Chapter 2

Rural Poverty in the Asia-Pacific Region: Incidence, Constraints, and Opportunities[1]

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Introduction

The Asia-Pacific region, with a land area of 2,248 million hectares (ha), covers 17% of the world's surface, but its population—3.2 billion in 1997—accounts for 55% of the world's total. Over the last three decades, the region has experienced an unprecedented economic transformation and a significant reduction in poverty. Although many parts of the region gained, others were bypassed by the 'economic miracle'. Further, the region has experienced huge changes in demographics, in environment, and in its socio-political situation that will have significant implications for future economic growth and poverty reduction.

Economic trends

In the last three decades, regional economic growth has been high, with the gross domestic product (GDP) of East and South-east Asia growing by 7–10% annually and the economies of South Asia growing by 4–6% annually (IFAD 2002). Even accounting for population growth, the region achieved a significant rise in income: from 1975 to 1995, gross national income (GNI) per capita grew by 7.3% per annum in East Asia, 4.4% in South-east Asia and the Pacific, and 1.4% in South Asia.

Studies show that agricultural growth contributed significantly to this economic change; for example, the countries that grew earliest and fastest experienced rapid progress in agriculture in the first stages of growth. More importantly, this growth was broadly based and associated with increasingly egalitarian distribution of land. Economic growth in the region

[1] This paper draws on IFAD's Assessment of Rural Poverty—Asia and the Pacific (IFAD 2002). The present author was one of the principal authors of that report.

was also helped by stable macroeconomic policies, relatively open trade policies, and substantial investments in education and infrastructure.

From 1975 to 1995, poverty in East and South-east Asia was reduced by two-thirds; in South Asia, where the economy grew more slowly and population growth had been more rapid, the incidence of poverty declined by one-third. Despite this impressive achievement in poverty reduction, the Asia-Pacific region still accounts for two-thirds of the world's 1.2 billion poor. Also, poverty incidence as measured by the headcount ratio is higher in South Asia than in any other region of the world except sub-Saharan Africa.

Demographic trends

The relative size of the rural population in Asia and the Pacific declined from 75% in 1980 to 67% in 1996 (Bloom et al. 2001). Although urbanisation has reduced the population growth rate in rural areas, the rural population still exceeds 50% of the total population in two-thirds of the region's countries, including the five largest ones—Bangladesh, China, India, Indonesia, and Pakistan. From 1995 to 2010, the rate of urbanisation in the region was projected to be 9% per annum, and the rural share of the total population in 2010 is expected to drop to 56%. Increasing urbanisation, combined with rapid income growth in the region, is expected to lead to a shift in diet from coarse grains to rice and then from rice to wheat, as well as increased consumption of livestock and dairy products, vegetables, and fruit. This will create opportunities for growth in agricultural productivity and processing.

The region continues to have strong gender inequalities, and women continue to suffer severe social deprivation. While the worldwide ratio of women to men is 106:100, in this region it is only 94:100. Computed from the biological trend, an estimated 74 million women are simply 'missing' in South Asia in comparison with the norm. This phenomenon is largely attributable to the sheer social and economic neglect of women.

Demographic transition in the region is also leading to changes in population structure. As fertility rates decline, the ratio of dependants to working-age people (aged 15-60) is decreasing. In East Asia, this factor is estimated to have accounted for a growth in real GDP per person of 1.7% per year from 1970 to 1990. If income inequality does not increase, this helps the poor, as each percentage point of growth normally produces at least a comparable fall in the incidence and severity of extreme poverty.

While the world's attention has justifiably been focused on the ravages of HIV/AIDS in Africa, the disease is spreading at a faster pace in Asia. Since

1994, the rate of HIV incidence has more than doubled in the region, and epidemiologists expect that Asia will be the next epicentre of the pandemic. HIV/AIDS is increasingly affecting the rural poor, and the threat of this disease-if not checked-will weaken the benefits of the above-mentioned demographic potential.

The environment and natural resource management

Worldwide, 1,900 million ha of land have been affected by some level of land degradation during the last 45 years, the largest area (about 550 million ha) being in the Asia-Pacific region (UNEP/ISRIC 1991). The drier areas are particularly vulnerable, and an estimated 1.3 billion people (39% of the region's population) live in areas prone to drought and desertification (UNEP 1997). Soil degradation (erosion, loss of fertility, and structural decline) is a significant problem across all the region's agroecological zones.

