

Poverty Traps

Economics

Why poverty can be self-reinforcing rather than temporary.

Mechanisms and interventions.

Mechanisms

Malnutrition reducing capacity to work

No collateral, so no access to credit

Illness costs exceeding any savings

Child labour displacing schooling

Risk aversion preventing any investment

Interventions tested

Cash transfers, conditional and unconditional

Microcredit, with mixed measured results

Health interventions removing a specific barrier

Asset transfer graduation programmes

Randomised trials found microcredit's effects far more modest than early advocacy claimed, though not absent.