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Issues in Mountain Development 2000/5

Poverty Assessment, Poverty Reduction, and Sustainable Livelihoods: How Poverty Mapping, Institutional Analysis, and Participatory Governance Can Make a Difference

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Poverty is endemic and persistent in South Asia, and continues to adversely affect the human potentials of millions of deprived people every year. Poverty alleviation has found its place time and again as the goal of national plans and policies throughout the region with very little results on the ground. Poor economic opportunities and neglect of institutional strengths, systematic social deprivation, and lack of transparent and participatory governance combine to reinforce poverty and social exclusion. Public policy and action to reduce such hindrances are needed to understand and eliminate poverty, and nothing short of this will produce the desired results, irrespective of the investments and declarations by stakeholders.

The world has now more poor people than ever before, an estimated 1.4 billion have an income below the poverty line. Out of this, over 500 million live in South Asia and about 225 million in China. Therefore, the proportion of poor people in the Hindu Kush-Himalayan (HKH) region, comprising of the mountain areas of South Asia, China, and Myanmar, is very high. Although this is poverty incidence figures for the region, in general, all available data and information indicate that the proportionate share of the HKH people is higher than national average. After the World Food Summit held in Rome in November 1996, the UN has declared 1997-2006 as the UN Decade for the eradication of poverty. Results on the ground tell us that so far too little has been achieved to even think of reducing poverty to a single digit let alone eradicate poverty.

One of the vexing issues surrounding such a pathetic shortfall lies with our inadequate assessment and understanding of poverty, and our failure to appreciate the linkages between long-term sustainable livelihoods and strategies for reducing poverty. Focus on sustainable livelihoods is important for poverty reduction as it gives a wider scope of support for the poor to enable them to move away from poverty. Sustainable livelihoods therefore focus not only on assets but capabilities (including social resources) and activities for a means of living that can cope with and recover from stresses and shocks.

It is the considered opinion here that, in our search for quick fixes, we have overlooked the deeper structures of social systems that hold the key to understanding the poverty—sustainable livelihood linkage and the strategies that can help poor people free themselves from undesirable living conditions.

Poverty is endemic and persistent in South Asia and continues to affect the human potentials of millions of people every year. Together with poor incomes, limited access to social infrastructure, particularly in mountain areas, mean that the millions afflicted are not getting a chance to extricate themselves from the scourge of poverty and human deprivation. Poverty alleviation has found its place time and again as the goal of national plans and policies throughout the region. Billions of dollars are spent collectively in the region every year for poverty reduction with very little result on the ground. Therefore, it is time to question the prevailing orthodoxy that dominates the poverty alleviation agenda in the region. We need to question what is going wrong with our strategies? Is it a lack of understanding of the process that creates and perpetuates poverty and failure to recognise the deeper structures of the social system that excludes people from participating in activities to free themselves from the poverty

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trap? Our considered opinion is that the answers lie just here. We need to focus our attention on understanding the deeper structures of the social system in order to shed light on why poverty is created and how it persists even after enormous resources are spent on reversing the trend. Poor economic opportunities, systematic social deprivation, lack of transparent and participatory governance combine to reinforce poverty and social exclusion. Public policy and action are needed to reduce such hindrances and eliminate poverty, and nothing short of these will produce the results desired, irrespective of investments and declarations by stakeholders.

Poverty Assessment: What Do We Need to Know about Poverty Trends in the Region?

