THE CHALLENGE OF ENDING RURAL POVERTY

summary
THE CHALLENGE OF ENDING RURAL POVERTY
The 20 years between 1970 and 1990 saw the fastest and most widespread retreat of poverty, hunger, premature death and illiteracy in history. But progress has stalled since then, and large rural areas, containing hundreds of millions of people, remain mired in poverty. In the 1990s, poverty reduction fell to less than one third of the rate needed to meet the United Nations' commitment to halve extreme poverty by 2015.
The commitment to halve world poverty must focus on reviving agriculture

Globally, 1.2 billion people live in ‘extreme poverty’: they subsist on less than one dollar a day. Seventy five per cent of the poor work and live in rural areas; 60% are expected to do so in 2020 and 50% in 2035.

The 1995 United Nations Social Summit in Copenhagen agreed that each Member State should devise a programme to reduce extreme poverty. Subsequently, the Members States of the United Nations resolved, through the Declaration of the Millennium Summit adopted in September 2000, to “halve, by the year 2015, the proportion of the world’s poor people whose income is less than one dollar a day and the proportion of people who suffer from hunger...”

Progress to date, however, has been well below that required to achieve the goal of halving rural poverty. In South Asia and Latin America, the rate of poverty reduction in 1990-98 was barely one third of what was needed. And it was six times too slow in sub-Saharan Africa.

Meanwhile, the real value of aid fell between 1988 and 1998. The share of aid going to low-income or least-developed countries, where over 85% of the poor live, stayed at around 63%. The real value of aid to agriculture contracted. The rural sector has largely remained neglected, despite its great concentration of poor people.

Effective poverty reduction requires resources to be reallocated to rural people and to the poor. It is inefficient, as well as inequitable, to exclude people from schooling or from managing productive assets because they are too poor to borrow; or because they are born in villages and hence lack urban facilities; or because they live in remote areas with limited access to markets.

Reviving agriculture is still only a part of the answer to end rural poverty. Agricultural change can work to reduce poverty, but only when...
it is linked to social changes that give the poor greater power over the social factors that shape and, far too often, circumscribe the horizons of their possibilities, including their agricultural options and assets.

**Poverty has many dimensions: efforts to reduce it therefore must be multi-targeted**

Different countries measure poverty in different ways that are often hard to compare or combine. They also use different definitions of ‘urban’ and ‘rural’. The great majority of the poor live and work in rural areas and will continue to do so for several decades. And six in ten of the world’s extremely poor earn their living mainly from farming or farm labour.

Poverty has many dimensions. The poor themselves report distress that stems from low consumption, ill health, lack of schooling, vulnerability, lack of assets, low self-esteem and disrespect from officials. People who suffer from any one of these conditions tend to suffer from the others as well. These conditions often reinforce each other.

Poverty is concentrated in low-income countries, but can persist in middle-income countries that are very unequal, notably in Southern Africa and much of South America. Poverty can exist in countries where income levels are generally high, infrastructure and technology are well-developed and urbanization is advanced – for example, in many Latin American countries, the United States and South Africa.

Five aspects are of critical importance for understanding the challenges facing rural poverty eradication.

First, smallholder production and production of food staples play a critical role in the livelihoods of the rural poor. Production of food staples provides the rural poorest with most of their work, income, consumption and calories (70-80% of the calorie needs of the extreme poor).

The non-staple sector, which produces cash crops, other food crops and non-farm commodities, becomes increasingly important because successful staples development can release land, labour and skills for other specializations. Widening market access and liberalization increasingly allow rural people to escape poverty through both staples and non-staples production and exchange. Critical in this process are non-farm assets and skills and infrastructure and institutions that help small units to maintain market access during globalization.
Second, reducing rural poverty requires better allocation and distribution of water to increase the output of staples. Rice and horticulture create much employment income for the poor, but are heavy users of water. Many drylands already suffer from severe water stress. Groundwater tables are falling and surface water may become scarcer due to climate change. There is also heavy pressure to divert water to urban areas and industrial uses. Securing more efficient water use, and increasing availability and quality for the rural poor is a major challenge.

Third, achieving the poverty target requires redistribution in favour of the rural poor. Economic growth alone in many countries will not be sufficient to halve dollar poverty by 2015. In some very poor countries, too many people are too deeply poor. In some middle-income countries, initial inequality is too great. In such cases, the poor must acquire higher shares, access and control of appropriate assets (land, water and other appropriate assets), institutions, technologies and markets.

Fourth, particular groups – especially women – merit special attention. Redressing disadvantage for women, ethnic minorities, people living in the hills and semi-arid areas helps the efficient use of anti-poverty resources – schools, land, water – as well as fairness. Women especially need direct influence over resources and policies.

Fifth, participatory and decentralized methods are especially effective. Participatory and decentralized management sometimes secures democratic control, develops human potential and often improves the cost-effectiveness of a range of actions, from developing new seed varieties, through microfinance, to rural schools and public works programmes. However, experiences with common resource management and microfinance show that, without special measures, decentralization alone will not secure participation of the rural poor.

Underlying all these themes is the fact that labour-intensive approaches are especially appropriate to rural poverty reduction. Capital is scarce in low-income countries and land is scarce in more and more of them. Developing countries, with high ratios of labour to capital, also gain more from market liberalization if they encourage labour-intensive production. Employment-intensive policies, technologies and institutions usually help both economic growth and poverty reduction, since the poor can usually offer only their labour. Thus, subsidies to labour-displacing capital, like tractors, can harm the poor. Smaller farms tend to use more labour and less equipment than larger ones.

IFAD's Rural Poverty Report 2001 explores four themes: access to assets (physical, natural, human and financial), technology and natural resource, markets and institutions. Underlying these four themes is the fact that poverty reduction generally benefits from labour-intensive approaches, both to raise labour and increase land productivity.
WHY AGRICULTURE IS CRUCIAL IN EARLY DEVELOPMENT

As people become better off, their demand for food falls as a proportion of their income. This is one reason, along with technical progress and large farm subsidies in rich countries, why the relative world price of farm products is steadily falling. But this need not impede feasible agricultural expansion; nor does it justify lower public investment and aid for agriculture.

When mass poverty exists with relatively underdeveloped physical infrastructure (such as roads and markets), poor and underfed smallholders and their even poorer employees, use much of their extra income to obtain and consume their own and their neighbours’ extra farm produce - provided public investment and aid supports increased food production by the poor. This greatly reduces any demand problem. What remains can be overcome if, as in the Green Revolution, technical progress in seeds, infrastructure and water management, on small private farms, raises productivity faster than prices fall, leaving farmers, farm workers and food buyers all less poor.

Increased public investment can provide the infrastructures needed for small-scale and labour-intensive production of food and non-food crops, which can be partly traded and partly used to diversify and enrich the diets and employment of their poor producers. In both phases, growth in the rural non-farm economy contributes a rising share of rural incomes, but it depends substantially on consumer demand based on smallholder prosperity.