The forest resource base is also being depleted rapidly. In the process of deforestation, vast expanses of naturally fragile land, particularly upper catchment areas, have been exposed to soil erosion. In the past half century, the rich biological resources of the region have been increasingly exploited, both for international trade and to sustain the growing population.

Demand for water will increase. While agriculture will continue to use most of the freshwater available, a major issue in many countries will be allocation of scarce water resources among competing sectors. The quality of freshwater is already one of the most pressing environmental problems in many parts of the region.

Poverty incidence and trends

The following analysis of regional trends in poverty over the last three decades aims to identify successes and failures in poverty reduction, 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.[2]

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

[2] 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.

the Asia-Pacific region's share of the world's total poor declined by 8.6% between 1987 and 1998, this region still accounts for roughly two-thirds of the total poor (World Bank 2001). Using the headcount ratio, two-fifths of South Asians lived below the poverty line in 1998, while 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 24% in 1987 to 15% in 1998, but the decline was more modest in South Asia (45% to 40%). 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), and poverty is also basically a rural problem in the Asia-Pacific region. In all countries of the region, except Mongolia, poverty is disproportionately concentrated in the rural areas (Ahuja et al. 1997), and in all the major countries of the region between 80 and 90% of the poor are rural. The headcount ratio is also higher for rural areas everywhere except for Mongolia.

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 cereals (de Haan and Lipton 1998). But between 1985 and 1990, poverty reduction stagnated in 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 reduction 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 remaining 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, South 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 South-east 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 reduction of rural poverty is whether the slow down of growth in cereal output and in employment can be compensated for by labour-intensive expansion of services and manufacturing (de Haan and Lipton 1998). Rural-urban differences in poverty are also lower in Kyrgyzstan, Pakistan, Sri Lanka, and Bangladesh.

Economic growth and poverty reduction

The region achieved high economic growth in the last three decades: the gross domestic product (GDP) of East and South-east Asia has grown by 7 to 10% per annum and that of South Asia by 4% to 6% (World Bank 2001). This simultaneous achievement of high economic growth rates and poverty reduction suggests a positive impact of growth on poverty reduction, and 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 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 data from 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 South-east Asia have provided the world with a shining example of what economic growth can do for human development, but some of the socioeconomic 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 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. Significant rises in income inequality occurred in China, Hong Kong, and Thailand, but there were marginal increases in South Korea and the Philippines (Ahuja et al. 1997). In Thailand, the income Gini coefficient rose from 38 in the 1980s to 50 in the 1990s (Bruno et al. 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 a half decades, rural-urban and inter-provincial income disparities have grown, leading to interpersonal inequality.

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 32 in 1957-58, but 39 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 to 24 over the same period, accompanied by a sharp fall in poverty.

Income inequality also increased in some South-east 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% in 1996 to 56% 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

Globalisation and economic liberalisation fuelled the region's rapid economic growth, 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.

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 et al.2001).

Persistence of poverty

While poverty may be a transitory phenomenon for many of the poor, it is more or less a permanent one for many more. IFAD's experience indicates that a large fraction of the poorest households are persistently poor 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 et al.2001).

Since the chronically poor are not a negligible subset of the poor, it is important to identify who they are. Chronic poverty is, typically,

characterised by remoteness from needed infrastructure, social backwardness, lack of access to education, disability and age, and prolonged illness. These persistent poor are important target groups, since benefiting them is not possible without such targeting.

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. If this is supplemented by a clear understanding of why some households improve their wellbeing relative to others, it would help design policies that promote more equitable growth.

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-term. Some of these are readily observed (schooling of the household head), while others are frequently unobserved (managerial ability or industriousness).

A high correlation has been found between severe poverty and chronic poverty: the poorest tend also to be the chronically poor (Lipton 1988). 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 that continues to plague South Asia. Like Sub-Saharan Africa, the region tends to show low levels of important social indicators. Despite rapid improvement in infant mortality rate, life expectancy at birth, and adult literacy, South Asia remains the world's 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 Index (GEM).

The level of deprivation is usually higher than indicated by income poverty figures. 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 did not receive the 2400 calories per adult per day recommended for rural areas, and 70% of the urban population had intakes below the 2100 calories recommended for urban areas. This is much higher than the headcount ratio, which was 37% in 1993-94. In 1993-94, the poorest 30% of India's population consumed fewer than 1700 calories per day, and the poorest 10% consumed less than 1300 calories per day.