The immense numbers of poor people in South Asia pose the greatest challenge to development. For mountain areas in the region - and hence the Hindu Kush-Himalayas - the challenge is enormous. Certain crises render standards of living prone to extreme insecurity. Paucity and incompatibility of data for such indicators render comparative and time-series' analysis difficult. Therefore comparison according to income level or access to basic minimum standards of living (poverty line) is made among countries and often within regions of a country. Poverty, although still unacceptably high in much of South Asia, has gradually declined over the last two decades since national poverty lines were established. **Bangladesh** has seen a decline from 73 % in 1973 to 36 % in 1996, while the figure for **Nepal** stood at 61 % in 1979 and declined to 42 % in 1996. **India** saw her head-count index drop from 52 % in 1972 to 35 % in 1994, while for **Pakistan** the figure stood at 43 % in 1975 declining to 28 % in 1992 (ADB 2000). Although the proportion of people below the poverty line is decreasing by national standards, the trend in poverty reduction has recently slowed down and even reversed in some cases. However, if the head-count index is based on the $1 day method, then the number of poverty-stricken people increases in all these countries except Pakistan where it dropped to a mere 12 % around the time of the last national poverty line survey year. Poverty in **Afghanistan, Bhutan**, and **Myanmar** are also high according to most international agencies, although no reliable figures are available. In **China** poverty dropped significantly in the last decade, but by most estimates it has over 225 million poor people. The relative share of the mountain communities within the national poverty figures is extremely disproportionate (Sadeque 2000). Percentages aside, because of these countries are heavily populated, the actual number of people who live below poverty line is still staggering and is roughly half of the world's poor! A dubious distinction indeed! Rural and remote areas (read mountains) have more poor people and female-headed households are more likely to be poor, and there are millions of them in South Asia. Many millions are unemployed and far more are underemployed. First-time job seekers are rapidly increasing, and, what is more alarming, outstripping the creation of new employment opportunities for an increasingly youthful population.

The poor are not a homogenous group. The nature of poverty is diverse and so are its causes and victims, and therefore the strategies to overcome poverty should also be diverse, recognising the differences of people and their opportunities for sustainable living standards. This is very important in the mountain context as general strategies are pursued with little relevance to the realities of mountain areas. Poverty is also an entrapment process. People may be poor because they have not acquired essential assets, because they live in remote or resource poor areas, or because they are vulnerable on account of age, health, living environment, or occupation. They may be denied access to assets as they belong to an ethnic or religious minority, or because they are female or disabled. Vested interest and entrenched power structure prevents people from acquiring assets and essential services and thus, in turn, they remain poor. Lack of political will, good governance, and inappropriate public policies also exclude people from the facilities essential for breaking the poverty cycle. Poverty is not only an income-determined outcome, and, therefore, increasing attention is now placed on the capability factors of poverty. The Capability Poverty Measure (CPM) and Human Poverty Index (HPI) developed by the UNDP refer to shortfalls in dimensions of human life that not only perpetuate poverty but also hinder chances of escaping from the abyss. In South Asia much of the poverty can be linked to CPM and HPI factors compared to income poverty measures (head-count index). Poverty trends in much of South Asia fare even worse when we take into account the human problems and vulnerability to economic and environmental shocks. This is where provisioning of social infrastructure and pro-poor policies and programmes are critical to avert poverty and insecurity in the region (Sadeque 2000).

Most national poverty assessments based on household and community surveys allow disaggregation by urban-rural, socioeconomic categories and administrative units. If such information is collected and demonstrated on a spatial basis, poverty maps are created. Recently, with the advance of Geographical Information Systems (GIS) and Remote Sensing (RS), poverty maps have become quite fashionable. Poverty maps do have certain advantages as they facilitate: (1) data integration of various sources (census, survey and satellite imagery), (2) a switch to new units of analysis (administrative to ecoregions), (3) improved targeting due to identification of the location of target group, (4) better understanding of the causes and determinants of poverty and livelihood strategies, (5) development of need-based and niche-supported poverty reduction strategies (a critical element in mountain-specific strategies), and many others including, but not limited to, visually attractive presentations.

Poverty maps provide a detailed description of the spatial distribution of poverty within a country or within broad trans-boundary ecoregions. These maps not only locate poor households/individuals exactly, but can be a guide to the allocation of resources for poverty reduction strategies. Identifying places where poor people live and overlaying the spatial unit with **physical** (land type, forest cover, water sources, etc); **infrastructure** (location and density of roads and other transportation modes, availability of electricity); **socioeconomic** characteristics (caste, ethnic group composition, land-asset owning, access to credit-inputs-marketing, presence and type of community organisations); and other features can provide a comprehensive and interpretive set of data for understanding the dimensions of poverty. Strategies to reduce poverty and programmes developed from such rich data may have a better chance of positive outcomes. Because of this targeting attribute, poverty maps are becoming a popular tool for governments and planners and implementors of development projects.

