

# Assessment of Rural Poverty

## ASIA AND THE PACIFIC



© 2002 International Fund for Agricultural Development. All rights reserved.

This Report is a product of the staff of IFAD and the judgements made herein do not necessarily reflect the views of its Member Countries or the representatives of those Member Countries appointed to its Executive Board. IFAD does not guarantee the accuracy of the data included in this publication and accepts no responsibility whatsoever for any consequence of their use. Designations employed in this Report and the presentation of the material in the maps do not imply the expression of any opinion, on the part of IFAD, concerning the legal status of any country or territory, or the delineation of its frontiers.

ISBN 92-9072-020-4

Photographs IFAD: Anwar Hossain, xiv; Anwar Hossain, xx;  
Anwar Hossain, 18; Robert Grossman, 32; Robert Grossman, 50; Lou Dematteis, 62;  
Fulvio Zanettini, 82; Robert Grossman, 108; Anwar Hossain, 116; Lou Dematteis, 136;  
Thomas Rath, 144; Lou Dematteis, 158.

Typeset by the International Fund for Agricultural Development

Printed in Italy by Palombi  
Rome, January 2002



## FOREWORD

---

Since its founding in 1978, IFAD has focused its efforts on poverty reduction in rural areas of the developing world. At that time, and for a number of years thereafter, IFAD's voice was a rather lonely one in the international community. To the extent that poverty reduction was on the international agenda, it was commonly believed that general economic development and favourable policy frameworks would be sufficient to lift poor nations out of poverty. During much of the 1980s, in Asia and the Pacific and elsewhere, 'getting prices right' became the overarching theme for advocates of structural adjustment. In the late 1980s and early 1990s, as adjustment efforts stalled in many countries – sometimes exacerbating social tensions – and researchers began to detect differential impacts of adjustment on social groups, poverty problems became more visible and calls for social safety nets became more pronounced.

Yet it remained largely unappreciated that the poor could respond to appropriate incentives and become agents of growth, but that they would also need interventions specially tailored to their needs. Safety nets were frequently regarded as either charity or a means of buying political stability. That poverty reduction should be the central theme of economic and social development efforts of governments and the international community, and that it was potentially a very wise investment, was not yet acknowledged.

This changed in the latter half of the 1990s. The 1995 World Social Summit placed poverty reduction squarely on the global development agenda. The development community called for a halving of global poverty by the year 2015. Poverty reduction is now an overarching goal for governments and international donors, and its centrality was reconfirmed at the Millennium Summit in 2000. It is now generally acknowledged that growth can only be truly sustainable (economically, politically and socially) when poverty is explicitly taken into account.

Yet in some ways, IFAD's voice is still a lonely one. While fully 75% of the world's 1.2 billion poor live in rural areas, official development assistance (ODA) patterns fail to acknowledge this simple fact. While agriculture is the primary livelihood source for the rural poor, international financing for agricultural development declined by nearly 40% from 1988 to 1998. Only about 12% of total ODA is devoted to agricultural development. In the absence of increased recognition of where the poor live and how they make their living, and greater commitment to investing in agricultural and rural development, the international development goal of halving poverty by 2015 will not be met.

While investing more in the rural poor is necessary, understanding how to do it better is crucial. It can no longer be a question of outside experts deciding what is best for the poor and imposing predefined solutions on them. In working with the rural poor, I believe we must approach them with respect for their knowledge, beliefs and practices. We must always remember that a key element of human dignity for any individual is gaining control over major decisions that affect his or her welfare. The poor need to have this first if they are ultimately to attain the more tangible things the non-poor possess.

This assessment report follows the IFAD *Rural Poverty Report 2001* launched last year. It is one of a series of regional poverty assessments prepared by the five regional divisions of IFAD's Programme Management Department. Considering the enormity of the problem of rural poverty in the region and IFAD's experience but its limited resources, the assessment tries to identify the Fund's niche area for intervention, with the objective of playing a catalytic role in rural poverty reduction. It is my wish that this assessment stimulate discussion on appropriate and effective means of addressing the needs of the rural poor in Asia and the Pacific. More importantly, I hope the report will galvanize action for coordinated and sustained efforts on the part of governments, civil society and donors to make the dream of an Asia and the Pacific without poverty a reality.

**Lennart Båge**  
*President of IFAD*



## INTRODUCTION

---

*More than two thirds of the world's poor are in Asia, and poverty is disproportionately concentrated in the rural areas of the region. To reduce poverty in the Asia and the Pacific Region, all strategies – of policy and programme – must focus on the poorer households in less favoured areas, with special emphasis on women and the various indigenous peoples.*

The extent and persistence of poverty in the Asia and the Pacific Region will determine whether the international development goal – reducing poverty by half by the year 2015 – is achieved.<sup>1</sup> More than two thirds of the world's poor are in Asia, with South Asia alone accounting for nearly half of them (IFAD 2001). Poverty is disproportionately concentrated in rural areas in the region; and the gap between rural and urban poverty has been widening over time in many Asian countries.

IFAD has found – through its work in the region – that poverty is not just multidimensional. It also indicates that individuals have been deprived of their capabilities to lead the kind of lives they value, to be free of fear, and to be able to express themselves – this capability approach pioneered by Amartya Sen underlies our strategies to reduce poverty. Poverty reduction, then, is not only a matter of service delivery. It is about finding ways to enhance the agency of the poor, of women and of men to transform their production capabilities and their lives.

Our field experience has shown that poverty in Asia is concentrated along two dimensions: geographical and social. Geographically, it is concentrated in less favoured areas such as remote uplands and mountains, marginal coastal areas and unreliably watered drylands. Socially, it is concentrated among women, indigenous peoples, the socially excluded such as the *dalits* (or Scheduled Castes) of India, pastoralists, internally displaced people, victims of landmines, the landless, and small and marginal farmers.

IFAD has accumulated considerable experience in designing and implementing projects and programmes for the various groups of the rural poor. It is significant that in almost all IFAD-funded projects, women have always emerged as a notable group of participants. This important feedback demonstrates the desire and potential of women to be agents of change – once their chances to build human capital and physical assets have been improved, or once they have the capability to find 'exit options' from exploitative home or work situations. Today, in many areas of the region, particularly in the less favoured areas, there are more poor women than there are poor men. Women

■ *Transforming gender relations calls for action on a number of fronts:*

- *property rights*
- *access to finance*
- *women's organizations*
- *participation in community forums*
- *curbing violence against women*
- *tackling discrimination against the girl child in nutrition, health care and education.*

tend to experience poverty more deeply; they also find it more difficult to escape from poverty. Women suffer from more severe social deprivation in this region. Even in the more egalitarian societies of the indigenous peoples – where women often have an immediate ownership and decision-making role over land – there is a disturbing trend of final and ultimate control over land and any other property increasingly being exercised by men.

While many Asian women have been recognized for their contributions to their countries and the world, Asian women by and large remain economically and politically marginalized, both in the household and the community. Women in most of South Asia, with the notable exception of Sri Lanka and the Indian state of Kerala, are among the most deprived in the world: deprived of food, clothing, voice, even existence. The phenomenon of ‘missing women’ in South Asia and China is only the graphic result of some of the most woman-unfriendly gender relations still existing in the world.

Agency is the capacity for autonomous action in the face of constricting social sanctions and structural inequalities. This, in turn, offers a framework in which constraint is seen as constitutive of gender norms and relations between women and men, which are entrenched and durable but not unchanging. Enhancing women's agency requires action on a number of fronts. Property rights, access to finance including microfinance, building of women's organizations, effective participation in community forums, measures to curb domestic and other violence on women, tackling discrimination against the girl child in matters of nutrition, health care and education – all these are aspects of transforming gender relations. Microfinance, for example, has been shown to have beneficial effects not just on women's entitlements to nutrition and health care; it also improves women's mobility, social visibility, dignity, and self-esteem.

The effects of transforming gender relations, however, go much beyond benefiting women alone. They are efficient and cost-effective measures for reducing poverty and increasing GDP (Gross Domestic Product) per person, particularly through lower child mortality, higher literacy and lower couple fertility. This report argues in detail that enhancing women's agency will enable an increase in agricultural production and productivity, and have ripple effects across all spheres of human existence. Enhancing women's agency could create new dynamics in the politics of transforming the nature of human societies. It could enable the definition of new standards of human rights. This strategy of promoting women's agency will be part of IFAD-supported projects in all the less favoured areas.

While the strategic role that women can play in poverty reduction is being increasingly acknowledged, some groups of the rural poor continue to be neglected by the international community or persistently marginalized by national governments themselves. The indigenous populations who live in the uplands – the hills and mountainous areas which cover almost half the total area of Asia – have perhaps been hit hardest by this process of *de facto* (at times *de jure*) exclusion and marginalization. Indigenous people are generally marginal to the growing national and global networks of capital in a number of ways:

- They are national minorities and hence politically marginal.
- Economically, they have a small role to play in “labour markets (as workers), capital markets (as investors), commodity markets (as consumers) or even in debt markets (as tax payers paying for bonds)” (Lutz and Nonini 1999).
- They are marginal even as far as their world-views and cultures are concerned, usually being dismissed as ‘primitive’.
- Even in Southeast and East Asia, they were bypassed to a large extent by the rapid growth and poverty reduction of the 1980s and the first half of the 1990s. They participated in this rapid growth only at the level of the lowest rungs – as the migrant working class, often as ‘illegal’ immigrants. With the onset of the Asian crisis, even these meagre earnings were depleted as jobs disappeared and wages fell.

Policies for indigenous peoples have, so far, been framed mainly with a view to the benefits that can be extracted for outside economies. Whether it is for irrigation or power supply, whenever it is deemed necessary for the national interest, indigenous peoples have been displaced – with most of them losing their livelihoods – to make way for dams. What the states covet from the hill-forest areas are also their resources, like the timber and minerals that they extract from local economies. In most cases, the indigenous peoples do not own the forest and mineral resources of their economies. As a result, revenues from mines and forests accrue to the economies of the lowlands. The indigenous peoples at best get low wages at the bottom of the working class. In cases where the indigenous peoples do have some form of ownership rights over forest and mineral resources, they have often been forced, in the name of national needs, to submit to policies that are not in their interests. For instance, both China and India have instituted logging bans that have seriously affected the incomes of those indigenous people who had some ownership rights over forests. In many countries of the region, the resources of the indigenous peoples have so far not been managed in ways that promote local accumulation and development: this is the essence of the marginality of indigenous peoples to the national states of which they are part.

The economic and political marginalization<sup>2</sup> of the indigenous peoples has, unfortunately, led to violence in many Asian uplands, along with the development of an ‘economy of pillage’, to use Carolyn Nordstrom’s term (Lutz and Nonini 1999). Globalization that does not tackle questions of secure and reasonable property rights

for indigenous peoples will only accelerate their marginalization, and increase violence in the uplands. It is in the light of this urgency to address the continuing human

■ *The vulnerability of women and indigenous peoples to poverty, particularly in the less favoured areas of the region, forms the basis of this report's argument.*

tragedy of the indigenous peoples, before it leads to more intractable problems, that this report proposes measures for property rights reform and decentralization, as well as attendant investment.

The vulnerability of women and indigenous peoples to poverty, particularly in the less favoured areas of the region, thus forms the basis of this report's argument. The report suggests a two-pronged approach for IFAD's primary strategy to reduce poverty in Asia:

- The enhancement of women's agency to promote gender equality, agricultural development and social transformation. The priority areas for this strategic approach are the less favoured areas – the remote uplands and mountains, the marginal coastal areas, and the unreliably watered drylands.
- A continuing tilt towards upland development to tackle the endemic problems of the indigenous peoples and other marginalized groups of the Asian uplands and mountain areas for social transformation.

In addressing poverty in Asia, we seek to address *the structural causes* of the lack of agency of the poor. This means, for IFAD, the challenge of tackling the causes of restricted access to productive resources, and actually increasing control over the use of these resources. Changes in access to resources – such as property reform for forests in the uplands, access to finance and other resources, and land reform through land distribution to the landless – will increase the income and overall capability achievement of the poor. It will also contribute to increasing production and productivity in their respective local and national economies. Such changes are redistributions that enhance productivity, essential if poverty reduction is to be sustained in an age of globalization.

In the uplands, the central issue is secure and reasonable property rights over the forests, the productive background of the indigenous people and other marginalized groups of rural poor. Through their management of the forest systems, these people provide the rest of the world with many valuable environmental services – including carbon sequestration, hydrological services, and bio-diversity conservation. But these and other valuable services are not compensated for in any way. Instead, the people who perform these services are forced to bear costs 'external' to the mainstream economies. IFAD's property rights reform proposal aims to link improved livelihoods with increased provision of environmental services. This important reform proposal recognizes the right of the indigenous people to sell these services, and to manage their land-use systems so as to combine the needs of production with those of providing local, regional and global environmental services.

This report argues that land reform – both tenancy reform and redistribution of ceiling surplus lands to the landless – is important to poverty alleviation. In addition to production benefits, land reform helps to change the local political structure by giving more voice to the poor. Re-distributive land reform, whether through market-assisted land reform programmes or otherwise, should remain a substantive policy issue for poverty reduction.

The chapter on agricultural productivity in this report points out the lack of progress in developing appropriate technologies for less favoured areas. There have been no technological breakthroughs for crops such as sorghum, millet, and cassava – the staple crops grown on marginal lands by poor people and mostly consumed by them. IFAD advocates more vigorous research in technologies that revive the productivity growth of staples in the marginal uplands and drylands. IFAD also recommends that the poor in these less-favoured areas need to be better informed in their judgements of the new technical change in seeds, fertilizers and land-water management aspects, through more regular open interaction with pro-poor scientists in the relevant topic areas. Such interaction should be in an open science environment subject to public, democratic control. As and when appropriate, IFAD promotes alternative and sustainable approaches based on a possible blending of indigenous farmers' knowledge and modern practices. Well-informed public debate would also verify the claims of biotechnology to address the specific problems of poor farmers and marginal areas. The potential of sustainable or regenerative agriculture, as a unique way to boost returns from complex and diverse agricultural systems, is also to be explored.

Non-farm sources of income are important for the rural poor in Asia, both because of landlessness or insufficient owned or tenanted land, and because of the highly seasonal nature of agricultural employment. The report discusses the case of China, where a rural development strategy focusing on the non-farm sector brought about a significant change in the structure of the economy. In addition to boosting the rural economy, this strategy increased farmers' incomes and contributed to poverty reduction. The report also deals with the experiences of India in another non-farm arena, rural public works as an employment generation scheme for the rural poor.

The report discusses some examples from IFAD's experience to demonstrate the potential of local governance and decentralization in rural poverty reduction. To decentralize, the critical problem of distributive conflicts and collective action must be dealt with. How do we ensure that the rural elites (mostly men) do not monopolize the benefits from decentralized resource management? Based on experiences from IFAD's own projects, the report proposes measures of targeted and exclusive access of the poor, and women, to some portion of the devolved community resources, be they lakes or forests. These measures, to decentralize resources to the poor and develop them as **common properties of the poor**, increase the incomes of the poor. They enable higher investment, leading to increased productivity of the resources, even an improvement of their ecological condition. The sustainability of increased production is thus enhanced.

Transfers of productive resources to the poor – such as property rights reforms in forests, redistribution of land to the tenants and landless, provision of microfinance, and allotment of common property resources – are often top-down initiatives. Though these transfers are, for the large part, made in response to the demands of the poor and of women, **coalitions of the poor** are needed to ensure that the transfers accrue to them. The marginalized rural poor and women need to be able to put their stamp on public policy in various countries; something that did not happen, for instance, in policies shaped to deal with the Asian crisis. This report also deals with various means to build coalitions of the poor. In the final analysis, the message of this report is this need to build coalitions of the poor. The report shows that poverty reduction is a matter of enhancing the agency of the poor, women and men. This is not just a matter of individual achievement; but of building, and acting within, coalitions of the poor that affirm both their collective interests and individual capabilities.

---

## Endnotes

- 1 In 1996, the Organisation for Economic Co-operation and Development (OECD) published a report, *Shaping the 21st Century: The Contribution of Development Cooperation*, in which it selected seven goals for development drawn from agreements and resolutions of the conferences organized by the United Nations (UN) in the first half of the 1990s. These goals – relating to poverty, education, gender equality, infant and child mortality, maternal mortality, reproductive health, and environment – have been endorsed by the Millennium Summit of the UN held in September 2000. The goals cover a wide range of indicators and draw attention to several dimensions of deprivation that afflict large sections of the population in developing countries. However, some argue that they are not sufficiently disaggregated from IFAD's point of view (see Gaiha 2001d for details). Not only does IFAD emphasize the multidimensionality of poverty, going well beyond income/consumption-based measures, but it also assigns a central role to the perceptions of local communities in identifying the poor and in their involvement in poverty reduction. Although income gains, food security and access to social services are important aspects of IFAD's strategy, empowering the poor is given priority, both because it is important in itself and for its role in improving the well being of the poor.
- 2 Marginalization connotes nearly complete exclusion from the mainstream of economic and political activities.



## ACKNOWLEDGEMENTS

---

This work is the result of the reflections and research work of the staff of the Asia and the Pacific Division of IFAD. The report was prepared under the overall direction and guidance of Phrang Roy, Director of the Division.

The principal authors and researchers of the report are Ganesh Thapa, Regional Economist of the Division, Dev Nathan, a consultant who has had a long association with IFAD's work in the region, and Phrang Roy.

Raghav Gaiha of the University of Delhi, another regular collaborator of the Division, provided strategic academic support in the course of the preparation of the report.

Other contributors to this report include, in alphabetical order, Pranab Bardhan of the University of California, Berkeley; Jikun Huang of the Centre for Chinese Agricultural Policy; Katsushi Imai of Oxford University; Govind Kelkar of the Asian Institute of Technology; Govind Koirala of Winrock International/Nepal; Gregory Morgan of the University of Leeds; Keijiro Otsuka of Tokyo Metropolitan University; Rushidan Rahman of the Bangladesh Institute of Development Studies; Scott Rozelle of the University of California, Davis; and Bisan Singh of the Sustainable Development Network, Malaysia.

This report has also benefited from comments and suggestions of the participants of the reality check workshop organized in New Delhi from 23-24 August 2001 (see the annex for the list of participants). M.S. Swaminathan, Michael Lipton, Bina Agarwal and Tony Quizon provided many useful written comments on the draft report. We are also grateful to Purno Sangma for his keynote speech at the workshop and his valuable suggestions.

Githa Hariharan, Bernadette Trottier and Brenda Bergerre undertook the editing of the report.



