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Discussion Paper No. 16
Targeting and Innovations Theme

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For limited circulation

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Editing, design and layout—ILRI Publication Unit, Addis Ababa, Ethiopia.

Correct citation: Mango N, Kristjanson P, Krishna A, Radeny M, Omolo A and Arunga M. 2009. *Why is it some households fall into poverty at the same time others are escaping poverty? Evidence from Kenya*. Discussion Paper No. 16. ILRI (International Livestock Research Institute), Nairobi, Kenya. 45 pp.

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Acknowledgements

This paper is an outcome of a collaborative research program implemented by the combined effort of International Livestock Research Institute (ILRI) and the Kenya Government's Ministry of Planning and National Development. First and foremost, the authors' wishes to acknowledge the source of funding that enabled this study to be a success. The participatory poverty assessment project that provided data for this paper was originally conceived, generously financed and intellectually supported by the World Bank. The German Agency for Technical Cooperation (GTZ) provided additional financial assistance. We want to thank the many persons who assisted in this project. First and foremost over 4770 people were consulted in the course of this study—in community focused group discussions and individual household surveys. We thank everyone for sharing their time, experiences, and insights so generously with us. We also acknowledge the representatives of various departments of Ministry of Planning and National Development in the research areas we visited in making contacts and the logistical aspects of the research. Staff from the International Livestock Research Institute and Ministry of Planning and National Development in Nairobi assisted in many ways—finance, field coordination, data entry and cleaning, map making, contracts, logistics, travel and of course, conceptualization and design of the study. Special thanks to Harris Tiff for skillfully editing this paper.

Summary

This paper presents results from a study of poverty dynamics across Kenya using a participatory poverty assessment methodology known as the 'Stages of Progress Methodology.' This method is a relatively rapid, effective and participatory way to learn about poverty processes at both community and household levels. The approach generates very useful information for identifying the poor, and for understanding the factors that push people into and pull them out of poverty. Using this methodology, the typical stages through which people progress out of poverty were elicited for 71 Kenyan communities and 4773 households. The discussion of the different stages, and the order in which they occur, provoked lively debate among assembled villagers. The findings show that in virtually all 71 communities, households progress out of poverty first by acquiring food, followed by obtaining adequate clothing, making improvements in their shelter, securing primary education for their children, starting small businesses (such as selling groceries), and finally by acquiring small animals, including chickens, sheep and goats. Most communities in the study felt that households should no longer be considered poor once they are able to acquire livestock assets.

There were slight variations in how communities defined their own poverty cut-offs, but remarkable similarities. Some communities, for example, had a slightly different ordering of the stages passed through on the way out of poverty. However, the inherent nature of the stages was virtually the same across all rural communities in the study, indicating that peoples' perception of rural poverty is very similar; there is an especially strong consensus that once the sixth stage is reached and a household is able to acquire and maintain livestock, it should no longer be considered poor (urban communities, however, tend to have different perceptions of poverty, what it is, how it should be measured and how to escape it).

Using the study communities' own definition of poverty, among the 4,773 households that we studied, 42% were poor 15 years ago and 50% are poor at the present time. Over the same period, 12% of the households escaped poverty, while another 20% fell into poverty, implying an 8% net increase of households in poverty over the 15-year period.

Still, the study showed that a number of rural Kenyan households have managed to escape poverty, and valuable lessons can be drawn from examining the reasons behind such improvements in well-being. No single reason leads to such long-term improvements, and the various factors involved fall into four groups. The first and the most important group relates to diversification of income sources. Two main pathways were involved here: an improved business climate and growth in small, community-based enterprises; and second, an increasing availability of employment opportunities, most often in the informal sector.

Crop diversification (the growing of new crops such as maize, beans, Irish potatoes, vegetables, bananas, tomatoes, coffee, sugarcane and tea) was a key factor in 26% of household escapes from poverty in the communities studied. Crop commercialization, i.e. a shift from producing crops mainly for home consumption to producing them largely for the market—coupled

with an increase in land under cultivation—were two important land-related factor cited by nearly 23% of household escapes from poverty. Livestock-related diversification and/or commercialization was a fourth strategy pursued by escaping households. However, these reasons differed by livelihood zones.

The main factors associated with household descents into poverty across the surveyed districts included health-related factors. Health problems, the death of major income earners, and health care expenses were the overwhelming reasons that pushed so many households into poverty across Kenya in the last 15 years. While poor health and high health care costs are common reasons for impoverishment in all livelihood zones, other factors varied in importance across different zones. Drought and theft, for example, constitute important reasons for impoverishment in pastoral zones and large funeral expenses are an important reason in marginal mixed farming/fishing zones. In high potential agricultural districts, land exhaustion was an important factor leading households into poverty. This variability requires a range of different responses or interventions, likely from a number of different government agencies and other organizations.

1 Introduction

One of the principal goals of Kenya's development effort since independence has been poverty reduction, which it has pursued through various development strategies that emphasize economic growth, employment creation and the provision of basic social services (Kimalu et al. 2002). This priority resulted from the realization that poverty is a primary enemy of development that needs to be dealt with by the government (IPAR 2000). Although the basic commitment to the fight against poverty has remained strong, these efforts have not, for the most part, yielded the hoped-for results (Kabubo-Mariara 2007). More than half of the country's population remains mired in poverty, with women comprising the majority of those affected. Over 70% of the poor live in rural areas and the majority of them are found within the highly populated belt stretching from Lake Victoria to the Coast (Republic of Kenya 2001). A number of technical, historical and implementation problems have been advanced to account for the failure of poverty reduction efforts. One such problem has been limited stakeholder participation in the formulation of strategies, programs and plans to reduce poverty (such as the PRSPs) and strengthen development. This lack of participation led poor people to feel alienated and marginalized; many were not even aware of the poverty reduction process (Nyakundi 2005). The importance of local participation in the creation and implementation of development strategies cannot be over emphasized. Such participation encourages those leading the poverty reduction efforts to act as facilitators, and in doing so they come to better understand local perspectives on poverty while at the same time empowering the poor to express their own dreams, aspirations and needs (Misturelli and Heffernan 2003).

It has been acknowledged by the World Bank and other stakeholders in the fight against poverty that poverty is a multidimensional fact of life, and that there are many misconceptions about the poor (Narayan et al. 2000; Shaheen et al. 2008). These misconceptions include (but are not limited to) 'why they are poor' and 'what interventions are needed to help them out of poverty'. Participatory poverty assessments have reinforced the idea that poverty is multifaceted and is viewed differently by different people. One study, for example, revealed that local government officials see the poor as lazy, idle, drunkards, criminals, and prostitutes, i.e. as people with little concern about their futures. Those same poor people, on the other hand, view themselves as being constrained by having only small parcels of land (if they have any at all), by inadequate food supplies, by large families, and by having to pay high hospital bills and other health care costs (IPAR 2000; Shaheen et al. 2008).

Among the initiatives that have been taken to improve the measurement of poverty in Kenya are the Welfare Monitoring Surveys (WMS) that were done in 1992, 1994, 1997 and 2000, and the Kenya Integrated Household Budget Survey of 2007. These surveys have largely been used in analysing poverty in Kenya based on the human consumption index (Republic of Kenya 2007). Data from these studies have helped provide a reasonably good account of who the poor are, where they live, and how poor they are. This information is very useful to policymakers and donors, but it is also seriously incomplete. Most importantly, it fails to answer key questions: Why do some people succeed in escaping from poverty, even as others are left behind? For what reasons do other people fall into poverty? Understanding why some households escape and others descend into poverty is essential for formulating suitable policy responses for each region of the country.

Participatory approaches have also been used in Kenya, and they have helped round out the picture of poverty, providing more in-depth information about people's lived realities and about the inadequacies, indignities and sufferings commonly experienced by poor people (Narayan and Nyamwaya 1996; AMREF 1998; Republic of Kenya 1997; 2003; ActionAid 2006a, 2006b). Other initiatives include the formulation of poverty reduction strategy papers (PRSPs) with the support of development partners. In terms of programmatic development, however, these approaches have so far typically come up with 'shopping lists' of needs and constraints; they are seldom able to address the underlying processes or dynamics of poverty, and they do not help identify the root causes that policies must address.

Effective policymaking requires having more complete and more precise information about poverty dynamics: Who among the poor have pulled themselves out of poverty, and what reasons have been associated with these successful escapes? Which other people will remain poor or fall deeper into poverty, unless communities, governments and development partners step in and address key reasons for descent?

Critically important for policymaking is knowledge of reasons. What reasons are commonly associated with poor people escaping from poverty, and how can policies and programs be designed to help accelerate the operation of these positive factors? What other reasons are commonly associated with people's descents into poverty, and how can policies be designed to retard the operation of these negative factors?

Identifying these positive and negative factors—those that promote more escapes from poverty and those that prevent descents into poverty, respectively—is critical for making anti-poverty policy more effective. Once knowledge is available about these factors as they operate in each region, policies can be better designed to target crucial reasons for poverty. Without gaining this knowledge, policy formulation remains a shot in the dark.

