense of confidence and inner strength.

During the household interviews, we asked people to rank themselves on a 10-step ladder of power and rights, with a ranking of 1 meaning they feel totally powerless and a ranking of 10 meaning they feel powerful and in control. We use this measure as a proxy for self-confidence, defining those on the top seven rungs as feeling empowered and those on the bottom three rungs as feeling powerless (figure 1.4).

Three patterns are striking. First, it is the fallers, those who were not poor 10 years ago but who are poor today, who feel the least confident and power-

FIGURE 1.4
The never poor and movers score themselves higher in power and rights



Source: Authors' analysis of household survey; all study regions where data were available; $N = 8,319$.

Note: Households with "high" power and rights were those that rated themselves at 4 or above on a 10-step ladder of power and rights in 2005.

ful. Only 33 percent of the fallers feel empowered, compared to 43 percent of the chronic poor.

Second, while the chronic poor on average rate themselves lower in power than movers and the never poor, almost half do feel empowered. This makes it difficult to argue that there is a generic lack of confidence among “the poor.”

Third, confidence appears to be dynamic and related to experience. We see this when we compare people’s rankings 10 years ago and today. Ten years ago, when they were not yet poor, nearly 60 percent of the fallers felt empowered; only 33 percent feel empowered today. Conversely, only 42 percent of the movers scored themselves as empowered 10 years ago, when they were still poor; now that they have escaped poverty, nearly 74 percent feel empowered. This implies that the well-off lose a sense of power as they experience a decline and the poor gain confidence as they move up. There are no inherent differences in confidence between the poor and rich; it is a matter of circumstances. A men’s discussion group in Boodanpur, Uttar Pradesh, confirms the virtuous cycle of poverty escapes: “People start feeling more powerful after coming out of poverty because their relations with other people start improving. There is a common saying: a hungry man only invites further drought and is not welcome anywhere. A rich man, however, is welcome everywhere.”

Chapter 4 highlights the importance of self-confidence and personal agency in movement out of poverty. Our evidence emerges both from multivariate regression analysis and from life stories. In the regression analysis, our measure for a household’s movement out of poverty is constructed using the community perception, not the household’s own rating of its status. This reduces the potential bias that could arise from regressing a person’s own declaration of mobility against his or her perception of a host of other factors, including psychological well-being. We construct a measure of power and control by combing the self-ratings on power and another question on extent of control over daily decision making. We make no claims of causality; for that, we turn to the life stories. These chronicle and sequence events over a person’s lifetime, with particular attention to the last 10 years.

Our results from multivariate regression analyses suggest strong associations between self-rated power and mobility in several countries, even after controlling for 22 or more other community and household variables, including education and assets. The orders of magnitude are illustrative. In the Indian states of Uttar Pradesh and Assam and in Bangladesh, Indonesia, and Uganda, the association is strong and positive. In Bangladesh, for instance, a

2-unit increase in individual control is associated with a 15 percent increase in the probability of moving out of poverty. We find even stronger and more consistently positive associations for another psychological variable, aspirations for the future, in 10 of the 15 study regions for which we have quantitative data. In West Bengal, a 2-unit increase in aspirations is associated with a 35 percent increase in the probability of escaping poverty.

Milward, a chronic poor man in Guluteza, Malawi, emphasizes the importance of personal agency. "I have struggled over the years and have been able to pass through. This has increased my confidence. Now I depend on no one. Whenever there is anything to be solved in our family, I do it alone with my wife. I have to mention here that having my wife at my side increases my confidence." Milward's self-confidence has expanded as he has gained social standing and respect in the community. He was recently chosen to be the clan overseer in his village. "I sit down and think how people can have confidence in me like that. And I think to myself what I should do so people take me to be responsible enough? Then I put on more courage."

Paradoxically, while poor people sometimes describe poverty as a python squeezing the breath out of them, they simultaneously express strong belief in their own ability to overcome the odds. As 60-year-old Gudelia from Los Rincones, Colombia, says, "We don't think in negative terms, and that is why we are able to bear our situation."

Yet poor people are not naïve about the environment in which they live or the amount of influence they have. During group discussions, they draw a clear distinction between good power and bad or coercive power. They are aware of inequality but for the most part accept a certain amount of inequality as a given. Across countries, one of the most common metaphors about inequality uses the hand and fingers: "See my hand. Are the fingers equal? No, one will always be tall."

Poor parents contain their fears and mostly do not transmit them to their children. In discussions with youths about their aspirations, we found that most young people do not see themselves as locked into their parents' occupation. They have big dreams of doing better than their parents—by starting businesses, becoming lawyers and doctors, having salaried jobs, modernizing their farms, and fighting for justice in their communities.

A range of assets and capabilities can facilitate or hinder the exercise of personal agency. One of the biggest hindrances is health shocks, which lead to reduced earnings, additional expenditures, and sometimes the death of the main breadwinner. A greater sense of control, not surprisingly, is associated with lower incidence of health shocks, as well as with more household

assets, house ownership, and an educated head of household. People who scored high on the ladder of power and rights were also more likely to have engaged in political activities, such as by contacting their local politician for a personal favor.

Our findings on personal agency are also important for *how* development is done. Development interventions should be carried out in ways that respect and increase—rather than detract from—people’s confidence in themselves and their families. Participatory and community-driven approaches reinforce people’s own sense of agency. Entrenched gender inequalities can be addressed in part through investment in organizations of poor women. Steps to increase material assets, particularly permanent housing, can reinforce poor people’s self-confidence and give them an economic foundation to build on. Equally important are strategies to prevent and buffer health shocks. Finally, it is crucial to direct poor people’s initiatives to activities for which there are markets.