There are certain technical problems hampering the development of useful poverty maps, nevertheless. Welfare indicators, such as carefully measured data for income or expenditure, although preferred indicators are not generally available through census or sample surveys for a sufficient number of households by region. Even the World Bank's Living Standard Measurement Surveys (LSMS), variants of which have been conducted in many developing countries (including Nepal), do not allow disaggregation beyond urban-rural or, in the case of Nepal, *terai* and hills/mountains. Therefore, with the existing data we have to be satisfied with either a broad poverty map (WRI-Henninger 1998, FIVIMS project of FAO) or undertake new detailed surveys to prepare maps that are better than the current, rough ones (Hentschel et al. 1998, various CGIAR Centres).

Through our own efforts in Nepal (Sadeque 1998), we have found a **strong correlation between a low level of social and institutional-infrastructural indicators and low overall development ranking for high mountain areas** and some districts in the plains irrespective of per capita resource endowments. In the high mountains of Nepal life expectancy can be as low as 36 or merely two-thirds the national average and for 14 contiguous districts the rate is between 36-50 years. In mountainous, rural Balochistan, the adult literacy rate is only 15% or close to one-third the national average. These figures come to life when shown on a map and far more powerful when they are used in making development ranking levels and other analyses. Human deprivation and poverty may not be closely linked to favourable agricultural and food production potentials as we find in the case of the plains in Nepal; the bread basket of the country. Poverty clusters often are a trans-boundary phenomenon, and conventional planning based on administrative, eco-zoning, or developmental zoning is incapable of dealing with such spillovers, easily recognised on poverty maps. Similarly, literacy rates are often relatively high in many mountain districts across the region but that does not mean as high level of human capital formation, as would have otherwise have been claimed. Literacy alone (not to mention the definition of literacy and reason for becoming literate) does not transform a community into a productive and employable one in mountain areas where there are few non-traditional opportunities.

Finally, poverty maps, by showing the clusters of poor people and understanding their coping mechanisms and livelihood patterns reinforce social network analysis and show the social capital within communities. This helps to improve poverty analysis in general and poverty surveys in particular. Thus, poverty mapping can be used to assess the extent and location of poverty by using several factors and their interrelationships; which are not necessarily obvious with conventional poverty surveys and analysis.

Poverty Reduction Strategies: Experience So Far and Key Lessons

Poverty is a multi-dimensional and multi-level phenomenon, and it is always difficult to disentangle the causes and results. Cyclical reinforcement of factors continues to complicate the development of appropriate strategies to overcome poverty. However, this is not an immutable condition, public policy and action can reduce poverty and sustained progress can eventually eliminate it. Since the 1960s, Rural Development, Basic Needs, and other models of poverty alleviation have received the greatest possible support from the global development community.

Major international development agencies, such as The World Bank, FAO, ILO, and IFAD, have all come out with the stark prognosis that too little has happened on the poverty front over the last few decades. The mixed results of conventional poverty reduction strategies are not only disappointing but also point out that the strategies employed to combat poverty have failed to take into account the poverty process itself by uncovering the multi-dimensional causes and factors of poverty. For too long, accelerating economic growth through investing in projects with high returns were thought to be the cornerstone of poverty reduction strategies. It was believed that the inevitable result of economic growth is poverty reduction. Projects were conceived to transfer technology, provide subsidies, and create infrastructure, and it was hoped the rest (poverty reduction) would follow. Economic growth often followed such interventions, but the benefits of growth did too little to reduce poverty. It has become clear that, by itself, economic growth cannot reduce poverty, although it is necessary condition. The type of economic growth that can reduce poverty is now being touted as pro-poor sustainable economic growth (ADB) or public action with the greatest impact on poverty (WB); strategies are being identified for implementation.