In this paper, we present the results of recent investigations, carried out specifically to gain knowledge about the reasons underlying poverty. Reasons for escape and reasons for descent operating in each livelihood region of Kenya were identified through a careful examination of poverty dynamics.

Between July 2005 and June 2006, a study of household poverty dynamics was undertaken in 71 communities in Kenya. This study was aimed at ascertaining how different households have fared over time in these communities. We utilized the Stages of Progress Methodology (discussed in section 3 below), which has been used earlier for similar studies conducted in different parts of India, Kenya, Uganda and Peru (Krishna 2004, 2006; Krishna et al. 2004, 2005, 2006a, 2006b). The aim of the study was to determine the proportions of households that escaped from poverty during the past 15 years, or fell into poverty during the last 8 years, and to ascertain the reasons behind these movements. This would provide a better understanding of pathways into and out of poverty in different regions of Kenya. Rural communities were studied in each region, but for the first time in Kenya, an important perspective was added by studying urban communities as well.

2 Survey organization and sampling criteria

2.1 Selection of study sites

The communities (or villages) selected for this study were taken from the Kenya Integrated Household Budget Surveys (KIHBS) sample. The three stratification criteria used were poverty incidence, agro-ecological zones and access to markets.

2.1.1 Delineation of sample strata

In the 'Geographic dimensions of well-being in Kenya' (CBS 2003), statistics on poverty incidence are provided by administrative areas, i.e. by province, district, division and location, as well as by urban and rural areas. The sample design classified all the districts into four categories of equal intervals of poverty incidence: 22–36%, 37–51%, 52–66% and 67–81%.

In addition, ecological variations were taken into consideration. The ecological mapping of the country was made on the basis of the agricultural potential and access to markets of the districts, as these are key determinants of poverty levels and its dynamics. Agricultural potential was gauged through long-run precipitation over potential evapotranspiration (PPE), while market access zones were based on the walking time to areas having populations of at least 2500 people per km^2. Four levels of agricultural potential and market access zones were developed: 1) high agricultural potential and high market access, 2) low agricultural potential and high market access, 3) high agricultural potential and low market access, and 4) low agricultural potential and low market access. The zone accounting for the largest proportion of the area of each district was used to represent the district.

These four zones were reduced to three by collapsing the second zone (low agricultural productivity and high market access) into zone one (high productivity, high access). This was done because the second zone accounted for a very small number of the districts included in the study. Moreover, the low agricultural productivity in zone two was often due to the presence of forested areas, or because the communities were located on the slopes of Mt Kenya or near national parks, and so forth. Otherwise, the areas in zone two are very similar to those in zone one. Consequently they were folded in with the high agricultural potential and high market access areas to yield the 'high or low agricultural potential and high market access zone'.

The three zones were used jointly with the four levels of poverty incidence to create the strata for the sample selection. Each of the four levels of poverty incidence was nested within the three levels of poverty incidence, which yielded 12 possible zones for the country. However, these zones were reduced to 11, because the combination of the lowest incidence of poverty of 22–36% with low agricultural potential and low market access does not exist in the country.

Table 1. *Distribution of the districts by poverty levels and agro-ecological zones*

Poverty levels (% below poverty line)	Agro-ecological zones			
	Low or high agricultural potential with high market access	High agricultural potential with low market access	Low agricultural potential with low market access	Total
22–36	4 (Kiambu, Murang'a, Nyandarua, Nyeri)	2 (Kirinyaga, Thika)	0	6
37–51	12 (Buret, Nairobi, Mombasa, Keiyo, Kericho, Koibatek, Marakwet, Meru Central, Nandi, Teso, Trans Nzoia, Uasin Gishu)	3 (Maragua, Migori, Nakuru)	4 (Baringo, Kajiado, Laikipia, Samburu)	19
52–66	14 (Bomet, Bungoma, Butere/ Mumias, Embu, Gucha (S. Kisii), Kakamega, Kisii Central, Kisumu, Lugari, Mt Elgon, Nyando, Siaya, Trans Mara, Vihiga)	4 (Machakos, Mbeere, Nithi (Meru S.), Tharaka)	14 (Isiolo, Kwale, Lamu, Makueni, Malindi, Marsabit, Meru North, Mwingi, Narok, Taita Taveta, Turkana, West Pokot, Garissa, Tana River)	32
67–81	6 (Bondo, Busia, Kuria, N. Kisii (Nyamira), Rachuonyo, Suba)	2 (Homa Bay, Kilifi)	4 (Kitui, Moyale, Wajir, Mandera)	12
Total	36	11	22	69

2.2 Allocation of the sample to the districts

Sample size is a function of precision and cost factors. The larger the sample size the greater the resources required for the collection of data, processing and analysis. There is likely to be reduced precision with a smaller sample size, but these two factors must be balanced against one another in order to optimize on both cost and precision. It was decided that the survey results would be adequately represented using data from 18 of the 69 districts in the country. This was done to keep costs low while sustaining reasonable precision in the population estimates to be developed.

It was also decided that two districts—Nairobi and Mombasa—were unique in being the largest cities in the country, in addition to having high disparities in living conditions between the rich and the poor. Poor people in large cities are also thought to experience distinctly different conditions from the poor in rural districts. The remaining 16 districts were allocated to the 11 zones on the basis of the number of districts in each stratum, i.e. proportionately to the size of the strata. In selecting the 16 districts, the estimated number of households based on the population projections for 2004 was used as a measure of size for the districts.

Table 2. *Distribution of the districts selected by province*

Nairobi	Central	Coast	Eastern	N. Eastern	Nyanza	Rift Valley	Western
Nairobi	Nyeri	Mombasa	Makueni	Wajir	Migori	Nandi	Butere
	Kirinyaga	Tana River	Marsabit		Kisumu	Marakwet	Mumias
		Kilifii	Meru South		Kisii Central	Laikipia	Busia

2.3 Selection of the villages[1]

From each district, 4 villages (except for Migori district, which had 3)[2] were selected from the Kenya Integrated Household Budget Survey villages, and this resulted in 71 villages for the study sample. In 15 rural districts, four villages were selected from the rural subsample based on locational poverty rate within a district to represent the poverty experience of rural communities.[3] In one rural district, Wajir district, it was not possible to group its locations into the appropriate poverty levels because that district was not included in the 1997 Welfare Monitoring Survey, which was the basis for the poverty incidence data. It was therefore decided to select the four rural villages from the respective KIHBS rural subsamples for this district using simple random sampling.

Nairobi and Mombasa, which are completely urban, were each allocated four villages to capture how poverty is experienced in urban communities. This allocation strategy resulted in 63 villages in the rural areas and 8 in the urban areas (see map, Appendix 1).

2.4 Livelihood zones as spatial domains of analysis

The definition of 'livelihood' has been extensively discussed among academics and development practitioners (see Bernstein 1992; Chambers and Conway 1992; Carney 1998; Ellis 1998; Francis 2000; Batterbury 2001; Francis 2002; Radoki 2002). There is a consensus that livelihood is about the ways and means of 'making a living'. The most widely accepted definition of livelihood stems from the work of Robert Chambers and Gordon Conway: 'a livelihood comprises the capabilities, assets (including both material and social resources) and activities required for a means of living' (Carney 1998, 4). Ellis (2000) suggested a definition of livelihoods as 'the activities, the assets, and the access that jointly determine the living gained by an individual or household.' Given the diversity that exists in Kenya, a livelihood zone was chosen as a unit for aggregating household-level results at the national level, where a zone was defined as a geographic area in which people share the same patterns of livelihoods, i.e. they grow the same crops, keep the same types of livestock or engage in similar activities, such as fishing (see map, Appendix 2). The clustering of the districts into different categories was based on the most common form of livelihoods being pursued in those districts, as reflected in the Famine Early Warning System Network (FEWS-NET). Districts with similar livelihood practices also appear to have broadly similar sets of reasons for movements in or out of poverty. The districts were categorized as follows:

Livelihood Zone 1: mixed farming, high-potential

The mixed farming, high-potential districts were mainly characterized by mixed farming of food and cash crops (tea, coffee and sugarcane) as well as livestock in high-potential areas and cash

1. A village represents a geographical space occupied by a community.
2. Initially the total number of villages selected was 72. However one village in Migori district turned out to be actually the living quarters of labourers employed by South Nyanza Sugar Company. Since this was neither a 'village' nor a 'community' as these terms are commonly understood, being composed of work-week residents who commute to their places of origin over the weekend and who have as well lived there for less than three months in the majority of cases, it was decided to drop this village from consideration.
3. In Kenya, a location is the second smallest administrative unit after a sublocation. Several villages form a sublocation. In the Central Bureau of Statistics report (CBS 2003), poverty rates in Kenya were determined down to the locational level. Thus location poverty rate was used in selecting the four villages in a district.

cropping in low-potential areas. They also had mixed farming in the more marginal areas where food crops and livestock rearing dominated. These districts included Nyeri, Kirinyaga, Kisii Central, Nandi and Butere Mumias.