Belief in self can take people far, but it cannot make up for lack of economic opportunity and blocked access to opportunity in the communities where poor people live. Skewed opportunity structures thwart poor people’s initiatives. Unblocking these opportunity structures requires changes in three basic institutions: markets, local democracies, and poor people’s collective groups. These changes are taken up in the remaining chapters of the book.

Equal opportunity remains a dream

There is a ditch in front of us and a well behind us.

—Women’s discussion group, Govindapalle, Andhra Pradesh

The rich are moving very fast because they have many economic opportunities. When you buy a matchbox from the rich person’s shop, you are adding him with more money and as for you, you lose. The poor are moving slowly, because there is limited economic change for them. The rich do not want to share with the poor.

—Discussion with men, Bupungi, Uganda

Poor people face agonizingly limited economic choices, very different from the gilded choices of the rich. We probed opportunity sets, or the choices available to the rich and poor within communities. In most places, even those where the local economy is booming, we find that equal opportunity remains elusive.

Let us compare two life stories from Bangladesh. Nobi is a 51-year-old man who has never been poor; indeed, by the standards of his community he is rich. Rahimuddin, age 50, has always been poor. Both men live in the relatively prosperous village of Pirjadi, where 3 out of 10 people moved out of poverty in our study, higher than the average for Bangladesh (2/10).

Nobi's father owned about 22 acres of land in Pirjadi. "He spent money like anything," says Nobi. "With so much land, it was possible to live with luxury." Nobi's father enrolled him in school at the age of six but Nobi dropped out at 14, saying studying did not interest him. Nobi joined a local theater company and toured with them until he was 25. His father tried to stop him, but Nobi resisted. "We were in a good position, and there was no scarcity in the house," Nobi says. "Money was not as important as entertainment."

Nobi did start farming, at the age of 17. He tried sugarcane, then vegetables. He invested in machinery and a tubewell for irrigation and then diversified into other businesses. He bought and supplied insecticides, he opened a nursery to sell saplings, he started cultivating pineapples, and he tried farming fish. At the time of the interview, Nobi had successfully sent one of his sons to Saudi Arabia, which he called the highest point in his life. "Sending my son was a question of respect and honor," he adds. "If someone stays abroad then the house develops automatically."

Nobi also provides financial support to his two other sons, neither of whom turned out to be a great worker. His life has been relatively free of shocks. Two years prior to the interview, he suffered a stroke, but he was able to afford treatment in a good hospital in Dhaka. Reflecting on his good fortune, Nobi adds, "I know I inherited a lot of property. But proper utilization of inherited property is also important."

Rahimuddin's life unfolded much differently. He was born in another village to a destitute family, and his father died before he was born. His mother begged alms to raise him. Unlike Nobi, who had the choice of going to school, Rahimuddin is illiterate. He says, "In this life, I have no idea what is a school. My mother fed me by begging. How could I get educated?"

His first job was at the age of five, when he worked as a domestic servant to a middle-class family in his village. "I stayed at my employer's house. I worked there for years for food in lieu of wages. I was in a good condition there. My mother would also stay with me. My employer would give me 70 taka in a year, which I would give to my mother. I would do all kinds of work: rearing cows, weeding land, doing errands, everything."

Rahimuddin continued to work as hired help until he turned 21. He married in 1976 and migrated a year later to Pirjadi to work as a daily wage

laborer. He tried other work as well: he made hand fans from grass and grew chilies on a sharecropping basis. But his income didn't increase. "There is no income. People buy one fan in a year. Some people don't even buy that. Still, I make them if someone wants them," he says of the only skill he knows. Of chilies, he says, "I have leased two gondas of land. I give half of the crop to the landowner. The soil is not good for cultivating paddy [rice] so I grow chilies in it. I don't even get 100 taka by selling it." He also thinks the landowner mixes powdered husk into the chilies.

To supplement his meager income, Rahimuddin's wife now cleans other people's houses. His elder son works as a tailor in a nearby town. Both he and his wife are constantly ill, but they cannot afford to see a doctor. He hears insults from the relatives with whom he lives because he does not own a home. He cannot marry off his daughter because he cannot afford a dowry. He concludes sadly: "I feel like going somewhere, leaving everything behind. But where should I go? Wherever I go, I'll have to work as a day laborer for my stomach. . . . There is no upward movement. My 50 years of life is entirely a loan. There is no capital. There is no way to repay. If I die now, I will be buried in someone else's land. People will even have to donate my shroud."

Rahimuddin lives in a community with a growing economy. But given all his disadvantages and lack of any sort of capital, he has stayed poor despite a lifetime of work. Clearly, if one is poor, it is better to live in a prosperous area than in a generally poor area. But local prosperity offers no protection against exploitation. Even poor people in booming economies may find themselves cycling through a series of low-value, dead-end activities.

In the coffee-growing area of Ngimiyoni, Tanzania, traders often cheat poor producers while weighing the coffee brought to the market for sale. Such trickery even has a name, *masomba*, which means making the coffee as weightless as a sunflower. So the small farmer who hands over 60 kilograms of coffee may be paid for only 50 kilograms. Stretched thin, small coffee cultivators in Ngimiyoni often borrow money from the better-off in their community, but here too they may be cheated. Before giving the farmer a loan, the lender may force him to sign an agreement saying he has borrowed three times the amount actually lent.

Poor cultivators across study regions, with their one bag of coffee or clutch of bananas, find themselves in no position to negotiate with bigger buyers. Their immediate cash needs often force them to accept the miserable prices offered or cave in to exploitative terms when taking a loan. Farmers in Bamlozi, Malawi, noted that "the small easily suffocate. It is very easy to eat up the little capital you have due to food insecurity in the home."

