Conclusion

An Empowering Approach to Poverty Reduction

Deepa Narayan and Patti Petesch

The poverty problem is immense, whether seen through the eyes of one poor woman struggling to feed her family, or seen through aggregate poverty statistics: 2.8 billion people living on less than two dollars a day. Much has been learned over the last century about how to reduce poverty, yet it persists. We could assume that no fundamental change is needed in the development approach to poverty reduction—only more money. Or we could pause to reflect upon what should be done differently to respond to the voices of the poor. Indeed, our overarching conclusion is that poverty can be reduced only if we build strategies around what we have learned from poor people, from their realities as they experience them.

In this final chapter we focus on four common themes that emerged from the fourteen case studies in this book, which are representative of the diverse country studies conducted for the Voices of the Poor initiative:

- the importance of an array of assets and capabilities in poor people’s lives;
- the often adverse impacts of economy-wide shocks and policy changes on poor people and their communities;
- the culture of inequality and exclusion in mediating institutions; and
- widespread gender inequity and vulnerability of children.
Drawing on these findings, we conclude by urging an empowering approach to development that views poor people as resources, as partners in poverty reduction.

**Poor People's Assets and Capabilities**

Development ultimately should increase people's freedom to live the lives they value. Poor people's options are sharply constrained by a dearth of assets and capabilities. In many countries, moreover, poor people feel that inequality in the distribution of assets is increasing, that the gap between rich and poor is widening. In Bosnia, Bulgaria, the Kyrgyz Republic, and the Russian Federation, poor people reported that the middle class is disappearing. In Mbwadzulu, Malawi, a man said, “Only God knows the future, but I think the poor will continue to get poorer while the rich will continue to get richer. Because they have money they will continue doing business. The poor will keep facing problems.”

Poor people described several dimensions of deprivation and inequality and a correspondingly wide range of assets and capabilities they need to increase their freedom of choice and improve their lives. Ten assets and capabilities that emerged as important in poor people's daily experiences are categorized and described in Table 1, and they are discussed individually in the sections that follow. The need for some of these assets and capabilities, such as material goods and education, is obvious, while others are frequently overlooked.

**Material Assets**

_In order to feed two children, I sold all the valuable things I had in the house. . . . Now we are at the bottom of society. What is my future and that of my children? What prospects do we have? Sometimes I ask myself why I live at all._

—A war widow in Tisca, Bosnia and Herzegovina

Without the protection of material assets, the slide into poverty is quick. In every country poor people noted the central role of material assets in preventing them from falling to the “bottom of society.” In country after country, poor people said that once they lose their property—that is, through natural disasters as in Bangladesh, through war as in Bosnia and Herzegovina, through paying dowry as in India, or through selling off property to pay debts and feed families in all parts of the world—they give up
### Table 1 Assets and Capabilities of Poor People

<table>
<thead>
<tr>
<th>Asset or capability</th>
<th>Examples mentioned by poor people</th>
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<tbody>
<tr>
<td>Material assets</td>
<td>Employment; ownership of productive assets; land; house; boat; savings; jewelry</td>
</tr>
<tr>
<td>Bodily health</td>
<td>Freedom from hunger and disease; strong, healthy-looking bodies</td>
</tr>
<tr>
<td>Bodily integrity</td>
<td>Freedom from violence and abuse; sexual and reproductive choice; freedom of physical movement</td>
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<tr>
<td>Emotional integrity</td>
<td>Freedom from fear and anxiety; love</td>
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<tr>
<td>Respect and dignity</td>
<td>Self-respect; self-confidence; dignity</td>
</tr>
<tr>
<td>Social belonging</td>
<td>Belonging to a collective; honor, respect, and trust within and across social groups</td>
</tr>
<tr>
<td>Cultural identity</td>
<td>Living in accordance with one's values; participation in rituals that give meaning; sense of cultural continuity</td>
</tr>
<tr>
<td>Imagination,</td>
<td>Inventiveness; informed and educated decision making; literacy; entrepreneurship; problem solving capacity; expressive arts</td>
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<tr>
<td>education</td>
<td></td>
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<tr>
<td>Organizational capacity</td>
<td>Ability to organize and mobilize; participation in representative organizations</td>
</tr>
<tr>
<td>Political representation</td>
<td>Ability to influence those in power; accountability of those in power</td>
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</tbody>
</table>

hope of ever climbing out of poverty. Temirbek, a man from Tash-Bulak, Kyrgyz Republic, who sold off his sheep one by one until there were none left, cried, “One can patch torn clothes, but how can one patch an empty stomach?”

Lack of clear property rights, and in rural areas, declining access to common property resources compound poor people’s insecurity and keep them trapped in low-paying formal jobs or on the lower rungs of the informal economy. People with few assets have extremely limited bargaining power to negotiate a fair deal for jobs, wages, or other contractual arrangements. In order to lease a boat in Ampenan Utara, Indonesia, poor fishermen must promise half their catch to rich boat owners and cover their own operating expenses as well. The fishermen noted, “This is a very unfair arrangement because up to nine fishermen have to share one boat. The catch after a four-day trip might be worth 1 million rupiahs. After deducting operating costs and fuel, each man would get only 20,000 rupiahs [approximately US$3].”

Some people who managed to climb out of poverty named migration and entrepreneurial activities as key livelihood strategies. Yet for those with few assets, the type of entrepreneurship within reach, such

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as petty vending, does not necessarily increase wellbeing. A poor man in Isla Trinitaria, Ecuador, explained, “Selling sewing needles is not a business. A business is a pharmacy or a pool hall, something you can live off.”

**Bodily Health**

*You have to pay the dentist up front, otherwise they just stuff your tooth with sand and it all falls out.*  
—A discussion group participant in Russia

The relationship between income and health emerged in every country. Every community in Malawi reported that hunger is its most critical problem. Poor agricultural workers in Bangladesh described a vicious cycle in which inadequate food leads to weakness and reduced energy to work, which in turn leads to lower income and less food for the household, which leads to worsening weakness and illness.

For poor women in Fadli Pur, Bangladesh, wellbeing requires a “physically fit husband, and a son for every mother.” In La Matanza, Argentina, a group of men assessing their chances of getting work said that in addition to needing an education, “you can’t have any kind of health problem or have had an operation... For those over 40, no one will hire us. You can look and look, but you’ll never find a job.” Lacking property and bargaining power, poor people in all the communities visited emphasized the importance of their only asset—their bodies—and their ability to do hard labor even on empty stomachs.

Living in unsanitary, dangerous, crowded, and poorly serviced urban areas increases poor people’s exposures to health risks. When poor men and women get sick, their illness may lead to destitution or death. Yet they have no way to safeguard the good health they need to work and survive. Health services are nonexistent or substandard, and people typically must pay for transport, consultations, medicine, and bribes to receive even so-called “free services.”

**Bodily Integrity**

*“Here there is battering all over the place. Women hit men, men hit women, and both hit children,”*  
—A 16-year old girl in Novo Horizonte, Brazil
Bodily integrity—freedom from physical violation and freedom of movement—is a fundamental human right. But poor people, particularly women, live in fear of bodily harm and often feel helpless to protect themselves and their daughters from abuse by men inside and outside the home. Young women in Bangladesh said they cannot move about freely because they encounter teasing, harassment, and abuse, and even fear having acid thrown in their faces. In Ghana women talked about being forced into sex within marriage and unwanted pregnancies, and they fear being infected with HIV/AIDS by husbands who refuse to use condoms.

