Lectures in Growth and Development

Ec428

(M. Ghatak, LSE, 2009-10)

Topic 1:   Introduction

- "Classical" view of development: growth models (Ramsey, Solow, Cass, Koopmans)

- Resources will flow to take advantage of arbitrage opportunities

- Given diminishing returns, the poor will catch up faster (convergence)

- Long run development reflects preferences, technology, endowments

- Closed economy view

- In open economies, technology flows will remove differences

- Also, trade in goods will equalize factor prices so endowments would not matter

- Empirical evidence suggests limited support for convergence

- Also, even in terms of growth accounting, the optimistic message of Mankiw-Romer-Weil (1992) have now been replaced by more pessimistic results

  – MRW showed that differences in saving rates, population growth rates, and rate of investment in human capital can explain nearly 80% variation in GDP levels

  – Caselli (2005) in his review suggests 66% of the variation remains unexplained if one replaces their measure of human capital (% population who have some secondary schooling) with a more continuous measure that gives weight on primary and tertiary schooling (Klenow, and Rodriguez-Clare, 1997)

- Also, at a conceptual level, even if MRW was right, the explanatory variables they use are more like symptoms as opposed to causes

- So the challenge is to get to causal mechanisms: micro-foundations of development

- Modern view: institutions are important (among many other things)

- Institutions are rules of the game

- The classical view assumes that

  - these are the same across economies

  - "perfect" (i.e., no frictions)

  - For example

    * no entry barriers (justifies the assumption of competition)

    * secure property rights (justifies the assumption of trade and exchange)

- The work of Acemoglu-Johnson-Robinson (2001, 2002) show that

  - countries in which initial European settler mortality was high are those who are doing relatively badly even now

  - it is not the case they were always doing badly: in fact, there is a reversal of fortune - they were doing well at the time of colonization at least in terms of population density

  - AJR argued its because European settlers brought good institutions with them in places where they settled

  - Could be culture, human capital etc.

  - But hard to deny that long term factors seem to affect development - anti-convergence

- Institutional failure lies at the heart of both market and government failure

- In this part of the course, we focus on causes and consequences of market failure and government failure

- Our approach is going to be micro-economic where we develop formal models that incorporate strategic behaviour, asymmetric information and transactions costs

- We will see that if we introduce these frictions in a standard growth model, convergence no longer necessarily follows.

- We will cover both theoretical and empirical work

- Theory without empirics is idle conjecture

- Empirics without theory is mere description

- The two are strong complements

  – Theory tells you what are potentially important causal factors (i.e., where to look and what to look for)

  – Empirics tells you

    ∗ which of these factors or mechanisms are relevant

    ∗ when (i.e., under what environments)

    ∗ throws up puzzles that theory then has to grapple with & come up

with new ones

- We begin with some stylized facts about the lives of the poor (Banerjee and Duflo, 2007)

- This motivates a lot of the topics we study in depth in this part of the course (e.g., market failure, problems in public service delivery)

- The 1990 World Development Report from the World Bank defines the extremely poor as an individual who lives on $1 or less a day (at the 1985 purchasing power parity exchange rate).

- This is close to poverty lines used by many countries (for example, the All India Rural poverty line used by the Indian Planning Commission was Rs 328 per person per month, or \$32 in PPP dollars in 1999-2000) and has become something of a standard measure.

- The poor (as opposed to the extreme poor) are defined to be those who live on less than \$2 per person per day.

- To put all this in perspective, the poverty line in the US works out to be something like \$13 a day.

- How does someone live on \$1 per person per day?

- Or for that matter, how does one live on $2 per person per day?

- What do they spend their money on?

- How do they earn their living?

- What kind of infrastructure do they have access to?

- What kind of markets do they have access to?

- Banerjee and Duflo ("The Economic Lives of the Poor", Journal of Economic Perspectives, 2007) look at household level survey data from 13 countries, including India (listed in Table 1), and describe the patterns of consumption and income generation of the extremely poor, as well as their access to markets and public goods.

- This is based on the Living Standard Measurement Surveys (LSMS) of the World Bank, the Family Life Surveys by the Rand Corporation, and in the case of India, surveys carried out in the Udaipur district of Rajasthan, and in the slum areas of Hyderabad by the authors along with their collaborators.