Chapter 5 discusses interventions to increase prosperity at the local level and make markets work more fairly for poor people's tiny enterprises. The business climate for poor people is very different from the one that large businesses enjoy. We call for liberalization from below. This includes removing restrictive government regulations; expanding access to markets, especially by providing connectivity through roads, bridges, and telephones; and integrating poor people's businesses on fairer terms in new business models. Poor people's economic organizations and business know-how are very important in helping them overcome problems of scale and move up the value chain in order to get higher return for their labor. Collective action is so important that we have devoted an entire chapter to this issue, chapter 7, where we also discuss moving toward poor people's corporations. We also offer two important insights about credit from our data. One is that the tiny loans usually provided under microcredit schemes do not seem to lift large numbers of people out of poverty. Poor people need credit that enables them to go beyond meeting immediate consumption needs and build permanent assets. Second, credit is more likely to be used productively when it is combined with improved local infrastructure, particularly rural roads, and with help in connecting to and producing for markets.

When new economic possibilities open up, whether through construction of roads, liberalization of markets, or introduction of new commercial crops, for approximately two years there seems to be a period of openness to social change. During this time it is possible to increase equality of opportunity and effect change in social relations across lines of caste, ethnicity, or religion. Eventually, however, new elites emerge—and new cycles of suffocation begin.

Responsive local democracies can help reduce poverty

Democracy is like a pond. In the pond there are several kinds of fish. The pond has not only the fish, but also other animals like frogs and snakes. The snakes catch the frog, while the big fish eat the small fish. Democracy, too, is a pond where man eats man. People elect a leader. But later, this leader becomes corrupt and exploits the people.

—Discussion with men, Raja Pukhuri, Assam

We have not been forgotten by God. We have been forgotten by politicians.

—A 38-year-old man, Guadalamoros, Mexico

Local democracies work imperfectly. Corruption abounds. Despite these imperfections, most poor people value democracy, which they equate with the freedom to vote, to think, to speak, to move, to protest, and to work. “Democracy and freedom are the same,” said women in a discussion group in San Dogon, Philippines. “We cannot experience freedom if there is no democracy.”

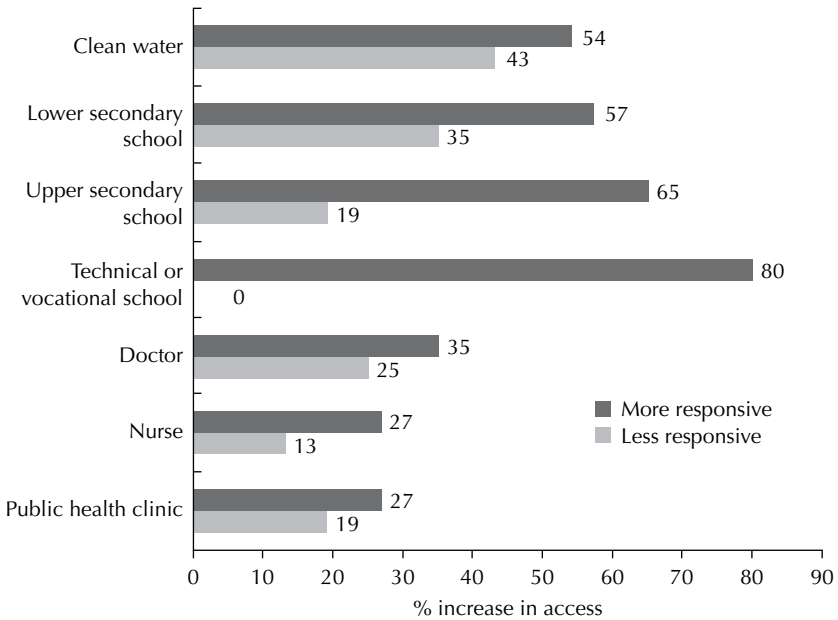
We focus on the effectiveness of democracy at the local level, irrespective of the state of democracy at the national level. At the local level, we find that there is much more variation within countries than across countries; indeed, 93 percent of the variation in the quality of local-level democracy is explained by within-country variation. Hence, the importance of understanding how local politics affects poor people’s efforts to move out of poverty.

In theory, responsive local governments can play a significant role in shaping opportunities for movement out of poverty. They do so through two channels—one community-wide, the other individual. They can provide essential community services like health and schooling, secure law and order, and make and enforce rules and regulations that favor livelihoods and poor people’s initiative. Local officials also distribute government aid to households, including food, agricultural inputs, houses, and land. They may provide skills training through a variety of agricultural extension and non-agricultural training programs.

We set out to learn whether the practice of democracy lives up to this promise. We wanted to find out whether there is an association between local democracy that is viewed as responsive and the likelihood of poverty escapes. We combine several measures to gauge responsiveness. Do people trust their officials? Does the local democracy take into account citizen concerns? Are people able to contact their local democracy and influence its actions? Are they satisfied with their local democracies?

Our evidence, presented in chapter 6, suggests that responsive local democracies may help people move out of poverty. We find that communities with more responsive local governments do in fact have better access to clean water, schools, doctors and nurses, and public health clinics (figure 1.5). Furthermore, the quality of education and health services also registers more improvement in these communities, as does the incidence of roads and the level of community safety. Communities where local government is responsive also have much lower corruption. The association with individual poverty escapes is more mixed: strongly positive in some of the South Asian contexts and negative in some of the conflict-affected sites. To examine these processes, we turned to communities that had experienced a

FIGURE 1.5
Communities where governments became more responsive were likely to report increased presence of services over the past 10 years



Source: Authors' analysis using data from the community questionnaire with key informants and responses to the question: "Compared to 10 years ago, does the local government now pay more, about the same, or less attention to what people like you think when it decides what to do?" *N* = 420 communities.

dramatic improvement in responsiveness of local democracy over the previous decade.