## ABBREVIATIONS AND ACRONYMS

---

APDC	Asia-Pacific Development Centre
AsDB	Asian Development Bank
BIDS	Bangladesh Institute of Development Studies
CBE	Commune and Brigade Enterprise
CGIAR	Consultative Group on International Agricultural Research
CIFOR	Centre for International Forestry Research
CIIFAD	Cornell International Institute for Food and Agricultural Development
CPR	Common Property Resource
CWDS	Centre for Women's Development Studies
EGS	Employment Guarantee Scheme
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FFW	Food for Work
FHH	Female-Headed Households
FUG	Forest User Group
GDI	Gender Development Index
GEM	Gender Empowerment Measure
GM	Genetic Modification
HDI	Human Development Index
ICIMOD	International Centre for Integrated Mountain Development
ICRISAT	International Crop Research Institute for the Semi-Arid Tropics
ICT	Information and Communication Technology
IFPRI	International Food Policy Research Institute
ILO	International Labour Organisation
IPM	Integrated Pest Management
IRRI	International Rice Research Institute
ITC	International Trade Centre
JFM	Joint Forest Management
MSSRF	M.S. Swaminathan Research Foundation
NGO	Non-Governmental Organization
NRM	Natural Resource Management
NTFP	Non-Timber Forest Product
P4K Project	Pembinaan Peningkatan Pendapatan Petani Kecil (Income Generating Project for Marginal Farmers and Landless (Indonesia))
PRA	Participatory Rural Appraisal
RPW	Rural Public Works
SAPPROS	Support Activities for Poor Producers of Nepal

SHG	Self-Help Group
TVE	Township and Village Enterprises
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNOPS	United Nations Office for Project Services
VDTA	Village Development Tribal Associations
WTO	World Trade Organization
WWF	Working Women's Forum

## GLOSSARY

<i>dalit</i>	Scheduled Caste
<i>darbar</i>	traditional male assemblies
Gini	income Gini coefficient
<i>panchayat</i>	elected local body of self-governance
<i>sardar</i>	Village headmen
Scheduled Castes (SC)	} Castes and tribes listed in the Indian constitution
Scheduled Tribes (ST)	} for affirmative action





# TABLE OF CONTENTS

---

## CHAPTER I

<b>OVERVIEW OF POVERTY IN THE REGION: ITS NATURE, INCIDENCE AND TRENDS</b>	<b>I</b>
What is Poverty?	1
Poverty Incidence and Trends	2
Emerging Issues	4
The Seasonality of Poverty	8

## CHAPTER II

<b>PUTTING A FACE ON POVERTY: CHARACTERISTICS OF RURAL POVERTY</b>	<b>19</b>
Who are the Poor?	20
Where do the Poor Live? – Regional Differences in Poverty Incidence	26

## CHAPTER III

<b>HOW POVERTY MARGINALIZES THE RURAL POOR</b>	<b>33</b>
Factors Leading to Marginalization	33
The Marginalization of Small-Scale Producers	34
The Marginalization of Indigenous Peoples and Other Upland Dwellers	35
The Marginalization of Women	39

## CHAPTER IV

<b>ACCESS TO PRODUCTIVE RESOURCES</b>	<b>51</b>
Common Property Resources for the Poor	51
Access to Land (Ownership and Security of Tenancy)	53

<b>CHAPTER V</b>		
<b>DECLINING AGRICULTURAL PRODUCTIVITY: THE ROLE OF BIOTECHNOLOGY, ORGANIC AND REGENERATIVE AGRICULTURE</b>		<b>63</b>
Declining Trends in Agricultural Productivity		63
Conventional Technology Developments		65
Biotechnology and the Rural Poor		66
Sustainable or Regenerative Agricultural Technologies		70
<b>CHAPTER VI</b>		
<b>THE RURAL NON-FARM SECTOR</b>		<b>83</b>
Rural Non-Farm Enterprises and Industries		83
Rural Public Works		94
Opportunities in the Rural Non-Farm Sector		97
<b>CHAPTER VII</b>		
<b>MAKING USE OF INFORMATION AND COMMUNICATION TECHNOLOGIES</b>		<b>109</b>
Technology vs. Social Factors as the Solution to Poverty		109
Income Benefits of ICTs		110
How ICTs Can Help the Poor		111
Increasing Access to ICTs		112
<b>CHAPTER VIII</b>		
<b>COALITIONS OF THE POOR: INSTITUTIONS FOR POVERTY REDUCTION</b>		<b>117</b>
Mobilization of the Poor		118
Coalitions of the Poor		120
Establishing Norms of Common Property Resource Functioning		123
Decentralization and Local Accumulation		124
Good Governance and Decentralization		127
Local Organizations in a Strong State		129
Democracy and Self-Correction		130
IFAD's Experience in Decentralization/Governance		131

**CHAPTER IX**

<b>GLOBALIZATION AND THE RURAL POOR</b>	<b>137</b>
Globalization and the Upland Poor	138
Capital Account Liberalization, Economic Vulnerability and Rural Poverty	141

**CHAPTER X**

<b>EXPANDING CAPABILITY, REDUCING POVERTY: STRATEGIES FOR ASIA</b>	<b>145</b>
Enhancing Women's Agency to Promote Social Transformation and Agricultural Development	146
Development of the Less Favoured Areas	151
Reducing Poverty by Enhancing the Role of Indigenous Peoples	153
Enhancing Peace for Poverty Reduction	156

**ANNEX**

Reality Check Workshop on Regional Poverty Assessment New Delhi, India, 23-24 August 2001 – List of Participants	159
References	161

**List of tables**

Table 1.1: Regional comparison of income poverty in developing countries	10
Table 1.2: Distribution of poor in rural and urban households in Asia, (%)	11
Table 1.3: Incidence of rural and urban poverty in the Asia and the Pacific Region	12
Table 1.4: Economic growth rates in the Asia and the Pacific Region	14
Table 1.5: Income inequality in selected countries of Asia	14
Table 1.6: Percentage of households 'always', 'sometimes' and 'never' poor: Results from five panel studies in Asia	15
Table 1.7: Exit times from income poverty for rural households in India	15
Table 1.8: Regional comparison of social indicators in developing countries	16
Table 1.9: Regional comparisons of human development values in 1995	16
Table 2.1: Characteristics of the poor and very poor: An Indonesian example	29
Table 2.2: Poverty profile by landholding class, rural Bangladesh, 1988-89	30
Table 2.3: The distribution of the indigenous peoples in Asia	31
Table 5.1: Growth in population and cereal production in Asia, 1970 and 1995	73
Table 5.2: Productivity growth rates of rice, wheat and maize in Asian countries, 1977-97 (% per annum)	74
Table 5.3: Area under foodgrains and other crops in Asia, 1977 and 1997	75
Table 5.4: Impact of resource-conserving technologies and practices in complex and diverse agricultural systems in Asia	76
Table 5.5: Examples of productive and conservation-effective upland farming/ agroforestry/watershed management practices	77
Table 5.6: Impact of resource-conserving technologies and practices in Green Revolution areas of Asia	80
Table 6.1: Employment shares by activity in rural and urban areas, selected countries (%)	100
Table 6.2: Distribution of rural workers across non-farm sectors, male and female (%)	102
Table 6.3: Share of non-farm income/employment in total household income/employment by farm size groups, selected countries	104
Table 6.4: Income shares by (real) per capita income quintile: All India quintiles defined at the national level	105
Table 6.5: Changes in the structure of China's economy, 1970-98 (contribution in %)	105
Table 6.6: Structure of China's rural economy and sources of farmers' income (%), 1980-97	106
Table 6.7: Labour input per hectare in crop production (man-days/hectare), 1978-96	107
Table 6.8: Rural public works programmes in India, Bangladesh, Pakistan and The Philippines: Scale of operation and costs	107

**List of text boxes**

Box 1.1: How young Vietnamese see poverty	1
Box 1.2: A hierarchy of poverty levels	2
Box 2.1: From dennis root to dynamite	23
Box 3.1: Gender relations in the region – An overview	40
Box 3.2: Poor living and working conditions means poor health	41
Box 3.3: An imbalance of power breeds gender violence	43
Box 3.4: “Where is the land we worked for?”	45
Box 3.5: “The strength to speak and walk”	46
Box 3.6: Her trees, his trees	48
Box 4.1: Security of tenure: A lesson from China	55
Box 4.2: Land rights: An incentive to manage natural resources	56
Box 4.3: The Indian scenario	57
Box 4.4: The Philippines: The challenge ahead	57
Box 4.5: Redistributing land in Indonesia	58
Box 4.6: The case of Cambodia	59
Box 5.1: IFAD’s pro-poor interventions	66
Box 6.1: China’s lesson for developing countries	87
Box 6.2: Microfinance to empower women	90
Box 6.3: Working Women’s Forum: Commitment to the rights of poor women	91
Box 6.4: Towards second-generation credit schemes	92
Box 6.5: IFAD’s experience with rural public works ( RPWs)	94
Box 7.1: The benefits of information	110
Box 8.1: Collective action to manage common resources	117
Box 8.2: Mobilizing women to manage forests	119
Box 8.3: Empowering women to help themselves	123
Box 8.4: Localizing central policy directives	129
Box 8.5: The IFAD initiative in Viet Nam	131
Box 8.6: Savings groups for capital and credit	132
Box 8.7: Participatory rural appraisal (PRA) in China	133
Box 8.8: Participation via targeting	134
Box 9.1: The impact on women	138
Box 9.2: The burden of crisis travels to rural areas	143
Box 10.1: Women can transform societies	146
Box 10.2: What women’s agency can do: The IFAD experience	147
Box 10.3: Asia and the AIDS threat	151
Box 10.4: High impact in low-potential areas	152
Box 10.5: Developing local capabilities	156





## CHAPTER I

### OVERVIEW OF POVERTY IN THE REGION: ITS NATURE, INCIDENCE AND TRENDS

---

*When the poor define their poverty, they talk about a range of dimensions they consider important. Income is only one of these many dimensions. Although the Asia and the Pacific Region has made impressive progress in the last three decades in economic growth and poverty reduction, the rate of poverty reduction seems to be slowing down in many countries. Poverty is basically a rural problem in the region, and the gap between rural and urban poverty is widening over time. Growing income inequality, economic vulnerability to external shocks, persistence of poverty, and high deprivation level are the major issues that constrain rural poverty reduction in the region.*

#### WHAT IS POVERTY?

IFAD's experience has brought to light the complexity of poverty – and the need to take account of what poverty means to the poor themselves. When the IFAD-funded Bihar-Madhya Pradesh Tribal Development Programme<sup>1</sup> was being formulated in 1997, indigenous women (or 'tribal women' as they are called in India) described how they view poverty. Poverty, to them, was not having enough food from the farm, little or no access to drinking water, and low literacy. Landlessness, or very small holdings followed by dependency on wage labour, were seen as the main indicators of poverty.

Participatory exercises conducted by IFAD missions elsewhere in Asia also reveal that the poor see poverty as shame, humiliation, and powerlessness. Permanent rights to

#### Box 1.1: How young Vietnamese see poverty

Focus group discussions among migrant youths and children in Viet Nam identified specific situations that illustrate poverty to them:

- Being pulled out of school because parents cannot afford the costs.
- Schools being closed down.
- Teachers beating or humiliating poorer pupils.
- Fathers drinking and beating mothers, shouting and quarrelling in the household, neighbourhood fights.
- Drug addiction.
- Being considered inferior by wealthier households, being beaten by richer children. Unstable income, being hungry, having poor clothes.
- Concern about mother's health and inability to afford good health care.

Source: Save the Children Fund 1999

land, the license to gather non-timber forest products (NTFP) and access to food throughout the year are considered the general indicators of well-being. The poor list what they see as the reality of poverty in their lives: poverty means the inability to shape decisions; to negotiate terms of trade and barter; to stop corruption; and make governmental and non-governmental organizations accountable to them.

Responses to surveys, and the findings of studies and group discussions show that communities in Asia and the Pacific Region have their own definitions and perceptions of poverty (Boxes 1.1 and 1.2). These definitions cannot be used for uniform comparisons, but they provide significant insight into the dimensions the poor consider important to their definition of poverty. Income is only one of these many different dimensions. In two Indian villages, for example, people whose real incomes had actually declined over the past 20 years said their situation had ‘improved’. They reported they were less dependent on low-status jobs and patrons and landlords, and that they had greater mobility and better consumption patterns (Jodha 1986a).

It is now widely acknowledged that poverty is a multidimensional concept that cannot be captured by a single dimension of human life. But for the sake of simplicity, most poverty measurements focus on consumption, with reference to an objective poverty line that is both fixed over time, and defined in terms of an absolute norm for a narrow aspect of welfare. For example, poverty may be defined as the deprivation of sufficient consumption to afford enough calories – what is referred to as ‘dollar poverty’ (IFAD 2001). Most studies use simplistic poverty measures because these can be used for comparisons between persons, groups, places and times. The following section also uses such a measure for comparative purposes; but later sections of the report take into account **the characteristics of poverty as perceived by the poor.**<sup>2</sup>

## POVERTY INCIDENCE AND TRENDS

The following analysis of regional trends in income poverty and social indicators in Asia over the last three decades aims to identify successes and failures in poverty reduction,

### Box 1.2: A hierarchy of poverty levels

A study of a Central Luzon village in The Philippines revealed a hierarchy of class and status categories based on the local residents’ assessment of themselves and others in their communities. The criteria they used emphasized access to material goods and/or social relations. The poor categorized themselves in status groups according to access to basic survival means:

- *Walang-wala* (have nothing or next to nothing, meaning no land to farm, scarcely any income, tiny houses and, worst of all, little food).
- *Sumasala sa oras* (missing meals).
- *Isang kahig, isang tuka* (living hand-to-mouth and eking out a living like a chicken scratching and pecking the ground).
- *Agaw-buhay* (hovering between life and death).

Source: Kerkvliet 1990

as well as intra-regional differences in poverty outcomes. The poverty measure used is the dollar-a-day poverty line, which reflects what it means to be economically poor in the world's poorest countries.<sup>3</sup>

### *Overall poverty*

Some 1.2 billion people in the world are estimated to consume less than a 'standard' dollar a day and are therefore in 'dollar poverty'. Although the share of Asia and the Pacific Region in the world's total poor declined by 8.6 percentage points between 1987 and 1998, this region still accounts for roughly two thirds of the total poor (Table 1.1). Using the headcount ratio, about two fifths of the population in South Asia were under the poverty line in 1998, and the incidence of poverty in East Asia and the Pacific was much lower at 15.3% including China, and 11.3% without China.

Within the region, progress in poverty reduction has varied widely. The headcount ratio dropped dramatically for East Asia and the Pacific, from a high of 26.6% in 1987 to 15.3% in 1998, but the decline was more modest in South Asia (44.9% to 40.0%). Poverty incidence, as measured by the headcount ratio in 1998, was higher in South Asia than in any other region of the world, except Sub-Saharan Africa.

### *Rural poverty*

About 75% of the world's dollar-poor work and live in rural areas, and projections suggest that this will still be the case for over 60% of the poor in 2025 (IFAD 2001). Poverty is also basically a rural problem in Asia and the Pacific Region. In all countries of the region except Mongolia, poverty is disproportionately concentrated in the rural areas (Table 1.2), and between 80 and 90% of the poor are rural in all the major countries of the region. The headcount ratio is also higher for rural areas everywhere except for Mongolia (Table 1.3).

Rural poverty trends vary considerably from country to country. In China, rural poverty declined during 1978-84 because of rising grain yields, a fairly equal redistribution of land among households, rising producer prices, better access to free-market sales, and phasing-in of market prices for food grains (de Haan and Lipton 1998). But between 1985 and 1990, poverty reduction stagnated, with the absence of meaningful levels of agricultural growth and rural enterprise development in the upland areas (World Bank 1992a; Ahmad and Wang 1991). The opportunities for quick reductions of poverty through agricultural growth in the less remote and less hilly areas (and in a few remote areas) were largely exhausted by the mid-1980s, and most of the residual poor are now found in the more remote upland areas. Growth in smallholder agriculture was also a major factor for rural poverty reduction in Indonesia and Malaysia in 1970-80, and in Japan, the Republic of Korea, and Taiwan in the 1950s and 1960s.

In India, although the incidence of rural poverty has always been higher than that of urban poverty, the differences have been smaller than in most other Asian countries. The gap declined up to the late 1980s but began increasing in the 1990s. As in China, and Southeast Asian countries such as Indonesia and Malaysia, the decline in rural

poverty in India was mainly due to the employment effects of the Green Revolution. In many countries – including India, China, Bangladesh, Malaysia, Pakistan and The Philippines – the gap between rural and urban poverty has been widening over time. Indonesia and parts of China have done better because the labour-intensive Green Revolution was followed by growth in labour-intensive manufacturing and services. An important issue for continued rural poverty reduction is whether the slowdown of growth in cereal output and employment can be compensated for by labour-intensive expansion of services and manufactures (de Haan and Lipton 1998). Rural-urban differences in poverty are also lower in Bangladesh, Kyrgyzstan, Pakistan and Sri Lanka.

### *Economic growth and poverty reduction*

The region achieved high economic growth in the last three decades: GDP of East and Southeast Asia has grown by 7 to 8% per annum and that of South Asia by 4 to 6% (Table 1.4). This simultaneous achievement of high economic growth rates and poverty reduction would seem to suggest a positive impact of growth on poverty reduction. Indeed, some studies do show that the reduction in the headcount index can be attributed mainly to the growth factor (Datt 1998). However, other studies question the credibility of such findings. Despite economic reforms and consistently high growth rates during the 1990s, there was no change in urban poverty in India, while rural poverty actually rose. This has led some authors to conclude that growth does not trickle down to the poor (Ghosh 2000).

More important, however, is the suggestion from yet other studies that the ‘trickle-down’ mechanism ignores certain important aspects of poverty reduction. First, the growth and redistribution components are not necessarily easy to separate, as the Gini coefficients and mean consumption are likely to co-move. This is apparent in the case of Uttar Pradesh State (India) from 1959-94 (Gaiha 1998). Second, de-composition (or disaggregation of changes in poverty into growth and redistribution components) cannot capture changes in the composition of the poor and the non-poor over time (Gaiha 1998). Even when an economy experiences both growth and a reduction in headcount ratio during a certain period, a substantial portion of the poor may slip further into poverty. (This number, though, would be less than those who escape poverty.) Further, as Gaiha (1998) argues, if there is a large core of chronic poverty among those who are sick, physically weak, or belong to vulnerable sections of society (such as the lower castes in India), the effect of growth on poverty will be weakened.

## **EMERGING ISSUES**

East and Southeast Asia have provided the world with a shining example of what economic growth can do for human development. But some of the socio-economic issues that have recently emerged seem to highlight the limitations of a poverty reduction strategy that focuses on high economic growth alone. These limitations are proving to be major constraints to the reduction of rural poverty.

*Growing inequality*

Demery and Walton (1999) show that Brazil – slightly richer than East and Southeast Asian economies but with a more unequal

■ *The greater the inequality, the less the poverty-reducing effect of growth.*

distribution of income – would require a growth rate of 2.5% per annum in per capita consumption to reduce by half the proportion of people living on less than a dollar a day. (A growth rate of 3% would be required for the proportion living below two dollars a day). In contrast, Tunisia would require the much lower growth rates of 0.8 and 1.3% per annum, respectively, to achieve these targets. In other words, the greater the inequality, the less the poverty-reducing effect of growth. This is an important finding, because recent surveys show that income inequality is increasing in several Asian countries that had achieved both high economic growth rates and significant poverty reduction in the last three decades. For example, a significant rise in income inequality occurred in China, Hong Kong and Thailand, but a marginal increase in the Republic of Korea and The Philippines (Table 1.5). In Thailand, the income Gini coefficient rose from 38 in the 1980s to 50 in the 1990s (Bruno, Ravallion and Squire 1996). The poorest received 6.1% of national income in 1975, but only 5.4% in 1981, and 4.6% in 1986. In China, the overlap of rapid growth and stagnant poverty in 1987-93 confirms worsening inequality (de Haan and Lipton 1998). The Gini coefficient increased from 29 in 1981 to 39 in 1995 (World Bank 1997).