Characteristics of rural poverty in Asia and the Pacific

The rural poor in Asia are characterised 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 (a form of old-age care or insurance). As education is a prime factor in reducing 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 organisation—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 following discussion on the characteristics of rural poverty in the Asia-Pacific region suggests that certain groups of people and areas tend to be more vulnerable to poverty than others. The next section will show how these groups are being marginalised.

Who are the poor?

The percentage of rural poor varies by country and within countries of the Asia-Pacific region,. But throughout the region, 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 percentage of landlessness is high in South Asian countries like India (22%), Bangladesh (49.6%), and Nepal (10%), and landlessness is

increasing over time in many countries. In Bangladesh, for example, the percentage of landless households (defined as those with less than 0.2 ha) among total households was 46% in 1988 but 50% 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 South Korea, 88% of the landless are poor. Farmers in rainfed areas are at the bottom of the socioeconomic 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, 44% of the tenant farmers are poor. In Bangladesh, poverty is correlated with the amount of land a household controls (Ravallion and Sen 1994).

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). These peoples are known by different names: 'hill tribes' in Thailand, 'ethnic minorities' in Vietnam, '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 ethnic 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 more gender-positive, ranging between matrifocal and matrilineal systems and various forms of transition to patrilineal systems.

The incidence of poverty is very high among these people. For example, 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 scheduled tribes and 50% for 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 scheduled tribes and 30% for scheduled castes, compared to 52% for the country as a

whole. Among 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 Vietnam, 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 $100 per annum, against $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 Mountain area of China, where indigenous peoples comprise 80% of the population, the per capita income was CNY 521 in 1996, compared to CNY 1792 for the province of Hunan and CNY 1277 for the province of Guizhou (IFAD 1998). 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 projects in China, and grain availability was well below the national poverty line of 200 kg per capita (IFAD 1993).

In Bangladesh, more than half the 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 that had settled in the lower hills were displaced again after 1975 by programmes for the resettlement of persons from the lowlands.

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 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 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.

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 decollectivisation. This is very much below the viable herd size, forcing them to sell the animals for short-term survival. This depleting coping strategy is a clear sign of their increasing marginalisation. 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 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 South-east 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 industrialisation that has characterised the sector in many Asian countries since World War II, the majority of Asia's fishers are small-scale, independent coastal operators. They are generally among the poorest of the poor. Poverty in the coastal areas is a characteristic of the Philippines, Bangladesh, and Vietnam. 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 transport infrastructure (Hooke et al. 1999).

For the coastal fishers, the threat of marginalisation arises not only because of natural disasters, but also because of competition from commercial fishing enterprises. IFAD's 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 1997/8 had led the fishermen to use dynamite, adversely affecting the fishery resources (Novellino 1999).

Internally displaced persons and victims of landmines

In India, tribals constitute only 8% of the total population, but 40% of them are internally displaced (IFAD 1999a). Large numbers of people also have been displaced by conflict and war. The victims of landmines are mostly found in war-ravaged countries such as Cambodia and Vietnam. 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 than for men, and they face greater hardships in lifting themselves and their children out of poverty. Women in the Asia-Pacific region 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 rural women workers are unskilled; 90% work in the informal/ unorganised 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 the 'missing women' in South Asia. The biological norm is that women will outlive men if given similar nutritional and health care. Therefore, 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 worldwide 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 South Asian women are simply 'missing'. This phenomenon is largely attributable to the 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 a female's life expectancy at birth is less than a male's, again a reversal of the global biological norm (UNDP 1997).

In Bangladesh, the burden of poverty falls disproportionately on women, whose nutritional intake averages only 88% that of men (IFAD 1999b). Only 29% of women are literate compared to 45% of men. Some 20% of households headed by men are classified 'extremely poor' compared to 37% of female-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, 29% of rural women have 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). 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. 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.

Where do the poor live?