Many poor neighborhoods in urban communities are especially unsafe, with high levels of crime, drugs, gang warfare, muggings, and murders. Young men are particularly susceptible to abuse by police and are the most likely to be assaulted, caught in crossfire, or thrown in jail. Discussion groups in Morro da Conceição, Brazil, told researchers, “When we go out we don’t know if we’ll come back alive.” A woman in La Matanza, Argentina, said, “It isn’t the robberies that scare me so much, it’s the rapes. I have teenage daughters and I don’t sleep at night because we live in a very unsafe neighborhood.”

**Emotional Integrity**

_I don’t know when I will see the light of happiness. I have to give three daughters in marriage but I do not have any assets to do so. I cannot give them clothes. I don’t know how to secure respect for them in society._

—A poor man, Khaliajuri, Bangladesh

Love and freedom from constant fear and anxiety are essential for well-being. Poor women and men, on the brink of disaster, suffer the anxiety that naturally accompanies the multiple threats they face from war, physical danger, hunger, unemployment, delayed pensions, and debt. Poor people also worry about the loss of family and friends and about not being able to care for their families, help their neighbors, or participate in cultural rituals.

Although most hold on to some hope, many poor people verge on hopelessness, particularly in Eastern Europe and Central Asia and in urban areas in Latin America. Some turn to alcohol and drug abuse, and some commit suicide. A young man in La Matanza, Argentina,
remarked, “Nowadays you are unemployed for years. The only way out is when you die.”

In Bosnia the scars of war run deep. An older woman in Tombak, Bosnia, said, “I am burned out because of fears and worries for my family in the war. I had to send a husband and two sons to the front lines and wait for them to return—or not. . . . You can never recover from spiritual impoverishment.” An older man in Glogova, Bosnia, said, “I can hardly breathe; nerves are suffocating me. The doctor told me that my life hangs from a thread and that I am not allowed to get stressed—but how?” Having lost everything, including her house, an internally displaced woman in Vares, Bosnia, cried, “Our souls, our psyches, are dead.”

**Respect and Dignity**

*When they give you a box of groceries, they’re also taming your dignity.*

—A young man, Dock Sud, Argentina

Over and over again, poor people asserted that handouts, humiliation, and shaming hurt even when they are in tatters and starving with nowhere to go. Poor men and women know that if they stop believing in themselves, their lives will become even more unbearable. A 52-year-old Ghanaian woman who sells yams and salt in Asukawkaw said, “A woman can move out of poverty by having faith in herself and the determination to make do with the little she has.”

Self-respect and self-confidence are closely tied to the ability to earn a living and belong to society. Poor men who have lost their capacity to take care of their families said they have lost self-respect and are ashamed to face their neighbors, wives, and hungry children. In Bulgaria people often described the alienation and demoralization they feel in the face of massive unemployment. Students in Dimitrovgrad, Bulgaria, described people without jobs as “lifeless faces without self-esteem.” The shame that arises from poverty and having to wear secondhand clothes often keeps children from attending school.

Women’s sense of self-respect and dignity is frequently threatened by physical violence. In one community in Brazil where physical abuse is declining as a result of consciousness raising, women in a discussion group said, “Women are asserting themselves, valuing themselves, and respecting themselves. They also demand respect. They used to be very passive and forgot about themselves.”
Social Belonging

Living in poverty isn’t pretty, but to be a poor person is nice because we help one another.

—A discussion group of men in Isla Talavera, Argentina

Poor people, like all people, experience a deep longing to belong, to care and be cared for, to be honored, and to experience the bonds of solidarity. A sense of belonging not only affirms one’s humanity but also creates bonds of trust and reciprocity, the give and take that is part of being human. In Jamaica poor people said that social ties provide invaluable support in times of adversity. A woman in Thompson Pen recalled that after Hurricane Gilbert, “I never even had to ask my neighbors for help—they just did.” Proverbs in the Kyrgyz Republic capture the importance of social bonds: “It is better to have a hundred friends than a hundred rubles”; “Don’t look for a good house, look for a good neighbor.” In India both men’s and women’s groups said that influence, honor, and respect in society are important indicators of wellbeing. Women in Ne.tarhat described “people with voice in the community” as happy. In Konada those “whose word has no importance” were considered to be the poorest of the poor.

But economic deprivation has placed these social ties and mutual obligations under great stress. Many poor people in Russia said that their circle of support has shrunk to the family. In Bulgaria and the Kyrgyz Republic, poor people spoke about the importance of being able to offer a cookie to a guest or to meet friends at a coffee shop, and the increased social isolation and depression that results when they cannot afford to do so.

There are important gender differences in social belonging, and these are cast in sharp relief when a man abandons his wife or dies. In many countries, when a husband dies, his widow is thrown out of the home by the husband’s family. In some places, as in Bangladesh, poor women sometimes find new strength to start over by joining women’s groups.

Cultural Identity

Respect to the mosque is respect to the tradition, you know, when you feel your identity, have that sense of belonging to the Muslim world. . . . Women don’t enter the mosque, and yet the mosque is a sacred place for me.

—A woman from Kok Yangak, Kyrgyz Republic

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Social, cultural, and religious rituals and practices affirm cultural identities. People have multiple cultural identities as mothers, workers, members of particular class, ethnic, and religious groups of particular countries. Cultural identities are not static, and everywhere there is evidence of change. Poor people talked about the importance of gifts, gestures of hospitality, entertainment, religious rituals, and celebrations that affirm that they are part of society, despite the pain of poverty.

In India rituals and worship are a part of daily life. Rituals involving sacred trees, for example, are so important that in some communities they emerged very high on the list of institutions important in poor people's lives. In Indonesia people talked about the role of traditional rituals and ceremonies in their lives. Jamaicans in rural areas described several examples of collective ritual. In Cassava Piece the extension of men's obligations beyond blood ties was expressed as the obligation to "take care of the youth, even when they're not your own." In Freeman's Hall men take turns digging furrows in each other's fields, a practice referred to as "a day for a day," and at night they play dominoes. When someone dies in Freeman's Hall, people do "nine nights up," a wake in which the entire community visits the family of the dead person, sings hymns, and shares food and liquor.

In Latin America and Africa, poor people often talked about the importance of churches and mosques in affirming their faith and providing solace.

Cultural practices, however, can also be exclusionary. In Nigeria the poorest of the poor are excluded from social events and ceremonies. In India women are excluded from many community and religious rituals conducted by men. In Ughoton, Nigeria, it is taboo for women to enter the Court Hall because it is regarded a sacred place. Women may sit outside, where they can only listen while important decisions are made. In Adaboya, Ghana, the churches are perceived to sow seeds of disunity by engaging in competition between denominations.

Cultures are dynamic and changing. But rapid change can leave people disoriented and searching for meaning. Poor people in some indigenous communities spoke about the erosion of traditional practices, which leaves people feeling adrift. A group of women in Caguapanamba, Ecuador, said, "The media creates new needs and we forget our ways." Lost traditions are not adequately replaced by national symbols. In both Caguapanamba and El Juncal, Ecuador, indigenous men and women said, "When they play the national anthem, it means nothing to us." Indigenous groups also remarked on negative changes in their
community ways: "There was no corruption before. We are also learning the bad embezzlement practices of the state."