BETTER ACCESS TO ASSETS BY THE RURAL POOR IS EFFECTIVE, EFFICIENT AND EQUITABLE

For the sustainable development of rural areas, the rural poor must have (i) legally secure entitlement to assets - land, water, credit, information and technology - and human assets like health, child nutrition, education and skills; and (ii) access to markets.

An asset is typically pro-poor if it is labour-intensive, helps build marketable skills, is accessible by women and minorities, has low seasonal and annual variation and risk, and focuses on producing items that loom large in poor people’s budgets, such as staple foods.

Small and divisible assets are easier for the poor to acquire and manage. Fortunately, for important forms of rural assets, above all farmland, small scale has advantages, such as low labour supervision cost and hands-on family-level overview. The persistently large share of farmland development efforts in most countries neglect the rural sector, even it contains three quarters of the world's 1.2 billion poor people. The movement of the poor from the countryside to cities has been overestimated; even by 2020, 60% of the world's poor will still be living and working in rural areas. To succeed, poverty-reduction programmes must therefore be refocused on rural people and on agriculture.
in smallholdings and its labour-intensity combined with low unit costs in most branches of farming, provide strong arguments for (a) stimulating smaller and more equal landholdings; (b) steering more assets, especially education and water-yielding equipment, to rural areas; and (c) tackling the high risk and inadequate access by women that limit the poor’s gains from many rural assets.

Within rural areas, some countries, such as China, suffer from asset poverty mainly due to regional inequality; some, such as South Africa and Brazil, mainly due to land inequality within regions; and others, such as Ethiopia and Bangladesh, mainly due to low average per-person assets and GDP. But for many assets, notably human capital, rural-urban maldistribution is in many countries a main cause of asset poverty, largely because governments and donors overlook rural and agricultural issues. In changing that, three types of assets are most relevant to rural poverty reduction: farmland, water-yielding assets and human capital.

Rural poverty both flows from and perpetuates lack of access to assets. First, people without access to physical assets, such as land, tend to be poor because they rely mainly on selling their labour on poorly-paid markets or to the landed class; they have nothing to sell or mortgage in hard times and are economically dependent and politically weak. Second, people’s lack of opportunity to develop their human assets through education and training can perpetuate poverty. For example, lack of human assets stops children from learning, compels parents to send them to work and perpetuates poverty.

Access to assets is effective in bringing quick relief from poverty. Assets empower the rural poor by increasing their incomes, increasing their reserves against shocks and increasing the choices they have to escape from harsh or exploitative conditions – their ‘exit options’. The poor can gain from assets directly by owning or renting them and indirectly through the growth and employment that assets make possible. But assets alone, without adequate technology, institutions and markets, or the political or economic power to obtain them, are of limited value to the poor.

Improving the assets of the rural poor promotes efficiency by stimulating higher productivity and economic growth. Rural assets, more than urban assets, are more efficient when operated on a small scale and labour-intensively. The benefits of assets strongly reinforce one another. The poor gain more from some improvement in health, nutrition and schooling than from a lot of one and

In most developing countries, urban poverty is accentuated by rural-to-urban migration induced by both pull and push factors. Shifting resources, assets and access from urban people to rural and from rich rural people to poor ones, often advance economic growth and so help reduce overall poverty, both urban and rural.
none of the others. Such human assets do more for a poor person if he/she also has some farm or non-farm assets and his/her productivity is rising. Previous education helps a poor person to obtain better returns from irrigation.

Efficiency is improved by the participation of beneficiaries, including poor ones, in the ‘project cycles’ where specific activities focus on building up their asset base. Decentralization alone may strengthen local ‘big men’ rather than the rural poor. The goal must be to progress from participation to empowerment, so that the rural poor become effective interlocutors with their governments and local authorities in decision-making that affects their resource entitlements and livelihood.

Increasing the assets of the rural poor promotes both equity and efficiency. The gap in asset-ownership between urban and rural areas and between rich and poor is much greater than the gaps in income and consumption and has not shrunk since the 1970s. The rural poor have frequently been excluded from access to land and other resources by the power of elites; by poor rural services, including education, extension services and health care; and by institutions and departments that do not engage with local people in decisions on resource allocations. Usually the allocation of public services is biased towards urban areas.

For many important assets, bias against women harms the poor, both because it is unjust and because it is inefficient and slows economic growth. The gaps between men and women’s access to education and literacy are huge. These gaps are greater in rural areas and greatest for the rural poor. Yet extra schooling for females does much more for poverty reduction and for child health and nutrition than does extra schooling for males. Women’s lower adoption of agricultural innovations may be due in part to lower levels of education; equally educated men and women farmers adopt technologies at similar rates. Across Indian States in 1957-91, the responsiveness of poverty to initial female literacy was higher than to any other initial condition.

Additional human capital for poor rural women and girls could create a virtuous circle of higher income and better health and education, transmitted between generations. An increasing proportion of rural people and household heads are women; higher incomes for them benefits subsequent child nutrition and education. But the rising average age of the workforce means that a large, growing majority of the 2020 workforce is already well past school age. So, in order to benefit employment and labour productivity, human capital formation must concentrate much more upon adults, for example with rural female literacy programmes.
Over two thirds of the income of the rural poor is from farming. Most of the rest depends for growth on linkages to farming. The proportion of the rural poor who mainly depend on hired labour is rising. Land deprivation is strongly linked to poverty and vulnerability and brings powerlessness, especially for ethnic minorities long confined to remote and marginal lands.

While land redistribution to more equal family holdings has been significant in some areas in cutting poverty, it has limited impact in others. In much of Latin America and Eastern and Southern Africa, land ownership remains highly unequal and rural poverty widespread. In most transitional economies much land remains in big state and collective farms; this harms the poor by being inefficient as well as by reducing employment.

Land redistribution can do much to reduce poverty. Much land is locked into large, inefficient farms, whereas small, equally-sized farms promote employment, efficiency and growth. Giving women rights to land also gives them power, especially by improving their reservation wage and hence their role and bargaining strength within marriage. Such empowerment reduces women’s vulnerability within the household.

Land redistribution is crucial to getting more assets to the rural poor. Highly unequal land ownership reduces economic growth and diverts its benefits away from the rural poor. Most of the rural poor depend on farm income, yet usually control little farmland. Land reform to create small, not-too-unequal family farms is often cost-effective in reducing poverty. It also helps hired farm workers because small farms employ more people per hectare than do large farms and small farmers and their employees spend more of their incomes on employment-intensive rural non-farm products. Land redistribution remains cost-effective against poverty in Latin America and Southern Africa, where some ethnic groups remain in rural poverty largely due to exceptional inequality of education and farmland distribution.

Allowing for land quality, ‘land productivity of smaller farms is usually at least twice that of the largest ones... in Colombia;... in North East Brazil in most of the six zones; in India [and in the Muda Valley], Malaysia’. This is confirmed by farm-level data in 12 of 15 ‘countries [and] in a study of Indian villages, where a 20% decline in [gross output per hectare] was associated with a doubling of farm size’.