Geographical variability of poverty

An analysis of the various national poverty lines reveals 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). When disaggregated by region, the data show a high regional variation in the incidences of rural poverty, even within states. For example, in Maharashtra, the incidence of rural poverty ranges between 24–38% in the coastal and western regions, and 62–66% in the northern and eastern regions. 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, in 1990-91, the rural parts of South Punjab had the highest food-poverty incidence among the country's rural areas; while at the same time India's lowest incidence of food poverty was 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 mechanisation 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 on marginal and degraded lands (Nelson et al. 1997). Indeed, a large part of Asia's rural poor are concentrated in the hill and mountain regions of China, India, Nepal, Bhutan, Pakistan, Myanmar, Indonesia, Thailand, Laos, Cambodia, Vietnam, and the Philippines. Of the 1,700 million ha of land that make up the continent, nearly 236 million(14%) have slopes exceeding 30%, and a further 664 million ha have slopes of 8–30%. Nearly one-fourth 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 recognised income-poor live in remote and mountainous rural areas (UNDP1997). 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 above 2,000masl. The sparse and scattered settlements in these areas have poor transport and infrastructure, and poverty is caused mainly by the high costs of transportation and service delivery. The forest dweller and highlander groups include many of the world's indigenous peoples (250 million, 70% of whom are in Asia). Most of the pastoralists are also found on high mountain slopes and plateaux—remote areas with harsh climates.

The majority of the poor live in rainfed cropping areas. Over 65% of the arable land of the Asia-Pacific region is rainfed, and the growth of irrigated areas has declined in recent years. Except for Pakistan and Iran, 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).

Major constraints and opportunities

This section examines the major constraints that the rural poor face and discusses opportunities to overcome their poverty. The experiences of IFAD-funded projects in the region are highlighted in discussing the opportunities.

Access to productive resources

Common property resources

In many areas of Asia, the rural poor rely heavily for their livelihood on the common pool resources[3] available through open-access systems. Examples include water for irrigation, forests, rangelands, fisheries, and wildlife. The important role of these commons in the survival strategies of the poor has become conventional wisdom since the pioneering analysis by Jodha (1986). But an important issue remains: 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 privatisation or state control.

In recent years, there has been an increasing trend towards devolution of control over natural resources from central governments 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 funded the Centre for International Forestry Research (CIFOR) to analyse various Asian experiences with the devolution of forest management. The conclusion was that the decentralisation of forest management, in China, India, and the Philippines, has been dominated by the agenda of either the Forest Departments or the local elites.

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, investment is not readily forthcoming, and, as a result, productivity declines.

One approach to resolving the dilemmas of open-access or unregulated commons has been to privatise the resource, often by leasing it to the highest bidders. Examples include water-bodies and lakes in Bangladesh, and degraded forestlands for development as fruit orchards in China. In

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[3] 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 (1986), Ostrom (1990), and others, increasing attention has focused on the possibility of managing the commons as CPRs, with well-defined rules of access and extraction.

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.

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 sharing 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 fisherfolks to raise their incomes to the level of middle farmers in the community (Nathan and Kumar 2001). 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 Nepal project, the hill slopes were used mainly to grow fodder. This generated substantial livelihood benefits for the poor, including women.

Access to land

In many countries of the Asia-Pacific region, marginalisation is linked to the lack of access to land and land-use rights, resulting in income inequality and social heterogeneity that cause many problems in rural areas; but there is considerable evidence that small farms are often more productive than large farms. If access to production inputs and to information and marketing networks can be improved, land redistribution enhances productivity. Security of tenure, if properly implemented, also provides incentives for long-term investments in the land. This is corroborated by IFAD's experience in China and India. In China, it was observed that without secure tenure—of ownership or use rights—shifting cultivators do not invest in the 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.

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 India and China, women's ownership of land is a prerequisite for the effective use of credit and flexibility in management of farm resources.

Several IFAD projects provide examples to illustrate the importance of security of tenure. Secure land rights are considered particularly important for sloping agricultural land technologies (SALT). The IFAD-supported Orissa Tribal Development Project in India provided titles to land above 10 degrees in slope to tribal groups—a first in Orissa. Land occupied by tribals became transferable 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; and 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.

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 for 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 tenure security, may be less difficult to implement than other aspects such as land ceilings.

To overcome opposition, some governments in developing countries are experimenting with market-assisted land reform.[4] Two prerequisites of this approach are defining and enforcing property rights on land and providing

[4] "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)

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. The approach may "open up opportunities for the landless to climb the 'agricultural ladder' from landless workers to tenants, to leaseholders and finally, to owner cultivators" (Hayami 1991), so it is important that governments retain redistributive land reform on the agenda, even if the political coalition to push it as a programme is not yet in place.