The village of Mintang in Bukidnon, Philippines, was among those that experienced a shift in democracy, from being nonresponsive 10 years ago to being responsive, just, and accountable to the residents of the community today. The turning point was the election of a good leader. Nora, a woman in Mintang, said of the village head, "Before, only the relatives of the officials were privileged to work with them. But now, even if he [the leader] is my cousin, I am still obliged to submit an application. He levels down to the people. He is one of us." Andresa added, "We just have to approach him and ask for help, even for personal reasons. Other politicians are not similar to him. They think only of themselves."

Officials at higher levels of local government were also credited with bringing projects such as health programs and solar dryers for farming that increased community prosperity. A male discussion group in Mintang spoke of the role they had played. "The number one factor that helped Mintang improve is the implementation of different projects by the barangay officials. Also, it is the style of leadership shown by the politicians in the higher government such as the governor and the senator. They are the ones who provided our place an opportunity to improve. If they ever press us down, we will suffer." The women continued, "If the current barangay chairman goes to Manila for a seminar, he never misses to report to the people the purpose and result of his trip. Now we often conduct assembly meetings."

Elections in Mintang were reported to be free and fair. In a discussion group, men claimed, "There is no coercion. We vote for someone dictated by our conscience." Assembly meetings were regular and transparent, with open discussions around issues like budgets. "The budget is shown to us during assembly. We have access to it any time," the men said. High levels of collective action and associations within Mintang supported democracy. Women praised the unity, mutual understanding, and respect within the community. "Just like a broomstick. A broomstick symbolizes unity. The midribs should be bound together to create a broomstick. If cooperation and unity are evident among people, there is democracy."

Villages like Mintang, while they exist, are hardly typical. Far more commonly, poor people find themselves facing political institutions that are captured by the elite. Becoming a local politician or affiliating oneself with the right political party is a sure way to riches. The makeup of the elite in any community changes over time, but the system of political clientelism and corruption persists. Both the rich and the poor flock to the powerful for favors. The poor typically have to wait outside, and wait longer.

In the village of Mpusola in Malawi, drought and floods brought widespread hunger between 2002 and 2005. To avoid mass starvation, the government undertook a food distribution program. The distribution of maize and targeted inputs was conducted by a government marketing agency that has since been shut down. Discussion groups all agreed that poor farmers were at a disadvantage as they could not afford to fill the pockets of officials in order to obtain the grain. They described how corrupt staff sold the maize that was intended for distribution, leaving a shortage in the depots. "There were times when the maize did come to the depots. Strangely enough, the maize would be sold at night using back doors. By the next morning, there was no maize

stock in the depots. People could starve even with money in their pockets. Many people mixed sawdust with maize flour in order to have enough to meet the demands of the entire family.”

A male youth group explained how political and economic alliances worked in the village. As in politics at higher levels, political alliances determined who gained membership to powerful committees and who chaired them. The stakes were smaller than at the national level but could still mean the difference between survival and starvation for poor people. “There is oppression here,” said the youths. “One person is chairing eight committees. We do not have freedom of speech. When something comes to the village, the village headman and his close friends make sure that they are the first beneficiaries. We just hear later that a particular organization came to the village and it has gone.” They added, “The friends and relatives of the village chief do not get intimidated as they have the law on their side. The chief is the law! Why will they be afraid?” The group went on to say that because of preferential treatment in the distribution of government programs, the community has lost interest in “community participation.” They concluded, “The chief chooses only those people whom he sees will remember him when that person gets some materials. The chief is also fond of calling just those people who he is used to in making deals to form a committee. . . . Then all you will hear the next day is that ‘we are in such and such committee.’ All done to continue their fraudulent ways.”

Government largesse in poor countries can be extremely limited, and elite capture—as in Mpusola—often leaves little for the poor. Under such circumstances, moving ahead becomes a zero-sum game: if I win, you lose. Thus, it should not be surprising that we find poor people at times locked in struggle with each other in a fight over limited resources. We found evidence of this in both our qualitative and quantitative data.

There are, fortunately, ways of uncapturing local democracy. One-third of the communities visited reported that their local government had become more responsive over time, suggesting that change is possible. Mechanisms included having good leaders; holding free and fair elections; providing access to information, particularly about local government activities; and promoting people’s participation and demand-side pressure through poor people’s organizations. Local leaders can play a particularly important role in expanding local economic opportunities and supporting liberalization of economic rules and regulations that unbind from below.

The most important implication of our findings is simply that poverty reduction strategies cannot ignore local politics, and that when they do, poor

people are the losers. If one is to understand democracy, the focus has to be on the local level. Demand-side pressures through self-help groups and other organizations of women, men, and youth, even when their members are illiterate, help make local politicians more accountable. Availability of information at the local level, particularly about local politicians and government, is key to making democracy work for all.

Collective action helps poor people cope but not get ahead

How good are these loans? We have to repay them in installments each week. The amount they give finishes off quickly.

—Asiya, a poor woman, Hasanbagh, Bangladesh

People have developed well with the help of women's self-help groups. They have more knowledge. They are becoming partners in politics. They want to know about government programs and form good, bad opinions on parties.

—Discussion with men, Bestharapalle, Andhra Pradesh

I place a lot of importance on relations with my neighbors. They are my only capital in life.

—Aziza, a woman in chronic poverty, Abzif, Morocco

Poor people in a community frequently come together to pool their labor or their cash or their skills. This pooling involves tiny, tiny resources. The paradox of this collective action is that while it may enable poor people to cope and survive, it typically does not help them move out of poverty. Even though it involves thousands of poor people helping each other in groups, since the groups are scattered rather than connected or aggregated, they have not been able to achieve the advantages that come with scale. We discuss ways out of this deadlock in chapter 7.

Ironically, the real benefit of poor people's collective action is to society. Working together in small groups creates unity, trust, social cohesion, and a sense of social belonging to units larger than the immediate family. It fosters a sense of citizenship essential to functioning, stable, and cohesive democratic societies. This is the beginning of civil society.

