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

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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
  - 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!