Sustainable agricultural technologies

Green revolution technology—based on high-yielding varieties of cereal crops, irrigation, and chemical fertilisers—increased cereal production in Asia in the 1970s-80s, mainly through growth in productivity. By keeping food prices down and employment up, the technology contributed to rural poverty reduction in many countries of the region. However, this technology has been bitterly criticised since the 1970s on the grounds that it focuses on the more favourable areas and that there has been little progress in developing appropriate technologies for less favoured areas such as drylands, uplands, and mountainous areas. Rice yields in rainfed areas are only half of those in irrigated areas, with even lower yields in the upland and deepwater areas (Rosegrant and Pingali 1991). Technological breakthroughs have not been made for crops like sorghum, millet, and cassava—the staple foods grown by the poor, consumed by the poor, and grown on less productive marginal lands. This, coupled with the decreasing arable land per capita, has raised serious food security concerns for the poor; and the data available show that the arable land per capita decreased between 1979 and 1996 in all Asian countries except Malaysia (World Bank 1998b).

The green revolution technology was usually able to reduce rural poverty where there had earlier been improved water control (IFAD 2001). However, there is an impending water squeeze on Asian agriculture with competing demands for water for industrial and domestic uses. Alongside water quality, water depletion is the primary environmental problem for the poor, particularly in the context of global warming and the accompanying less stable rainfall and higher evapotranspiration (World Bank 1992b).

Water management techniques can improve water use efficiency, raise economic efficiency of water, and help the poor if prices, institutions, or the environment are not too unfavourable (IFAD 2001). Intermittent flooding in irrigated rice fields can reduce water requirements by 40% with no significant decline in yields. In the North China Plain, piping irrigation water results in 90% conveyance efficiency, compared with 50-60% for earth canals (Xie et al. 1993). However, these techniques are

capital-intensive and do not help promote employment of the poor. In the hills and mountains of Nepal, low-cost, gravity-fed technologies in sprinkler and drip irrigation for vegetable and fruit cultivation have been shown to enhance income and employment of the rural poor (SAPPROS 2001). However, such systems have not spread to wider areas due to inadequate support on the part of the government and of donors.

IFAD-financed research in Asia has attempted to address some of the main agricultural production constraints of resource-poor farmers in the more fragile, low-potential areas. The focus has been on keeping the use of inputs low despite the inherent low soil fertility and poor/erratic rainfall conditions of the production environment. Some of the Fund's grant-supported research initiatives have generated widespread benefits to small-scale agriculture in the region. Research led by the International Centre for Agricultural Research in Dry Areas (ICARDA) on 'faba' beans led to dramatic yield increases in West Asia. Research at the International Crop Research Institute for the Semi-Arid Tropics (ICRISAT) led to development of the world's first hybrid pigeon pea to be bred successfully for resource-poor conditions. The IFAD-supported Eastern India Rainfed Rice Project is making significant contributions by linking formal research to farmers' own methods and experiments in raising rice yields, in developing more robust rice varieties for rainfed conditions, and in augmenting crop incomes.

Given the limitations of high-input agriculture in less favoured areas, sustainable or regenerative agriculture holds enormous promise for yield increases and environmental protection. In such systems, two- to threefold increases in yields have been achieved through community-wide adoption of resource-conserving technologies and practices. Regenerative technologies either conserve and improve existing on-farm resources (nutrients, water, and soils) or introduce new elements (e.g., nitrogen-fixing crops, agroforestry, water-harvesting structures, and new predators). A number of regenerative technologies are now available for upland and mountainous areas as well. IFAD is promoting some of these technologies in more recently formulated projects in India, Indonesia, Nepal, and The Philippines.

Rural non-farm employment

The rural non-farm economy plays a significant role in providing employment and income for the poor in rural areas. As population pressure grows in the land-scarce Asian developing countries, the growth in agricultural production cannot absorb the increasing rural labour force in agricultural employment (IFPRI 2001). The urban industrial sector cannot grow fast enough to absorb the surplus labour released from agriculture.

This leaves the rural non-farm sector to absorb those released from agriculture but not absorbed into urban industries. Non-farm income and employment emerges as a very important source of income and employment, and therefore as a means to alleviate rural poverty.

China provides an excellent example of how a rural development strategy focusing on the non-farm sector can bring about a significant change in the structure of the national economy. This is in addition to boosting the rural economy, increasing farmers' incomes, and contributing to poverty reduction (Huang and Rozelle 1999). The effects of developing rural enterprises reveal the importance of expanding non-agricultural sectors in the rural areas to employ the increasing supply of surplus labour. Rural industrialisation, which plays a vital role in shaping China's economic growth and economic structure, is regarded as one of the major successes of the country's reforming economy. The share of rural enterprises in GDP rose significantly, from 2–4% in the 1970s to 28% in 1997, and rural enterprises dominated the export sector by the mid-1990s (Han 1996). They now employ nearly 30% of rural labour, and comprise a major source of new rural employment.

