

rural livelihoods

Communicating international development research

March 2007

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Are poverty reduction policies ignoring poor rural people?

Three-quarters of the world's poor people live and work in rural areas and survive on less than one dollar a day. Yet the first round of Poverty Reduction Strategies, the World Bank mechanism to plan poverty reduction and allocate aid for each country, has failed to engage directly with rural economies.

Research from the Overseas Development Institute, UK, examines the treatment of rural productive sectors (agriculture, tourism, forestry and fisheries) in Poverty Reduction Strategies (PRSs) in Malawi, Nicaragua and Vietnam. It suggests that development agencies and policymakers need to improve understanding of links between rural growth and poverty reduction and stop treating poor rural people as a uniform group.

Part of the problem is that there is little or no consensus on priorities for agricultural and rural development. Also, PRSs tend to focus on public spending, rather than encouraging private sector development. They tend to emphasise the public provision of social services and pay less attention to the potential contribution of the productive sectors to poverty reduction.

Malawi's PRS process was started by those who recognised an opportunity to release Malawi's massive debt burden for government spending. It has not ended a long-standing neglect of the needs of the country's small farmers, but has created an opportunity for civil society engagement in policy processes.

Nicaragua imports twice as much as it exports and is heavily dependent on remittances and aid. The PRS considers exports to be critical to the economy. Pessimists doubt whether it can reduce poverty as long as government policies continue to serve the interests of Nicaragua's elite groups.

Vietnam's PRS was written primarily for external consumption, to attract donor funding. The early process was not linked to ministerial and provincial five and ten year planning cycles. It recognises that poor people largely live in agricultural areas, but lacks detailed plans to assist them or build capacity in poor provinces.

The research finds that:

- In all three countries, the PRS is second in political importance to a national plan or economic growth strategy.
- The PRS growth model tends to be 'trickle down', with a lack of measures to address the particular needs of poor rural people.

- Participation, a key underlying PRS principle, has been modest, with low engagement by rural stakeholders.

- PRSs have been undermined by changes in government, or by national development plans that have overtaken them.

PRSs have overlooked dynamic aspects of poverty, such as opportunities for poor people to participate in economic growth, as well as the risks of other people descending into poverty. Designers of second-round PRSs must:

- recognise that the analysis of poverty is always context specific
- strengthen accountability mechanisms, civil service capacity and scope for civil society participation in rural development
- encourage donors to coordinate their assistance and take a more realistic attitude to recipient government politics
- ensure that the focus of PRSs moves beyond the instrument itself to consider broader policy debates and political interests which might determine the feasibility of pro-poor change.

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'Poverty Reduction Strategies and the Rural Productive Sectors: Insights from Malawi, Nicaragua and Vietnam', Overseas Development Institute, Working Paper 258, by Elizabeth Cromwell, Cecilia Luttrell, Andrew Shepherd and Steve Wiggins, November 2005

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www.odi.org.uk/nrp/nrp100_web.pdf



Improving infrastructure to benefit poor people

The lack of basic infrastructure plays a significant part in the persistence of poverty. Poor people need better connections to schools, health care, markets, essential services and each other. Replicating the success of community-based infrastructure projects is essential, whilst learning from past mistakes.

A report from the Japan International Cooperation Agency and the UNDP examines small-scale infrastructure projects in Bangladesh, Senegal, Thailand and Zambia. It connects these projects to broader issues of poverty, human security and governance.

Infrastructure helps reduce human poverty by directly improving access to health and educational services, providing people with cleaner energy and protecting them against natural disasters. Infrastructure also enhances agricultural productivity, reduces transportation costs and generates more jobs and income.

Small-scale, community-based infrastructure projects can have significant impacts if local communities feel a sense of ownership. They demonstrate that decentralisation can establish competent local governments and surrounding communities will feel more confident in designing and maintaining community-based infrastructure.