In Mbata, Ruvuma, Tanzania, women came together in *nsango* groups to survive the economic crisis that followed the dismantling of government-run coffee cooperatives. Each group has 10–15 members who contribute a small

sum each week to a collective savings pool. The contributions are primarily used to buy clothes for group members and their children or to support tiny businesses. Women may buy wheat to bake a few loaves of bread, or sorghum to make a local brew. If the business takes off, women are able to help others, save, and meet daily household needs. Salome says, “The money enables us to help one another in case of an emergency. For example, when one of the group members has a problem, she would be the first to receive the contributions. Men do not have such groups because they own property like livestock.”

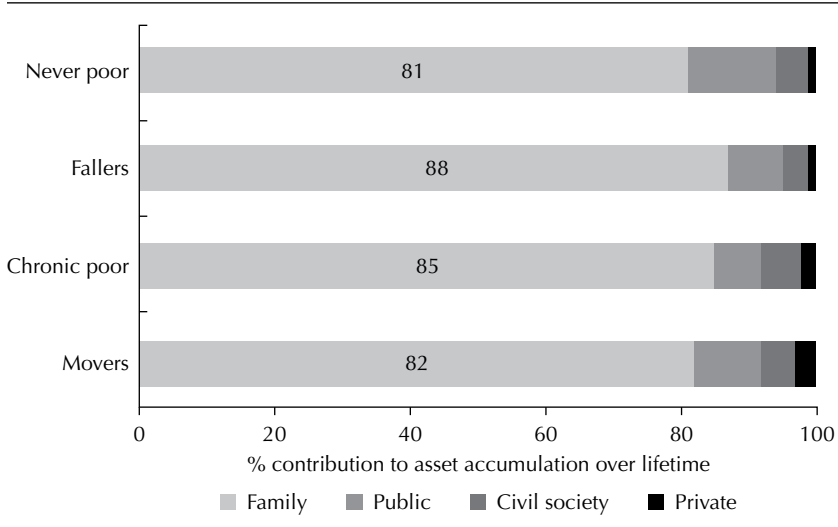
People in Ruvuma also form collective labor groups called *ngoro*. These consist of 5 to 15 men or women who help each other cultivate the region’s steep and infertile slopes. With no cattle to provide manure, people pool their effort to dig pits (*ngoros*) that are used to compost grass, weeds, and crop residues. Crops are rotated so soil fertility can be maintained. All members work on one member’s farm for an agreed number of days, then move to another member’s farm, and so on, until all of their farms are cultivated.

We found several instances of small, spontaneous groups like the *nsango* and *ngoro* across our study regions. Although helpful, such groups on their own did not lift people out of poverty. Poor people as a group lack cash, assets, education, market know-how, and connections with the rich and powerful. When poor people associate only with each other, they bring only their own meager resources to the table. Poor people understand these constraints and affirm that “there is a limit to how much one hungry man can feed another.” The challenge is to extend these positive local traditions of mutual help so that they reach across social lines to involve those who can bring in new resources, ideas, and skills.

This is difficult, however, and in practice, most people rely on the institution closest to them: their family. In the 2,700 life stories from India, the family was the most frequently mentioned institution that helped people accumulate assets. People rated help from family as more important than help from public institutions like the government, more important than help from civil society, and more important than engagement with the private sector (figure 1.6). This was true for all four mobility groups: the movers, fallers, chronic poor, and never poor.

Given the universal dependence on kin, we analyze the characteristics of successful families and discuss how other types of organizations, from small groups to cooperatives to equity firms owned by poor people, might mimic some of their features. We discuss a few large-scale successful efforts such as Grameen Bank in Bangladesh, the women’s self-help movement in Andhra

FIGURE 1.6
Families are rated the most important institution for asset accumulation by all mobility groups in Indian study regions



Source: Narayan, Nikitin, and Richards (2009), using coded data from life stories gathered from the Indian study regions; $N = 2,700$ life stories.

Pradesh, and the community-driven development program that has spread to over half the villages in Indonesia.

Nongovernmental organizations (NGOs) are hardly mentioned as a support in moving out of poverty. NGO assistance accounts for only 0.3 percent of the reasons cited for poverty escapes (figure 1.2). This does not mean that NGOs are not present or doing important humanitarian work. It means either that NGOs affect only a small number of people or that their work is not perceived to have a direct effect on poverty. Collective action that involves federated organizations of poor people has the potential to transform lives by connecting poor producers to markets and involving them in economic activities higher up the value chain. But creating such organizations takes time and financial resources and does not produce immediate returns; as a result, this is an area of investment failure on a massive scale. Such a transformation in thinking and practice is not easy. It requires the coming together of people who understand local realities and community organizing, on the one hand, with people who possess capital, business skills, and market access, on the other. As long as these two groups, civil society and private business, remain

at war, poor people will remain excluded from markets, and important innovations, including poor people's corporations and changes in mainstream business models to ensure fairer returns, will not be achieved.⁵

Poverty reduction should be guided by lessons from poor people

Freedom means having opportunities.

—Discussion with women, Chinxe, Mexico

In sum, our evidence suggests that poor women, men, and youth doing day labor like Mamba, tending tiny plots like Ayesha, and working in small businesses like Adolfo do not lack the drive to do well and improve their lives. Some, like Adolfo and Ayesha, are successful; others, like Mamba, are not. Yet the great majority of those who are stuck in poverty do not give up; they continue to aspire to better lives, for themselves and for their children. Chapter 8 provides our ideas on creating poverty-reducing strategies that build on poor people's agency and reflect what we learned from them about how people escape poverty.

The people we met defy the various Victorian, cultural, and Marxist interpretations of poverty that classify "the poor" as a group unable to help themselves. Poor people are not in any collective sense lazy, drunk, or stupid. They work hard to eke out a living and seize opportunities as they arise. Indeed, a major finding of the study is that there is no such fixed group as "the poor." Poverty is a condition, not a permanent identity.

