

Purpose: To understand the ability of households to move between poverty and prosperity.

Preparation:

Ask the village head to prepare a list of all households that belong to the settlement.

Select 20-25 individuals from different households, who are knowledgeable about the community and households within their village. Ensure that you have a good mix of woman and men.

Step 1: Define and describe poverty collectively

Discuss with the group which households are collectively been thought of as the poorest in the community. Discuss why they are thought of as being poor. Make sure that different criteria are discussed, such as wellbeing, household composition, assets, health, specific livelihood activities.

Step 2: Define the stages of prosperity

Once the indicators of poor families have been established the group successfully answers the question:

- What would this family do with additional resources?
- Which expenditures are the very first ones to be made?

These questions will be repeated until the group reaches the point where the household is considered prosperous. This stage is called the poverty cut off stage.

Be aware that you ask about actual experiences households have made. We are not interested in the groups opinion about what somebody should do with money, but we want to know what households typically do when they have extra resources. An example of different stages of prosperity is given below:

Stage	Kenya		Peru
	(rural)	(urban)	
1	Food	Food	Food
2	Clothing	Clothing	Some clothes
3	Repairs house	Rent a small house	Basic housing/housing repairs
4	Primary education	Primary education	Small animals (chickens, guinea pig
5	Invest in small business	Invest in small *business	Basic education for children
6	Purchase small* livestock		Purchase small plot of land
7			Indigenous breeds of *livestock (sheep, cattle, alpacas, llamas)
8			Purchase large plot
9			Improve/expand house
10			Improved breeds, larger animals
11			Secondary/tertiary education
12			Small business
13			Buy plot/house in city

* stage at which the household is considered prosperous

Step 3: Agree on a well known significant event or events that demarcate an earlier period

Our main objective is to understand how households prosperity changed from the past to the present. Discuss with the group if there has been a significant event; e.g. drought, election, governmental project, start or closure of a factory that has happened 15 to 20 years ago. Use this event to define the past.

Step 4: Assign individual households to particular welfare categories

Use the stages of poverty as a yardstick to assign individual households to a particular welfare category.

Using a complete list of all households in the settlement. Ask the group for each household what the prosperity stage was at the time of event X (see Step 3) and what it is now. Through consensus the group assigns each household to one of the four possible welfare categories.

- a. Poor then and poor now (Remain poor)
- b. Poor then and non-poor now (Escaped Poverty)
- c. Non-poor then but poor now (Became Poor)
- d. Non-poor then and non-poor now (Remain Non-Poor)

Reference: Anirudh Krishna (2004) Understanding Poverty: The Stages-of-Progress Method Economic and Political Weekly, Vol. 39, No. 39 (Sep. 25 - Oct. 1, 2004), pp. 4386-4388.