

# **Livelihoods Analysis – A Hands-on Orientation**

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Organized by  
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### Livelihoods Analysis – A Hands-on Orientation

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Day	Session Theme	Reading material
1	Dimensions of Poverty and Development	<ul style="list-style-type: none"> <li>• Evolution of Thinking about Poverty</li> <li>• Summary of 'Voices of Poor'</li> <li>• Development Fable</li> <li>• Meaning of Development</li> <li>• The Millennium Development Goals</li> <li>• Dregs of Destiny</li> <li>• Rural Poverty Report 2001</li> </ul>
	Livelihoods Framework	<ul style="list-style-type: none"> <li>• Livelihoods Framework</li> <li>• Understanding Livelihoods Approach</li> </ul>
	LEAP	<ul style="list-style-type: none"> <li>• LEAP</li> </ul>
2	Field work	<ul style="list-style-type: none"> <li>•</li> </ul>
3	Presentations	<ul style="list-style-type: none"> <li>•</li> </ul>
	Reflections on LEAP and livelihoods analysis	<ul style="list-style-type: none"> <li>• From Micro-credit to Livelihoods Finance</li> <li>• Model LEAP</li> <li>• Social map parameters in Madhyampur</li> <li>• Whose Perspectives Matter?</li> </ul>
4	LEAP to Projects and Interventions	<ul style="list-style-type: none"> <li>• Elements of Project Proposal and Appraisal</li> <li>• Development Intervention Worker</li> <li>• CDD Design Principles</li> </ul>
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## Evolution of Thinking about Poverty<sup>1</sup>

### Abstract

This essay focuses on the manner in which the answers to the following two questions evolved:

- How should poverty be defined and measured?
- What policies and strategies reduce poverty so defined?

Both the questions are related – the definition of poverty drives the choice of policies.

Over the years, the definition of poverty has broadened. So have the relevant set of policies. Thinking about poverty can be considered to have evolved in three phases. To begin with (i.e., in phase I), poverty was defined as the lack of ability to purchase goods (income). During phase II, the definition was expanded to embrace human development dimensions such as longevity, literacy, and healthiness. The concept developed further during phase III and included vulnerability, risk, powerlessness, and lack of voice.

Two broad conclusions of this essay are:

- Despite broadening the definition of poverty, there is no significant change in the proportion of poor in a country/ community. Thus, there is a close correlation between the various aspects of poverty – income, health, political rights, etc. The broader definitions improve our understanding of poverty, and the design and implementation of specific poverty reduction programs.
- We need to examine two interactions: (a) within various elements and (b) within the elements and poverty. This examination helps us to come up with appropriate policy measures. The various aspects of poverty interact in important ways, and policies can have synergies. Poverty reducing strategies must recognize these interactions among policies and take advantage of synergies.

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### 1. Phase I: Income and Expenditure Based Thinking

To start with, poverty was defined as “the state of one who lacks a usual or socially acceptable amount of money or material possessions.” This definition contains two important ideas. *First*, whom we identify as poor will be different at different times and in different societies – what is “socially acceptable” in India may differ from that in the U.S.A. Therefore, the poverty lines would change over time within countries as average incomes rise and views about the “minimum necessities” evolve. The amount needed to “get along” rises with an increase in overall income in the nation. *Second*, poverty is based on the ability to purchase goods and services (money) or on their ownership (material possessions).

A general rise in living standards and technology progress has the following impact on poverty as defined above. (a) New consumption items, initially viewed as luxuries, come to be seen as

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<sup>1</sup> Summary of: Ravi Kanbur and Lyn Squire (2001), “The Evolution of Thinking about Poverty: Exploring the Interactions” in Meier, Gerald M and Stiglitz, Joseph E. (Ed.) *Frontiers of Development Economics – The Future in Perspective*, World Bank and Oxford. Summarized by M. Vijaybhasker Srinivas, Akshara-Gurukulam (2007).

conveniences and then as necessities. (b) Changes in the ways in which the society is organized may make it more expensive for the poor to accomplish a given goal. Example: Widespread automobile ownership leads to deterioration in public transportation. (c) General upgrading of social standards makes things more expensive for the poor. Example: Housing code requirements that all houses have indoor plumbing add to the cost of housing.

Consequent to the above idea of poverty, a *poverty line* is defined as a “socially acceptable” amount of money required “to obtain the minimum necessities for the maintenance of merely physical efficiency” appropriate to the specific circumstances. People with an income or expenditure less than the poverty line are considered poor. Most analysts prefer expenditure than income for calculating the poverty line, as: (a) expenditure is far easier to measure, and (b) unlike incomes that vary across seasons and time, the households try to even out (smoothen) their consumption to obtain a uniform living standard.

Though poverty line is used widely, it has several deficiencies. It does not allow for cost-of-living differentials within countries, distinguish between transient and chronic poverty, consider value of goods and services not delivered through the market mechanism, consider intra-household allocation of expenditure, and deals only with rudimentary differences in household size and composition.

Techniques exist to overcome the above deficiencies, but they involve cost (and appropriate data). Therefore the question: when is it reasonable to ignore these deficiencies and when are they critical?

We can ignore the deficiencies for overall monitoring of poverty. Here the issue would be the extent to which the quantitative significance of these deficiencies changes through time or differs across countries. However, we cannot ignore the deficiencies to design specific, poverty-reducing actions. Such design requires precise measures of poverty because we need to ensure equal treatment of equals. Using more precision, we may be able to treat equal households equally; but may not be able to treat equal individuals equally. This is due to the differences in the intra-household allocation of food and income, which are not captured by the measures.

Though conceptually deficient, this approach helped generate data in several countries. This data improved our knowledge of poverty substantially and clarified the links between growth in national income and changes in inequality.

### **1.1. Policy Considerations**

Reducing poverty was therefore seen as expansion of per capita income or economic growth. But, there is no clear relationships between inequality and rate of growth, and growth and the initial distribution of assets. This is due to the following reasons:

- Different countries followed different policies.
- Institutional capacities of the countries to implement the policies varied.
- Growth and inequality are also subject to external trends and shocks.

However, what is clear is that inequality is persistent over time in many countries. Therefore, poverty reduction policies should aim at improving growth and equality at the same time, or at least at mitigating inequality-generating growth with pro-poor measures.

At the policy analysis level, growth and inequality need to be treated together as some variables involve trade-off, and as growth is much more sensitive than equality to policy interventions.

This is not to say that there are no policies that benefit both. Openness, financial depth, and land redistribution emerge as policies that consistently spur growth across different situations. With the significant exception of openness to trade, these policies benefit equality, although these results do not hold across different situation. Further, a strong growth performance with even a relatively modest reduction in inequality will have a tremendous impact on the incomes of the poor.

In this context, WDR 1990 pointed to the following policies: a stable macroeconomic environment (to encourage private investment), relatively undistorted sectoral terms of trade (to avoid bias against agriculture), relatively undistorted factor markets (to avoid capital intensive production), and public provision of infrastructure especially to rural areas (to avoid urban bias).

Countries where growth increased with little negative effects on equality emphasised human development. They invested heavily in education and health as a contributing factor to growth and also as a benefit in its own right.

## **2. Phase II: Human Development**

In theory, the definition of poverty based on consumption captures the value of publicly provided goods and services. In practice, many such goods and services are not considered as they are often supplied free of charge or are highly subsidized. This is specially true in the case of education and health services. The definition also failed to capture the benefit of public goods like spraying swamps to eliminate malaria for example. But the level and quality of basic education and health services, including public goods, varied significantly across countries. Therefore, social indicators were included to arrive at an overall assessment of living standards.

The effort is to “supplement” the consumption-based poverty measure with others, such as nutrition, life expectancy, under 5 mortality, and school enrolment rates. The key word is ‘supplement’— the social indicators are providing information not captured in conventional measures of poverty.

The emphasis on living standards was high during this period. Income was viewed as an input to the more fundamental goal of enhanced living standard. Income may be important to obtain these outcomes, but there is no guarantee that income would be transformed into these outcomes.

Amartya Sen is a supporter of this approach. He defines poverty in terms of “capabilities”. A capability is the substantive freedom that people enjoy to lead the kind of life they value. The aspects of life that the people could value are social functioning, better basic education and healthcare, and longevity. By this approach, people are poor if they do not have the required capabilities. The arguments in favour of the capability approach are: (a) poverty can be characterized by capability deprivation, since these are intrinsically important while low income is only instrumentally significant; and (b) low income is not the only influence on capability deprivation; and the impact of income on capabilities is variable among different communities, families, and individuals. While capability improvement leads to greater earning power, the reverse may not always be true. Therefore, the citizens should be well prepared in terms of capabilities to take advantage of economic opportunities.

UNDP played a leading role in defining poverty in terms of human development (HD). It introduced several measures including the Human Development Index (HDI) and the Human

Poverty Index (HPI). HPI concentrates on *three aspects* of human deprivation – longevity, literacy, and living standard. *Longevity* is measured by the percentage of people who die before age 40. Measure of *literacy* is the percentage of adults who are literate. The measure for *living standard* is obtained by a combination of (a) the percentage of the population with access to health services, (b) the percentage of the population with access to safe water, and (c) the percentage of malnourished children under five. While information on each aspect is valuable, aggregation into a single index leads to some issues.

- Individual household information is absent and hence the information relevant to the policy is lost.
- The calculation of a single index from many numbers involves using weights. A universal agreement on these weights is absent.

Being a national average, HPI can be used to rank the countries across the world. We cannot use it to identify the poor. This is a short coming of HPI. However, household-level data of HD measures are becoming available. This information shows that households that are poor according to the expenditure-based measure also score badly on the indicators of wellbeing. However, this does not mean that the identification of the poor using different definitions of poverty will lead to exactly the same results. While there is clearly an overlap, the correspondence is not 100%.

During the first phase, the poor gained indirectly from broad-based growth. But from the perspective of HD, a poverty-reducing strategy will not be successful unless it focuses on equity-improving growth, and therefore uses additional policy instruments. The elements to focus on increase. And therefore, it is important to understand the interactions among various elements and between the elements and growth.

Given the various vicious circles in which the poor find themselves in, it is difficult to decide where to begin the improvement in the provision of social services. The difficulty is compounded by the fact that relationships among the elements are not very clear. For example, many studies concluded that mothers' education has a strong positive effect on their children's health. This occurs because education enables the mother to obtain and process information. A study from Brazil in 1986 showed that parents who regularly made use of the mass media had healthier children as measured by height for age. Once variables for use of the media are included, mother's years of schooling no longer have an independent effect. Further, many studies showed that better health improves school attendance and performance. Thus, the question is where to start: girl child education, access to mass media, or health of the girls?

### **2.1. Policy Implications**

There are important linkages between human development and income earning capacity. Income is a major determinant and outcome of human development. Poor use their labour to participate in growth. But poverty – lack of education, poor nutrition and health – reduces their capacity to work. Thus, without the basic building blocks of HD, the poor are unable to take advantage of income earning opportunities that come with growth. At the same time, society suffers the loss of their potential contributions. Therefore, the provision of basic social services, besides being important in its own right, constitutes an important element in the growth of a society.

There is a broad correlation between income levels on one hand and life expectancy, literacy, and infant mortality on the other. But growth in income does not automatically improve health status

or educational attainment. Similarly, improved health or better education do not necessarily lead to an increase in income. *First*, the resources generated by growth may not be used to promote improvements in other indicators. Growth provides an opportunity but that opportunity has to be seized. *Second*, the structures and processes found in the society may not pass on the benefits of growth to the poor. For example, the improved variety of a crop that increases the yield benefits only the land owner and not the labour.

But the situation could be changed. The poor could doubly benefit from growth in income as well as human development when countries use the benefits of growth to finance basic healthcare and access to education for all. We also need to ensure that the structures and processes change to pass on the benefits of growth to the poor. According to WDR 1990, progress on these two fronts mutually reinforced each other and that one without the other was not sufficient.

Incorporating longevity and literacy as dimensions of poverty expands the range of policy instruments available to alleviate poverty. Even if their incomes do not increase, policies that improve the health of individuals and increase their capacity to absorb and exchange information improve the quality of their lives. Experience shows that poor benefit a lot when government combines policies to improve health/education with action designed to promote growth.

### **3. Phase III: Vulnerability and Voice**

#### **3.1. Asking the Poor**

The measures of poverty in both the Phase I and II were based on household surveys and an arbitrary cut-off separating the poor from the non-poor. An alternative empirical approach involved asking people what, according to them, constitutes poverty. Participatory poverty assessments are open-ended, interactive and qualitative. These allow people to describe what constitutes poverty in whatever dimension they choose.

The findings from participatory exercises elaborated, or validated conclusions drawn from conventional poverty assessments. These assessments paid special attention to the process of conducting the exercise. The aim of the exercises was engaging a range of stakeholders, generating involvement, maximizing local ownership and building commitment to change. The participatory poverty exercises were country specific reflecting the country context, the time available and the information needs of policymakers.

Two aspects of poverty, which were not captured in Phase I and II, emerged from participatory assessments: (1) vulnerability, and (2) lack of voice.

#### **Vulnerability**

The concern here is with risk and volatility of incomes. This is often expressed as a feeling of vulnerability. Poverty is not only a state of having little, but also of being vulnerable to losing the little that one has. Vulnerability also means the probability of being exposed to a number of other risks such as violence, crime, natural disasters, being pulled out of school, etc.

Vulnerability has two sides: (1) the external side of exposure to shocks, stress and risk; and (2) the internal side of defencelessness, or a lack of means to cope without damaging loss. Outside sources of risk range from irregular rainfall and epidemics to crime and violence, as well as the structural vulnerability of homes and civil conflict. Interaction with the poor in strife torn area of Tajikistan indicated that they perceived peace and security as the highest priority, even



over better food and shelter. With peace, people in Tajikistan felt that the economic and political situation would improve and so would physical security. Faced with a great deal of risk, the poor try to minimize their vulnerability to disaster by diversifying their income. But as we shall see, these kinds of coping mechanisms are inadequate.

The poor suffer from risk because they lack the means to protect themselves adequately against it – this is what makes them vulnerable. If any unforeseen event occurs, the poor have few assets to dispose of in addressing the problem, or the depletion of those assets must plunge them further into long-term poverty. And they often cannot borrow to meet their needs. Reducing risk expands the range of opportunities available to the poor. By this, they would be able to take advantage of all the strategies to reduce poverty (health, education, or income-earning possibilities). Even such victories that the poor can achieve on their own in improving their lot ultimately suffer from excessive fragility. Risks associated with being poor may wipe out hard-won gains overnight. In many cases, risk prevents the poor from undertaking possibly high-return activities.

Several households may be BPL as per national standards, but above the margins as set by the local community during PPA. These households consider themselves as coping. This indicates that the idea of a secure livelihood is given higher importance than fluctuating but higher incomes. The common characteristics of the poor that emerge during PPA are a combination of age, childlessness and social isolation for widows and divorcées. Thus the local understanding of poverty has more to do with vulnerability than mere income poverty. These also clarify the meaning of vulnerability as lacking the means to cope.

### Voice

Lack of voice and political rights, often described as a sense of powerlessness, is described by some as the most fundamental characteristic of poverty. This is revealed when the poor describe their interactions with government employees and institutions. They lack political power. 'A feeling of powerlessness and an inability to make themselves heard' is the dimension of being voiceless. Where there is interaction between those in power and the poor, it is more one sided – with those in power dominating the discourse.

### **3.2. Use of PPA**

PPA brings out the complexity and diversity in people's views about poverty. Their views on the causes of poverty and its cures can influence public efforts in ways that may be overlooked by conventional surveys. Their insights indicate actions which provide high benefits with a low financial costs. Thus, PPA can lead to public action perceived by the poor as beneficial to them.

On the other hand, including vulnerability and powerlessness in the definition of poverty does not change our view of who is poor significantly. Income poverty and lack of voice tend to go together. But, we do not have household-level measures of vulnerability or powerlessness and so cannot distinguish the poor (in these dimensions) from the non-poor. Moreover, measures of exposure to risk could be very high for individuals with very large incomes. This is clearly not what people have in mind when they refer to vulnerability. Therefore, empirical evidence on the overlap between these measures of poverty and a consumption based one is not yet conclusive.

### **3.3. Policies to Improve Coping with Risk**

Expanding definition of poverty by including risk and lack of voice expands the policy choices available to improve the conditions of the poor. The usual remedies for risk are borrowing and insurance. But these are rarely available to the poor and the lack bears heavily on the poor. For example, one year's crop failure in China resulted in 10% decline in consumption in the following year for the richest third of households and 40% for the poorest tenth of households. Similarly, ICRISAT survey found that the average variation of household income was 40 percent.

Poor households react to income volatility in two ways. (1) They may adopt production plans or employment strategies to reduce their exposure to the risk of adverse income shocks even if this entails lower average income. (2) They may also try to smooth consumption by creating buffer stocks, withdrawing children from school, and developing informal insurance and credit arrangements. These efforts are both costly and inadequate. The cost rises because the poor face a bitter trade-off: they can accept risk that could lead to disastrous fluctuations in consumption, or minimize risk in ways that perpetuate poverty.

The risks of the poor are not only at the household level but also at the village, region, or national level. As the risks are at higher level, the efforts of poor are inadequate and the poor are unable to insure. The coping mechanisms, although providing some protection in the short run, limit the poor's long-run prospects of escaping poverty. The informal mechanisms of insurance are inadequate to cope with systemic risk that exists at the village level or higher. The villagers are unable to protect themselves from these risks with even the best within-the-village insurance mechanisms.

To counteract the effects of crises on the poor, governments must provide safety nets to cushion the blows and keep the way open for the future. Government's ability to provide adequate safety nets is hindered by the information problems that plague credit and insurance markets. These problems are being overcome through two recent innovations: group screening and monitoring, and self-revelation of information.

#### **Group lending**

The costs of collecting information and enforcing repayment can be significantly reduced through group lending. Since groups of poor people may know quite a bit about each other and have many opportunities to interact and enforce their social expectations of each other's behaviour, such groups may apply for joint loans and monitor each other to ensure repayment. Thus the information burden to the lender is significantly reduced and the poor pay less for the uncertainty lenders have about them. This idea, pioneered by Grameen Bank in Bangladesh, has now spread in various forms to many countries. However, not all such programs are financially sustainable. Two options are suggested in this regard.

- Focussing on simple programs with simple administrative procedures and 'minimalist credit' approach.
- Subsidizing administrative costs of programs with significant poverty-focus and outreach.

The issue here is whether subsidies used for this purpose are a better way of helping the poor than subsidies used for other purposes and that calls for careful evaluation of the impact of alternative actions.

The evidence of benefit of group lending is mixed. While there is evidence of substantial benefit, there is also evidence that group lending significantly increased consumption. To give another interpretation, Morduch finds no increase in consumption but does find evidence of consumption smoothing. Even if the benefits of group-lending are limited to consumption smoothing, this may lead to long-run gains that are not being captured in the surveys currently available. As stated above, the ability to smooth consumption is important not only for its immediate benefit but because it may help households pursue longer run strategies to escape poverty that might otherwise be considered too risky.

The issue of inter-linkages is also evident in another way. There is evidence that participation in micro-credit programs leads to an improvement in nutritional indicators and on children's schooling and that access to credit has an 'empowering' effect on female borrowers giving them greater control of various aspects of their lives.

Savings offer another means of smoothing consumption, though this has received adequate attention.

#### Self-revelation of information

The innovation of self-revelation of information has been used effectively in public works schemes. A World Bank project in Argentina in 1997 offered low-wage work on community projects in poor areas, and more than half the participants were from the poorest 10 percent of the population. While the basic approach has merit, issues now revolve around how to keep administrative costs down, and how to draw the balance between asset creation and insurance. Programs that offer guaranteed employment provide the greatest insurance but may not create the most productive assets.

Public insurance schemes may displace private efforts. That is why it is important to understand people's preferences for allocating time. For example, in one rural Indian village, the public works participants mostly shifted their time out of being unemployed, so that their opportunity costs are low and their net benefits from the program are high. In another village, public-works employment mostly replaced wage labour and own-farm work, leading to a substantially higher opportunity cost and lower net benefits.

Social security benefits "crowd out" private transfers: receiving social security reduces the probability of receiving a private transfer by about six percent. The response is stronger in the Philippines, where Cox and Jimenez found that private transfers would be 37 percent higher in the absence of retirement income. While these factors should be borne in mind when designing public action, there are two reasons to persevere with public schemes. First, as we see from these examples, the offset is not one-for-one. And second, insurance against village-wide or region-wide risks is unlikely to be accomplished through informal mechanisms.

#### **3.4. From Isolation to Participation**

As a result of the expansion of the definition of poverty, the poor's voice became more apparent at the project level. This also followed the realizations that (a) The top-down solutions have often failed. (b) The poor have better knowledge of their situation and their needs. (c) The poor can contribute to the design of policies and projects intended to better their lot.

And once they have a say in design, they are also more committed to implementation. In this manner, participation by the intended beneficiaries improves project performance.

The interactions between voice and other development outcomes and between risk and other development outcomes are less well understood and researched.

#### **4. Conclusions**

While the different methods of defining and measuring poverty will inevitably identify different groups as poor, the evidence suggests that the differences may not be that great. The way in which poverty is defined drives the strategy for dealing with it. One result of the broadening of the definition is the consideration of more policy instruments for the task of reducing poverty. However, issues emerging from the interactions among different aspects of poverty call for a careful integration of policies.

When the focus was confined to income, the key interaction was between per-capita growth and changes in equality. As the definition expanded to include health status, literacy, and so on, the key interactions to focus are those between income and other dimensions of wellbeing. When we consider risk, vulnerability, and voice, then safety nets, access to credit, and participation emerged as critical to the poor's ability to take advantage of risky, poverty-reducing opportunities and to shape economic policy and programs to their benefit.

However, some more research has to be undertaken to understand the interactions between various elements that describe poverty and the policies that could help in reducing the poverty.

#### Additional Notes

There are a few household surveys that are taken up to assess the manner in which the households are spending money and to estimate the poverty. Prominent among them are:

- Living Standard Measurement surveys (LSMS) conducted by the World Bank
- "Family Life Surveys" conducted by the Rand Corporation
- Household survey by National Sample Survey Organization (NSSO), India

In India, the household asset status is obtained through the household survey of NSSO and through the Census.

## **Voices of the Poor - Summary**

*Poverty is pain; it feels like a disease. It attacks a person not only materially but also morally. It eats away one's dignity and drives one into total despair-* a poor woman, Moldova.