- While the surveys are not exhaustive or representative by any stretch, it is still a novel attempt to use household level data across countries to get a glimpse into the economic lives of the poor that remain hidden behind dry

aggregate statistics such as what percentage of the population lives below
the poverty line.

- What jumps out of the table is that there is considerable variation in
  living standards both within and across these countries: the poor are not
  a monolithic block. For example, within each country there is a fair bit of
  variation in terms of the relative size of the poor versus the extreme poor.

- Let us begin with the expenditure patterns of the extreme poor.

- As one would expect, food would be a major item of expenditure and that given their resources and nutritional needs they would be putting in as much they can on essential food items.

- Yet, interestingly, as Table 3 shows, while food is indeed a major item of expenditure (56%-78%), the extreme poor spend non-trivial sums on alcohol and tobacco.

- For example, expenditure on alcohol and tobacco exceed that on education for a majority of these countries.

- This suggests that the extreme poor do have some margin of choice and choose not to exercise it in the form of buying more food.

- Perhaps their short life spans make them discount the future more.

- This is consistent with findings from research on nutrition in developing countries that suggest that a 1% increase on overall expenditure translates into about 66% in crease in the total food expenditure even though there is significant extent of malnutrition, as measured by the Body Mass Index (BMI)

- Among productive assets, land is the one that many people in the rural surveys seem to own

- Only 4 percent of those living under $1 a day own land in Mexico, 1.4 percent in South Africa, 30 percent in Pakistan, 37 percent in Guatemala, 50 percent in Nicaragua and Indonesia, 63 percent in Cote d'Ivoire, 65 percent in Peru, and 85 percent in Panama.

- In the Udaipur sample, 99 percent of the households below $1 a day own some land in addition to the land on which their house is built, although much of it is dry scrubland that cannot be cultivated for most of the year.

- In general even when the extremely poor do own land, the plots tend to be quite small. The median landholding among the poor who own land is

one hectare or less in Udaipur, Indonesia, Guatemala, and Timor; between one and two hectares in Peru, Tanzania, Pakistan; and between two and three hectares in Nicaragua, Cote d'Ivoire, and Panama.

- Apart from land, extremely poor households in rural areas tend to own very few durable goods, including productive assets: 34 percent own a bicycle in Cote d'Ivoire, but less than 14 percent in Udaipur, Nicaragua, Panama, Papua New Guinea, Peru, and East Timor.

- In Udaipur, where we have detailed asset data, most extremely poor households have a bed or a cot, but only about 10 percent have a chair or a stool and 5 percent have a table. About half have a clock or a watch. Fewer than 1 percent have an electric fan, a sewing machine, a bullock cart, a motorized cycle of any kind, or a tractor.

- A striking fact that this study reveals about how the poor earn their living across these different countries is that they are "entrepreneurs" in the following sense: they raise capital, carry out the investment, and are full residual claimants of the earnings.

- For example, they buy some fruits or vegetables at the wholesalers and sell them on the street.

- A large fraction of the rural poor operate a farm and many rural households operate a non-agricultural business.

- However, the enterprises are extremely small scale.

- For example, those who own land own tiny amounts of it, and most of it is not irrigated.

- Non-agricultural businesses tend to be too small scale to be efficient and staffed largely by family members.

- This clearly reflects lack of employment opportunities as well as lack of access to financial markets.

- An important policy question is whether to subsidize or encourage this form of "petty" entrepreneurship (e.g., through microfinance) or whether to expand formal sector employment opportunities.

- Access to infrastructure (for example, roads, electricity, water and sanitation) is a key element of quality of life.

- While poverty is measured and conceived in terms of private consumption, this is too narrow a view.

- Two groups of people with similar private consumption will have very different qualities of life if there are significant differences in their access to safe drinking water or medical care.

- From the evidence presented by this study (Table 3) it appears that there is enormous inter-country variation.

- For example, in Tanzania electricity is available to only 1.1% households in the sample, whereas in Mexico it is 99%.

- What is also clear is that there is variation within each country in terms of access to different types of infrastructure.