The most notable progress in poverty analysis and reduction strategies in the past decade is in the realisation of the value of **good governance** and **social-institutional arenas** in ensuring the right type of enabling environment for poverty reduction. Also important is an understanding of comprehensive concepts like **livelihood security** that goes beyond an employment generation approach to development pursued in the 1970s. There have been calls for a complete reorientation in approach to look at the institutional dimensions that create poverty and perhaps hold the key to improving the capabilities of the poor to slow down the forces of poverty and reverse the trend. This approach can only be successful if we focus on supporting the institutional strengths of communities that can ensure participatory governance and wiser use and accessing of available resources and thus reduce poverty by ensuring long-term livelihood security.

Institutional Analysis in Development: Outcomes and Indicators for Poverty Reduction

Institutions are everywhere and governing our lives in many different ways, often beyond our realisation or comprehension. Therefore, it is essential that a framework for institutional analysis is understood and applied for the desired effect from projects, policy design, and any other intervention. Similarly, the nature and quality of governance largely determine the results of development efforts and success of poverty reduction strategies, irrespective of the quality of design and amount of investment. Despite their importance in the past, both the institutional and governance dimensions have not received the attention they deserve for a variety of reasons— including but not limited to a lack of understanding about such supposedly abstract constructs and our failure to comprehend their importance in service delivery and management.

Past oversights could have occurred because institutions are invisible and reside in the minds of people rather than as part of their daily activities; and also because of the complexities involved in defining and understanding institutions. Additionally, the dominant development paradigm focussing on the technological and economic fixes practised by development planners post-war might have contributed to the exclusion of other not so visible factors like institutions. Following exhaustive research by the Workshop on Political Theory and Policy Analysis of Indiana University, institution can be defined as a *"widely understood rule, norm, or strategy that creates incentives for behaviour in repetitive situations....norms, standard operating procedures, alone or in a set of related arrangements...mechanisms for adjusting behaviour in a situation that requires coordination between individuals or groups"* (Polski and Ostrom 1999, p 2). Institutions are a fundamentally invisible construct that exists as a shared concept in the mind and actions of people as participants who may or may not belong to any particular organisation. Thus both institution and organisation are often thought to be the same and used interchangeably. Organisations share the characteristics of institutions insofar as a set of institutional arrangements entities, unlike institutions, having a common set of goals and activities.

Institutional analysis is a tool essential for policy analysis and design/reform that can add value and lend credence to sustainable poverty reduction strategies.

Institutional analysis is critical in decision-making process and various concrete activities together that can constitute what development interventions can be. This is understood through the process of how institutions affect the incentives of individuals or groups of individuals to act, which in turn influences the outcomes of actions. The Institutional Analysis and Development (IAD) framework developed at the Workshop can be described as a schema of three components,

Thus institutions confronting people are a key determinant of success or failure of policy choices and instruments which, in turn, are designed for development interventions, whether they are interventions for poverty reduction or any other ostensible objectives promoting human well-being.

viz., physical world, community, and rules in use as they affect the action arena of actors (community members). This in turn results in (given) patterns of interaction and finally the outcomes. The IAD framework thus explains how physical conditions, attributes of the community in question, and the rules in place affect the actions of individuals as a result of the incentives individual face and thus the resulting outcomes.

In our day to day life we face rules that are nested and multiple, influencing our behaviour and rational choice. The IAD framework can be used to explain individual action regarding common pool resources (water, forest, and open water fisheries) and other forms of property regimes. Empirical research in various countries and regions have identified key rules that are positively related to improved performance and sustained productivity gains; *sine qua non* for sustainable livelihood and poverty reduction. Research on irrigation in Nepal, forestry use in the Americas and Asia, and open water fisheries in the USA, Canada, and Europe have produced data and isolated dozens of key rules that support individual actions and group sanctions. These in turn encourage sustainable harvesting of natural resources while dissipating conflicts among resource users as well. In the HKH region there are numerous examples of how institutional rules provide incentives and encourage sustainable harvesting of resources (Sadeque 1999). In the arid Balochistan province of Pakistan, herders have rules for grazing and ritual culling that maintain a stable stock of animals conforming to optimum herd size. While the *Bhotiyas* of the UP Hills in India practise range closures, rotational grazing determined by communities, and seasonal pasture use, all of which emanate from and institutional structure and rules conforming to community attributes and physical characteristics of their locations (*a la* IAD framework). The Sacred Groves of the northeast Indian Himalayas present another example of the religious institutions' role in protecting forests. Farmer Managed Irrigation Systems (FMIS) in the Himalayas are another very intricate example of how nested institutional rules contribute to better performance of schemes, irrespective of physical attributes like lining of channels. Here, in all cases, rules are translated as positive incentives that in turn are reflected in informal arrangements or formal policies. Outcomes of such policies/rules are usually pro- the welfare of community members if not maximisation of profit for individuals. When we are dealing with natural resources and trans-community resource boundaries, such an outcome is most desired. In each of these examples a detailed schematic and nested characterisation of the institutional analysis framework can be drawn, elaborating the action arena to show how that comes about, which is beyond the scope of this short paper.