‘In... Zimbabwe, Lesotho, Malawi, South Africa and to some extent Namibia... [very unequal] access to land under conditions of limited agricultural potential... [is] the result of historical circumstances [rather than] population pressure... it is difficult to see how smallholder agriculture can contribute to a significant reduction in rural poverty without revision of the distribution of land’ – as in much of Kenya, Eastern Zambia and parts of Uganda.
Land reform does not have to be confiscatory, statist or top-down, as it used to be. ‘Market-based’ land reform can be decentralized, market-friendly and supported by civil-society involvement. Both communal land tenure and private tenancy can be pro-poor; restricting them is usually counter-productive. Furthermore, exclusive emphasis on land asset control by households ignores the fact that many households, laws and customs discriminate against women, thus damaging efficiency, equity, child health and poverty reduction.

Few traditional or reformed land-allocation systems have significantly raised women's control over land. Although many societies have shifted education, health, non-farm assets and access to assets through credit to women, large shifts of farmland to women are far rarer. Giving women rights to land also gives them power and helps them to take more control in existing relations, for example by improving women's wages and hence their role and bargaining strength within marriage. Such empowerment reduces their vulnerability within the household.

Apart from customary and religious obstacles to ownership by women, even where a woman owns a particular plot, her husband remains in control because she still suffers from higher illiteracy, restrictions on mobility such as purdah (which also hamper interaction with markets and public extension services) and taboos against females undertaking certain tasks like ploughing or (in Southern Africa) cattle management. Especially where fertility remains very high, women's preoccupation with family and household tasks precludes them from hands-on farm management in peak seasons; yet women's farm productivity is usually at least as high as men's, so that their relative exclusion from land asset control is due partly to the structure of rural power, not only to physical realities or to women's own preferences.
Despite examples of successful collective action by women to secure individual control of land, the issue has so far proved largely intractable by markets, reforms and laws. More thought and more carefully selected actions are needed to address women’s disadvantage in land access effectively.

Supply-led reform increases the net supply of land from sub-dividing government-held public lands and large-scale farms for sale, or redistribution, in small units to the landless or near-landless; and demand-led reform that increases net demand for land by land-poor households. Since farmland is increasingly scarce, demand-led methods push up land prices but bring only small increases in the quantity of land supplied from rich to poor. Such reform is also expensive, raising problems about what the taxpayer is able and willing to afford. It is useful as a source of land transfer to the poor when land prices are relatively low, for example, when the rich are facing mortgage foreclosure, natural disaster, collapsing product markets, or fear of land seizures or invasions.

Supply-led reform is more promising. The Bhoodan, or land-gift, movement in India in the 1950s appealed to rich people’s sense of moral and religious duty and released several million hectares of land, but mostly bad land, which did not always pass to the poor quickly, or at all. In Taiwan in the 1950s, the government could increase the supply of land by offering landlords compensation in the form of shares in seized Japanese urban assets. In much of Southern Africa, colonial laws against subdivision remain; scrapping them would raise land supply from rich to poor. Where there are well-recorded individual land rights, even quite modest rates of progressive land tax can both raise land supply and steer it towards small sales, helping poorer buyers. In North-East Brazil’s decentralized reforms, local authorities secured consensus by offering large landowners access to new irrigation on their retained land in return for giving up some land cheaply to the reform; but this requires the taxpayer to pay (helped in this case by a World Bank loan).
Decentralized and market-assisted modes of land reform carry institutional requirements, like group formation, land search and valuation, negotiation, bidding, farm planning and training and service support for several planting seasons while beneficiaries learn the necessary small-holding skills. Guidance has often come in the past from an NGO or civil-society group that has supported the community during the period of acquiring the land. Conversely, the support has often come from multilateral or international financial institutions such as IFAD, which support land management projects. An example is IFAD’s Sustainable Development Project for Agrarian Reform Settlements in Semi-Arid North-East Brazil, which is to provide smallholder support services based on community-based land reform.

The prospects for rural land reform are brighter where civil society, intergovernmental organizations and governments can be merged into a common effort. A modest contribution to this effort has been made by the Popular Coalition to Eradicate Hunger and Poverty which has drawn up a strategy based on political and economic support, information dissemination, coalitions of urban and rural peoples, creation of innovative opportunities, sharing of knowledge, establishment of a legal and regulatory framework, financial support, legal rights for women, fostering organization of communities, participation, etc.

THE RURAL POOR NEED MORE ACCESS TO WATER
Increasing water scarcity coexists with big subsidies to farm water – subsidies that reduce efficiency and, on balance, harm the poor. Combined with the growing need of the urban poor for clean domestic water and their willingness to pay for it, this has created pressure to divert water from farming, reflecting overwhelmingly urban interests. Yet the poverty-reducing Green Revolution was largely confined to water-controlled lands. The rural poor share even less in farm water than in farmland. In some countries the rural pool’s share of controlled water for production and clean drinking water is so tiny that substantial, open redistribution from urban and rich rural people is inescapable.

More control by the poor over water is essential if they are to realize the full benefits from farmland. Poverty has fallen fast in East and South Asia, in large part because about one third of the farmland is irrigated; in sub-Saharan Africa, where rural poverty persists and agriculture is stagnating, less than 5% of farmland is irrigated.
Water control is also vital for adequate and healthy drinking water and sanitation. Yet the rural and the poor have even less access to water control than to land. Climatic and economic developments threaten many rural people – especially the poor – and their food production with growing water stress. Improving this depends partly on redistributing water-yielding assets and partly on incentives to use assets that save water by using labour. Small, divisible, farmer-controlled water supply systems benefit the poor most, but in some conditions and with environmental caution, large systems remain essential. In either case, user participation in design, management and maintenance are proven keys to asset efficiency. Yet they are usually absent.

Appropriate water pricing and participatory water users’ associations are important parts of any thrust towards rural water-use efficiency. However, the poor can gain more from water or water-yielding assets by either redistribution or improved efficiency. Can the two go hand-in-hand? Large, rich farmers would find it paid to save water (like land) by using capital; small farmers by using or hiring labour. Overall, economic efficiency of water use in agriculture is low; it would pay society (if not always the individual farmer) if more were spent on reducing spillage, leakage, infiltration, evaporation, clogging of water with weeds, failures of drainage, diversion of water to drown weeds (as on the IFAD-supported Kirindi Oya Irrigation and Settlement Project in Sri Lanka) and impediments to river and aquifer recharge through mistimed or mislocated irrigation or drainage.

Cleaner water is more cost-effective in improving rural health and productivity if it complements other inputs, avoids technology dependent on unreliable external fuel, spares and maintenance, and trains and pays community maintainers.

For women, access to irrigation assets is especially challenging. Unfortunately, projects that address this problem by providing irrigation for a crop traditionally farmed by women, but without changing power structures, incentives or social norms, may cause the crop to become a ‘man’s crop’ alongside control over the water-yielding asset – as with rice irrigation in an IFAD project in The Gambia.