- For example, in Indonesia 96.9% households in the sample have access to electricity, and yet only 30.5% have access to toilets/latrines.

- This poses a challenge to economists to come up with better measures of poverty that puts weight on deprivation in these dimensions.

- This also should give a moment of pause to those who have full faith on trickle-down economics: economic growth will not automatically take care of these problems.

- In theory, access to markets – for example, credit markets – can potentially help the poor to climb their way out of poverty.

- However, a feature that is common across these surveys is that very few of the poor households get a loan from a formal lending source.

- Even in urban areas where physical proximity of banks is not an issue, very few of the poor households receive any loans from commercial banks.

- Most of the loans they do receive are from informal sources (relatives, shopkeepers, moneylenders) and the average interest rates are extremely high (e.g., it is almost 4% per month in the Udaipur survey carried out by the authors).

- A related issue is the absence of good ways of holding their savings, however small these might be.

- For example, very few poor households have savings accounts.

- Saving at home is subject to all sorts of problems, such as negative real rates of return, theft, and temptation to spend.

- There are some policies that can be helpful in addressing both market failure and behavioural problems of the poor.

- Reducing the costs of financial intermediation, for example, by innovative financial products (e.g., microfinance) that enable the poor to save and borrow more easily is an obvious candidate.

- Another policy that fits the bill is conditional cash transfers to poor families in exchange for regular school attendance by children (along with health clinic visits, and nutritional support) such as the well known Progressa programme in Mexico (now called Oportunidades).

- To sum up, the discussion of the economic lives of the poor throws up three broad areas of study of micro-development issues:

  - Design on anti-poverty programmes. For the very poor we need income support. The problem is what is the mechanism for delivering it (to prevent leakage, to make sure the non-poor don't capture it, for example, make working a condition for receiving transfers, as in the National Employment Guarantee Scheme of India)

  - Fixing market failure to enable the poor greater access to markets, which will enable them to pull themselves up from poverty. (Microfinance, land reform, property rights reform are candidate policies)

  - Fixing government failure to improve public service and infrastructure delivery to the poor. Should one involve NGOs? Should one have public private partnerships? Would decentralization improve the situation?

Table 1: Data sets description

| Country | Source | Year | Avg Monthly Consumption per capita (In PPP$) | Households (HHs) Living On Less Than | | | |
| | | | | $1.08 per person per day | | $2.16 per person per day | |
				Number Surveyed	Percent of Total Surveyed HHs	Number Surveyed	Percent of Total Surveyed HHs
Cote d'Ivoire	LSMS	1988	664.13	375	14%	1,411	49%
Guatemala	GFHS	1995	301.92	469	18%	910	34%
India - Hyderabad	Banerjee-Duflo-Glennerster	2005	71.61	106	7%	1,030	56%
India - Udaipur	Banerjee-Deaton-Duflo	2004	43.12	482	47%	883	86%
Indonesia	IFLS	2000	142.84	320	4%	2,106	26%
Mexico	MxFLS	2002	167.97	959	15%	2,698	39%
Nicaragua	LSMS	2001	117.34	333	6%	1,322	28%
Pakistan	LSMS	1991	48.01	1,573	40%	3,632	83%
Panama	LSMS	1997	359.73	123	2%	439	6%
Papua New Guinea	LSMS	1996	133.38	185	15%	485	38%
Peru	LSMS	1994	151.88	297	7%	821	20%
South Africa	LSMS	1993	291.33	413	5%	1,641	19%
Tanzania	LSMS	1993	50.85	1,184	35%	2,941	73%
Timor Leste	LSMS	2001	64.42	662	15%	2,426	51%

Notes 1) To compute the $1.08 and $2.16 poverty line for the countries in our sample, we use the 1993 consumption exchange rate provided by the World Bank (available at <http://iresearch.worldbank.org/PovcalNet/jsp/index.jsp>) multiplied by the ratio of the country's Consumer Price Index to the U.S. Consumer Price Index between 1993 and the year the survey was carried out.

2) To compute average consumption per capita and the proportion of households in poverty, observations are weighted using survey weight*household size

3) The Mexican Family Life Survey is documented in Rubalcava and Teruel (2004) and available at http://www.radix.uia.mx/ennvih/

4) The LSMS are available from the World Bank LSMS project page.