The poor are the true poverty experts. The World Bank, in preparing its *World Development Report 2000/2001: Attacking Poverty*, wanted to make sure the voices of the poor -- their experiences, priorities, and recommendations — would be taken into account. The result was *Voices of the Poor*, a series of studies trying to understand the voices of approximately 60,000 poor men and women from over 60 countries around the world. The voices are drawn from 81 participatory poverty studies. The field studies used participatory and open-ended methods, and were carried out mainly by local research institutes and NGOs, under the supervision of the World Bank.<sup>31</sup>

The pattern of findings from across countries is similar and striking. Poor people describe repeatedly and in distressing detail what has only been glimpsed before, the psychological experience and impact of poverty. The trends are sobering. The large majority of poor people included in *Voices* said they are worse off now, have fewer economic opportunities, and live with greater insecurity than in the past. They spelled out detailed reasons that varied by region. Poor people's experiences with government institutions are largely negative, even when government programs were rated as important. Rudeness, corruption and poor quality services seemed to be the norm, whether in health care or in programs of social support. But the poor still greatly value government programs, and feel governments have important roles to play in their lives. The presence of NGOs in the various countries is uneven, but where they are at work their contributions are generally appreciated. The poor find their own local networks and institutions to be the most dependable. Gender relations are in troubled transition, with violence against women frequent.

### **The Good Life and the Bad Life**

*Being well means not to worry about your children, to know that they have settled down; to have a house and livestock and not to wake up at night when the dog starts barking; to know that you can sell your output; to sit and chat with friends and neighbors.* A middle aged man in Bulgaria.

*A better life for me is to be healthy, peaceful and to live in love without hunger. Love is more than anything. Money has no value in the absence of love.* A poor older woman in Ethiopia.

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<sup>31</sup> Financial support for *Voices* was provided by the UK Department for International Development (DFID), the World Bank, the Swedish International Development Authority (SIDA), the MacArthur Foundation and several NGOs.

Poor people were asked to share their ideas of good and bad experiences of life, “wellbeing” and “illbeing”. To be poor was to experience illbeing in many ways, and to suffer multiple disadvantages that reinforce each other and interlock to trap them. Again and again, the psychological dimensions of wellbeing and illbeing were of paramount importance. Wellbeing was variously expressed as happiness, harmony, peace, freedom from anxiety, and peace of mind. In Russia, people said, “Wellbeing is a life free from daily worries about lack of money”; in Bangladesh, “to have a life free from anxiety”; in Brazil, quality of life is “not having to go through so many rough spots” and “when there is cohesion, no quarrels, no hard feelings, happiness, in peace with life.” In Nigeria, “wellbeing is found in those that have peace of mind, living peacefully”; in Bolivia, “quality of life is high when you have a family, to feel supported and understood. You can have money but without a family it’s worth nothing”; in Thailand, livelihood was simply defined as “happiness”; “It is to be filled with joy and happy. It is found in peace and harmony in the mind and in the community.” For many, too, spiritual life and religious observance were woven in with other aspects of wellbeing. The importance to poor people of the church, mosque, temple and sacred place was repeatedly evident from their comparisons of institutions, in which these frequently ranked high, if not highest, as key supports in their lives.

Illbeing was described in terms of lack of material things, as bad experiences, and bad feelings about the self. In Bosnia, the poor described illbeing as follows: “Children are hungry, so they start to cry. They ask for food from their mother and their mother doesn’t have it. Then the father is irritated, because the children are crying, and he takes it out on his wife. So hitting and disagreement break up the marriage.” A group of young men in Jamaica ranked lack of self-confidence as the second biggest impact of poverty: “Poverty means we don’t believe in self, we hardly travel out of the community...so frustrated, just locked up in the house all day.” Poor people spoke about loss, grief, anguish, worry, over-thinking, madness, frustration, anger, alienation, humiliation, shame, loneliness, depression, anxiety and fear.

## **What Makes the Good Life**

Despite diversity and location specificity, there is a striking commonality of experience across countries, cultures, rural and urban areas, and age and gender divides. People explained wellbeing and illbeing in terms of five related dimensions: material wellbeing, physical wellbeing, security, freedom of choice and action, and good social relations.

### ***1. Material Wellbeing***

*We eat when we have, we sleep when we don’t.* Ethiopia.

Not surprisingly, lack of food, shelter, clothing, poor housing and uncertain livelihood sources were critical and mentioned everywhere. Having enough to eat the whole year round was mentioned again and again in many countries, as was the possession of assets.

In rural areas this took the form of land with secure tenure, together with assets that allowed cultivation and a good harvest. In urban areas, capital to start a business, access to loans, and above all dependable work were stressed. In Argentina, it was said: “You have work, and you are fine. If not, you starve. It is so.”

In the urban areas of countries that have undergone severe crises of economic restructuring, study teams were shocked to learn about quiet and hidden starvation. Those who starve are often too proud to beg and too decent to steal. The research team in Russia wrote, “a woman told us that sometimes she did not have food for several days and was only drinking hot water and lying in bed not to spend energy.”

## **2. Physical Wellbeing**

*My children were hungry and I told them the rice is cooking, until they fell asleep from hunger.* An older man, Egypt.

*Poor people cannot improve their status because they live day by day, and if they get sick then they are in trouble because they have to borrow money and pay interest.* Tra Vinh, Vietnam.

*Each day there is a funeral in a nearby village because of distance to the hospital.* Musanya, Zambia.

Physical health, strength and appearance are of great importance to the poor. This is not just for reasons of compassion for close relatives and friends, or because of concern for personal wellbeing. It is for quintessentially economic reasons. The body is poor people’s main asset, but one with no insurance. If it deteriorates, hunger and destitution hover at the doorstep. As a man in Ethiopia said, “I told you. All I need is peace and health.” Bad living and working conditions, together with material poverty, make a person highly vulnerable to becoming weak through sickness, or to permanent disability or death through illness and accident. Shortage of food and sickness not only cause pain, they weaken and devalue the asset. Poor people are more often sick, and sick for longer periods of time, and less able to afford treatment than the better off. So “they just sleep and groan (Malawi).” Women are taking on increasing burdens in expanded roles outside the household, and “time poverty” is driving many women to deeper and deeper exhaustion. When a poor woman in Zambia was asked her dream, she simply said, “to have time to go into town and play [spend time] with my friends.” Illness can plunge a household into destitution. Anguish and grief over watching loved ones die because of lack of money for health care is a silent crisis of poverty.

## **3. Security**

*Security is knowing what tomorrow will bring and how we will get food tomorrow.* Bulgaria.

*There is no control over anything, at any hour a gun could go off, especially at night.*  
A poor woman in Brazil.

Many people described security as peace of mind or confidence in survival. Survival referred not just to livelihood, but also to sheer physical survival in the face of rising corruption, crime, violence, lack of protection from the police and absence of recourse to justice, wars between ethnic groups, tribes and clans, frequent natural disasters, and the uncertainties of season and climate. Lawfulness and access to justice were widely seen as crucial aspects of wellbeing. In the Kyrgyz Republic people said, “among all the wellbeing criteria, peace is the most important.” In Russia, it was “the absence of constant fear.” In Ethiopia, women said “we live hour to hour” worrying if it will rain.

The bad life is deeply embedded in insecurity and feeling vulnerable. Insecurity is related to the external world, to the individual and family -- exposure to shocks, stress, and risks that increase unpredictability and instability. In many countries, women spoke about widespread domestic violence, although there is evidence it may have peaked and be in decline in some countries. Insecurity is also the experience of worry and fear. Even where poverty has declined, the majority of poor people said that life had become more unstable and uncertain, particularly as a result of increased crime, violence and corruption.

#### **4. Freedom of Choice and Action**

*The rich is the one who says: “I am going to do it” and does it. The poor, in contrast, do not fulfill their wishes or develop their capacities.*” A poor woman in Brazil.

*Poverty is “like living in jail, living under bondage, waiting to be free.”* A young woman in Jamaica.

Wellbeing for many people means freedom of choice and action, and the power to control one’s life. It means the power to avoid the exploitation, rudeness and otherwise humiliating treatment so often meted out to the poor by the rich or the more powerful in society. It also includes the ability to acquire skills, education, loans, information, services and resources; to live in “good places”; to withstand sudden and seasonal stresses and shocks and not slip further into poverty. Wellbeing was frequently linked to moral responsibility, with freedom of choice and action extending to having the means to help others in need.

Lack of freedom or powerlessness confronts poor people with agonizingly constrained choices. They explain powerlessness as the inability to control what happens to one because of poverty. The poor are forced to trade off one bad thing for another bad thing. Their voices are seldom heard and sometimes silenced. Their lack of organization further constrains their ability to challenge authority or unfair practices. To add to these cumulative disadvantages, they frequently live in “poor areas” characterized by



remoteness and isolation. In the Kyrgyz Republic, poor people said that they were forced to take many risks to survive, including stealing (with the risk of getting caught) or borrowing money (with the risk of becoming indebted). “The rich do not have to take this risk, they have money to protect themselves, and they also have power.”

## 5. Social Wellbeing

*To be well means to see your grandchildren happy, well dressed and to know that your children have settled down; to be able to give them food and money whenever they come to see you, and not ask them for help and money. An old woman in Bulgaria.*

*It is neither leprosy nor poverty which kills the leper, but loneliness. Ghana.*

*It is more worthwhile to bring up our children in a proper manner than to bring all those riches from abroad. What is the point in going abroad and sending money to build a house if the entire family life is destroyed in the process? Kehelpannala, Sri Lanka.*

Social wellbeing was defined as good relations within the family and the community. In post-conflict and “transitional economies,” the need for good social relations across the nation was also mentioned. Being able to care for, raise, marry and settle children was stressed over and over again. Social wellbeing included social respect and being part of a community. The stigma of poverty was a recurring theme, and participants frequently spoke about the shame of asking for help and accepting charity. Many spoke of how their poverty prevented them from participating fully in society, and the humiliation brought on by being unable to follow the traditions and customs of their culture. They spoke about their inability to exchange gifts and presents, and how in consequence they stay away from celebrations, weddings and festivities. Loneliness, alienation and estrangement are a source of great distress. Middle-aged men in Bulgaria said, “When you are poor, nobody wants to speak with you. Everyone’s sorry for you and no one wants to drink with you. You have no self-esteem and that’s why some people start drinking.” The poor also spoke about discrimination — that is, being denied opportunities — and humiliating treatment by officials. There was a widespread experience of being treated badly, whether by guards at supermarkets or by uncaring doctors, nurses, schoolteachers, and traders.

## Trends and Traps

*In the past people were at ease (Mertaha) and money was valuable (El-Felous Kan laha eema), but now it is not. Bong Meghezel, Egypt.*

*Now there are hungry children, and before it was not so evident. There are children that knock on your door and ask for bread, children without shoes. This one would never see before.* La Matanza, Argentina.

*If we knew that there would be an end to this crisis, we would endure it somehow. Be it for one year, or even for ten years. But now all we can do is sit and wait for the end to come.* A woman from Entropole, Bulgaria.

A large majority of poor people consulted felt they were either worse off or no better off today than they were previously. There were exceptions -- associated with broad positive changes in Vietnam, India, and Bangladesh (although in the latter case positive changes for the poor were adversely affected by the devastating floods of 1998). There were also exceptions at the level of individual communities, due to the positive effects of new infrastructure in parts of urban Brazil, tourism in Jamaica and export zones in Sri Lanka. In countries that had suffered civil disturbance or war, especially Bosnia-Herzegovina, Somaliland and Sri Lanka, poor people considered themselves much better off than during the periods of unrest, but had not regained their pre-disturbance levels. In Malawi, the gain in political freedoms was felt to have improved poor people's wellbeing, but had on the whole not been matched in other domains of life. The experience of the majority of those who participated in the *Voices* was that the quality of their lives has become worse, not better.

Economically, there was a widespread, if not universal, sense that opportunities were unevenly distributed, and that those who started with advantages had been able to exploit them, while the poor found it difficult or impossible to do so. In terms of security, conditions for poor people had become worse in most countries and at most sites. Heightened insecurity variously affected livelihoods, property, and personal safety. In discussing institutions, poor people did not give high ratings to government officials and political leaders, and NGOs were mentioned less and less highly rated than might have been expected. Poor people indicated repeatedly, and in many contexts, that they trust and rely on their own local, informal institutions for support in crisis and in daily life, and rank them high in importance even while recognising their limitations. The message from the poor is that outside organisations and development policies designed for their benefit have been less significant than is usually assumed by those who work in development agencies.

The reasons for the lack of opportunities, increased insecurity, and flat or downward trend in wellbeing differed by region. There were, however, common themes: people said that they miss out on many opportunities because of the need to have "connections" and because of their lack of information, assets, credit, skills and business acumen. Repeatedly, their message was that "it is the rich who benefit" from policy changes. Particularly in Eastern Europe, Central Asia and Latin America, poor people spoke about macro-economic and political change. In Africa and East Asia, poor people tended to emphasize rising costs of living and prices and, in South Asia, economic and social issues

at the family and community level. In Africa and Asia, the poor also discussed the uncertainty of depending on rainfed agriculture and land-related issues.

The *Voices* showed that these disadvantages are compounded by a combination of “time poverty”, physical weakness, lack of energy, and powerlessness. Together, these multiple disadvantages not only hold poor people down, they make them vulnerable to losing even what they have. Analyses of life stories of men and women who had fallen back into poverty confirms the precariousness of small gains that are vulnerable to big slides back downwards. The most common triggers for the descent back into poverty were illness, injury, or death of a close family member. These had an especially large impact on households in Africa and Asia. Other triggers included a decline in economic opportunities, the cost of raising children, old age, cost of living increases, natural disasters, divorce and desertion (for women), declining profitability of agriculture and business, lower wages, theft, civil conflict, indebtedness, and many others. Life story patterns showed that the poor with few assets would, with great effort, slowly creep upward, only to be plunged back into poverty by illness, loss of employment, poor crops or, for women, desertion. There is usually nothing to prevent them from falling into the abyss. And when they do fall, there is often nobody waiting to catch them at the bottom or to lend a hand as they attempt to start over.

A major trap for the poor is simply where they live. A resident of Nova California, a slum in Brazil, said “The sewage runs in your front door, and when it rains, the water floods into the house and you need to lift the things...the waste brings some bugs, here we have rats, cockroaches, spiders, and even snakes and scorpions.” Only too often, the poor live on marginal land, ill-served by transport, water or other amenities, isolated from information and subject to environmental hazards, inadequate shelter and insecure rights.

Some slum areas in Sofia, Bulgaria are polluted and stink, as there is no garbage collection or other communal services. The Roma feel they are “treated like dogs.” In urban slums in Dhaka, Bangladesh, shanties of bamboo have been constructed on raised platforms over a big ditch, which is used for all sorts of waste disposal. When babies fall into the ditch they sink and are lost. In slums in Argentina, oil spills send fire down the clogged up canals along which the poor live, and factory waste clogs up drains. In slums in Malawi, the physical conditions were so bad and hopeless that the poor said, “the only way we can get out of poverty is through death.” Residents of such areas not only have to put up with these living conditions, they find an “area stigma” attached to them that deters potential employers.

#### **Four Problems with the System**

*You grow up in an environment full of diseases, violence and drugs... you don't have the right to education, work or leisure, and you are forced to “eat in the hands of the government” ...so you are easy prey for the rulers. You have to accept whatever they give you.* A young woman, Padre Jordano, Brazil

*A person doesn't have the strength or power to change anything, but if the overall system changed, things would be better. Bosnia.*

Poor people describe four pervasive and systemic problems that affect their lives adversely almost everywhere: corruption, violence, powerlessness, and insecure livelihood.

### **1. Corruption**

*There is much bitterness, especially in the thought that any opportunities that may come will be taken by the rich and they could never find a "wasta" or middleman to enable them to find a better or more permanent job. If they have a right, they cannot take it because they cannot afford a lawyer. If the poor go to the police station to accuse a richer man, he is afraid: "my accusation may turn out in the favor of the rich and against me. But if we are equal, I may have justice." Dashour Village, Egypt.*

*I worked six years in a company that did not pay me correctly. So I sued them and they threatened to kill me. I had to hide. Sacadura Cabral, Argentina.*

Corruption is a core poverty issue, not just a problem affecting high levels of governments and business. The studies reveal how pervasive low-level corruption and lack of access to justice and protection affect poor people's lives -- the problems of corruption, "connections," and violation of basic human rights with impunity were voiced repeatedly. In Ecuador, the poor in Chota said, "the government should make sure the congressmen do not steal." In Uzbekistan, bribes to get a job were standard: "a friend told me to get a position, one must pay 25 thousand. I could not afford it, so I went back to pulling a cart in Tashkent." In India, poor women spoke of having to bribe forest officers for each bundle of firewood they collected and railway policeman for coal dust they gathered from railway tracks. In Bangladesh, the poor said, "nobody can count on the judgment of the commissioner since he does not work for the poor and his bias is with the landlord." In country after country, and community after community, poor people spoke of corruption in the distribution of seeds, medicines and social assistance for the destitute and vulnerable; corruption in getting loans; corruption in getting teachers to teach; corruption in customs and border crossings; corruption in the construction of roads; corruption in getting permission to move in and out of cities or stay in certain areas; corruption in street and market trading; and corruption in identity cards. In many places, the poor reported having to pay managers, hooligans and the police "protection" money to save themselves from the worst forms of harassment, theft and abuse.

Even humanitarian assistance is often waylaid when channeled through corrupt state systems. In Bulgaria, people reported that secondhand clothes destined for the poor were sold by doctors and nurses to shops. To overcome problems of this type, some NGOs hire a local representative to be responsible for distribution of humanitarian aid. But according to the poor this can in fact be worse still, because the local representative

distributes the goods received from overseas selectively, twice a year, and then immediately films the occasion to send a report back to the donors. The Bulgarian poor had a simple remedy: they suggested that the donors' names and addresses be announced at the time of distribution, so that recipients could send their comments directly to the donors.

In many countries, poor people's access to justice and courts is a distant dream because of lack of information, distance from the courts, and a strong belief (based on experience) that only money buys justice. In Uzbekistan, a man said, "you have to pay the lawyer, the judge and the prosecutor. I have gone through it myself." Since the poor lack money and too often are dependent on those who violate their rights, they cannot "afford justice." Almost everywhere, justice through political representation was laughed at and comments were frequent about the "seasonal" memory of parliamentarians. In Egypt, people said, "when they reach their seats the parliamentarians forget us."

All this said, there were also heart-warming even if few examples of public officials who refused the temptations of corruption. In Ozerny, Russia, poor people spoke with great respect for a local nurse whom they described as a "valuable institution": "You can go to her at any time - she will never refuse to make a shot, or give advice about how to treat something... Her advice is listened to much more than the local doctor's who is often criticized for lack of professionalism and for indifference... She is a good example of how shortages of medicines and lack of financing don't mean the impossibility to help." In Jamaica, the poor praised the female Superintendent of Police in charge of Constant Spring Police Station. "Anyone can have access to the Superintendent in charge of Constant Spring Police Station. If you have a complaint you just walk in and ask to see her and they just send you upstairs to see her. She will call up the officer and deal with him."

## **2. Violence, Civil Conflict and Public Safety**

*We do not expect any help from our neighbors...they can't help; in any case, they won't because everyone is just fending or grabbing for themselves. Bosnia-Herzegovina.*

*The men compared increasing crime and conflict to burning fire rampaging through the community. They said that increasing crime levels are a result of everybody wanting to get rich....Some men, however, were of the view that social norms and taboos have been lost in what [they] called "te nabaalee" (our ancestry) resulting in a disregard for traditional methods of enforcing law and order and therefore keeping crime and conflict in check. Ghana.*

*I do not know whom to trust, the police or the criminals. Our public safety is ourselves. We work and hide indoors. Brazil.*

*The police have become the rich people's stick used against common people.*  
Dangara, Uzbekistan.

In many countries in both rural and urban areas poor people reported a decline in social connectedness, concomitant with increases in crime, lawlessness, selfishness and violence. This is reflected not only in violence and public safety issues outside the home, but in conflict and violence within the home as well. Many of the poor linked these trends to decreases in economic opportunities, increased competition for resources, and poor government policies. In Eastern Europe and Central Asia the decline was also linked to the transition from communism to democracy.

While there are some rural and urban differences, poor people generally reported an erosion of traditional social solidarity, sharing of food and resources with family, kin and neighbors, and participation in marriages, rituals and visits. In Nigeria, old men said, "we poor men have no friends. Our friend is the ground." In Zambia the poor said, "when food was in abundance relatives used to share it. These days of hunger not even relatives would help you." Increases in theft were linked directly to hunger in Zambia. In the Kyrgyz Republic groups said, "there is no unity in our community. We don't visit each other. In the past, we used to help, pool money (*razha*) if somebody has a death in the family. We no longer do." In Bosnia-Herzegovina, a resident of the town of Vares said, "no one helps anymore. I would gladly help someone, but how, when I am in need of help myself? This is misery. Our souls, our psyches are dead." In many countries youth complained about no place to "hang out," to play sports; they linked "nothing to do" and the absence of sports facilities and community centers to a rise in drug use, alcoholism and theft.

Women in Somaliland defined security as "when an individual, family or community has no fear for their lives, property or dignity; where there is no security, there is no life." Although there were differences in scale and intensity, the problem of declining public safety as an element of increasing insecurity arose in almost every country, in both rural and urban areas. It was mentioned least often in India, most often in Brazil and Russia. In Sri Lanka, it was an issue of concern primarily to the Tamil minority and, in Somaliland people spoke of increased security after the peace treaty between clans. Elsewhere, increasing crime was linked to breakdowns in social cohesion, difficulties in finding employment, hunger, increased migration, and also to building of roads that allowed strangers to enter communities easily. In every country it was linked to declines in social community, competitiveness and people looking out only for themselves.

A startling finding of the *Voices* was the extent to which poor people experience police as a source not of help and security, but rather of harm, risk and impoverishment. While there were some exceptions, including Zambia, Ethiopia, and Sri Lanka, in many places the police were considered a necessary evil, vigilantes and criminals. In Nigeria, the poor associated the police with illegal arrests, intimidation and extortion; in Bangladesh, the poor feared the police because of "false cases" that they can bring, especially when the poor try to file cases against the rich. In Brazil the police were rated as the worst institution; the poor said, "the criminals have public safety, we do not." In Argentina, the

poor equated police to rubbish, while women felt vulnerable to sexual assault by police. In Jamaica, the poor said “the police lie and steal from the poor.” In India, the poor said that the menace of the police had increased many times over, and in Russia, reports about the police and criminals working together were widespread. In Bulgaria, some of the poor said that they did not blame the police as much as the judges and prosecutors who let the criminals go free; others said, “if you have connections with the police, you always will get free.”

On a different scale, civil wars based on clan rivalries and ethnicity in several nations have brought untold suffering to the poor, and even after years of peace life has not returned to pre-war standards. In Sarajevo, Bosnia Herzegovina, one person said, “even if I were to establish a household over a hundred years, I would never have what I had if the war hadn’t destroyed everything.” Life for some was better during the war when there was some humanitarian assistance, but now many people interviewed appeared withdrawn, depressed, irritable, apathetic and not interested in having a conversation. In some areas where factories remained shut down people spoke about the “death of the city”; “Vares is a dead city; the spirit is dead in the city.” In Sri Lanka, the Tamil people reported that life was better before 1989, and that concerns about loss of assets and insecurity still prevail. The Sinhalese there were concerned about employment, and when some Muslim groups spoke openly about the looting of homes and livestock that had taken place during the violence, the tension between groups became palpable.