**Imagination, Information, and Education**

**I became an expert on the Giant Swallowtail butterfly and linked up with Dr. Beckford Grant from the University of West Indies, and I learned a lot from him.**

—A self-educated man in Millbank, Jamaica

Women and men living in poverty exercise imagination, creativity, and inventiveness, and are the repositories of local knowledge. Poor people all over the world weave, sew, embroider, create art and crafts, do metalwork, construct buildings, create household artifacts, fish, harvest grain and vegetables, gather forest products, and raise livestock. They also establish institutions, build schools for their children, and organize security patrols to protect themselves. Some of these ideas are inspired by the need to do a lot with little, to solve their own problems as others pass them by. Some ideas are marketed, others bring simply the joy of creation and perhaps honor and recognition from others. Oral traditions remain strong, particularly in rural areas, and people with these skills are valued.

Poor men and women talked about the need for information and about the importance of education. An indigenous man in Ecuador said that “men and women without education cannot get good jobs” and are “easy targets” for fraud. In Isla Talavera, Argentina, sewing schools have transformed many poor women’s lives. A 58-year-old woman said, “Five years ago I started coming to school. It changed my life. I used to be holed up in my house. Now I have work and I have friends. They took away all my shame here. There is great camaraderie.”

**Organizational Capacity**

**[The Farmers Union Cooperative was created] by us, ourselves. Through it we manage credits that come from external sources, we distribute them to people who need them and to our members. . . . We receive information from other institutions and we solve problems. . . . The cooperative is like the central commission.**

—A group of men, Los Juríes, Argentina
Finding themselves excluded from many formal institutions of the state, society, and markets, many poor people consolidate their resources to undertake collective action. Sometimes these organizations grow, achieve formal recognition, and form coalitions with other organizations in powerful movements to claim rights and justice.

In Latin America, neighborhood and community organizations have emerged after decades of organizing and mobilizing. Some women in Argentina have started soup kitchens to end hunger in their neighborhoods, a movement that eventually attracted municipal government as well private sector support. In one neighborhood in Moreno, women who run a local soup kitchen built a community center under the tutelage of an elderly bricklayer. The women serve meals in the building, which is also used for community events, birthdays, wakes, and other milestones. A strong tradition of local organizing is present in Ecuador, as well. In one village, Voluntad de Dios, people built their own pharmacy and collectively procured a refrigerator and radio.

In India many local organizations are caste-based. In recent years, a large number of interest-based and self-help groups have emerged in Andhra Pradesh. In Bangladesh NGOs have been particularly effective in organizing women's credit groups. And in Indonesia, local initiatives that were suppressed by the imposition of government-created organizations have recently begun to reemerge.

Women’s support of other women has been a potent force in enabling some to break out of cycles of domestic violence and abuse. In Battala, Bangladesh, training, literacy, and widening social networks have helped women learn their rights and increased their confidence to resist abuse. Women said they join forces and protect one another if any woman in the community is beaten by her husband.

Political Representation and Accountability

There has never been anyone who represented us in any of the different governments.

—A woman, Thompson Pen, Jamaica

All people hope to live in societies where they are protected from criminals and violence, represented and served by accountable public officials, and treated fairly by employers and the state. For poor people, these ideals are seldom realized. Even in countries with formal democracies, poor people feel neglected, abused, and exploited by state officials.
Cynicism and anger over this abandonment are evident everywhere but are especially prominent in countries of the former Soviet Union, where people once experienced effective delivery of basic services and now face both high state capture and widespread corruption.

In country after country, poor people rated politicians and police as among the worst institutions. Attention from politicians is viewed as seasonal. “When he wanted our vote, we saw him,” said a resident of Bowerbank, Jamaica, “but once he got our vote, we never saw him again.” Politicians are said to make enough promises “to fill a large dam.” Poor Jamaicans identify political deception, or “politricks,” as a major cause of poverty.

In dealing with local governments, with the exception of some well-organized communities in Brazil, poor people feel they have very little access and no bargaining power to get pressing community needs addressed or to prevent harm from coming to their communities.

Poor people regard the police as agents of oppression, not protection. Over and over again poor people said that justice and police protection are only for rich businesses, rich people, and those with connections. In Dock Sud, Argentina, a group of men and women said,

Far from defending us, the police mistreat us; they come in and rough up teenagers and don’t do anything to the real criminals.

. . . The gangs pay them off. . . . They’ll round up a bunch of people and beat them up, but not the thieves. . . . The police are just another gang.

Impact of Economic Turmoil and Policy Changes

Poor people from several countries expressed deep concern over the economic upheavals and policy changes that are buffeting their lives. This study, however, was not designed to disentangle and evaluate the effects of specific economic policies or trends on the lives of poor people. Instead, we present the analyses of those who are currently poor, who recount the negative impact that certain economic policies and market changes have had on them and on their households and communities. Depending on the country, poor people mentioned privatization, factory closures, the opening of domestic markets, currency devaluation, inflation, reductions in social services, and other related
changes as having depleted their assets and increased their insecurity. Table 2 summarizes the most common economic policy and market shifts mentioned by study participants.

Poor people adopt a wide range of coping strategies that help in the short term but lead to increased vulnerability and a depleted asset base. Mothers serve fewer meals, women accept demeaning and very low paid work, men migrate, children are withdrawn from school, health care is deferred, housing crumbles, and old people stay in bed to conserve energy. When crises are prolonged, people deplete their savings, sell their property, and assume more and more debt. People also said they lose sleep, become less social, and sometimes turn to activities outside the law.

**Economy-wide Stresses, Deteriorating Livelihoods and Incomes**

Several countries included in the study went through difficult economic times for some or much of the 1990s. With factory and farm closures, many participants from these countries faced the loss of “regular” or “normal” jobs. In addition, many poor people who work in the informal sector reported that their livelihoods have been greatly harmed by market downturns and policy shifts. Yet, in all the countries, some poor people in selected communities identified rising opportunities for themselves. Participants stressed that entrepreneurship in particular provides an important path for some out of poverty, but it is mostly the better-off groups that can break into new ventures.

In the wake of the transition to market economies in the four countries visited in Eastern Europe and Central Asia, people reported steep drops in living standards. Especially hard hit were the “one-company towns” and villages that once revolved around large state farms. Participants from across the region repeatedly remarked that they feel unprepared for work in a market economy, which they find fraught with uncertainty. Temirbek, a poor farmer from Tash-Bulak, Kyrgyz Republic, voiced the sentiments of many participants from the region when he said,

*When collective farms were disbanded, we thought everything would be fine. We could be masters of our own land and would enjoy good profits and become rich. It turned out to be the other way round. We were used to having problems solved for us. When we faced problems, we realized that we were*
not prepared for the new way of life. Formerly, jobs, salaries, and prices were stable. Everything was available in the stores. When the so-called “market” economy came down, it ruined everything old. This has resulted in poverty.

In all countries visited in this region, poor people connected extensive unemployment and underemployment to the dismantling of the state before functioning markets were in place. Those lucky enough to still have jobs said they receive wages late or in-kind, if at all, and unions have lost their clout. Many have resorted to petty trade and informal wage jobs in agriculture or construction, but even these are precarious and disappear in the long winter months. Most people reported that it is simply too risky to start a business in the current environment; they cited such factors as the unpredictability of markets, lack of start-up money or collateral for credit, difficulties obtaining inputs, and crumbling transport.