5) The IFLS and GFLS are available from the RAND FLS page (http://www.rand.org/labor/FLS/)

6) The Udaipur data is available from www.povertyactionlab.org/data. The Hyderabad data is forthcoming on the same page

Table 3: How the poor spend their money

	Food	Alcohol/ Tobacco	Education	Health	Entertainment	Festivals	% HHs with any Festival Expenditure
			As a Share of Total Consumption				
Living on less than $1 a day							
Rural							
Cote d'Ivoire	64.4%	2.7%	5.8%	2.2%	0.0%	1.3%	59.9%
Guatemala	65.9%	0.4%	0.1%	0.3%		0.1%	7.7%
India - Udaipur	56.0%	5.0%	1.6%	5.1%	0.0%	14.1%	99.4%
India - UP/Bihar	80.1%	3.1%	0.3%	5.2%	0.1%	2.2%	
Indonesia	66.1%	6.0%	6.3%	1.3%	0.0%	2.2%	80.3%
Mexico	49.6%	8.1%	6.9%	0.0%	0.7%	0.0%	2.7%
Nicaragua	57.3%	0.1%	2.3%	4.1%	0.0%	0.0%	1.8%
Pakistan	67.3%	3.1%	3.4%	3.4%	0.3%	2.4%	64.8%
Panama	67.8%		2.5%	4.0%	0.6%	0.0%	0.0%
Papua New Guinea	78.2%	4.1%	1.8%	0.3%	0.2%	1.5%	21.7%
Peru	71.8%	1.0%	1.9%	0.4%	0.0%		
South Africa	71.5%	2.5%	0.8%	0.0%	0.1%	3.2%	90.3%
Timor Leste	76.5%	0.0%	0.8%	0.9%	0.0%	0.0%	49.0%
Urban							
Cote d'Ivoire	65.0%	3.5%	5.1%	1.6%	0.0%	2.5%	73.9%
India - Hyderabad	59.8%	2.5%	4.7%	4.6%	1.2%	4.3%	
Indonesia	58.5%	5.5%	8.8%	0.9%	0.0%	2.0%	87.2%
Mexico	59.6%	3.6%	6.3%	0.0%	0.1%	0.1%	1.6%
Nicaragua	56.3%	1.0%	3.6%	6.6%	0.0%	0.0%	2.5%
Pakistan	63.4%	3.0%	6.1%	3.8%	0.3%	2.2%	60.4%
Papua New Guinea	81.7%	0.6%	0.4%	0.0%	1.9%	0.0%	0.0%
Peru	58.5%	0.2%	2.9%	0.4%	0.0%		
South Africa	57.9%	5.0%	1.2%	0.0%	0.1%	4.2%	92.2%
Timor Leste	74.1%	0.0%	0.7%	1.3%	0.0%	0.0%	51.9%
Living on less than $2 a day							
Rural							
Cote d'Ivoire	62.5%	2.2%	7.2%	2.3%	0.1%	1.9%	67.8%
Guatemala	53.6%	0.5%	0.1%	0.5%		0.2%	14.6%
India - Hyderabad							
India - UP/Bihar	76.8%	3.0%	0.2%	6.1%	0.1%	3.0%	
Indonesia	65.0%	6.8%	5.4%	1.4%	0.2%	2.5%	89.0%
Mexico	50.1%	6.5%	6.8%	0.1%	0.4%	0.4%	6.6%
Nicaragua	60.6%	0.6%	2.9%	4.2%	0.1%	0.0%	4.2%
Pakistan	66.0%	2.9%	3.2%	3.6%	0.3%	3.3%	67.8%
Panama	66.2%		3.4%	4.3%	1.2%	0.0%	1.1%
Papua New Guinea	68.5%	5.1%	2.5%	0.4%	0.2%	2.5%	36.7%
Peru	70.8%	1.3%	2.2%	0.5%	0.1%		
South Africa	67.4%	3.4%	1.0%	0.1%	0.3%	3.1%	91.0%
Timor Leste	75.1%	0.0%	0.9%	0.8%	0.0%	0.0%	59.3%
Urban							
Cote d'Ivoire	66.1%	3.3%	4.9%	1.8%	0.1%	2.5%	77.0%
Guatemala							
India - Hyderabad	53.9%	2.7%	7.3%	5.8%	1.7%	5.4%	
Indonesia	60.1%	6.3%	7.6%	1.5%	0.2%	2.1%	90.9%
Mexico	56.7%	4.2%	5.6%	0.0%	0.2%	0.3%	3.7%
Nicaragua	59.9%	0.7%	5.7%	4.6%	0.3%	0.0%	4.9%
Pakistan	60.2%	2.9%	6.3%	4.2%	0.4%	2.9%	66.7%
Panama	50.7%		6.5%	13.1%	1.9%	0.2%	9.6%
Papua New Guinea	61.6%	4.4%	0.8%	0.8%	3.4%	2.3%	30.4%
Peru	56.4%	0.8%	3.6%	0.4%	0.1%		
South Africa	56.9%	5.1%	0.9%	0.2%	0.3%	2.9%	89.4%
Timor Leste	65.3%	0.0%	1.6%	0.7%	0.0%	0.0%	51.8%