Given the inadequacies of existing approaches to poverty reduction, in our concluding reflections we offer three principles that should guide future efforts. These principles are based on lessons from poor and recently poor people themselves—the thousands who participated in sharing their experiences with our field teams.

The first principle is that all actions should seek to *expand the scope for people in poverty to utilize their agency*, in both the public and private spheres. Poor people have needs but reducing people to just their needs robs them of their aspirations, dreams, ambitions, and skills—in short, of their ability to help themselves. Poor people's agency is important at the individual level and also the collective level through organizations of the poor. When these organizations gain some scale and connect with markets and the public sector, poor people become important players in decisions that impact their lives.

Across the study regions, we were struck by the faith poor people still place in the marketplace. Faced with enormous barriers there, they still believe

that markets will work, and they want to do business on an equal and fair footing. Thus, the second principle is that actions should seek to *transform markets so that poor people can access and participate in them fairly*. There are several keys to expanding fair access: scaling up and linking poor people's livelihood activities; providing "connectedness" through roads, telephones, electricity, and irrigation; easing access to loans that can be used for production; and providing information, business know-how, and skills to connect to mainstream markets.

Similarly, poor people still believe that governments and their local democracies can do good, and they want to participate in them. Freedom and democracy are of both intrinsic and instrumental value. The third principle, therefore, is that *well-functioning local democracies can help people move out of poverty*. We saw many examples of poorly functioning local democracies. Governance at the local level is all too often a zero-sum contest for spoils, marred by pervasive corruption that creates opportunities for some and barriers for others. But the combination of good local leaders, fair elections, improved access to information, participation, and collective action can enable poor people to demand accountability from local leaders. Local leaders can do much to liberalize and expand economies from below.

The Conceptual Framework

We started our research with broad questions. What are the processes that result in some poor people moving out of poverty while others in the same community remain stuck in poverty? What is the role of social relations in moving out of poverty? How important are psychological factors and personal agency? Does local democracy make a difference? We deliberately did not adopt any particular conceptual framework because we knew that early marriage to concepts and measuring tools limits what you see. We wanted to explore before we started limiting.

We deliberately collected too much data, using 10 different measuring tools to probe the whys and hows of poverty escapes and stagnation. We expected that this would create an enormous challenge in data analysis, and it did. We are not recommending this as a research strategy to everyone, but we think it is important in poverty studies to cast a wide net and to look beyond what one might first assume to be the correct explanation.

Our data analyses proceeded in three stages. In the first phase, which took six months, we used an inductive approach to develop a coding system for the analysis of life stories. We let the data speak to us. After reading 200

life stories, we developed categories that would “catch” most of the information emerging from people’s descriptions of the key events in their lives and the processes that facilitated or hindered their accumulation of assets.

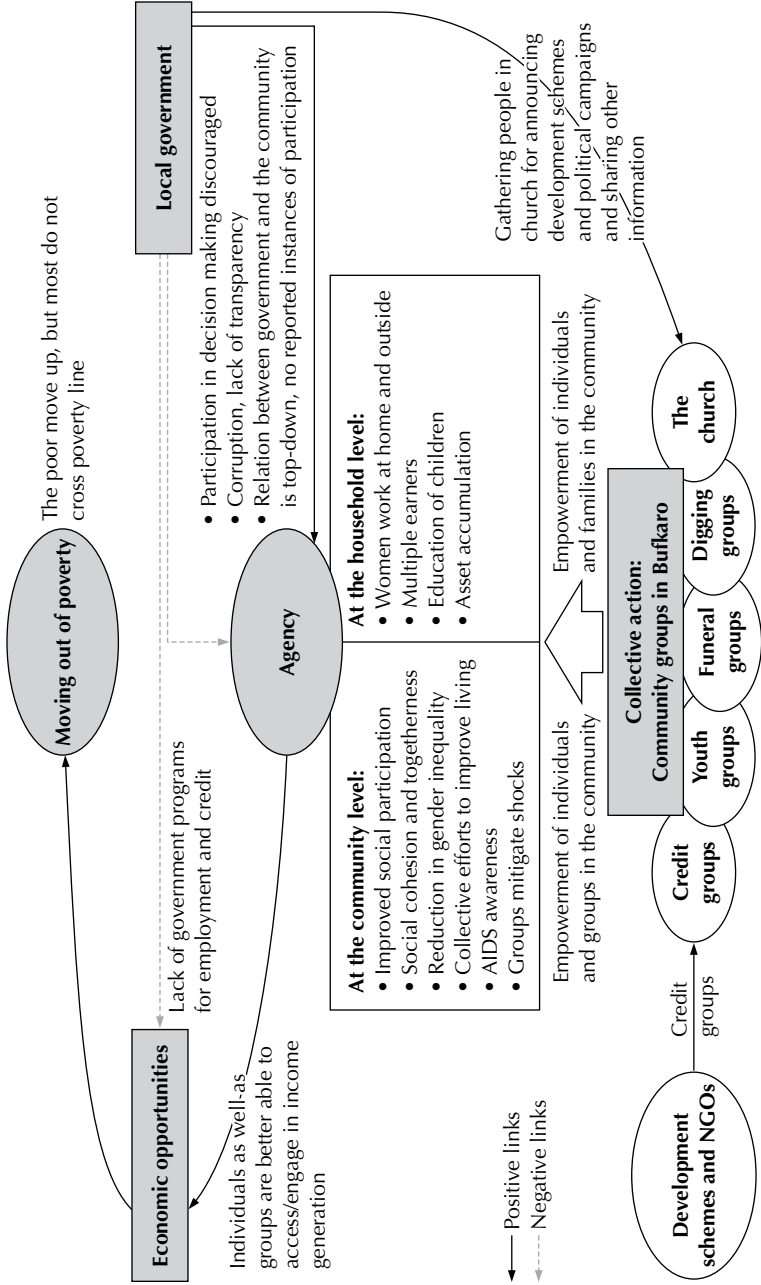
In the second phase, we analyzed 60 community pairs. The communities in each pair were selected to vary in terms of one particular variable: social stratification or democracy, collective action, and economic opportunity. In one pair, for instance, community A might differ from community B only in levels of social stratification, holding other variables constant. We analyzed these communities using a variant of the SOSOTEC technique that we learned from Robert Chambers during the *Voices of the Poor* study.⁶ We read reports, interviews, and descriptions, cut them into strips, and sorted the ideas, gradually compiling them into subsets and larger sets and diagramming the relationships between them. Given our huge data set, this process also took several months. The diagrams became very elaborate as our teams mapped relationships across communities and country contexts. This technique appears disorganized and time-consuming but surpasses all others in “letting voices emerge” during the analysis phase. In particular, it delays the imposition of expert concepts until much later.