Table 2 Adverse Economic Changes and Their Impacts on Livelihoods, Consumption, and Public Services, by Country

<table>
<thead>
<tr>
<th>Economic effects of market and policy changes</th>
<th>Country where mentioned</th>
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<tbody>
<tr>
<td>Deteriorating livelihoods and income</td>
<td>Ghana, Malawi, Nigeria, Indonesia, India, Bosnia, Bulgaria, Russia, Kyrgyz, Argentina, Brazil, Ecuador, Jamaica</td>
</tr>
<tr>
<td>Increased unemployment; decline in availability of “regular” or “normal” work</td>
<td>Ghana, Nigeria, Malawi, Indonesia, Bosnia, Bulgaria, Kyrgyz, Russia, Argentina, Brazil, Ecuador, Jamaica</td>
</tr>
<tr>
<td>Closure of private and public enterprises</td>
<td>Malawi, Jamaica, Kyrgyz, Bulgaria, Russia</td>
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<tr>
<td>Liberalization of the agriculture sector and/or privatization of farm cooperatives</td>
<td>Ghana, Nigeria, Indonesia, Bosnia, Bulgaria, Russia, Kyrgyz, Argentina, Brazil, Ecuador, Jamaica</td>
</tr>
<tr>
<td>Increased reliance on the informal economy</td>
<td>Ecuador, Bosnia, Bulgaria, Indonesia, Kyrgyz, Malawi, Nigeria, Russia</td>
</tr>
<tr>
<td>Rising prices</td>
<td>Bosnia, Bulgaria, Kyrgyz, Russia</td>
</tr>
<tr>
<td>Inflation; rising prices for basic goods</td>
<td>Bosnia, Bulgaria, Kyrgyz, Russia</td>
</tr>
<tr>
<td>Crumbling public services</td>
<td>Bosnia, Bulgaria, Kyrgyz, Russia</td>
</tr>
<tr>
<td>New or increased fees for health care</td>
<td>Bosnia, Bulgaria, Kyrgyz, Russia</td>
</tr>
<tr>
<td>Erosion or delays of pension benefits</td>
<td>Bosnia, Bulgaria, Kyrgyz, Russia</td>
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</table>
In all four countries of Latin America and the Caribbean, people described the economic and social devastation of their communities in the wake of macroeconomic crises and policy reforms. They felt directly harmed by numerous plant closures, the shift to a service economy, and the rise of the informal sector. According to a poor woman in Florencio Varela, Argentina, “The job shortage is a neighborhood problem, but it’s also a problem for the entire country. There isn’t enough work. Men can only get temporary jobs as laborers and sometimes not even that.”

The Indonesian case study explores the widespread insecurity triggered by the 1997 financial crisis. The most damaging effects were felt in communities in Java’s urban centers and in rural areas with strong urban ties, although even some remote communities in the outer islands were touched. Massive layoffs in the formal sector and the collapse of credit sources sent people scrambling into the informal sector to survive. Petty trade on the streets became much more precarious as the numbers of sellers rose but market demand dropped. Rural participants in Java described being deeply disadvantaged by the tough competition from migrant workers for the already scarce wage labor jobs on area farms and plantations. Home-based workers, such as artisans making leather bags, purses, and shoes in Galih Pakuwon, went bankrupt after the prices of their raw materials increased, credit became tighter, and market demand dropped. Those dependant on subsistence farming were less affected.

Market liberalization can have adverse effects on poor agricultural producers. In Malawi policies to promote trade and open the agricultural sector led to sharp increases in the price of fertilizer, which is largely imported. Most poor households survive by cultivating small plots of maize, and the policies increased their hardship in nearly every community visited. “The main problems we are facing now are diseases and hunger. Hunger is brought on by the increase in the price of fertilizer. We work as hard as possible, but we don’t harvest much due to inadequate fertilizer,” explained a woman in Chitambi, Malawi. Despite rising hunger, some participants acknowledged benefits from economic reforms and the recent transition to a more open political system, which has brought increased freedom to engage in business or grow cash crops, higher prices for agricultural products, and free primary schooling.

Study participants in other countries also reported that some economic changes have had favorable effects. India and Bangladesh experienced steady economic growth in the 1990s, and people in selected communities described new agricultural and enterprise development. In
Jaggaram, India, there is a thriving new cashew trade, but poor people without land in the area said they have been unable to participate. Also, wages have not improved. For people living near the Zavar export processing zone in rural Dhamrai, Bangladesh, daily wages for agricultural as well as factory work were reported to be far higher than in other areas of the country. Yet, workers there said that there is little job security, and they often must combine several income-earning activities to support their families. Poor Bangladeshis living in slums of Dhaka and Chittagong likewise reported better job opportunities, although they said the steady flow of migrants greatly reduces job security and keeps wages very low.

Participants from most countries often qualified their reports of new economic openings by mentioning that they don’t have the wherewithal to take advantage of the changes. They said their leading obstacles to opportunity include barriers to financial services, lack of special connections, difficulties accessing markets (due to inadequate transport, long distances, weather, and such), and lack of skills. For instance, a poor Jamaican farmer from Millbank explained,

One of the reasons we can’t sell our produce locally is because foreign produce floods the market with too much of the same type of stuff. Because of the bad road, no outside buyers come here. I borrow money and plant the ground and can’t sell because of this.

Many poor people do break out of poverty, of course. Researchers specifically sought out and conducted interviews with men and women in every community who had managed to escape poverty. As reported in Crying Out for Change, self-employment or entrepreneurship is the most frequent path out of poverty mentioned by these participants.4

**Rising Prices**

In all regions, poor people expressed concerns about the cost of food and frequently described spikes in food prices due to specific policy crises. They said they cope by cutting back on the number of meals and forgoing costlier, often more nutritious items, such as meat or fish. In many cases, women, children, and the elderly eat little so the household’s main breadwinners have enough energy to work.
In Russia participants frequently mentioned August 17, 1998, when a currency devaluation set off an "uncontrollable surge in prices." In urban and rural communities in Bulgaria, Kyrgyz, and Russia, poor people described living off the food they grow and preserve themselves because store-bought goods have become unaffordable. In Ecuador people reported that many basic goods have become unaffordable in the wake of El Niño and financial crises that followed. Ecuadorian participants also noted that the government's approval of higher fuel and electricity prices has pushed up prices of other goods.

Neneng, a mother in Indonesia, said that since the economic crisis she serves one meal a day instead of three. Similarly, an elderly man from Pegambiran, Indonesia, said that he could no longer eat sufficiently when rice jumped from Rp. 500 per kilogram to Rp. 2,500 in the wake of the economic crisis. In Bangladesh slum dwellers said food prices rise during large strikes against the government. Higher food costs were also reported in Malawi and Nigeria.

In all regions, street vendors and shop owners said their livelihoods are hampered by poor people's lack of purchasing power. In Ghana people expressed fewer concerns about inflation but simply said no one has any money. "Now, customers don't buy my yams," said a woman from Babatokuma, Ghana, "not because people are no longer hungry or because they don't eat yams anymore, but because they don't have the money."

Crumbling Public Services

Poor men and women in the four European and Central Asian countries described the wrenching effects created by the elimination of free medical services. Participants related frightening experiences of going without needed medical services and medications and of receiving surgery without anesthesia.