Table 4: What do the poor own

Percent of Households with:

	Radio	Television	Bicycle	Land
Living on less than $1 a day				
Rural				
Cote d'Ivoire	43.3%	14.3%	34.4%	62.7%
Guatemala	58.5%	20.3%	23.1%	36.7%
India - Hyderabad				
India - Udaipur	11.4%	0.0%	13.5%	98.9%
India - UP/Bihar	28.3%	7.3%	65.8%	
Indonesia		26.5%		49.6%
Mexico			41.3%	4.0%
Nicaragua	59.3%	8.3%	11.1%	50.4%
Pakistan	23.1%		27.0%	30.4%
Panama	43.6%	3.3%	0.0%	85.1%
Papua New Guinea	18.0%	0.0%	5.3%	
Peru	73.3%	9.8%	9.8%	65.5%
South Africa	72.2%	7.2%	20.0%	1.4%
Tanzania		0.0%		92.3%
Timor Leste	14.3%	0.6%	0.9%	95.2%
Urban				
Cote d'Ivoire	44.1%	5.2%	58.5%	57.3%
Guatemala				
India - Hyderabad	16.2%	57.0%	39.4%	17.6%
India - Udaipur				
India - UP/Bihar				
Indonesia		51.7%		10.7%
Mexico			39.0%	37.1%
Nicaragua	69.3%	21.1%	14.4%	15.0%
Pakistan	36.1%		40.4%	1.5%
Panama				
Papua New Guinea	0.0%	0.0%	0.0%	
Peru	78.8%	46.6%	9.8%	8.6%
South Africa	71.4%	26.7%	1.3%	0.0%
Tanzania		0.3%		71.9%
Timor Leste	10.9%	0.6%	0.8%	89.8%
Living on less than $2 a day				
Rural				
Cote d'Ivoire	70.4%	44.9%	23.0%	58.7%
Guatemala	59.7%	18.6%	25.4%	38.8%
India - Hyderabad				
India - Udaipur	16.1%	1.6%	16.1%	98.9%
India - UP/Bihar	34.2%	9.1%	68.2%	
Indonesia		33.2%		50.9%
Mexico			52.2%	2.3%
Nicaragua	57.2%	19.2%	19.4%	47.9%
Pakistan	30.6%		30.1%	35.1%
Panama	55.7%	10.6%	4.2%	70.5%
Papua New Guinea	27.4%	1.4%	6.9%	
Peru	76.7%	20.9%	10.2%	66.8%
South Africa	79.0%	16.5%	19.5%	5.5%
Tanzania		0.1%		91.7%
Timor Leste	13.3%	0.4%	1.2%	92.6%
Urban				
Cote d'Ivoire	49.6%	11.9%	46.6%	68.4%
Guatemala				
India - Hyderabad	15.7%	73.6%	42.1%	20.2%
India - Udaipur				
India - UP/Bihar				
Indonesia		59.9%		13.9%
Mexico			43.0%	35.2%
Nicaragua	38.1%	54.5%	33.0%	11.5%
Pakistan	42.4%		38.4%	1.6%
Panama	49.2%	70.0%	34.7%	0.0%
Papua New Guinea	46.1%	0.0%	9.6%	
Peru	82.1%	62.4%	15.1%	8.8%
South Africa	78.3%	38.3%	12.8%	2.5%
Tanzania		1.0%		61.2%
Timor Leste	14.3%	3.2%	1.8%	60.3%