With the rapid growth of rural enterprises in China, the diversification of the country's rural economy has been remarkable. The contribution of the non-farm sector to gross value of rural output rose sharply from 31% in 1978 to 55% in 1990 and to over 75% in the mid-1990s (Huang and Rozelle 1999). Among the non-farm sectors, industry accounted for more than half of rural output value in 1995-97. The shares of the transportation and commerce sectors in the rural economy rose by three to four times between 1978 and 1997, despite starting from a very low base. Agriculture no longer plays its former dominant role in the rural economy in terms of output value.

Although the development of rural enterprises in China can be traced back to the early 1950s, the sector took off only after reforms were introduced in the late 1970s. During the early years of the reform period (1978-83), the output value of commune and brigade enterprises (CBEs), in real terms, grew by 12.3% annually—nearly 4% higher than GDP growth. Total CBE employment grew by 2.5% annually, 1% higher than the growth of the nation's labour force. Since 1984, China has implemented a series of policies to encourage and support rural enterprise development. The CBEs were renamed township and village enterprises (TVEs) to include farmers' individual and co-operative enterprises, and other forms of rural private enterprises. TVEs expanded at an even higher rate during the late reform period (1984-95). Their gross output value (in constant 1985

prices) increased by about 13 times, with an average annual growth rate of 24.1% from 1984 to 1995. Total employment in the TVE sector rose from 52 million in 1984, to 129 million in 1995, an increase of about 7 million per year. Increases in the rural labour force were almost entirely absorbed by the TVE sector. By 1995, the gross output value of rural TVEs accounted for 75% of the rural total, and 50% of national industrial output. Farmers' per capita income from TVEs represented 30% of their total income. TVEs employed 29% of rural labour and contributed 25% to GDP as well as 34% to financial revenue.

China's experience demonstrates the importance of institutional reform, price and market reform, rural industrialisation, and other policies that diversify the agricultural sector and rural economy as ways to promote farmers' income growth. After 1978, the country shifted from a controlled economy to a more open, market-oriented socialist economy, with generally positive results. Agriculture and the rural economy grew sharply as reforms liberalised the production and consumption institutions and markets. The shift from collective to household responsibility systems also enhanced the price-responsiveness of farm households. As the right to private trading was extended to include surplus output of all categories of agricultural products after contractual obligations to the state were fulfilled, diversification of agriculture as well as the rural economy accelerated.

Other developing countries—particularly those with abundant labour in the rural areas and in relatively capital-intensive industry in the urban areas—can learn from the Chinese experience of developing rural enterprise to maintain sustainable growth of the rural economy and of farmers' incomes. Rural enterprises can provide a major source of employment for workers who are transferred out of farming by the increase of agricultural productivity. The rural non-farm sector also prevents the urban congestion that inevitably accompanies industrialisation. Government policies can play an important role in creating these new employment opportunities for surplus rural labour—they can promote the privatisation of rural enterprises, credit market development, infrastructural investment, and the adoption of a balanced development strategy between the rural and urban economies, and education and training.

Microfinance to alleviate poverty

Although banking services in rural areas have expanded rapidly in recent years, most rural poor have not been able to benefit from these services. Studies have shown that community-based organisations have considerable potential to serve the poor better (Sinha 1998). Following the success of the Grameen Bank in Bangladesh and other similar experiments, micro-

finance institutions tend to rely more on peer group monitoring and joint liability to overcome the screening, monitoring, and enforcement problems commonly encountered by formal lending institutions (Gaiha et al. 2001).[5] These programmes deliver small loans to poor borrowers, mostly women organised into small groups, combined with accessible deposit facilities and much greater attention to risk management. Thus they aim to increase their incomes and have enough for consumer items needed. Many multilateral and other donors, as well as governments, now make wide use of micro-finance programmes and projects as anti-poverty instruments in developing countries.