A major reason for this rising inequality is the growing disparity in economic growth arising from a concentration of economic activity in certain areas to the exclusion of others. In China, for example, growth rates vary significantly across provinces and between rural and urban areas. In the last one and half decades, rural-urban and inter-provincial income disparities have grown, leading to inter-personal inequality. The World Bank (1997) has identified five reasons for rising inequality in China:

- The hinterland regions lag behind the coastal areas in human capital development.
- Investment levels are much higher in coastal areas.
- Returns have increased to natural and geographical advantages.
- Regional policies have favoured coastal areas.
- Fiscal decentralization has increased disparities.

An analysis of some Indian states (Jha 2001) also reveals a rich variety of experiences. Some states that have had high rates of economic growth and enjoyed high per capita consumption show lower inequality and poverty compared to the states lagging behind. For example, the rural Gini for Bihar was 31.7 in 1957-58, but 38.9 in 1995-96. Bihar has also had low rates of economic growth and is among the poorest states in India. In contrast, the rural Gini for Punjab, the richest state, dropped from 32.2 to 24.4 over the same period, accompanied by a sharp fall in poverty.

Income inequality also increased in some Southeast Asian countries after the financial crisis of 1997/98. For example, the share of income accruing to the richest one fifth of the population in Thailand increased from 55.3% in 1996 to 56.2% in 1998, with reductions in shares being spread across the rest of the population (Hooke et al. 1999).

Over the same period, the average real income of those in the richest quintile increased by 1%, while that of people in the poorest quintile decreased by 2%. Thailand was only marginally affected by unfavourable weather and other external disturbances, and this increase in inequality is attributable mainly to the financial crisis.

### *Economic vulnerability*

Globalization and economic liberalization fuelled the rapid economic growth in the region, but they have also increased the vulnerability of these economies to external shocks. As the financial crisis of 1997/98 showed, such external shocks can lead to severe economic downturn and rapid reversal of gains in poverty reduction. This crisis, which originated in the capital account, had a severe impact on reserves, exchange rates and interest rates. Most of the short-term capital in Southeast Asian countries had been borrowed by the private sector from abroad, without hedging against foreign exchange currency risks. The rapid growth of volatile portfolio capital relative to reserves left these countries vulnerable to speculative attacks on their currencies.

The collapse of export growth in Thailand in 1996 acted as a trigger that undermined confidence and initiated a process of speculative attack on its currency. This led to large capital outflow and speculation against the baht with the crisis generating the expectation of devaluation. As the crisis hit the real economic sector, the adverse effects of the economic downturn were transmitted to the poor through three major effects: a fall in employment, sharp price rises, and cuts in public spending. As a consequence of the crisis, Indonesia and Thailand experienced negative growth rates for two years. Unemployment in Indonesia increased by 6 million at the end of 1998 and in Thailand by 2 million (Robb 1998). Government expenditure on health and education decreased significantly and children dropped out of school. The incidence of poverty in Indonesia increased from 11.3% in February 1996 to 20.3% in December 1998 (World Bank 2001a) and in Thailand from 11.4% to 12.9% (World Bank 1999a). Poverty increased most in rural areas, from 14.9% in the first half of 1996 to 16.9% two years later (Warr 1999). The corresponding increase in urban poverty incidence was from 3.8% to 4.4%. Since rural areas account for more than half the population, the absolute increase in the number of people in poverty was much larger in rural than in urban areas.

More generally, vulnerability, as distinct from deprivation, assumed greater importance. The identification of vulnerable households is, however, more difficult than the identification of poor households, since a household's vulnerability depends largely on the magnitude of the shock to which it is exposed. While an illness lasting several days or weeks may push a few households into poverty, an event like the death of the wage-earning head would make many rural households in a developing country vulnerable to acute deprivation/poverty. Also, while households may be able to cope well with household-specific shocks in the presence of well-functioning markets (e.g. credit or labour markets) and community mechanisms, their ability to deal with community-wide shocks is much lower as these shocks affect everyone in the community (Gaiha 2001c, 2001d).

*Persistence of poverty*

While poverty may be a transitory phenomenon for many of the poor, it is more or less a permanent one for a non-negligible proportion. IFAD’s experience indicates that a large fraction of the poorest households are persistently poor,<sup>4</sup> and in consequence, IFAD has always adopted a targeting approach to ensure that its interventions focus on the poorest households. From a policy perspective, the distinction between transient and chronic poverty is useful for various reasons (Gaiha 2001c):

■ *The persistent poor are IFAD’s main target groups, since their upliftment is not possible without targeting.*

- Since the chronically poor are not a negligible subset of the poor, it is important to identify who they are. Chronic poverty is, typically, characterized by infrastructurally deprived remoteness, social backwardness, lack of access to education, disability and age, and prolonged illness. These persistent poor are IFAD’s main target groups, since their upliftment is not possible without targeting. In fact, some of the criticism of the ‘trickle-down’ hypothesis is related to the very existence of a class of chronic or persistent poverty. Failure to identify this group of rural poor may result in resources being directed to households suffering only from temporary misfortune (errors of inclusion). At the same time resources will be denied to those genuinely poor over the long term, but temporarily out of poverty due to short-term favourable circumstances (errors of exclusion).
- The identification of factors associated with movements into and out of poverty is useful in designing safety nets and other interventions to protect the vulnerable. And if this is supplemented by a clear understanding of why some households improve their well-being relative to others, it would help design policies that promote more equitable growth.

It is not easy though to measure transient and chronic poverty. One approach is to use income or consumption per capita or per adult equivalent as the welfare or poverty metric, and to classify the households as ‘always poor’, ‘sometimes poor’ or ‘never poor’, depending on the duration of their poverty in a panel survey. Table 1.6 presents the estimates of these categories from five panel surveys in four different Asian countries. Precise comparisons of the results are not possible across surveys because of the differences in time frames, poverty lines and welfare metric. All the same, two important findings are obvious. First, in most cases, the ‘always poor’ are non-negligible. Second, the percentage of households that experience poverty for one or more time periods during the panel (i.e. the ‘sometimes poor’) is almost always greater than that of households characterized as ‘always poor’. For example, in Gaiha and Deolalikar’s study (1993) based on the International Crop Research Institute for the Semi-Arid Tropics (ICRISAT) panel in rural South India, the overwhelming majority of the 170 sample households (87.8%) had been poor some time during the nine years (1975/76 to 1983/84). More than 61.3% had been poor roughly half of the time. And more than 21.8% had been poor during all nine years.

An alternative way of analysing the problem of chronic poverty is to estimate the number of years it takes for the various groups of poor to move out of poverty. Evidence from three Indian states show that Scheduled Castes and Tribes take longer to move out of poverty than other groups of the rural poor (Table 1.7).

The varying estimates of poverty by these studies reflect the **heterogeneity** among the poor, showing that the poor do not constitute a monolithic group. Instead, they comprise:

- Households that are temporarily poor because of transitory shocks such as illness.
- Households that are poor because of low levels of owned physical assets.
- Households that are poor because of long-run inherited disadvantages.

Gaiha and Deolalikar (1993) argue that chronic poverty is largely the result of deep-rooted characteristics that cannot be easily changed in the short or medium run. Some of these are observed (schooling of the household head), while others are unobserved (managerial ability or industriousness).<sup>5</sup>

A high correlation has been found between severe poverty and chronic poverty: the poorest tend also to be the chronically poor (Lipton 1988; Minhas et al. 1987). Gaiha (1989) also observed this in the form of the decreasing proportion of the chronic poor in the successive poverty deciles (using 1968-71 data for rural India).

### *High deprivation level*

An emerging issue not directly linked with the side effect of high economic growth is the high level of deprivation in terms of indicators of social development that continues to plague South Asia. Like Sub-Saharan Africa, it is one of the regions with the lowest levels of social indicators (Table 1.8). Despite rapid improvement in infant mortality rate, life expectancy at birth and adult literacy, South Asia still holds the position of second worst region as far as social indicators are concerned. The region continues to suffer from very low levels for the other human development indicators, such as the Human Development Index (HDI), the Gender Development Index (GDI), and the Gender Empowerment Measure (GEM) (Table 1.9).

The level of deprivation is usually higher than indicated by income poverty figures. For example, a recent World Bank study (1998a) in India shows that according to the 1993-94 round of the National Sample Survey (NSS), about 80% of the rural population had intakes below the 2 400 calories per adult per day recommended for rural areas. (70% of the urban population had intakes below the 2 100 calories recommended for urban areas.) This is much higher than the headcount ratio, which was 36.7% in 1993-94. In 1993-94, the poorest 30% of India's population consumed fewer than 1 700 calories per day, and the poorest 10% consumed less than 1 300 calories per day.

## **THE SEASONALITY OF POVERTY**

The discussion so far is based on annual estimates of the incidence of poverty. A major limitation of such estimates for the rural areas is that they mask seasonal variations – associated with fluctuations in environmental conditions, food availability, food prices, and labour demands. Such fluctuations may have substantial impact on nutrition and

health status, depending on the coping mechanisms. For example, seasonal saving and dissaving patterns of income or food stocks may reduce the impact on nutrient intakes. And despite seasonal patterns in nutrient intakes, adjustments in energy expenditures may mitigate the effect on indicators of even fairly short-run health status. Thus the question of whether the impact is substantial is an empirical one.

Some evidence from the ICRISAT panel for South India is illustrative. There are substantial differences in the demand relations for individual nutrient intakes. Specifically, price responses are large in absolute magnitude in the lean season, when food is relatively scarce. Also, the nutrient elasticities with respect to some prices, and the seasonal adjustments in these elasticities, are significantly greater in absolute values for small than for large cultivator households (Behrman and Deolalikar 1989).

If, as a result of a reduction in nutrient intakes, there is deterioration in short-run health status indicators (e.g. weight-for-height), this may have serious implications for on-farm labour productivity as well as the wage rate earned in casual agricultural labouring (Deolalikar 1988).

Other evidence on the extent and severity of seasonal distress was gathered as part of a review of the Employment Guarantee Scheme in Ahmadnagar district of Maharashtra state in India. The choices faced by large sections of the population in two extremely poor villages – one largely tribal – during slack periods of up to 7-8 months are grim: they had to engage in expensive job searching, with a few having to travel up to 20-35 km one way to find work. Failure to secure employment of any kind involved even grimmer choices – cuts in food expenditure, liquidation of assets, and borrowing at exorbitant interest rates (Gaiha 2001e).

---

## Endnotes

- 1 The project was recently renamed the Jharkhand-Chattisgarh Tribal Development Programme.
- 2 Participatory surveys are sometimes used to supplement conventional income/consumption surveys aimed at identifying the poor. While they enrich our understanding of the dimensions of poverty not captured by income or consumption measures (e.g. physical insecurity, isolation, powerlessness, and vulnerability), the considerable convergence in the estimates of poverty is significant. This implies that the poor are disadvantaged with respect to both resources and power (Kanbur and Squire 2001).
- 3 The dollar-a-day poverty line, computed at 1985 PPP conversion factors, was representative of the ten lowest poverty lines in low-income countries. Using an expanded set of PPP ratios for 1993, the poverty line works out to about USD 1.08 a day, representing the median of the lowest ten poverty lines.
- 4 Although the overlap between the poorest and the persistently poor is partial, a review of panel survey data points to limited economic mobility among sections of the former. In four out of six cases, 40% or more remained within the poorest quintile, and the majority within the same and the next quintiles over periods of 5-8 years. As the bottom 3-4 deciles tend to be poor, large fractions of the poorest are likely to be persistently poor (Baulch and Hoddinott 2000; Gaiha 2001c).
- 5 It is possible to distinguish between interventions that are more appropriate for the chronically poor (e.g. augmenting their physical and human capital or the returns to their labour), and those that are more appropriate for the transitorily poor (e.g. insurance and income-stabilization measures). But it must be emphasized that other interventions exist (e.g. a social safety net or a credit scheme) that can smooth income fluctuations and perhaps also enhance the ability of the chronically poor to escape poverty (Kanbur and Squire 2001).

**Table I.1: Regional comparison of income poverty in developing countries**

	People living on less than USD 1 a day (million)				
	1987	1990	1993	1996	1998 <sup>a</sup>
East Asia and the Pacific	417.5	452.4	431.9	265.1	278.3
South Asia	474.4	495.1	505.1	531.7	522.0
<b>Asia and the Pacific<sup>b</sup></b>	<b>891.9</b>	<b>947.5</b>	<b>937.0</b>	<b>796.8</b>	<b>800.3</b>
Europe and Central Asia	1.1	7.1	18.3	23.8	24.0
Latin America and the Caribbean	63.7	73.8	70.8	76.0	78.2
Middle East and North Africa	9.3	5.7	5.0	5.0	5.5
Sub-Saharan Africa	217.2	242.3	273.3	289.0	290.9
<b>Total</b>	<b>1 183.2</b>	<b>1 276.4</b>	<b>1 304.3</b>	<b>1 190.6</b>	<b>1 198.9</b>
<b>Asia and the Pacific as % of world total</b>	<b>75.4</b>	<b>74.2</b>	<b>71.8</b>	<b>66.9</b>	<b>66.8</b>
	Share of population living on less than USD 1 a day (%)				
	1987	1990	1993	1996	1998 <sup>a</sup>
East Asia and the Pacific	26.6	27.6	25.2	14.9	15.3
South Asia	44.9	44.0	42.4	42.3	40.0
Europe and Central Asia	0.2	1.6	4.0	5.1	5.1
Latin America and the Caribbean	15.3	16.8	15.3	15.6	15.6
Middle East and North Africa	4.3	2.4	1.9	1.8	1.9
Sub-Saharan Africa	46.6	47.7	49.7	48.5	46.3
<b>Total</b>	<b>28.3</b>	<b>29.0</b>	<b>28.1</b>	<b>24.5</b>	<b>24.0</b>

<sup>a</sup> Preliminary.

<sup>b</sup> Values for Asia and the Pacific are calculated from East Asia and the Pacific (including China) and South Asia.

Source: World Bank 2000a.

**Table 1.2: Distribution of poor in rural and urban households in Asia, (%)**

Country/Year	Distribution of Poor	
	Rural	Urban
<b>Southeast Asia</b>		
Indonesia, 1990	83.4	16.6
Laos, 1992/93	87.8	12.2
Malaysia, 1987	86.0	14.0
Thailand, 1992	84.7	15.3
Viet Nam, 1992/93	89.1	10.9
<b>East Asia</b>		
China, 1995	98.9	1.1
Mongolia, 1995	43.0	57.0
<b>South Asia</b>		
Bangladesh, 1995/96	57.8	42.2
India, 1994	86.2	13.8
Nepal, 1995/96	94.0	6.0
Pakistan, 1990/91	75.0	25.0
<b>Central Asia</b>		
Kazakhstan, 1996	57.0	43.0
Kyrgyzstan, 1996	59.8	40.2
<b>Pacific Islands</b>		
Papua New Guinea, 1996	94.2	5.8

Source: Ahuja et al. 1997

**Table 1.3: Incidence of rural and urban poverty in the Asia and the Pacific Region**

Country/Year	Poverty Headcount Index		
	Rural	Urban	Rural-Urban Ratio
<b>Southeast Asia</b>			
Cambodia, 1993-94 (a)	43.1	24.8	1.74
Cambodia, 1997	40.1	21.1	1.90
Indonesia, 1987 (a)	16.4	20.1	0.81
Indonesia, 1990	14.3	16.8	0.85
Indonesia, 1996	12.3	9.7	1.27
Indonesia, 1998	22.0	17.8	1.24
Indonesia, 1984 (b)	45.7	15.9	3.87
Indonesia, 1990	26.6	11.2	2.37
Laos, 1993 (a)	53.0	24.0	2.21
Malaysia, 1973 (b)	55.3	44.8	1.23
Malaysia, 1989	19.3	14.3	1.35
Malaysia, 1987 (c)	24.7	7.3	3.39
Philippines, 1961 (b)	64.0	51.0	1.25
Philippines, 1988	53.0	23.0	2.30
Philippines, 1994 (a)	53.1	28.0	1.90
Philippines, 1997	51.2	22.5	2.28
Thailand, 1992 (a)	15.5	10.2	1.52
Viet Nam, 1993 (a)	57.2	25.9	2.11
<b>East Asia</b>			
China, 1978 (b)	33.0	4.4	7.5
China, 1990	11.5	0.4	28.7
China, 1994 (a)	11.8	<2	
China, 1996	7.9	<2	
China, 1998	4.6	<2	
Mongolia, 1995	33.1	38.5	0.86

**Table 1.3: Incidence of rural and urban poverty in the Asia and the Pacific Region (continued)**

Country/Year	Poverty Headcount Index		
	Rural	Urban	Rural-Urban Ratio
<b>South Asia</b>			
Bangladesh, 1983-84 (b)	53.8	40.9	1.32
Bangladesh, 1991-92	52.9	33.6	1.57
Bangladesh, 1991-92 (a)	46.0	23.3	1.97
Bangladesh, 1995-96	39.8	14.3	2.78
India, 1992 (a)	43.5	33.7	1.29
India, 1994	36.7	30.5	1.20
India, 1957-58 (d)	55.2	47.8	1.15
India, 1977-78	50.6	40.5	1.25
India, 1987-88	38.9	35.6	1.09
India, 1990-91	36.4	32.8	1.11
India, 1994-95	34.2	28.4	1.20
India, 1995-96	35.4	27.3	1.30
India, 1997	34.2	27.9	1.23
Nepal, 1995-96 (a)	44.0	23.0	1.91
Pakistan, 1990-91 (a)	36.9	28.0	1.32
Pakistan, 1984-85 (c)	49.3	38.2	1.29
Pakistan, 1990-91	36.9	28.0	1.32
Sri Lanka, 1985-86 (a)	45.5	26.8	1.70
Sri Lanka, 1990-91	38.1	28.4	1.34
Sri Lanka, 1985-86 (b)	31.7	16.4	1.93
Sri Lanka, 1990-91	24.4	18.3	1.33
<b>Central Asia</b>			
Kazakhstan, 1996 (a)	39.0	30.0	1.30
Kyrgyzstan, 1993 (a)	48.1	28.7	1.68
Kyrgyzstan, 1997	64.5	28.5	2.26
<b>Pacific Islands</b>			
Papua New Guinea, 1996 (c)	39.4	13.5	2.92

Source: IFAD 2001 [Original sources: (a) World Bank 2000 (b) Lipton and Eastwood 1999 (c) de Haan and Lipton 1999 (d) Jha 1999]