The report highlights many initiatives that could be replicated elsewhere, including:

- a project to build portable steel bridges in Bangladesh, which has provided women with safer and cheaper access to markets, health, education, employment and law enforcement services
- a 'safe water' project in Zambia, which has reduced the incidence of diarrhoea and saved time on water collection, whilst improving women's safety
- an integrated development project in Senegal, which has provided wells and health posts whilst training women as health workers and veterinary assistants, recognising their key roles in natural resource management
- efforts in Thailand to make shrimp fishing more environmentally sustainable whilst guaranteeing farmers access to good quality irrigation water.

If small-scale infrastructure services are to be pro-poor, they must be available, accessible, affordable, acceptable and adaptable.

Other key lessons include:

- Gender issues are crucial: women should not just benefit from projects, but play an active role in designing, implementing and managing projects.
- State regulation should be minimal, except in the case of systems such as power transmission grids, which must remain as monopolies.
- Finance providers need to encourage competitively selected local private sector suppliers, contractors and operators. This helps to ensure that appropriate technologies and materials are used, making local maintenance possible.
- Sustainability cannot be achieved



Repairing pot-holes: Micro-enterprises participate in Peru's Rural Road Programme.

Credit: Emilio Salomón

without building local capacity and finding sufficient funding for operation and maintenance. Training local people to manage and maintain infrastructure projects improves performance and reduces vandalism.

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'Making Infrastructure Work for the Poor: Synthesis Report of Four Country Studies - Bangladesh, Senegal, Thailand and Zambia', Poverty Group, United Nations Development Programme, by Selim Jahan and Robert McCleery, 2005 (PDF)

www.undp.org/poverty/docs/fpage/Synthesisreport.pdf

Participation in South African public works

After the democratic transition in 1994, South Africa's post-apartheid government launched programmes to reduce unemployment, provide job training, build infrastructure and help communities participate in development.

A report from the International Food Policy Research Institute analyses the National Public Works Programme and similar programmes in South Africa's Western Cape Province to understand the benefits and challenges of community participation.

Participation – through community forums, community-based organisations (CBOs) and project steering committees (PSCs) – added value to projects by:

- allowing participants to influence choices of infrastructure and contribute to project design in ways that make infrastructure more appropriate to local conditions
- increasing the share of budgets spent on labour, employment created and training

undertaken, and women's share of employment, while reducing costs

- building experience and skills for collective action at local levels
- creating a sense of ownership which is valuable socially and helps prevent theft, vandalism and work stoppages.

However, it is often unclear whether 'Community' refers to residents in general, CBOs or PSCs. Viewing infrastructure delivery as a matter of technical expertise, the private sector and civil servants had neither the interest in community empowerment objectives nor the incentive to take them seriously.

In some projects it also became clear that:

- Community committee members lacked adequate skills, and training was limited.
 - Political divides meant that projects served the interests of some intended beneficiaries more than others.
 - Once groups felt they would no longer benefit politically, they lost interest in supporting projects.
 - Whilst engineers wanted to move rapidly to complete the infrastructure, beneficiaries wanted construction to continue to extend employment.
- The South African experience of public works programmes shows that:
- where communities are politically divided it is essential that project committees are

democratically and transparently elected

- the pressure to get projects going quickly conflicts with the need to consult community members and project workers before construction begins
- early participation avoids costly conflict and delays later
- participation should not be seen only as an objective in itself, but also as a means to provide infrastructure more efficiently
- participation does not have to be 'all or nothing'; its best forms are likely to vary under different circumstances
- policymakers and programme designers must boost local ability to contribute, and generate sufficient resources, creativity and patience to see the process through.

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'Power, Politics, and Performance: Community Participation in South African Public Works Programs', Research Report No. 143, IFPRI: Washington DC, by Michelle Adato, John Hoddinott and Lawrence Haddad, 2005 (PDF)

www.ifpri.org/pubs/abstract/143/rr143.pdf

Rural income and poverty during times of change in Malawi

In most poor countries, supporting agriculture is the most obvious way to stimulate rural growth and provide food security. In Malawi, rural families have responded differently to radical policy changes and environmental crises. Looking at their changing livelihood strategies and incomes over time helps to analyse policies aimed at poverty reduction.