Households across the world are stressed. As employment and traditional livelihood strategies for poor men disappear, poor women in increasing numbers have had to make their way into the informal sector, primarily in low paying and often menial work -- piece work, vending, petty trading, trading, agricultural labor, collecting garbage, cleaning toilets, and factory employment. In almost every country in the study, both men and women reported women’s greater ability to accommodate, bury their pride and do whatever job was available to earn the money to feed the family. This sometimes includes prostitution. In many societies, women working outside the home violate social norms; it can be a source of tension and shame, especially when the primary reason is men’s unemployment. In some countries, such as Jamaica, Brazil and Argentina, women have higher levels of education compared to men, making it easier for them to find jobs.

Tensions and conflict in the home are pervasive, more acute in some countries than in others. It was reported in the Kyrgyz Republic that “unemployed men are frustrated, because they no longer can play the part of the family providers and protectors. They live on the money made by their wives, and feel humiliated because of that. Suicides among men have become more frequent.” In Jamaica, men said “if you lose your job outside, you lose the job inside,” and expressed helplessness at the erosion of their “power.” In Brazil, a man said, “today when a woman earns more than her husband he has to obey her... he cannot complain about the kind of work, because it is with this wage that the family is maintained.” “Women are at the market and men in the kitchen,” wryly observed an older woman in Bahsi, Kyrgyz Republic. Some older and younger men said that they secretly helped their wives but were afraid to be seen doing the laundry or sweeping the floors because they would be mocked.

Both men and women spoke about domestic violence against women, the different forms of violence, and the reasons for it. In some communities physical abuse may have peaked and is on the decline, because of women's willingness to walk out of abusive relations and support themselves and because of women's increased economic power, as well as work done by NGOs to raise awareness. Domestic violence remains widespread, however. In Bolivia, some poor people reported that domestic violence was less acute now than in the past; whereas before men would "tie the woman up on the mountain," now household disputes are resolved with "just a small scolding." An elderly man in the Kyrgyz Republic commented "Before, it was clear that the woman is to keep the house and take care of the family, while the man was earning the daily bread. Now the woman buys and sells stuff irrespective of the weather and earns the income for the family, while the man is sitting at home and takes care of the children, fulfilling the traditional women's work. This is not right, this is not good." In Bangladesh, women living in areas where NGOs have been active said they have greater freedom to move outside the home. Women also reported that "over the last ten years the incidence of physical and mental abuse in the family has increased two to three times but the severity of physical abuse has decreased." In Vietnam, there was evidence of widespread wife beating — "that wife beatings occurred in both a remote minority village as well as a midland, economically integrated village indicates that domestic violence against women cuts across economic and ethnic lines, and may be more widespread than realized." And a woman in Ethiopia noted that "Women are beaten at the house for any reason, that may include failure to prepare lunch or dinner for the husband. They may also be beaten if the husband comes home drunk or if he simply feels like it."

Negotiating change in deeply rooted, identity-defining roles is not easy. Marriage counselors have emerged as important even in some rural areas in Malawi. In three communities, both men and women rated marriage counselors the third most important institution in their lives. People said "without marriage counselors, most of the families could have separated; they are uniting families."

### **3. Powerlessness**

*The policy of the party is that the people **know**, the people **discuss**, the people **do**, but here people only implement the last part, which is the people **do**. Ha Tinh, Vietnam.*

*The poor are excluded not from society itself but from the process of benefit distribution and key decision-making. It happens due to the lack of money...if you don't grease the palm. Ulugbek, Uzbekistan.*

Participation and the peoples' voice have become part of the development lexicon. However, the *Voices* show that while "participation" may be happening in the context of poor people's own organizations, by and large they are excluded from participation in decision-making and in equal sharing of benefits from government and NGO programs. The poor want desperately to have their voices heard, to participate, to make decisions



and not always be handed down the law from above. They are tired of being asked to participate in other people's projects on other people's terms. Participation to them has costs with few returns. In Egypt the poor said, "we are tired of self-help initiatives. These initiatives need money, and people are indebted and have other priorities like feeding and educating the children. Organizing is useless and things take a long time to get solved." In Kaoseng, Thailand, the poor called this lack of participation in decision-making "discussion, meeting, and news announcement." Both poor women and men said, "they consult with the powerful individuals," while the poor only found out about decisions when announcements were made.

Poor people were asked in the study to list and rank the institutions that played important roles in their lives. Countries in which government institutions were relatively significant included Brazil, India, Malawi, Sri Lanka and Vietnam. In other countries and sites, government institutions were considered important but ineffective, and rarely anywhere near the top ranks. In some sites they did not feature at all. Participants in Chota, Ecuador, said: "We are a community abandoned by the governmental authorities. They don't consider us. We seem not to exist, we are an imaginary community." In many countries, the poor ranked government-provided social assistance as important, if not always honest or effective. This included, for example, Plan Vida in Argentina; fair price ration shops in India; *samurdhi* in Sri Lanka; and entitlements for the elderly, children and the disabled in the former Soviet Union countries. Sometimes, and almost always with the police, government institutions were rated as having negative impacts. In Latin American countries, in South Asia, and to a lesser extent in Africa, NGOs featured in people's rankings. But what mattered most were people's own local organizations, including unions, farmers associations, credit groups, midwives, traditional institutions and networks. Religious institutions, such as the sacred tree or mountain or river, the mosque, the church, or the temple were consistently rated high in importance and trust.

The *Voices* reveal that in much of today's world there is a hunger among the poor, not only for food, but for freedom, dignity, voice and choice. The poor in Morro da Conceição, Brazil said, "the responsibility for the problem is 90% on the government, but we vote badly, we do not monitor, we don't demand our rights, and are not active to demand a correct action by the government." With the advent of political reform in Indonesia, the poor in some areas are beginning to protest against exclusion and corruption at the local level. In the village of Galih Pakuwon, for example, they are demanding fairer compensation for land acquired by force for a housing project; in Tanging Redo, the neighborhood chief who embezzled money was forced to step down; and in Padamukti, the village head who sold the common land contributed by villagers to build toilets was forced to resign. In Jamaica, a young woman said, "the government let us down, too many promises - never fulfilling them...we want to have more influence over government." In Bosnia-Herzegovina, a young man said, "I still don't believe in the veracity of elections, but I always vote. It is necessary to work for democracy. And it is necessary to make accountable those who even today create chaos so that they will get richer."

#### **4. Insecure Livelihood**

*Everyday there are more unemployed, every day one sees more men around the neighborhood.* Argentina.

*We go for additional manual work because the income from our cultivation and animal husbandry is not sufficient.* Sri Lanka.

*Young healthy guys are wandering around doing nothing all winter because they only have seasonal work.* Kyrgyz Republic.

*There is great insecurity now. You can't make any plans. For all I know, tomorrow I might be told that we'll be laid off for a couple of months or that the factory is to shut down. We work three days a week even now, and you're in for a surprise every day.* Bulgaria.

*She is worried about the future of her children and the struggles they have to face when they grow up. Her immediate concern is to which house she should go for a loan of some food grains for their food that day.* An interview with a poor woman, India.

The poor typically have few assets to make a living. Livelihood strategies are precarious and include a patchwork of low paying, dangerous, often backbreaking work for low returns. All over the world, even where poverty has decreased, such as in Vietnam and in Sri Lanka, the poor said that insecurity had increased. Excepting a few communities in Sri Lanka, India and the Kyrgyz Republic, the poor also said that economic opportunities had decreased. Most blamed governments for mismanaging the economy and for high taxes, inflation and privatization; declining agricultural productivity and declines in affordability of agricultural inputs; lack of cheap credit; corrupt government services; or simply lack of government care for the poor.

Livelihood strategies for the poor are primarily in the informal sector, and are sometimes illegal. People survive through an enormously wide range of activities — small-time vending, doing odd jobs, carrying brick and sand, working in quarries and mines, “shuttling” (the name given to constant movement while trading in Eastern Europe), borrowing from neighbors and moneylenders, working two or three jobs, growing vegetables on little plots, returning to subsistence agriculture in countries such as Bulgaria, Russia and the Kyrgyz Republic, collecting grass, herbs, and bamboo shoots, catching wild animals, selling cooked food, making crafts, working in factories, begging, washing blankets and carpets, putting children to work, praying for rain, selling assets one by one, surrendering to prayer, reducing the number of meals, changing their diet, selling their own blood, and in desperation engaging in criminal activities, including prostitution.

Everywhere, poor people equated poverty and insecurity with lack of assets, which results in their lacking the ability to cope with income fluctuations and shocks. Lack of access to credit from formal lenders was cited with astonishing frequency. In Vietnam the poor said they either did not qualify for loans or were turned down: “while the rich get loans, the poor get consideration of loans.” In the absence of usable formal credit, people turn to friends and moneylenders. Moneylenders appeared frequently on the list of most important institutions in people’s lives, despite the fact that they charge high interest and insist on repayment. In Ethiopia, young men considered the moneylender their only hope for starting a business. In Sri Lanka, Indonesia, Vietnam, Bangladesh, India, and Egypt, the poor turn to moneylenders who give loans for consumption, who don’t have bothersome procedures and who allow payments to be made in kind, including in labor. Many poor people said that they stayed away from microcredit loans because of their collateral requirements, lengthy application processes and difficult payment terms, including in many cases the need to start repayments immediately.

With few assets, stressed family networks, problems in agriculture, and dismal job prospects, it is exceptionally difficult for the poor to be upwardly mobile. In the communities where the *Voices* took place, the researchers documented case studies of individuals who had managed to become better off. A review of 147 of these upwardly mobile people revealed that self-employment or entrepreneurship was their most frequent path out of poverty. This was followed by income from wages and salaries, benefits from family, and income from agriculture and access to land. Acquisition of multiple assets helped people cope with the inevitable stresses and shocks of life. Approximately one third of the upwardly mobile people managed income flows from all these sources. Skills acquisition, learning to run a business, or learning particular skills were mentioned in 27% of the case studies. Education was mentioned by only 15% of the individuals interviewed with strong regional differences; between 20% and 30% in Latin America and countries of the former Soviet Union; and between 4% and 7% in Africa and Asia.

This relatively low contribution of education was echoed in poor people’s generally ambivalent attitude about education. In most countries, the poor value education as a potential route out of poverty. But sending a child to school can imply serious costs, both in terms of school fees, clothes, supplies and in the form of income loss. In several countries of the former Soviet Union the phenomenon of paying for education is new and, when combined with economic hardship, is having bad effects on children’s school attendance. Despite their belief in the potential value of education, the poor sometimes question its quality, language of instruction and relevance to employment.

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What emerges from the collective voices of the poor is their remarkable resilience, hard work and grit. A young widow in India was perhaps typical, saying: “Even at times of acute crises, I held my nerves and did not give in to circumstances. My god has always stood with me.”

## A Development 'Fable'<sup>2</sup>

The experts arrived at the fishing village. For years, the natives had used primitive techniques in their work. True, they caught fish, but they had to paddle out to sea every day, may be even on feast days. It was a hard life, though well-tried over the years.

The experts gave the fisher-folk improvised nets. The new nets were rather dearer than the old, and the method of fishing was different too. But in a single net they caught a whole week's supply. Fantastic! You could work one day and be free for the rest of the week! The village folk had a great feast, several feasts... in fact so many that they had to fish two days each week to pay for the celebrations.

This is no good, thought the experts, they should be fishing six days a week and making money out of it. We haven't come here to witness endless parties. Surely, it's enough with one feast a month. This is an underdeveloped country; they must produce more proteins – fish!

But the village favoured fiesta. Fishing two-days, and free the rest of the week.

The experts grew annoyed. They hadn't travelled from the distant North to watch natives drum, dance and dream. They had come to fill hungry stomachs, to lessen the threat of the undernourished against the overfed.

Yet the villagers danced late into the night. Why shouldn't they? They were rich now, almost as rich as the Maharaja, though he had never done a day's work in his life...

And then the Project Director had a brilliant idea. (Not for nothing had he taken an evening course back home in economics.) These lazy fisher-folk were not actually lazy: they were simply weak on motivation, motivation to work harder. They had not discovered their needs.

He bribed a villager to buy a motor-bike. Bribery was distasteful, but sometimes necessary. True, there were no roads as such, but the wet sand along the water edge was hard and smooth...

The motorcycles roared back and forth. What a toy! And soon every young man wanted one of his own. The village elders warned them: What is there is riding far off and back again on the sand?

But the young man replied: we can race. We shall see who is the fastest. An you grey-beards, you can place bets on us!

The Project Director's idea proved a brilliant success. At last the men fished almost every day. The capital city got the fresh fish it needed. Indeed, a large part is now turned into fish-meal and exported to Europe where it makes excellent pig food and helps keep down the price of bacon.

But probably most pleased of all was the Maharaja, for it so happens that he was sole agent for the motorcycle firm in that country. He also owned the main fish market in the city. While his uncle's family built and ran the fish-meal factory. When the experts flew home, he raised the price of motorcycles, so that to buy one a man must work three years, instead of a single season.

And the fishermen fished on. They had discovered a need.

So what is developed?

- Is everything new development?
- Is modernization development? Modernization will usually mean such changes as seem more efficient and more productive.
- Is Economic growth development? More fish; motorcycles... increased purchasing power...
- Is social change development? (The younger men become more dominant.)

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<sup>2</sup> By Olavi Gunus, quoted by: Glyn Roberts in 'Questioning Development' – 1976.

## THE MEANING OF DEVELOPMENT<sup>3</sup>

We recognise that development consists of much more besides economic growth. Moreover, we not sure whether countries with higher per capita incomes are better developed than others. (Compare South Africa with Ghana or Kuwait with UAR.) But, we work only in terms of targets for percent growth rates of national income. This is an anomaly.

History of economics indicates how this anomaly has emerged. Economists in the industrialised west started concentrating on the progress of the nation as a whole after the great economic problems of the early 20<sup>th</sup> century (unemployment, absolute poverty and inequality) were under control. The national income seemed ideal for comparing growth rates of a country during different periods, or of different countries and received focus in such contexts. To an extent, the national income also indicated the level of employment. In contrast, these problems were not solved in the developing countries. Therefore, such aggregation may not mean much in the context of developing countries.

One argument that is given for continued reliance on national income is that it can be measured as against other notions of development. But, there are several technical flaws in the manner in which national income is calculated. And, we have got used to ignoring these flaws. Other measures, that incorporate the relevant dimensions of development, could be developed if there is political will.

Per capita income is not totally without use; it can be used as a measure of *development potential*, though not as an indicator of development. A country with a better growth rate has the potential to take steps towards overall development. The fiscal system could bring about development by ensuring income transfer to the poor. Higher per capita income indicates a greater savings potential, which could lead to a faster growth rate in the future, increasing the possibilities of redistribution then. But the extent to which the development potential is realized depends on the policies being followed.

### 1. The Definition of Development

Development is a normative concept, almost a synonym for improvement. Therefore, any definition of 'development' will have to involve value judgements. We cannot draw the values from governments (as they have a short-term view, as articulated by the dominant minority) or the developed countries (as they have their own flaws in social fabric). Therefore, we refer to the questions raised by Gandhi's thought and life. We must ask ourselves: what are the necessary conditions for a universally acceptable aim, the realisation of the potential of human personality?

One basic necessity is obvious – enough food. Without enough food, man cannot rise significantly above an animal existence. Since to be able to buy food is a matter of income, the criterion can be expressed in terms of income levels. This enables it to take account also of certain other minimum requirements. People will never spend all their money and energy on food, however poor they are. To be enough to feed a man, his income has also to cover basic needs of clothing, footwear and shelter.

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<sup>3</sup> Summarized of Dudley Seers (1969), *The Meaning of Development*, Institute for Development Studies, Sussex, UK (IDS Communication 44). Summarized by M. Vijaybhasker Srinivas, Akshara-Gurukulam. (2007)

Another basic necessity, in the sense of something without which personality cannot develop, is a job. This does not just mean employment: it can include studying, working on a family farm or keeping house. But to play none of these accepted roles, i.e., to be chronically unemployed, to be chronically dependent on another person's productive capacity, even for food, is incompatible with self-respect. We need to specifically concentrate on employment as an increase in per capita income is generally accompanied by growing unemployment!

The third element in development is equality. Inequalities to be found now in the world, especially (but not only) outside the industrial countries, are objectionable by any religious or ethical standards. The social barriers and inhibitions of an unequal society distort the personalities of those with high incomes no less than of those who are poor. Trivial differences of accent, language, dress, customs, etc., acquire an absurd importance and contempt is engendered for those who lack social graces, especially country dwellers. Perhaps even more important, since race is usually highly correlated with income as well, economic inequality lies at the heart of racial tensions.

If all three of these have declined from high levels, then beyond doubt this has been a period of development for the country concerned. If one or two of these central problems have been growing worse, especially if all three have, it would be strange to call the result 'development', even if per capita income doubled. A 'plan' which conveys no targets for reducing poverty, unemployment and inequality can hardly be considered a 'development plan'.

Of course, fulfilment of human potential requires much that cannot be specified in purely economic terms. They include adequate educational levels, freedom of speech, citizenship of a nation that is truly independent, both economically and politically, in the sense that the views of other governments do not largely predetermine his own government's decisions.

As under-nourishment, unemployment and inequality dwindle, these educational and political aims become increasingly important objectives of development. Later still, freedom from repressive sexual codes, from noise and pollution, become major aims. But these would not override the basic economic priorities, at least for really poor countries, with large numbers of under-nourished children. A government could hardly claim to be 'developing' a country *just because* its educational system was being expended or a political order was being established, or limits set on engine noise, if hunger, unemployment and inequality were significant and growing.

## **2. Measurement**

While national income measurements at least available, those on poverty, unemployment and inequality are very scrappy. But, with proper political will, appropriate statistics can be prepared.

The problems in the preparation of poverty line concern the costs to be included in calculating the poverty line. One cannot exclude conventional expenditure entirely from a poverty line. Even a minimum diet must reflect traditional eating habits. There are always other conventional claims on expenditure. Rowntree showed that many people in fact failed to reach the nutritional standard set by the poverty line (as it was then calculated), because, for conventional or other reasons, they 'mis-spent' their income. But we can still calculate poverty lines. For example, a working group in India in 1962 established a poverty line at Rs.240 per head per year. The official minimum standard in the US, established by the Council of Economic Advisers allows about \$250 a year per head for food alone, and another \$500 for other items, which certainly

gives a margin above strict physical needs. A general measure which has its uses is the infant mortality rate, and series showing the incidence of diseases of under-nourishment, such as rickets, are further clues on development, as are data on the height and weight of school children.

Unemployment is very difficult to measure in non-industrial societies. It is easy to identify an urban unemployed person through the question: the last occasion when work was sought. But identification of disguised unemployment that exists in rural landscape is very difficult, especially because of the sharp seasonal variation. But attempts are being made towards this and further research should improve the measurement. We need more detail by sector, by region, by sex, by age, by educational qualification, to understand the nature of unemployment in any country.

Inequality can be measured in many dimensions – by factor shares, by size, or by region. Regional contrasts are significant, and can usefully be supplemented by data on social services, educational levels, etc., which are already sometimes available on a regional basis. But size is the most meaningful classification for income, especially since the results can be linked to measures of poverty. Gini coefficient is probably the most useful in this regard. But, if we are really concerned with poverty, a more meaningful measure may be to express (say) the lowest decile as a fraction of the median. We are after all not greatly interested in changes within the top half of the income ladder.

The conceptual problems of these measures do not seem to be more formidable than those of the national income. And hence, these measures could be used for practical purposes. All these measures can also be obtained in the same manner in which the national income statistics are obtained – through regular sample surveys of households.

The measurement of educational and political elements in development is much more difficult, though it is also being attempted.

### **3. The Internal Consistency of the Development Process**

While fine tuning the measurement of the elements of development is a challenge in itself, the larger challenge is to find paths of development which enable progress to be made on all these criteria. In this context, the major question is whether the criteria are mutually consistent. The answer is that in many respects development on one of the criteria implies, or helps bring about, or is even a necessary condition for, development on one or more of the others. But that happens only when they are deliberately sought. For example, growth will reduce unemployment only when the labour-intensive production systems were adopted, with the least damage to the expansion of production (*and competitiveness*).

It was once upon a time argued that inequality is necessary to generate savings and incentives and thus to promote growth. This is wrong for several reasons:

1. There is a low savings propensity among the rich in the countries with highly unequal distributions. Most of the incremental income goes in the consumption required to maintain the standards so important in an unequal society. Moreover, the rich in these countries have a high propensity to spend on goods and services with a high foreign exchange content. This does not support the growth of local industry. Controlling import demand by administrative checks comes with huge costs and creates its own bureaucracy that often turns corrupt. In a highly unequal society, personal savings often flow abroad or go into luxury

housing and other investment projects of low or zero priority from development perspective.

2. Inequality can only provide limited incentives that are necessary in country where there are barriers of race or class to advancement. But countries do depend on the entrepreneurial class for economic progress, both for being competitive in the export markets, as well as for increasing agricultural productivity (progressive farmers). Therefore, governments will have to resort to some incentives. But, the issue raises several questions, which need to be decided in future:
  - a. Will these emerge without financial rewards on a scale that will make nonsense of an egalitarian policy?
  - b. Are rising profits of companies, especially foreign companies, an inevitable feature of growth in many countries?
  - c. Are we exaggerating the importance of financial incentives. Can other non-financial rewards partially take their place? Can social incentives be developed to a point where people will take on such tasks with little or no individual reward?
  - d. How should we reward the acquisition of scarce (and market demanded) skills? Can the people who are professionally necessary be kept in the country if they earn only a small fraction of which they could earn elsewhere?
  - e. Can the government obtain the cooperation of the population in wage restraint, and in many other ways that are necessary for development, if there is visible evidence of great wealth which is being transmitted from generation to generation, so that the wage earner sees his children and his children's children doomed indefinitely to subordinate positions?
  - f. Can it mobilise the energies of the total population and break down social customs which obstruct development especially in rural areas?

The economic and political objectives are linked closely together. *First*, an economic system with large numbers of undernourished and unemployed at the bottom end of a long social ladder, especially if they are racially distinguishable, can never provide a firm basis for political rights, or for civic order. *Second*, those with high incomes from profits or salaries are not merely slow to tackle the great social problems of poverty and unemployment; they will inevitably try to find ways of maintaining privilege, resorting (as dozens of historical examples show) to political violence rather than give it up. *Third*, policies aimed at improving equality would be feasible only if the administrative and political organization is motivated and trained to report tax evasion, corruption, etc. *Fourth*, economic objectives cannot be achieved until a country is dependent on a major power. The technology and systems of the major power may be inappropriate to the country in question.