**Table 1.4: Economic growth rates in the Asia and the Pacific Region**

Country	GDP Growth Rate (% per annum)			
	GNP Per Capita (USD) 1999	1965-80	1980-90	1990-99
<b>South Asia</b>	<b>440</b>	<b>3.6</b>	<b>5.7</b>	<b>5.7</b>
Bangladesh	370	1.7	4.3	4.8
India	450	3.6	5.8	6.1
Nepal	220	1.9	4.6	4.8
Pakistan	470	5.2	6.3	4.0
Sri Lanka	820	4.0	4.2	5.3
<b>East and Southeast Asia</b>	<b>1 240</b>	<b>7.3</b>	<b>7.8</b>	<b>7.4</b>
Cambodia	280	n.a.	n.a.	4.8
China	780	6.8	10.2	10.7
Indonesia	580	7.0	6.1	4.7
Laos	280	n.a.	3.7	6.4
Malaysia	3 400	7.4	5.2	6.3
Mongolia	350	n.a.	4.9	0.7
Philippines	1 020	5.7	1.0	3.2
Republic of Korea	8 490	9.9	9.5	5.7
Thailand	1 960	7.3	7.6	4.7
Viet Nam	370	-1	4.6	8.1
<b>Pacific Islands</b>				
Papua New Guinea		4.1	1.9	4.0
<b>Sub-Saharan Africa</b>	<b>500</b>	<b>4.2</b>	<b>1.7</b>	<b>2.4</b>
<b>Low Income Countries</b>	<b>410</b>	<b>4.9</b>	<b>4.3</b>	<b>2.4</b>
<b>World</b>	<b>4 890</b>	<b>4.0</b>	<b>3.1</b>	<b>2.4</b>

Source: World Bank 2000a

**Table 1.5: Income inequality in selected countries of Asia**

Country, Period	Measured Variable	Gini Coefficient	
		First Year	Last Year
China, 1985-95 (total)	Income per capita	29.9	38.8
China, 1985-95 (urban)	Income per capita	19.0	27.5
China, 1985-95 (rural)	Income per capita	27.1	33.9
Hong Kong, China, 1971-91	Income per household	40.9	45.0
Indonesia, 1970-95	Expenditure per capita	34.9	34.2
Malaysia, 1973-89	Income per capita	50.1	45.9
Philippines, 1985-94	Expenditure per capita	41.0	42.9
Republic of Korea, 1970-88	Income per household	33.3	33.6
Thailand, 1975-92	Expenditure per capita	36.4	46.2

Source: Ahuja et al. 1997

**Table 1.6: Percentage of households 'always', 'sometimes' and 'never' poor: Results from five panel studies in Asia**

Source	Study Location	Number of Observations in Panel	Study Dates	Welfare Measure	% of Households		
					Always Poor	Sometimes Poor	Never Poor
Gaiha (1988)	India (NCAER panel)	3	1968/69 -1970/71	Income per capita	33.3	36.7	30.0
Gaiha and Deolalikar (1993)	India (ICRISAT panel)	9	1975/76 -1983/84	Income per capita	21.8	65.8	12.4
Jalan and Ravallion (1999)	China	6	1985-90	Expenditure per capita	6.2	47.8	46.0
McCulloch and Baulch (1999)	Pakistan	5	1986-91	Income per adult equiv.	3.0	55.3	41.7
Skoufias, Suryahadi and Sumarto (2000)	Indonesia	2	1997-98	Expenditure per capita	8.6	19.8	71.6

Note: NCAER = National Council for Agroeconomic Research (India)

Source: Adapted from Baulch and Hoddinott 2000

**Table 1.7: Exit times from income poverty for rural households in India**

State/Community	Household Expenditures (as % of national poverty line) 1960-90	Exit Time (Years)
<b>Bihar</b>		
Scheduled Castes	64	30
Scheduled Tribes	66	23
Others	94	10
<b>Orissa</b>		
Scheduled Castes	76	10
Scheduled Tribes	64	17
Others	94	2
<b>West Bengal</b>		
Scheduled Castes	75	12
Scheduled Tribes	70	14
Others	88	5

Source: Shiva Kumar 1997, quoted in UNDP1997

**Table 1.8: Regional comparison of social indicators in developing countries<sup>a</sup>**

	Infant Mortality Rate <sup>b</sup>				
	1970	1990	1997	Reduction 1970-97(%)	Reduction 1990-97(%)
<b>East Asia and the Pacific</b>	79	42	38	-52	-4
<b>South Asia</b>	139	87	77	-45	-10
Latin America and the Caribbean	84	42	33	-61	-9
Middle East and North Africa	134	61	49	-63	-12
Sub-Saharan Africa	137	100	90	-34	-10

a Based on Ahuja et al. 1997 and World Bank 1999b

b per 1 000 births

c Adult Illiteracy Rate (% of people 15 and above)

**Table 1.9: Regional comparisons of human development values in 1995**

	HDI (Human Development Index)	GDI (Gender Development Index)	GEM (Gender Empowerment Measure)
<b>East Asia</b>	0.766	0.749	0.388
<b>Southeast Asia and the Pacific</b>	0.677	0.651	0.421
<b>South Asia</b>	0.452	0.412	0.273
Latin America and the Caribbean	0.839	0.724	0.460
Arab states	0.747	0.638	0.258
	0.378	0.354	0.339
All developing countries	0.630	0.565	0.374
Eastern Europe and Commonwealth of Independent States (CIS)	0.750	0.738	0.460
Industrial countries	0.933	0.902	0.659
World average	0.724	0.661	0.437

Source: UNDP 1998

OVERVIEW OF POVERTY IN THE REGION: ITS NATURE, INCIDENCE AND TRENDS

Life Expectancy at Birth			Adult Illiteracy Rate <sup>c</sup>		
1970	1990	1997	1990	1997	Reduction 1990-97(%)
59	67	68	29.7	16.9	-43
49	59	63	58.1	50.6	-13
61	68	70	17.8	12.8	-28
53	65	67	50.5	38.2	-24
44	51	52	56.6	43.4	-23





## CHAPTER II

### PUTTING A FACE ON POVERTY: CHARACTERISTICS OF RURAL POVERTY

---

*Some people and places are more vulnerable to poverty than others. In rural Asia and the Pacific Region, these people are:*

- *women, often part of female-headed households*
- *the landless, or marginal farmers and tenants*
- *various indigenous peoples and internally displaced persons, socially excluded people like the Scheduled Castes, victims of landmines*
- *pastoralists and coastal fishermen.*

*The poorest places in the region are resource-limited:*

- *mountainous or hilly areas*
- *marginal and degraded lands*
- *rainfed cropping areas*
- *many coastal areas.*

The rural poor in Asia are characterized by a number of general economic, demographic and social features, but the most common feature is landlessness or limited access to land. Poor rural households tend to have larger families, with higher dependency ratios, lower educational attainment, and higher underemployment. The survival strategy of the poor leads them to strive for relatively large families because, traditionally, the flow of income is from children to parents (old-age care or insurance). As education is a prime instrument to reduce fertility, educational deprivation is also a causal factor for higher population growth among the poor.

The poor also lack basic amenities such as piped water supply, sanitation and electricity. Their access to credit, inputs and technology is severely limited. Constraints – including lack of information about markets, lack of business and negotiating experience, and lack of a collective organization – deprive them of the power needed to interact on equal terms with the other, generally larger and stronger market intermediaries (IFAD 2001). Cultural and social distance and discrimination are other factors that may also, at least partly, exclude the poor from markets. Low levels of social and physical infrastructure increase their vulnerability to famine and disease, especially in the mountainous and remote areas of the region. The complexity of the reality faced by the rural poor is well illustrated by the characteristics of ‘poor’ and ‘very poor’ households in Indonesia, documented during the formulation of an IFAD-funded project (Table 2.1).

The following discussion on the characteristics of rural poverty in the Asia and the Pacific Region suggests that certain groups of people and areas tend to be more vulnerable to poverty than others. The next chapter will show how these groups are being marginalized.

## WHO ARE THE POOR?

The significance of the rural poor in the Asia and the Pacific Region, in terms of proportion of the total population, varies by country and within countries. But for the region as a whole, the major sub-groups of rural poor are the landless, along with marginal farmers and tenants, indigenous peoples and Scheduled Castes, and internally displaced persons and victims of landmines. Pastoralists and coastal fishermen are important sub-groups of rural poor in certain countries. Within all the above sub-groups, women are hit particularly hard by poverty and female-headed households are particularly prone to poverty.

### *The poor have less land: landless households, marginal farmers and tenants*

The extent of landlessness is highest in South Asian countries like Bangladesh (49.6%), India (22%), Nepal (10%) and Pakistan (75% of the landless households are in the lowest expenditure quintile and 50% are in the second lowest quintile). And landlessness is increasing over time in many other countries. In Bangladesh, for example, the percentage of landless households (defined as those with less than 0.2 ha) in total households was 46% in 1988 but 49.6% in 1995, and their share of total land had declined by nearly half a percentage point (Hossain 1996). Most of the landless in rural areas are poor and work as agricultural wage labourers. In Bangladesh, 69% of the poor, and 80% of the severely poor, are landless. In the Republic of Korea, 88% of the landless are poor. Farmers in rainfed areas are at the bottom of the socio-economic spectrum in most countries. In Bangladesh, the proportion of people living below the poverty line is 78% in rainfed areas, compared to only 51% in irrigated areas (Government of Bangladesh 1996).

Marginal farmers and tenants are found everywhere in the region but they predominate in certain countries such as Bangladesh, India (where 28% of the small-scale farmers have less than 0.4 ha), Nepal and The Philippines. In Pakistan, 43.8% of the tenant farmers are poor. In Bangladesh, poverty is correlated with the amount of land a household controls (Table 2.2).

### *Many of the poor are indigenous peoples and Scheduled Castes*

#### **Indigenous peoples:**

About 70% of the world's more than 250 million indigenous peoples live in Asia (Singh and Jabbi 1996). (See Table 2.3 for their distribution in selected countries.) These peoples are known by different names: 'hill tribes' in Thailand, 'ethnic minorities' in Viet Nam, 'minority nationalities' in China, 'Scheduled Tribes' in India, and 'cultural communities' in The Philippines. The features that distinguish them from the lowland populations include a strong emphasis on clan structures and ethnicity bonds, a strong sense of identity, and a relatively higher status for women. Whereas the lowland societies are essentially patriarchal, gender relations among the forest dwellers and the highlanders are free of the more pervasive forms of violence and discrimination against women. A large number of these societies have matrifocal and matrilineal systems that are undergoing various forms of transition to patriliney.

The **incidence of poverty** is very high among these people. For example, out of the ten regions of **India** with the highest incidence of poverty, indigenous peoples known as ‘Scheduled Tribes’ inhabit four. In 1993-94, when slightly less than 40% of all Indians were below the poverty line, the proportion was 54% for the Scheduled Tribes and 50% for the Scheduled Castes (IFAD 1999a). Though the tribals of India made up only about 8% of the total population, they accounted for 40% of the internally displaced population, another major characteristic of poverty. The literacy rate was only 24% for the Scheduled Tribes and 30% for the Scheduled Castes, compared to 52% for the country as a whole. Among the rural tribals, the literacy rate for women was only 13% and the gross enrolment rate for girls among the Scheduled Tribes as a whole was only 27%, compared to 46% for the general population. Tribal children also exhibited higher rates of malnutrition. (Dreze and Srinivasan 1995).

In **Viet Nam**, the incidence of poverty among the ethnic minorities – mostly indigenous peoples – ranges from 66% to 100%, far higher than the national average of 51% (Hooke et al. 1999). Per capita incomes are only USD 100 per annum, against USD 290 (almost three times as much) for the country as a whole. In **China**, the **average life expectancy** in Yunnan Province, which is dominated by indigenous peoples, is five years less than for China as a whole (UNDP 1998). In the Wulin mountains area of China, where indigenous peoples comprise 80% of the population, the per capita income was CNY 521 in 1996, compared to CNY 1 792 for the province of Hunan and CNY 1 277 for the province of Guizhou (IFAD 1998a). In the area covered by an IFAD-funded project in Simao, cash incomes were about 50% lower than those in the areas of other IFAD-initiated projects in China, and grain availability was well below the national poverty line of 200 kg per capita (IFAD 1993).

In **Bangladesh**, more than 50% of a total of 1.2 million tribals live in the Chittagong Hill Tracts, and their lives have been severely disrupted in the recent past (IFAD 1999b). For example, the construction of the Kaptai hydroelectric project rendered some 100 000 of them homeless and submerged about 54 000 acres, equivalent to 40% of the land suitable for intensive cultivation. Some of the **displaced families** who had settled in the lower hills were displaced again after 1975, by programmes for the resettlement of persons from the lowlands.

One group that is being increasingly **marginalized** is the forest dwellers living on the outer islands and in the hilly areas of **Indonesia** and **The Philippines**, and throughout the hinterland of Southeast and South Asia. Most of them combine swidden and terraced rainfed cultivation with the gathering of forest products: they can be called ‘farmers in the forest’. A second group of marginalized peoples comprises the highlanders or mountain

■ *Features of the various indigenous peoples’ poverty include:*

- *high incidence*
- *landlessness, or insecurity of rights to land, especially in forest areas*
- *lower per capita income*
- *internal displacement*
- *lower literacy rates and lower enrolment rates*
- *malnutrition and/or limited access to health services.*

dwellers of the Himalayas and the surrounding ranges, a group that relies even more on gathering and animal husbandry. Although it is true that their isolation has to some extent buffered them from the Asian crisis, theirs is a situation of persistent and rising crisis.

#### **Scheduled Castes:**

People who belong to the Scheduled Castes are among the poorest of the poor in South Asian countries like India and Nepal. In the central Indian State of Bihar, 93% of the people belonging to the Scheduled Castes (*dalits*), and 85% of those belonging to other backward castes, are agricultural labourers (IFAD 1999a). In contrast, 96% of the people belonging to upper castes are landlords and rich peasants. The poverty of the *dalits* is centred on landlessness, but is not confined to that. Various forms of active and passive social exclusion (to use a refinement of the concept of social exclusion introduced by Amartya Sen 2000a) also operate – particularly at the village level – to make it difficult for them to overcome their poverty. In addition to a continuing relation to access or non-access to land, caste also affects policy and performances in education, both through the factor of land and independently as well. As pointed out in one study, “caste-based differences in educational achievements are statistically significant even after controlling for differences in income levels” (Dreze and Gazdar 1997).

#### *Pastoralists*

Pastoralists are mostly found in the highlands of Mongolia and Kyrgyzstan. In Mongolia, about 20% of the households, many of them headed by women, received less than 10 animals at the time of decollectivization. This is very much below the viable herd size, forcing them to sell the animals for short-run survival. This depleting coping strategy is a clear sign of their increasing marginalization. In Kyrgyzstan, the ethnic Kyrgyz pastoralists in the highlands suffered a similar fate.

#### *Coastal fishermen*

The fisheries sector in Asia provides employment to a large workforce, though they represent only a small proportion of the region’s vast population. Asia has a total of some 25 million fishers and fish farmers – four fifths of the world total, and more than double the number counted in 1970 (FAO 1998). In South and Southeast Asia, 10.4 million people work as full-time or part-time fishers, about 8.6 million of them in marine fisheries and the remaining 1.7 million in inland fisheries (Hotta 1996). Notwithstanding the major technical advances and industrialization that has characterized the sector in many Asian countries since World War II, the majority of Asia’s fishers are small-scale, artisanal coastal operators. They are generally among the poorest of the poor. For them, open access to fisheries resources is a last resort to eke out a living (Kaosa-ard et al. 1999).

Poverty in the coastal areas is a characteristic of Bangladesh, The Philippines and Viet Nam. In The Philippines, poverty is severe and resource depletion high in many fishing communities. Although recent developments in fisheries policy have broadened the scope for improving coastal fishing, these communities remain poor due to underdeveloped

**Box 2.1: From derris root to dynamite**

My name is Aber. I am a native of Palawan. My people engage in *kugita* (octopus) fishing. But this year, because of *El Niño*, the water in the reefs became too hot and the *kugita* moved to deeper waters. At the same time the price of rice doubled, and the migrants started to take advantage of the situation. They gave us one *gantang* (about 2.5 kg) of rice in exchange for a large *kugita*. Before, we used to sell *kugita* for 25 pesos per kg, or exchange it for one *gantang* of rice. The *kugita* we were catching were not enough to obtain the rice we needed. Only the migrants, because they had better equipment, were able to dive in deeper water and get the remaining *kugita*. Competition with the illegal fishermen is too high. With the poisonous roots of *tuba* (*Derris elliptica*), we catch hardly any fish. My children and my wife want some fish to eat with our rice and cassava. What should I do? My people are now forced to use dynamite in fishing.

Source: "An Assessment of *El Niño*, *La Niña* and the Asian Crisis in the Province of Palawan", Dario Novellino, Asia and the Pacific Division, IFAD, October 1999.

transport infrastructure (Hooke et al. 1999). In Bangladesh, 7 000 to 8 000 small fishing boats, the only source of livelihood of the low-income fishermen, were lost in the tidal surge caused by the 1991 cyclone, resulting in great economic hardship. Bangladesh has a coastline of 700 km in the northwest and southern coastal areas, and places within 5 km of the shoreline are highly vulnerable to cyclones.

For the coastal fishers, the threat of marginalization arises not only due to such natural disasters, but also due to competition from commercial fishing enterprises. In The Philippines, the output of the artisanal fishermen declined by 150 000 t (metric ton) in five years, while the commercial entrepreneurs increased their output by nearly 300 000 t. Very often, a combination of outside forces – such as economic crisis, conflicts and natural phenomena – force people to develop short-term survival strategies that endanger the environment. An IFAD Study on the Asian Crisis and its impact on the indigenous peoples of Palawan Island of The Philippines, observed that a combined effect of the financial crisis and *El Niño* in 1997/98 had led the fishermen to use dynamite, adversely affecting the fishery resources (Box 2.1).

*Internally displaced persons and victims of landmines*

In India, the tribals constitute only 8% of the total population, but 40% of them are internally displaced (IFAD 1999a), and large numbers of people have been displaced by conflict and war. The victims of landmines are mostly found in the war-ravaged countries such as Cambodia and Viet Nam. One in every 250 Cambodians is a mine victim and it is believed that 4-6 million mines are still hidden in the country.

*Women and poverty*

The severity of poverty is always higher for women and they face greater hardship in lifting themselves (and their children) out of the trap of poverty. Women have fewer opportunities than men due to a number of gender biases within their societies, including unequal opportunities for access to education, employment, and asset ownership. Without education, women enter a vicious circle marked by fewer opportunities for

employment, early marriage, poor child health care, limited knowledge of contraceptive use, and high fertility. In India, over 90% of the rural women workers are unskilled; 90% work in the informal/unorganized sectors (IFAD 1999a). The wage rates for women in agriculture are 30-50% less than those for men, and female casual labourers have the highest incidences of poverty of any occupational category, male or female.

Amartya Sen (1992) first identified what he described as 'missing women' in South Asia in 1992. The biological norm is that women outlive men if given similar nutritional and

health care. In which case, the corollary is that the total number of women should be higher than that of men. But South Asia is the only region in the world where men outnumber women. While the world-wide ratio of women to men is 106:100, it is only 94:100 in this region (Haq 1997). Computed from the biological trend, the estimate is that 74 million women are simply 'missing' in South Asia. This phenomenon is largely attributable to the sheer social and economic neglect of women in this region. Nepal and the Maldives (both in South Asia) are the only countries in the world where the life expectancy at birth of females is less than that of males, again a reversal of the global biological norm (UNDP 1997).

