



Poverty, Livestock and Household Typologies in Nepal

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EXECUTIVE SUMMARY

Even though the world has witnessed tremendous growth and significant improvements in living standards and overall welfare, poverty still remains dramatically present in today's society.

In Nepal the characteristics of the poor are far too apparent, it is one of the poorest countries in the world and has performed very weakly in terms of social development. Poverty levels are extremely high and income disparities are very evident across income groups. During the 1990s Nepal witnessed a period of improved economic growth, but political unrest over recent years led to a contraction in the economy in 2002. A ceasefire was announced at the beginning of 2003, this offers hope that the government will be able to gain strength again and re-start the economic reform processes.

Agriculture and livestock are key components of the livelihoods of the rural poor. Livestock make a substantial contribution to household livelihoods' and currently sustain the livelihoods of an estimated 700 million rural poor in developing countries. The demand for livestock and livestock products in developing countries is predicted to double over the next 20 years due to human population growth, increasing urbanization and rising incomes. More than 80% of the population in Nepal relies on the agriculture sector for employment and income generation. But agricultural development has been sluggish and, most importantly, has failed to keep the pace with population growth. Nevertheless, contrary to the relative decline of agriculture, the livestock production index has continuously been increasing over the last decades.

In this context, the aim of the analysis presented in this report is: firstly, to gain an in-depth understanding of the features that characterize the poor in Nepal and to determine the role livestock plays in and for household's income and income sources; and secondly, based on the findings, set up household typologies related to livestock to be used to identify household groups within the country and correctly target the impact of specific livestock policies. The analysis presented is based on the data collected in Nepal during the 1996-97 Living Standards Measurement Survey (NLSS I).

In the first part of the analysis we start off by investigating the socio-economic characteristics of the households including demographic characteristics, access to facilities and agricultural asset ownership. We then look at income levels, income sources and poverty levels based on the computed income aggregate. Finally we analyze the distribution of household assets by income tercile and regional subdivision of the data. Based on the findings of the initial part of the study we proceed to set up household typologies which group households according to the criteria elicited in the first section.

Overall we find that literacy rates remain low, that most households own land and livestock, that some of the rural areas are extremely isolated, that there is a large discrepancy between income in

the rural and urban areas, and that agriculture, the main income source for the rural households, remains strongly subsistence based.

Livestock is found to contribute significantly to agriculture income both in the form of home production consumed within the households and agriculture cash income. The cash component proves to be especially important for the more isolated areas in which access to cash is very limited and for the landless households.

In conclusion we find that poverty in Nepal is mainly a rural phenomenon, where households mostly own land and livestock, and are extremely dependent on agriculture for household income and can depend on livestock for the little cash they have access to. This is a strong call for policy makers to ensure that policies aimed at targeting livestock are put in place, since this will indirectly target the large portion of rural poor in the country.

Pro-Poor Livestock Policy Initiative (PPLPI)

Website: <http://www.fao.org/ag/pplpi.html>

Working Paper: <http://www.fao.org/ag/againfo/projects/en/pplpi/docarc/wp13.pdf>