Though they are linked together, inequality cannot be reduced without reducing political liberty. However, this does not mean that one needs to attack property ownership. Several decisions taken by the government have implications for reducing inequality - - to lend to big farmers or small, to set prices of public corporations at levels that tax or subsidize rich consumers, to build roads for private motor cars or for goods vehicles, to put the best equipment in rural and urban schools.



Moreover, in the absence of political liberty and open opposition, the societies become extremely inflexible in meeting the challenge of changing circumstances. Further, there is no guarantee that political liberties will reappear after the economic problems are eased.

In relation to the role of education, we need to go beyond relating it to stocks of manpower with certain qualifications, and therefore to national income. The focus should not be on the man years at school, but on the method of selection and the content of education. Inequality can be reduced and economic efficiency increased if secondary and higher education are made genuinely available to those with the lowest incomes (and belonging to minority races). This may require special methods of selection to be found and used. Widely available good quality education can reduce the need for high salaries for those with scarce professional skills. Education can also play a role in making professional classes conscious of the realities of development, both the internal realities and the realities of the world scene, with an understanding of their historical origins, so that they see what needs to be done and voluntarily accept the sacrifices implied.

The role of education is most prominent in changing the attitudes of population. Many of the obstacles to policies which would reduce poverty and unemployment have their origins in attitudes to manual work, especially in the countryside, to imported consumer goods, to foreign technologies, etc. Since each generation is in some degree a copy of the preceding one, through parental influences, such attitudes can hardly be changed except by conscious educational policy broadly defined. Though this role is important, getting schools and universities to change their own structure is difficult. *(Therefore, one needs to have political freedom and have/support/tolerate Professors with unconventional ideas in the Universities. This would give a chance to disseminate the newer ideas to a newer generation.)*

#### **4. Implications for Planning**

We must recognize that there is a time lag between any action and its result, as building human capital and changing the attitudes takes time. The time lag is higher if population structure needs to change. The matter becomes much more complex as the consequences of inequality can persist a very long time indeed, even after the income distribution has changed. This applies to preferences for clerical jobs, for living in cities, for existing social and racial privileges, as well as to uncritical admiration of foreign techniques and styles of living. It takes some fifty years before a population with completely new attitudes can be formed.

Due to the time lag, several problems appear to be insoluble in the medium term. This recognition changes one's attitude to development strategy. Formerly the basic technique consisted in extrapolating past trends and choosing investment patterns that would produce an acceptable increase in national income in a five-year period, tacitly assuming many constraints as given – thus consumption patterns were projected in a way that assured little or no change in income distribution or tastes or attributes. Now we must try to envisage what might be a plausible pattern one day, in terms not only of production and employment structures, but of the patterns of consumer demand and job preferences, and then work backwards, to see if there is any plausible path for getting there.

This means a fundamental rethinking of planning. The medium-terms (e.g., five-year) plans now published need to be reconstructed to form steps towards long-term targets for the reduction of poverty, unemployment and inequality instead of by means of achieving national income targets.

One needs to draw the right lessons from the pattern of development in richer countries and avoid repeating their errors.

## **5. International Policy**

Inequality among the countries is increasing. Inequality between nations means differences in status and power, affecting the attitudes of men towards each other. One cannot really say that there has been development for the world as a whole, when the benefits of technical progress have accrued to minorities which were already relatively rich. In some respects a basis has been laid in many countries for possible development in the future. But there has not been any basic improvement in international institutions. It is true that there are now opportunities for poor countries at least to talk to the rich, but one could not speak of international order; the international institutions lack the power to impose solutions. No much has been done to open the markets of industrial countries to imports of manufactures, the only real possibility of export expansion for the Third World as a whole.

The aid by the industrial countries to the non-industrialized countries has come down. The establishment of the national welfare state has turned the attention of the public in the rich countries inwards, making them less interested in the welfare of the world as a whole. The aid that exists often plays an important economic role, and is very largely motivated by the self-interest of donors. Often, the self-interest of the donor countries leads them to support, or even help install, governments which oppose the redistribution of income and in other ways block development.

## The Millennium Development Goals

### 1. Eradicate extreme poverty and hunger

- Halve the proportion of people living in extreme poverty between 1990 and 2015
- Halve the proportion of people who suffer from hunger between 1990 and 2015

### 2. Achieve universal primary education

- Achieve universal primary education for both girls and boys by 2015

### 3. Promote gender equality and empower women

- Eliminate gender disparity in primary and secondary education by 2005 and on all levels by 2015

### 4. Reduce child mortality

- Reduce the under-five mortality rate by 2/3 no later than 2015

### 5. Improve maternal health

- Reduce the maternal mortality rate by 3/4 no later than 2015

### 6. Combat HIV/Aids, malaria and other diseases

- Have halted and begun to reverse the spread of HIV/AIDS by 2015
- Have halted and begun to reverse the incidence of malaria and other major diseases

### 7. Ensure environmental sustainability

- Integrate the principles of sustainable development into country policies and programmes by 2005 and reverse the loss of environmental resources by 2015
- Halve the proportion of people without sustainable access to safe drinking water
- Have achieved a significant improvement in the lives of at least 100 million slum-dwellers by 2015

### 8. Build a global partnership for development

- Develop an open, rule-based, predictable, non-discriminatory trading and financial system.
- Address the special needs of the least developed countries
- Address the special needs of landlocked countries and small island developing states
- Deal comprehensively with the debt problems of developing countries
- Develop and implement strategies for decent and productive work for youth
- Provide access to affordable, essential drugs in developing countries
- Make the benefits of new information technologies available

## Dregs of Destiny<sup>4</sup>

***In our relatively cushioned urban bastions, we forget about the Other India which struggles for basics like food and water. Outlook examines the life of this exploited underclass, and also looks at some stories of hope.***

AS a story, it captured the essence of disparity. Somewhat unconsciously, though. At least two television channels ran it in late 1997. Several newspapers and magazines had done it earlier. It was about the dangers of slimming pills and the 'weight-loss clinics' springing up across urban India. The story run on one of the channels was particularly effective. It showed the damage done to some people who had taken these 'lose-weight-without-exercise' pills. Thousands of well-off urban Indians fighting excess weight and obesity were going to such clinics, that had mushroomed in India's cities during 1991-96.

There was another story unfolding, at least equally important, that was mostly missed. During the same period, hundreds of millions were eating less than they did in 1991—mainly rural Indians but some urban poor as well. The quantity of pulses and cereals available to Indians averaged 510 grams daily in 1991. By 1995-96, this was down to 461 grams. So while thousands flocked to clinics to address the problems of excess weight, millions were desperately trying not to lose any more weight.

Growing insensitivity is often the baggage of deepening inequality. Yet, huge processes are sweeping the Indian countryside. And we are missing out on these. Either because we don't know better, or—with some of us—because we don't want to. Or we view rural India through filters that make us less uncomfortable. And because our media do such a poor job of informing us about it.

Rural India, meanwhile, refuses to conform to assigned stereotypes. Neither to the cliché of a land where 'time has stood still'. Nor to spectacular claims of progress and 'transformation' made by sarkari economists and peddlers of the development industry. Nor even to portraits of an eternally passive people, waiting for handouts.

India as a whole has changed in 50 years. Life expectancy in a country emerging from colonialism was under 30 years. It is now 60. Famines of the sort that devastated Bengal in the '40s have been unknown since Independence. (Never mind that the press often uses 'hunger' or 'drought' and 'famine' interchangeably. They are very different things.) Literacy and education levels are higher than in 1947. Yes, there have been distinct benefits. But who has collared them? And in what proportion?

Sure, if we draw the baseline 50 years ago, there have been improvements. Would that satisfy you if you were one of those who did not benefit? If we draw a baseline in the last Ice Age, everyone's conditions have improved. But I suspect knowing this won't satisfy the poor. Likewise, the concept of the 'poverty line' has a role and place. But crowing about a 'decline' in poverty from 39 per cent to 21 per cent is silly. If you belong to the 21 per cent, it means nothing. If you belong to those just above the line, you don't know it—not from the quality of life. And anyway, those doing the counting are always from the top 10 per cent of the population.

Bleeding hearts don't help, either. Read the press on rural India. You'll be struck by the fact that—in the press—the rural poor almost never speak. They invariably 'lament' or 'plead' or 'cry' or 'beg' for attention. Sometimes, they even 'wail' or 'weep'. They rarely just 'say' things the way the rest of us do. Because we have decided that that is the way they are.

Kalahandi has been one of the worst victims of stereotyping. This food surplus district with its skilled farmers has long been, in the urban mind, a basket case. The most famous story on it in the '80s painted it as 'a picture of hell' where people 'move in groups, licking water, like dogs'.

Poisonous roots and leaves were described as "the only thing that will grow there". All this enables us to evade the reality that Kalahandi's problem is acute exploitation, not natural calamity. Kalahandi produces more food per person than both Orissa and India as a whole do. Its

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<sup>4</sup> P. Sainath. From OUTLOOK, October 19, 1998.

own inhabitants, though, consume only 25 per cent of that food. The rest leaves the region through networks of merchant-moneylenders.

Recently, after distress deaths, Tikamgarh, in the Bundelkhand region, has been painted in the press as 'barren, infertile, unproductive'. Tikamgarh in fact tops Madhya Pradesh's 45 districts as a wheat producer. Hardly unproductive. But when you insist on seeing poverty and prosperity purely as functions of growth—the misreading is logical: there is distress in Tikamgarh and Kalahandi. Therefore, these regions must be dreadfully poor.

How untrue! There are some incredibly wealthy people in both places. And these have grown richer in recent years. 'Growth' has not in itself benefited those who actually till the land and produce the food. (Real poverty levels in prosperous Punjab and Haryana would surprise many.) Growth for growth's sake, as Edward Abbey pointed out, is the ideology of the cancer cell.

Tikamgarh tops MP in wheat production. Yet, in human development, it ranks no. 45, with an infant mortality rate of 195. But we resist the idea that the incredible prosperity of a few is linked to the unbearable misery of many. More and more of the rural poor, however, do recognise this. Less and less are they willing to accept it.

While many degrading aspects of rural Indian life persist, time has not 'stood still' anywhere. People are nowhere quite so passive as we imagine. Rural India seethes with struggle, real or potential, concealed or open. Says one senior administrator: "At least a third of the country is under what we might call low intensity civil war." In another tenth, the intensity is not low. The countryside is in ferment and every structure is under challenge. Because this does not always occur in ways familiar to us doesn't mean it's not happening.

The ruled are no longer willing to be ruled in the old way. The short life-spans of governments is only one indicator of this. Parts of Bihar and Andhra Pradesh are virtually ungovernable. Dogged battles are being waged over land, water and forests. Fisher-folk are protesting against the devastation of their livelihood. The huge ferment among Dalits—who make up the largest number of landless agricultural workers—is here. Since many of these events are localised and seemingly unconnected, we can escape looking at the larger reality: that hundreds of millions are denied the basic minimums of life. Consider the size of the problem. In a country where, at an IIT, you can get the best instruction in the world at a price, 70-100 million children are outside schools. As 'farmhouses' worth crores spring up around Delhi, the country faces a housing shortage of over 30 million. This decade, registered job seekers inched towards 40 million—more than all the unemployed in all the 25 OECD nations put together.

Pack those job seekers in a single queue giving each no more than half a metre. The queue would be 20,000 km long. More than three times India's 6,083 km coastline. (Yet, how many major newspapers today have a full time labour correspondent?) The largest numbers of absolute poor live in India. One of every three persons in the globe lacking safe drinking water is an Indian. The country will enter the next century with close to half its population illiterate. Every fourth person in the planet dying of water-borne or water-related diseases is an Indian. No nation has more people suffering from blindness.

Tens of millions suffer malnourishment. Who are the poor? They are mainly rural Indians. For some, this isn't the 'Other India'. It is India. Around 40 per cent of the Indian poor are landless labourers. Another 45 per cent are marginal farmers. Of the remaining, 7.5 per cent are rural artisans. 'Others' make up the rest. Within these, Dalits and tribals account for a disproportionate number.

So to the bulk of the poor, land, water, forests make up the most important resources. And it is around these that already current battles will intensify. The bitter struggle over the Ravi-Beas, the Cauvery or the Farakka really reflect the colonisation of water right from the village level. But state and governments distort that reflection, intervening on behalf of the rich—even mobilising sections of the poor against their own interests. The carrot and stick, divide, co-opt and rule strategies are pretty old. Consequently, many protests take unfortunate, even casteist turns. That too, sadly, will intensify. But the problems beneath are usually genuine.

You can't escape the big changes: land reform, higher investments in health, education, housing, jobs. You can't fix a hole in the heart with a band aid. You can't run away from democratising land, water and forest ownership. There's no evading the dismantling of feudal relations in

agriculture. And raising the living standards of hundreds of millions, even if it means having to choose from fewer brands of shampoo.

Was it Victor Hugo who said that there is no force on earth greater than an idea whose time has come? In rural India, that time has come. And the idea is economic and social justice; a more equal control of resources; a life with dignity; not merely growth with some justice, but growth through justice. And us urban middle classes? We do have a choice on the huge changes ahead.

Distorted and odd though the challenges to the existing order may seem, this will be the direction of people over time. Because these are problems that move them. And the urban middle class can decide: does it want to participate in the huge changes ahead? As several once did in the freedom struggle. We do have a choice: will those changes occur within our consent, or outside it?

## Food

*In one of the highest food producing countries in the world, one out of two children is malnourished.*

by PAROMITA SHASTRI

FOR a nation which is still basking in the success of the green revolution, this one will come as a rude shock. Lester Brown of the World-watch Institute predicts India will have to import 45 MT of grains by 2030. And before sceptical eyebrows rise, how about our own Economic Survey? It cautions the government that between 1990-91 and 1996-97, food grains production went up by 1.7 per cent every year, much less than the rate of 1.9 per cent our population is likely to grow by during 1997-2002.

For the 35 per cent of India's population who scrounge for the better part of the day for one square meal, the news makes no difference. They are the ones who live on or above the poverty line. According to a World Bank report, in 1993-94, he would earn enough to eat 400 gm of rice or wheat, 120 gm of vegetables and 40 gm of dal every day. Maybe also a cup of tea, two spoonfuls of edible oil. Sometimes, even luxuries. A cup of milk every three days, an egg every five, a banana or a coconut once in 10 days. Thus he would manage to stave off malnutrition, to the enormous relief of the government which can then safely go back to counting the poor.

Now that's unfair, government experts may crib. Because of the high food and agricultural subsidies, not to speak of the numerous employment and loan programmes, the country has warded off famines, food crises or even major price-related scarcities. Post-liberalisation, the government actually spent more on subsidies—2.3 per cent of its ballooning expenditure in '90-91 to 3.2 per cent last fiscal year. Thanks to the green revolution, both food-grains production and yield have doubled in the last three decades. Even in the early '90s, food production has actually risen faster than in the US though not China.

Yet, thanks to poor irrigation and infrastructure investment, the green revolution has not spread to the eastern region where tremendous scope exists to sharply hike food production. Thus regular food supplies to the poor is still a distant target. India's per head availability of food grains has gone up slowly from 395 gm per day in 1951 to only 512 gm in 1997. Compared to 13 million tonnes in 1980-81, the public distribution system, launched to protect the poor producer and consumer against price and supply shocks, now gets 20.5 mt. But, states making the greatest use of the PDS are not necessarily the poorest. In 1993, only about 43 per cent of the food grains supplied through the ration shops reached the poorest of the poor.

In fact, studies have found major discrepancies in the PDS system, which account for almost half of all anti-poverty spending. Kerala, where human poverty is declining fast, and Andhra Pradesh have the maximum access. While UP, which should ideally corner 18 per cent of PDS food matching its deprivation and need level, gets only 8 per cent. Maharashtra and Gujarat, despite significant poverty, have the highest ration prices.

The PDS has also failed to meet one of its main objectives—transferring food grains from surplus to deficit states such as Bihar, Orissa and MP which have a high incidence of hunger and poverty. Resulting in a stagnant or declining trend in cereal and calorie intake. Even after 50 years of Independence, per capita consumption of the poorest remains far below recommended

nutritional levels. Ironically, such poor progress has happened at a very high cost—a 1997 study found that the Centre actually spent Rs 4.35 to transfer one rupee of income to the poor. India's poor health record captures the failures in the field of nutrition. Nearly half of all children below five are malnourished, and since their mothers are impoverished too, one-third of all newborns are of low weight. Three-fifths of all women—and three-fourths of pregnant women—suffer from anaemia. One out of every four mothers dying in the world is an Indian. A record which puts to shame the record of being one of the highest food producers in the world. Because food, or more importantly nutrition, is an alien word for a sizeable Indian underclass.

### **In ULFA Country, Life is Cheap**

by NITIN A. GOKHALE

HAVE you ever lived in a town that is considered to be the de facto headquarters of a banned militant outfit? The experience is surreal. The clanking firearms at the side of security force personnel crawling all over the place and the militants whose "territory" this is, make for a deathly sonata. "Please do not quote me," is the constant refrain when one attempts to talk to ordinary people: shopkeepers, customers and even traffic policemen on duty.

Those who talk, do so only after they are assured their identity will not be revealed. Because in these parts, to open your mouth is as good as asking for the barrel of a revolver to be shoved into it.

Aparesh Burman (not his real name) a resident of Nalbari town in lower Assam, is a primary school teacher and a self-confessed "coward". "For the last eight years or so, I have not ventured out of my house after dark. I do not have the guts to take a chance with my life. In the fight between the boys (a euphemism for the militants) and the military, people like us are victims," he says. His bitterness is understandable.

In 1990, when the army first came into the state for counter-insurgency operations against the militants of the ULFA, he lost his wife and elder son to a hail of bullets. The officialese is that they were "caught in the crossfire". Now, eight years later, Burman, who has a daughter and son to look after, does not want to take a second chance.

Come nightfall and the usually busy Masjid Chowk in the centre of town is silent and there is not a soul in sight. Says Bhupen Chakravarty, who runs a small shop in the vicinity: "Life on the street here is confined only to daylight hours."

Nalbari is ULFA country. Many of the organisation's top leaders and nearly 70 per cent of the cadre belong to this district. Says a senior army officer: "Here every second or third person would have a link with militants." And he is not talking about the ULFA alone. Two other banned militant Bodo organizations, the NDFB and the BLT, are equally active in the district. Little wonder then that the army currently has three battalions in the district.

Close proximity to the Bhutan border (just 20 km away) has made availability of small arms ridiculously easy. And it has spawned a new "gun culture." Arms are used to settle even personal scores and business rivalries. Bhupinder Singh, a Guwahati-based businessman, came to Nalbari to pick up a bargain or two at a vehicle auction. When the sardar refused to accede to a demand for money a group of men whipped out pistols and shot him. The crowd looked away.

This is what happens in the town. In the adjoining countryside, life is even cheaper. And fear is the key.

### **Armed Struggle**

by M. S. SHANKAR

THE tribal women of Peddamallapuram have decided to protect themselves. With the state having effectively left them to their own devices, they didn't really have a choice—situated as their village is in the heart of PWG country in Andhra's East Godavari district. So, armed with whatever they can lay their hands on—sticks, daggers and farming implements—they have taken the fight to the Naxalites. A local NGO Samata encouraged them to become financially

independent—and this new assertiveness irked the PWG. But led by a spirited Bodeti Lakshmi and her sister Ramulamma, the women are now standing up against PWG atrocities.

Their woes began with the PWG foisting a committee comprising "mainly non-tribals" to monitor its own interests. Sporadic incidents such as the assault on five tribals and the imposition of fines over Rs 50,000 against those who flouted PWG diktats made their resolve firmer. The worst was to come. In June, after the media focused on these women, the Naxals decided to teach the villagers a "lesson". The Sarpanch was dragged out of his house and killed in the middle of the night. But that has not deterred Lakshmi. "Had we got an inkling of the raid we would have given them a befitting reply".

### **Development Can Hurt...**

*...if it's not spread out even. We need targeted measures on poverty.*

by PAROMITA SHASTRI

FOR the world, India still lives in its villages. Those that still have little access to its vast land and water, fruits of the soil and seas, jobs in thriving factories and the improving quality of life. Around 320 million of them, the largest concentration of poor people in the world. About 90 per cent of Indians spent only two dollars a day in 1992, says the World Development Report 1998. Some 52 per cent spent even less—one dollar. Understandable, with a per capita national product of \$390 in 1997, compared to \$860 for China and \$2,740 for Russia.

Understandable also when the richest, only a quarter of all Indians, manage to consume 43 per cent of all that is produced.

The government, however, estimates that only 35 per cent of the population are very poor—too poor to afford a total of 2,435 kg calories a day or about one square meal. That's the poverty line, a concept first used in the late 1930s by the Bombay Labour Enquiry Committee to measure poverty in Sholapur and developed by the Planning Commission in 1962. That's progress, compared to the 50 per cent that were below this line at the time of Independence, gloat the babus. A direct result of planned, subsidised development and poverty eradication programmes.

Is that true? Are we really getting richer? Assuming that the poorest person spends Rs 270 in urban areas and Rs 200 in rural areas every month, their spending has gone up by 3 per cent over 1986-87 to 1993-94 at constant prices. Their numbers have also gone down by 6.5 per cent, says a recent study by the Department of Statistics (DOS). The drop in poverty and its intensity, as measured by the poverty gap, is also corroborated by several World Bank micro-studies.

But those that are lucky enough to be left out of the seasonal headcount may quibble over the drop in the ocean, and they should. Because the decline has been steady, but excruciatingly slow and uneven. Because poverty is not only whether one can afford a bundle of goods but also what prevents one from doing so. Being poor in India means lacking the good health and skills to make the most of economic opportunities. About half of the poor belong to a scheduled caste or tribe living on the fringes of a village, and are landless. Being poor also means a very high chance of being illiterate—45 per cent of all illiterate households are poor. Three-quarters of the 33 million children in seven states with maximum illiteracy are still not in school. They'd be out working, as part of the vast child labour force of 44 million, estimates a recent labour ministry study. Being poor also means being discriminated against for your gender. Less than 10 per cent of daughters in poor households complete eighth standard compared to one third of the male children.

While the government spent 12 per cent on anti-poverty programmes and food subsidy last year, it has cut back sharply on health and education expenditure in the nineties. Unaware that the return on education is huge: better family health, smaller size (high infant mortality make poor people shun family planning), and improved access to jobs and income. Such ignorance has led to badly targeted anti-poverty programmes in many states, including the nationwide food ration shops, where the non-poor end up at the head of the queue. Such ignorance has also resulted in states squandering scant funds in political giveaways instead of investing in manufacturing or services or even in agricultural infrastructure. Thus jobs have dried up. As the poor see non-farm



income as the fastest route to prosperity, migration is rampant, raising the number of urban poor and casual labour.