■ *Poverty hits women hardest.*

*Women have unequal opportunities for access to:*

- *Education (lower literacy rates and enrolment rates)*
- *Employment (lower wage rates, less occupational mobility, weaker skills, less access to training)*
- *Asset ownership (less access to land and credit)*
- *Health (lower life expectancy, higher malnutrition)*
- *Status within the family and society (less decision-making authority).*

In Bangladesh, the burden of poverty falls disproportionately on women, whose nutritional intake averages at only 88% that of men (IFAD 1999b). Only 29% of the women are literate compared to 45% of the men. Some 20% of households headed by men are 'extremely poor' compared to 37% for women-headed households, and the latter earn 40% less than the households headed by men. Households headed and managed by women constitute 7% of all rural households in Bangladesh. These women-headed households constitute the most vulnerable social group within rural society. In Nepal, a relatively high proportion (28.7%) of the rural women has a body mass index below the cut-off point, an indication of chronic energy deficiency (IFAD 2000). The literacy rate among rural women in 1995/96 was only 17.2% compared to 51.1% for rural men, and female primary school enrolment stood at 59% compared to 79% for males.

Women generally have fewer employment opportunities, less occupational mobility, weaker skills and less access to training (Agarwal 1986; Bardhan 1993). Because of the greater task-specificity of their work and lower mobility, they face much sharper seasonal fluctuations in employment and earnings, and have less chance of finding employment during slack seasons (Ryan and Ghodake 1980). In addition, there is a considerable gender gap in access to decision-making authority at national and local levels, including decisions about the use and management of common property resources, particularly village commons.

**Women and the 'working poor':**

In the rural areas of many countries in Asia, the reality of the working poor is considerably more 'feminized' than that of the poor as a whole. In other words, the proportion of women among the poor who work is much larger than the proportion of women among the working non-poor (Bardhan 1993). Women are also disproportionately concentrated in the lowest remunerated categories of self-employment and casual wage labour. They bear a far larger share of non-commercial (unpaid) subsistence work (food processing and gathering of food, fuel and water) than men, and that share is rising due to male migration. Yet very little has been done to enhance the productivity of women's activities, or to alleviate their workload. Among the land-poor households of remote areas, women bear a disproportionate share of low-yield work. This diminishes their own and their families' quality of life and limits their ability to invest time and energy in strategies to get out of poverty.

**Poverty increases gender gaps:**

It is women who suffer the most when there are external shocks. Over the past three decades, countries in Southeast Asia have achieved dramatic poverty reduction along with some measure of gender equality. When these countries were hit by the financial crisis in mid-1997, gender biases re-emerged: women bore the brunt of unemployment, domestic violence, and withdrawal from education.<sup>1</sup> Although China has made considerable progress towards gender equality, girls continue to be more deprived in poor families (Moghadam 1996). Over 80% of the children who dropped out of school in 1990 were girls, mostly in the rural and mountainous areas, and among the minority groups where poverty is rampant. China still has twice as many illiterate women as men. Gender bias is also strengthened by the major economic transformations that are changing the structure of agriculture in many countries of Asia. In China, for example, male migration from the rural areas is resulting in the feminization of agriculture and in increasing women's work burden. The education of elder daughters is sacrificed because they are needed to take care of younger siblings. The next generation's education is thus affected, leading to a recycling of poverty.

**Intra-household disparities work against women:**

Another gender dimension of poverty concerns disparity in the intra-household allocation of food and resources. Growing empirical evidence, mainly drawn from India, suggests that the allocation of household resources favours males over females (Gaiha 1993; Deaton 1997). Disparities in nutritional intake and medical care favour boys and have a direct impact on lower survival chances of girls in South Asia (Gaiha 1993). Related to this point, Rosenzweig and Shultz (1982) use an econometric study based on ICRISAT data in rural India to show that boys, because they are expected to be more economically productive as adults, receive a larger share of family resources and have a greater chance to survive.

The presence of intra-household disparity relates very closely to poverty. As shown in

Haddad and Kanbur (1989, cited by Gaiha 1993), the neglect of intra-household inequality understates true poverty. Intra-household aspects are not captured by the aggregate measures of poverty based on household data. However, the GDI referred to earlier may reflect intra-household disparity to some extent at the aggregate level. The fact that the GDI for many of the South Asian countries (as well as Malaysia) is lower than their HDI might reflect strong intra-household disparities between men and women. Targeting by gender could be a particularly effective policy in regions where intra-household disparities are prevalent. During policy formulation, more attention should also be paid to the position or role of women within the household, though survey data on intra-household disparity are limited.

**Women and deprivation:**

Deprivation is a major factor of poverty and the extent of deprivation suffered by women in Asian and Pacific countries is colossal. Yet where both men and women control resources, women tend to spend their incomes mostly on the basic needs of the family, while men spend a greater share on personal needs (Mencher 1989). This is particularly true for the poorer households. An early study from Kerala, India, revealed a positive correlation between the consumption of children and women's outputs from home gardens or income under their control (Kumar 1978). Thus women's access to and control over resources is extremely important for their well-being, and for the well-being of their children. But throughout the region, there are significant inequalities between the access of men and women to private resources. For instance, agricultural land – the single most important production resource in the rural areas – is owned for the most part by men. A study in Chittoor district (in Andhra Pradesh, India) showed that women's lack of real control over the family land and assets reduced their bargaining power in domestic relations. It also diminished their ability to negotiate for a fair share of the proceeds from resource use (da Corta and Davuluri 1997).

**Female-headed households:**

Female-headed households usually tend to be poorer than male-headed households, though situations vary considerably.<sup>2</sup> Among various dimensions of the relationship between poverty and gender, the sex of the household head is one of the most important perspectives, though this measure alone does not capture all the significant aspects of gender and poverty.

**WHERE DO THE POOR LIVE? – REGIONAL DIFFERENCES IN POVERTY INCIDENCE**

*Geographical variability of poverty*

An analysis of the various national poverty lines brings out large regional differences in rural poverty incidence in many Asian countries. In **India**, in 1993/94, rural poverty varied from 15% in Punjab to 66% in Bihar (IFAD 1999a); and the data disaggregated by region shows a high degree of variation in the incidences of rural poverty between regions, even within states. For example, in Maharashtra, there is a clear difference between the

coastal and western regions where the incidence ranges between 24% and 38%, and the northern and eastern regions where it is 62-66%. In the Himalayan belt, West Bengal reports the highest increase in the incidence of poverty (27%) between 1987/88 and 1993/94, followed by the Assam Hills (21%), Arunachal Pradesh (19%) and Manipur (15%) (IFAD 1999a). Parts of these areas have suffered from political unrest; others contain a large number of ethnic minorities; and most are dependent on rainfed agriculture.

In **Pakistan**, the rural parts of South Punjab Region had the highest food-poverty incidence among the country's rural areas in 1990-91; whereas the incidence of food poverty was the lowest for India in the neighbouring Indian Punjab, which had experienced similar agricultural productivity growth in the 1970s and 1980s. The high incidence of rural poverty in Pakistan Punjab is attributable to highly unequal access to land, and to the greater labour-displacing mechanization of agriculture.

In **China**, poverty is far greater in the resource-constrained remote upland areas, where land is so unproductive that it is not possible for farmers to achieve subsistence levels of crop production (World Bank 1992a). While the proportion of households below the national poverty line is less than 1% in Beijing, Shanghai, Tianjin and Guangdong, it is 20% or more in Inner Mongolia and Qinghai (de Haan and Lipton 1998). In The Philippines, agricultural productivity also remains very low in the upland areas, where poor minority groups are dominant (Hooke et al. 1999). Many of these minority groups have only recently received recognition for their claims to the land on which they have lived for generations. In **Indonesia**, there is a high concentration of poverty in Java where 61% of the population live and some of the country's poorest regions are its upland areas, particularly the limestone hills of Central and East Java. Poverty is also extremely prevalent on Madura, in areas far from the urban concentrations, and in the fishing villages along the coast of West and East Java.

### *Resource base and poverty*

According to one study, 634 million rural poor – of whom 375 million are in Asia – live in marginal and degraded lands (Nelson et al. 1997). Indeed, a large part of Asia's rural poor are concentrated in the hills and mountain regions of Bhutan, Cambodia, China, India, Indonesia, Laos, Myanmar, Nepal, Pakistan, Thailand, The Philippines, and Viet Nam. Out of the total area of 1 700 million ha that make up the continent, nearly 236 million ha (14%) have slopes exceeding 30%, and a further 664 million ha have slopes of 8-30%. Nearly one quarter of Asia's absolute poor (some 250 million people) eke out a meagre existence in these areas. They are rainfed farmers, forest dwellers, highlanders and indigenous peoples. In The Philippines, the incidence of poverty in the upland areas is 61% compared to 50% in the lowlands. In China, almost all of the 65 million officially recognized income-poor live in remote and mountainous rural areas (UNDP 1997). In many of these villages, at least half the boys, and nearly all the girls, do not attend school.

Again, in the central Asian countries, poorer households are mostly found in areas situated at an altitude above 2 000 m above sea level. The sparse and scattered settlements

in these areas have poor transport and infrastructure, and poverty, as a result, is caused mainly by the high costs of transaction and service delivery. The forest dwellers and highlander sub-groups include many of the so-called indigenous peoples of the world (250 million people, 70% of whom are in Asia). Most of the pastoralists are also found on high mountain slopes and on plateaux, remote areas with harsh climates.

Mountain conditions, terrain and altitude, make it absolutely necessary for survival that people have a higher minimum energy intake than in the plains and that they have a higher minimum of clothing, including warm clothing and permanent shelter to protect themselves from the extremes of weather (Papola 2001). Further, prices of goods are higher in the uplands than in the plains. If a poverty line taking into account (a) higher calorie requirement, (b) higher non-food needs of clothing and shelter for survival, and (c) higher prices obtaining in mountain and hill areas is adopted, then the incidence of poverty would turn out to be higher than shown by current measures.

The majority of the poor live in rainfed cropping areas. Over 65% of the arable land of the Asia and the Pacific Region are rainfed, and the growth of irrigated areas has declined in recent years. Except for Iran and Pakistan, less than 40% of the total arable land is irrigated. The drylands of the region are home to some 37% of the people in Asia (1.1 billion people).

While the coastal areas generally tend to be poorer than other areas, there are some exceptions. In Maharashtra State (India), poverty incidence is lower for the coastal areas (24%) than for the interior western region (38%). Similarly, the coastal areas are richer than the interior areas in China.

---

## Endnotes

- 1 This phenomenon is not limited to Asia. In Zimbabwe, gender equality in primary school enrolment had been achieved by 1990. But when user fees were introduced as part of a structural adjustment programme, gender bias crept back, particularly in the rural areas (UNDP 1997).
- 2 There is a wide variability in the headcount ratio between male-headed and female-headed households among Asian countries. For example, the headcount ratio is lower for female-headed households in Laos, The Philippines and Viet Nam, but higher for Mongolia and Papua New Guinea.

**Table 2.1: Characteristics of the poor and very poor: An Indonesian example**

Indicator	Very Poor	Poor
Food sufficiency and purchase	Food insufficient More than 70% of income spent on food Needs to borrow for food purchase	Food slightly insufficient About 50% income spent on food Occasional borrowing for food purchase
Landholdings	No land or shareholder High rent paid on share holding	Small owner cum shareholder
Agricultural input use	No purchased inputs used except that received via aid	Fertilizer and pesticides used occasionally
Labour utilization and employment	Only family labour used Seasonal employment	Occasional use of hired labour More regular employment
Use of utilities	Not available Use non-mechanized source of drinking water	Few utilities available Availability of mechanized source of drinking water
House and ownership	Simple house with thatch roof and earthen floor	Simple house of wood and thatch with earthen or wooden floor
Children's education	Never attend school or never graduate from primary	Primary schooling
Literacy of parents	Both illiterate	One parent able to read and write
Vehicle/transport	None or one bicycle Occasionally able to afford public transport	One or more bicycle Able to afford public transport most of the time
Livestock (less poultry)	None	Only small ruminants
Valued goods	Maximum two-band radio No jewellery or gold	Two or four band radio Few pieces of jewellery or gold
Cooking material	Firewood and very rarely, kerosene	Firewood and kerosene
Health access	Only traditional healer during emergencies	Traditional healer and formal health service for serious illness
Income source	Exclusively from agricultural activities	About 10-25% income supplemented from non-farm activities
Distance from house to market	More than 10 km with difficult access	Within 10 km and relatively easily accessed
Family size	More than 6	Less than 6

Source: Adapted from FAO 1997. *Rural Income Generation Project Preparation Report*. Vol. 1 (main report)

**Table 2.2: Poverty profile by landholding class, rural Bangladesh, 1988-89**

<b>Landholding Class (acres of owned land)</b>	<b>% of Population</b>	<b>Headcount Index of Poverty (%)</b>
Landless (0-0.04)	13.5	61.4
Near landless (0.05-0.49)	31.5	53.9
Marginal (0.50-1.49)	19.2	43.4
Small (1.50-2.49)	11.3	34.2
Medium (2.50-7.49)	18.8	26.6
Large (7.50+)	5.3	10.1
Rural Bangladesh	100.0	47.5

Source: Bangladesh Bureau of Statistics in Ravallion and Sen 1994

**Table 2.3: The distribution of the indigenous peoples in Asia**

Country/Region	Indigenous Population (million, 1992)	% of Indigenous Population in Total Population
Bangladesh	1.2	1.0
Cambodia	0.3	4.0
China	91.0	8.0
India	63.0	7.0
Laos	1.3	30.0
Malaysia	0.8	4.0
Myanmar	14.0	33.0
Philippines	6.0	9.0
Thailand	0.5	1.0
Asia	175.0	
World	250.0	

Sources: (i) Dunning 1993. Supporting Indigenous Peoples, in the *State of the World 1993*. A Worldwatch Institute Report on Progress towards a Sustainable Society, New York, W.W. Norton, quoted in Singh and Jabbi 1996. (ii) McCaskill and Kampe 1997.





## CHAPTER III

### HOW POVERTY MARGINALIZES THE RURAL POOR

---

*In Asia, small farmers, the various indigenous peoples, upland dwellers and women are getting more marginalized, or impoverished. For some, displacement from land is the problem; for others, it is insecure titles or the fact that the land they own is too small or unproductive. Forest dwellers are losing rights over the resources of the forests they live in – and their right to lead the kind of lives they value. Unequal gender relations feminize poverty so that there are more poor women and their poverty is more severe.*

#### FACTORS LEADING TO MARGINALIZATION

There is considerable evidence that governments have tended to favour the urban areas, the more productive lowlands, export crops, and industrial and manufacturing establishments. In the process, their policies have – often unwittingly – developed built-in biases against the poor rural households and disadvantaged areas, so that their deprivation has been accentuated. For example, the overvaluation of exchange rates and persistent budget deficits has hurt the poor; the former through heavy taxes on the export crops produced by the poor, the latter through inflationary impact. And persistent budgetary deficits sometimes induce *ad hoc* cuts in public expenditure on the health and social services meant for the poor. Weak access to basic health, sanitation, and immunization, adversely affects their productivity and income, and ultimately, their nutritional status. The gross neglect of institutions also has the effect of isolating the poor. People living in remote areas without publicly supported infrastructure pay higher transaction costs for input acquisition and product sales. This greatly reduces their competitiveness, and they are forced into the spiralling poverty trap.

■ *Several interacting factors contribute to the process of marginalization or impoverishment:*

- *anti-poor national policies*
- *high fertility*
- *environmental deterioration*
- *natural disasters*
- *cultural and ethnic factors*
- *exploitative intermediation*
- *international processes.*

The effects of these biases are manifest in the degeneration of the productive potentials of the poor, leading to increasingly unsustainable use of natural resources and further deterioration of the production environment. There is a general lack of recognition of the real contributions of the rural poor, particularly in upland areas, to the well-being of Asia as a whole and even of the world at large – for instance through valuable environmental services such as carbon sequestration and protection of biodiversity.

Rapid population growth is exerting tremendous pressure on productive natural

resources (land, water and forests). Environmental problems are already serious in many 'hot spot' areas in Asia, such as the sloping areas of South Asia and southern China, and the forest margins of Cambodia, Indonesia, Laos, Malaysia and Viet Nam (Scherr and Yadav 1995). The conventional theory of poverty and natural resource degradation argues that poverty and scarcity cause desperation. This in turn promotes over-extraction of resources leading to resource degradation and still greater extent of scarcity and poverty, which further accentuates the cycle. However, an in-depth study of the dry tropical plains and mountain areas of South Asia (Jodha 1999) contradicts this theory. The author argues that most of the communities in the relatively isolated, fragile and marginal resource areas, faced with limited, high-risk and low-productivity options as well as limited and unreliable external linkages, evolve their sustenance strategies by constantly adapting to the limitations and potentialities of their local natural resource base.

The process of impoverishment or marginalization is the result of the interplay of several exogenous and endogenous factors. These factors include anti-poor national policies, high fertility, environmental deterioration, natural disasters, cultural and ethnic factors, exploitative intermediation, and international processes (IFAD 1992). In the next sections we attempt to highlight the processes and determinants of marginalization of the three largest sub-groups of rural poor in Asia: small farmers and the landless, indigenous peoples and other upland dwellers, and women.

### **THE MARGINALIZATION OF SMALL-SCALE PRODUCERS**

A repeat survey conducted on 62 villages in Bangladesh in 1995 showed that about 38% of the households that had not been poor in 1987/88 had fallen into moderate poverty or extreme poverty in 1994; and that 32% of the moderate poor had slid into extreme poverty (Rahman 1996). The increasing marginalization of smallholders in Kurigram village of Bangladesh is another revealing example. According to a government publication, the average Bangladeshi farm family needs 2.5 acres of land to meet the minimum subsistence needs; but over half of the total households in the village had considerably less than this minimum requirement. The irony was that the marginal farmers (those with less than 0.5 ha) had virtually no access to credit, while the large and medium farmers had access to commercial credit, and the landless households could get Grameen Bank loans. The marginal farmers, constantly at risk of further marginalization, are called the 'missing middle' or 'tomorrow's poor' (IFAD 1999b).

Land is critical for rural people – and for three quarters of the world's income-poor, who rely on agriculture for their livelihood. About a quarter of the rural poor in developing countries are either landless or do not have adequate security of tenure or title. Even those who have land often have holdings that are too small or unproductive to provide a secure livelihood. In addition, they are being marginalized by a number of factors – including neglect by formal credit schemes and lack of access to new technology and production inputs. Their vulnerability weakens their bargaining power in markets, and forces them to accept the over-exploitation of inter-linked markets.

The small farmers' plight is shared by other small-scale producers. The Appraisal

Report on IFAD's Western Mindanao Community Initiatives Project (1998) describes how the artisanal fishermen in the area are being marginalized, mainly through unfair competition with the growing number of commercial fishing units which employ only 2% of the fisher population. From 1991 to 1995, commercial landings grew by 295 000 t while that of the artisanal fishermen, or 98% of the fishing population, actually declined by 150 000 t. Another IFAD report describes a similar situation in the Cox's Bazaar coastal areas of Bangladesh, where the marginalization process was aggravated by a natural disaster, the 1991 cyclone. About half the 7-8 000 small fishing boats were lost in the rising tides. Credit to return to normalcy was provided under IFAD's Special Assistance Project for Cyclone Affected Rural Households.