Table 5: Economics environment of the poor: Basic infrastructure

Percent of Households with:

	In-House Tap Water	Toilet/ Latrine	Electricity
Living on less than $1 a day			
Rural			
Cote d'Ivoire	11.8%	27.1%	45.1%
Guatemala	37.7%	50.5%	29.9%
India - Udaipur	0.0%	0.0%	8.3%
India - UP/Bihar	1.9%	3.4%	8.7%
Indonesia	5.6%	30.5%	96.9%
Mexico			99.0%
Nicaragua	12.3%	59.0%	16.4%
Pakistan	9.9%	28.5%	55.5%
Panama		37.7%	0.0%
Papua New Guinea	1.7%	95.2%	2.0%
Peru	29.7%		12.2%
South Africa	4.4%	58.9%	5.6%
Tanzania	0.7%	91.6%	1.1%
Timor Leste	2.3%	31.3%	8.8%
Urban			
Cote d'Ivoire	1.6%	11.3%	9.1%
Indonesia	15.7%	34.7%	100.0%
Mexico			95.5%
Nicaragua	29.3%	67.5%	30.2%
Pakistan	50.4%	82.7%	95.2%
Panama			
Papua New Guinea	28.7%	53.6%	28.7%
Peru	73.8%		59.5%
South Africa	44.2%	60.5%	15.1%
Tanzania	12.1%	96.7%	14.2%
Timor Leste	9.1%	42.8%	46.9%
Living on less than $2 a day			
Rural			
Cote d'Ivoire	15.7%	31.6%	68.1%
Guatemala	36.3%	51.1%	29.2%
India - Udaipur	0.0%	0.5%	15.2%
India - UP/Bihar	2.0%	5.7%	10.7%
Indonesia	8.5%	40.1%	89.0%
Mexico			99.0%
Nicaragua	17.3%	63.9%	27.3%
Pakistan	12.6%	33.1%	61.1%
Panama		54.2%	10.1%
Papua New Guinea	1.0%	92.8%	1.8%
Peru	26.1%		16.3%
South Africa	7.0%	65.9%	10.5%
Tanzania	1.5%	92.8%	1.3%
Timor Leste	5.4%	29.3%	11.0%
Urban			
Cote d'Ivoire	4.6%	14.6%	18.6%
Indonesia	20.5%	57.9%	99.1%
Mexico			96.6%
Nicaragua	66.2%	88.4%	70.6%
Pakistan	55.4%	86.2%	95.2%
Panama		89.1%	81.1%
Papua New Guinea	16.0%	70.4%	16.0%
Peru	67.5%		72.4%
South Africa	59.1%	69.8%	34.2%
Tanzania	21.2%	97.3%	23.2%
Timor Leste	29.5%	34.6%	69.1%