Figure 1.7 shows one such diagram created by our team, for the village of Bufkaro in Uganda. In this predominantly poor community, villagers cultivate sorghum, beans, and sweet potatoes. Poor people have limited options to invest in business opportunities, and credit is hard to get. “It is not feasible to start a retail shop because one cannot afford to buy the items for the fear that the loan acquired to start the business may be wasted,” explained one discussion group. The local government is not helpful. “No government programs operate in this village because our leaders are not serious at all,” lamented another discussion group. “No community meetings are held between the community members and the local council authorities.” Lack of such meetings is cited as one of the reasons why the community does not receive timely information about development programs.

While poor people struggle with daily wage labor, the handful of rich people in the village face very different opportunity sets. They own shops and vehicles and have money to invest in other profitable ventures to expand their sources of income further. Their friends are other rich people who can loan them money if the need arises. One discussion group said, “When you are rich, you are more powerful because people respect you so much. If a poor person is going to a rich person’s house, he fears to talk to the rich person.”

Poor people in Bufkaro come together to cope with their circumstances, sometimes among themselves and sometimes in community-wide groups.

FIGURE 1.7
Collective action helps people cope in Bufkaro, Uganda



Some of these groups are supported by NGOs. They include mutual aid and burial societies that use contributions of money and labor from members to transport sick people to health facilities or organize funerals. "Before the association, the bereaved families would sleep on an empty stomach; sometimes they would even sell part of their land for [funeral] celebrations," recounted a group of women. "Now when a member loses someone, the burial groups use the money to buy food, a coffin, and other requirements for the funeral." Women also join digging societies, working land for the well-off households in the community and using the money to buy household items and pay school fees. The local church serves as a vital source of information about development schemes and community programs.

"If you do not belong to any group in this village, then you cannot survive," said women in a ladder of life discussion. Group activities help poor people in Bufkaro cope with few resources, but they do not seem to help them move out of poverty. While some poor people manage to move up, most do not cross the poverty line.

Is movement out of poverty in Bufkaro low because poor people, for whatever reason, lack initiative? Or do poor people fail to escape poverty because their initiatives meet resistance and are blocked? Or are poor people simply excluded from the economic, social, and political opportunities that the well-off enjoy? How does collective action by the rich and poor block or facilitate economic and political opportunities?

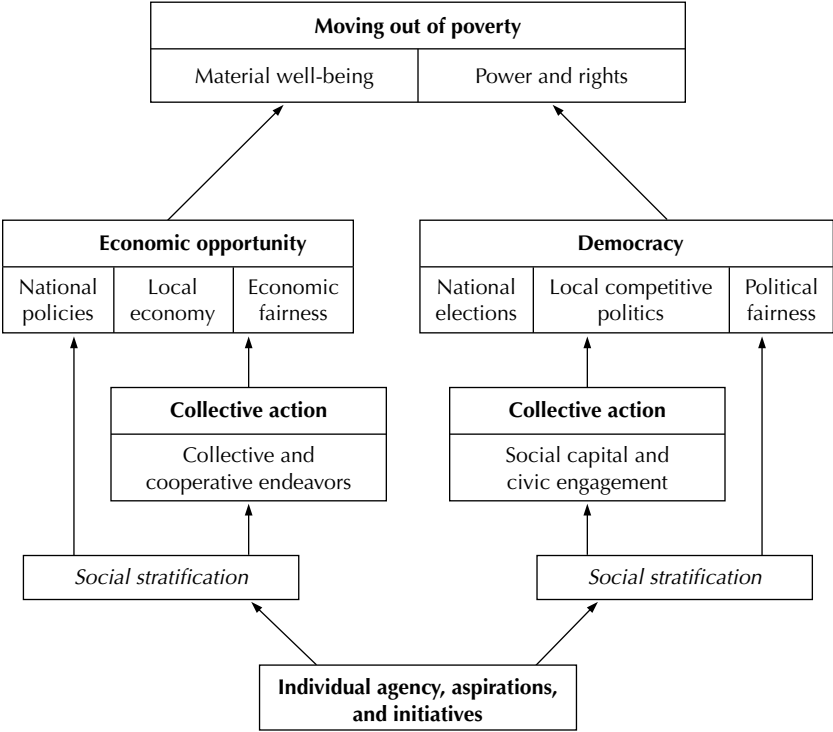
The interplay of factors revealed in the community diagrams eventually led to the conceptual framework adopted for the quantitative analyses carried out in the third year. This conceptual framework, described below, guided the third and final phase of our data analysis, which was quantitative. This included multivariate regression analyses to test the role of local-level institutions in the movement out of poverty while taking into account other community and household features.

Key concepts: Initiative and opportunity

In studying hundreds of diagrams from individual communities, the two overarching concepts that emerge are *initiative* and *opportunity*. The interaction between these two largely structures the movement out of poverty (figure 1.8).