Livelihood Zone 2: mixed farming, marginal areas with fishing

The predominant activities in this zone were mixed farming of food crops, some cash crops, and livestock. They also had fishing and some cash cropping activities in the lower potential areas. This group of districts included Kisumu, Migori and Busia.

Livelihood Zone 3: Mixed farming, marginal areas with livestock (food crops, livestock, cash crops)

Large portions of these districts were marginal areas characterized by mixed farming of food crops, cash crops (palm, coffee and pyrethrum) and livestock farming. Some of them were also occasioned by casual wages derived from large ranches. There were also islands of farming in high potential areas. These districts included Makueni, Kilifi, Tharaka, Marakwet and Laikipia.

Livelihood Zone 4: Pastoral

These districts were largely characterized by pastoralism, with pockets of agro-pastoralism and mixed farming (food crops) in some areas. They included Tana River, Marsabit and Wajir.

Urban Districts

This category comprised of the two big cities in Kenya (Nairobi and Mombasa), where not much farming is expected.

3 Applying the stages of progress methodology

The Stages of Progress Methodology is a participatory and community-based methodology for studying poverty dynamics and identifying the reasons that households move into and out of poverty. It has been used effectively over the past six years in investigations carried out in different parts of India, Kenya, Uganda, Peru, and North Carolina, USA. Thus, this methodology has been widely tested internationally, before being used for the present study in Kenya. It was implemented in each of the 71 communities across 18 districts in Kenya, following an 8-step sequence.

Step 1: Meeting with a representative community group

Two reference points in the past—15 years and 8 years before the present study was done—were selected for the study. Field investigations for the study were conducted in late 2005 and early 2006, so the relevant historical reference points were 1990 and 1997, respectively.

In order to elicit shared collective memories about prevailing conditions for different households from 15 and 8 years in the past, as well as shared perceptions of current conditions, groups were convened in each community that comprised a diverse assembly of community members, belonging to different segments of each community. All community members were invited to these meetings through the village elders and the chiefs. It was particularly important to have older members from each community segment in attendance, people who could speak knowledgeably about households' circumstances 15 years ago and in the intervening period.

Step 2: Clear presentation of objectives

The objectives and procedures of the study were clearly explained, and it was emphasized that no tangible benefits would accrue to anyone from participating (or not) with the study team. Quite often, visitors have gone into villages with the express intention of initiating some new development program, and community members might feel the need to deliberately misrepresent their material conditions in order to gain benefits from such programs. It was very important that the team clearly stated their objectives and stressed that there would be neither benefits to be had nor any losses to be incurred from participating in these particular community meetings. This declaration clarified the purpose of the study, without detracting in any visible ways from attendance and participation.

Step 3: Collective definition of 'poverty'

It was critically important to discuss and define a common understanding of poverty and of what it means for households in the community to be regarded as poor. The success of the whole exercise depended on this step. We asked the assembled community group: What does an extremely poor household do with the first bit of money that it acquires? Which expenses are usually the very first to be incurred? As a little more money flows in, what does this household do in the second stage? What does it do afterwards, in the third stage, in the fourth stage, and so on?[4]

Discussions of these questions elicited very active participation and debate from the assembled villagers. There was general consensus in each village, however, on what constituted the successive stages of households' progress from acute poverty to a progressively better state. Most interestingly, there was virtual agreement across nearly all rural communities on the sequence of these stages. For example, Figure 1 represents a typical sequence of these stages of progress for rural areas (as recorded in three villages in Nyeri District) and Figure 2 represents the sequence reported in four communities studied within Nairobi city.

1. Purchase food
2. Purchase clothing
3. Repairs to house
4. Primary education for children
5. Purchase a small water tank
6. Purchase small livestock

Poverty cut off line: Beyond this line, households are considered no longer poor

7. Purchase a calf
8. Rent a *shamba* for farming
9. Secondary education for children
10. Investing in small business
11. Construct/purchase a bigger water tank
12. Construct a semi-permanent house
13. Purchase a piece of land
14. Expand business

Prosperity cut off line: Beyond this line, households are considered relatively well off

15. Purchase more land
16. Purchase a vehicle

Figure 1. *Stages of progress as described by the rural villagers in Nyeri District.*

4. We acknowledge that poverty has many dimensions—economic, psychological, social etc.— and can be defined in terms of outcomes (e.g. nutritional or health status) as well as in terms of assets. Attempting to capture all of these dimensions with a simple tool is perhaps impossible. For this reason, the Stages of Progress Methodology focuses solely on material aspects of poverty, i.e. assets.

1. Purchase food
2. Purchase clothing
3. Rent a small house
4. Primary education for children
5. Invest in small business

Poverty cut off line: Beyond this line, households are considered no longer poor

6. Rent a bigger house
7. Secondary/college education for children
8. Expand business (kiosk/retail shops)
9. Purchase a plot in an estate

Prosperity cut off line: Beyond this line, households are considered relatively well off

10. Expand business (wholesale shops)
11. Develop plot (build rental houses)
12. Purchase a vehicle

Figure 2. *Stages of progress reported by four Nairobi urban communiti*es.

Figure 1 shows how households generally progress upward out of poverty in rural villages in Nyeri District. First they acquire food, then clothes, then basic shelter, then they pay for their children's primary school costs, then buy a small water tank for harvesting rain water, followed by investment in small animals, including chickens, sheep and/or goats. Once households reach this stage—and either sustain their position or move beyond it—they are no longer regarded as being poor by villagers in this region.

The first horizontal line in Figure 1 represents the poverty cut-off as it is constructed and perceived socially by residents of these three villages. Households that have not reached or progressed beyond Stage 6 consider themselves to be poor in these localities—and they are commonly regarded as such by other villagers in these locations. The second horizontal line represents a relative prosperity cut off, seen here after Stage 14, which corresponds to a household with the capacity to make very significant investments, such as purchasing land and vehicles. Not all households go through each of these stages in exactly the same linear sequence from the first to the last, but most households do traverse at least the first six stages in the order defined.

The order of these stages was very similar across all of the rural communities studied (this is discussed in more detail below). There is, however, greater variation in the stages of progress reported by urban communities. In most of the urban communities visited in this study, the order of stages was: purchasing food, purchasing clothing, renting a single-room house, paying costs related to primary education for their children, and investing in a small, informal business.

Households that are poor strive to progress further and to overcome poverty. The strategies that they adopt are related directly to how they understand this condition. Adopting the local understanding of poverty is thus useful in identifying who is really considered poor and who is not. Working with the local understanding of poverty also helps reveal what people are doing by themselves in order to deal with poverty as they see it.

Step 4: Definition of ‘15 years ago’ based on a well-known signifying event

The study specifically wanted to obtain information on two time periods—8 years ago (which corresponds approximately to the time that the last welfare monitoring survey was done) and 15 years ago (i.e. going back roughly one generation). In order to fix a common point of reference for all community members, it helps to refer to a commonly known signifying event, which fixes clearly in everyone’s mind a precise point in the remembered past. We referred in these community meetings to the El Niño rains and the ‘*Mlolongo*’ (queue) system of voting, that most people remember clearly, and which occurred, respectively, 8 years and 15 years ago.

Step 5: Referring to current households as units of analysis, asking about stages of progress today and in the past

All households in the village were assessed in this step. Referring continuously to the shared understanding of poverty developed in Step 3 above, the community group was asked to describe each household’s status today and for the earlier period. Ranking each household’s position in terms of the successive stages of progress helped verify who was indeed poor in each period, and to assess relatively how poor they were in each period. For example, could they afford food but not shelter or clothes or primary school fees? Did they progress through each of these stages, but were unable to go on to the next stage, obtaining and holding on to poultry and then sheep and goats? The assembled community members were quite forthcoming in these discussions, and it was possible to proceed expeditiously down the list of households, ascertaining each household’s poverty status today, 8 years ago, and 15 years ago. There were relatively few disagreements regarding these classifications, and those that arose were resolved through discussion and debate among the assembled participants.