In rural Bangladesh, the NGO Proshika set up a project for groups of landless people to sink wells using local credit suppliers. The incomes of these water sellers have increased. Some are now providing credit to small farmers and their position in society has improved as their control over water resources gives them leverage over farmers when dealing with other issues.
Even such partial participation in irrigation projects may be in women's interest. Women's consumption improved in the case of The Gambia, though their status and asset control did not. Also, they may be able to use the water for domestic needs. But public, NGO and donor stakeholders can facilitate irrigation incentives, rules of participation and management and forms of organization that allow for women's and women-headed households' farming and other needs. The large Bangladesh NGO, Proshika, has financed and trained groups mostly composed of women to control water-yielding assets and sell the water, mainly to male farmers.

In Kenya, since claims on water are allocated within the community through contribution to maintenance (carried out by men), women cannot directly obtain water-yielding assets. They must pay men for irrigation water; some widows have had to give up irrigated farming. In Burkina Faso, some women are lent irrigated land in the dry season in order to grow vegetables; in Ecuador, women rely heavily on social networks. In such cases women obtain water rights annually and on an ad hoc basis, rather than securing claims on water-yielding assets. Access is unsure and conditional, partly because it is linked to women's limited rights to land.

Policies and programmes to help the poor through the redistribution of water-yielding assets include: (a) restricting pumping; (b) responding to poor users' needs, for example by supporting water harvesting; (c) credit, technical help or hydrological data to help the poor invest in wells; (d) facilitating private rent or sale of water-yielding assets to the poor; (e) substitution of employment for water in irrigation management and maintenance; (f) water users' associations, representing the poor, to help control and manage systems; (g) removing water subsidies; safeguarding the poor by allowing user groups to pay by maintenance work; (h) enforcing modest water charges; and (i) using slack season labour, as in the Food-for-Work Programme in Bangladesh and Employment Guarantee Scheme in India, to help irrigation and drainage maintenance.

**Improving human assets**
Better health, education and nutrition help the escape from rural poverty by raising the income and food production of farmers and workers in low-income areas. In these roles, human assets complement others: if the economy, physical capital, technology and employment stagnate, extra human assets for the poor may simply shift income among them. Moreover, while education, health and nutrition assets in developing countries have been improving unevenly and often slowly,
the huge rich-poor and urban-rural disparities have widened. Investing in improving the human assets of the rural poor, especially women, is usually cost-effective, partly because of mutual reinforcement among better health, nutrition and learning and smaller families, less poverty and higher productivity.

Women's education improves child health, education and nutrition. The rising proportion of women farmers increases these prospects. Nutrition improvement raises subsequent learning, productivity and wage rates and cuts the risk of income loss due to illness: it does most for the worst-off. The rural poor's gains from improved health can depend on complementary nutrition and schooling.

Decentralized responsibility for asset formation in health, education and nutrition increases returns to the poor.

**Education**

Education speeds up the adoption of productive new technologies, often bringing large productivity and income gains for small farmers and farm workers. In Thailand, four years' education triples the chance that a farmer will use new chemical fertilizers; educated farmers in India are more likely to use credit, irrigation and improved seeds.

Education speeds up adoption of new agricultural technologies and of cash crops. Education can impart new farming practices in schools; ease access to new information; facilitate access to others with information, such as health professionals and extension agents; improve ability to use new information; and so speed up innovation. This matters most during rapid change, as with the early Green Revolution in the Indian Punjab; then, ability to master correctly new combinations of inputs and technologies can have high payoffs. But if there are few new opportunities, or if their benefits are confined to those with substantial fixed assets, education alone may do little to help the poor.

**Health and Nutrition**

Acute illness especially handicaps the rural poor from increasing their incomes, learning and escaping poverty. They are also vulnerable to chronic illness and injury due to unfavourable working, living and water-sanitation environments and to low nutritional assets, such as height and lean body mass. Shortages of calories substantially reduced the productivity of rural workers in India and cane-cutters in Guatemala. For rural labourers in Sri Lanka, wages rose by 0.21% for each 1% rise in calorie intake. Anaemia has been found to reduce productivity and iron supplementation to raise it.
Rural workers' incomes depend both on the capacity to fight off illness and on lifetime physical, learning and mental capacity and hence productivity when well. Both are much affected by child nutrition, including exposure to infections that impede the absorption of nutrients. Lack of calories and micronutrients in childhood bring low height in adults. This reduces market wages for adult cane-cutters in the Philippines. For men of the same height and caloric intake, greater body mass brings higher wages, though height has more effect. The nutrition-strength-productivity effects are much clearer for the smallest and poorest adults than for others and for those likely to do heavy physical work: the rural ultra-poor. Undernutrition also impedes learning, schooling and hence later productivity, again harming the rural poor most. Child ill-health and undernutrition are thus causes, not just effects, of rural income poverty. A virtuous circle emerges from targeting outlays for better child nutrition on the rural poorest: it brings better adult health, education and productivity, which further improve child nutrition.

Yet even among the poor, calorie intake seldom rises by more than 4% when income rises by 10%. Direct approaches may be needed, such as helping the poor to cope with fluctuations in food supply. Targeted nutrition interventions can also be highly productive for the rural poor; increasing emphasis is now placed on micronutrients.

As for chronic illness, in parts of Africa and Asia, many are dying from HIV/AIDS. Life expectancy in several Southern African countries has regressed to 1960s levels. As well, others have to leave work in order to care for the sick and the orphaned. HIV/AIDS is increasingly a disease of the poor: poverty may encourage migration and push women into prostitution. Though thought of as mainly urban, HIV/AIDS is spreading faster in some rural areas of India. In much of Africa, it is as common in rural areas as in the urban ones. Rural areas along truck routes, or sources of migrant labour to towns, are specially vulnerable, as are nomadic pastoralists and farm women with seasonally migrant husbands. Yet prevention programmes covering information, AIDS tests, counseling and condom supply, are less developed in rural areas, even though rural families bear the main burden of care and costs. The burden of chronic rural sickness is also swollen by the spread of drug-resistant malaria and tuberculosis and is exacerbated by the fact that urban people often return to the village when sick.

Any strategy for rural poverty reduction must include shifting asset formation towards building the health, education and nutrition of the rural poor and away from concentration on tertiary urban health and education. It is also essential to improve the efficiency and equity with
which scarce resources for building rural human capital are used and maintained, by reducing gender inequity in access to human capital assets and increasing user control over, and contribution to, providing such assets. User fees, however, have proved an inappropriate and harmful means to these ends for primary health and education.

**Other assets**

Livestock, especially small stock, can be crucial to income. The poor need institutions to acquire, manage and trade livestock and their products and to help avoid crises in animal feed. Cattle ownership is often heavily skewed against the poor and women. Poverty reduction is advanced by refocusing livestock public-goods provision on smallstock; by reducing artificial barriers to largestock ownership by the poor; and by furthering the practices by which the poor control and manage livestock they do not own.

Housing assets of the rural poor are often even worse than for the urban poor, yet almost all habitat policy is urban. The rural poor’s dwellings need frequent repair. Traditional materials are getting scarcer and need research on better durability and access. Public works can include off-season work in small local firms to test new house designs. Redistribution and service support for rural site-and-service and home gardens may also be feasible.

Transport and communications assets are often unsuitable for private or joint producer control by the poor. But the poor’s weak access as consumers and producers carries huge handicaps and costs, both in market access and, especially for women, in domestic and inter-village farm, fuel and water transport. Non-motorized vehicles can greatly cut such costs and are easily maintained.