Table 6: How the poor earn their money: Occupation

	Percent of Households that own land	Median Ares Of Land Owned	Percent of Households in which At Least One Member: Is Self Employed In Agriculture	Other	Works for a Wage or Salary in Agriculture	Other	Percent of HHs That Receive Income From Multiple Sectors
Living on less than $1 a day							
Rural							
Cote d'Ivoire	62.7%	300	37.2%	25.9%	52.4%	78.3%	72.1%
Guatemala	36.7%	29	64.4%	22.6%	31.4%	86.4%	83.8%
India - Udaipur	98.9%	60	98.4%	5.9%	8.5%	90.7%	94.0%
India - UP/Bihar		40	72.1%	40.2%	2.0%	18.9%	41.8%
Indonesia	49.6%	60	49.8%	36.6%	31.1%	34.3%	50.4%
Mexico	4.0%		4.9%	20.4%	2.8%	72.6%	13.2%
Nicaragua	50.4%	280	54.7%	11.6%	0.3%	42.8%	18.4%
Pakistan	30.4%	162	72.1%	35.5%	32.6%	50.8%	66.8%
Panama	85.1%	300	69.1%	17.7%	0.0%	0.0%	19.2%
Peru	65.5%	150	71.7%	25.2%			34.8%
South Africa	1.4%		0.0%	9.1%	27.9%	26.6%	0.4%
Tanzania	92.3%	182					
Timor Leste	95.2%	100	78.5%	12.0%			10.4%
Urban							
Cote d'Ivoire	57.3%	300	35.0%	4.8%	92.3%	26.3%	47.4%
Guatemala							
India - Hyderabad	17.6%	20	0.0%	18.0%	0.8%	89.8%	11.5%
Indonesia	10.7%	5	9.6%	50.8%	35.6%	77.0%	56.9%
Mexico	37.1%		27.3%	20.7%	24.3%	36.3%	24.2%
Nicaragua	15.0%	350	24.9%	37.7%	0.0%	31.6%	8.3%
Pakistan	1.5%	121	17.6%	51.2%	4.2%	67.2%	38.3%
Peru	8.6%	100	6.2%	57.6%			21.9%
South Africa	0.0%		0.0%	6.8%	9.0%	46.4%	0.0%
Tanzania	71.9%	162					
Timor Leste	89.8%	100	80.6%	7.6%			2.1%
Living on less than $2 a day							
Rural							
Cote d'Ivoire	58.7%	300	25.3%	18.0%	39.1%	83.5%	46.6%
Guatemala	38.8%	31	61.9%	18.5%	30.4%	84.0%	81.2%
India - Udaipur	98.9%	63	98.1%	6.7%	7.0%	86.9%	93.2%
India - UP/Bihar		51	74.5%	41.6%	1.6%	20.6%	44.8%
Indonesia	50.9%	50	55.4%	33.4%	32.4%	34.7%	48.9%
Mexico	2.3%		7.6%	27.2%	1.1%	67.4%	18.2%
Nicaragua	47.9%	420	47.3%	23.2%	0.2%	34.8%	20.7%
Pakistan	35.1%	162	75.3%	32.1%	26.4%	53.2%	64.4%
Panama	70.5%	300	55.5%	36.1%	0.0%	0.0%	24.8%
Peru	66.8%	150	68.6%	27.0%			40.4%
South Africa	5.5%		0.7%	13.6%	18.4%	33.4%	0.7%
Tanzania	91.7%	182					
Timor Leste	92.6%	100	70.7%	11.9%			12.3%
Urban							
Cote d'Ivoire	68.4%	400	35.4%	5.6%	83.6%	32.0%	45.7%
Guatemala							
India - Hyderabad	20.2%	40	0.1%	20.3%	1.3%	88.7%	12.2%
Indonesia	13.9%	20	13.2%	49.5%	18.6%	71.5%	46.8%
Mexico	35.2%		26.8%	21.9%	19.7%	41.4%	23.6%
Nicaragua	11.5%	630	12.1%	45.6%	0.0%	20.0%	8.7%
Pakistan	1.6%	162	17.5%	48.4%	3.0%	68.5%	35.5%
Panama	0.0%		0.0%	51.1%	0.0%	0.0%	0.0%
Peru	8.8%	150	11.4%	61.9%			18.8%
South Africa	2.5%		0.0%	12.5%	6.7%	42.2%	0.5%
Tanzania	61.2%	121					
Timor Leste	60.3%	100	52.2%	18.8%			9.2%

