



Chronic Poverty
Research Centre



How is poverty transmitted intergenerationally and what might be done to stop it in its tracks?

Kate Bird

*CPRC International Conference: Ten Years of 'War Against Poverty'
Manchester,
8-10 Sept 2010*



Chronic Poverty
Research Centre

What is the intergenerational transmission of poverty?

- The private and public transfer of key deficits in assets and resources from one generation to another
 - Transfer of assets
 - Public policy
 - Public and private patterns of expenditure
 - Social and economic institutions/ structures and norms
- Not a package, a complex set of positive and negative factors – influence chances of an individual being poor, now or in the future
- Positive transfers, policies and investments can break cycles of poverty



Chronic Poverty
Research Centre

Key ideas in the IGT of poverty: irreversibility

- People are very resilient but some damage cannot be reversed – particularly if it happens *in utero*, in infancy or early childhood
- = the creation of “irreversibilities”
- Sources of damage = shocks
- Different shocks (of different magnitudes) are important at different points in the life-course
 - malnutrition, ill-health/ injury, poor parenting, lack of education, exposure to violence



Chronic Poverty
Research Centre

Key ideas in the IGT of poverty: resilience

- Resilience – the ability to bounce back after a shock or negative event, to recover previous levels of well-being
- Assets (including human capital), capabilities, agency, psychological support and social networks all important in enabling resilience
- *Which events in which periods* of the life- course build resilience?



Chronic Poverty
Research Centre

The importance of extra-household factors in the IGT of poverty

- Focus in literature on capabilities, household and intra-household factors
- CPRC has increased the focus on assets & inheritance
- Also, extra-household factors crucial
 - (-) governance, policy and delivery failures – weak service provision
 - (-) shocks – macro-economic, conflict, climatic etc
 - (-/+) institutions/ laws/ norms and beliefs perpetuating inequalities and structuring static and dynamic distribution of assets or (land holdings, patterns of public spending)
 - (+) good quality health & education, anti-discrimination, support to labour markets



Chronic Poverty
Research Centre

Extra-household factors

- the structure of a society
 - gendered cultural norms and social practices
 - status and socially constructed roles
 - discrimination (gender, race, religion etc.)
 - social exclusion and adverse incorporation
 - culturally entrenched attitudes of distinct social groups can limit social mobility (e.g. class loyalty)
- the structure of an economy & macro-economic stability and pro-poor economic management
- willingness and ability of society to tolerate inequality in opportunities and outcomes
- social capital and networks
- political economy – state-citizen contract, developmental state (?), conflict and insecurity
- effectiveness of service delivery



Chronic Poverty
Research Centre

The penetration of structures & institutions into the household

- Systematic inequalities within and between households associated with
 - gendered norms
 - non-cooperative household decision-making processes
 - conflict and household disintegration
 - preferences within polygamous and joint-households
 - **access to/ control of resources and the returns on those resources**
 - unequal distributions of leisure and labour time
 - unequal investments in the human capital formation of household members
 - differentiation based on social status (e.g. gender, age, mental or physical impairment, relationship to household head, birth order etc.)
 - alcohol and drug dependence
 - mental distress



Chronic Poverty
Research Centre

Household level factors

- Household characteristics and initial endowments
- Exposure and vulnerability to risk
- Household livelihood strategies
- Resilience/ ability to cope
- Conjugal contract
- Intergenerational contract



Chronic Poverty
Research Centre

Household level factors: **parental poverty**

- Being a poor child increases chances of being a poor adult - 37% of poor children become poor adults in Indonesia (Pakpahan, et al., 2009)
 - Less education, access to health care, nutrition (esp. dangerous *in utero*) - irreversibilities
 - Greater exposure to illness
 - High dependency ratios - less attentive parenting, worse early child-care and development practices
 - Poorer social networks – important for finding work, marrying well, coping with shocks
 - Poor neighbourhoods - few role models
 - **Less to inherit**



Chronic Poverty
Research Centre

Household level factors: **health and nutrition**

- Parental health and nutrition
 - Malnutrition & health shocks = critical drivers of downward mobility, triggering adverse coping
 - Maternal malnutrition – serious and long term impacts on children
 - Low maternal cognitive ability/ school attainment and long-run nutritional status in Guatemala found to have an important effect on women's children (maternal nutrition particularly important) (Quisumbing et al., 2010)
- Child health and nutrition
 - Poor child health undermines child development
- Four key problems: stunting, iodine deficiency, iron deficiency anaemia, and inadequate cognitive stimulation.
- Four other risks: maternal depression, violence exposure, environmental contamination, and malaria (Engle et al., 2007).
 - Early childhood health linked to later outcomes (health, economic)
 - Child stunting and wasting – increase likelihood of being a poor adult
 - Long-term structural patterns of economic inequality = main cause of child malnutrition not parental neglect



Chronic Poverty
Research Centre

Household level factors: **education**

- Education is linked to the IGT of poverty (earnings, health, fertility, aspirations, education of children)
- But, economic value of education depends on labour market & other assets/ capabilities
- Uneven access to education reproduces social and economic inequality
- Influenced by
 - provision of accessible public services (poor governance & service delivery, conflict)
 - parental income
 - parental education
 - social exclusion and marginality
 - gender/ class/ ethno-linguistic group/ caste