Step 6: Categorization of households

After ascertaining each household’s current situation relative to the stages of progress, as well as for the earlier periods, all households were classified within one of the following four categories:

Category A.	Poor 15 years ago and poor now	(Remained poor);
Category B.	Poor then and not poor now	(Escaped poverty);
Category C.	Not poor 15 years ago and poor now	(Became poor); and
Category D.	Not poor 15 years ago and not poor now	(Remained not poor)

Table 3. *Number of households categorized in all livelihood zones (comparing the present time with 15 years ago: 1990–2005)*

Livelihood zones[1]	Number of households				
	Remained poor	Escaped poverty	Became poor	Remained non-poor	Total
Zone 1	433	256	246	686	1621
Zone 2	151	63	132	385	731
Zone 3	544	177	272	452	1445
Zone 4	218	49	256	249	772
Urban	80	37	35	52	204
Total	1426	582	941	1824	4773

1. Livelihood zone 1 (mixed farming high potential) was represented by Nyeri, Kirinyaga, Kisii Central, and Butere Mumias districts; Livelihood zone 2 (mixed farming marginal with fishing) represented by Kisumu, Migori and Busia districts; Livelihood zone 3 (mixed farming marginal with livestock) represented by Makueni, Kilifi, Tharaka, Marakwet and Laikipia; Livehood zone 4 (Pastoral) represented by Tana River, Marsabit and Wajir; and Urban districts (big cities) represented by Nairobi and Mombasa.

Note: Given the diversity that exists in Kenya, livelihood zones have been chosen as a way for aggregating results at the national level. Districts with similar livelihood practices have been clustered together, not only for analytical convenience, but also (and more importantly) because similar sets of reasons underlying poverty dynamics seem to be operating within each cluster of districts.

Step 7: Ascertaining reasons for change in a random sample of households from each category

A random sample of households was drawn from each of the four categories. At least 30% of households from each category were included within this sample (Table 4). The assembled community groups were asked about the circumstances associated with each such household's trajectory over the past 15 years (e.g. 'How was household X able to move out of poverty in this time? What were the major factors related with its escape from poverty?') Such in-depth inquiries about reasons were conducted for a total of 2365 households in the 71 villages in the study. In each case, it was important to dig deeper to ascertain the true combination of reasons and to adopt a comparative perspective while conducting these inquiries.

Table 4. *Number of households sampled for detailed inquiry about reasons underlying changes in poverty status*

Livelihood zones	Number of households sampled				
	Remained poor	Escaped poverty	Became poor	Remained non-poor	Total
Zone 1	168	142	168	230	708
Zone 2	77	46	80	176	379
Zone 3	211	121	136	182	650
Zone 4	96	42	148	138	424
Urban	80	37	35	52	204
Total	632	388	567	778	2365

Step 8: Further verification of reasons for change or stability

Since many factors may not be known outside a particular household, it was important to also interview in detail the members of households that were discussed and assessed in community meetings. After learning from the assembled community group about the perceived factors associated with selected households' trajectories, individual members of these households were then interviewed separately. The household respondents were asked to give a narrative of how their lives had changed and the investigator guided the discussion based on some of the information they had gathered from the community meeting. In addition, a close-ended questionnaire was also administered, with items related to asset ownership and changes over time.

It typically took two days to complete this inquiry in a small village (composed of less than 100 households) and it took from three to four days to complete the inquiry in larger villages (more than 100 households). Participating villagers were assured that everything they said at the meeting would be held in strict confidentiality insofar as individual households were concerned.

Some modifications were made in the methodology for communities in Nairobi and Mombasa. In urban communities, people typically do not know each other as well or for as long as in rural areas. Security concerns may further reduce people's willingness to talk about each other. In order to overcome these limitations, the methodology was modified after Step 4. While the stages of progress were identified in community meetings, and the list of resident households was also verified, the particulars of each household's situation were not discussed publicly. Instead, a random sample of households was selected and members were interviewed to obtain information regarding the stages of progress and underlying reasons. Step 6 involved household-level interviews about changes occurring over the past 15 years. Step 7 categorized households sampled based on their life histories.

Data analysis was then done and reports written at the village level. Village-level results were then aggregated into district reports, and district results were aggregated into livelihood zones at the national level.

4 How communities defined the stages of progress out of poverty and positioned the poverty line

In order to understand households strategies better, it is necessary to start with peoples' own understanding of poverty. Without knowing what it means for someone to be 'poor' within a certain societal context, it becomes hard to understand what poor people do in order to cope with this state. And without understanding what poor people are doing by themselves, it becomes difficult to provide them with appropriate assistance. A community-based methodology for assessing household poverty dynamics used in this study aims at overcoming the limitations outlined above.

The process for eliciting community perspectives on the typical stages of progress for their village is described above. The discussion of stages, and the order in which they normally occur, provoked lively debate among assembled villagers. Most interesting was the broad agreement across nearly all villages (except for those in the urban communities) about the sequence of the early stages of escape, particularly Stages 5 or 6 just before the poverty cut-off point. This implies a common or shared understanding of poverty when viewed through an asset-based lens.

In virtually all 71 communities, households climb out of poverty by first acquiring food, followed by better clothes, improvements in shelter, securing primary education for children, starting small businesses (such as selling groceries), and then acquiring small animals, including chicken, sheep and goats. Most communities drew their poverty lines or cut-offs after Stage 6; commonly, households are no longer considered poor once they have crossed this threshold. Differences across communities are more significant after Stage 6.

There were some small variations in the study. Some communities, for example, had a slightly different ordering of the stages passed through on the way out of poverty. However, the inherent nature of the stages was virtually the same across all the rural communities in the study, indicating that peoples' perception of rural poverty is remarkably similar. Identifying this commonly held definition of poverty helps to better understand the strategies that households pursue in order to deal with poverty, and the reasons that some households are able to escape over time and why others fall into poverty. Table 5 captures the common stages of progress found in rural and urban communities.

The identification of these stages for each community allowed a categorization of each household (by the community members themselves) as to whether it was situated above or below the poverty cut-off in earlier periods and at the present time. This information was critical for analysing poverty dynamics, discussed in the following section.

Table 5. *Common stages of progress and poverty cut-off across Kenya*

Stage	Rural districts	Urban districts
1	Food	Food
2	Clothing	Clothing
3	Repairs house	Rent a small house
4	Primary education	Primary education
5	Invest in small business	Invest in small business
6	Purchase small livestock	

Note: The dotted line corresponds to the poverty cut-off, as described by virtually all communities included in the study. Households that have crossed this threshold are no longer considered poor, either by themselves or by their neighbours.

5 Poverty dynamics

5.1 Escaping poverty and becoming poor

Table 6 shows the poverty trajectories across 5 livelihood zones over the 15-year period under study, 1990–2005.

Table 6. *Trends in household poverty in five livelihood zones in Kenya*

	Percent of households						
	15 years to now (1990–2005)						
Livelihood zones	Remained poor	Escaped poverty	Became poor	Remained non-poor	% poor at the beginning	% poor at the end	% net change in poverty
Zone 1	27	16	15	42	43	42	1
Zone 2	21	9	18	53	30	39	–9
Zone 3	38	12	19	31	50	57	–7
Zone 4	28	6	33	32	34	61	–27
Urban	39	18	17	25	57	56	1
National total	30	12	20	38	42	50	–8

Note: The negative sign indicates a net increase in poverty, i.e. in this instance there has been a net increase in poverty of 8%.

Among the 4773 households studied in the five livelihood zones over the last 15 years, 42% were poor 15 years ago and 50% are poor at the present time. Overall, the number of households living in poverty in this period has risen in these communities. Over the same period, 12% of the households escaped poverty, while another 20% fell into poverty, making for a net increase of poverty of 8% over the 15-year period (Table 6). It is interesting to note that the number of people who escaped poverty over the 15-year period in these communities of Kenya is less than the number of people who became poor over the same period.

5.2 Escape and descent over two time periods

The data were divided into two time periods (Table 7), with the first period running from 15 years ago to 8 years ago (1990–1997), and the second period from 8 years ago to the present time (1998–2005). A total of 8% of households in the study escaped from poverty during the first time period while a total of 9% escaped during the second period. Thus, the number of households escaping poverty in the second time period rose by 1%.

When considering descents into poverty, however, it is clear that many more households fell into poverty during the second period compared to the first. Only 10% of the households became poor over the first time period while 14% did so over the second. Compared to the first time period, many more descents into poverty occurred during the second time period, which justifies serious policy concerns.

Table 7. *Households' movement by livelihood zones over the two time periods*

Livelihood zones	Percent of households						
	15 years to 8 years ago (1990–1997)						
	Remained poor	Escaped poverty	Became poor	Remained non-poor	% poor at the beginning	% poor at the end	% net change in poverty
Zone 1	33	9	7	50	42	40	2
Zone 2	22	7	10	62	29	32	–3
Zone 3	43	7	12	39	50	55	–5
Zone 4	27	8	15	50	35	42	–7
Urban	47	10	7	36	57	54	3
National total	34	8	10	48	42	44	–2
Livelihood zones	8 years to now (1998–2005)						
	Remained poor	Escaped poverty	Became poor	Remained non-poor	% poor at the beginning	% poor at the end	% net change in poverty
Zone 1	31	10	11	48	41	42	–1
Zone 2	24	7	14	55	31	38	–7
Zone 3	43	11	13	33	54	56	–2
Zone 4	38	3	22	36	41	60	–19
Urban	42	14	15	29	56	57	–1
National total	35	9	14	42	44	49	–5

Note: The negative sign indicates a net increase in poverty.