Elderly participants from the region also reported extensive suffering as they struggle to cope on their meager pensions, which do not cover rent, heating, or medical expenses. A pensioner in Sofia, Bulgaria, stated that there has been "a true genocide of pensioners." "If you don't grow something, you're dead," said a pensioner from Kalofer, Bulgaria. In Kyrgyz elderly participants reported delayed or erratic pension payments, and benefits paid in the form of vegetable oil instead of cash. Moreover, many elderly participants said that they share their meager pensions with their unemployed adult children.
The Culture of Mediating Institutions: State, Market, and Civic

Policies clearly matter. The impact of policies on poor people depends greatly on how these policies are implemented by society’s institutions. Poor people engage daily with a range of state, market, and civic institutions. While each is governed by explicit formal rules and regulations often reinforced by the legal system, these formal rules may be displaced by informal rules and expectations that support an institutional culture of exclusion and inequality.

Poor people’s relationships with institutions reflect their powerlessness in society. They often experience institutions as corrupt, lawless, and discriminatory, and as functioning on the basis of clientelism and patronage. Not surprisingly, poor people have little trust in and low expectations of the institutions that are supposed to help them. There is little evidence that institutions treat poor women and men as citizens with rights, including the right to be treated with respect and dignity.

Corruption

There is enough money to go around the country and make life worth living, but corrupt practices would not allow us to share in the national wealth.
—Discussion group, Umuoba Road–Aba Waterside, Nigeria

Poor people often described the state as self-serving. Corruption was seen to be pervasive at both national and local levels. In Nurali Pur, Bangladesh, people said local officials are corrupt, unaccountable for their “dishonest acts,” and show respect only to the rich. In Magadan, Russia, a discussion group said, “Our administration consists of thieves who are stealing whatever they can,” and, “The ruling elite has destroyed the whole state.” Poor people in CaguanaPamba and El Juncal, Ecuador, concluded, “A lot of money intended for the people comes from abroad, but instead of using it to make improvements, [government officials] steal everything.” In Bosnia and Herzegovina people spoke bitterly about being impoverished by war while many others, including politicians, became rich as a result of the war. A participant in Glogova said, “Before the war it was absurd that a politician or functionary owned a gas station, restaurant, casino, building material yard or such. Now this is completely normal.”
Innumerable examples of administrative corruption permeate all the country studies and indict many government agencies that deliver basic services and government support to poor people.

**Clientelism and Patronage**

There is no state; there are only individuals who are using the chance to get rich in the name of the state.

—A young man, Capljina, Bosnia and Herzegovina

A participant in Kalaidzhi, Bulgaria, put it simply: “You have to be on good terms with those in power, otherwise you are lost.” The state has become a private dispenser of favors. All over the world poor people talked about the importance of having connections and having patrons in order to access government services. Elderly people in At Bashi, Kyrgyz Republic, reported, “If you have no relatives among high government officials, people treat you as second-rate.” In Zenica, Bosnia, participants said, “Everything here is done through contacts.” They said services are available “only if you have someone of your own . . . a cousin, uncle, close friend . . . and money plays a big part.”

Poor people in rural Indonesia fear speaking out because they know that if they displease village authorities, they have nowhere to turn, although there is some indication that this is changing. In almost every country, poor vendors mentioned the necessity of giving bribes and other offerings to police and hoodlums to protect themselves from harassment and eviction. Poor people concluded that only those with high social status, official positions, or wealth have any influence.

**Lawlessness, Crime, and Conflict**

Now everyone steals everything. In the past, government officials who stole or embezzled public property were prosecuted and imprisoned. Now they only indict petty criminals, but those who steal millions escape with impunity.

—A man in Tash-Bulak, Kyrgyz Republic

Despite formal rules meant to protect them, poor people have extensive experience with the illegal behavior of agents of the state and private sector. State capture by the ruling elite is mentioned particularly in the former Soviet Union countries. A Roma man in Razgrad, Bulgaria, noted,
“There is no mercy for you if you have stolen a chicken. There is no prison for you if you have stolen a million.”

Poor people feel the most exposed to crime and lawlessness. The police in many communities are viewed as agents of repression and extortion rather than as agents that uphold the laws of the country. In Argentina poor people said, “When we go into the police station to make a report . . . the police don’t let us file a complaint.” In El’imash, Russia, people stated, “It is the kind of police that you have no hope of ever reaching; the police are for those at the top”; and in the slum of Battala, Bangladesh, they said, “The police arrest the innocent; without bribes nothing happens.”

**Discriminatory Behavior**

* A woman always gets 50 percent less than a man on the excuse that a woman cannot work as hard as a man.
  —A poor woman in Nurali Pur, Bangladesh

*Despite official rules that make discrimination illegal, behavior by state, market, and civic institutions reflects prejudice against poor people, women, and excluded social groups. Discrimination is not only demoralizing but robs poor people of opportunities and access to services and resources that are rightfully theirs. Excluded social groups include the Roma in Bulgaria, the low castes and untouchables in India, “the hated poor” in Bangladesh, indigenous and Afro-American groups in Latin America, and slum dwellers everywhere.

In many communities, for example in Indonesia, women are not included in any decision making. A man in Renggarasi, Indonesia, noted, “When women are involved in the meeting, they are only given the task of preparing and serving refreshments.”

Poor people reported that government service providers invariably reach the rich over the bodies of the poor. In India the rich get to the front of the line for services even when poor people have been waiting for hours. In several places people said that service providers first look at their face, name, or address and then decide whether they deserve any attention.

Poor people also experience discriminatory behavior from members of society at large. In Novo Horizonte, Brazil, a group of young men said, “The bus driver, just because he has a job, treats us as if we aren’t human.” In Ecuador both indigenous groups and Afro-Ecuadorian
groups experience racial discrimination. Discrimination against blacks is so widespread that it is captured in a common saying: “When you see a black man running, you are looking at a thief.”

**Alienation and Hopelessness**

*For eight years now my ties have hung on the door; for eight years I have not gone to work. This is killing me. I feel useless to myself and my family.*

—A displaced man in Tombak, Bosnia and Herzegovina

Poor women and men experience deep feelings of alienation and hopelessness in their encounters with state and private sector institutions. They have low expectations and little hope that things will change with new governments.

Old and young alike feel abandoned by their governments. In Teshie, Ghana, a man said, “What have we done? When development starts at Accra, it ends at La. When it starts at Tema, it ends at Nungua. We are always left stuck in between.” In Voluntad de Dios, Ecuador, poor people said, “We suffer in the countryside because we never receive any help from whatever government is in power.” In Ozerny, Russia, a participant remarked, “Sometimes you simply don’t feel like living. You think, why don’t they just send an armored personnel carrier down and have us all shot dead here. Sometimes you don’t know what day it is; it doesn’t matter.”

**Households under Stress**

*Women have more responsibilities because they have dual functions, managing the household and also generating income. Besides, women must obey their husbands as well.*

—A poor woman from the remote Indonesian island of Nusa Tenggara Timur

From the intimate, emotion-filled, often tense conversations with poor women and men about household trends, two patterns emerged. First, despite some changes, gender inequity within households and in society remains deeply ingrained and results in women’s heightened insecurity. Second, when poor households are in stress, children are extremely vulnerable.
The Persistent Insecurity of Women

He has total control . . .

—A poor woman, Borborema, Brazil

According to men and women across the study communities, inequities in gender relations remain entrenched:

- Women are working outside the home in much larger numbers, but they often have fewer livelihood opportunities and earn less than men for the same work.
- Women shoulder the vast majority of household and childcare responsibilities in addition to their economic roles.
- Women must often cover household and education expenses with their earnings.
- Women rarely own property in their own names, and what little they do own can be taken from them.
- Domestic abuse against women is prevalent.
- Women face destitution and social ostracism in the event of separation, divorce, or their husband’s death.
- Women endure extreme insecurity in areas where dowry and polygamy are practiced.