Understanding the nested nature of institutional and incentives structures is essential for policy formulation so that it will lend its weight to sustainable management of natural resources; a matter of paramount importance for poverty reduction in the HKH communities known for their dependence on renewable resources.

Participatory Governance: The Ingredient Missing from Poverty Reduction Programmes

Drawing on the experience of past four decades, an alternative vision of development has emerged, one that centres on enlarging people's choices and capabilities, and providing for their participation in decisions affecting their lives. Nevertheless such development does not and cannot occur in a political and social vacuum. It can only happen through a system of governance that promotes and supports citizens to articulate their interests, exercise their rights, meet their obligations, and mediate their differences (UNDP 1998). This is essentially what constitutes good governance, governance that promotes participatory decision-making and transparency of action in all spheres of life. Among other aspects, good governance means it is closer to the people. Local-level governance through local institutions enables and empowers people to participate more directly in making decisions, is in a position to produce quick responses to people's needs and priorities, and is one of the critical ingredients for promoting genuine ownership by the people. The interface of politics and development has emerged as one of the core themes of contemporary times, not the least because of failures of implementation and inadequacy of policy options, challenging the gains made by scattered and incremental progress here and there. In the rethinking that has taken place the dysfunctional governance, particularly at local level, has emerged as a prime aberration. Local government in the HKH region has a mixed history. While most mountain communities revolve around headmen or chiefs, institutionalised

local government made its inroads much later than in the plains. Although in many countries of the region local governments are recognised constitutionally, the ambivalence towards it, whether by undermining traditional structures or providing them with little jurisdiction, remains a sore point in the overall governance of the HKH nation states. However, good or participatory governance has acquired a wealth of meaning and, without isolating the particular features of this rather elastic term that directly contributes to poverty reduction and sustainable livelihood, the discussion remains merely academic and lacks the policy implications we want. Decentralisation and people's participation are necessary preconditions of good governance, but without empowering the poor through pro-poor governance and supporting the poor to organise and build their own organisations, reforms in governance will be ineffective and fail to produce the results desired. Mere administrative decisions decreeing decentralisation and welcoming people's participation (let alone participation of the poor) cannot hope to achieve goals of participatory or good governance. The following strategies can create supportive social forces for the good governance vital for poverty reduction:

Firstly, the poor must be encouraged to build their own organisations and support of the state and broader civil society is essential in making that happen. This is the best antidote to powerlessness. Such organisations, once built and nurtured, can exert influence upon local governments, central government line agencies, private sector, and NGOs to incorporate their priorities in planning and implementing development programmes that consider livelihood security and poverty reduction. Such a vertical linkage will enhance the community's social capital and develop 'Bridging Capital', moving further from the 'Bonding Capital'.

Secondly, effective targeting is the next step in pro-poor governance. When the poor have their own organisation, institutional incentives in place can only then become accessible and useful to the poor. This is where the macro-and micro-level of policy instruments converge for the benefit of the poor and disadvantaged. Instead of the traditional poverty reduction programmes in which the poor are assumed to be passive beneficiaries, we need to reorient our thinking to consider focusing resources on the poor directly—including helping them build their own organisations and allowing them a say in allocation of resources and service delivery mechanisms. With such rethinking can we expect that targeting of resources will be proper and benefit only the intended beneficiaries.

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OCTOBER 2000