Micro-finance can reduce the vulnerability of the rural poor to shocks caused by natural or man-made calamities, sickness, or death in the family, by building up a household's assets (IFPRI 2001). This is an important form of self-insurance against crises. An IFAD assessment of the impact of the recent financial crisis on the rural poor in Indonesia has shown that voluntary savings by the self-help groups promoted by its micro-finance programmes allowed them to maintain consumption levels. It also helped them carry on economic activities in the face of the credit squeeze in the formal sector. Micro-finance programmes have also had a positive impact on the incomes of the poor in Asia, particularly women. But growing evidence indicates that these programmes may not have reached the poorest of the poor. In Bangladesh, only 26% of hard-core poor households and 45% of absolute-poor households belonged to a credit NGO. Lack of access to land and a homestead was identified by a recent IFAD-sponsored study as the major factor in the exclusion of the hard-core poor (Rahman 1999). Illness-related crisis and dropout was another major constraint, and the Indian NGO SEWA (Self-Employed Women's Association) introduced a health insurance scheme as part of a micro-finance programme to overcome this constraint.

IFAD views micro-finance programmes as a 'vehicle' with continued potential to build local institutions and empower the rural poor, especially women. Facilitating women's access to independent income and financial services, providing cohesive structures of support through solidarity groups, and promoting self-employment all enhance women's status in the family and their control over family resources. Such schemes, in the final analysis, promote the family's wellbeing, thus proving to be an important strategy to reduce poverty.

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[5] Micro-credit refers to small loans, whereas micro-finance is appropriate when such loans are supplemented by other financial services such as mobilisation of savings and provision of insurance.

Rural public works' programmes

Rural public works' programmes are another non-farm employment-generating instrument for reducing poverty. In addition to building rural infrastructure, they strengthen fall-back options for the rural poor, particularly the landless forced to rely on agricultural employment with long seasonal spells of inactivity. If some of the poor are excluded from a credit scheme and are vulnerable to risk, these programmes serve a complementary role by mitigating the effects of income fluctuation. This is the approach adopted in China through a partnership of the government, IFAD, and the World Food Programme. When the poorest are more interested in earning opportunities than in loans, rural public works' programmes could be superior to micro-credit schemes in reducing poverty.

Globalisation and the upland poor

With underdeveloped infrastructure, the upland and mountainous areas of Asia suffer from social deprivation mainly because of political neglect and remoteness. Until recently, the little development assistance upland populations have received has been guided by the primary concerns of the lowlands and mainstream societies. Indeed, the conventional industrial and agrarian sectors rarely flourish in the hills and mountains because of strong comparative disadvantages, for example, in terms of production costs. While the uplands have attractive assets, past efforts to exploit these comparative advantages have tended to dispossess the local populations. The current process of globalisation increases the risk of further marginalisation and disempowerment unless it is specially adapted for these areas.

The unique features of mountain areas—limited accessibility, fragility, marginality, and diversity—generally require diversification of resource use and production. But globalisation, guided by short-term profitability and external demand, promotes narrow specialisation in a few specific products. It encourages indiscriminate intensification of resource-use and over-extraction of niche opportunities, with little concern for their environmental and socioeconomic consequences (Jodha 2001). In many cases, this has led to over-extraction of timber, minerals, hydropower, and herbs, with the inevitable negative effects on the environment. Also, the process of globalisation is so rapid that the mountain communities do not have sufficient lead-time and capacity to adapt.

The upland and mountainous areas of Asia possess enormous potential for niche products and services such as high-value agricultural products (off-season vegetables, seeds, fruits), timber, (non-timber forest products) NTFPs, minerals, and ecotourism. They also provide hydrological services (watershed functions, hydropower), environmental services (carbon

sequestration), and protect biodiversity. However, globalisation is eroding the mountain areas' comparative advantages in several ways (Jodha 2001).

Years of continuous neglect and recent crises (financial, El Ninõ, La Ninã, and political insurgency) have created a sense of helplessness in the uplands. Realisation that the plight of the mountain and upland poor has been overlooked has come just in time. The first challenge is to help restore these people's confidence in their own abilities to emerge from the current situation. Self-empowerment must be supported so that poor upland people can make the decisions necessary for building a sustainable future based on their resources, improved technology, and centuries of accumulated wisdom.

The urgency for preventing or reversing the deterioration in the livelihoods of rural poor in upland areas is not based exclusively on humanitarian concern for these marginalised populations. Many upland and mountain communities in Asia can claim a share in the gains of globalisation through value-adding activities or by identifying and promoting new niche commodities and services. One example is the promotion of organic agricultural products that are in huge demand in developed countries. To facilitate the participation of mountain people new technology has to be introduced and capacity building, including training and certification, is necessary. Local communities could also gain by participating in ancillary activities to support bigger ventures, as in China (Rongsen 1998).