5.3 Cycling into and out of poverty

Cycling into and out of poverty in the two time periods was relatively infrequent (see Table 8). Of all the households that fell into poverty during the first time period (10%), only about a quarter (2.3%) was able to overcome poverty in the second time period. More than three-quarters of those who fell into poverty in first period remained poor at the end of the second time period. Similarly, only a fraction of households that escaped poverty during the first time period fell back into poverty during the second time period. Of the 8% of households that escaped from poverty in the first time period, only about one-third (2.3%) fell back into poverty during the second time period.

Table 8. *Cyclical movements into and out of poverty*

Livelihood zones	Became poor then escaped		Escaped then became poor	
	Number of households	% households	Number of households	% households
Zone 1	29	1.8	24	1.5
Zone 2	18	2.5	20	2.9
Zone 3	53	3.8	32	2.2
Zone 4	10	1.3	26	3.4
Urban	3	1.5	6	2.9
National total	110	2.3	108	2.3

In all, the vast majority of households that moved out of poverty remained non-poor during the next period, and the majority who fell into poverty remained poor during the second time period. Movements into and out of poverty were not reversed in the majority of cases.

5.4 Differences among livelihood zones

There were observed variations in terms of poverty movements in the three time periods between the five livelihood zones studied (see Tables 6 and 7). Zone 4, represented by Wajir, Marsabit and Tana River districts, experienced the highest net poverty increase (27%) over the 15 year period, while Zone 1 (Nyeri, Kirinyaga, Nandi, Kisii Central, and Butere Mumias) and the urban districts (Nairobi and Mombasa) experienced the highest net poverty reductions (1% each).

Among the zones where poverty reduced substantially over the last 15 years, more poverty reductions occurred during the first time period (8 to 15 years ago) compared to the second time period. Descents into poverty were also more frequent during the second time period. Thus there is evidence of increasing volatility. Both descents and escapes were more frequent in the more recent time period. For Zone 4, this growing volatility has meant that an additional 22% of households experienced poverty during the second time period (8 years ago to the present).

6 Reasons for escape and descent

Different sets of reasons are associated, respectively, with escaping poverty and falling into poverty. In this section, we will first discuss the reasons associated with escaping poverty, followed by a discussion of reasons for falling into poverty.

6.1 Reasons for escaping poverty

What pathways out of poverty have been followed by households in the 71 communities in the study? Was it additional employment that proved most beneficial as the intermediary link between poor households and growth? Or did households escape poverty more often on account of enhanced agricultural yields, or business gains, or alternative investment opportunities, or something else? What can be done in the future to widen and strengthen the particular pathways associated with escaping poverty?

The discussion in this section relies upon the verified and triangulated information obtained for a random sample of 388 out of 582 households that managed to escape poverty in the villages where this study was carried out. This is a small sample, to be sure, but some robust trends are identified that are quite likely also operating across a wider area.

Table 9 shows the major reasons for escaping poverty (in order of importance) as described by the households that escaped poverty in the sampled villages. The factors associated with escaping poverty in Kenya fall into four groups. The first and most important cluster of reasons relates to diversification of income sources. Two different pathways are involved in diversification: first, business progress in small community-based enterprises, which are quite significant in rural areas as well as in both small and large cities; and second, through obtaining a job, most often in the informal sector. A vast majority of households that escaped poverty countrywide over the past 15 years did so by obtaining additional income from rural- or community-based informal sector enterprises. This was the case for 51% of the households overall in all the livelihood zones, with this percentage being significantly higher for Zone 2 (72%) and somewhat lower for Zone 1 (44%). Such village-based enterprises included kiosk business and petty trading (such as selling of vegetables, cereals and pulses), livestock trade, running hotels and bars, and operating *matatus* (taxis). Urban households that diversified their sources of income and managed to escape poverty did so by engaging in a variety of business activities, such as operating *matatus* (taxis), owning rental houses in these cities, or operating hardware and wholesale shops. Business gains in small cities are very important for households from pastoral communities (Tana River, Wajir, and Marsabit) and also from big cities such as Mombasa and Nairobi.

Table 9. *Major reasons for escaping poverty (percentage of households*)*

Major reasons for escaping poverty	Zone 1 % hh (n = 142)	Zone 2 % hh (n = 46)	Zone 3 % hh (n = 121)	Zone 4 % hh (n = 42)	Urban % hh (n = 37)	Overall % hh N = 388
Business progress: rural/community based enterprises	44	72	47	50	62	51
Regular employment in private/public sector	18	26	22	47	62	28
Crop diversification	30	50	20	12	19	26
Help from friends and relatives in country	20	30	25	31	24	25
Crop commercialization	26	24	27	17	0	23
Increased land under cultivation	29	0	36	0	0	23
Inherited property	20	0	33	10	8	20
Few dependants	22	13	20	0	14	18
Livestock diversification	18	13	12	29	0	15
Livestock commercialization	0	9	20	21	21	12
Increased herd size	0	24	0	0	0	10
Business progress: small city-based enterprises	6	0	8	14	14	8
Crop intensification	11	0	0	0	0	6

* These numbers do not add up to 100% because more than one reason is often cited by households.
** Livelihood Zone 1 (mixed farming, high potential) was represented by Nyeri, Kirinyaga, Kisii Central, and Butere Mumias Districts; Livelihood Zone 2 (mixed farming in marginal areas with fishing) included Kisumu, Migori and Busia Districts; Livelihood Zone 3 (mixed farming in marginal areas with livestock) included Makueni, Kilifi, Tharaka, Marakwet and Laikipia Districts; and Livelihood Zone 4 (pastoral) included Tana River, Marsabit and Wajir Districts. The Urban Zone (big cities) included Nairobi and Mombasa.

Escaping poverty by getting a job in the formal sector (either in the private or public sector) was also mentioned as an important reason for escape by a significant number of households (28% overall). But compared to informal sector occupations, this factor accounted for many fewer escapes from poverty. It was much more important in the urban zone, where it was associated with 62% of escapes, and much less important in other zones; formal sector employment accounted for as little as 18% of escapes from poverty in Zone 1. Education was almost invariably associated with getting a formal sector job, but relatively few educated people were lucky enough to get jobs, so education served in relatively few cases as a pathway out of poverty.

Crop-related factors form a second cluster of reasons for escaping poverty. Twenty-six percent of the households that escaped poverty countrywide over the last 15 years did so through crop diversification. This includes growing new crops such as maize, beans, Irish potatoes, vegetables, bananas, tomatoes, coffee, sugarcane and tea (Box 1). This factor was almost equally important in all livelihood zones, but it was most important in Zone 2 (Kisumu, Migori and Busia) where crop diversification was associated with 50% of all observed escapes. Crop commercialization is a second crop-related factor associated with many escapes. It involves shifting from producing crops for home consumption to commercial/market-oriented crop enterprises. Crop commercialization was a major contributing factor associated with 23% of all escapes.

Box 1: Philip Lagat—Managed to escape poverty through diversification in farming

Philip is a 46 years old farmer in Chepkongony village, Nandi district. He never went far with his education because he came from a poor background. In 1990 he was working as a casual labourer on the tea farms of his well-to-do neighbours. He used to earn a paltry Kenya shilling (KES) 200 per month from casual work (in June 2009, USD 1 = KES 78.36). He saved this money and bought a local cow for about KES 800 in 1992. He then stopped working as a casual labourer to take care of his family farm and the cow he had bought. In 1995, he got a job on a prominent tea producer's farm as a casual, but this time with a slightly better pay of KES 300. In the same year, he set up a tea seedling nursery on his own farm. From this nursery, he transplanted up to 3000 tea seedlings onto his farm. In 1997, he started harvesting his own tea. His cow was also giving him some milk. His total earnings per month from tea and milk rose to KES 4000. He stopped working as a casual labourer altogether, deciding instead to concentrate on farming. By the year 2000, he had bought a Friesian dairy cow. He also diversified into growing coffee (Ruiru 11 and K7). He joined the South Nandi Coffee Cooperative Society, which helped in marketing his berries. By the time we visited him (2006), Philip was earning up to KES 40,000 per month from sales of his tea, coffee, and milk combined. 'My family is not doing very well but we are comfortable' he said.

Increasing land under cultivation (owned or rented) was another important factor, associated with nearly 23% of escaping households overall. However, this pathway is particularly important in Zone 1 (Nyeri, Kirinyaga, Nandi, Butere Mumias and Kisii Central) and Zone 3 (Kilifi, Makueni, Laikipia and Tharaka), where crop farming is considered quite important. Crop intensification, through improved management practices such as increased fertilizer use and/or the introduction of new crop varieties, is associated with another 6% of household escapes from poverty in Livelihood Zone 1, the high-potential cropping zone.