One example of uneven development is that five states—Bihar, Orissa, UP, Madhya Pradesh and Rajasthan—accounting for half of Indians, are nearly always huddled at the bottom in terms of indicators like economic poverty, life expectancy, infant mortality, literacy rate and female/male ratio (see chart). While Kerala, Punjab and Haryana, home to less than 8 per cent, cluster at the top for all of them. The disparity among states is so wide that Kerala's progress in lowering the number of poor outpaced Bihar by 120 times and Rajasthan by 4 times. In 1993-94, only a quarter of Keralites lived in absolute poverty, while in Bihar, close to 60 per cent were so doomed.

While poverty has declined from 45 to 36 per cent between 1950 and 1993-94, some claim that liberalisation has raised poverty and inequality in the nineties. There is little statistical evidence of that—in fact the DOS study finds a link between growth (leading to rise in job opportunities) and drop in poverty. But the poor would have surely been hit by the rising food prices, which had gone up by four times compared to the '80s. In the 10 years from 1986-87 to 1996-97, food prices went up from 144 to 378, a jump of 262 per cent. While the rising prices meant good business for the big or middle-level farmers, for the poor, most of whom are landless labourers, it meant a smaller daily intake.

What can be the solution to this widespread poverty which doesn't even allow the average Indian to afford the meagre 512 gm of food-grains the nation offers it? Experts of various hues converge on one answer: steady growth of 6 per cent a year on average. At higher nutrition level than what the current poverty line assumes, the World Bank expects poverty to decline to 10 per cent by 2005 provided inequality doesn't increase. The DOS study claims valuable evidence of significant drop in poverty around growth centres and urban pockets of prosperity. This has happened even when the rest of the state or region has been floundering.

Acute regional disparities still exist, underpinning the need for targeted expenditure—more on the part of state governments—on health and education, and growth-enhancing job-related investment in roads, water supply, sanitation, irrigation and rural markets. Loan-oriented employment schemes rarely reach the poor, but food for work or midday meal schemes end up at least partly benefiting the targeted—midday meal schemes, for instance, may be a weak food security programme but at least they end up sending a fair number of poor children to school. Early reports from UP and Bihar suggest that the retargeted public distribution system may be more successful than the PDS which has been used more by the better-off.

The other crucial implement is land reforms, which blunt the sharp edges of rural poverty. The smallest piece of homestead gives the poor security for a lifetime, not the millions of dollars the country uses on producing and importing defence equipment. Every jet fighter takes away the right of one million children to be in school. A fraction of what is invested in fighting AIDS can be spent on family planning education and primary health care to help prevent the deadly scourge. It's no coincidence that Kerala has enjoyed the highest levels of male and female literacy and the fastest decline in the spread of poverty after independence. To fight poverty, it's time India gets its priorities right. Because, a dollar more for the poor man is worth more than a dollar less for the rich

### **Electricity Is a Marvel They Once Knew**

by SOUTIK BISWAS

FOR 12-year-old Mohammed Nafees Alam, the power transformer in his Garothia village has been a plaything. Seven years ago, the 22 kv transformer went kaput after power lines were pillaged. Ever since, the 2,000-odd villagers have remained in the dark. "Playing on trees is boring," says Alam, "climbing up a transformer is far more thrilling."

What is not so thrilling is the sombre reality: Garothia is just another 'de-electrified' village in Bhagalpur, a once-thriving eastern Bihar district. In other words, a village which was electrified once upon a time—and got yanked off the power map in no time after thieves pilfered

transmission lines, supply plunged and consumers defaulted on energy bills. Even Bihar's notoriously unreliable official records suggest that some 233 of Bhagalpur's 735 inhabited villages have been de-electrified. "Everything gets stolen here," admits Wilson Niroj Kumar Horo, the district's electrical superintendent. "Power lines, transformers, transmission tower angles, everything. Now there's nothing left to steal, really."

Some 10 km away from Garothia, things are not much better in Bhagalpur. Many localities have learnt to cope with daily power cuts ranging from six to 10 hours. After sundown, it is a ghost town. For years, evening coaching classes have shutdown, surgeries after sunset have stopped. Half the town's 60,000 weavers have migrated. All but one of the 55 factories at the Barari industrial estate have closed shop. "Power cuts have changed our psyche," says local writer Syed Ata Shad. "People stay awake at night, get irritated during the day and are always tense. They simply can't organise their lives."

Leading the residents of Bhagalpur gently into the long night is the Bihar State Electricity Board's Sabour grid substation which supplies power to Bhagalpur town and its suburbia. Though it has a decent 32 mw distribution capacity, only 10 mw can be distributed on a "good day". Reason: the frayed 55-year-old transmission lines which serve over 25,000 simply burn out when distribution is stepped up from the grid. The result: there are a number of people in far-flung parts of the district who know about the marvel of electricity only by word of mouth.

Clearly, the junked transformer at Garothia is an aptly sepulchral tribute to India's most power-starved district. "In Bhagalpur," says Shad, "people only live during the day." The nights are full of the living dead.

## **Generating Hope**

by VENU MENON

UNTIL August 15, 1998, Kadaviri was an area of darkness in the midst of thick impenetrable jungle. To survive, around 78 families would huddle together, trying to outwit hunger, inclement weather and wild animals. The village is a pocket of poverty, obscured by trees, mist and official apathy. The nearest hospital is 56 km away, in Tamil Nadu's Kodaikanal; the other 75 km away in Kerala's Munnar.

It is in these bleak surroundings that the forgotten people of Kadaviri stunned the world on Independence Day by bringing light into their lives. Literally. Pooling in their own resources, and using ingenious techniques, they constructed a makeshift turbine that generated electricity. And the Kerala State Electricity Board had nothing to do with it. It was the people's initiative, under the leadership of Father Matthew Arackal.

But in Thiruvananthapuram, KSEB officials took stock and decided in all their wisdom that it was a flagrant violation of the law. The Kerala Electricity Act prohibits the private generation and distribution of power. While the authorities are unable to provide power they seem unwilling to appreciate citizens helping themselves either. "If accidents occur, we will not be liable," an official pointed out helpfully. But this attitude does not seem to daunt the people of Kadaviri.

## **Security**

*Policing is an urban concept. Villagers rarely go to derelict thanas for help.*

by RANJIT BHUSHAN

ON a cold wintry morning in 1981, Phoolan Devi, not quite the celebrity she is today, gunned down 20-odd people in a remote village of Behmai in UP. The nearest police chowki, manned by two unarmed constables, was 36 km away. It took about eight bumpy hours on a bicycle before someone could reach the post; another 10 hours for the news to travel to authorities at Kanpur;

and yet another six for a posse to descend on the scene. At one remove from reality, this set of events became the stuff of vivid narrative, but it actually shares with vast tracts across India a bleak fact of everyday life: the law is absent.

Urban India may be nobody's Eden but policing, specifically, remains a largely urban concept in India. Decision-makers are acutely sensitive to urban crime, thanks to the media, the chattering classes, sociologists, the courts and assorted busybodies. In the words of ex-CBI chief Rajendra Shekhar: "The stink is voluble in urban areas."

Move out of the metros and the contrast is striking. A typical chowki has two or three constables, no equipment, a ramshackle vehicle that lives on rationed petrol. Above all, no such thing as public pressure. Once turned away from the usually dark and derelict thana, those who live in India's villages rarely go back a second time.

Prakash Singh, a former BSF D-G, speaks some home-truths: "Outside the metros, there's no motivation to work. Salaries are a pittance and working conditions bleak." Ex-Delhi police chief Vijay Karan, posted in Pondicherry in 1982, was appalled to find local police stations "didn't even have fans". So one gets a fistful of personnel, irritable and meagerly outfitted for its task, low on esteem and often outright venal, rather than a force that can impart a feeling of security.

There is also a subtler gulf, a gap of empathy, between the police and the people. A residual unease has persisted in this relationship since the British days when the police force was instituted and much of our law set down, a feeling that the man in uniform works not for the commoner but the rulers and, hence, is a figure to be feared.

The police administration has often tried to break out of this mould, with little success. In '79-80, the National Police Commission proposed wide-ranging changes in the system. "But only cosmetic changes were implemented, like higher salaries for short-term gains," says Prakash Singh.

The future is even bleaker. In UP and Bihar, recruitment has of late been done on casteist lines. Whole groups of constabulary belong to one or the other caste or community and their impartiality is suspect, to say the least. Witness the number of cops in Lucknow openly affiliated to gangs. The past 50 years have also seen a complete breakdown of alternative modes of policing, like the chowkidari system. Add newer forms of danger like terrorism (as many as 543 districts in India are officially marked "unsafe"), and the average Indian seems completely marooned.

### **Chandra Walks 16 Km To School And Back Everyday**

by RAJESH JOSHI

NAINITAL: A tourist paradise of serene lakes, tranquil climes and cosy cottages. At the end of a lovely drive. Right? Wrong. Ask 12-year old Chandra Mohan of Pharpharia village in Betal Ghat, tucked away in the remote hills of Nainital district. Which still lacks one of the basic needs of life in the mountains—roads. Children like Chandra walk eight km up a hill every morning to school. The ill have to be carried 18 km on a charpoy to the nearest health centre in Betal Ghat.

Yet, Chandra, the son of a scheduled caste labourer, will struggle against the odds like others in his village. During his holidays, he joins his father at the construction site for a daily wage of Rs 45. Father and son do not mind the backbreaking labour— they haven't known any other life— but they nurse the hope that one day they will work on a road to their village.

Pharpharia is not the only village where the comforts of urban India—even if it is only a pot-holed road—have not reached. Khaula, Talli Sethi, Malli Sethi, Chulia Bidari, Ghuria, Halsau...are cut off every monsoon and the winter. "It is difficult to survive. But our ancestors were born here and died here, so will we," says Hari Ram of Malli Sethi village, where a road has been promised for years but never constructed.

There is a small one-room ayurvedic dispensary in the village manned by Dr Sushil Dimri, who has been posted in the village for nine years. "I am trying for a transfer. It pains me to see the villagers suffering but the lack of roads and communications makes it difficult to get medicines."

Twenty-eight years ago, Kundan Singh, a resident of Betal Ghat, died when a rock fell on him. He was being carried to Bhatraunjkan (the closest medical centre) on a cot when he died. Three decades later, says Gopal Singh of Talli Sethi village, "the doli or the cot is still the only mode of transport out of our village."

### **Manjhi's Way**

by SOUTIK BISWAS

WHEN Dasrath Manjhi comes to Gahlour in north Bihar, people rush out. For he is the paterfamilias, the man who moved mountains to bring light into the lives of its benighted citizens. "He is God to us," says Baiju Paswan. "He broke the mountain."

He really did. For 25 years on end, Manjhi, a landless Harijan labourer, chipped away at a stretch of hills from Rajgir to Bodhgaya. And single-handedly converted a treacherous one-and-a-half foot pass in the mountain into a 16-foot wide road. For 2,000-odd villagers who had to trek three hours to cover some 88 km around the mountain to reach the trading post of Vizirganj, Manjhi's road is a boon. Now they get there in less than an hour.

Manjhi's mission has its roots in personal tragedy. Forty summers ago, his wife Phalguni Devi hurt herself badly after tripping on the pass while bringing lunch to her husband. She bled to death at home. For two months he mourned. When he came out of it, he broke open the mountain, redefining communication.

Now the villagers want the road improved, but the government couldn't care less. "Governments are useless," says Manjhi. "They won't do anything for the poor." He will not accept a penny from the government to repair the road. "Am I a contractor that I'll take money for public work?" he retorts. The 64-year-old is at work, building a small bridge over Aropur river—without any government aid. "In India, if you have hands and you are hardy, do it yourself," he says.

### **Water**

*In the land of many rivers, 'safe' drinking water is a pipedream for many.*

by PAROMITA SHASTRI

FOR some time now, experts on water resources have been warning of a global water crisis, one that may dwarf the oil shock in intensity. Some 80 countries and 40 per cent of the globe's villagers are already experiencing "water stress". None of this comes as a shock to India, the land of many rivers, used to an acute water crisis.

Quoting private estimates, president K.R. Narayanan recently said: "Almost all of India's growth is wiped out by the health costs of water pollution, which don't get factored into calculations. Today, bottled water is a booming industry, as the rich try to protect themselves from the ravages of the environment... We must ask ourselves if this is the kind of growth we want."

Like it or not, 50 years of development has brought us to a stage where water costs the same as milk and on-line water filters as much as a small village house. There's no lack of buyers. Yet, in many villages in India, people walk miles to get to the nearest drinking water source, or commission "professional" rainmakers to save their crop and lives from disaster. A few thousand miles away, excess of rainwater or faulty irrigation and drainage regularly wash off harvests, farm animals, the roof over one's head and valuable top soil.

In 1991, only 62 per cent of all households in the country—55 per cent in rural areas—had access to safe drinking water, estimated the Centre for Monitoring the Indian Economy. (The word "safe" here should not be taken too seriously, since it includes tap, ground-well and tube-well water). The picture varied from state to state, dipping down to 16 per cent in Mizoram or 39 per cent in Orissa.

Some progress seems to have been made since then. Going by the '97 figures put out by the Rural Areas and Employment Ministry, 85 per cent of the population has access to safe water (the latest World Development Report puts the Indian average at 81 per cent). Still, annually, water-borne diseases like diarrhoea and gastro-enteritis take their toll, mostly on children below five.

Declining social sector investments haven't helped. In irrigation, however, it is the lopsided use of funds that has created the spectre of uneven development. High subsidies have prompted an over-use of groundwater resources in north and west India. In the eastern plains, abundant in river water and rainfall, the green revolution is postponed by the fact that only 20-25 per cent of the area is irrigated.

Subsidies have also distorted crop patterns, encouraging farmers to sow water-intensive crops like sugarcane in the water-scarce areas of UP, Haryana and Maharashtra. About half of the 80 million hectares irrigated depend on canals. Poor maintenance means considerable, recurring expenditure, much of which goes into meeting the wages of irrigation officials.

Then, water losses from the canal to the field often amount to 50-60 per cent. A ministry working group has pegged the area affected by water-logging, alkalinity and salinity from 9 to 28 per cent—a silent environmental degradation of arable land.

Falling expenditure in basic areas like irrigation has hurt poorer states more. Orissa, Karnataka, Gujarat, Bihar, UP and West Bengal, already lagging behind other states, have suffered a decline in growth in farm infrastructure. With it, the quality and reliability of water delivery too has gone down, affecting farmers more.

Tamil Nadu, Orissa, Andhra Pradesh and Karnataka to an extent have initiated irrigation reforms by hiking water charges, creating water users associations and giving financial autonomy to irrigation boards. By making the rich farmers pay, they could succeed in garnering funds for investing in systems of sustainable utility. Yet, initiatives on the judicious use of water has to be taken to the people. The way has been shown by Ralegaon Siddhi in Maharashtra, Jhabua in MP and drought-prone Sukhomajri in Punjab.

### **Grain Banking**

THE official starvation toll: 35. The unofficial figures stand at 200—and rising. It is statistics like these that have spurred the residents of Kashipur in Rayagada (Orissa) to take matters into their own hands. To feed themselves. And they seem to be succeeding. Supported by the troika of Agramame, a local NGO, UNICEF and the state Panchayat raj department, the Orissa Household Food Security Project (OHFS) aims to "break this vicious cycle of drought, debt and death".

Project director Achyut Das says the thrust is to ensure sufficient food in the lean period—by creating grain banks. During the harvesting season, each family with land under cultivation contributes a fixed amount of grain to the bank. Which can be borrowed at a rate of interest determined by the community.

The effect has been miraculous; nobody goes hungry. Then there are loan schemes such as in Halin Sahi, where the Majhis, a community of bonded labourers, have purchased land for farming on a community basis. Says Ghasiram, a bonded labourer for almost all of his 40 years, today the local PDS dealer: "We are free. Free from hunger and free from the sahuks." And the movement is spreading with districts of Koraput, Bolangir, Kalahandi and Rayagada covered by the scheme.

### **Put A Face To Statistics, And It's The Face Of Death**

by SAIRA MENEZES, Maharashtra

THE killer that stalked Melghat and put it on the malnutrition map of the country is alive and kicking. In the feeble protests of two-year-old Amul Ramsu Jambekar, only son, and one among four children. With a low-grade fever for the past few months. And the threat of a young life

ebbing away. Amul is but one among the faceless statistics that pile up in village registers in the talukas of Dharni and Chikaldhara in Maharashtra's Amravati district. An oasis of deprivation.

Where classifying the various types of malnutrition is a full-time job. At the bottom of the heap is 15-month-old Sandeep Sunderlal Javarkar of Titamba village, Dharni taluka. Helpless, the child's grandmother says, "The child does not get enough milk. To earn Rs 25 a day, his mother leaves home early to work in other people's fields and returns very late." All of 4 kg, he is a grade IV child—the malnutrition may at any point turn fatal. At last count, i.e. from April-August 1998, 0.6 per cent of all children in the region belonged to this category.

The story is replicated in at least two homes in each of Melghat's 318 Korku-dominated villages. For although the IMR (infant mortality rate) has seen a significant drop from 82.50 per cent to 50.20 per cent for Chikaldhara and 71.50 per cent to 54 per cent for Dharni between '96 and '97, the fact is that food is still a scarce commodity for a vast number of Korku homes. The prey: children. The death toll: going up each year. From 926 in '93-94 to 870 in '94-95 to 931 in '95-96 to 1,050 in '96-97 to 706 in '97-98 to 288 up to April-August '98.

"All tribal sub-plan areas suffer from the spectre of malnutrition and Melghat is one of them. But if you observe their child rearing methods, you will know that the government is not responsible for these deaths," is the justification provided by G.P. Garad, tribal project officer, Dharni.

But make no mistake about it. It is abject poverty compounded by government policies which have brought the Korkus down on their knees. Deprived of their traditional methods of survival by the Forest Conservation Act and Project Tiger, the Korkus have had to turn to agriculture for sustenance. "Out of an area of 4,000 sq km, over 3,000 sq km is non-cultivable and forest land," says Shrikant Jichkar, former Rajya Sabha MP from the area, "which means there are roughly 40,000 families sharing 70,000 hectares. And that just does not provide enough food." With just a handful of earth to live off, food has become a near-luxury.

## Healthcare

*There's one doctor for 20-odd villages or over 20,000 people in parts of the country while a large chunk of the health budget goes to urban hospitals.*

by RAKESH KALSHIAN

"The State shall regard the raising of the level of nutrition and the improvement of public health as among its primary duties." — Art. 47

IT'S a truism that India has failed its citizens in this most primary of duties. One doesn't have to embark on a pada-yatra through rural India to validate this assessment; even the most cursory glance at the morning newspaper will tell you that we inhabit the most sickly nation on earth.

Sample the following. India has all of these:

- The highest number of TB patients in the world, and growing.
- The highest number of malaria deaths.
- The highest number of blind people.
- The highest number of HIV-positive cases.
- The highest number of occupational casualties.
- The highest number of hepatitis B patients.
- One of the highest infant mortality rates.
- One of the highest incidences of malnutrition.

The list of dubious "highs" can be extended but this is enough to drive home the point. The authorities, of course, are defensive and rattle off a list of "achievement" figures—such as an increase in primary health centres, doctors, nurses and hospitals per patient; and the successful eradication of small pox, universal immunisation of new-born babies and the launch of several "national programmes" to fight killer-diseases like TB and malaria.

Some of this smugness may be justified but these "impressive" statistics remain exactly what they are: instruments of obfuscation. An examination of the state health programmes reveals a dismal performance: the TB bacteria is becoming drug-resistant; the immunisation programme covers only 70 per cent; with its misplaced emphasis on sterilisation, family planning has failed—with the population doubling between 1976 and 1996.

And if statistics leave you cold, an experience of rural India will not. Take Tikamgarh, a district in Madhya Pradesh. Less than a 100 km from Jhansi—and barely six hours from Delhi. For a population of about 10 lakh, there are only 23 public health centres, of which 17 are manned by a single doctor. Many women die during child-birth because there are no obstetricians. In any case, the health centres are almost always deserted and have precious little facilities; medicines are rarely available; many child-births go unattended, and many mothers bleed to death for lack of ambulances.

Setting off a health revolution with a budget that earmarks the princely sum of Re 0.50 per patient is not an easy task. The Health Ministry has been supplying medicines worth Rs 2,000 for the entire district (this is true of most districts) since the '80s. And the state government hasn't thought it fit to increase its health budget. Little wonder then that Tikamgarh has the highest infant mortality rate in India.

But the state seems only too willing to transfer the onus of providing health cover for its citizens to NGOs. And there is no more damning indictment of the political class as a whole than the fact that the funds for healthcare have been whittled down from 3 per cent of the total Budget in the First Five Year Plan to a mere 1.05 per cent in the Eighth Plan.

Paradoxically, despite the improvement in health infrastructure, many citizens—mostly in rural India—are deprived of basic health care. A chunk of the health budget goes to urban hospitals at the expense of primary healthcare services in rural areas. Clearly, a case of misplaced priorities. Whither "Health for All by 2000"?

### **Rajasthan Rainmaker**

by RAKESH KALSHIAN, Alwar

TEN years ago, Thanagazi tehsil in Rajasthan's Alwar district was destined to become a desert. With a measly 600 mm annual rainfall, almost nothing survived. Rivers and wells dried up, forcing many villagers to flock to the towns for survival. The government declared it a "dark" zone.

But inspired by a local NGO, Tarun Bharat Sangh, the villagers took the initiative and dug up 'johads' (large ponds) and dammed rivers to create perennial reservoirs. The results were dramatic. Food grain production quadrupled; milk yield doubled; forest cover increased from 5 per cent ten years ago to over 40 per cent. A family's average annual income is now about Rs 20,000. Says Rajinder Singh, director of the NGO: "The 'johads' acted as buffers in last year's floods."

And all this without a paisa from the government. The villagers contributed Rs 11 crore in cash and labour while the NGO donated Rs 4 crore. The government, in fact, did its best to subvert the villagers' independence by declaring the bunds illegal and issuing fishing licences without asking the villagers. But the villagers protested. And won.

Now, the government recognises the villagers' prerogative over these bunds. And taking a leaf out of this unique greening experiment, it is also trying it out in other areas of the state.

### **Forget A Meal, There's Not A Drop To Drink**

by B.R. SRIKANTH

FOR decades, farmers like 66-year-old Karpanadevar have lived on a meal once in two days, sometimes even three. And slaked their thirst as infrequently. The monsoon has been mingy over villages like Kadaladi and Sayalgudi in Ramanathapuram district; add to it the presence of brackish ground-water because of their proximity to the Bay of Bengal. Not a single river in the

vicinity, only rain-fed tanks to reanimate men and cattle. And, to serve as the lifeline for crops like ragi, jowar and chillies that are grown in these areas.

