



PHOTO: USAID/Thomas Cristofolletti

RESILIENCE AND SUSTAINABLE POVERTY ESCAPES

ASIA FINDINGS SYNOPSIS

NOVEMBER 2018

USAID CENTER FOR RESILIENCE

Introduction

This report summarizes key findings from research on resilience and poverty escapes in Bangladesh, Cambodia, Nepal and the Philippines. Conducted by the Overseas Development Institute (ODI) and commissioned by the USAID Center for Resilience, research examined why some households escape and remain out of poverty (sustainable poverty escape), while other households escape only to fall back into poverty (transitory poverty escape), and still others descend into poverty for the first time (impoverishment).

To view case studies and more research findings, visit the Agrilinks collection: [Resilience and Sustainable Poverty Escapes](#).

Patterns Across the Countries

- Health shocks were predominant across the countries contributing to impoverishment and a transitory escape from poverty. Climate-related shocks were also common (although the type of climate shock varied depending on context)
- Migration/remittances were predominant across the countries but had inconsistent associations. In some settings increasing risk for transitory/impoverishment and in others decreasing risk. I think differences may lie in the types of opportunities available for those who migrate, as well as differences between internal vs external migration
- An increase in livestock consistently reduced risk of impoverishment/transitory across the countries
- Number of dependents/household size was inconsistent across the countries while in some settings increasing risk and other decreasing risk of transitory/impoverishment. The qualitative findings point to the age of dependents as well as issues related to gender (i.e., older children reduce the risk and families with many girls who have to pay a dowry may increase the risk).
- Education across the board reduced the risk
- Diversification and engagement in non-ag activities reduced the risk of impoverishment/transitory escape
- Psychosocial factors in a few of the countries were noted, especially related to alcohol abuse and intimate partner violence, both increasing the risk of impoverishment/transitory escape

Bangladesh

- Bangladesh has experienced substantial reductions in both extreme poverty and poverty. The proportion of the population living below the national extreme poverty line

has reduced from 50 percent in 1991 to 18 percent in 2010 while the poverty headcount ratio, using the national poverty line, has reduced from 60 percent to 32 percent over the same period.

- Some households escape poverty only to live at a level just above the poverty line: 19 percent of the population lives out of poverty but has a level of consumption less than 1.25 times the national poverty line. They therefore remain vulnerable to slipping into poverty in the event of a shock or stressor.
- Households with a greater value of **assets** are more likely to experience a sustained escape from poverty.
- Owning more **cultivable land** reduces the relative risk of a transitory escape. Cultivating land is an important source of income and food while ownership of land itself can act as collateral to secure loans; owning land is a measure of social status and can be mortgaged out during hard times.
- An increase in the number of **livestock** is associated with a reduced risk of a transitory escape from poverty. Buying and selling cattle can be an important source of income as are sales of milk. Selling small ruminants, particularly goats, as well as poultry, is an important means to manage risks.
- An increase in the **share of dependents** is associated with a higher risk of a transitory escape. Life histories also highlight dowry payments for girls as being an important driver of backsliding.
- A more **educated head of household** is tied to a reduced risk of a transitory escape and impoverishment.
- **Female-headed households** (primarily where the male head of household has migrated opposed to a widow or divorced woman) are less likely to have a transitory escape or become impoverished than to experience a sustained poverty escape. In addition, female-headed households that receive **remittances** are more likely to experience a sustained escape than transitory. When the head of household is involved in **non-agricultural activities**, the household is more likely to experience a sustained escape.
- Experiencing a **series of shocks** in short succession is associated with transitory escapes. **Health shocks** emerge as a particularly important driver of backsliding.
- Households where men and women work together are more likely to experience sustained poverty escapes.
- Households that experience sustained poverty escapes **cultivate more than once a year, switch crops regularly** depending on market prices, and store crops to sell them when the price is high.

Cambodia

- Results are based on analysis of four rounds of panel data in Cambodia spanning 2008-2017. Findings indicate that over the study period, just under one fifth of households

sustained a poverty escape, with almost the same percentage (20%) of households escaping poverty, only to fall back (transitory escape). In addition, almost 4 out of 5 households were living in poverty during at least one of the 2008-17 survey years.