### **THE MARGINALIZATION OF INDIGENOUS PEOPLES AND OTHER UPLAND DWELLERS**

#### *The marginality of the indigenous peoples*

Available evidence shows that the indigenous peoples are being increasingly displaced from land ownership; this is evident, for instance, in the state of Tripura, or the Thane district of Maharashtra State, both in India. The displacement of these indigenous peoples means that they will eventually belong to the classes of landless and marginal farmers (Nathan 1998). Areas where the tribals still dominate land ownership, namely the hill forest regions, are marked by a substantial lack of infrastructure. Some of these areas have been opened up essentially to extract timber, minerals, non-timber forest products (NTFPs) and other natural resources, but these investments have also enabled the advance of non-tribal populations into the area. The result is that the tribals are losing their best lands.

What little development assistance the upland populations have received has – until recently – been guided by the primary concerns of the lowlands and mainstream societies. The conventional industrial and agrarian sectors rarely flourish in the hills and mountains due to strong comparative disadvantages, in terms of production costs, for example. The uplands do have attractive assets, but past efforts to exploit their comparative advantages have tended to dispossess the local populations. Environmental services, such as controlled hydrological flows or carbon sequestration and the preservation of biodiversity, are taken from them without any compensation. The current process of globalization in a context of weak property rights of the indigenous peoples enhances the risks of further marginalization.

#### *Violation of the human rights of forest dwellers*

The marginalization and poverty of many indigenous communities is closely linked to their being deprived of the capabilities they need to lead the kind of lives they value. Such an association is closely linked to the issue of basic human rights. This aspect of human existence is often dismissed as a 'luxury' in a poor country, on the grounds that the need for basic human necessities like food and shelter is more important than other human rights such as freedom of speech, equality before the law, and justice. Yet the

■ *Closely linked to the marginalization of indigenous peoples is the violation of their human rights – such as equality before the law, and freedom from exploitation by officials, traders and contractors. Such violation deprives the indigenous peoples of their right to lead the kind of lives they value.*

poor themselves often rank human rights very high on their scale of values. The United Nations (UN) Working Group on Indigenous Populations points out that the indigenous peoples have been deprived of human rights and fundamental freedoms, affecting their right to development “according to their own needs and interests” (1993). Indigenous populations are also subject to

extreme forms of exploitation by officials, traders and contractors.

The colonial – and even the post-colonial period – have seen the extended process of state intrusion into forest areas. This intrusion has brought about far reaching changes in the ownership and management of the forests in many countries. In India, this took place during the British colonial regime, and in The Philippines, during the Spanish regime. In China, it came about with the extension of central state rule over outlying frontier regions. In India and The Philippines in particular, the forest dwellers had rights of collection or use granted by the state. But without ownership, or even recognized tenure, they became at best interlopers on their own lands. The worst-case scenario was that they became lawbreakers because their daily actions, whether of gathering, conversion to agriculture or other uses, became criminal acts on ‘state’ property.

It is no wonder then that forest departments have traditionally had police and judicial powers in addition to administrative powers. In India, the 1865 Forest Act initiated legal discrimination against forest dwellers by giving forest officials the right to arrest them without warrant, and also the power to levy penalties. This elimination of the separation of police and judiciary reduced the forest dwellers to the status of second-class citizens, without the civil rights to due process of law. The separation of powers between administration, judiciary and police, a separation that provides some scope for protection from abuse of their rights, is not available to forest dwellers. A basic civil right that other citizens, the plains dwellers, have is thus denied to them (Singh 1986). The forest departments in the rest of Asia also give extensive police and judicial powers to forest officials. In some countries like Thailand, the situation is even worse: forest dwellers are not even recognized as citizens.

Can the lack of human rights, of civil rights that citizens of modern states take for granted, have an effect on human development as noted by the UN Working Group? IFAD’s experience in the field shows that depriving forest dwellers of their basic human rights does have an impact on their human – and more specifically their economic – development. Because of their extensive and unbridled powers, forest officials can declare even the simplest use of the forests as a source of livelihood, such as selling fuel wood, ‘illegal acts’. At every step, forest dwellers live in fear of paying fines levied by forest officials. Almost daily coercion by all-powerful officials, and the absence of accepted tenure or ownership rights for the forest dwellers, mark the essential relationship between the two sides. At the economic level, this means that governments – through

the forest officials – confiscate a portion of the forest dwellers' already meagre incomes. In Thailand, the lack of citizenship makes the forest dwellers subject to further extraction, as they need to get official permission to move out of their districts. This means both expense and labour.

Deprivation of human rights can have important consequences by retarding human development. Human rights, especially due process of law with separation of powers, are important in themselves as aspects of governance and modern human existence. IFAD's experience indicates that they are also important for promoting improved livelihoods of the poor.

The transformation of forest dwellers into people with secure tenurial rights marks an important change in their relation to the state. This process calls for a total change in the nature of the forest departments. In Nepal, the Forestry Service is in the process of being transformed from its earlier police nature to that of a technical, extension service, much like the agriculture departments. But the 1993 Nepal Forest Act still contains clauses that give forest officials the right to arrest without warrant and to settle fines up to NRP 10 000. Also, recent by-laws proposed by the government seek to curtail the powers of forest user groups and increase the management role of forest officials.

The Panchayat Extension to Scheduled Areas (PESA) in India, the Ancestral Domains Act in The Philippines and other similar legislation, are important steps in recognizing the tenurial or property rights of forest dwellers. These are important prerequisites for the transformation of their status, from interlopers or squatters to that of full citizens and owners. Such transformation is not only a matter of recognizing property or tenurial rights, but also of revoking, once and for all, the police and judicial powers of forest department officials. Without this correction, decentralization and devolution of power is bound to be considerably less than what it seems, or claims, to be.

### *Violence and conflict*

The extreme forms of exploitation and violation of civil rights that exist in areas such as the Chattisgarh and Jharkhand states of India and the Cordilleras of The Philippines have turned these areas into places of long-standing insurgency. Another reason for the rising violence in forest areas is encroachment by migrants who are taking over the land of the indigenous peoples. Some of these movements were unwittingly sponsored by some governments as a means of reducing pressure for land reform on the plains. Experience has shown that such migration schemes, whether in small numbers as in the Chittagong Hill Tracts and most other hill-forest regions, or on a large scale as attempted in Indonesia's 'transmigration' scheme, have resulted in heavy conflict over resource use. This intense conflict underlies the endemic ethnic violence in these areas. Wars within nations have replaced wars between nations as the main form of warfare in the contemporary world. During 1987-97, more than 85% of conflicts were fought within national borders, overwhelmingly in poor countries: 14 in Asia, 14 in Africa and one in Europe (World Bank 2000a).

At one level, the cost of fighting wars diverts public spending from productive activities.

But these direct costs are not the only economic consequences. Contracts become difficult to enforce and property rights insecure. The suppression of civil rights associated with civil war reduces the efficiency of public expenditure (Isham et al. 1996, quoted in

■ *The various forms of exploitation and deprivation the indigenous peoples are subject to have led to rising violence in forest areas. Encroachment by migrants taking over the land of the indigenous peoples has also contributed to the increasing insecurity of their property rights.*

Collier 1999). Taken together, these factors mean that civil war reduces the GDP, with per capita output falling by about 2% relative to what it would have been without civil war. This is because of the gradual loss of capital stock due to destruction, dissaving and flight of capital, as well as emigration of highly skilled workers. Different sectors of the economy are affected differently. “The

sector intensive in capital and transactions (manufacturing) and the sectors which supply capital (construction) and transactions (transport, distribution and finance) contract more rapidly than GDP as a whole. The sector with the opposite characteristics (arable subsistence agriculture) expands relative to GDP.” (Collier 1999.)

At a more general level, civil war promotes speculative trading activities at the expense of production. The dividing line between political opposition and banditry becomes increasingly blurred on both sides – the regular armed forces and those opposing them – and both individuals and groups take to earning in whatever manner they can. This results in the growth of an ‘economy of pillage’ (Lutz and Nonini, 1999).

### *Correcting negative tilts*

The indigenous peoples are subject to a number of extractive policies and structures:

- The forests and minerals of the indigenous peoples are classified as ‘national property’ and are used by states to foster accumulation outside the indigenous peoples’ regions. Both timber and minerals have been used for extraction and external capital accumulation. Indonesia, Malaysia and The Philippines are all examples of national governments that used incomes from logging in indigenous peoples’ domains for the primary phases of capital accumulation outside these domains.
- In relation to the ownership of the forests and minerals, the revenues of central or provincial (state) governments are not re-spent on the indigenous peoples’ areas. For instance, in the recent creation of a Jharkhand state (largely comprising areas with concentrations of indigenous peoples), the state of Bihar, to which it belonged, demanded compensation from the central government for the loss it would suffer from the creation of a separate state of Jharkhand: its expenditure in the region was less than the revenue collected. In The Philippines, Zingapan and De Vera (2001) point out the present declining trend in budgetary allocations for upland communities and the indigenous peoples.
- The extraction of timber has numerous external effects on the local economy. The productivity of local agriculture and other aspects of life are adversely affected by the loss of the ecological services provided by the trees.

- Through the low credit-deposit ratio, the savings of poor regions are transferred to other regions, including the metropolitan centres, for external accumulation.

All these forms of transfer of income from the regions of the indigenous peoples call for a change in policy – regarding states of the indigenous peoples and their ownership of the forests and minerals within them; and for efforts by international public agencies to correct the tilt against the indigenous peoples and their development.

### THE MARGINALIZATION OF WOMEN

This section uses examples from various geographic regions in its focus on the impact of unequal gender relations (laws, rules and norms) on poverty.<sup>1</sup> It begins by analysing the notion of the ‘feminization of poverty’, or how the proportion of women among the poor is increasing. It then examines several factors that contribute to the persistence and rising poverty of women: insecure land tenure, incongruously linked to the growing feminization of agriculture; weak access to basic social needs like health and education; and the effects of various forms of discrimination against women.

#### *The feminization of poverty*

The notion of ‘feminization of poverty’ was first used to imply that women were making up an ever increasing share of the world’s poor as a result of recession and cuts in public spending (Pearce 1978, Scott 1984, Rein and Erie 1988). The term has been used for any or all of the following situations:

- More women than men are poor.
- Poor women suffer more from capability deprivation than poor men.
- The severity of poverty is higher for women.
- Women face greater hardship in lifting themselves and their children out of the poverty trap.
- There are poor women even within non-poor families.

These meanings are complementary rather than contradictory. Poor women do tend to be poorer than poor men; even the better-off households often have poor women as members; and poor women suffer most from external shocks. The negative impact of reform measures that slashed public expenditure on health and education has hit women hardest. It has increased their burden since it is they who try to compensate for the shortfall of public services. During the Asian financial crisis of 1997/98, there was clear evidence that rural women bore much of the burden of the reduction in incomes caused by falling remittances from the urban areas. Women function as a ‘safety valve’ when public social security systems fail (Kelkar and Osawa 2000). In the rural areas of many countries in Asia, there are more women than men among the ‘working poor’ than among the poor as a whole. In other words, the female proportion of the working poor is larger than the female proportion of the working non-poor (Bardhan 1993). Women are also disproportionately concentrated in the lowest remunerated categories of self-employment and casual wage labour.

It is difficult to pin down the notion of the feminization of poverty in terms of

**Box 3.1: Gender relations in the region – An overview**

In gender relations, Asia presents a wide range of situations that can be divided into three broad zones:

- A zone marked by strong classical patriarchy corresponding to South Asia, with the Indo-Gangetic plain as the core: few economic rights for women; low literacy; strong seclusion norms.
- Two zones where gender relations are fairly equal for different reasons.
  - (a) China and Viet Nam: concerted efforts to transform gender relations by socialist governments; formal (legal) economic rights to land and other productive resources; widespread literacy though few poor women have attended secondary school; widespread preference for sons; phenomenon of 'missing women' in China.
  - (b) Southeast Asia: strong economic presence of women in land rights and market-related activities; high literacy though limited number of poor women in secondary school; low level of participation in political and community activities; little evidence of 'missing women'.
- The indigenous peoples scattered throughout the region, living mainly in the upland areas: though rapidly eroding, more equal gender relations than in the other two zones; two sub-groups, (a) matrilineal (or matrifocal) societies with a higher degree of gender equality than elsewhere in Asia; (b) more patrilineal societies retaining a variable degree of traditional gender equality.

income, since income figures are not usually disaggregated by gender. Many household surveys have collected data on the shares of women and men in income or consumption, but few attempts have been made to analyse them.

One widely quoted estimate (UN 1995) suggests that 70% of the world's poor are now women. But recent studies of developing countries by Quisumbing Haddad and Peña (2001) do not support such conclusions about the gender division of poverty. It is difficult to draw estimates of the numbers of women and men in poverty, measured by income poverty. The most commonly used indicator of poverty is the consumption data based on household surveys, not on the individual or specific members of the household. The lack of statistical and substantive data on individual consumption has led to the tendency of economic analysis to compare poverty between female-headed and male-headed households (Quisumbing et al. 2001). Given the heterogeneous character of a variety of households, and a disproportionate representation of widows and divorced women among the poor, the headship studies have found limited evidence to draw strong conclusions about the gender dimension of poverty from standard headship analyses. Female-Headed Households (FHH) with absent men (migrated to work elsewhere, as is frequently the case in Nepal or Pakistan), and FHH with a single adult, could obviously be different in their income status. Thus, Quisumbing et al. point out, "the usefulness of headship as a universally acceptable targeting criteria is... questionable" (2001).

What is more important is the poverty of women within supposedly Male-Headed Households (MHH). At the income level, (which is very unclear), there is weak evidence that women are over-represented among the poor (Quisumbing et al. 2001). But in consumption and nutrition data, there is evidence that there are gender disparities in nutrition in South Asia, but little systematic evidence of gender differences

in other regions (Collier 1990). This is as expected, considering that South Asia has been identified as the most gender-unequal region of Asia. The differences in nutrition are manifested in subtle ways – discrimination only in the lean season in South India, and in the case of preferred foods rich in micronutrients in Bangladesh (Behrman 1988 for South India; Chen, Haq and D’Souza 1981 for Bangladesh, quoted in World Bank 2000a).

Gender disparities in nutrition and schooling are reinforced by poverty. The analysis of Demographic Health Survey data of under-five mortality from 32 developing countries shows that in two thirds of the countries, female advantage is less among the poor than among the rich (quoted in World Bank 2000a). “As in schooling, the tendency to favour boys is stronger among the poor than the rich.” (World Bank 2000a).

If poverty is multidimensional, (a view now commonly held in development literature), it is also important to look at the non-income dimensions of poverty to investigate the feminization of poverty. Not all types of non-income deprivation may be equally important as indicators of poverty. But health and nutrition, as well as illiteracy and education, are critical deprivations. Lack of education is not only instrumental in reducing the income that a person may earn; it also makes escape from poverty difficult.

#### *Poverty deprives women of health and nutrition*

Health is an important aspect of human functioning. Freedom from the risk of premature death and a life relatively free of illness are aspects of a ‘good’ life, and both are instrumental in improving other aspects of human existence. That women are more at risk than men is suggested by the International Food Policy Research Institute (IFPRI) study mentioned earlier. Its review of 15 data sets from 14 countries showed that poor families had more females than males in half of the data sets from Africa and in two thirds of the data sets from South and Southeast Asia (UN 1995). The phenomenon of ‘missing women’ is also closely linked with women’s deprivation with regard to nutrition and health care. But even when there is no significant difference in the sex ratios, women and girls in non-poor families too are often deprived and ‘allowed to die’. The fate of these women goes undetected when only the families living below the poverty line are considered.

The continued poor existence of women may also be the result of poor working and living conditions. Pioneer studies by Pandey (1984) indicate that women who cook family meals are exposed to chronic respiratory ailments at a risk level equal to that of men who smoke four packets of cigarettes a day. The ‘occupational hazard’ of women as domestic cooks is equal to that incurred by men from substance abuse.

#### **Box 3.2: Poor living and working conditions means poor health**

Women in rural China spend four to eight hours collecting fuel and cooking (*China Brief* 1999). There are well-documented health risks in carrying heavy loads of fuel, compounded by indoor air pollution, the side effects of which include chronic lung disease.

An evaluation of an IFAD-funded project in Nepal revealed a strong correlation between child nutrition and the health and status of women (IFAD 1999d). Hungry mothers give birth to underweight children, and most mothers are unable to provide an adequate and balanced diet to their children because of illiteracy, limited freedom to adopt better child care practices, excessive workload and domestic violence. Infrequency of feeding is another factor. The evaluation found that high stunting rates in the project area were empirically correlated with these factors.

Poverty has important psychological repercussions that affect men and women differently. Poverty and loss of income hurt the self-image men have as providers for the family, and they often tend to take refuge in alcohol and other substance abuse. Women, on the other hand, have weaker fallback positions. Generally they do not own any property and 'taking refuge' is not a solution because of their upbringing as caregivers. Being a 'good mother' is central to their existence and self-esteem. They tend to have a higher prevalence of psychological distress and psychiatric morbidity, particularly depression and anxiety-related disorders. The incidence of such disorders is highest during the reproductive years and when they have small children, with the incidence falling after menopause. Social norms and expectations create the greatest stress during the reproductive years, especially in patriarchal societies where the difficulties faced by women who fail to bear a male child are well known. Anxiety to fulfil maternal and other feminine roles is another causal factor that can push poverty into the ranks of otherwise non-poor households.

#### *A system that deprives women of education*

Patriarchal family systems also deprive women of capabilities by limiting, even barring, their access to certain skills fundamental to modern life. Literacy is a valuable good in itself. The lack of literacy inhibits the ability to function in an increasingly complex world. Education is a means to escape poverty by taking advantage of new, often better paid employment or job opportunities. Education is also a pull factor in attracting investment in manufacturing and services. One of the key factors in the massive reduction in poverty over the last three decades in many countries of Asia has been their high level of literacy. Poverty reduction was less strong in most of South Asia with its higher levels of illiteracy.

Women are far more likely than men to be illiterate, and this makes it more difficult for them to move out of poverty. Girls are often expected to stay home and help with domestic work. They are often regarded as 'not worth investing in' since they will leave the household on marriage and will not be able to help their elderly parents. At least 60% of the 100 million or so out-of-school children in India are girls who work at home, unpaid (Burra 2001). As children who work at home without a wage are not counted as child labourers, the incidence of child labour – and especially that of girls – is grossly understated.

The levels of male illiteracy in India and Pakistan seem to correspond with the incidence of poverty, at something below 40%. But the illiteracy rates of women (60% and

75% respectively) are significantly higher than the incidence of poverty. This can only mean that a large proportion of these illiterate women belongs to families classified as 'not poor'. The exclusion of women from education has severe effects on their agency and their ability to participate in income-earning processes. The fallback position of women without education is far weaker than that of women with education. They are also more vulnerable to pressures to conform and avoid taking initiatives.

### *Violence and discrimination*

**Domestic violence:** Available studies suggest that violence against women is more prevalent in poor families, though it occurs in all socio-economic and educational classes (Heise, Pitanguy and Germain 1994). Violence affects the health of women as well as their families and societies; though the consequences are due to social factors, they affect well-being in the same way as any other ailment. The psychological effects of violence are, perhaps, even more important than the physical ones: "fear, anxiety, fatigue, post-traumatic stress disorder, and sleeping and eating disturbances, are common long-term reactions to violence" (Heise et al. 1994). Women who are victims of violence become dependent, vulnerable to suggestion, and less able to take decisions on their own. Their agency is severely curtailed, and they are afraid to behave in ways 'unacceptable' to their husbands or families. Thus women rarely report incidents of familial violence to the police, believing this will bring shame to the family.