Livestock related factors form the fourth cluster of reasons associated with escaping poverty. About 15% of households in this category escaped poverty through livestock diversification. This involved investing in new and/or different types of animals, or in shifting to production of new animal products, e.g. shifting from goats to dairy cows, or selling milk or hides and skins for the first time (Box 1). Livestock diversification was found to be a significant factor in moving out of poverty in all livelihood zones (apart from the urban areas), but it was most important in the pastoral areas, as one would expect. Livestock commercialization, which involves shifting from mostly home consumption to selling a significant share of the product, was associated with another 12% of escapes from poverty. It was very important in agro-pastoral districts (Zone 3) and in pastoral areas (Zone 4). It was also very important for a number of households located in urban areas. Such households were found to have their roots in either the agro-pastoral or pastoral districts, and they have made considerable investments in livestock in their villages of origin. Incomes deriving from such investments supplement income earned in urban areas.

Another 10% of the households that escaped poverty did so through increasing the size of their herd. This involved increasing the number of livestock of the same type through stocking more of it or through multiplication. This was only important in Zone 2 (Kisumu, Migori and Busia).[5]

Social factors, such as help from friends and relatives within Kenya, small family size, and inheritance of property from parents were also important in some cases of escaping poverty. They form the fifth cluster of reasons for escaping poverty. Almost 25% of the households in the study that escaped poverty mentioned help from friends and relatives within the country as being key. Such assistance can take various forms: help with getting a job, providing education or school fees, assistance with housing, providing capital for opening/operating a business, and direct remittances. This factor was considered equally important in all livelihood zones, including the urban areas. Property inheritance from parents and relatives was responsible for another 20% of household escapes in this category. Such inheritances were in the form of land, houses, businesses, and so on. Apart from Zone 2 (Kisumu, Busia and Migori), property inheritance was a significant factor in escaping poverty in all livelihood zones. Having few dependants to take care of (i.e., fewer mouths to feed and children to educate) was associated with another 18% of escapes from poverty. However, it played no role in escaping poverty in pastoral areas, where communities still value communal life and having many children is still viewed as additional labour.

One significant finding from the study is that there are important differences between livelihood zones in the pathways followed by households to escape poverty. Crop diversification and commercialization is key in Zone 2 (along with increasing livestock herd size), while expanding the area under crops in Zones 1 and 3, and diversifying livestock assets in Zone 4 are the best options in those areas. These distinctions between the different zones are important to bear in mind while designing better targeted policies for poverty reduction.

6.2 Reasons for falling into poverty

The factors associated with falling into poverty can be grouped into three distinct clusters for convenience of discussion. Health-related factors, including the death of major income earners, comprise the first and numerically most important cluster. The second cluster consists of various social factors, such as having too many dependants to take care of, unexpected loss of property due to theft or insecurity, heavy expenses related to death, alcoholism and/or drug addiction, marriage expenses, and lack of inheritance. The third cluster is related to land and livestock factors.

Table 10 shows the most important reasons for becoming poor over the last 15 years, as cited by households who fell into poverty. The vast majority of households that fell into poverty mentioned poor health and heavy expenses related to health care as critical parts of the process leading to their descent. Poor health of family member(s) as described by these households can lead to decreases in productivity or an inability to work. In addition, these households incurred

5. While it was expected that this should be the case in pastoral areas, it did not turn out being so because of drought which had claimed the lives of most livestock. At the time of the field research, dead animals were seen all over this region.

high costs for health treatments, hospitalization expenses associated with long illnesses, and regular and/or particularly high use of medications. Thus incomes fall while expenses increase hugely, resulting in a steep slide into poverty. Poor health and heavy health care expenses were associated with almost 40% of the households falling into poverty nationally. Ill health affected all the livelihood zones almost equally. However, Zone 2 (Kisumu, Migori and Busia) registered the highest number of households in this category, with 65% falling into poverty as a result of poor health and health-related expenses. Deaths of major income earners (due mainly to disease), was mentioned as an important reason for households descending into poverty. It was responsible for 26% of the household descents identified by the study. This factor also affected all the livelihood zones almost equally.

Table 10. *Major reasons for becoming poor (percentage of households*)*

Major reasons for falling into poverty	Zone 1 % hh (n = 168)	Zone 2 % hh (n = 80)	Zone 3 % hh (n = 136)	Zone 4 % hh (n = 148)	Urban % hh (n = 35)	Overall % hh N = 567
Many dependants needing care	47	44	49	21	51	41
Ill health and heavy expenses related to health	45	65	42	20	31	40
Death of a major income earner	30	43	25	16	9	26
Drought	0	0	21	67	0	24
Unexpected loss of property due to theft/ insecurity	0	11	24	57	0	24
Land subdivision and exhaustion	37	11	29	0	0	20
Livestock related losses	0	0	19	40	0	17
Loss of regular employment in private/ public sector	12	8	12	0	34	16
Crop related losses	12	0	0	21	0	11
Heavy expenses related to death	14	30	0	7	0	11
Alcoholism/drug addiction	19	0	14	0	0	11
Marriage expenses	10	0	13	11	0	9
Lack of inheritance	10	0	0	0	0	6

* These numbers do not add up to 100% because more than one reason could be cited.

Thus, a total of 40% of households falling into poverty were affected directly or indirectly by ill health and high health care expenses. If poverty creation is to be combated more effectively, something has to be done about improving health care, making it more accessible, more affordable, and more effective against illnesses and injuries.

High dependence ratios have arisen as young men and women succumbed to illnesses in large numbers. Having numerous dependants can strain households' limited resources, and has become a key reason for descents into poverty. It was associated with about 41% of all observed descents.

A second set of important explanatory factors for poverty descents are related to land and livestock. The severity and frequency of these factors varies across the different zones in the study. Drought affects both the productivity of land and the lives of livestock. Drought was responsible for 24% of all descents observed, but these effects were concentrated mainly in two zones. The impact of drought leading to the death of livestock and loss of crops was most severe in pastoral districts such as Wajir, Tana River and Marsabit, contributing to more than two-thirds of all descents into poverty (see Box 2). Households in Zone 3, represented by Tharaka, Makueni, Kilifi, and Laikipia districts also suffered considerably from drought, with 21% of descending households citing drought as a major cause.

Box 2: Wario Doyo (became poor due to drought and insecurity)

Wario is a resident of Leyai in Marsabit district. He attributes all his poverty problems to drought and insecurity. He had a well-off family until the drought of 1996 led to the death of all his livestock. It was after this, when he was reduced to being a beggar, that he reverted to crop farming at a subsistence level. However, he could not continue with his crop farming due to banditry in the area. In 1999 he left his home and went to settle with relatives in another village. He came back to his village in the year 2000 when he started farming again. From the sale of his crops, he bought a few goats, but before he could really establish himself he lost his son to bandits in 2004 and had to spend a lot of money in funeral expenses. In the same year, his brother in-law was injured by bandits between Leyai and Marsabit town and he incurred heavy medical expenses in treating him. Wario lost the few goats he had bought to drought in 2006. After that he had to rely on the government of Kenya, non-governmental organizations and his clan members for food, money to pay for medical services, and material for clothing.

Land subdivision, resulting in small and uneconomic landholdings, and reduced soil fertility, brought about by overuse, have been implicated in another 20% of observed descents. These factors are especially serious in the high-potential areas of Zone 1 (Kisii Central, Kirinyaga, Nyeri and Butere Mumias) as well as in Nandi district. Some districts in Zones 2 and 3 are also affected. The shrinking size of landholdings in these districts has resulted from high population densities and the practice of subdivision for sons as an inheritance. Because these households own such small parcels of land, many tend to no longer leave land to fallow and over-cultivate the soil, resulting in the mining of nutrients.

Crop-related losses, due to crop diseases, pests, and long-term (not seasonal) declines in world prices of tea and coffee, have also been implicated in descents suffered in such high-potential districts as Nyeri, Kirinyaga, Kisii Central and Nandi. Livestock-related losses, due to diseases and predators, were associated with another 17% of all descents, and with a much higher proportion of descents in pastoral districts (Tana River, Wajir and Marsabit) and as well in some districts in Zone 3 (Tharaka and Laikipia). Diseases mentioned for being responsible for many livestock related losses included foot rot, East Coast fever, anthrax and pneumonia.

A third cluster of factors associated with poverty descents are social and institutional in nature. A very important reason cited by households as being responsible for their descent into poverty was insecurity and theft of property by thieves and bandits. This factor was particularly serious in the pastoral districts of Zone 4 (Tana River, Wajir, and Marsabit) and it caused significant numbers of descent as well in Zones 2 and 3, which are agro-pastoral districts (see Box 2). We heard frequent mention of cattle rustling and tribal clashes in these areas, leading to large livestock losses, followed by descent into poverty.

Heavy funeral expenses is another factor associated significantly with descent. Funeral expenses mainly involve buying a coffin and food for the mourners, often involving large-scale livestock slaughtering. It was found to be especially important in Zone 2 (Kisumu, Busia, and Migori) due to specific cultural practices that accompany funeral ceremonies in these areas. Other social factors that were responsible for falling into poverty in the country but were not very significant are alcoholism/drug addiction, marriage expenses, and lack of inheritance, as shown in Table 10.