Suggestions from farmers that the sparse wells with potable water be periodically de-silted have gone unheard. Instead, grandiose schemes of drawing water from

Manamadurai, about 100 km away, or a more ambitious, multi-crore venture of pumping in desalinated water are touted as "practical". Meanwhile, a pot of water costs between a rupee and Rs 1.50, depending on the season and the distance between the crude well and the destination; a cylindrical tank placed on a bullock cart which could hold ten pots of water is sold to hotels for Rs 10 and Rs 15.

Take Nataraj, 70, who earns Rs 100 at the end of each day for carting potable water to those who can afford it. A part of his wages are earmarked for fodder for his bullock, another for his daughter's marriage and the rest for digging a new well. "We can't say how long we could draw from this well. When it goes dry, we have to dig another one. And, every time we move to a new site, we have to spend at least Rs 10,000, which we can't afford. So, we borrow money and our group pools money for the new well." Indeed, a cooperative movement of sorts, but disgusting that a necessity like water needs to be bought and sold because successive governments have failed to provide potable water.

Many of the wells from which water is drawn to be sold have been sunk only a few feet away from pools where people bathe, wash their clothes and even wash their cattle. That the untreated water from these wells trigger diarrhoea, typhoid and jaundice is corroborated by Saravanan, the lone doctor at the public health unit at Sayalgudi. At least 100 patients line up outside his office on a bad day, most of them complaining of symptoms of water-borne diseases. He is, however, wary of revealing statistics on the incidence of diarrhoea or jaundice, and declares that the cases have not reached epidemic proportions during the last few years.

Apparently, the public health officials have kept the figures under check after an epidemic gripped several parts of the state in '92. One way of dealing with the problem.

## Education

*For many, education only means identifying letters. In the villages, the 'literate' don't even manage that.*

by SOMA WADHWA

AT 40, Pemaram Suthar claims to be part of the 18.8 per cent literate populace in Rajasthan's Barmer district. But scrawl a word in the Devnagari script on the sand floor of his clay home in Neemniyon village and Pemaram can't make any sense of it. Can he write? A loud guffaw to disguise embarrassment, then aggressive defence: "Who are you to test me! Everyone knows I am literate. I went to school till Std. IV. I told three survey people that..."

If statistics mean little in India, then statistics on education mean even less. Even so, the census data shows us for the mass of uneducated humanity that we are. It tells us that less than half of India's children between age six and 14 go to school. That much more than half of rural India is unlettered. That seven of every 10 village women are uneducated.

And it gets worse. "From 1881 to 1991, when the last census was conducted, 'literacy' has been defined as the ability to read and write a letter. Education hasn't meant more than just that to us in a century. People are asked whether they can read and their answers are taken as truth—no tests are administered," says demographer Ashish Bose. Further, the expert adds that factors such as 'relapse into illiteracy' are not taken into account at all: "Someone who went to school ages ago, and remembers nothing is listed as literate. It's absurd."

Take a peek into some of our rural schools and the absurdity is apparent. Sumri has to walk miles in the scorching sun in Barmer to cart water for her thirsty classmates. A school at Jalsindhi in the Narmada Valley has had no teacher for over 12 years. Chandu Sanyal, 13, in West Bengal's Baruipur district was beaten by his teacher till he vomited; he doesn't ever want to see a classroom now. Jhuri Saini at nine has been attending school for the past three years in Haryana's



Nuh district; she can't read. Children in class III in rural Madhya Pradesh are being taught lessons in family planning.

Little wonder then that only a third of all children who enrol in grade one reach grade eight. Studied guesses, says Professor Krishna Kumar of Delhi University's Faculty of Education, estimate just one out of every hundred girls enrolled in grade I reaches grade VIII. Not to forget the fact that the primary school teacher, the main agent for collecting data on enrolment, has little power to record reality. Over decades, officials and politicians have trained him in dishonest record-keeping to exaggerate their achievements. "But discount the fudging and the failure rate in many rural schools will yet be 80 per cent or more," says Kumar.

"Buildings, teachers, funds, administering, new curriculum...rural education needs so much more of all of these to get going. All of them are in short supply," observes Hoshangabad-based C.M. Subramaniam of NGO Eklavya that works in the field of education. "The content is alien, the delivery dull: very little taught in our rural schools caters to the needs of a first generation learner. We need district-specific textbooks." The spirit of enquiry is systematically broken in some rural schools, feels Reena Das of Jaipur-based NGO Digantar which runs three village schools. "The lessons are fixed and any child who craves some flexibility in the routine is penalised. Corporal punishment is the norm. There is no rapport between the teacher and the children or the community. But then the system doesn't give much freedom to the teachers either."

Because very few among those who plan education policies and allocate funds seem to know of the physical reality of a village teacher's life. He walks miles to get to his workplace, trudges hours to get his salary, works without blackboards, chairs, tables, bathrooms, water and sometimes even a classroom. Says Kesra Ram, a primary school teacher in Barmer: "Look at this pile of wood that I have for a school. I feel so de-motivated myself at times. Even after all this, my students will hardly become collectors after studying here. Like me, they'll never speak English and look where I am."

The Non Formal Education (NFE) scheme of 1985 was supposed to find solutions. Local curriculum, siksha karmis as "masters": less cost and more education. Says Subramaniam: "If you think rural schools are bad, then you'll be shocked to see these centres. We'd like to see those who formulate such schemes put their children through such teachers."

### **Dr. Do-It-Yourself**

by SHAMEEM AKHTAR, Maharashtra

SOMYA Pocha, a Madiya-Gond tribal, is "Doctorji" at Medpalli. His village lies in Naxal-infested Gadchiroli district, a few kms off Lok Biradari Prakalp in Hemalkasa where the Amte family has tried, since '73, to cure the malaise of neglected healthcare in Maharashtra.

Pocha, a dropout of LBP's ashram school, earns a meagre Rs 100 a month. But he enjoys helping villagers who, till now, had been serviced only by powerful pujaris. The "jhooti-bhooti" invoked spirits that invariably failed when they were racked by the district's scourges—cerebral malaria; TB; scabies; gastroenteritis; bites by wild animals, explains Vilas Manohar, volunteer and son-in-law of Baba Amte.

Pocha may not be trained to handle complications. But he hung around the doctor couple, Dr Manda and Prakash Amte for six years. Today he keeps a neat register listing patients, their ills, treatment, gives injections, prescribes and disburses tablets for fevers, stitches small cuts. He is always on call at his "clinic" before and after he returns home from his daily grind of herding cattle or working the fields. But most importantly, he can direct severely ill patients to health centres that handle emergencies. This, more than the odd Crocin or Vitamin that he disburses, saves tribal lives. But Pocha is not a lone Robin Hood. Volunteers are streaming in from neighbouring areas.

That the Madiyas are taking healthcare seriously is evident from the fact that four tribals are currently studying medicine. And the dependence on witch doctors is on the wane. Says a volunteer: "Ever since pujaris themselves started bringing their sick children to our health centres, we knew we had won the battle."

## **More Babies Die In Tikamgarh Than In Poorest Africa**

by RAKESH KALSHIAN

KASTURI, 20, gave birth to a daughter in June. Little did she know that motherhood would be a fleeting joy. Four days after the birth, the baby developed diarrhoea and went into a paroxysm. Her parents rushed the sick infant to the nearest doctor in a village two km away. But how fast can you go on a bicycle? The baby died on the way. The couple still have no clue why their daughter died.

But Kamala did know that her two-year-old daughter was suffering from chicken pox and yet couldn't save her. Her husband Tularam says they took her to the primary health centre where they were told the girl was possessed by devi 'choti mata'. So they went back and prayed to appease the devi for 10 days by which time the child's condition took a turn for the worse. The couple rushed her to the doctor, but it was too late.

These are not isolated cases. Both Kamala and Kasturi hail from a remote village, Purainia, in the Tikamgarh district of Madhya Pradesh where infant mortality is an appalling 40 per cent. Jamnadas Pateria, the sarpanch of the village, blames it on the lack of basic health services. "We have only one doctor for five villages who sits in the public healthcare centre only till 11 in the morning and then goes back to his house about 14 km away."

The sarpanch isn't exaggerating. Last week, a girl from his village burnt herself to death. The body was taken to the dispensary in Baldevgarh, about 15 km from the village. The dispensary was deserted and the villagers waited for almost five hours before a doctor was fetched to do a post mortem—an essential to prevent a police case being registered against her parents. But he refused to conduct the post mortem without the permission of the block medical officer who was away on a conference.

Purainia is fairly representative of the sorry state of healthcare in Tikamgarh. According to economists Amartya Sen and Jean Dreze, even sub-Saharan Africa fares better than Tikamgarh. And when a single antibiotic tablet costs Rs 7-10, it is difficult to manage with 0.50 paise per head.

## **Roads**

*An abysmal communications network is the bane of progress; it closes rural India's doors to a better life.*

by PAROMITA SHASTRI

MUCH of urban India takes roads for granted, even if they are potholed and unevenly tarred. They only wake up to the communications problem when onions farmed barely six hours away reach city markets at three times the cost, solely because of the absence of rural infrastructure like roads and markets. But large sections of the rural population routinely hike 12-13 km to access basics such as firewood or spend 24 hours trudging to get to the next village.

There were 30.3 million vehicles on road in 1995. Yet, national highways, which carry 40 per cent of road traffic, have merely expanded from 32,000 km in 1980 to 38,445 km today. That's only 2 per cent of India's road network—the third largest in the world, yet it covers only 8.8 per cent of the land area. By the turn of the century, 80 per cent of passenger traffic and 65 per cent of goods traffic will depend on roads. By which time, the average investment needed would be Rs 11,600 crore to maintain old roads and build new ones. A truly frightening picture. Not only due to the visions of traffic jams it conjures but also due to the expected environmental damage and economic losses arising out of transport delays.

Why are roads important to the poor? Roads bring the outside world to his door, they also carry him there. According to the UNDP Human Development Report, human capabilities depend crucially on physical and social infrastructure. Most of intense rural poverty is attributable to remoteness and dispersal of habitation in isolated pockets unconnected by roads or even dirt-

tracks. A good road network increases people's access to social services, especially to basic public services such as education and health. More rural women die while giving birth because they live miles away from the nearest medical centre. Everyday, scores of children die because of lack of access to emergency treatment facilities. Absence of safe roads also prevents children, more importantly girls, from attending schools.

More pertinent, from the point of the economic underclass, is that roads increase the poor farmers' access to markets for both selling his produce and procuring seeds, fertiliser and technology. Yet, not only do roads continue to be grossly inadequate, their maintenance is appalling. According to a 1996 FICCI study, total losses due to poor roads, transportation delays, damage to vehicles and overloading could amount to \$4 billion a year.

The World Bank's 1998 report on poverty finds crucial evidence of how the poor routinely suffer from poor access to infrastructure facilities like power and paved roads. A majority of the richest 20 per cent of the rural population have access to roads, but only about 40 per cent of the lowest quintile are so privileged.

The 1996 India Infrastructure Report says as allocation for roads dropped from 6.7 per cent in the early '50s to 3 per cent in 1992-97, the highway network fell far behind traffic growth. Only 2 per cent of this network is four-lane, and as much as 64 per cent is single-lane. Average speed of trucks on highways is around 28 km per hour, affecting trade and commerce.

The report wants a major chunk of revenues from taxes on motor vehicles and transportation fuel to go to road development, through a 20-year master plan for the highway network. The National Highways Authority of India has lined up several road projects with private initiative which will work on the build, operate and transfer basis—use the road and pay a fee. But all this will still only benefit urban India.

Roads go hand in hand with urbanisation, working also in a vicious cycle. Lack of basic communication services prompt a rural outflow to towns and then to cities, leading to overcrowding and pressure on the already straining civic administration. The solution is to strengthen and empower Panchayats which can take up the development of rural infrastructure. Kerala has pioneered creative ways of involving local communities in planning from below, which can be an example for other states. But is anybody listening?

### **Magic Lantern**

by SOMA WADHWA, UP

THEY have travelled long distances to be here—miles from their villages and the carpet looms. Where they worked long hours, eight hours daily, all week and then put thumb impressions on work charts that paid them for only two hours.

Every child from the four villages of eastern UP, Lali, Karsota, Imlipokhar and Baroundhi in Sonbhadra district, go to school today. "About five years ago a boy protested and got severely beaten up. That's when I realised how important it was to get the children educated and out of these hellholes," says Abhushan Bhram Shah alias Raja Sahib, a local landlord who then launched the Children's Welfare Society, that has taken upon itself to letter the region.

It started with Raja Sahib's benevolence: giving out loans and small pieces of land to some villagers so that they could afford to have their children out of the looms. He joined forces with CRY for the project.

But now every villager is involved and insists that the panchayat monitors the performance of every school. The mudhut which houses the school in Lali, in fact, was built by the villagers. The poor donated labour, the affluent money and material.

And as students pour in for the evening classes, the lantern needs to be pumped up again. But nobody minds.

## **Master Kesra Has Neither Blackboard Nor Imagination**

by SOMA WADHWA, Barmer

SUN and sand are no fun here. School in sun and sand is even less fun in this border district of Rajasthan. Huddled in a deadwood hutment, 36 perspiring bodies squat on the sand and wait to quench their thirst with water their classmates have been sent to lug in from over three miles away.

Ignoring his restless students, Master Kesra Ram drones out his tired tutorial. No blackboard, no chart and no imagination whatsoever assist him in this tedious task. The teacher persists with his meaningless lessons in literacy. Till two little girls struggle in with a rusted bucketful of salt-sand water. And even the pretence of discipline vanishes as a noisy queue lines up for relief.

"It's tough being a teacher here. Tougher being a student," murmurs Kesra Ram, BA. "Tough to get these children into the school and tougher to keep them here." True perhaps of this entire district where 90 per cent of the population lives in remote desert villages and literacy is at an abysmal 18.8 per cent. Worse, the 1991 census shows Barmer's female literacy rates as the lowest in the country at a meagre 7.7 per cent.

But surely things have improved vastly since the last census recorded Barmer's statistical disgrace? Maybe not, if Bhagvaniyo ki Dani Vidyalaya is any indication. Among the 36 students who inhabit the pile of deadwood and sand called school, only six are girls—four are escorts for their little brothers.

"The villagers see no practical use for what I teach their children. Except teaching there are no jobs for the educated here. And as for girls, why pull out two working hands from the household for absolutely no return," says Kesra Ram. Then, embarrassed that he might be holding a brief for illiteracy, the teacher offers to explain the fragile economy of the region that makes formal education seem irrelevant. "Almost every year the rains fail. So the little crop that can grow fails too, forcing men to leave for towns to work as labourers. They take their sons for extra income. The girls help their mothers with the cattle."

So, do the girls enjoy their breaks in school? Eight-year-old Sumri doesn't answer. Can she recognise the alphabet that she has been chanting all morning? No. Can she count her fingers? Not quite.

Village sarpanch Gauri Devi, 57, too doesn't say much. Ask her about the number of schools, the benefits of education, literacy...she doesn't know. "Reserved seat for women, her husband is the actual sarpanch...she's illiterate," apologises a teenage male member of the house.

## **Power**

*Rural India seems destined to live without power with poor states worst off*

by PAROMITA SHASTRI

ELECTRIC power, or light at the press of a switch, is something rich countries take as minimum needs. But it remains a luxury in much of the developing world where growth entails rising energy use. Ironically, in India, faulty planning and lack of funds have led to a situation where the rural-urban divide between those who enjoy electric power and those who don't has almost blurred.

India faces an energy shortage of 9 per cent and a peaking shortage of about 20 per cent. Capacity generation was only half of what was targeted for in the Eighth Plan (1992-97). We have capacity to produce 83,000 mw, but due to dated technology and inefficient operation manage only 65 per cent. As much as 23 per cent is lost while power is transmitted to the consumer, thanks mainly to theft, improper billing and a badly maintained distribution system over large rural areas. Funnily, the crisis would be much worse but we are saved by our slow national income growth.

With liberalisation, as demand grows at 9 per cent plus, the India Infrastructure Report expects new power needs to touch 1,11,500 mw over 1996-2006. To match this, investment has to rise from the current average of about Rs 16,000 crore a year now to Rs 47,600 crore by the turn of the century. Assuming only government investment takes place, there'll be an unmet gap of

80,000 mw. Anyway, government expenditure on fuel and power has gone down from 2.5 per cent of national income in the seventies to around 2 per cent now. As a result, with cities straining to supply power for even 12 hours a day and industry making do with captive generation, rural India is destined to remain without power for a long time to come.

Lack of funds is only a small reason for the power crisis. The largest part of the blame goes to the inefficiently-run utilities in the states (electricity is a concurrent subject), which suffer because of vested interests of state governments. Power is almost free or unrealistically cheap for the farmers in many states; in others they pay a flat rate but draw little power. Net subsidies to the power boards (which produce and distribute power) reached Rs 20,000 crore in '97-98, compared to one-fourth at current prices in 1990-91. As a result, public sector manufacturers are reluctant to produce more and sell to the bankrupt boards. Nor are private manufacturers keen to start generation without government guarantees.

Even in power, poorer states with less money to spare but more political constituencies to pamper have suffered more. Bihar, Haryana, Andhra Pradesh have joined Uttar Pradesh and Gujarat have the worst-performing boards. And acute shortages have led to stunted growth of rural employment, thus raising poverty. Subsidies, as always, have benefited the richer farmers, at best helping to wipe out acute poverty in some regions. States allowed power subsidy to grow at 14 per cent a year in real terms in the reform years, since the centre cut subsidy and capital investments due to structural adjustment.

Politics still rules over the purse, but pushed to the wall, some states—Orissa, Haryana, Andhra and Rajasthan—have started liberalising and privatising power. Subsidies in Haryana, for instance, accounted for 70 per cent of its total new debt, but thanks to a long-term reform plan with World Bank support, the state hopes to eliminate subsidy and make the power sector actually contribute to the treasury from 2002-03. The reforming states have miles to go—for instance, they have fixed power charges at much less than the minimum tariff, which is far less than the generation cost. Until the other states follow suit, more than half of India may continue to remain in the dark forever.

IFAD

# Rural Poverty REPORT 2001

THE CHALLENGE  
OF ENDING  
RURAL POVERTY

s u m m a r y

## THE COMMITMENT TO HALVE WORLD POVERTY MUST FOCUS ON REVIVING AGRICULTURE

Globally, 1.2 billion people live in 'extreme poverty': they subsist on less than one dollar a day. Seventy five per cent of the poor work and live in rural areas; 60% are expected to do so in 2020 and 50% in 2035.

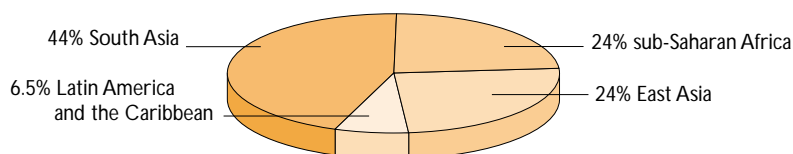
The 1995 United Nations Social Summit in Copenhagen agreed that each Member State should devise a programme to reduce extreme poverty. Subsequently, the Members States of the United Nations resolved, through the Declaration of the Millennium Summit adopted in September 2000, to "halve, by the year 2015, the proportion of the world's poor people whose income is less than one dollar a day and the proportion of people who suffer from hunger...".

Poverty reduction is not something that governments, development institutions or NGOs can do for the poor. They can forge partnerships and help promote the condi-

tions in which the poor can use their own skills and talents to work their way out of poverty. But the poor themselves have to seize responsibility, as agents, for their own development.

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Global distribution of Rural Poverty



Progress to date, however, has been well below that required to achieve the goal of halving rural poverty. In South Asia and Latin America, the rate of poverty reduction in 1990-98 was barely one third of what was needed. And it was *six times* too slow in sub-Saharan Africa.

Meanwhile, the real value of aid fell between 1988 and 1998. The share of aid going to low-income or least-developed countries, where over 85% of the poor live, stayed at around 63%. The real value of aid to agriculture contracted. The rural sector has largely remained neglected, despite its great concentration of poor people.

Effective poverty reduction requires resources to be reallocated to rural people and to the poor. It is *inefficient*, as well as inequitable, to exclude people from schooling or from managing productive assets because they are too poor to borrow; or because they are born in villages and hence lack urban facilities; or because they live in remote areas with limited access to markets.

Reviving agriculture is still only a part of the answer to end rural poverty. Agricultural change can work to reduce poverty, but only when

it is linked to social changes that give the poor greater power over the social factors that shape and, far too often, circumscribe the horizons of their possibilities, including their agricultural options and assets.

#### POVERTY HAS MANY DIMENSIONS: EFFORTS TO REDUCE IT THEREFORE MUST BE MULTI-TARGETED

The real value of aid has fallen sharply in recent years. The share going to the least-developed countries has remained constant at 63%, but aid to agriculture and the share that can be allocated to different sectors has halved.

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Different countries measure poverty in different ways that are often hard to compare or combine. They also use different definitions of 'urban' and 'rural'. The great majority of the poor live and work in rural areas and will continue to do so for several decades. And six in ten of the world's extremely poor earn their living mainly from farming or farm labour.

Poverty has many dimensions. The poor themselves report distress that stems from low consumption, ill health, lack of schooling, vulnerability, lack of assets, low self-esteem and disrespect from officials. People who suffer from any one of these conditions tend to suffer from the others as well. These conditions often reinforce each other.

Poverty is concentrated in low-income countries, but can persist in middle-income countries that are very unequal, notably in Southern Africa and much of South America. Poverty can exist in countries where income levels are generally high, infrastructure and technology are well-developed and urbanization is advanced – for example, in many Latin American countries, the United States and South Africa.

The rural poor suffer from interlocked disadvantages: they live in remote areas, they are usually unhealthy and illiterate, have bigger families, work in insecure and relatively unproductive jobs and may experience discrimination as women and as members of ethnic minorities.

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Five aspects are of critical importance for understanding the challenges facing rural poverty eradication.

First, *smallholder production and production of food staples play a critical role in the livelihoods of the rural poor*. Production of food staples provides the rural poorest with most of their work, income, consumption and calories (70-80% of the calorie needs of the extreme poor).

The non-staple sector, which produces cash crops, other food crops and non-farm commodities, becomes increasingly important because successful staples development can release land, labour and skills for other specializations. Widening market access and liberalization increasingly allow rural people to escape poverty through both staples and non-staples production and exchange. Critical in this process are non-farm assets and skills and infrastructure and institutions that help small units to maintain market access during globalization.



Second, *reducing rural poverty requires better allocation and distribution of water to increase the output of staples*. Rice and horticulture create much employment income for the poor, but are heavy users of water. Many drylands already suffer from severe water stress. Groundwater tables are falling and surface water may become scarcer due to climate change. There is also heavy pressure to divert water to urban areas and industrial uses. Securing more efficient water use, and increasing availability and quality for the rural poor is a major challenge.