- **Health shocks** in the panel analysis were most common driver of downward mobility, followed by harvest failures
- Transitory vs sustained: **Remittances, livestock** and household heads who have completed primary or secondary **education** are all associated with a reduction in the risk of a transitory poverty escape compared to a sustained escape.
- Impoverished vs sustained: Increase in the **dependency ratio** (with the presence of older children especially) and **employment of the household head in a non-farm sector** are both associated with reduced risk of impoverishment compared to a sustained escape.
- Chronic vs sustained: **Loans** are associated with a reduced risk of chronic poverty relative to a sustained escape. Loans were noted to be both a source of investment, working capital and a key source of coping following shocks. Although many benefit from access to credit, cycles of debt, default and the loss of assets is also a frequent driver of downward mobility.
- Key Qualitative Findings: **Psychosocial factors**, such as alcohol and drug abuse/dependence and violence in marital relationships were noted to contribute to downward mobility from in the qualitative findings Conversely, cooperative spousal relationships, strong kinship networks and supportive social relations were found to be important in enabling successful livelihood strategies. Sustained economic growth has generated non-farm employment opportunities for poor people in construction, retail, the garments sector and tourism, supporting poverty escapes. In addition, poor disaster preparedness leaves farmers highly exposed to uninsured agricultural shocks. Erosion of common properties (forests, fish stocks) has undermined rural livelihoods, with particularly negative consequences for poorer households interviewed.

Nepal

- Nepal experienced considerable poverty reduction over the last two decades. Poverty has been reduced from 63.8% in 1995 to 30.8% in 2010, according to the 2010 national poverty line
- An increase in **livestock** and in household size are associated with a reduced risk of a transitory escape or impoverishment.
- **Female headship** due to widowhood, separation, or divorce can impoverish households, which have escaped poverty; on the other side, marriage alone is insufficient in sustaining a poverty escape, especially where women's agency may be curtailed.
- Engagement in **agriculture** can, in specific circumstances and for households with sufficient land, be a successful pathway out of poverty, particularly in instances of

knowledge sharing, diversification (even within agriculture), and through engagement with markets.

- **Non-farm enterprises** and **labor** are associated with sustainable escapes from poverty, especially for those with training and education
- **Remittances** are associated with an increased risk of impoverishment and a transitory poverty escape. While migration can be a pathway out of poverty, risks associated with the process continue to prevent escapes through from being sustained over time.
- **Loans** are associated with an increased risk of impoverishment.
- **Health shocks** increase the risk of transitory poverty escapes through increased health expenditures, and reduced the ability of ill or disabled members to contribute to income generation. In addition, climate shocks, such as flooding can prevent an escape from poverty from being sustained. While flood relief helps offset some of these immediate losses, they do not necessarily help households recover from floods in the long term
- **Alcohol consumption** is associated with an increased risk of a transitory poverty escape as well as impoverishment.

Philippines

- The Philippines has experienced significant poverty reduction in the past 25 years, although the pace has fallen behind other East Asian countries. Poverty dropped from 27% in 1991 to 8% in 2015 (based on the international poverty line of \$1.90 a day).
- **Social capital** is instrumental in promoting escapes out of poverty, though not always a driver of sustaining the escape from poverty. Families without supportive networks are often the most vulnerable and more likely to experience chronic poverty.
- Households often sustain poverty escapes through **livelihood diversification** and/or successfully finding market opportunities.
- Households with **electricity** have a reduced risk of experiencing chronic poverty. **Livestock** reduced the risk of being both impoverished and experiencing chronic poverty. An increase in **household size** is associated with a reduced risk of impoverishment. Having a household heads who completed secondary **education** was associated with a reduced risk of being chronically poor. A greater presence of **high-intensity typhoons** was associated with an increased risk of impoverishment.
- A lack of **market access** and high **transportation costs** often constrained agriculture wage labor and self-employment in agriculture. However, agriculture work combined with a non-farm enterprise was associated with a reduced risk of transitory escapes.
- An increase in **health spending** is also associated with a higher risk of impoverishment according to regression results. In the qualitative data, health shocks were the reason cited by many households for falling back into poverty after escaping
- **Salaried employment, migration** and **self-employment** in non-farm enterprises were often successful routes out of poverty.