Table 8: Market for Credit and Savings and the poor

	Percent of HH with at least one Loan	Proportion of Total Laons from:										% HH with a Savings Account
		Bank	Moneylender	Microcredit Instiution	Credit Union	Savings Group	Shopkeeper	Villager	Relative	Friend	Other	
Living on less than $1 a day												
Rural												
Cote d'Ivoire	30.5%	5.7%			0.0%	0.0%		94.3%		0.0%	0.0%	79.5%
India - Udaipur	66.3%	6.0%	15.9%	0.0%	6.0%	2.6%	36.4%	4.0%	21.6%	2.1%	2.8%	6.4%
India - UP/Bihar	6.0%	2.2%	19.2%		0.0%	1.5%		60.9%		0.0%	1.3%	
Indonesia	11.6%	25.3%	2.7%	2.9%	0.0%	17.8%	0.0%	0.0%		0.0%	51.3%	6.6%
Mexico	18.5%	17.4%	2.5%		0.0%				53.5%	18.3%	8.3%	6.2%
Nicaragua												
Pakistan	93.2%	1.5%	0.8%		0.0%	0.0%	15.8%	11.2%	38.1%	29.0%	3.7%	11.7%
Panama	2.8%											0.5%
Papua New Guinea												
Peru	12.3%	0.0%					9.2%		23.9%			0.5%
South Africa	39.6%		1.0%		0.0%		71.3%			26.1%	16.7%	
Timor Leste	10.9%	0.0%	0.0%	0.0%								13.4%
Urban												
Cote d'Ivoire	40.4%	3.9%			0.0%	2.1%		92.6%		0.0%	1.5%	93.4%
India - Hyderabad	70.5%	6.9%	61.6%	1.0%	0.0%	0.0%	0.0%	10.5%	6.2%	11.1%	2.7%	24.7%
Indonesia	11.6%	32.3%	22.6%	2.4%	0.0%	3.8%	0.0%	0.0%		0.0%	38.8%	3.3%
Mexico	19.1%	1.2%	12.7%		0.0%				31.4%	40.6%	14.1%	3.0%
Nicaragua												
Pakistan	95.1%	6.2%	0.4%		0.0%	0.0%	8.9%	4.7%	43.5%	23.2%	13.1%	26.2%
Papua New Guinea												
Peru	8.6%	0.0%					0.0%		79.1%			0.0%
South Africa	26.0%		0.0%		0.0%		49.3%			25.5%	22.3%	
Tanzania												17.7%
Timor Leste	10.3%	0.0%	0.0%	0.0%								8.5%
Living on less than $2 a day												
Rural												
Cote d'Ivoire	37.3%	6.8%			0.0%	1.1%		86.9%		0.0%	5.2%	86.4%
India - Udaipur	68.0%	6.4%	17.9%	0.0%	6.4%	2.6%	37.4%	4.3%	23.0%	2.2%	3.2%	12.1%
India - UP/Bihar	6.4%	3.0%	19.8%		0.0%	1.9%		58.7%		0.0%	1.2%	
Indonesia	11.9%	33.3%	4.6%	6.1%	0.0%	23.0%	2.7%	1.5%		0.0%	28.8%	9.6%
Mexico	17.9%	17.1%	3.6%		0.0%				33.2%	20.1%	25.9%	10.1%
Nicaragua												
Pakistan	95.4%	3.6%	0.7%		0.0%	0.1%	16.8%	9.3%	38.1%	25.9%	5.5%	16.0%
Panama	2.1%											2.5%
Peru	14.7%	0.0%					6.0%		30.6%			1.0%
South Africa	41.7%		0.9%		0.0%		61.3%			21.2%	27.4%	
Timor Leste	13.2%	2.5%	0.0%	0.0%								14.5%
Urban												
Cote d'Ivoire	40.0%	4.4%			0.0%	2.1%		90.0%		0.0%	3.4%	90.6%
India - Hyderabad	69.9%	5.1%	52.1%	1.3%	0.0%	0.7%	1.2%	11.5%	12.9%	12.9%	2.2%	23.2%
Indonesia	19.4%	39.6%	9.0%	7.8%	0.0%	13.7%	0.0%	0.0%		0.0%	29.9%	14.9%
Mexico	21.3%	5.3%	10.6%		0.0%				33.8%	34.2%	16.0%	5.1%
Nicaragua												
Pakistan	94.0%	5.8%	0.5%		0.0%	0.0%	11.6%	3.7%	42.9%	25.5%	9.9%	31.2%
Panama	0.0%											0.0%
Papua New Guinea												
Peru	14.7%	3.0%					7.8%		43.3%			0.1%
South Africa	43.1%		1.1%		0.0%		39.8%			23.0%	46.6%	
Timor Leste	11.5%	0.0%	0.0%	0.0%								8.6%