The changing economy and increased breadwinner responsibilities for women, poor people said, have created enormous strains on households. With men out of work or underemployed, the financial contributions of women are critical to household survival. Yet both men and women reported that men feel inadequate and powerless in the wake of market changes and greater unemployment. Underemployed men or those without jobs were widely said to be resorting to antisocial and “irresponsible” behaviors. Participants from all regions pointed out that it is humiliating for men to accept work that is extremely low paid and demeaning, to count on a wife’s earnings, and to do household chores. “Being out of work makes you anxious and puts you in a very bad way. It is the worst thing that can happen to you,” said a man from Florencio Varela, Argentina.

Poor people frequently identified economic stress, women’s changing roles, and the strains these place on gender relations as important causes of domestic violence against women. In Hyderabad, India, a woman offered this rationale: “The husband is not ready to accept the increasing
awareness, exposure, and participation of the wife in spheres outside the household, and as a result beats the wife to demonstrate his supremacy.” Similarly, a community leader and nurse’s aid in Nova Califórnia, Brazil, explained, “The main consequence of poverty is violence, particularly in the home. If a man is out of work, he doesn’t help around the house, but he does get in the way more than ever. He’s drinking and squabbling, blaming things on his wife.”

Although levels of physical violence against women were reported to be declining in some communities in countries as different as Ecuador, India, Indonesia, Jamaica, and Nigeria, women widely cautioned and men readily admitted that physical violence is still very common. In the nine other countries visited, trends reported in physical violence against women are not encouraging. Women in Brazil, for instance, acknowledged the work of churches, the police, community groups, and neighbors to increase awareness and provide shelter for women who are beaten in their homes, but they said rising unemployment and drug abuse among men overwhelm these efforts. In most other countries, kin and neighbors often turn a blind eye, and help from the authorities was reported to be very difficult to obtain. Typically, police and prosecutors are loath to interfere in “family affairs.” An older woman in Dimitrovgrad, Bulgaria, explained, “As you can see, women are harassed in all sorts of ways; wife-battering is quite common, too... There’s no one to advise them, no one to turn to if they’re abused. The police won’t even show up if you report a husband beating his wife.”

Some women confront these circumstances by deciding to live alone and raise their children singlehandedly, despite the fact that it leaves them open to ridicule, public shame, and harassment by men on the street. The chapters on Argentina, Brazil, Jamaica, Russia, and Bulgaria mention women who have consciously chosen to live independently from men. A discussion group of women in Jamaica advised, “Have your own shelter and finances so you don’t have to stay in an abusive relationship.”

Women also risk profound insecurity should they lose their partner. There are now formal laws in all countries that, to varying degrees, legally safeguard women’s interests when their husbands die or abandon them. In practice, however, there are many pressures on women to disregard their rights and follow customary practices, which do not recognize women’s claims on family property or to child support. People in several countries reported that in-laws confiscate the property of widows. In Kyrgyz Republic, for instance, women said that making any legal claims is considered shameful because it violates local customs that give
full property rights to men and their families. In Nigeria as well as parts of Ghana and Malawi, widows often lose their husbands’ property to in-laws in accordance with traditional family rules, despite national laws that are supposed to protect women upon a husband’s death. In Bulgaria, where divorce is reported to have surged in the past decade, a participant from Dimitrovgrad said, “There’s no law to oblige men to pay [child] support money, and it’s practically impossible to sue them for more money. It’s up to you to track him down—meanwhile, he’s changed his residence five times.”

The vulnerability of poor women to being overworked, poorly paid, abused, and stripped of their property merely deepens their powerlessness and voicelessness in the family. Along with the many other disadvantages of living in poverty, these processes undermine a household’s ability to safeguard all its members and give everyone, particularly children, a chance for a better life.

“Let the Children Be All Right”

Children bear the brunt of their family’s poverty and insecurity. Without the means to provide for their children, parents face agonizing choices over using extremely limited resources to somehow make life better for their children. Despite their efforts, many poor parents are unable to protect their children from the dangers that surround them in their communities, on the streets, and also in their homes.

Poor parents in every country expressed a range of worries and aspirations on behalf of their children. In Russia, where poverty is considered shameful, parents make tremendous sacrifices to give their children acceptable clothes and some spending money so they will not be ashamed in the company of friends. A woman from Ozerny, Russia, said, “Our only concern is for the kids to make it in life.” A young person in Vares, Bosnia and Herzegovina, said, “We have no entertainment because we
have no money. It is very sad that our parents don't have money to give us. It makes them sad and they say they would gladly give us money if they had any. I am afraid to have any hope."

"Even Children Sleep on Empty Stomachs on Most Days"
In every region of the world, children born to poor families get off to a rough start. A mother of seven in Nampaya, Malawi stated, "Whenever I have a child, the child is found to be malnourished. Some of my children suffer from malnutrition due to lack of food, as you can see... He has many diseases because he lacks food." In Ecuador preschool children are at the highest risk of inadequate food consumption, with one-quarter of Ecuadorian children in this age group found to have stunted growth in 1998.

Hunger was reported to be relatively new to children in the countries of Eastern Europe and Central Asia. A former miner from Kok Yangak, Kyrgyz Republic, explained, "I've been working in this mine for twenty-seven years, and I had some property but sold it all when they stopped paying us. All we have in our house now are two beds with mattresses. My wife and son are hungry all the time." In Sarajevo, Bosnia and Herze-govina, a participant said, "Children are hungry, so they start to cry. They ask for food from their mother and their mother doesn't have it." In Bulgaria the Roma also said that their children are hungry.

With hunger and poverty comes illness. Mothers in Dzerzhinsk, Russia, said that poorly nourished children have suffered dizzy spells at school. Water pollution endangers children's health in very many communities visited for the study.

Poor Children's Poor Options
Poor parents believe that education can benefit their children, but they face many obstacles to sending and keeping children in school. In many instances, schools are of low quality or too distant to reach. A man from Achy, Kyrgyz Republic, said, "We have only a primary school. After the fourth grade, our children have to go to other schools. The schools are far away and there is no bus service, so the kids have to walk, and it's very difficult for them, especially in the winter, because it's cold."

Many families reported that school fees are unaffordable. Even in countries where primary education is free, there are still the costs of school clothes, supplies, and other expenses. "You might have to make your child go without supper for a month in order to have enough to buy him his school uniform," said a parent in La Matanza, Argentina.
Without education, poor villagers in Phwetekere, Malawi, fear being "condemned to poverty indefinitely." But there are many immediate pressures on poor parents to keep children out of school and put them to productive work for the household.

When money is scarce, girls in several countries are much less likely to receive schooling than boys. "The river must flow backwards before [girls] can go to school," is a common saying in Kawangu, Indonesia, although some girls in the village now attend school. In Africa and Asia, educated girls were said to be harder to marry. A women's group from Phwetekere in Malawi observed, "Free primary education in itself is not enough. The constraints for girls to persist in school are quite insurmountable." Poor girls in all regions face the added dangers of harassment and assaults on the streets.