Household level factors: **demographics and household composition**

- Fertility rates & dependency ratios influence access to productive assets & investment capital
 - Larger households with a large number of children - more likely to be chronically poor (Ssewanyana, 2009)
 - Larger hhs with more land, diverse crops & access to off-farm income do better than small households (Seeley, 2008)
 - H'hs that cannot invest in education/ skills development do better with more children - able to diversify (Seeley, 2008)
- Nuclear hhs have higher per capita incomes than non-nuclear hhs
- Changes in hh type – becoming married, separated/ divorced associated with moving into poverty (Ssewanyana, 2009)



Chronic Poverty
Research Centre

Household level factors: **assets, agency and capabilities**

- Asset bundle
 - building blocks for future wealth
 - influence livelihood and investment options
- Collective/ individual assets increase personal & collective agency
- Asset holdings are unequal and that inequality is replicated
- Building assets affected by formal and informal institutional arrangements
- Loss of assets – increased vulnerability, inability to cope with shocks and contingencies, risk aversion, downward mobility, poverty traps
 - difficulties building capabilities - maintaining children's food security, invest in health and education (irreversibilities)



Chronic Poverty
Research Centre

Inheritance

- Inheritance mechanisms and the distribution of *in vivos* gifts can replicate/ intensify existing inequalities
- Crucial for current and future wealth/ wellbeing of recipient & family esp. in agriculture-based economies
- Context matters - legal frameworks, class/ social stratification, socio-cultural norms, status of women, marriage/ divorce legislation
- Gender in asset inheritance is important
 - women often have no legal rights to own or inherit land – not always compensated by investments in human capital, influencing agency and life-long earnings
 - equity
 - assets controlled by women more likely to be spent on next generation's health, nutrition and schooling
- Practice of dividing land amongst all sons can lead to sub-marginal land-holdings – and downward mobility for all without off-farm incomes



Chronic Poverty
Research Centre

How to stop the IGT of poverty?

- Tailored package of policy interventions
- Wealth creation – build parental income
- Build resilience
- Improve health and nutrition
- Widen and deepen education provision
- Secure and build poor people's assets
- Eradicate discrimination
- Provide social protection

- Selecting on some of these.....



Chronic Poverty
Research Centre

Improve health and nutrition

- Supplementary nutrition for
 - teenage girls
 - pregnant and lactating mothers
 - <5s
- Iodise staple food(s)
- Family planning
- Free health care for
 - < 5s
 - pregnant and lactating mothers
 - Low income hhs
- Free/ subsidised ARVs (+ broader social support)



Chronic Poverty
Research Centre

Widen and deepen education provision

- Make pre-school/ nursery schools accessible for poor households
- Improve education access & quality - primary and secondary
- Access
 - Universal free primary education
 - Phase in universal (free) secondary education (USE)
 - Targeted scholarship programmes – while USE phased in
 - Conditional cash or food transfers to help parents keep children in school
 - Insurance/ social protection – to enable hhs to cope with shocks
- Promote gender equality
 - reduce prices
 - increase physical access to services
 - improve the design of service delivery
 - invest in time-saving infrastructure



Chronic Poverty
Research Centre

Secure and build poor people's assets (1)

- Enable poor people to save, invest and build assets
 - Support (and regulate) financial services markets – diversifying range of financial services products available for poor people
 - Reduce costs of acquiring capital
 - Strengthen property/ inheritance rights
- Protect poor people's assets from being eroded due to shocks
 - reduce risk *ex ante*
 - address risk *ex post*
- **Improve equity in asset holding**
 - land reform & progressive fiscal policies
 - tackle discrimination/ exclusion & adverse incorporation
 - address inequities in cultural and legal practice – including ownership & inheritance
- Complementary measures needed for assets to deliver improved well-being and poverty reduction
 - building human capital assets, capabilities, agency



Chronic Poverty
Research Centre

Secure and build poor people's assets (2)

- Social protection at critical points in the life-course
 - Child support grants
 - Disability grants
 - Non-contributory pensions, often referred to as social pensions
 - Unemployment/working age support
 - Free access to healthcare services
- Social protection to reduce and mitigate the impact of shocks



Chronic Poverty
Research Centre

Build agency - eradicate discrimination & empower women

- **Increase women's bargaining power**
 - improve income earning opportunities and access to assets such as land, capital and property
- **Enhance women's property rights**
 - allow women to own land in their own right
 - support co-registration of land
 - reform marriage laws – women share income/ assets after separation/ divorce
- **Build women's & girls' human capital – education & nutrition**
 - Provide teenage girls with nutritional supplements
 - Provide tailored vocational training, skills development and livelihood promotion programmes for women
 - Increase women's knowledge about nutrition, hygiene and improved health care practices
- **Improve women's control over their own fertility**
- **Allow women to access credit and other financial services**



Chronic Poverty
Research Centre

www.chronicpoverty.org



Abbie Trayler-Smith/Panos