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Analysing household-level poverty dynamics in rural communities in developing countries

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The forest literature on poverty dynamics in forest reliant communities in developing countries is almost entirely based on cross-sectional assessments of the relative contribution of forest to total household income. These snap-shot pictures provide information on the current consumption and gap filling functions of forests but they do not allow an analysis and understanding of the role of forests in contributing towards escaping poverty. To address this issue, we use panel income data collected quarterly in 2006 and 2009 in the same households (n=416) in three sites in Nepal. The data is used to develop dynamic models which categorize households with regards to their expected wealth status and assess the weight of the eight major income sources in each category. Preliminary analyses show that 32 households moved into poverty, 98 moved out of poverty, 42 remained poor and 274 households remained non-poor. The main income source for households that became poor was livestock, with forest income coming in fourth both in 2006 and 2009. For those who moved out of poverty, the main income source was livestock in 2006 and remittances in 2009. Forest income dropped from the fourth to the seventh most important income source. For those who remained non-poor, their main income source was business in both years. Forest income dropped from sixth to the seventh most important source of income. Lastly, for those who remained poor, the main income source was wages in 2006 and livestock in 2009. Forest income dropped from the third to the sixth most important income source. Forest plays a minor role for most households, and does not appear to play any significant role in allowing households to move out of poverty. Thus forests appear more important in preventing than reducing poverty. There is also a trend favouring income sources such as remittances, livestock and business income. This could be as a result of increased forest restrictions or increased opportunities in other income sectors.