In studying these movements, we can make an analogy with flows from physical systems. If we see that a weak flow of electric current is causing a bulb to glow faintly, it could be either because the power source is weak or because

FIGURE 1.8
Initiative and opportunity interact to produce upward movement



the resistance to the flow of power is high, so the power is dissipated in heat. Or if we see a trickle of water flowing past us, it could be because there was little water at the source or because obstacles are blocking the flow.

We start with poor people. At the source of poverty reduction are the initiatives that millions and millions of individuals and households take to better their lives.⁷ Such initiatives may involve growing new crops, using new agricultural techniques or equipment, accessing new markets, starting a business, getting a job, or migrating for employment. People take initiatives based on their self-confidence, agency, aspirations, and empowerment—their sense that what they do matters and has the potential to succeed.

Initiative can also be embedded in collective action, from pooled labor or savings to cooperation in marketing to fully cooperative firms. Both the poor and the rich can act collectively, either through formal organizations

or through informal groups and networks. Both usually associate with their own kind—the rich with the rich and the poor with the poor. At times, the interests of the rich and poor may converge, as when everyone wants to solve a community-wide problem. At other times, the rich and poor compete for influence and access to limited resources. Collective action by the poor will then meet with resistance from the rich.

It is a reality that most societies are divided, most often along lines of caste, ethnicity, gender, religion, or wealth. Economic, social, and political organizations and networks fissure along the same social divides, leading to “durable inequality” between social groups (Tilly 1999). Across all study regions and all topics, we find social stratification to be a conditioning factor that affects both initiative and opportunity.

Whether economic initiative, either individual or collective, leads to upward movement depends on the opportunities available and access to them. We consider three aspects: national policies, local economies, and economic fairness. As detailed in chapter 5, there is no question that progress in overall national prosperity has an enormous influence on the pace of poverty reduction. But our study is not primarily about the link between national policies and poverty, a field of inquiry for which our techniques are not well suited. Instead, we focus on the local level. How do opportunities at the very local level (as small as the village) structure the movement out of poverty? How does the fairness of economic opportunity—whether individuals from all walks of life are able to effectively participate in the economy—influence poverty reduction, at the local level and hence also at the national level?

In the political sphere too, people participate both individually and collectively. We acknowledge the importance of electoral democracy at the national level in framing political freedom. But our focus is again at the local level. It is participation in open, competitive, *local* political processes that determines access to and influence over local governments and government-financed programs. Poor people can participate individually through elections. But organized collective action is just as important, as the ability to express common interests is key to successful participation and representation, especially among marginalized groups. Moreover, the structures of political opportunity strongly influence whether local politics helps or harms poor people in their efforts to improve their well-being. We are concerned with the efficacy of electoral accountability, the presence of political clientelism, and the extent of fairness in opportunities to participate in public decision making. An important aspect of the latter is the degree of discrimination against women.

In reality, of course, the boundaries between the political and economic are blurred and contested. Political power can thwart or create economic opportunity, and economic success can increase power and influence in the political sphere. We stress these interconnections throughout the book.

We have written this book to give voice to thousands of poor people—women, men, and youths—who shared their life experiences, their hopes, and their dreams with us. Ayesha, Mamba, and Adolfo in our opening stories seized whatever tiny opportunities they could find. And there are millions and millions of others just like them.

Poor people do not give up. They try again and again. Poor people are ready to work with businesses, NGOs, foundations, students, concerned citizens, governments—with any of us—to innovate and invest in their lives and communities. Can we find the courage and imagination to try again with them?

Notes

Epigraph: The letter from Marshal to Arthur Lyon Bowley is from *The Correspondence of Alfred Marshall, Economist*, vol. 3, *Towards the Close, 1903–1924* (New York: Cambridge University Press, 1996).

1. So this book could protect the privacy of individuals, all local-level communities in the study (villages, barrios, etc.) are identified by pseudonyms in this book. Higher-level entities (blocks, districts, provinces, regions, states, and countries) are identified by their real names. To increase readability when we use materials from the 21 country studies commissioned for the Moving Out of Poverty project, we reference only the name of the village and country. The names of the team leaders for the country studies and researchers are in appendix 1. The country reports can be found on the Moving Out of Poverty study Web site at <http://go.worldbank.org/8K2Q8RYZ10>.
2. Forthcoming volumes in the Moving Out of Poverty series will probe specific contexts in greater depth. Volume 3 will focus on India, and volume 4 on conflict-affected communities.
3. The ladder of life discussion was not conducted in all study communities. For instance, some studies that built on existing panel data sets (Kagera in Tanzania, and Cambodia) did not use the ladder of life exercise and instead identified household mobility status using information in the panel. Only qualitative data were gathered for the Sri Lanka tea estate and Morocco studies. While discussions around the ladder were held in the Afghanistan study sites, the households sorted for the community mobility matrixes were too few to be quantified. Figure 1.1, therefore, is based on ladder of life data from 16, not 21, study regions.
4. The study in Kagera, based on a panel data set and led by Joachim De Weerd, found that although 78 percent of the fallers were predicted correctly, only half of those who were predicted to move out of poverty actually did so.

5. An increasing number of experiments are attempting to create new partnerships between NGOs and businesses and new financial instruments that allow poor people to scale up their businesses and move higher up in the value chain. The Clinton Global Initiative has mobilized US\$30 billion in commitments since 2005, and it is effectively bringing many different actors together across political and ideological divides to innovate on a large scale on behalf of poor people (see <http://www.clintonglobalinitiative.org>).
6. SOSOTEC stands for Self-Organizing System on the Edge of Chaos. The exercise is done in groups.
7. We often use the terms "individual" and "household" interchangeably, although we recognize that complicated gender dynamics inside the household can keep the household from acting as a single unit.