

Comparing Results of Stages-of-Progress and Income Measures: Analysis of Poverty Levels and Dynamics in rural Kenya

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Introduction

- Use of **participatory approaches** in poverty appraisal increasing
- Some of the approaches give **comparable** poverty estimates as **flow-based** measures: **expenditure** or **income**
- Need for comparative analysis of existing methods
 - To understand which methods are best for what purposes and under what circumstances?



Introduction

- The Stages-of-Progress (SOP) is a participatory approach:
 - **poverty dynamics**
 - **reasons** associated with poverty transitions
- SOP provides poverty estimates comparable to income or expenditure measures: **poverty incidence**
- But, how does SOP **compare** to income or expenditure measures of poverty?



Objectives

- Compare **Stages-of-Progress** and **income poverty** measures
- Analyze **trends in rural poverty** and **poverty dynamics** in Kenya



Poverty in Kenya

- Official statistics:
 - Some **reduction**, but **limited** in extent
- Overall Headcount: 52% (1997) to 46% (2005/06)
- Rural Poverty: 53% to 49%
- High variation across and even within regions



Methods

- Panel data: 354 households
 - 1997, 2000, 2004, 2007 – Tegemeo Institute
 - Crop, Livestock and Off-farm income

- 2009: **Stages-of-Progress** in same communities



Methods

- Study sites reflect diversity in broad climatic conditions and rural livelihood strategies
- High and low potential areas
 - High potential: Central highland & Western transitional zones
 - Low potential: Western and Eastern lowland zones



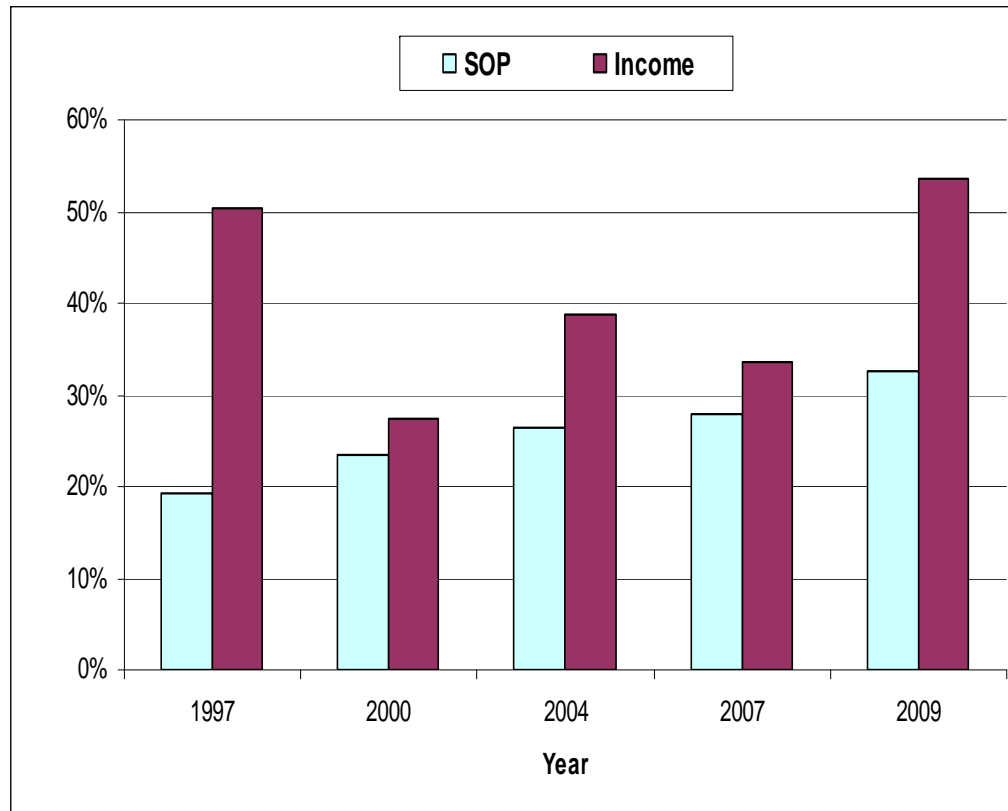
Methods

- Rural poverty lines based on official poverty lines of 1997 and 2005/06
- **Poor vs non-poor**: per adult equivalent monthly income
- Analyze **Trends, Transitions** and **Duration** in poverty: **SOP** vs **Income** measure
- Stages defining SOP poverty cut-off were similar across zones



