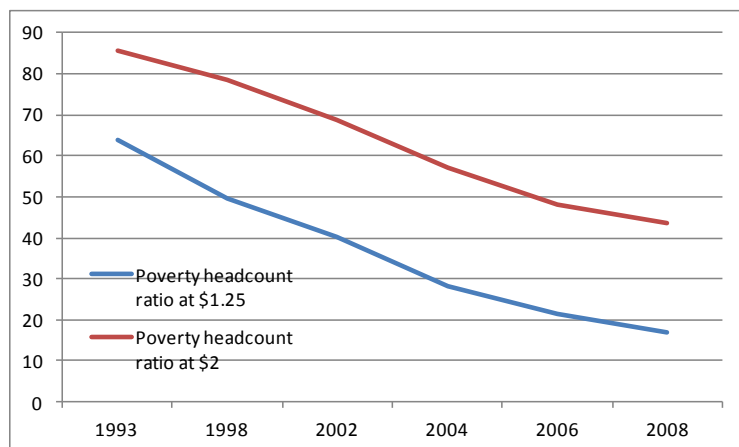


Development Policy Lecture 10

Escaping Poverty



Vietnam poverty headcount ratios



Poverty dynamics

- More people experience poverty at some time than is revealed by static poverty headcounts.
- Relatively few people are poor all of the time. Poverty is a transient experience for most of the poor, although there is a small group that is persistently poor.
- Labor market outcomes are most closely associated with poverty transitions.

Static poverty analysis

- Cross-section analysis of a sample of the population at regular intervals
- No information on income or employment in the past, or separation of income earners from household
- Rely heavily on demographic information
 - Household size
 - Gender of household head
 - Education of household head
 - Rural vs. urban

Headcount rate of poverty versus ever-in-poverty rate

	Escaped poverty (2006)	Fell into poverty (2004-2006)
Northern	33.9%	5.4%
Continental	39.8%	5.9%
Anglo-Saxon	36.0%	15.4%
Southern	31.0%	7.1%
Eastern	40.6%	6.2%

Source: Polin and Raitano 2012

Headcount rate of poverty versus always-in-poverty rate

	Headcount Poverty rate (2006)	In poverty every year (2004-2006)
Northern	13.2%	6.4%
Continental	12.9%	5.8%
Anglo-Saxon	21.6%	7.6%
Southern	19.4%	10.5%
Eastern	14.3%	6.7%

Source: Polin and Raitano 2012

Headcount rate of poverty versus always-in-poverty rate

	Headcount Poverty rate (2006)	In poverty every year (2004-2006)
Northern	13.2%	6.4%
Continental	12.9%	5.8%
Anglo-Saxon	21.6%	7.6%
Southern	19.4%	10.5%
Eastern	14.3%	6.7%

Source: Polin and Raitano 2012

Entries into poverty

	At least one negative economic event	At least one negative demographic event
Northern	64.9%	8.1%
Continental	93.7%	11.2%
Anglo-Saxon	99.8%	11.4%
Southern	93.9%	10.7%
Eastern	71.9%	10.8%

Source: Polin and Raitano 2012

Exits from poverty

	At least one positive economic event	At least one positive demographic event
Northern	97.4%	11.9%
Continental	91.5%	14.2%
Anglo-Saxon	73.8%	12.3%
Southern	91.8%	10.7%
Eastern	98.6%	12.3%

Source: Polin and Raitano 2012

Dynamic poverty from a Vietnam panel

		2004		
		Poor	Non-poor	Total
	Poor	577	486	1063
		14%	12%	
2002	Non-poor	197	2748	2945
		5%	69%	
	Total	774	3234	4008

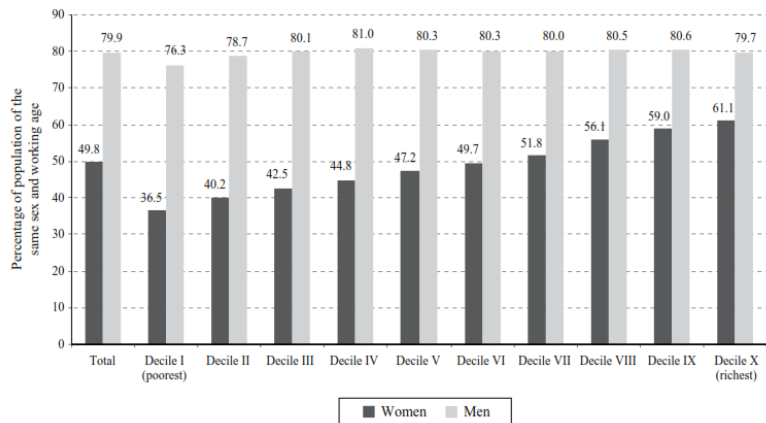
Source: Nguyen Thang et al 2006

Krishna 2004

25 Years Ago

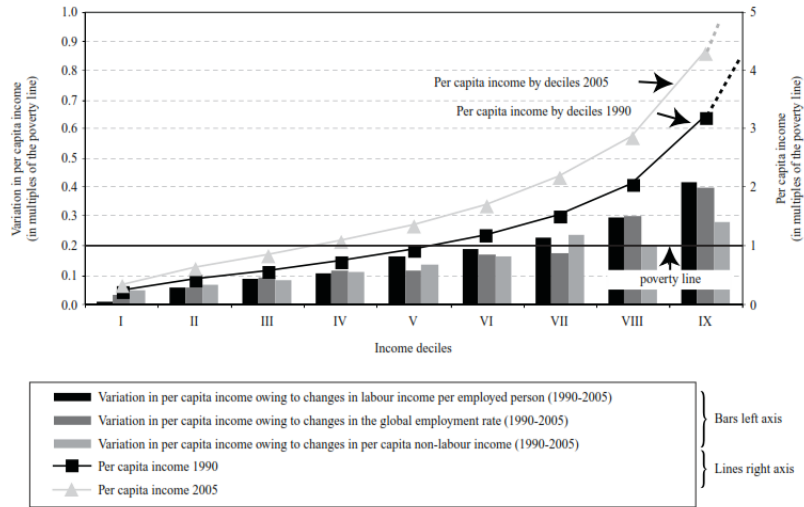
		Poor	Not Poor
At Present	Poor	17.8% (A) Remained Poor	7.9% (C) Became Poor
	Not Poor	11.1% (B) Escaped Poverty	63.2% (D) Remained Non-Poor

Income and female labor force participation in Latin America



Source: Cecchini and Uthoff 2008

Brazil, Chile and urban Ecuador



Argentina, Bolivia, Venezuela, Paraguay and Uruguay