Third, *achieving the poverty target requires redistribution in favour of the rural poor*. Economic growth alone in many countries will not be sufficient to halve dollar poverty by 2015. In some very poor countries, too many people are too deeply poor. In some middle-income countries, initial inequality is too great. In such cases, the poor must acquire higher shares, access and control of appropriate assets (land, water and other appropriate assets), institutions, technologies and markets.

Fourth, *particular groups – especially women – merit special attention*. Redressing disadvantage for women, ethnic minorities, people living in the hills and semi-arid areas helps the efficient use of anti-poverty resources – schools, land, water – as well as fairness. Women especially need direct influence over resources and policies.

Fifth, *participatory and decentralized methods are especially effective*. Participatory and decentralized management sometimes secures democratic control, develops human potential and often improves the cost-effectiveness of a range of actions, from developing new seed varieties, through microfinance, to rural schools and public works programmes. However, experiences with common resource management and microfinance show that, without special measures, decentralization alone will not secure participation of the rural poor.

Underlying all these themes is the fact that *labour-intensive approaches are especially appropriate to rural poverty reduction*. Capital is scarce in low-income countries and land is scarce in more and more of them. Developing countries, with high ratios of labour to capital, also gain more from market liberalization if they encourage labour-intensive production. Employment-intensive policies, technologies and institutions usually help both economic growth and poverty reduction, since the poor can usually offer only their labour. Thus, subsidies to labour-displacing capital, like tractors, can harm the poor. Smaller farms tend to use more labour and less equipment than larger ones.

IFAD's Rural Poverty Report 2001 explores four themes: access to assets (physical, natural, human and financial), technology and natural resource, markets and institutions. Underlying these four themes is the fact that poverty reduction generally benefits from labour-intensive approaches, both to raise labour and increase land productivity.

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## WHY AGRICULTURE IS CRUCIAL IN EARLY DEVELOPMENT

Development efforts in most countries neglect the rural sector, even it contains three quarters of the world's 1.2 billion poor people. The movement of the poor from the countryside to cities has been overestimated; even by 2020, 60% of the world's poor will still be living and working in rural areas. To succeed, poverty-reduction programmes must therefore be refocused on rural people and on agriculture.

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As people become better off, their demand for food falls as a proportion of their income. This is one reason, along with technical progress and large farm subsidies in rich countries, why the relative world price of farm products is steadily falling. But this need not impede feasible agricultural expansion; nor does it justify lower public investment and aid for agriculture.

When mass poverty exists with relatively underdeveloped physical infrastructure (such as roads and markets), poor and underfed smallholders and their even poorer employees, use much of their extra income to obtain and consume their own and their neighbours' extra farm produce – *provided public investment and aid supports increased food production by the poor*. This greatly reduces any demand problem. What remains can be overcome if, as in the Green Revolution, technical progress in seeds, infrastructure and water management, on small private farms, raises productivity faster than prices fall, leaving farmers, farm workers and food buyers all less poor.

Increased public investment can provide the infrastructures needed for small-scale and labour-intensive production of food and non-food crops, which can be partly traded and partly used to diversify and enrich the diets and employment of their poor producers. In both phases, growth in the rural non-farm economy contributes a rising share of rural incomes, but it depends substantially on consumer demand based on smallholder prosperity.

## BETTER ACCESS TO ASSETS BY THE RURAL POOR IS EFFECTIVE, EFFICIENT AND EQUITABLE

For the sustainable development of rural areas, the rural poor must have (i) legally secure entitlement to assets – land, water, credit, information and technology – and human assets like health, child nutrition, education and skills; and (ii) access to markets.

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An asset is typically pro-poor if it is labour-intensive, helps build marketable skills, is accessible by women and minorities, has low seasonal and annual variation and risk, and focuses on producing items that loom large in poor people's budgets, such as staple foods.

Small and divisible assets are easier for the poor to acquire and manage. Fortunately, for important forms of rural assets, above all farmland, small scale has advantages, such as low labour supervision cost and hands-on family-level overview. The persistently large share of farmland

in smallholdings and its labour-intensity combined with low unit costs in most branches of farming, provide strong arguments for (a) stimulating smaller and more equal landholdings; (b) steering more assets, especially education and water-yielding equipment, to rural areas; and (c) tackling the high risk and inadequate access by women that limit the poor's gains from many rural assets.

*Within rural areas, some countries, such as China, suffer from asset poverty mainly due to regional inequality; some, such as South Africa and Brazil, mainly due to land inequality within regions; and others, such as Ethiopia and Bangladesh, mainly due to low average per-person assets and GDP. But for many assets, notably human capital, rural-urban maldistribution is in many countries a main cause of asset poverty, largely because governments and donors overlook rural and agricultural issues. In changing that, three types of assets are most relevant to rural poverty reduction: farmland, water-yielding assets and human capital.*

*Rural poverty both flows from and perpetuates lack of access to assets.* First, people without access to physical assets, such as land, tend to be poor because they rely mainly on selling their labour on poorly-paid markets or to the landed class; they have nothing to sell or mortgage in hard times and are economically dependent and politically weak. Second, people's lack of opportunity to develop their human assets through education and training can perpetuate poverty. For example, lack of human assets stops children from learning, compels parents to send them to work and perpetuates poverty.

*Access to assets is effective in bringing quick relief from poverty.* Assets empower the rural poor by increasing their incomes, increasing their reserves against shocks and increasing the choices they have to escape from harsh or exploitative conditions – their 'exit options'. The poor can gain from assets directly by owning or renting them and indirectly through the growth and employment that assets make possible. But assets alone, without adequate technology, institutions and markets, or the political or economic power to obtain them, are of limited value to the poor.

*Improving the assets of the rural poor promotes efficiency by stimulating higher productivity and economic growth.* Rural assets, more than urban assets, are more efficient when operated on a small scale and labour-intensively. The benefits of assets strongly reinforce one another. The poor gain more from some improvement in health, nutrition and schooling than from a lot of one and

In most developing countries, urban poverty is accentuated by rural-to-urban migration induced by both pull and push factors. Shifting resources, assets and access from urban people to rural and from rich rural people to poor ones, often advance economic growth and so help reduce overall poverty, both urban and rural.

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none of the others. Such human assets do more for a poor person if he/she also has some farm or non-farm assets and his/her productivity is rising. Previous education helps a poor person to obtain better returns from irrigation.

Efficiency is improved by the participation of beneficiaries, including poor ones, in the 'project cycles' where specific activities focus on building up their asset base. Decentralization alone may strengthen local 'big men' rather than the rural poor. The goal must be to progress from participation to empowerment, so that the rural poor become effective interlocutors with their governments and local authorities in decision-making that affects their resource entitlements and livelihood.

*Increasing the assets of the rural poor promotes both equity and efficiency.* The gap in asset-ownership between urban and rural areas and between rich and poor is much greater than the gaps in income and consumption and has not shrunk since the 1970s. The rural poor have frequently been excluded from access to land and other resources by the power of élites; by poor rural services, including education, extension services and health care; and by institutions and departments that do not engage with local people in decisions on resource allocations. Usually the allocation of public services is biased towards urban areas.

*For many important assets, bias against women harms the poor, both because it is unjust and because it is inefficient and slows economic growth.* The gaps between men and women's access to education and literacy are huge. These gaps are greater in rural areas and greatest for the rural poor. Yet extra schooling for females does much more for poverty reduction and for child health and nutrition than does extra schooling for males. Women's lower adoption of agricultural innovations may be due in part to lower levels of education; equally educated men and women farmers adopt technologies at similar rates. Across Indian States in 1957-91, the responsiveness of poverty to initial female literacy was higher than to any other initial condition.

*Additional human capital for poor rural women and girls could create a virtuous circle of higher income and better health and education, transmitted between generations.* An increasing proportion of rural people and household heads are women; higher incomes for them benefits subsequent child nutrition and education. But the rising average age of the workforce means that a large, growing majority of the 2020 workforce is already well past school age. So, in order to benefit employment and labour productivity, human capital formation must concentrate much more upon adults, for example with rural female literacy programmes.

## LAND REFORM: THE NEW WAVE

Over two thirds of the income of the rural poor is from farming. Most of the rest depends for growth on linkages to farming. The proportion of the rural poor who mainly depend on hired labour is rising. Land deprivation is strongly linked to poverty and vulnerability and brings powerlessness, especially for ethnic minorities long confined to remote and marginal lands.

While land redistribution to more equal family holdings has been significant in some areas in cutting poverty, it has limited impact in others. In much of Latin America and Eastern and Southern Africa, land ownership remains highly unequal and rural poverty widespread. In most transitional economies much land remains in big state and collective farms; this harms the poor by being inefficient as well as by reducing employment.

Land redistribution can do much to reduce poverty. Much land is locked into large, inefficient farms, whereas small, equally-sized farms promote employment, efficiency and growth. Giving women rights to land also gives them power, especially by improving their reservation wage and hence their role and bargaining strength within marriage. Such empowerment reduces women's vulnerability within the household

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*'In... Zimbabwe, Lesotho, Malawi, South Africa and to some extent Namibia... [very unequal] access to land under conditions of limited agricultural potential... [is] the result of historical circumstances [rather than] population pressure... it is difficult to see how smallholder agriculture can contribute to a significant reduction in rural poverty without revision of the distribution of land' – as in much of Kenya, Eastern Zambia and parts of Uganda.*

*Land redistribution is crucial to getting more assets to the rural poor.* Highly unequal land ownership reduces economic growth and diverts its benefits away from the rural poor. Most of the rural poor depend on farm income, yet usually control little farmland. Land reform to create small, not-too-unequal family farms is often cost-effective in reducing poverty. It also helps hired farm workers because small farms employ more people per hectare than do large farms and small farmers and their employees spend more of their incomes on employment-intensive rural non-farm products. Land redistribution remains cost-effective against poverty in Latin America and Southern Africa, where some ethnic groups remain in rural poverty largely due to exceptional inequality of education and farmland distribution.

*Allowing for land quality, land productivity of smaller farms is usually at least twice that of the largest ones... in Colombia;... in North East Brazil in most of the six zones; in India [and in the Muda Valley], Malaysia'. This is confirmed by farm-level data in 12 of 15 'countries [and] in a study of Indian villages, where a 20% decline in [gross output per hectare] was associated with a doubling of farm size'.*

Land reform does not have to be confiscatory, statist or top-down, as it used to be. 'Market-based' land reform can be decentralized, market-friendly and supported by civil-society involvement. Both communal land tenure and private tenancy can be pro-poor; restricting them is usually counter-productive. Furthermore, exclusive emphasis on land asset control by households ignores the fact that many households, laws and customs discriminate against women, thus damaging efficiency, equity, child health and poverty reduction.

*Output per hectare in North-East Brazil in 1973 was 5.6 times higher on farms of 10-50 ha than on farms above 100 ha; in the Pakistan Punjab, 2.7 times higher on farms of 5.1-10.1 ha than on farms above 20 ha in 1968-9; and among double-cropped farms in Muda, Malaysia, 1.5 times higher on farms of 0.7-1 ha than on farms of 5.7-11.3 ha in 1972-3.*

*Few traditional or reformed land-allocation systems have significantly raised women's control over land.* Although many societies have shifted education, health, non-farm assets and access to assets through credit to women, large shifts of farmland to women are far rarer. Giving women rights to land also gives them power and helps them to take more control in existing relations, for example by improving women's wages and hence their role and bargaining strength within marriage. Such empowerment reduces their vulnerability within the household.

*In Bihar, India, allocation of title to men, but not to women, led to increased drunkenness and domestic violence. Similarly, in the Mwea irrigation scheme, Kenya, failure to guarantee women's rights to land led to a reduction in their well-being. If a woman has the option to work and earn on her own land, it also gives her power in social and economic relations and makes participation in local political institutions more likely.*

Apart from customary and religious obstacles to ownership by women, even where a woman owns a particular plot, her husband remains in control because she still suffers from higher illiteracy, restrictions on mobility such as *purdah* (which also hamper interaction with markets and public extension services) and taboos against females undertaking certain tasks like ploughing or (in Southern Africa) cattle management. Especially where fertility remains very high, women's preoccupation with family and household tasks precludes them from hands-on farm management in peak seasons; yet *women's farm productivity is usually at least as high as men's, so that their relative exclusion from land asset control is due partly to the structure of rural power, not only to physical realities or to women's own preferences.*

*The strength of custom and of men's power make it difficult to identify practical changes to land systems that will improve women's land rights. In Mashonaland, communal land is allocated only to married men and inherited only by sons; in Swaziland, land is acquired through inheritance or application to the local chief, but women very rarely obtain land in this way. As for distributive land reform, in four of 13 Latin American countries which desegregated gender data on reforms in the 1960s and 1970s, women formed only 4-25% of beneficiaries because land titles were given mainly to household heads. In India, of 107 000 ha distributed in Midnapur of West Bengal under Operation Barga of the 1970s, 98% was distributed to men; among the few women headed households that received land, 90% was allocated to sons. Of 18 single women, only eight were given land. No married women were given joint title with their husbands.*

Despite examples of successful collective action by women to secure individual control of land, the issue has so far proved largely intractable by markets, reforms and laws. More thought and more carefully selected actions are needed to address women's disadvantage in land access effectively.

*Supply-led* reform increases the net supply of land from sub-dividing government-held public lands and large-scale farms for sale, or redistribution, in small units to the landless or near-landless; and *demand-led* reform that increases net demand for land by land-poor households. Since farmland is increasingly scarce, *demand-led* methods push up land prices but bring only small increases in the quantity of land supplied from rich to poor. Such reform is also expensive, raising problems about what the taxpayer is able and willing to afford. It is useful as a source of land transfer to the poor when land prices are relatively low, for example, when the rich are facing mortgage foreclosure, natural disaster, collapsing product markets, or fear of land seizures or invasions.

Supply-led reform is more promising. The *Bhoodan*, or land-gift, movement in India in the 1950s appealed to rich people's sense of moral and religious duty and released several million hectares of land, but mostly bad land, which did not always pass to the poor quickly, or at all. In Taiwan in the 1950s, the government could increase the supply of land by offering landlords compensation in the form of shares in seized Japanese urban assets. In much of Southern Africa, colonial laws against subdivision remain; scrapping them would raise land supply from rich to poor. Where there are well-recorded individual land rights, even quite modest rates of progressive land tax can both raise land supply and steer it towards small sales, helping poorer buyers. In North-East Brazil's decentralized reforms, local authorities secured consensus by offering large landowners access to new irrigation on their retained land in return for giving up some land cheaply to the reform; but this requires the taxpayer to pay (helped in this case by a World Bank loan).

*Decentralized and market-assisted modes of land reform carry institutional requirements*, like group formation, land search and valuation, negotiation, bidding, farm planning and training and service support for several planting seasons while beneficiaries learn the necessary small-holding skills. Guidance has often come in the past from an NGO or civil-society group that has supported the community during the period of acquiring the land. Conversely, the support has often come from multilateral or international financial institutions such as IFAD, which support land management projects. An example is IFAD's Sustainable Development Project for Agrarian Reform Settlements in Semi-Arid North-East Brazil, which is to provide smallholder support services based on community-based land reform.

The prospects for rural land reform are brighter where civil society, intergovernmental organizations and governments can be merged into a common effort. A modest contribution to this effort has been made by the Popular Coalition to Eradicate Hunger and Poverty which has drawn up a strategy based on political and economic support, information dissemination, coalitions of urban and rural peoples, creation of innovative opportunities, sharing of knowledge, establishment of a legal and regulatory framework, financial support, legal rights for women, fostering organization of communities, participation, etc.

#### THE RURAL POOR NEED MORE ACCESS TO WATER

Increasing water scarcity coexists with big subsidies to farm water – subsidies that reduce efficiency and, on balance, harm the poor. Combined with the growing need of the urban poor for clean domestic water and their willingness to pay for it, this has created pressure to divert water from farming, reflecting overwhelmingly urban interests. Yet the poverty-reducing Green Revolution was largely confined to water-controlled lands. The rural poor share even less in farm water than in farmland. In some countries the rural poor's share of controlled water for production and clean drinking water is so tiny that substantial, open redistribution from urban and rich rural people is inescapable.

Rural areas' need for water has been generally neglected; and the case for shifting water from farms to cities has been overstated. Using water need not mean using it up: much farm water is recycled and both its quantity and its quality could be greatly improved.

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*More control by the poor over water is essential if they are to realize the full benefits from farmland.* Poverty has fallen fast in East and South Asia, in large part because about one third of the farmland is irrigated; in sub-Saharan Africa, where rural poverty persists and agriculture is stagnating, less than 5% of farmland is irrigated.



*In rural Bangladesh, the NGO Proshika set up a project for groups of landless people to sink wells using local credit suppliers. The incomes of these water sellers have increased. Some are now providing credit to small farmers and their position in society has improved as their control over water resources gives them leverage over farmers when dealing with other issues.*

Water control is also vital for adequate and healthy drinking water and sanitation. Yet the rural and the poor have even less access to water control than to land. Climatic and economic developments threaten many rural people – especially the poor – and their food production with growing water stress. Improving this depends partly on redistributing water-yielding assets and partly on incentives to use assets that save water by using labour. Small, divisible, farmer-controlled water supply systems benefit the poor most, but in some conditions and with environmental caution, large systems remain essential. In either case, user participation in design, management and maintenance are proven keys to asset efficiency. Yet they are usually absent.

Appropriate water pricing and participatory water users' associations are important parts of any thrust towards rural water-use efficiency. However, the poor can gain more from water or water-yielding assets by either redistribution or improved efficiency. Can the two go hand-in-hand? Large, rich farmers would find it paid to save water (like land) by using capital; small farmers by using or hiring labour. Overall, economic efficiency of water use in agriculture is low; it would pay society (if not always the individual farmer) if more were spent on reducing spillage, leakage, infiltration, evaporation, clogging of water with weeds, failures of drainage, diversion of water to drown weeds (as on the IFAD-supported Kirindi Oya Irrigation and Settlement Project in Sri Lanka) and impediments to river and aquifer recharge through mistimed or mislocated irrigation or drainage.

Cleaner water is more cost-effective in improving rural health and productivity if it complements other input; avoids technology dependent on unreliable external fuel, spares and maintenance, and trains and pays community maintainers.

For women, access to irrigation assets is especially challenging. Unfortunately, projects that address this problem by providing irrigation for a crop traditionally farmed by women, but without changing power structures, incentives or social norms, may cause the crop to become a 'man's crop' alongside control over the water-yielding asset – as with rice irrigation in an IFAD project in The Gambia.

Even such partial participation in irrigation projects may be in women's interest. Women's consumption improved in the case of The Gambia, though their status and asset control did not. Also, they may be able to use the water for domestic needs. But public, NGO and donor stakeholders can facilitate irrigation incentives, rules of participation and management and forms of organization that allow for women's and women-headed households' farming and other needs. The large Bangladesh NGO, Proshika, has financed and trained groups mostly composed of women to control water-yielding assets and sell the water, mainly to male farmers.

*In Kenya, since claims on water are allocated within the community through contribution to maintenance (carried out by men), women cannot directly obtain water-yielding assets. They must pay men for irrigation water; some widows have had to give up irrigated farming. In Burkina Faso, some women are lent irrigated land in the dry season in order to grow vegetables; in Ecuador, women rely heavily on social networks. In such cases women obtain water rights annually and on an ad hoc basis, rather than securing claims on water-yielding assets. Access is unsure and conditional, partly because it is linked to women's limited rights to land.*

Policies and programmes to help the poor through the redistribution of water-yielding assets include: (a) restricting pumping; (b) responding to poor users' needs, for example by supporting water harvesting; (c) credit, technical help or hydrological data to help the poor invest in wells; (d) facilitating private rent or sale of water-yielding assets to the poor; (e) *substitution of employment for water* in irrigation management and maintenance; (f) water users' associations, representing the poor, to help control and manage systems; (g) removing water subsidies; safeguarding the poor by allowing user groups to pay by maintenance work; (h) enforcing modest water charges; and (i) using slack season labour, as in the Food-for-Work Programme in Bangladesh and Employment Guarantee Scheme in India, to help irrigation and drainage maintenance.

#### **IMPROVING HUMAN ASSETS**

Better health, education and nutrition help the escape from rural poverty by raising the income and food production of farmers and workers in low-income areas. In these roles, human assets complement others: if the economy, physical capital, technology and employment stagnate, extra human assets for the poor may simply shift income among them. Moreover, while education, health and nutrition assets in developing countries have been improving unevenly and often slowly,

the huge rich-poor and urban-rural disparities have widened. Investing in improving the human assets of the rural poor, especially women, is usually cost-effective, partly because of mutual reinforcement among better health, nutrition and learning and smaller families, less poverty and higher productivity.

Women's *education* improves child health, education and nutrition. The rising proportion of women farmers increases these prospects. *Nutrition* improvement raises subsequent learning, productivity and wage rates and cuts the risk of income loss due to illness: it does most for the worst-off. The rural poor's gains from improved *health* can depend on complementary nutrition and schooling.

Decentralized responsibility for asset formation in health, education and nutrition increases returns to the poor.

## EDUCATION

Education speeds up the adoption of productive new technologies, often bringing large productivity and income gains for small farmers and farm workers. In Thailand, four years' education triples the chance that a farmer will use new chemical fertilizers; educated farmers in India are more likely to use credit, irrigation and improved seeds.

Education speeds up adoption of new agricultural technologies and of cash crops. Education can impart new farming practices in schools; ease access to new information; facilitate access to others with information, such as health professionals and extension agents; improve ability to use new information; and so speed up innovation. This matters most during rapid change, as with the early Green Revolution in the Indian Punjab; then, ability to master correctly new combinations of inputs and technologies can have high payoffs. But if there are few new opportunities, or if their benefits are confined to those with substantial fixed assets, education alone may do little to help the poor.

## HEALTH AND NUTRITION

*Acute* illness especially handicaps the rural poor from increasing their incomes, learning and escaping poverty. They are also vulnerable to *chronic* illness and injury due to unfavourable working, living and water-sanitation environments and to low nutritional assets, such as height and lean body mass. Shortages of calories substantially reduced the productivity of rural workers in India and cane-cutters in Guatemala. For rural labourers in Sri Lanka, wages rose by 0.21% for each 1% rise in calorie intake. Anaemia has been found to reduce productivity and iron supplementation to raise it.

Rural workers' incomes depend both on the capacity to fight off illness and on lifetime physical, learning and mental capacity and hence productivity when well. Both are much affected by *child* nutrition, including exposure to infections that impede the absorption of nutrients. Lack of calories and micronutrients in childhood bring low height in adults. This reduces market wages for adult cane-cutters in the Philippines. For men of the same height and caloric intake, greater body mass brings higher wages, though height has more effect. The nutrition-strength-productivity effects are much clearer for the smallest and poorest adults than for others and for those likely to do heavy physical work: the rural ultra-poor. Undernutrition also impedes learning, schooling and hence later productivity, again harming the rural poor most. Child ill-health and undernutrition are thus causes, not just effects, of rural income poverty. *A virtuous circle emerges from targeting outlays for better child nutrition on the rural poorest: it brings better adult health, education and productivity, which further improve child nutrition.*

Yet even among the poor, calorie intake seldom rises by more than 4% when income rises by 10%. Direct approaches may be needed, such as helping the poor to cope with fluctuations in food supply. Targeted nutrition interventions can also be highly productive for the rural poor; increasing emphasis is now placed on micronutrients.