**Societal violence:** Establishing and reinforcing norms of acceptable behaviour is also a community matter, and women who transgress norms may be subjected to various forms of societal violence such as witch killings (Kelkar and Nathan 1991) and 'honour killings'. Domestic and public violence against women who do not conform to socially prescribed roles affect their ability to live the kind of lives they would value, implying a capability deprivation.<sup>2</sup> Too often the state is also a party to violence against women.

### **Box 3.3: An imbalance of power breeds gender violence**

Heise et al. (1994) extracted some correlates of gender violence from a series of cross-cultural studies.

Factors that predict high violence include:

- Economic inequality between men and women.
- Values attached to male dominance, toughness and honour.
- Male economic and decision-making authority in the family.

Correlates of low violence include:

- Female power outside the home.
- Active community intervention against violence.
- Presence of all-female work or solidarity groups.
- Sanctuary from violence (shelters, friends, family).

This is the case when the state establishes property norms that weaken women's position and make them vulnerable to violence; or when it refuses to intervene in what are held to be 'family' matters (domestic violence) or 'cultural' matters (honour killings). Officials of the state wield power, and often they are themselves perpetrators of violence against women.

**Sex trade and trafficking:** Poverty is a key factor in the movement of women/young girls into the sex trade. While not all women in the commercial sex trade are trafficked, trafficking, whether through force or deceit, is the lot of all young girls who end up in commercial sex. Early analysis of the growth of the sex trade in Bangkok clearly brought out its connection with rural poverty – one study, for instance, described the traffic of women *From Peasant Girls to Bangkok Masseuse*” (Pasuk 1992). Again, globalization of the sex trade has drawn attention to cross-border trafficking of women. The violence in the sex trade lies not only in this trafficking, but also in the economic conditions that force women into this trade, and in the very conditions of the sexual services they provide. Another form of trafficking concerns the system of forced or purchased 'brides'. In the early 1990s there were reports of mass suicides of rural Chinese girls forced or sold into unwanted marriages (Heise et al. 1994). Initially, the traffic involved brides from poor countries being sold in rich countries, but buyers have recently emerged within Asia. Viet Nameese girls, for instance, are now being sold into marriages with Chinese men.

#### *Lack/insecurity of land tenure*

Women's access to land is, in practice, primarily through their relationship with a man, generally as a wife. The insecurity of this relationship means that there is insecurity of women's access to land. A woman from a landed class can become landless through

■ *A Bangladeshi woman who had acquired user rights to a fishpond in an IFAD-initiated project dramatically demonstrated what secure individual rights to productive resources can do. As she put it, "Now we don't have to get married." Marriage was no longer a necessity to stave off destitution.*

divorce or desertion. This still happens in countries where the legal system grants women equal rights to land. In China, where marriage is patrilocal, women lose their land rights in their natal home, and their land rights in the husband's village are linked to the continuance of the marriage relationship. As landlessness means poverty, women see marriage as a means to gain access to land; so their bargaining position within the marriage

is weakened. Although most women enter into another marriage as soon as they can when one breaks down, a class of landless women still develops. Zhu Ling and Jiang Zhongyi (1996) point out: "In present rural China there will always exist a landless group if the problem of insecure land rights of agricultural women are not solved."

Since the renewal of the women's movement in the 1970s, there has been frequent debate, and many resolutions, about the need to change women's access to property and resources to fight against women's subordination and patriarchal gender systems.

**Box 3.4: “Where is the land we worked for?”**

During fieldwork in 1984-85 in the villages of Etawah district (Uttar Pradesh, India), a woman from the scavenger caste, Devi, remarked sharply: “Women never control any assets, not even the children they bear. They are known as their father’s children. This has been going on for generations.” Raj Kumari, another *dalit* woman, added: “Land is passed on from father to son... If a man dies or remarries, the woman is completely dependent on others for her survival. A man can gamble or drink away his land but a woman is always concerned about her children... So land should be jointly owned by both the husband and wife.”

Similar reports came from the rural areas of Bihar, from women struggling against the prejudices of state officials and the men of their own community towards independent land rights for women. At a *dalit* women’s meeting, the women complained, “We were there harvesting the fields. We fought for our rights and participated in the land struggle. Then when the land is distributed, why don’t we get our independent rights to land?”

Source: Kelkar 1993

Women’s independent right to land and to the control of resources is integrally linked to measures to change the ideology and structures of patriarchy, both within the family and in social relations. Poor peasants, agricultural labourers, *dalits*, and indigenous women have repeatedly emphasized the need for such measures – that will enable women to have inalienable rights to land, property and inheritance, while rectifying existing wage systems where women workers are paid less than men.

The ideological background of women’s oppression, and the material relations of gender difference, cannot be neatly separated. The family constitutes both the ideological and material ground for the structure of dependence and gender differences that strengthen the patterns of inequality and women’s oppression that result in poverty.

An important distinction has to be made between immediate power and ultimate control. Land and other property are clearly in the name of the man as head of the household in patrilineal societies. (Men may also have important decision-making roles in property matters in matrilineal societies – where a woman’s brother is often the key person in decisions on the use or disposal of property nominally owned by her.) As far as immediate decision-making power is concerned, both women and men can, to some extent, decide on the use of the resources they are expected to manage. Women often have this immediate decision-making power; but ultimate and final control over ‘their’ land and other property is in the hands of the men.

***Unwaged work, low-wage work and overwork***

Women perform most of the unpaid work within the family. Men are reluctant to share this burden because, as the Director of Extension in Tuyen Quang Province, in Viet Nam put it, “Men do not want to do ‘unnamed’ work” (IFAD 2000). Women also work longer hours than men, and the lack of free time limits their ability to acquire new skills. Their work is highly fragmented, with little bits of time spent on a multitude of tasks, and concentration, so important for developing innovation skills, is weak. The fact that most of

the burden of unpaid work is borne by women, and the lack of even social recognition for such work, adds to women's workload and restricts their functioning in various fields, including income-generation. In most agrarian systems, women earn lower wages. This and their lower mobility (because of child care and lower education) reduce the opportunity cost of their labour, and the investment in labour-saving devices for them.

### *The feminization of agriculture*

Agriculture in Asia is increasingly carried out by women with substantial male migration from rural areas in many countries, especially in China, India and Viet Nam. In China, the difficulty of obtaining urban residential status makes it difficult for whole families to migrate to the urban employment centres. In India, where there are no legal restrictions on families moving with migrants, it is the low wages that make it difficult for them to do so. In both cases, it is the married women who stay behind to look after the family home and farm. The home and women's farming activities thus provide a supplement to what would otherwise be a charge on urban profits (Meilassoux 1975). They also serve as a cushion in times of urban recession (Nathan and Kelkar 1999).

Case studies from China (Wang Yunxian 1999, IFAD 2000 and Su Guoxia 1998) show that male migration increases women's contribution to agricultural labour by up to 70-80%, and women perform tasks – such as spraying, fertilizing, even land preparation – that were once generally performed by men. Women's role in decision-making also increases, but largely for routine matters, at least initially. Decisions with regard to avenues of investment or purchase of major assets remain the privilege of men.

There is, generally speaking, surplus labour in the agricultural sector, and the withdrawal of men's labour may not result in a decrease in overall output. For the women concerned, however, there is likely to be a fall in net income because they have to pay labour for tasks (even marketing) that used to be done by family men. As it is also more difficult for women to access formal credit, they resort to more expensive informal credit. The fact that agricultural land remains largely in the names of men constrains women's ability to make investments or use it as collateral for loans. Factors like lower income from agriculture may be somewhat offset by men's contributions, for example to buy inputs. However, a study of Lijiang (Yunnan, China) notes that men, particularly the younger ones, tend to send less or no money home. Young women who migrate are more assiduous in sending money home (Nathan and Yu Xiaogang 2000).

Not being landowners is at least part of the reason why women are not perceived as 'farmers' even when they do much of the farm work. As a result, agricultural extension and infor-

#### **Box 3.5: "The strength to speak and walk"**

In the land struggle in Bodh Gaya, Bihar (India), the women who did get some land describe how important it is to them. "We had tongues, but we could not speak; we had feet but we could not walk. Now that we have land, we have the strength to speak and walk".

Source: Kelkar 1993

mation on new technologies are almost exclusively directed to men, even where women are traditionally responsible for a task. Although vegetable growing is almost universally women's work, projects that aim to diversify agricultural production by promoting commercial vegetable growing (as in Bangladesh), often train the men, and something is inevitably lost when the knowledge is 'passed on' to women. The reason for not training women is not just because they are perceived as 'only housewives', but because they are seen as **workers**, not the **owners** of the land. If women were accepted as owners and hence as farmers, it is more likely that they would be targeted for training as farm managers, and not only as home managers. "Supporting women as farm managers could make for a more talented and better informed pool than one consisting solely of men." (Agarwal 1994).

There is some evidence that male migration can increase women's decision-making powers, even in community affairs. A study of the Wulin mountains pointed out that "the rule is the more men work off the farm, the more (actively) women participate in the village" (Su Guoxia 1998). This enhancement of women's agency is something that women report they cherish. However, the feminization of agriculture also seems to be giving rise to an increasing tendency within rural societies to deride agriculture as the work of those who are less capable.

While the feminization of agriculture is likely to have worsened women's income/consumption position, this effect may eventually be offset by enhanced decision-making power. The greater involvement of women in decision-making can be expected to evolve towards the development of households that are truly 'women-headed' for most of the time. This in turn will increase the pressures on traditional family structures that continue to operate against the development of women.

### *Unequal gender relations cause poverty*

It is now accepted that women's 'capability fulfilment' is instrumental in reducing child mortality and fertility. This fact has even found its way into official documents such as the latest *Economic Survey* of the Government of India.<sup>3</sup> The multidimensional capability approach draws attention to the role unequal gender relations play in exacerbating the effects of poverty for females of poor families, and in serving as a direct cause of poverty among females in otherwise non-poor families. In other words, unequal gender relations affect the way in which the burden of poverty is distributed, and unequal gender relations can also be the cause of poverty. Thus unequal gender relations need to be addressed both as a cause and a factor in the intensification of poverty. Using the capability deprivation approach to reconceptualize the feminization of poverty points to the need for poverty reduction programmes to include public action that increases the equality of gender relations.

### *Gender relations affect production*

Just as it is necessary to analyse the 'cooperative-conflicts' within the household to understand the distribution of household consumption, a similar analysis can help clarify patterns of resource use and production results. Not much research has been carried

out on the scope women have to make their own resource-use decisions, or on the possible differences between their decisions and those of men. But a few pointers exist. In societies where women control the use of milk and men control the disposal of calves, “there is frequently a clash between the objectives of both sexes, because men try to force three lambings (births) a year (meat-oriented strategy), while women claim that such a strategy depresses milk production (unless supplementary fodder is supplied)” (Naimir-Fuller 1994). In Nepal, where men control the sale of milk, and women the sale of *ghee* (clarified butter), a similar conflict arises because making *ghee* reduces the amount of milk that can be sold and *vice versa*.

Similar conflicts, both within the households, and at the community level recur in forestry projects (Box 3.6). For example, the men want to plant timber species and women want fuel and fodder species. The gender-based control of household and community resources often affects the success of interventions that would increase production and reduce poverty.

Outside the family, existing distortions in the functioning of markets are rooted in class as well as gender. And these distortions hamper the efficient functioning of markets. One well-known example is gender-based distortions in the market for credit. “In addition to class-based determinants of access, there is gender discrimination in the formal credit market, which either raises transaction costs to women enormously or (*de jure* or *de facto*) simply blocks women’s access to formal sector credit and obliges them to face interest rates several times higher in the informal credit market.” (Palmer 1995). The development of special microfinance schemes, such as those pioneered by the Grameen Bank, has helped address the problem of the gendered nature of credit markets, but their coverage remains small.

Other relevant questions also need to be examined:

- Does the fact of women not owning land affect the working of the agrarian system? Does it affect the amount of effort women put into farm labour?
- If women do not have an agency role in deciding on the use of farm income, does that lead to alienation in women’s farm labour?

These are difficult questions, not so far explored in the literature on Asia. A few pointers can, however, be drawn from Africa. In Cameroon, a lot of the irrigated land developed by a project was left uncultivated because, while the land belonged to men, it was their

### Box 3.6: Her trees, his trees

Upland tree plantations in The Philippines failed to control soil erosion because of a gender conflict, and not because of grazing by neighbours’ animals. “Many women plant and tend trees and other leguminous plants in the upland zone for multiple purposes such as controlling soil erosion and producing fruits (such as coconut) and raw materials for weaving. These efforts at preserving the usefulness of the uplands are constantly thwarted by men – family members and others – who graze their carabao and allow them to eat the trees and plants that women have planted.”

Source: Buenavista, Flores and Meares 1994

wives who did the transplanting, weeding, etc. The study found a very strong correlation between the number of days they worked on their husbands' rice fields and the compensation they got from their husbands. Women did allocate some of their labour to growing rice, but preferred to spend most of their time on less profitable activities that were under their control (Blumberg 1991).

Another dramatic example – of the differential effects of systematic differences in effort due to differential entitlement structures on farm productivity – comes from Africa. A new maize technology introduced in Kenya involved significant changes in weeding requirements. In the female-headed households, where women controlled the proceeds of their own labour, yields increased by 56%. In the male-headed households, women also did the weeding but they did not control the proceeds of their labour, and yields increased by just 15%. “If... the sample is representative of rural Kenya, the national maize loss from this disincentive effect is about equal to the maize gain from the application of phosphate and nitrogen fertilizers.” (Collier 1990 quoted in Elson 1995).

The ‘weapons of the weak’ famously analysed by James Scott (1985) seem to come into play not only in covert struggles, but also in everyday situations of alienated work. The lower level of effort put in by women in situations of alienated labour contrasts with their extra and innovative effort wherever they acquire and control the proceeds of their labour. The advantages of microenterprises lie in “self-employment... that makes the workers the residual claimants of the fruits of their ideas and efforts and... provides motivation for hard and imaginative work” (Fafchamps 1994). This “hard and imaginative work” of women is closely related to the degree they partake in ownership.

---

## Endnotes

- 1 There are enormous regional disparities, both between and within zones and countries. There are disparities in overall income poverty, in women's dependence on agriculture, in the social constraints they face, etc. The implications of these disparities will, hopefully, be the subject of more intense and thorough study in new research.
- 2 There are two limitations of the capability approach pioneered by Amartya Sen in a series of writings (see Sen 2000b for a recent exposition). First, he does not specify a subset of capabilities that can be regarded as crucial for developing countries. Second, the minimum threshold levels for such capabilities are not specified. As a result, it is unclear whether it is feasible to distinguish between the poor and non-poor in terms of the extent of capability deprivation. At best, ordinal comparisons of different groups may be feasible.
- 3 “For example, the likelihood of children being enrolled in school goes up with their mother's educational level. Women's extra income also has a greater positive impact on household investments in nutrition, health and education of children, relative to extra income accruing to fathers. From the efficiency point of view, what is important is the social rate of return of investment in women, and in many cases, this can be greater than the corresponding rate for men.” (*Economic Survey, 2000-2001* Government of India, New Delhi, p. 199.)





## CHAPTER IV

### ACCESS TO PRODUCTIVE RESOURCES

---

*What are the productive resources the poor need? Water, forests, rangelands, fisheries, wildlife, and most of all, land. To overcome their poverty, the poor must have more access to common property resources, and they must have the incentives and abilities to develop and manage these resources. And the poor need land. Ownership or secure rights would promote their management of this resource, and only a concerted effort to push through land reform programmes will fulfil this critical need.*

This chapter examines how poverty can be reduced by increasing the access of the poor to two key productive resources: common property and agricultural land. The discussion of the corresponding challenges and opportunities highlights, but is not confined to, the experiences of IFAD-funded projects in the region.

#### **COMMON PROPERTY RESOURCES FOR THE POOR**

In many areas of Asia, the rural poor rely heavily for their livelihood on common pool resources<sup>1</sup> available through open-access systems. Examples include water for irrigation, forests, rangelands, fisheries, and wildlife. The role of these commons in the survival strategies of the poor has become conventional wisdom after the pioneering analysis by Jodha (1986b). But an important issue remains to be answered: can the commons be avenues for reducing poverty, not just coping with it? A related question has to do with safeguarding the access of the poor to the commons in the context of increasing privatization or state control.

In recent years, there has been an increasing trend towards devolution of control over natural resources from central government to local communities. The emphasis of such devolution has been the sustainability of resources to be used by all, rather than poverty reduction through securing livelihoods for the poor. IFAD provided funding to CIFOR for an analysis of various Asian experiences with the devolution of forest management. The conclusion was that the decentralization of forest management, in China, India, and The Philippines, has been dominated by the agenda of either the forest departments and/or the local elites. The forest departments emphasized timber production; and the participation of the local elites led either to low priority – or no space at all – for the livelihood needs of poorer categories including women.

A second problem with commons is that they are almost always open to everyone without regulations or restrictions. As a result many rangelands, water-bodies and forests are heavily degraded or sub-optimally used due to lack of investment – either in infrastructure or yield enhancement. Since the investor in unregulated commons

cannot control the proceeds of investment, it is not readily forthcoming. The result is that productivity declines.

*Alleviating poverty by allocating CPRs to the poor*

One approach to resolve the dilemmas of open-access or unregulated commons has been to privatize the resources, often by leasing them to the highest bidders. Examples include water-bodies and lakes in Bangladesh, or degraded forestlands for development as fruit orchards in China. In India, there have been frequent proposals to allocate 'wastelands' to corporations willing to develop them. Such approaches deprive the poor of their traditional livelihood resources without necessarily providing alternatives such as wage employment.

The vast drylands of Asia seem to have a comparative advantage for livestock, supplemented by horticulture (Rao 1994), and there is evidence that livestock can provide higher employment per unit of income than field crops. According to estimates made by Sharma and Jacob (1997), the employment elasticities for agriculture and livestock were 0.41 and 0.91 respectively during the period 1972/73 to 1987/88. As milk and meat are superior goods, their markets are not as likely to be affected by the constraints faced by grains. At any rate, the current focus of agricultural research does not hold promise for substantial yield enhancements in dryland field crops.

However, open-access drylands cannot, in their natural state, generate much income or support many animals. "Observations from micro-level studies suggest that (they) can provide about 75% of the fodder requirements during the four months in monsoon season and about 50% during the subsequent two months, that, too, if the rainfall is reasonably good. For the remaining period, fodder requirements have to be met through crop residue or market-purchase." (Shah 1997). This would explain why many of the animals distributed to the poor in India through various integrated rural development programmes did not survive.