The rural poor want assets to raise income and to provide buffers against shocks. The poor are more likely to control some sorts of assets than others; but farmland, water-yielding assets and human assets are especially crucial. Pro-poor policy should be directed at improving access to and returns from assets. For land and water this may require redistribution; access to livestock, human capital and non-farm activities require mainly greater opportunity. Gender inequality in access to assets needs to be addressed in policy and monitored. Rural people in most developing countries enjoy less, per head, of most sorts of assets allocable between city and countryside, especially human capital; these gaps, which in general are not falling, are both inefficient and inequitable.
NON-FARM ACTIVITIES

Poor households typically have diverse sources of livelihood, both to reduce risk and to provide income in slack farming seasons and bad times. While farming and hired farm labour usually remain the main occupations, the rural non-farm sector (RNFS) is becoming increasingly important as a source of income and employment for the poor.

The RNFS now accounts for some 40% of rural employment in Asia and is growing over twice as fast as farm employment in India. Its share of rural employment has increased rapidly in Latin America; in Brazil and Ecuador it reached at least 30% in the early 1990s. The proportion of rural incomes earned from RNFS has also increased in most cases, averaging 45% in 25 African country case studies; in India the range is 25-35%. The proportion is higher for poor than non-poor households in many places like India, Pakistan or Mexico, but in Africa the RNFS share in non-poor incomes may be twice that of the poor.

Rural non-farm work is more labour-intensive, lower-skilled, stable and thus pro-poor than urban non-farm work. But the sorts of RNFS growth that reduce poverty usually work best where farm income, and thus local consumer demand, grows too. The RNFS often comprises ‘distress diversification’ into otherwise declining crafts, because farming is doing badly. This can sometimes revive rural incomes; Botswana craft baskets are a striking example. However, RNFS growth is most likely to cut poverty if it is based on successful farmers and their employees, who demand booming services like construction, trade and transport. Most traditional kinds of rural non-farm work, reflecting family skills, shortage of land or the need to diversify against seasonal unemployment or annual drought risk, is linked to poverty, so should not be neglected; but modern, linkage-based RNFS is a more promising way out of poverty.

Usually, poverty-reducing growth of the modern RNFS is more likely to arise from widely shared agricultural growth that generates rising demand for local RNFS activity and from interventions to provide the poor with appropriate skills, education and competitive nearby credit, rather than with physical non-farm assets. The history of subsidies for assets in the RNFS suggests that centralized government intervention seldom succeeds in targeting gains on the poor: rural ‘industrial estates’

An IFAD report on microenterprise in West and Central Africa shows that most RNFS asset support leaked to the non-poor, partly because of the lower fixed costs of administering larger transactions. India’s Integrated Rural Development Programme, intended to direct grants and subsidized loans to the poor for non-land assets, had mixed results but is widely agreed to have been ill-targeted and cost-ineffective.
have a long history of failure and often subsidize medium entrepreneurs against tiny, poor competitors.

In remote areas, high transport costs can provide natural protection for RNFS, making it potentially profitable. Also, RNFS income can be a source of savings for farm investment. Yet RNFS itself seems often to need outside credit more than farm investment does: Indian districts with good branch bank networks show faster growth in RNFS, but not in agriculture. Often RNFS profit levels are dependent on local farm production, forward and backward linkages to agro-industry and especially ‘consumption linkages’ to higher incomes, locally spent, for smallholders and farm workers. Roads and communications, as well as bank infrastructure, often affect inputs and marketing more for RNFS than for farms.

Where land is scarce yet farm yields cannot keep up with the growth of rural working population, RNFS growth is needed to provide employment and keep poverty falling, as well as to reduce excessive pressure on natural resources. Yet the modern, dynamic, RNFS sub-sectors, such as construction, transport and shops, seldom prosper where agriculture is stagnant. Traditional crafts and services are most likely to engage large proportions of the rural poor, keeping them alive if not lifting them out of poverty. Policy should avoid undermining these sectors. But artificial support for traditional crafts is doomed, especially as competition from modern urban sectors and imports is liberalized. The best prospect is offered by appropriate regulatory and credit frameworks, public support for training and other measures to revitalize RNFS by upgrading assets in very small units for the rural poor.

Such opportunities should be directed at a number of areas.

• Links between agriculture and rural non-farm activity should be strengthened. In North Arcot, India, a 1% increase in agricultural output is associated with a 0.9% increase in non-farm employment.

• Those RNFS activities should be supported that bring about the most and fastest poverty reduction. Where growth is rapid in RNFS sub-sectors, the entry barriers faced by the poor should be addressed, such as lack of finance, of information about technology and markets, of skills and of infrastructure.

• Government regulation should concentrate on health, safety and competition. Implementation should be open, bound by simple published rules, concentrated on important cases and enforced through civil-society pressures and light but applied laws.

• Appropriate credit support should be given. Although many micro-finance institutions, like India’s IRDP or Bangladesh’s Grameen Bank, target the RNFS, access for the poorest is very limited.
• Human capital provision is essential to enable the poor to undertake rural non-farm activities. This need not consist of formal primary education. There is plenty of scope for basic literacy, numeracy and book-keeping classes which could improve the position of the poor within the rural off-farm labour market, if not enable them to set up their own profitable enterprises. Indeed, the aging workforces of Asia and Africa mean that most of the working poor in 2020 will have already completed formal education; in RNFS and elsewhere, it will be too late to meet their skill needs that way.

**Technology is crucial in reducing rural poverty**

In 1965-85, much of Asia and Central America experienced the Green Revolution: a big technology shift that increased yields in rice, wheat and maize, enhanced employment and brought about a rapid fall in poverty. But these effects have since slowed down.

Technical progress has by-passed hundreds of millions of poor people - many of the remaining hard-core poor - in specific regions (including most of Africa), agro-ecologies (dryland, upland) and products (sorghum, yams, cassava, smallstock).

Recent scientific advance brings new prospects for reigniting and spreading to laggard areas and crops the technical progress that can reduce poverty and conserve resources. Appropriate technical change can also reduce or reverse the depletion and pollution of water resources in many areas and of land in some areas.

Pro-poor, sustainable technical progress should seek robustness, stability, yield enhancement and labour-intensity. To achieve these aims when selecting product and method priorities in technology policy, cooperation is desirable between research groups (formal stations and farmers) and types (bioagricultural and land-water management research).

Existing technologies should not be written off. In many cases, their potential has not been exhausted and needs to be explored further. Their potential in breaking the barrier of higher yield and sustainable development is often constrained by institutional factors: lack of water and extension and of adequate support services. New technologies are not panaceas for such problems. However, small farmers are not slow to adopt existing technologies that are clearly superior and safe. Extension services with few innovations to extend can seldom achieve much by persisting with techniques that farmers have rejected in the past.
An important element is the availability of information on technological options for the rural poor. The capacity of the poor to evaluate options and the growing volume of ‘advice’ is important. This is the necessary social dimension of technological revolution. The poor have to be involved in the specification of need, evaluation of responses, options and choice of production strategies.