In some cases, children work hard to pay for their own, often intermittent, education. In Egieke Rumuokoro, Nigeria, a 15-year-old girl had to drop out of school last year because her parents had difficulty paying her school fees and buying the recommended texts. She hawked oranges and performed other jobs to earn money to pay the fees in order to be readmitted this year. Similarly, many poor children in Nuevas Brisas, Ecuador, shine shoes for a living to pay for their education. A young man from Brazil commented on the tradeoff many children and young adults face: "You have to choose between working or studying because you can't do both. And if you choose to study, what are you going to eat?"

Child labor is common in almost every country. Children tend family plots and livestock and engage in petty trade, selling family crops and other products. Participants from several countries described children 7 and 8 years old who help their families survive by selling rice, salt, or ice water, or even by begging. In rural areas, children are involved in fishing, collecting cow dung, chipping bricks, and gathering twigs for fuel. Children work for others in factories or mines, in homes and on farms, earning very small wages or simply daily food rations. In Nurali Pur, Bangladesh, about half of the children 8 to 12 years old were reported to work for food as day laborers for wealthy families in nearby villages.

Drugs offer some children an enticing escape from their harsh daily realities. Drug abuse is recognized as a problem among some urban youth in Argentina, Brazil, Bulgaria, Ecuador, Jamaica, Malawi, Nigeria, and Russia. In Brazil poor children "use cheap chemicals like industrial glue" to get high. Participants frequently said that youths turn to gambling and
crime as well as drugs because they are idle and don’t have anything else to do. Dealing drugs is a lucrative way for poor children to earn money for themselves and their families, but the risks are high. In Entra a Pulso, Brazil, a participant said, “Youths start out selling drugs to help their parents support the family. Then they start using. They’re curious about what rich people see in it. Before the parents realize it, the kid is trafficking or dead.”

Dangers within the Family
Violence in the home was reported to be part of life, particularly in some of the urban communities of South America. Speaking of her children, a woman from Isla Trinitaria, Ecuador, said matter-of-factly, “Abuse is meant to get them to do something good in life. I do whip them so that they will shower or do their chores.” Unfortunately, violence toward children in the home can go far beyond well-meaning reprimands.

Violence between adult partners also affects children. “Many children run away because they can’t stand to watch the fighting. It frightens them to see the father beating the mother or the mother cheating on the father. They fall from life,” said a woman from Borborema, Brazil. A woman in Malawi said she left home when she was 13 years old “to run away from the troubles I was facing.” A large group of homeless children live in Bulgaria’s Sofia railway station, and they told researchers that they fled their homes after their parents’ divorce or abuse, often in the wake of unemployment. “It’s my parents’ fault—they’re poor, too, and they abandoned me,” said one youth. The Sofia street children said now they are attacked by skinheads and beaten up, or forced into prostitution by organized crime thugs.

Girls are particularly vulnerable to rape. “In some families you can see there is sexual abuse against the girls; they are beaten, marked, many times burned,” said a woman from Isla Trinitaria, Ecuador. Many girls are forced to marry their attackers, as reported in Ghana and Bangladesh. Sometimes girls are held back from school “for their own safety.” A man in Kawang, Indonesia, explained, “We keep girls from school to protect them from being kidnapped by outsiders, as that will mean the family will lose the bride price the girl would have brought them.”

Childhoods lived struggling against the pain of hunger, humiliation, and violence often turn into adulthoods spent in similar patterns of survival. Poor people understand how poverty conspires to trap their children. A mother in the village of At Bashi, Kyrgyz Republic, warned, “The
children of the rich are going to be rich, too, and have good education, and the children of the poor will stay poor.” In Vares, Bosnia, an adult stated, “Young people cannot survive here, not psychologically nor materially. This society kills you.”

**Addressing State Failure: An Empowering Approach to Development**

In closing the final volume in the *Voices of the Poor* series, we want to focus on state failure to reduce poverty and human suffering in this age of plenty and of technological marvels. In this context, we define state failure as a failure to serve poor people. We focus on states rather than other development actors because governments set the essential policy environment that affects the speed and quality of development. Government policy shapes the actions of poor people, the private sector, NGOs, and donors.

A difficult lesson of development has been that it matters not only what actions are taken to reduce poverty, but also how these development decisions are made, acted upon, and evaluated. Therefore, the recommendations include some of the many measures available for promoting equal and effective relationships between poor people and the state. Fostering such partnership processes requires a dual focus on actions that, on the one hand, improve state capacity to grasp poor people’s needs and the poverty impacts of public policies, and on the other hand, strengthen poor people’s capacity to mobilize, articulate and defend their interests, and hold governments accountable.

The problem is poverty, not poor people. Those who care most about reducing poverty are poor people themselves. Hence, effective poverty reduction must tap into the motivation, desire, determination, imagination, knowledge, networks, and organizations of poor women, men, and children. Given the scale of the problem, any poverty reduction strategy must mobilize the energy of poor people to take effective action and make them essential partners in development.

The findings suggest five actions to reorient states to become more effective agents of poverty reduction:

1. promote pro-poor economic policies,
2. invest in poor people’s assets and capabilities,
3. support partnerships with poor people,
4. address gender inequity and children's vulnerability, and
5. protect poor people's rights.

1. **Promote Pro-poor Economic Policies**

Economy-wide policies and market downturns can have sharply adverse effects on poor people's livelihoods, ability to purchase food, and access to basic services. In some places, the opening of domestic markets to international competition has forced small producers to compete with lower-priced foreign goods or has made key imported inputs unaffordable. In other places, people have found themselves pushed into the low end of the informal sector as policy and market changes have led to factory closures and the collapse of large farms and agro-industries.

Policy reform (including macroeconomic, trade, and regulatory policy) should be designed taking into account their expected impacts on different economic and social groups. It will also be important to monitor actual impacts of policy changes to inform the policy design process. Various tools, ranging from quantitative macro-micro-simulation models to qualitative and participatory approaches, can be used to analyze the poverty and social impacts of reform, depending on the circumstances. Moreover, initiatives to catalyze faster economic growth will likely be better crafted and enjoy wider support if they emerge from broad-based debate and reflection on economy-wide policy choices and constraints.

At the local level, poor people need greater livelihood opportunities and security so they can build their asset base and protect themselves from shocks. While improving agricultural productivity is key to faster rural development in some areas, agriculture alone will not provide sustainable livelihoods for all. Promoting economic policies that create urban and rural jobs for large numbers of poor people, most of whom have low levels of education, is a critical policy challenge. Investing in education and skills is obviously an important long-term strategy.

Policy decisions that support the domestic business environment for micro-, small, and medium enterprises should become a central focus of poverty reduction strategies. Millions of poor families depend upon self-employment and entrepreneurship. Yet creating a supportive environment for microbusiness—through actions affecting property rights, access to loans, requirements to register a business, information about markets, or technical improvements—is not yet a part of policy thinking in most places. Private sector development policies should be informed by firm
surveys that cover micro- and small enterprises. In addition, building the capacity of producers organizations, such as farmers groups and street vendor associations, and the development of business clusters for small enterprises, should be explored and supported where appropriate.

As poor households diversify risk, one or more family members often move to urban areas or even overseas, and cycle in and out of their villages. This creates rural-urban linkages and networks not yet systematically considered in policy thinking. These rural-urban ties have the potential to create urban demand for goods produced at lower prices in rural areas. In rural areas, better links can help to diversify livelihoods, increase local purchasing power, and generate savings for investment back into agriculture. Infrastructure development should complement business development of local economies and urban-rural linkages to provide synergies for local area development.

