

Shocks and Poverty in Haiti

Alan Fuchs

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Question

Shed some light on relation between shocks and poverty in Haiti

- Use unique dataset collected by a partnership between the World Bank and the Government of Haiti (ECVMAS)
- Use self-reported information of shocks and correlate with household characteristics and income levels
- Consider households' risk coping mechanisms: using savings, receiving aid from friends, changing nutritional inputs or taking children out of school

Background Information

Recent Haitian history has been characterized by a combination of shocks and slow economic growth

- May 2004: Hurricane Jeanne killed around 3,000 people and left 250k + people homeless
- July-September 2008: Cyclones Fay, Gustav, Hanna and Ike affected over 100,000 homes, destroyed 2/3 of Haiti's crops and led to a contraction of 1% of per capita GDP
- January 2010: earthquake caused largest contraction of GDP at 5.5% with a death toll of over 300k + people
- 2012: Hurricanes Isaac & Sandy destroyed nearly USD 250 million worth of crops and 90k + hectares leading to a 1% fall in per capita GDP

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Background Information

Literature on shocks and coping is vast, but analyses specific to Haiti is relatively scarce

- Past research suggests that idiosyncratic shocks are more closely correlated with welfare than covariate shocks:
Jadotte (2010) finds that idiosyncratic shocks are more important in determining vulnerability to poverty than covariate shocks
- Echevin (2013) finds that in 2007 rural households that had experienced an idiosyncratic health shocks had lower per capita income than households who had not experienced such a shock

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Methodology: Shocks

- ECVMAS includes module on **shocks** experienced by households and **coping mechanisms** employed as response
- Information on 18 different shocks and on 35 strategies was collected
- Shocks were grouped in three categories:
 - idiosyncratic economic shocks
 - covariate economic shocks
 - covariate weather/climatic shocks
- Idiosyncratic economic shocks were disaggregated into 6 categories: health, household composition, agricultural setbacks, loss in non-agricultural economic activity, decrease in outside help and crime

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Methodology: Coping

- Coping strategies were grouped into twelve groups
- Analysis focused on differences in shocks and coping mechanism depending on the household's poverty status
 - Thus, the sample was split into four different groups: extreme poor, poor, vulnerable and resilient
- In the sample of 4,930 households, 29% are in extreme poverty, 19% are in poverty, 10% are vulnerable, and 42% are resilient

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Shocks

- Average household experienced 2.7 different types of shocks
 - extreme poor 3.08 versus resilient 2.53 shocks
 - rural 3.29 versus Port-au-Prince 1.85 shocks
- 89% of households experienced at least one shock in the prior 12 months
 - 96% of households in extreme poverty versus 84% of resilient households
- 73% of households experienced idiosyncratic shocks
 - 56% experienced climatic/weather shock
 - 33% experienced community wide economic shock (e.g. food shortages)

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Shocks

- 78% of households in extreme poverty experienced idiosyncratic shocks versus 70% resilient households
- 73% of households in extreme poverty experienced weather shock versus 46% of resilient households
- Resilient more likely to experience crime than extreme poverty (21% versus 13%)
- Weather shocks more prevalent in rural areas than Port-au-Prince (73% versus 34%)
- Health shocks more prevalent in rural areas than Port-au-Prince (48% versus 36%)

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Coping Mechanisms

- Coping mechanisms used depends on Shock Type
 - Idiosyncratic shocks: most common mechanism is receive monetary help
 - Covariate economic or climatic shock: 48% and 24% changed nutritional inputs
- Coping mechanisms vary by poverty status
 - 23% extreme poor changed nutritional profile as a response to their main shock
 - 10% resilient changed nutritional profile as a response to their main shock
- Resilient households were twice more likely to rely on (non-loan) monetary help from outsiders than extreme poor

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