Thus alleviating poverty involves both transforming today's open-access, unregulated commons into common property of the poor, and boosting their productivity. 'Social fencing', developed through the promotion of group or community-based approaches, has been found to be an effective tool to develop and enforce local systems of sanctions, as well as to foster equity by linking benefits (income) to labour and other contributions. At the same time, investment support is needed to raise productivities, and as a result, incomes. Without institutional reforms to turn open-access CPRs into common property, investment will not fructify – and thus will not be made. Without investment support, the return will not be sufficient to make worthwhile the transaction (and other) costs involved in developing their CPRs. A two-pronged approach involving both institutional change and capacity building would ensure that the poor have the incentives as well as the ability to develop and manage their own resources. But in order to sustain these efforts, they also need strong organization and systems of reasonably good governance rather than rent-seeking by officials.

*Promoting the agency of the poor maximizes benefits*

IFAD has experimented with a range of approaches aimed at enhancing the access of the poor to CPRs, and to improving their productivity. Two important experiences concern the Oxbow Lakes Small-Scale Fishermen Project in Bangladesh and the Nepal Hills Leasehold Forestry and Forage Development Project, where CPRs (lakes and degraded forests, respectively) were leased to the poorest people in the surrounding villages. Both cases demonstrated that ‘social fencing’ can be effective in safeguarding the benefits of investments, and that the sharing of income on the basis of labour contributions can preserve the principle of equity. In the Oxbow Lakes project, adequate investment support from IFAD allowed the formerly landless labourers and poor fishers to raise their incomes to the level of middle farmers in the community (Nathan et al. 2000). Smaller fishponds leased to groups of women contributed both to income increase and enhancement of their overall status within the family and society. In the case of the Nepal project, the hill slopes were used mainly to grow fodder. This generated substantial livelihood benefits for the poor, including women.

Ownership or secure rights – long-term tenure – promote the agency of the owners/managers of a resource. That this can stimulate innovations was illustrated by the Oxbow Lakes Project. An evaluation was conducted to compare the situation of fishers employed on government-run lakes and those working as manager-labourers on lakes to which they had tenure rights. The former had very limited knowledge of stocking systems and management regimes, while the latter were well informed on ways to increase the productivity of their lakes.

Since they were the claimants of the residual income, some of the fisher-managers even improved the stocking and harvesting systems the project taught them. By ‘overstocking’ and harvesting the fish at smaller sizes, the fishers of Marufdia *baor* (Bangladesh) increased the number of harvests, reduced the turnover time of borrowed capital, and increased the frequency at which fish mass was at, or close to, the lake’s carrying capacity. This ability to innovate was clearly the result of promoting the agency of the fishers as managers of the resource. Because they were the sole claimants on the residual income, they had a strong incentive to boost productivity. Through practice (learning by doing), they learnt to match stocking densities, fish growth, and carrying capacity even better than the experts. Such innovations clearly show how the poor can work out ways to maximize benefits from the capital transferred through projects.

**ACCESS TO LAND (OWNERSHIP AND SECURITY OF TENANCY)***Security of land tenure reduces poverty*

The new government that came into power in Indonesia in 1999 provided landless peasants with an opportunity to resume their struggle for land after almost three decades. In the 1940s, the peasants in Tapos (Java) took over land from the former colonial plantations. After the coup of 1965, and the subsequent massacre of peasants, their land was turned into a cattle ranch owned by a son of Suharto. With the fall of the Suharto

regime, the landless took over the ranch and distributed the land among themselves. Each family got 3 000 to 6 000 m<sup>2</sup>, with the leaders getting somewhat less at one hectare each. In place of cattle, the peasants are earning a better living by planting vegetables and other crops (Fauzi 2000). Examples like these, and the continuing rural unrest in parts of India and The Philippines, have brought land reform back to the agenda of poverty reduction.

A major factor of rural poverty is landlessness and limited access to land. An econometric study of the Indian experience from 1955 to 1988 concludes: "... there is robust evidence of a link between poverty reduction and two kinds of land reform – tenancy reform and abolition of intermediaries. Another important finding is that land reform can benefit the landless by raising agricultural wages. Although the effects on poverty would probably have been greater if large-scale redistribution of land had been achieved, the results are nonetheless interesting as they suggest that partial, second-best reforms which mainly affect production relations in agriculture can also play a significant role in reducing rural poverty." (Besley and Burgess 2000).

A survey by the Bangladesh Institute of Development Studies (BIDS) showed that poverty incidence was 78% for households with no cultivated land and 71% for those who had less than 0.2 ha. In the same survey, it was found that 90% of the hardcore poor had less than 0.6 ha land and 53% had no cultivated land. The same is true in India and in many other countries of Asia. Even in the Republic of Korea, where poverty reduction has been fastest, the remaining poverty is mostly among the landless households, with an incidence of 88% according to a sample survey. Further, the poor owned an average of 0.1 ha of land, in contrast to 0.8 ha for the non-poor, and the phenomenon seemed to be intergenerational since 72% of the current rural poor came from households that had been landless for at least two generations.

In many countries of Asia and the Pacific Region, marginalization is linked to the lack of access to land and land-use rights, resulting in income inequality and social heterogeneity that are the causes of many problems in rural areas. But there is considerable evidence that small farms are often more productive than large farms because of their differential advantage in labour cost and the superiority of soil quality<sup>2</sup> in urban or rural areas. If access to production inputs and to information and marketing networks can be improved, land redistribution may enhance productivity. Security of tenure, if properly implemented, provides incentives for long-term investments in the land. This is corroborated by IFAD's experience in China and India (Boxes 4.1 and 4.2). However, in the absence of adequate enforcement of tenurial security, and without effective ceilings on farm size, restrictions on tenancy can lead to the eviction of tenants or the conversion of erstwhile tenants into wage labourers. This, for example, is what happened in The Philippines.

### *The case for land reforms*

The case for land reform includes aspects to improve equity as well as production. At the production level, the case rests on two main propositions:

**Box 4.1: Security of tenure: A lesson from China**

Without secure tenure – of ownership or use rights – shifting cultivators do not invest in labour and other resources needed to intensify cultivation. In Manmo, a Hani village in Yunnan Province, neither increased production due to the irrigated rice terraces, nor the new labour demand for ploughing, transplanting, etc., changed the fallow system on the hill slopes, though it did relieve pressure on the hills. It was only in the 1980s, after land was redistributed to the households, that Manmo, along with other Hani villages, began to change hillside use by planting tea on fallow land. While the surplus from terraced land was important as a source of finance for potential changes to fallow practices, the change itself was apparently triggered by security of tenure.

- Owner-operated family farms are generally more efficient in the use of land and other inputs than large farms operated with supervised wage labour.
- Secure property rights promote long term investment in enhancing productivity and conservation.

Historically, except for China, land reform has excluded women. But it is now widely accepted that ownership of land by women is also necessary to stimulate their labour and investment, and to allow them to use their managerial talents to best advantage. In situations of high male out-migration, as in Nepal, Uttaranchal (India), and the dry regions of China and India, women's ownership of land is a prerequisite for the effective use of credit and flexibility in management of farm resources.

Several IFAD-initiated projects provide examples to illustrate the importance of security of tenure (Boxes 4.1 and 4.2). Secure land rights are considered particularly important for sloping agricultural land technologies (SALT). The main success of the Orissa Project (Box 4.2) was the survey and land settlement of 'dongar hill areas', previously occupied without legal rights. The resulting sense of ownership was accompanied by a notable improvement in natural resource management (NRM) (UNOPS 1996). In both Orissa and Andhra Pradesh projects, tribal populations were willing to replace *podu* shifting cultivation with agroforestry only if the returns were perceived to be higher. It appears that two important enabling conditions for adoption of agroforestry are:

- Turning 'open access' areas into lands with a clear tenurial status (either individual or collective).
- Market possibilities for forest products (UNOPS 1996).

The Orissa project included a provision to give usufruct titles to hill lands on which horticulture and agroforestry plantations would be initiated by the government. It was only after the plots had been allocated that the farmers showed any interest in volunteering their labour for weeding or any other kind of care.

Land reforms are of two major types:

- Tenancy reform, including the enhancement of tenurial security as an intermediate or second-best step as well as ownership by the tenants as the best option.
- Redistribution of landholdings above a certain ceiling to the landless.

Land reform not only directly benefits tenants, it also benefits agricultural labourers.

**Box 4.2: Land rights: An incentive to manage natural resources**

The IFAD-supported Orissa Tribal Development Project in India provided titles to land above 10 degrees in slope to tribal groups, for the first time in Orissa. Land occupied by tribals became transferrable to women in the form of inheritable land titles (*donga pattas*) in perpetuity. Project supervision missions pointed out that such land titling led to major improvements in natural resource management (NRM), with the incentives derived from clear property rights. Comparisons between project areas where land titling had been granted, and adjacent open access areas, illustrated dramatic differences in land quality. The positive impact of this project on NRM has been a central feature of the policy dialogue with the government prior to the second phase of the project, during which the entire state will hopefully be covered.

The Andhra Pradesh Tribal Development Project has also contributed to a major shift in NRM policy. By building community NRM institutions and supporting a village-based NRM extension training programme (where villagers act as animators in resource planning at the local level), the project demonstrated that tribal groups successfully managed natural resources at the community level. This experience was central to the decision by the Government of Andhra Pradesh to support a virtual surrender of sovereignty of land to tribal groups.

Both these projects in India have attempted to foster community involvement in developing the natural resource base with the micro-watershed as the planning unit. This approach usually cannot be realized without secure (individual and community) land rights and without community participation in planning.

Source: UNOPS Supervision Reports of Orissa and Andhra Pradesh Tribal Development Projects, June 1996.

Indeed, by raising investment and absorbing more family labour in farming, land reform makes the employment market for agricultural labour tighter so that wage rates are likely to rise. By improving the condition of agricultural labourers indirectly, land reform improves the overall rural economy.

Most analyses of the success of East and Southeast Asian countries in reducing poverty point to the importance of land reform (or fairly equal land distribution as existed already in Malaysia and Thailand), as well as near-universal literacy among the younger age groups in distributing the gains from growth (Dreze and Sen 1995; Haq 1997). There is evidence that the two factors of land reform and literacy may be interconnected, with land reform creating favourable conditions for advances in literacy. A comparison of neighbouring and similar Indian states, such as West Bengal and Bihar, or Kerala and Tamil Nadu, shows that "... superior literacy status is achieved in states where land reforms are implemented successfully" (Parthasarathy and Murthy 1997).

The general impression is that land reform has been more or less completed in Asia. While this is true of East Asia and parts of Southeast Asia, it is not true of the rest. South Asia, in particular, has substantially unfinished agenda in land reform, as also The Philippines. Of course, not all of these regions are in the same situation. In India, land reform is particularly important in Bihar, East Uttar Pradesh, Orissa, Madhya Pradesh, Rajasthan and Andhra Pradesh. In Pakistan, land reform is particularly needed in Sind and Punjab provinces. In The Philippines, it is Luzon and the plantations on Negros and Mindanao. In Indonesia, the main arena for redistributive land reform is Java. However, it is important to note that redistributive land reforms have a dismal record

**Box 4.3: The Indian scenario**

Redistribution to the landless is difficult to implement. It is also a significant human rights issue in India, where the former untouchable castes (Scheduled Castes or *dalits*) are largely landless. Studies of Bihar and Uttar Pradesh point out that the *dalits* are mainly agricultural labourers (Pradhan 1989 and Srivastava 1997). As they are traditionally excluded from ownership of land under the caste system, promoting their ownership of land would constitute a major step in ending this age-old social exclusion. This issue is relevant for *dalits* all over India.

in South Asia, while some success has been achieved in tenancy reform. In India, for example, barely 1.2% of cultivated land was redistributed between the 1950s and the mid-1980s (Besley and Burgess 2000).

**Redistribution to the landless**

The issues relevant to the second-generation land reform now required are not necessarily the same as those in the earlier rounds of the 1950s and 1960s. The abolition of intermediary tenure is no longer an issue. What is important is redistribution of ceiling surplus land to the landless.

The land relation situation has also become more complicated. In areas where the landless launched intense movements (as in Bihar and Andhra Pradesh in India), landlords responded to the land struggles or notices for distribution of ceiling surplus lands by trying to sell the land, or rent it to tenants belonging to the rising middle castes (Nathan and Kelkar 1997). These were not the traditional, well-established tenancies, but new ones intended to escape the ceiling laws. In such cases, the relevant issue is not ownership by tenants, but rather distribution to the landless. The Besley and Burgess (2000) study on land reform and poverty in India indicates that there is no evidence of any significant effect of ceiling legislation on poverty. The reason, they point out, may be that these reforms have not been implemented with any degree of seriousness. This is the argument advanced by Bardhan (1970) and Appu (1996). The landless usually have less political clout than the class of tenants, who tend to be from the middle sections and who can command some amount of capital.

The aim of redistributing ceiling-surplus land is not so much an issue of creating 'viable' farms in the sense that the latter can guarantee a reasonable standard of living. Rather, it is an issue of enabling a more equitable participation in the growth process

**Box 4.4: The Philippines: The challenge ahead**

Redistribution of about 63% of the total lands targeted has taken place. These lands were fairly 'easy' to release as they consisted of public lands, government lands and land offered up voluntarily for sale. The pace has slowed since. Redistributing the remaining 37% will be more difficult as this concerns large private holdings, haciendas and estates, where resistance has generated pronounced agrarian conflicts.

Source: Quizon et al. 2000.

by reducing the incidence of poverty among the landless. Many studies have found that the ownership of even a tiny plot of land increases the bargaining power of agricultural labourers. In Andhra Pradesh, “the policy of allowing landless to encroach (on) government wasteland and housing sites (along with cheap credit, asset subsidies and food subsidies)... together with state-funded employment creation... significantly tightened the labour market” (da Corta and Venkateshwarlu 1997), thereby raising wages. For Uttar Pradesh, “the growth of non-agricultural opportunities, the more limited public works employment, as well as other factors – such as some increase in land and asset ownership among the rural poor – have increased reservation wages in agriculture” (Srivastava 1997).

The study on Andhra Pradesh (da Corta and Venkateshwarlu, 1997) also noted, however, that women agricultural labourers whose families had got some wasteland had not benefited from an improved bargaining position. Women’s domestic responsibilities, and the diversion of men’s incomes into liquor and other forms of personal consumption, left women with lower reservation wages than men. They had to accept particularly onerous working conditions that were refused by men. Thus it is not enough to increase the bargaining power of men ‘in the name of the household’. Specific attention must also be paid to increasing the bargaining power of women as wage earners, by allotting individual land rights to them as well.

### *Prospects for land reform*

Due to the opposition of vested interests, the political prospects for redistributive land reform are not bright in many countries. But land reform is still important to poverty alleviation. It helps to change the local political structure at village level by giving more ‘voice’ to the poor, and encouraging them to get more involved in local self-governing institutions and in common management of local public goods (Bardhan 1996). Local markets also function more efficiently when the levelling effects of land reform improve competition and make it more difficult for rural elites to corner markets. Some aspects of land reform, such as the extension of tenurial security, may be less difficult to implement than other aspects such as land ceilings.

It is imperative to introduce policy measures that directly assist land transfers. Hayami, Quisumbing and Adriano (1990) propose the imposition of a progressive land tax as a way to encourage land sales by large landowners. Such a programme can be

#### **Box 4.5: Redistributing land in Indonesia**

The land to be redistributed refers to both ceiling surplus croplands and huge estates. Barely 1.2% of the farm households own 9.4% of the area planted to food crops, with an average farm size of 22 ha, while 49% of the farm households own only 0.24 ha on average. Besides these croplands, there are the huge estates created by displacing indigenous peoples. These range from over 3 million ha to the relatively small estates of Suharto’s sons which measure ‘only’ 100 000 ha each.

Source: Faryadi 2000.

implemented cheaply and effectively if simple rules of land valuation are applied. Precisely because of its effectiveness, however, such a programme will be opposed by the politically strong land-owning classes. It is also important that a progressive land tax be supported by technical guidance, credit, marketing and infrastructure development.

One way to redistribute good-quality land is to have the government buy the land for subsequent transfer to the poor. This tool is particularly valid for areas where land markets are not yet functioning. In areas with ongoing land agitation by the rural poor, large landowners may be keen to sell out and transfer their wealth to safer urban locations.

To overcome opposition, some governments in developing countries are experimenting with market-assisted land reform.<sup>3</sup> Two prerequisites of this approach are defining and enforcing property rights on land, and providing the poor with access to credit. A major risk is that much of the land owned by large landowners may be purchased by the rural middle class rather than by the landless.

Notwithstanding the prospects of market-assisted land-reform programmes, redistributive land reform should remain a substantive policy issue for poverty reduction. In fact, governments in many countries have been implementing poverty reduction programmes involving activities such as targeted food subsidies, which are perhaps more difficult to implement than redistributive land reform (Bardhan 1996).

#### *Retaining the scope for share-tenancy*

Considering that share tenancy is often 'friendly' to the rural poor, and that poverty associated with growing landlessness is becoming important in Asia, share-tenancy transactions should be allowed. Removal of any legal obstacles aimed at preventing or suppressing share-tenancy will reduce the inefficiency of production on large farms and even the inefficiency of share-tenancy due to inappropriate tenancy policies. Besides, such policies will contribute to the reduction of the severe rural poverty associated with landlessness.

It is evident that the promotion of tenancy contracts alone cannot solve the rural poverty and income inequality associated with unequal distribution of land. However, the current emphasis on political coalition does not favour forced redistribution of land held by large owners – as in China, the Republic of Korea, and Taiwan. Market-assisted land reform, which attempts to accomplish land reallocation by 'voluntary' land market transactions, has been touted as an alternative to redistributive land reform. But it

#### **Box 4.6: The case of Cambodia**

Just emerging after decades of war, unequal land distribution is exacerbated by the power of a heavily armed bureaucracy. The poorest half of the households hold only 15% of the land, and as many as 20% are totally landless. "Possession rights are expensive because of rent leveraging by the many officials involved in surveying and certifying land for titling and provide only limited security against pervasive land grabbing by the powerful."

Source: Williams 1999.

cannot function without deliberate policy interventions in favour of land purchases by the poorest households. Such intervention is justified not only on equity grounds, but also by the proposition that small farms are more efficient than large farms. It would then be necessary to remove all policies that favour large farms – for example, credit programmes that require land as collateral, inappropriate taxation and subsidy, and marketing policies in favour of large farms – and to put in place credit and rural construction programmes targeted specifically at the rural poor (Otsuka 1999).

---

## Endnotes

- 1 Common pool resources are those from which extraction is deductible and it is simultaneously difficult to exclude competing users. Rangelands, forests and lakes are well-known examples of common pool resources. Common pool resources may be managed in at least four different ways: in an open access manner, in which there is no exclusion of users or the extent of extraction/use; as a common property resource (CPR), with definite rules of access and extraction; as exclusive individual property; or, as state property. Following the work of Jodha (1986b), Ostrom (1990) and many others, there has been increasing attention to the possibility of managing the commons as CPRs, with well-defined rules of access and extraction.
- 2 S. Bhalla and P. Roy (1988) show, with Indian data, that controlling for land quality substantially weakened or removed the inverse relationship. In a similar analysis for Northeast Brazil, G.P. Kutcher and P. Scandizzo (1981) note that productivity differences between large and small farms decline but do not disappear.
- 3 “Market-assisted or negotiated land reform relies on voluntary land transfers based on negotiation between buyers and sellers, where the government’s role is restricted to establishing the necessary framework and making available a land purchase grant or loan to eligible beneficiaries.” (Deininger 1999.)