**Bioagricultural technology: potentials and priorities**

In bioagricultural research - whether classical or new - the goals must be employment-intensive but result in sustainable yield growth in ‘lead’ areas and in spreading progress to neglected regions and main staples. For this to happen, public-sector funding of agricultural research must be revived and research redirected towards yield enhancement, stabilization and sustainability.

Also needed is much more public-sector research into transgenic food staples, with traits prioritized in genuine consultation with labour-intensive smallholders. This means attracting scientists and research, now increasingly locked into a few large science-based companies, towards traits and crops that are relevant to the poor. Transgenics have proved their potential, e.g. in virus resistance in sweet potatoes in Kenya, rice yield enhancement in China and insertion of genes for expressing provitamin-A into the rice endosperm. Rice otherwise lacks such genes. Similarly, insertion of genes from other sources may offer the only plausible option for advance in poor people’s and poor areas’ crops such as millet, where the genome, being adapted to robust survival in fragile and infertile conditions, offers limited opportunities for yield enhancement.

Transgenic crops and animals have triggered justified public demand for open, participatory systems, involving farmers and consumers in scientific decision-procedures that effectively regulate food safety and the environmental impact of introduced varieties, species and foods. To realize the huge potential of transgenics, especially for areas hitherto little affected by research, requires big changes in the criteria and incentives now guiding the allocation, use and civil-society overview of scientific resources. Public/private and donor-agency/civil-society partnership action is urgent, especially for those developing countries that have limited scientific capacity yet are heavily dependent on food staples yield growth. Inaction in this field and in parallel areas of agricultural and water technology could undermine all other efforts for rural poverty reduction in coming decades.

Unless the poor have the power to participate in deciding their use of technology, they are unlikely to benefit from it. Improvements in farm technology will most benefit farmers who are active partners in setting priorities for research, as well as extension.
Often, especially in West Africa, chemical fertilizers, better germplasm and humus enrichment by natural manures are complements in sustainable small farming, not rivals. Participatory methods are allies, not populist alternatives, to formal research. Farmers in Nepal have successfully developed the F2 generation of improved plant varieties. They can also participate in the design of appropriate bioengineering research.

**Technologies for Land and Water Management**

Improved land management technology is historically slow to spread, or to improve farm income. It is often inadequately integrated with biocultural research. Yet it is vital to reduce land depletion.

To attract poor farmers, such technology needs to show production returns (such as vegetative erosion barriers, usable for fodder, rather than stone bunds) and should employ labour (preferably slack-season) rather than equipment. For these purposes, some forms of conservation tillage and land reclamation have proved far better than others.

Land/water technology should aim at outcomes attractive to farmers by links with varieties fertilized for sustainably higher and more profitable yields – not, in most cases, with ‘low-external-input’ farming, which usually raises the dilemma of whether the land should be used for low outputs or for soil mining.

Farmers know the problems of land degradation but are reluctant to allocate resources with high opportunity costs for remote, uncertain or insecure benefits. In India, investments in improved land management technology decrease where time spent in other activities has higher returns, or benefits are vulnerable to water use or drainage upstream – or insecure land tenure, as in Morocco, Mali, Tanzania, Ethiopia and Ecuador. There is much evidence that farmers take sensible conservation measures if they pay, limiting overgrazing and maintaining forest islands and galleries. The task is to ensure that incentives and institutions stimulate conservationist land-management technology.

Technical choices are crucial to solving the water crisis that increasingly threatens many rural poor people. Agriculture is being pressed in most developing countries to ‘use’ less water, but, with appropriate drainage and recycling, water used need not be used up. With proper incentives and user institutions, water can be efficiently conveyed and used in ways that promote employment. However, the justified emphasis on farmers’ methods of water control and irrigation should not be allowed to distract attention from the need for faster progress in this area with formal, ‘frontier’ invention and innovation suitable for smallholders.

Despite justified pressure for water economy, in many places more irrigation is needed. Africa’s slow progress in agriculture and in reducing
rural poverty, compared with Asia's, has much to do with lack of water control (only 1-5% of cropland irrigated, as against 30-35%). Farmer-controlled, very small-scale irrigation can benefit the poor. This should be built on and progress accelerated. Larger irrigation schemes in Africa have a mixed and often weak record, but some of the difficulties have abated. Major improvement in water availability, timing and management is essential for rapid continent-wide progress against rural poverty. 

That may require advances in water research and some major irrigation. Nevertheless, reviving pro-poor, resource-conserving agro-technical progress faces problems. How can the poor benefit more from recent technological progress? The concentration of recent technical progress in private firms, as opposed to the public sector during the Green Revolution, offers new problems – but also new partnership options, if the right institutions and incentives are developed – in making new technologies pro-poor. But if the progress is to last, the very slow progress in land and water management technologies needs to be accelerated, to complement the progress in new crop varieties and make it sustainable. And – given the crucial importance of reviving the flagging growth of yield potential and field yields in leading tropical food staple crops – there are difficult choices about how current research can better respond to the priorities of complex, diverse, risk-prone dry and hilly farm systems.

THE RURAL POOR NEED BETTER ACCESS TO MARKETS IF MARKET LIBERALIZATION AND TRADE LIBERALIZATION ARE TO WORK FOR THEM

Most of the rural poor already participate in markets for labour, food, farm and non-farm inputs and credit. But poor people often face very high physical and transactions costs, which restrict trade, specialization and growth.

Such costs can range from poor or absent roads to marketing-board monopsony. Often these costs are interconnected: marketing-board monopsony is strengthened by lack of roads. Scarce resources require careful selection of which problem can be most cost-effectively tackled.

Almost everywhere, remote and ill-connected rural people are poorer. But there are many cases of poor non-remote people – separated by terrain, not distance, from nearby markets – whose welfare increased greatly when improved access to such markets allowed trade and exchange.

But physical access is not just about access to roads. Even if the rural
poor or the remote have roads, their lack of choice among modes of transportation and other forms of market access can impose large transactions or institutional costs. Unlike the non-poor, the poor often have no alternative but to be exploited by private traders and marketing boards. Yet market liberalization often leaves the rural poor stranded altogether. A decentralized solution is marketing cooperatives, to bulk up for purchase or sale; but these depend for success on mutual trust. Regulation to control adulteration, weights and market-rigging can be useful. Improving market institutions is often a necessary complement to liberalization, to prevent marketing costs from swamping the effect of better prices on poor rural people.

Commercialization usually improves the welfare of the poor. Being intelligently risk-averse, they usually avoid committing themselves prematurely to the risks associated with commercialization, for example by keeping part of their land for self-provisioning. Indeed, income from cash crops is often used to buy better staples technology. Another way of diffusing risk is to diversify crops, but rapid change is often not practicable: for example, tree crops require several years’ growth before a crop can be harvested.

The poor need access to transparent input markets. Land tenure restriction tends to damage the poor and is hardly ever a substitute for land asset distribution. Water markets provide fewer benefits for the poor than ownership of water-yielding assets, but are almost always more beneficial to the poor than water rationing and subsidies, which are enjoyed mostly by the non-poor and leave the poor with the distortion costs. Hence rural user charges for water are usually pro-poor. In many regions, the increasing shortage of rural water makes some form of water pricing essential on efficiency grounds.