A paper from Harvard University in the USA reviews changes in income experienced by rural families in Malawi between 1986 and 1997 and analyses the reasons for these changes. Until the late 1980s, Malawi's agricultural economy favoured large estate holders over small-scale producers. As part of a structural adjustment programme, the government allowed partial privatisation of agricultural markets. However, private crop traders failed to take on the state's crucial role as food supplier in deficit seasons, resulting in a food crisis in 1987.

Two policy shifts have been crucial for smallholders. First, in the early 1990s, smallholders were allowed to grow and sell burley tobacco, which had previously been limited to large estates. This has benefited smallholders, especially those with enough land, labour, inputs and access to farmer clubs, who are able to sell at world prices on the Auction Floors. Second, the government, with donor support, distributed small packages of fertiliser, hybrid maize seed and legumes free of charge to all smallholders (though later this was narrowed to targeted categories).

Following these policy changes, agricultural production did diversify. However, maize remains central to the food security of most smallholders. Key findings include:

- Government-subsidised packages intensified the livelihood strategies of smallholders, and did not reduce production or the effort smallholders put into work.
- Land remains scarce and most families are unable to achieve self-sufficiency from their own production. More than 90 percent of households bought extra maize.
- Most families lack the resources and access to financial institutions to grow burley tobacco on a profitable scale, though poorer farmers continue to earn some cash from small-scale production.
- Over the ten-year period, gains were much greater among wealthier farmers and overall inequality greatly increased. The government continues to play an essential role in guaranteeing supplies of staple foods for consumers in the deficit season. However, the government and donors have failed to provide a sustained set of agricultural policies, which remains the challenge.

Given the obstacles faced by Malawi's

case study

Hatmaking in Peru

A pathway out of poverty

Promoting non-farm rural activities can create jobs and reduce rural poverty. However, identifying marketable products in highland Peru is not easy. Have the supporters of non-farm rural activities been too optimistic?

A paper from the University of Manchester in the UK looks at hatmaking and buying in four villages in Bambamarca in the northern uplands of Peru. Hatmaking is a traditional labour-intensive activity that started under Spanish colonial rule in the eighteenth century. The manufacture of a hat, depending on its quality, may take from two to four weeks, and takes up many hours of a family's time in an area with low agricultural productivity. Families who eat most of the food they grow are particularly dependent on hat manufacturing.

Producers sell hats to a limited number of market traders. Buyers are mainly farmers. Urban dwellers show no interest in buying straw hats because they associate them with peasant culture. Most of the hats are of low quality and making these provides only a subsistence wage. Higher-quality hats are worth almost two and a half times the price of low quality hats, but few hat makers can afford to invest in quality materials. As their customers are also poor, there is little demand for higher quality hats.

The authors find that:

- customers buy more and better quality hats as their incomes increase
- in recent years, rural incomes for customers in both highland and coastal areas have been steadily declining
- as more people become educated, and urban fashion preferences spread, demand for straw hats is expected to decline further
- a small number of hat traders dominate the market and can often fix the prices paid to producers: 15 percent of the traders control about 83 percent of hat trading.

In the study area, the only scope for increasing non-farm income is to expand markets and develop a wider range of products more suited to urban consumers.

This would require the government to:

- help improve marketing skills
- spread information about bags, belts and other products which appeal to urban people
- provide credit to enable producers to purchase higher quality materials
- encourage the creation of craft shops in urban areas to cater to a growing interest in local craft products
- look into the feasibility of diversifying products and markets.