Mountain communities manage landscapes that provide environmental services to beneficiaries, but the communities do not share in the benefits of such services—clean and abundant water supplies from watersheds, biodiversity protection, and stocks of carbon that may alleviate global warming. Rewarding poor upland communities for providing these services would enhance their livelihoods and reduce poverty, and clear opportunities are now emerging in this respect. However, the current successes (Malaysia, Costa Rica, Colombia, Venezuela, Chile) in environmental transfer payments have generally benefited large landowners and concessionaires. There is a danger that some transfer payment mechanisms are being designed and implemented to the disadvantage of the upland poor; they may speed up the displacement of poor people from the uplands and increase their poverty. This may be true for carbon sequestration. There are also risks that the concerns of national and global societies regarding biodiversity protection and the hydrological services of watersheds may have a negative impact on the welfare and land rights of poor upland communities. The major potential benefits offered by transfer payments should be tailored, as a matter of urgency, to the specific needs of upland and mountain dwellers.

Building coalitions of the poor

Participation of the poor in local, self-governing institutions helps build a sense of collective identity and social capital, and this may lead to empowerment. However, such a process is usually slow. A coalition-building process often results in more rapid empowerment of the poor. If it is accepted that sustained economic betterment is essential to empowerment, complementarity between local self-governing organisations and self-help groups takes on added significance. As a result of economic betterment through self-managed activities, the poor or weaker strata of the population become better equipped to play a more active role in self-governing organisations. Furthermore, the fixed costs incurred in organising the poor (meetings, awareness campaigns, and dissemination of information) can be significantly reduced by promoting unions of self-help groups, thereby broadening membership and influence. Given the positive externalities among rural organisations, the government has an important promotional role to play.

As discussed earlier, the Oxbow Lakes' Small Scale Fishermen Project in Bangladesh and the Hills' Leasehold Forestry Project in Nepal funded by IFAD are examples of successful redistribution of community assets to coalitions of the poor. Bringing about change through these projects is not just a matter of enhancing individual capacity for action, it is also the result of facilitating collective action by the poor. It is sometimes necessary and productive to convince the well-off that they, too, would benefit from a transfer of resources to the poor. For example, the difficulties the well-off face in private fencing of common property resources (CPRs) (water bodies, forests), and thus in securing their investments, can be a powerful factor in persuading them to agree to a redistribution. There are projects in which both the poor and the rich have gained by agreeing on—and delivering—a strategy for redistribution. There are also cases in which the poor have benefited by uniting with some of the rich in a coalition aimed at raising incomes. Whatever options are available to the poor for enriching themselves by influencing institutions, the crucial issue is how these institutions—initially controlled by the rich, strong few—could be run in the interests of the majority, who are poor.

Concluding Remarks

The Asia-Pacific region has been the world's shining example of outstanding economic growth and poverty reduction in the last three decades. Nonetheless, not only does the region still contain two-thirds of the world's poor, there are indications that the rate of poverty reduction has slowed down in many countries since 1990. This region's performance in reducing poverty will determine success or failure in achieving the primary Millennium

Development goal of halving poverty by the year 2015. IFAD's field experience has shown that the region's poverty is concentrated in two dimensions: geographical and social. Geographically, it is concentrated in less favoured areas such as remote uplands and mountain areas, marginal coastal areas, and unreliably watered drylands. Socially, it is concentrated among women, indigenous peoples, the socially excluded groups such as 'dalits', pastoralists, the landless, and small and marginal farmers. In addressing poverty in the region, there is a need to address the structural causes of the lack of agency of the poor. The challenge is to tackle the causes of restricted access to productive resources and to increase control over the use of these resources. Changes in access to resources—such as property reform for forests in the uplands and access to finances, technology, and markets—will increase the incomes and overall capabilities of the poor.

Despite enormous problems, this region has a number of strengths that create a window of opportunity for achieving significant reduction in rural poverty. First, most countries in the region have democratic regimes, and democracy offers people greater freedom and control over their lives. Most governments have adopted pro-poor policies that provide a conducive environment for effective collaboration between donors and member governments. The region also has a vibrant civil society that is playing an increasingly crucial role both in advocacy and in service delivery to the rural poor, complementing the efforts of governments and donor agencies. There is a need to build on these strengths and work together to reduce rural poverty in the region.

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