Notably, while some reasons, such as ill health, are commonly associated with poverty descents in all zones, other reasons, such as insecurity and drought, are more acutely experienced within particular zones. A more effective policy for reducing descents will thus be required to have some common elements, extended to all zones of the country, along with some region-specific initiatives, targeted to particular zones. Such a combination of general and targeted measures has the best chance of effectively reducing the large number of descents into poverty.

6.3 Reasons for remaining poor

The factors associated with remaining poor over long periods of time are from the same as those associated with falling into poverty. In addition, one other factor—low-paying occupations—has helped hold people in the clutches of poverty. In these households, negative factors—those associated with falling into poverty—have combined with an absence of positive factors—those associated with escaping poverty. As a result, the households that remained poor have felt more downward tugs than upward influences.

The distribution of reasons experienced by these households is represented in Table 11. The majority of households (57%) that remained poor country-wide cited over-reliance on low-paying jobs in the '*Jua kali*' (vocational) sector, including casual jobs that are susceptible to seasonality and wide fluctuations in earnings. Such jobs, though tax-free, are unreliable as a means for escaping from poverty. Most households that have tended to engage in such employment have ended up always feeling the pressure to provide just enough for the day's meal. As told to the interview teams across the country, households that rely on these occupations can never expect to save money or make the investments required in order to escape poverty. This over-reliance on low-paying informal sector occupations affected households almost equally across all of the zones. It was especially large and troublesome within the urban zone (see Box 3).

Table 11. *Major reasons for remaining poor (percentage of households*)*

Major reasons for remaining poor	Zone 1 % hh (n = 168)	Zone 2 % hh (n = 77)	Zone 3 % hh (n = 211)	Zone 4 % hh (n = 96)	Urban % hh (n = 80)	Overall % hh N = 632
Low pay jobs (including casual jobs)	55	57	63	37	73	57
Many dependants needing care	45	40	44	30	39	41
Ill health and heavy expenses related to health	41	57	37	15	30	36
Land subdivision and exhaustion	29	18	26	0	0	19
Death of a major income earner	21	26	19	21	8	19
Drought	0	0	20	60	5	17
Heavy expenses related to death	32	39	0	0	0	14
Unexpected loss of property due to theft/ insecurity	0	16	14	42	0	14
Alcoholism/drug addiction	14	13	13	0	0	12
Lack of inheritance	9	16	0	8	0	7
Livestock related losses	0	0	9	10	0	6
Laziness	8	0	0	0	0	6
Marriage expenses	0	0	0	12	0	5
Old age	0	16	0	0	0	4

* These numbers do not add up to 100% because more than one reason could be cited.

Notice the clustering of negative factors across zones in Table 10, which follows a pattern similar to the one emerging when reasons for descents were discussed above. Drought and property losses have caused an inordinate number of people to remain mired in poverty in the pastoral zone. Land-related factors are particularly oppressive in Zones 1, 2 and 3.

Alcoholism/drug addiction was a significant reason given for poverty descents only in Zones 1, 2, and 3. It was not a key reason mentioned in either urban districts or pastoral areas. Other social factors that have contributed to households in this category remaining poor include lack of inheritance, laziness, marriage expenses and old age. All these accounted for less than 10% each as a reason cited for remaining poor.

Box 3: Joseph Mbauni Nderitu (has remained poor due to over-reliance on casual job)

Joseph was born in Karigu-ini village in 1959. He has five brothers who have all established their own households. His parents were not well-to-do and as such could not provide for his education past primary school. His parents had a small piece of land which they subdivided among the sons. Because he has a very small piece of land, he spends most of his time selling his labour. He started doing this as early as 1978. Joseph has never been lucky enough to get a job that can push him out of poverty. 'Poverty is part and parcel of my life,' he said. Being just a casual labourer, his status has always remained the same. In 1996, he fell from a building and broke his leg. For lack of money he never received proper treatment and since then his leg has been weak, making it difficult for him to stand for very long. He therefore cannot perform hard labour. In 1998 his wife gave birth to a third child who is not normal, and who requires constant medication and monthly visits to the medical clinic. Joseph's other two children are in school and, while he benefits from free primary education, his income is very low and therefore he finds them to be a big burden to bear. His wife is also a casual worker and since their land holding is very small, whatever small proceeds that they derive from it they consume within three months. After that, they resort to buying food from the market with money they get from selling their labour to their neighbours in the village. At the time he was interviewed, Joseph had just three chickens as the only livestock assets he owned.

6.4 Reasons for remaining non-poor

A total of 778 households countrywide in this category were asked about how they have managed to remain non-poor over the last 15 years. Table 12 shows the most important reasons cited, which can be grouped into three clusters for convenience of discussion, paralleling the discussion about escaping poverty presented above.

Diversification of income sources through obtaining a job or through business gains in the village (or in small cities) forms the first and numerically most important set of reasons (see Box 4). The second group of reasons consists of social and family-related factors, such as small family size and the inheritance of property from parents and family members. The third group comprises land-related reasons. Results from this study show that crop diversification, increased land under cultivation and crop intensification are all significantly associated with remaining non-poor.

Table 12. *Major reasons for remaining non-poor (percentage of households*)*

Major reasons for remaining non-poor	Zone 1 % hh (n = 230)	Zone 2 % hh (n = 176)	Zone 3 % hh (n = 182)	Zone 4 % hh (n = 138)	Urban % hh (n = 52)	Overall % hh N = 778
Regular employment in private/public sector	38	50	48	44	79	47
Business progress: rural/community-based enterprises	37	57	40	36	42	43
Crop diversification	34	47	19	14	15	29
Help from friends and relatives in country	19	32	21	30	19	25
Crop commercialization	22	21	34	0	0	21
Livestock diversification	11	20	14	51	0	21
Inherited property	20	9	24	16	0	17
Few dependants	28	0	18	11	12	17
Increased land under cultivation	27	0	32	0	0	16
Business progress: small city-based enterprises	14	12	21	13	23	15
Livestock commercialization	0	9	19	29	8	14
Increased herd size	0	0	20	15	0	10
Crop intensification	13	0	0	0	0	7
Business progress: Big city-based enterprises	0	0	0	0	23	7

* These numbers do not add up to 100% because more than one reason could be cited.

Box 4: James Mutungi (has managed to remain non-poor through diversification)

James came to Nairobi in 1984 and was living in Kahawa Barracks where he was a high ranking military officer (Warrant Officer 1). When he retired in 1994, he settled in Outer Ring village with his family. From his retirement benefits, he bought a mini-bus, which he operated only for two years. He could not cope with this business as his driver was continuously harassed by traffic police and the cost of spare parts was quite high. During the same period he had a mini-bus he was lucky to get a job with the National Social Security Fund as Chief Security Officer, which really improved his life. He was able to raise enough money to buy a house where his family currently lives. He sold his mini-bus and bought plots within Ruai estate in Nairobi. From his earnings with NSSF he built rental houses on these plots and leased them out, earning up to KES 30,000 in rent. His wife was originally employed at Mbagathi hospital in Nairobi as a nurse, but moved to Namibia upon securing a job with an NGO offering the same professional services.

In short, the factors associated with households staying safely away from poverty are not different from those associated with households escaping from poverty. These positive reasons have helped in all instances to either stave off poverty or to escape from it. Table 12 summarizes these reasons as they operated in the different livelihood zones. Notice how once again different reasons matter more in different zones. For example, crop diversification is far more significant in Zone 2 compared to all other zones, while livestock diversification and commercialization have been comparatively more significant in Zone 4, and land extensification strategies are found to be associated with preventing households from falling into poverty in Zones 1 and 3.

Once again, the analysis shows the merit of adopting a more variegated set of policy strategies, with specific instruments targeted to particular parts of the country. What works in one place will not work in another, and effective poverty reduction policies will require doing different things in different areas.

7 Discussion and conclusion

The findings from this study show that progress in poverty reduction is not a linear process in which households only emerge from poverty. A large—and increasing—number of households have also been falling into poverty. Measures aimed at lifting households out of poverty thus only address one side of the poverty problem. Measures intended to prevent poverty creation are also essential in order to reduce poverty more effectively in Kenya.

Future poverty policies will need to consider not only those who have been 'left behind' by growth, but must also pay deliberate attention to the significant numbers of households that continue to fall into poverty. Different sets of factors are associated, respectively, with movements upward out of poverty, and movements downward into poverty. Thus different policies will be required to deal with these two distinct pathways.

In addition to interventions that help move households out of poverty, stronger interventions will also be required that can prevent or slow down descents into poverty. Such descents are frequent and widespread—and they are not only temporary or marginal occurrences. Very few people who fell into poverty between 1990 and 1998 have succeeded in cycling back above the poverty cut-off. The vast majority of them were found still poor in 2005.