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'Non-farm Rural Activities in a Peasant Economy: The Case of the North Peruvian Sierra', Journal of International Development 18 (2), pages 207-221, by Jackeline Velazco Portocarrero, Trevor Young and David Colman, 2006
<http://www3.interscience.wiley.com/cgi-bin/abstract/11052278/ABSTRACT>

rural economy, the author recommends the following to enhance development and food security in times of shortage:

- Government involvement is necessary to assure supplies of staple foods in times of crisis, as well as to improve overall economic performance in rural areas.
- Research must be directed to providing new techniques to increase agricultural productivity.
- Farmers' associations need more support to give smallholders greater influence over the buying and selling of produce.
- Infrastructure development, especially roads and electricity, is crucial to

encourage non-farm activities as an alternative income source.

- Civil society organisations have a valuable role to play in holding government accountable.

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'Rural Income and Poverty in a Time of Radical Change in Malawi', Journal of Development Studies 42 (2), pages 322-345, by Pauline E. Peters, 2006

Ugandan villages Escaping poverty and becoming poor

As Uganda recovers from civil war, levels of poverty have fallen significantly. However, the extent to which economic growth can help sustain poverty reduction is debatable. Some people have escaped poverty, while others have become poor. Different factors are behind these economic shifts and different policy responses are needed.

A paper from Duke University in the USA presents the results of household surveys in 36 villages of central and western Uganda to assess the levels and causes of poverty.

Poverty rates in Uganda declined from 56 percent in 1992 to 35 percent in 2000. Many attribute this to recovery from the civil war and to economic growth. However, the rate of poverty reduction appears to have slowed since 2000, and more people have fallen into poverty. Economic growth alone may not be enough to help people escape poverty or stop them from becoming poor.

The household survey was conducted using the Stages-of-Progress methodology where all households in each community studied are ranked in terms of relative material well-being using a scale developed in community meetings. The Stages-of-Progress methodology has been used in similar studies in India, Kenya, Peru and North Carolina, USA.

The authors found that in the villages studied:

- the poverty level fell from 47 percent of the population 25 years ago to 37 percent ten years ago, and now stands at 35 percent, equal to the national poverty level in 2000
- in the last 25 years, 24 percent of households escaped from poverty, but 15 percent fell into poverty, with twice as many households overall becoming poor in the last ten years
- ill health, health-related costs and the death of income-earners are major reasons for falling into poverty, followed by family size and land-related factors (land division, crop disease and soil degradation)
- land improvement, diversification of income sources, business gains (mainly from commercial crops) and obtaining a private sector job are associated with moving out of poverty, though land-related reasons were considered more significant than employment
- 31 percent of male-headed households are poor, compared to 46 percent of female-headed households, and this gender disparity has worsened in recent years
- sixteen of the villages experienced an overall increase in poverty over the study period.

People in the study villages do not consider government anti-poverty programmes to have helped them. Key recommendations to address this include:

- regional or district-specific policies to address the variety of factors associated with different geographic, cultural and socio-economic conditions
- providing more and better healthcare, while examining the effects of different diseases on poverty
- assisting villagers to increase incomes through more diverse crops and commercial crops, while dealing with crop disease and land degradation (especially in western Uganda)
- developing the private sector in Uganda to increase employment opportunities. The Stages-of-Progress methodology should be adapted and applied more widely to better understand why people become poor and why some people benefit from opportunities provided by growth. It can also be used to understand processes within households, particularly related to gender, and to study newly-formed communities in large cities.

In the last 25 years, 24 percent of households escaped from poverty, but 15 percent fell into poverty, with twice as many households overall becoming poor in the last ten years

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useful websites

Consultative Group on International Agriculture Research (CGIAR)
www.cgiar.org/

Food and Agriculture Organisation (FAO)
www.fao.org/

International Institute for Environment and Development
www.ied.org/

ODI Rural Policy and Governance Group
www.odi.org.uk/rpgg/index.html

Practical Action
<http://practicalaction.org/?id=home>

World Bank Agriculture and Rural Development
<http://worldbank.org/rural/>

World Bank Rural Poverty and Development
www.worldbank.org/wbi/sdruralpoverty/infrastructure/resources.html

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© Institute of Development Studies 2007 ISSN 1746-8655
Printed on paper produced from sustainable forests