New farm technology sometimes takes the form of costly capital that only the better-off can afford, like deep tubewells or tractors (though their services can be marketed). But technology has often been distributed free, as information, through agricultural extension - sometimes alongside initially free or subsidized seed or seed-fertilizer packages.
Returns have often been high and in Asia they still are. But in Africa most public extension services are in disarray and insensitive to the demands of the rural poor; while in Latin America, extension, like research, is increasingly privatized, even for the poor. New market routes or other mechanisms to reduce the time-lag before the poor adopt better technologies are badly needed if the poor are not to miss out on new opportunities.

Labour markets affect the main source of income for the poor. Discrimination against women and indigenous and ethnic minorities, though sometimes prohibited by law, is common in practice. It takes the form not so much of lower wage rates as of exclusion from high-productivity tasks; lack of education and skills; women’s domestic ‘duties’ that restrict tasks; and, especially for ethnic rural minorities, remoteness and language. Rural public works can powerfully enhance access to labour markets.

Markets for the rural poor are being restructured by trade liberalization and globalization. This allows farm prices to rise to market levels, so raising food production and employment. But it also raises food prices, with ambiguous effects for the poor. They should normally benefit inasmuch as liberalization and globalization stimulate faster economic growth and specialization by developing countries on labour-intensive activities. But such gains can be destroyed by bad market transmission and functioning. Remote areas have benefited from pan-territorial pricing and parastatal access, extremely inefficient though these usually were, and have suffered where such subsidies have been removed and where marketing-boards have been abolished but not replaced by competing private buyers.

Especially likely to lose are people who have little education, roads or contacts, or who do not speak a majority language. But the poor can gain more quickly from liberalization if they have reasonably equal access to markets and to control over assets. Conversely, great rural land inequalities mean that few poor people can gain, as farmers, from higher food prices in the wake of liberalization; the rural poor are thus penalized as consumers, rather than benefiting through extra farm income. Moreover, liberalization probably increases income fluctuations, especially through exposure to changes in export crop prices. Access to quasi-insurance or safety nets therefore becomes important if the poor are to realize secure gains from trade.

Globalization brings new opportunities for small farmers. It links product sales increasingly to

---

The poor can share in the benefits flowing from globalization: as independent producers, as contracted producers or outgrowers, or as employees working in large commercial agricultural or agribusiness enterprises. But the new opportunities presented by liberalization and globalization are accompanied by new risks and the poor need safety nets if they are to have the confidence to take them.
exports to rich countries and to supermarkets, abroad and (especially in Latin America) at home. This linkage is especially important in the booming horticultural sector, which is in principle ideal for small labour-intensive farms. This imposes on farmers a range of requirements, like uniform product appearance, pesticide rules and restrictions on child labour. The cost to farmers of meeting these requirements, and to buyers of supervising them, is initially much higher on small farms, whose economic advantages could be undermined by agricultural globalization. Institutional remedies to these problems need to be stimulated and supported. It can be done: such solutions are emerging and donors can work with NGOs and cooperatives, as well as governments, to increase the bargaining power of the poor through trade and marketing associations. Despite globalization, farms are not becoming larger on average.

**Decentralization of Institutions has the Potential to Benefit the Rural Poor**

The distribution of benefits between rich and poor, urban and rural, men and women, depends on institutions: organizations such as banks, and rules (customary or legal) such as those affecting the division of inherited land or landlord/tenant shares in a sharecropping arrangement.

Institutionally mediated outcomes have to be accepted to some degree if transactions are not to be impossibly costly and unreliable. But unless institutions are open to reform, outcomes become...
‘frozen’ in the interests of the existing controllers of the institutions. This favours the rural poor only if they can control the institutions, or at least join coalitions with those who do. But they are largely excluded from the institutions and partnerships that can enable them to share and control the decisions that affect their lives. This is because institutions often tend to be controlled by the powerful non-poor.

All efforts to benefit the poor through institutional reform face a deep problem. Institutions are usually created and run in the interests of the powerful. The powerful may come under political, economic or ethical pressure from the poor themselves, to assist the poor. The problem for current modes of top-down institutional devolution, decentralization and participation is that rural ‘big men’ tend to run local institutions in their own interests.

The case for decentralization flowed largely from the strengthening consensus that the state needs to retreat from many formerly centralized areas of production, regulation and provision, where in developing countries most central governments, however well-intentioned, lack the information necessary for success. Some such areas could be privatized. But privatization was seldom considered sufficient for other areas, such as the management of common-property natural resources and the provision of financial services to the poor. Various forms of decentralized control by rural groups have therefore been tried, often facilitated by NGOs and sometimes with government support for administration.

State attempts to manage formerly common property in grazing land, forests or water-bodies generally failed; outsiders could be excluded and insiders rationed, but not without tyranny or waste and seldom without corruption. Privatization, too, proved inefficient and unequal. The third way – participatory decentralization – has become a growing trend, with potential for better conservation and efficiency.

State credit subsidies directed towards the rural poor usually benefitted mainly the rich and the associated banks and bureaucracies. They permitted low-yielding investment and drove out competitive financial institutions. Yet untrammelled markets, too, did not adequately reach even the creditworthy poor. Hence microfinancing agen-

The poor devise ways to spread risk, by economic diversification and developing informal financial networks. They use savings and credit mechanisms as substitutes for insurance, so savings, credit and insurance have to be treated in a unified way. Although access to microcredit may not lead to higher consumption, it reduces household vulnerability. This is vitally important because poverty is closely associated with risk and vulnerability.

Poverty reduction involves changes in material factors - land, water and infrastructure, technology and knowledge - in the hands of the rural poor. But it also means change in social and economic relations, and changes in institutions that give the poor more control over their environment.
cies were widely attempted. These usually directed unsubsidized loans to small groups of borrowers with joint liability and often provided deposit and other financial services. They were often supported by NGOs and often targeted to women and non-farm lending. Microfinance is a great improvement on most previous public and private rural credit in terms of sustainability, repayment and outreach to the moderately poor. But it, too, has difficulty in reaching the poorest. The risk-prone and unstable household economies of the poor need a wider range of financial services, often at high unit cost and centering on insurance and consumer credit rather than micro-enterprise support.

This experience of improved sustainability and efficiency, but limited outreach to the poorest, is thus true of the two most important types of decentralized rural institutions: resource management and microfinance. Where the poor participate, they share the gains but do not increase their share of them. For the poorest, the decentralization 'revolution' is very far from complete.

Development programmes can be captured by élites or vested interests, or can give rise to broad coalitions which share the gains. The rich may get the lion's share, but may be content with less, especially if the poor have political voice or can organize themselves into counter-coalitions with powerful groups. There are several examples of successful actions by women's and poor people's groups. But they need options and voice; hence the importance, for the poor, of a reserve of land, even if tiny, and of literacy and political openness.