Two sets of anti-poverty policies are required: one to stem future descents into poverty, and another to help more poor people escape poverty's grip. Both sets of policies will need to be informed by knowledge of the reasons that underlie the dynamics of poverty. The main reasons why people are able to escape poverty and the main reasons they do not, as well as why they fall into poverty have been identified in this investigation spanning five distinct livelihood zones.

It was found that even as some reasons are common across zones, others are more zone-specific. Thus, both sets of poverty policies will need to have some common aspects that cut across all livelihood zones, as well as some policies that are zone-specific.

In this paper, we can only sketch the main contours and provide some illustrative examples of the kinds of targeted poverty policies that can help in the future. But a wealth of data has been collected, and more detailed analysis reveals additional fine-grained details about zone-specific policy opportunities.

Slowing the number of descents into poverty (a trend that has accelerated in recent years) will require dealing urgently with three sets of negative factors. Ill health, high health care expenses, and the associated deaths of major income earners constitute the first (and most important) set. Health-related factors have been a primary contributor to household descents in all zones. Providing better and more affordable health care should therefore constitute a major part of the response to poverty country wide. The striking importance of health and disease-related problems and expenses in all the livelihood zones implies, for example, that government assistance in the form of loans and subsidies will not suffice to keep people from becoming impoverished. Until health constraints are overcome, descents into poverty cannot be feasibly arrested.

A second set of descent-inducing factors—related to land and livestock—must also be considered when formulating poverty policies. However, this set of negative factors will require adopting a more zone-specific response. Land exhaustion was especially salient for descent in the high-potential agricultural districts of Zone 1, and it was also somewhat important in Zones 2 and 3 (mixed farming in marginal areas), but it was not significant in either the pastoral districts of Zone 4 or for the urban zone. Instead, in pastoral districts the most serious reasons for descent have been drought, which claimed the lives of many livestock, and theft, which took care of much of the cattle that remained. Suitably addressing these land- and livestock-related factors will go a long way towards lowering the probability of descent in the associated districts, thereby rescuing many families from the ravages of poverty.

A third set of descent-inducing factors are related to social and cultural practices, which also vary considerably among the five livelihood zones. Social and cultural factors, giving rise to uneconomic land subdivision, were of primary importance in Zones 1 and 3, while heavy funeral expenses are implicated in Zones 1 and 2. Reducing future descents will require focusing on mitigating these factors in the specific zones where they operate, while designing programs that will help prevent their emergence in other zones that, so far at least, are not as seriously affected by these reasons. Zone- and sometimes even district-specific policies will be required to better address these factors.

In promoting escapes from poverty, a different set of policies will be needed. Based on the results of this study and past experience, providing more opportunities for diversifying income sources is likely to prove the most fruitful approach. Relying on economic growth to create formal sector jobs will not suffice. It seems highly unlikely that formal jobs will be generated in numbers large enough to provide opportunities to the 50% of the population that is currently poor. Rather, the majority of households that escape poverty will do so through a combination of small business undertakings, informal sector occupations, and formal sector jobs. Of all households that managed to escape poverty over the past 15 years, 51% were assisted in this transition by business progress in rural- or community-based enterprises, and 28% managed to escape poverty when someone in the family found employment in the formal sector (private or public). Such multiple pathways—each involving a different means for diversifying income sources—will need to become broader, deeper and easier to access in the future.

The recently introduced National Youth Enterprise Fund, especially if it is well managed and helps young people gain entrepreneurial skills, can assist considerably with this transition. Similarly, more funds could be channelled to Maendeleo Ya Wanawake Organization[6] for making credit available to enterprising women. Unless additional employment opportunities are made available, or support is provided that facilitates the formation of small businesses (or

6. A non-profit grassroots women's organization with branches all over the country.

that reliably improves farm incomes), most poor households will quite likely continue to remain poor.

Policies that help enhance agricultural production (including both crops and livestock) should also help raise poor households out of poverty. Such policies are likely to have exceptionally large effects in a few zones. However, concerns raised by drought, livestock disease, crop disease, land exhaustion, and insecurity must be addressed before this potential source of poverty reduction and growth can become more beneficial.

Finally, the reasons associated with escape and descent will need to be studied more regularly on a decentralized and localized basis. Reasons operating at the local level reflect and are acted upon by trends in the national and international economies. Shifts and turns in larger trends, coupled with changes at the local level, have the effect of altering over the medium term the nature of reasons associated with escape and descent. Maintaining a careful watch over these reasons will help keep policies more current and more relevant. Conducting regular and periodic research of the reasons underlying poverty dynamics is very important for this purpose. The stages of progress methodology is helpful in this regard. In addition to examining the status and various characteristics of different households, it also enables an examination of the processes that accompany household escapes or descents. Positive reasons—those which help pull households upward—can be identified along with negative reasons, which push households downward, and policies can be formulated to address both sets of reasons as they operate within any specific region. Moreover, the utility of this methodology can be further strengthened if linked with other research approaches, such as detailed household-level surveys and determination of intra-household differences.

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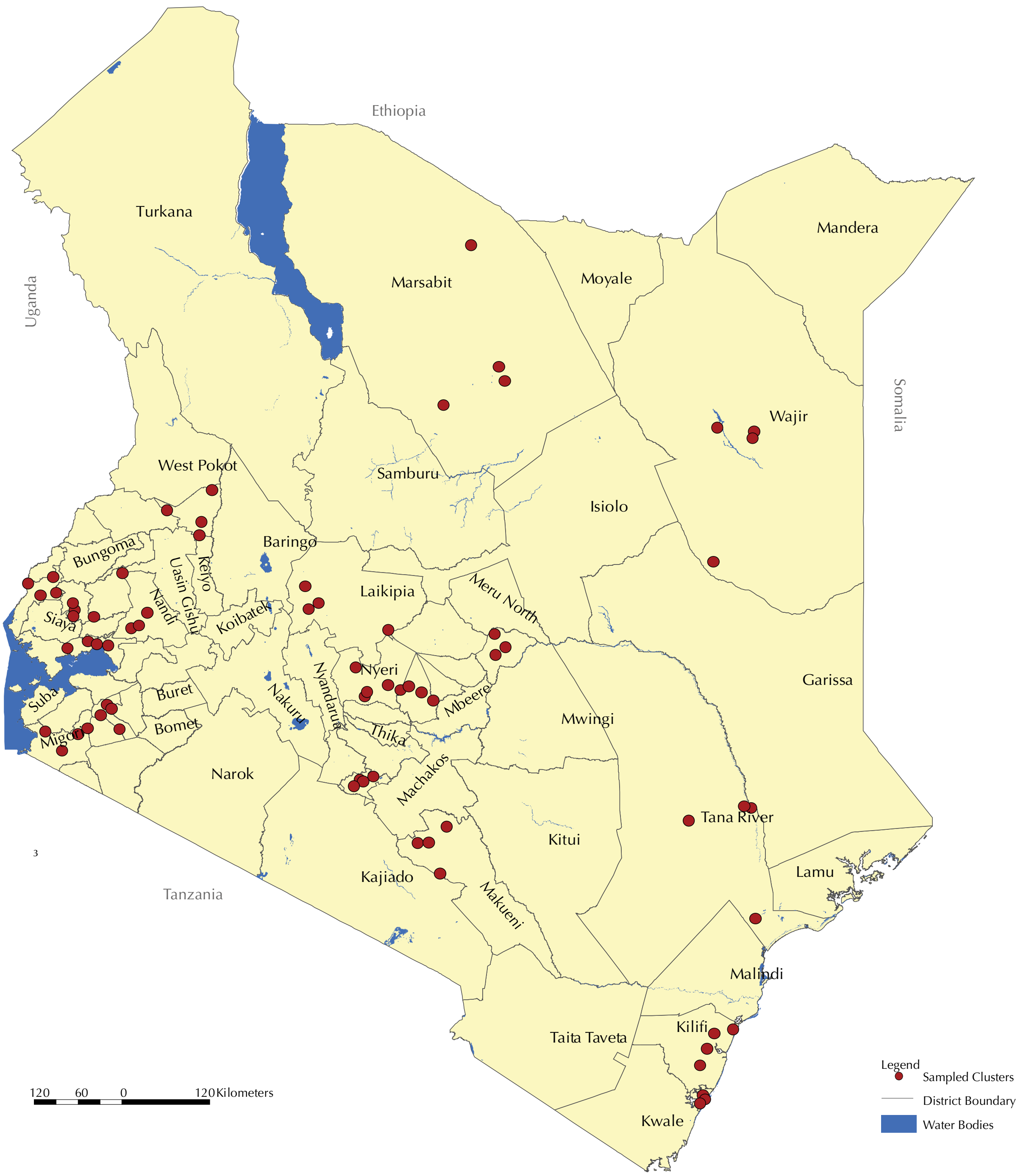
Appendix 1: Selected villages across Kenya



Appendix 2: Map of Kenya showing livelihood zones