2. **Invest in Poor People’s Assets and Capabilities**

In addition to actions described above that help poor people accumulate material assets, measures are needed to give people some protection over the assets they already have, as well as to enhance their nonmaterial assets, which are less familiar in the development discourse. These nonmaterial assets are critical for increasing access to opportunities as well as for societal wellbeing. They give meaning to people’s actions and lives.

Although every country in the study has some type of social assistance program to ease poor people’s hardships, the coverage and quality of this assistance are problematic almost everywhere. Property rights and social protection measures that help poor people hang on to their assets, especially when crises strike, remain an urgent development challenge.

Poor people also need ways to protect their physical and mental health, such as through microinsurance schemes. Ensuring their physical safety at work and in their communities is also essential, and though poor people attempt to address some safety issues themselves, their calls for major police reform are widespread.

Economic growth depends on the productive actions of million of people. Frightened or alienated people do not contribute to economic prosperity or peaceful societies. In some contexts, social, ethnic, religious, and cultural barriers also pose important risks to communities. To build trust and social belonging in ways that are meaningful to excluded people, how development is managed is equally as important as what development occurs. Politicians, community leaders, teachers, and local...
officials are often on the frontlines of local discord or unrest, and need incentives, training, and resources to support social inclusion and respect for diversity.

Given that even most formal democratic systems do not represent poor people's interests, it is essential to deepen democracy through investment at the local level, particularly in poor people's organizations. Grassroots capacity to mobilize and take collective action is a critical asset in poor people's struggles to fight poverty. Organizations of poor people and civil society intermediaries that are accountable to poor people are essential for effective participation in local governance structures.

3. Support Partnerships with Poor People

There is increasing evidence that whether the issue is forestry, irrigation, rural roads, urban toilets, sewage, credit, or drinking water, poor people have proven themselves able partners who make wise decisions, and they protect their communal and private investments with care and vigilance that far surpasses that of any government agency.

The development challenge therefore is to ensure that actions to reduce poverty fully integrate processes that help poor people both assert and defend their interests. This often entails support for knowledgeable intermediaries to work with poor people and their organizations to mobilize and develop capacity for identifying and taking action on shared goals. These intermediaries can also help local groups network, negotiate, and influence events that affect their lives. Planners and implementation agencies should ensure poor people's access to information about their rights and new opportunities. Partner agencies also need to develop rules, incentives, and channels for working directly with local communities and their representatives. This usually includes investing in trained facilitators who are accountable to poor people.

There are no easy solutions for identifying local partnerships that do not reinforce existing hierarchies but rather build on the strength of local cultures to foster more inclusive development processes. Participatory processes can offer a way forward for navigating complex and changing local institutional landscapes, but even these tools will fail if vulnerable groups lack effective means to channel their aspirations and provide quick feedback when actions go awry. Rapid qualitative studies grounded in participatory techniques can foster shared learning among local people and agencies about leading risks and opportunities. They can also reveal the most trusted and effective local institutions for reducing these
risks and helping poor people protect their assets and access new opportunities. In addition, traditional monitoring and evaluation systems to assess policy effects need to be complemented by site surveillance systems that provide governments prompt feedback from stakeholders. Poor people's feedback on government performance through participatory techniques and citizen report cards should be routinely collected and made available in the public domain. User assessments of the coverage and quality of their services can provide useful feedback to refine strategies.

Development interventions are especially unlikely to benefit poor and excluded groups in areas beset by deep social barriers and conflict, but these are often the poorest areas of a country and in greatest need of support. In these contexts, medium-term investments in networks across social divides and in conflict resolution and reconciliation are critical elements of an overall approach to development.

4. Address Gender Inequity and Children’s Vulnerability

Gender-based barriers affect all aspects of poor women’s lives and undermine their ability to improve their own and their families’ wellbeing. The silence that surrounds domestic violence against women is not a private affair, but a matter of public policy. Victims need direct support and legal aid to protect them. State institutions need to formulate policies and investment decisions based on sound gender analysis. In almost every instance, there are important reasons to gather, analyze, and present both quantitative and qualitative poverty data disaggregated by gender.

Gender inequities take different forms across countries and across urban and rural regions within countries. Tailor-made strategies are needed to address the gender-based barriers confronted by poor women in their households, in the workplace, and in public affairs. Measures are also needed to reduce women’s very heavy work burden and to help men and women adjust to changing roles as breadwinners and caretakers.

There is also an urgent agenda for reducing the extreme vulnerability of poor children. Inadequate supervision, street crime, drugs, and pollution pose widespread dangers for children and youths in urban areas. Perhaps the single most important public action in this respect is devising means for providing child and youth care and nutrition programs for poor families. In addition, poor households need scholarships to make it possible for poor girls and boys to stay in school rather than leave in order to contribute to family income.
5. Protect Poor People’s Rights

Poor people are often acutely aware of their rights and violations of their rights concerning wages, jobs, contracts, firings, and benefits. In other areas, though, poor people often lack information about their rights. Even when they have this information, poor people know that, given their dependence on those with money and assets and their lack of access to justice, demanding rights will mark them as troublemakers and can even endanger their lives and the lives of their families. Lack of options and lack of organization render poor people powerless.

The importance of a culture of rights and obligations was expressed well by 21-year-old Fernando, who grew up in the favela of Sacadura Cabral in Brazil surrounded by crime, drugs, and abuse of power. His sister was raped and killed when she was four, and his mother lives alone in order to protect herself and her remaining children from potential harm at the hands of boyfriends. Fernando dreams of becoming a judge someday. He aspires to study law in order to empower himself and raise consciousness throughout his community. In his view, education and awareness of rights are vital to the future of the favela. He said, “In a favela people have no idea of their rights. We have police discrimination; the policemen abuse us, and others use their knowledge to take advantage of us. So I want to know all about rights and obligations.”

Many, like Fernando, remain hopeful; they have not given up the will to live, to try one more time. Others express resentment, alienation, and anger. Inequalities matter greatly: the wider the gap, the harder it is to hold on to hope. In Teikovo, Russia, people said, “Before we all lived alike, now there’s a borderline between people.” In Novy Gorodok people acknowledged that with the decline in general wellbeing, “people have become more spiteful, aggressive, and irritated. It’s not because of envy; it’s because we have impotent anger and nobody to vent it on.” Those who have been plunged into poverty overnight because of the dismantling of political and economic systems experience the most acute hopelessness, even years later. It is when people give up hope that there can be no turning around. It is when the young give up hope that there is no future. A young girl in Bosnia cried, Hope dies last, but for me, even hope has died.

State action largely determines whether poor people in a country feel hope or feel abandoned. State policies determine the role that poor people and their organizations, the private sector, and NGOs can play in
poverty reduction. Poor people’s voices and experiences point out some clear directions and strategies. However, solutions have to be locally owned and adapted. The question raised by the voices of poor women, men, and children is the central question facing us all: How can societies be transformed so poor people feel empowered to create lives of dignity, security, and wellbeing?

Notes


2. The relationship between healthy bodies and wellbeing emerges with such frequency that we have prepared a policy note with the World Health Organization, titled Dying for Change, to be published in early 2002.

3. Increased vulnerability may not be captured by consumption expenditure surveys until it drops below the set poverty line. However, it is documented in studies using other measures of wellbeing, including nutritional status and school attendance.

4. This finding is based on a content analysis of 147 life stories documented during the fieldwork. See pages 64 to 68 of Crying Out for Change for a review of the many other factors that poor people indicated as contributing to their upward mobility.