Partnerships will have an impact only if the poor have a direct voice and if the partnerships do not avoid controversial distribution issues that really matter for the rural poor.

Most rural people, and especially the rural poor, make their living in and around agriculture. Thus, for sustainable poverty reduction, the problems of smallholder agriculture must be addressed directly and effectively. This involves change in material factors - land, water and infrastructure - and in technology and knowledge for the poor. But it also means institutional change that gives the poor more control over their own environment. Many of the policy changes in the developing world have the potential to benefit the poor. But globalization and decentralization will work for them only if broad partnerships are mobilized to solve the challenges they confront: equitable and efficient market-mediated relations and accountable social and political institutions. Economic empowerment is creating an institutional framework in which the poor can put assets, both public and private, to work on their own behalf.
BUILDING A GLOBAL PARTNERSHIP AMONG THE STAKEHOLDERS

A necessary condition for success in reducing world poverty is a big rise in the recent abysmally low and declining profile of agriculture and rural development in the global effort. Once that condition is met, the challenge is to develop and foster genuine cooperation, good governance and a policy framework in which the rural poor in developing countries can participate. The rural poor need partnerships to support their own initiatives, but they also need to be free of the intrusiveness for which donors are sometimes criticized.

One response to the scarcity of development resources has been efforts to coordinate available aid funds around shared initiatives against poverty. Both the Comprehensive Development Framework proposed by the World Bank and the United Nations Development Assistance Framework (UNDAF) provide frameworks for such mutuality. Participation by many United Nations agencies, including IFAD, in UNDAF provides the operational framework for donor coordination, and a pilot phase has been launched in 19 countries.

Effective coordination among donors and partnership with governments is necessary to make external support consistent. Otherwise, in Cambodia, for example, overlap and duplication between the multiple activities of donors have strained the country’s institutional and management capacity. Multiple donors and programmes may also cause confusion within governments, which might come to see donor activities as more of a hindrance than a help because of the extra burden on government personnel in trying to manage different overlapping activities.

To be successful, global initiatives to forge coalitions and partnerships among and with developing countries must be driven by countries themselves. Each government has to be responsible for country policy. History shows that imposed conditionality in aid and anti-poverty planning from Northern capitals for the Asian or African poor, seldom works. So participating governments have agreed to draw up national poverty partnerships with civil-society agencies, to be used by the World Bank and the International Monetary Fund. In Asia, eight countries are working with the Asian Development Bank on strategies directly geared to the Social Summit’s 2015 targets on poverty, health, education and gender equality.

Moreover, the poor themselves have to seize responsibility, as agents, for their own development: the poor, not just an abstract ‘civil society’, which can be biased towards the urban, the rich and the strong. The key issue is whether the poor have room for manoeuvre by capturing particular local or central institutions, or by forming coalitions with some of the strong.

Globalization and decentralization will work for the poor if broad partnerships are mobilized to solve the challenges the poor confront: the need to develop equitable and market-mediated relations and accountable social and political institutions.
A FUTURE OF SUCCESS?

Poverty reduction is a complex task that requires sustained commitment to consistent, yet flexible, joint action. There are no quick fixes and no easy solutions. No single institution, national or multilateral, public or private, and no single strategy can hope to deal effectively with the different contexts and causes of poverty. Coherent anti-poverty strategy therefore requires stable partnerships based on trust as well as self-interest.

The drive to reduce world poverty substantially could be frustrated by problems, not reviewed in the IFAD report, such as wars or civil violence, AIDS or global warming. On the other hand, competent and stable public policy in large countries with substantial mineral resources, such as Nigeria or the Democratic Republic of The Congo, could bring much larger and swifter falls in poverty than are now expected.

Success in reducing mass poverty in low-income countries initially depends on progress in farm yields and employment. This is followed by a transition towards employment-intensive non-farm products, alongside a fall in the number of people engaged in agriculture and increased urbanization. Improved small-scale agriculture in developing countries is essential for meeting immediate poverty-reduction targets and can contribute decisively to the overall development process, including the emergence of new opportunities for income and employment in other sectors.

Fertility decline and the dramatic rise in the ratio of workers to dependants that will continue for the next three decades can help the poor to escape poverty, if the extra workers can find decent work. This was achieved in East Asia through early gains in farm yields, smallholder incomes and hence farm employment – soon followed by increases in employment and growth in the non-farm sector. South Asia and Africa can follow this path as their fertility transition takes place, if their agricultural and rural policies can be set right and translated into favourable outcomes in terms of the assets and opportunities for the rural poor at the local level and their livelihoods.

Women’s disadvantage and exclusion in education, landholding and, in some countries, nutrition and healthcare reduce their security and self-esteem. In some countries they also slow the fertility transition. These disadvantages are greater in rural areas: they can be reduced in part by redressing the under-allocation of rural resources and specifically by improving women’s access to natural, human and financial assets, technologies and markets and their participation in institutions and coalitions. East and South-East Asia has been successful in reducing poverty
largely because of widespread labour-intensive rural non-farm growth. Such growth is, in its early stages, faster when there is demand, especially for consumer goods, from a not-too-unequal, fast-growing local farm sector. So labour-intensive technical progress and wide distribution of land and human capital not only reduce poverty in the short run, but also ease the transition from agriculture-based to more broad-based poverty reduction. Very poor countries that succeed in reducing poverty through initial labour absorption will find, in the next 25 years as in the last 25, that carrying over institutions and incentives for labour absorption and skill enhancement outside agriculture is the key to continued success in reducing rural and urban poverty.

Policies for food security need to concentrate on groups and areas of greatest nutritional shortfall: on those who were left out of the gains from the last 35 years of the Green Revolution in staples yields and from better preventive healthcare. There is growing evidence that severe childhood malnutrition carries risks of adult infections and degenerative diseases later. A full study is needed of agricultural, health and other policy to attack poverty and child malnutrition in ways that reduce health risks in later life.

Poverty is not an intrinsic attribute of people, but a product of livelihood systems and the socio-political and economic forces that shape them. Most of the rural poor make their living in and around agriculture. For sustainable poverty reduction, the problem of smallholder production must be addressed directly and effectively. This involves changes in material factors - land, water and infrastructure, technology and knowledge - for and in the hands of the poor. But it also means changes in social and economic relations. Globalization and decentralization will work for the poor only if broad partnerships are mobilized to ensure equitable and efficient market mediated relations and accountable social and political institutions.

Empowerment of the poor is essential in putting in place an institutional framework for sustainable poverty reduction.

The persistence of rural poverty in Africa is the result mainly of agricultural stagnation; African countries where agricultural performance has recently improved, such as Uganda, Ghana and parts of Ethiopia, have also experienced declines in poverty. On the other hand, India enjoyed faster growth in 1992-99 than in 1975-89, but a much slower reduction in poverty. Poverty will persist in much of rural Africa if agricultural growth does not speed up, especially where land distribution is also very unequal.
The Rural Poverty Report 2001 was published in English for the International Fund for Agricultural Development (IFAD) by Oxford University Press in January 2001. This is a Summary of that Report which is published by IFAD in English, French, Spanish, Arabic and Italian.