Results: Poverty trends

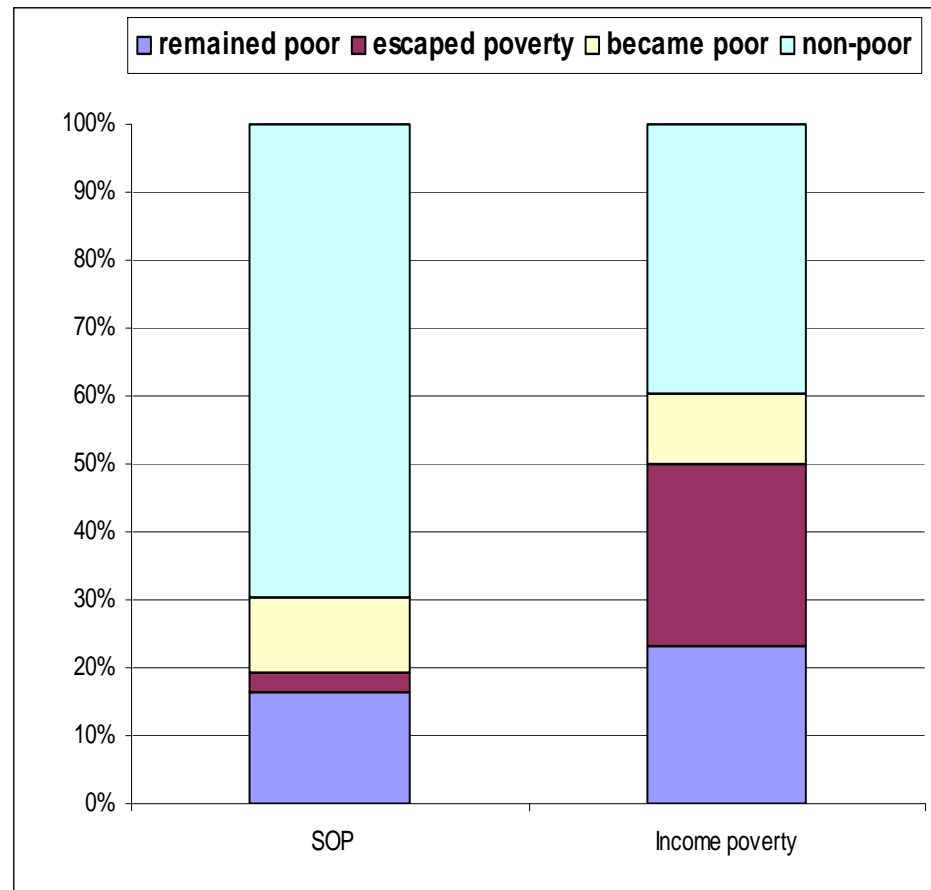
Poverty trends: SOP versus Income



- Poverty levels are lower using Stages-of-Progress
- High and variable poverty levels using income measure



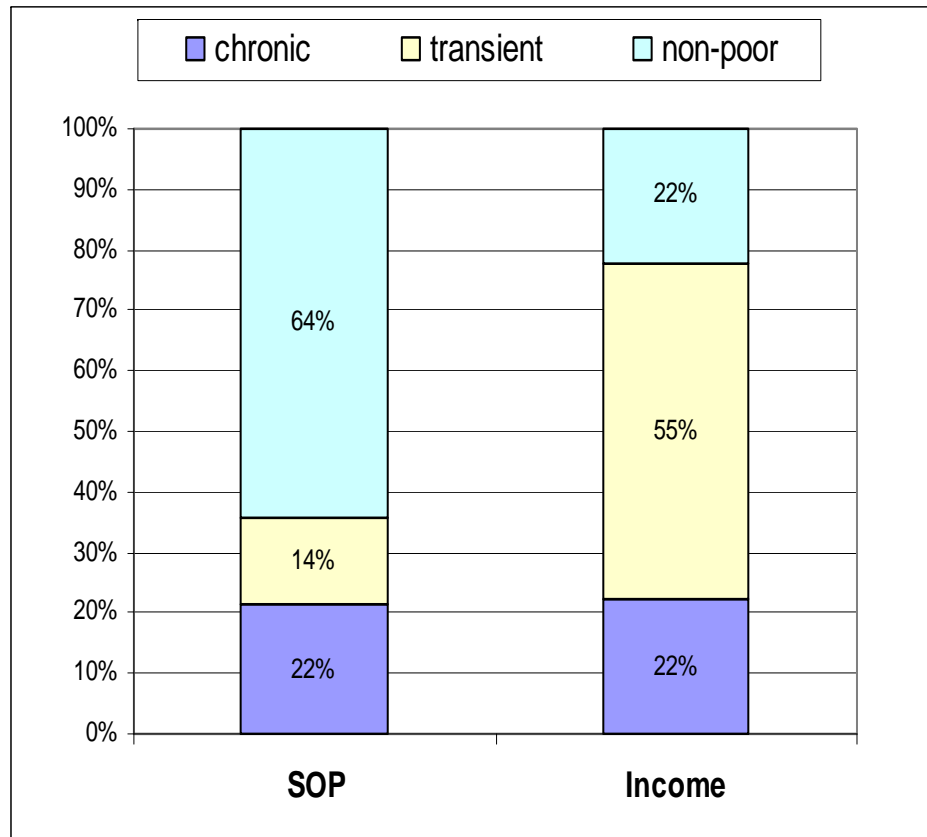
Results: Poverty transitions: 1997 - 2007



- More transition with income than SOP
- Similar trend in the regions
- Regional differences
- Geographical clusters of poverty
- E.g. SOP — high proportion remained poor in poor zones



Results: Spells in poverty: 1997 - 2009



- Proportion of chronic poor (22%) similar
- Large share of income poverty is transitory (55%)



Results

- Overall significant, but weak positive correlation between SOP and income measures of poverty
- Of the **SOP poor**, but **income non-poor**: A large proportion were at the SOP poverty cut-off
- What explains the differences?
 - SOP captures broad indicators that are relatively stable
 - SOP may not explicitly take into account household size in welfare ranking
 - Recall period: SOP is retrospective (longer recall period)
 - PPA likely influenced by people's values, attitudes and relative welfare within community



Summary

- Similarities:
 - Evidence of **geographical clusters** of poverty
- Differences:
 - **Lower** poverty levels with SOP – findings robust even with alternative income poverty lines
 - More **transitions** with income compared to SOP



Conclusion

- **Research aim** determines welfare measure
- Stages-of-Progress preferable approach in the absence of **panel** data, and
- SOP for exploring the micro-level reasons associated with poverty transitions
- **Combined** methods are necessary:
 - Understand the different facets of poverty
 - Overcome the biases of using one approach
 - Formulation of more effective poverty reduction strategies



Thank You!



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