As for chronic illness, in parts of Africa and Asia, many are dying from HIV/AIDS. Life expectancy in several Southern African countries has regressed to 1960s levels. As well, others have to leave work in order to care for the sick and the orphaned. HIV/AIDS is increasingly a disease of the poor: poverty may encourage migration and push women into prostitution. Though thought of as mainly urban, HIV/AIDS is spreading faster in some rural areas of India. In much of Africa, it is as common in rural areas as in the urban ones. Rural areas along truck routes, or sources of migrant labour to towns, are specially vulnerable, as are nomadic pastoralists and farm women with seasonally migrant husbands. Yet prevention programmes covering information, AIDS tests, counseling and condom supply, are less developed in rural areas, even though rural families bear the main burden of care and costs. The burden of chronic rural sickness is also swollen by the spread of drug-resistant malaria and tuberculosis and is exacerbated by the fact that urban people often return to the village when sick.

Any strategy for rural poverty reduction must include shifting asset formation towards building the health, education and nutrition of the rural poor and away from concentration on tertiary urban health and education. It is also essential to improve the efficiency and equity with

which scarce resources for building rural human capital are used and maintained, by reducing gender inequity in access to human capital assets and increasing user control over, and contribution to, providing such assets. User fees, however, have proved an inappropriate and harmful means to these ends for primary health and education.

#### **OTHER ASSETS**

*Livestock*, especially smallstock, can be crucial to income. The poor need institutions to acquire, manage and trade livestock and their products and to help avoid crises in animal feed. Cattle ownership is often heavily skewed against the poor and women. Poverty reduction is advanced by refocusing livestock public-goods provision on smallstock; by reducing artificial barriers to largestock ownership by the poor; and by furthering the practices by which the poor control and manage livestock they do not own.

*Housing* assets of the rural poor are often even worse than for the urban poor, yet almost all habitat policy is urban. The rural poor's dwellings need frequent repair. Traditional materials are getting scarcer and need research on better durability and access. Public works can include off-season work in small local firms to test new house designs. *Redistribution* and *service support* for rural site-and-service and home gardens may also be feasible.

*Transport and communications* assets are often unsuitable for private or joint producer control by the poor. But the poor's weak *access* as consumers and producers carries huge handicaps and costs, both in market access and, especially for women, in domestic and inter-village farm, fuel and water transport. Non-motorized vehicles can greatly cut such costs and are easily maintained.

The rural poor want assets to raise income and to provide buffers against shocks. The poor are more likely to control some sorts of assets than others; but farmland, water-yielding assets and human assets are especially crucial. Pro-poor policy should be directed at improving access to and returns from assets. For land and water this may require redistribution; access to livestock, human capital and non-farm activities require mainly greater opportunity. Gender inequality in access to assets needs to be addressed in policy and monitored. *Rural people in most developing countries enjoy less, per head, of most sorts of assets allocable between city and countryside, especially human capital; these gaps, which in general are not falling, are both inefficient and inequitable.*

## NON-FARM ACTIVITIES

Poor households typically have diverse sources of livelihood, both to reduce risk and to provide income in slack farming seasons and bad times. While farming and hired farm labour usually remain the main occupations, the rural non-farm sector (RNFS) is becoming increasingly important as a source of income and employment for the poor.

The RNFS now accounts for some 40% of rural employment in Asia and is growing over twice as fast as farm employment in India. Its share of rural employment has increased rapidly in Latin America; in Brazil and Ecuador it reached at least 30% in the early 1990s. The proportion of *rural* incomes earned from RNFS has also increased in most cases, averaging 45% in 25 African country case studies; in India the range is 25-35%. The proportion is higher for poor than non-poor households in many places like India, Pakistan or Mexico, but in Africa the RNFS share in non-poor incomes may be twice that of the poor.

Rural non-farm work is more labour-intensive, lower-skilled, stable and thus pro-poor than urban non-farm work. But *the sorts of RNFS growth that reduce poverty usually work best where farm income, and thus local consumer demand, grows too*. The RNFS often comprises 'distress diversification' into otherwise declining crafts, because farming is doing badly. This can sometimes revive rural incomes; Botswana craft baskets are a striking example. However, RNFS growth is most likely to cut poverty if it is based on successful farmers and their employees, who demand booming services like construction, trade and transport. Most traditional kinds of rural non-farm work, reflecting family skills, shortage of land or the need to diversify against seasonal unemployment or annual drought risk, is linked to poverty, so should not be neglected; but modern, linkage-based RNFS is a more promising way out of poverty.

Usually, poverty-reducing growth of the modern RNFS is more likely to arise from widely shared agricultural growth that generates rising demand for local RNFS activity and from interventions to provide the poor with appropriate skills, education and competitive nearby credit, rather than with physical non-farm assets. The history of subsidies for assets in the RNFS suggests that centralized government intervention seldom succeeds in targeting gains on the poor: rural 'industrial estates'

*An IFAD report on microenterprise in West and Central Africa shows that most RNFS asset support leaked to the non-poor, partly because of the lower fixed costs of administering larger transactions. India's Integrated Rural Development Programme, intended to direct grants and subsidized loans to the poor for non-land assets, had mixed results but is widely agreed to have been ill-targeted and cost-ineffective.*

have a long history of failure and often subsidize medium entrepreneurs against tiny, poor competitors.

In remote areas, high transport costs can provide natural protection for RNFS, making it potentially profitable. Also, RNFS income can be a source of savings for farm investment. Yet RNFS itself seems often to need outside credit more than farm investment does: Indian districts with good branch bank networks show faster growth in RNFS, but not in agriculture. Often RNFS profit levels are dependent on local farm production, forward and backward linkages to agro-industry and especially 'consumption linkages' to higher incomes, locally spent, for smallholders and farm workers. Roads and communications, as well as bank infrastructure, often affect inputs and marketing more for RNFS than for farms.

Where land is scarce yet farm yields cannot keep up with the growth of rural working population, RNFS growth is needed to provide employment and keep poverty falling, as well as to reduce excessive pressure on natural resources. *Yet the modern, dynamic, RNFS sub-sectors, such as construction, transport and shops, seldom prosper where agriculture is stagnant.* Traditional crafts and services are most likely to engage large proportions of the rural poor, keeping them alive if not lifting them out of poverty. Policy should avoid undermining these sectors. But artificial support for traditional crafts is doomed, especially as competition from modern urban sectors and imports is liberalized. The best prospect is offered by appropriate regulatory and credit frameworks, public support for training and other measures to revitalize RNFS by upgrading assets in very small units for the rural poor.

Such opportunities should be directed at a number of areas.

- *Links between agriculture and rural non-farm activity should be strengthened.* In North Arcot, India, a 1% increase in agricultural output is associated with a 0.9% increase in non-farm employment.
- *Those RNFS activities should be supported that bring about the most and fastest poverty reduction.* Where growth is rapid in RNFS sub-sectors, the entry barriers faced by the poor should be addressed, such as lack of finance, of information about technology and markets, of skills and of infrastructure.
- *Government regulation should concentrate on health, safety and competition.* Implementation should be open, bound by simple published rules, concentrated on important cases and enforced through civil-society pressures and light but applied laws.
- *Appropriate credit support should be given.* Although many micro-finance institutions, like India's IRDP or Bangladesh's Grameen Bank, target the RNFS, access for the poorest is very limited.

- Human capital provision is essential to enable the poor to undertake rural non-farm activities. This need not consist of formal primary education. There is plenty of scope for basic literacy, numeracy and book-keeping classes which could improve the position of the poor within the rural off-farm labour market, if not enable them to set up their own profitable enterprises. Indeed, the aging workforces of Asia and Africa mean that most of the working poor in 2020 will have already completed formal education; in RNFS and elsewhere, it will be too late to meet their skill needs that way.

#### TECHNOLOGY IS CRUCIAL IN REDUCING RURAL POVERTY

After early success, the 1965-85 Green Revolution and major irrigation expansion have stalled. Technical progress must be revived to increase the output and yields of food staples, from which the poor derive (and on which they spend) well over half their incomes. Biotechnology should be redirected from the needs of the rich and integrated into the environmental and food-safety concerns of developing countries.

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In 1965-85, much of Asia and Central America experienced the Green Revolution: a big technology shift that increased yields in rice, wheat and maize, enhanced employment and brought about a rapid fall in poverty. But these effects have since slowed down.

Technical progress has by-passed hundreds of millions of poor people – many of the remaining hard-core poor – in specific regions (including most of Africa), agro-ecologies (dryland, upland) and products (sorghum, yams, cassava, smallstock).

Recent scientific advance brings new prospects for reigniting and spreading to laggard areas and crops the technical progress that can reduce poverty and conserve resources. Appropriate technical change can also reduce or reverse the depletion and pollution of water resources in many areas and of land in some areas.

Pro-poor, sustainable technical progress should seek robustness, stability, yield enhancement and labour-intensity. To achieve these aims when selecting product and method priorities in technology policy, cooperation is desirable between research groups (formal stations and farmers) and types (bioagricultural and land-water management research).

Existing technologies should not be written off. In many cases, their potential has not been exhausted and needs to be explored further. Their potential in breaking the barrier of higher yield and sustainable development is often constrained by institutional factors: lack of water and extension and of adequate support services. New technologies are not panaceas for such problems. However, small farmers are not slow to adopt existing technologies that are clearly superior and safe. Extension services with few innovations to extend can seldom achieve much by persisting with techniques that farmers have rejected in the past.



An important element is the availability of information on technological options for the rural poor. The capacity of the poor to evaluate options and the growing volume of 'advice' is important. This is the necessary social dimension of technological revolution. The poor have to be involved in the specification of need, evaluation of responses, options and choice of production strategies.

#### **BIOAGRICULTURAL TECHNOLOGY: POTENTIALS AND PRIORITIES**

In bioagricultural research – whether classical or new – the goals must be employment-intensive but result in sustainable yield growth in 'lead' areas and in spreading progress to neglected regions and main staples. For this to happen, *public-sector funding of agricultural research must be revived and research redirected towards yield enhancement, stabilization and sustainability.*

Also needed is *much more public-sector research into transgenic food staples*, with traits prioritized in genuine consultation with labour-intensive smallholders. This means attracting scientists and research, now increasingly locked into a few large science-based companies, towards traits and crops that are relevant to the poor. Transgenics have proved their potential, e.g. in virus resistance in sweet potatoes in Kenya, rice yield enhancement in China and insertion of genes for expressing provitamin-A into the rice endosperm. Rice otherwise lacks such genes. Similarly, insertion of genes from other sources may offer the only plausible option for advance in poor people's and poor areas' crops such as millet, where the genome, being adapted to robust survival in fragile and infertile conditions, offers limited opportunities for yield enhancement.

Transgenic crops and animals have triggered justified public demand for open, participatory systems, involving farmers and consumers in scientific decision-procedures that effectively regulate food safety and the environmental impact of introduced varieties, species and foods. To realize the huge potential of transgenics, especially for areas hitherto little affected by research, requires big changes in the criteria and incentives now guiding the allocation, use and civil-society overview of scientific resources. *Public/private and donor-agency/civil-society partnership action is urgent, especially for those developing countries that have limited scientific capacity yet are heavily dependent on food staples yield growth.* Inaction in this field and in parallel areas of agricultural and water technology could undermine all other efforts for rural poverty reduction in coming decades.

Unless the poor have the power to participate in deciding their use of technology, they are unlikely to benefit from it.

Improvements in farm technology will most benefit farmers who are active partners in setting priorities for research, as well as extension.

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Often, especially in West Africa, chemical fertilizers, better germplasm and humus enrichment by natural manures are complements in sustainable small farming, not rivals. Participatory methods are allies, not populist alternatives, to formal research. Farmers in Nepal have successfully developed the F2 generation of improved plant varieties. They can also participate in the design of appropriate bioengineering research.

#### TECHNOLOGIES FOR LAND AND WATER MANAGEMENT

Improved land management technology is historically slow to spread, or to improve farm income. It is often inadequately integrated with bio-agricultural research. Yet it is vital to reduce land depletion.

To attract poor farmers, such technology needs to show production returns (such as vegetative erosion barriers, usable for fodder, rather than stone bunds) and should employ labour (preferably slack-season) rather than equipment. For these purposes, some forms of conservation tillage and land reclamation have proved far better than others.

Land/water technology should aim at outcomes attractive to farmers by links with varieties fertilized for sustainably higher and more profitable yields – not, in most cases, with ‘low-external-input’ farming, which usually raises the dilemma of whether the land should be used for low outputs or for soil mining.

*Farmers know the problems of land degradation but are reluctant to allocate resources with high opportunity costs for remote, uncertain or insecure benefits. In India, investments in improved land management technology decrease where time spent in other activities has higher returns, or benefits are vulnerable to water use or drainage upstream – or insecure land tenure, as in Morocco, Mali, Tanzania, Ethiopia and Ecuador. There is much evidence that farmers take sensible conservation measures if they pay, limiting overgrazing and maintaining forest islands and galleries. The task is to ensure that incentives and institutions stimulate conservationist land-management technology.*

*Technical choices are crucial to solving the water crisis that increasingly threatens many rural poor people.* Agriculture is being pressed in most developing countries to ‘use’ less water, but, with appropriate drainage and recycling, water used need not be used up. With proper incentives and user institutions, water can be efficiently conveyed and used in ways that promote employment. However, the justified emphasis on farmers’ methods of water control and irrigation should not be allowed to distract attention from the need for faster progress in this area with formal, ‘frontier’ invention and innovation suitable for smallholders.

Despite justified pressure for water economy, in many places more irrigation is needed. Africa’s slow progress in agriculture and in reducing

rural poverty, compared with Asia's, has much to do with lack of water control (only 1-5% of cropland irrigated, as against 30-35%). Farmer-controlled, very small-scale irrigation can benefit the poor. This should be built on and progress accelerated. Larger irrigation schemes in Africa have a mixed and often weak record, but some of the difficulties have abated. Major improvement in water availability, timing and management is essential for rapid continent-wide progress against rural poverty. That may require advances in water research and some major irrigation.

Nevertheless, reviving pro-poor, resource-conserving agro-technical progress faces problems. How can the poor benefit more from recent technological progress? The concentration of recent technical progress in private firms, as opposed to the public sector during the Green Revolution, offers new problems – but also new partnership options, if the right institutions and incentives are developed – in making new technologies pro-poor. But if the progress is to last, the very slow progress in land and water management technologies needs to be accelerated, to complement the progress in new crop varieties and make it sustainable. And – given the crucial importance of reviving the flagging growth of yield potential and field yields in leading tropical food staple crops – there are difficult choices about how current research can better respond to the priorities of complex, diverse, risk-prone dry and hilly farm systems.

#### THE RURAL POOR NEED BETTER ACCESS TO MARKETS IF MARKET LIBERALIZATION AND TRADE LIBERALIZATION ARE TO WORK FOR THEM

Most of the rural poor already participate in markets for labour, food, farm and non-farm inputs and credit. But poor people often face very high physical and transactions costs, which restrict trade, specialization and growth.

Such costs can range from poor or absent roads to marketing-board monopsony. Often these costs are interconnected: marketing-board monopsony is strengthened by lack of roads. Scarce resources require careful selection of which problem can be most cost-effectively tackled.

Almost everywhere, remote and ill-connected rural people are poorer. But *there are many cases of poor non-remote people – separated by terrain, not distance, from nearby markets – whose welfare increased greatly when improved access to such markets allowed trade and exchange.*

But physical access is not just about access to roads. Even if the rural

Rural communities suffer from lack of access to markets, not just because they are remote from them but because they lack adequate roads and transport. They need markets for selling their produce and labour and for acquiring inputs, assets and technology, consumer good and credit.

poor or the remote have roads, their lack of choice among modes of transportation and other forms of market access can impose large transactions or institutional costs. Unlike the non-poor, the poor often have no alternative but to be exploited by private traders and marketing boards. Yet market liberalization often leaves the rural poor stranded altogether. A decentralized solution is marketing cooperatives, to bulk up for purchase or sale; but these depend for success on mutual trust. Regulation to control adulteration, weights and market-rigging can be useful. *Improving market institutions is often a necessary complement to liberalization, to prevent marketing costs from swamping the effect of better prices on poor rural people.*

*Maintenance of rural roads can have important effects on incomes and livelihoods of the rural poor. The Rural Maintenance Programme in rural Bangladesh in 1984 aimed at maintaining earthen market roads using rural female labour. Market expansion associated with road maintenance resulted in an increase in food services, bicycle repair services and rickshaws on roadsides. In Chile during the 1980s, public employment schemes in poor rural areas, including maintaining roads, provided significant contributions to household income, reducing poverty and inequality.*

Commercialization usually improves the welfare of the poor. Being intelligently risk-averse, they usually avoid committing themselves prematurely to the risks associated with commercialization, for example by keeping part of their land for self-provisioning. Indeed, income from cash crops is often used to buy better staples technology. Another way of diffusing risk is to diversify crops, but rapid change is often not practicable: for example, tree crops require several years' growth before a crop can be harvested.

The poor need access to transparent input markets. Land tenure restriction tends to damage the poor and is hardly ever a substitute for land asset distribution. Water markets provide fewer benefits for the poor than ownership of water-yielding assets, but are almost always more beneficial to the poor than water rationing and subsidies, which are enjoyed mostly by the non-poor and leave the poor with the distortion costs. Hence rural user charges for water are usually pro-poor. *In many regions, the increasing shortage of rural water makes some form of water pricing essential on efficiency grounds.*

New farm technology sometimes takes the form of costly capital that only the better-off can afford, like deep tubewells or tractors (though their services can be marketed). But technology has often been distributed free, as information, through agricultural extension – sometimes alongside initially free or subsidized seed or seed-fertilizer packages.

Returns have often been high and in Asia they still are. But in Africa most public extension services are in disarray and insensitive to the demands of the rural poor; while in Latin America, extension, like research, is increasingly privatized, even for the poor. *New market routes or other mechanisms to reduce the time-lag before the poor adopt better technologies are badly needed if the poor are not to miss out on new opportunities.*

Labour markets affect the main source of income for the poor. Discrimination against women and indigenous and ethnic minorities, though sometimes prohibited by law, is common in practice. It takes the form not so much of lower wage rates as of exclusion from high-productivity tasks; lack of education and skills; women's domestic 'duties' that restrict tasks; and, especially for ethnic rural minorities, remoteness and language. Rural public works can powerfully enhance access to labour markets.

Markets for the rural poor are being restructured by trade liberalization and globalization. This allows farm prices to rise to market levels, so raising food production and employment. But it also raises food prices, with ambiguous effects for the poor. They should normally benefit inasmuch as liberalization and globalization stimulate faster economic growth and specialization by developing countries on labour-intensive activities. But such gains can be destroyed by bad market transmission and functioning. Remote areas have benefited from pan-territorial pricing and parastatal access, extremely inefficient though these usually were, and have suffered where such subsidies have been removed and where marketing-boards have been abolished but not replaced by competing private buyers.

Especially likely to lose are people who have little education, roads or contacts, or who do not speak a majority language. But *the poor can gain more quickly from liberalization if they have reasonably equal access to markets and to control over assets.* Conversely, great rural land inequalities mean that few poor people can gain, as farmers, from higher food prices in the wake of liberalization; the rural poor are thus penalized as consumers, rather than benefiting through extra farm income. Moreover, liberalization probably increases income fluctuations, especially through exposure to changes in export crop prices. Access to quasi-insurance or safety nets therefore becomes important if the poor are to realize secure gains from trade.

Globalization brings new opportunities for small farmers. It links product sales increasingly to

The poor can share in the benefits flowing from globalization: as independent producers, as contracted producers or outgrowers, or as employees working in large commercial agricultural or agribusiness enterprises. But the new opportunities presented by liberalization and globalization are accompanied by new risks and the poor need safety nets if they are to have the confidence to take them.

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exports to rich countries and to supermarkets, abroad and (especially in Latin America) at home. This linkage is especially important in the booming horticultural sector, which is in principle ideal for small labour-intensive farms. This imposes on farmers a range of requirements, like uniform product appearance, pesticide rules and restrictions on child labour. The cost to farmers of meeting these requirements, and to buyers of supervising them, is initially much higher on small farms, whose economic advantages could be undermined by agricultural globalization. Institutional remedies to these problems need to be stimulated and supported. It can be done: such solutions are emerging and donors can work with NGOs and cooperatives, as well as governments, to increase the bargaining power of the poor through trade and marketing associations. Despite globalization, farms are not becoming larger on average.

*Homegrown, Kenya's largest horticultural exporter, grows over 90% of its crops on its own farms using sophisticated irrigation systems and greenhouses. The company has a fleet of refrigerated vehicles to transport produce from field to packing stations and on to the airport, where it has an ongoing agreement with MK Airlines to transport on every evening freight flight. It has also recently built a factory for preparing salads, guaranteeing that salads are picked, prepared, labelled and on supermarket shelves within 48 hours.*

*Pumpkin exports beans, snowpeas, papaya and mango from Kenya to an importer in the United Kingdom. The company initially sourced from smallholders, but realized it could not control product quality. The cost was calculated as 50% higher than the cost of produce grown on large farms because of the waste of produce that failed to meet EU quality standards. It decided the market for second-grade produce was not large enough and in 1997 leased two farms in order to control its own production.*

#### **DECENTRALIZATION OF INSTITUTIONS HAS THE POTENTIAL TO BENEFIT THE RURAL POOR**

The distribution of benefits between rich and poor, urban and rural, men and women, depends on institutions: organizations such as banks, and rules (customary or legal) such as those affecting the division of inherited land or landlord/tenant shares in a sharecropping arrangement.

To manage and conserve natural-resource systems effectively and sustainably, it is essential that local stakeholders participate. Decentralization to local communities has shown that local users have a comparative advantage over government agents in managing resources; they can design more efficient rules and more easily monitor and enforce them.

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Institutionally mediated outcomes have to be accepted to some degree if transactions are not to be impossibly costly and unreliable. But unless institutions are open to reform, outcomes become

'frozen' in the interests of the existing controllers of the institutions. This favours the rural poor only if they can control the institutions, or at least join coalitions with those who do. But they are largely excluded from the institutions and partnerships that can enable them to share and control the decisions that affect their lives. This is because institutions often tend to be controlled by the powerful non-poor.

All efforts to benefit the poor through institutional reform face a deep problem. Institutions are usually created and run in the interests of the powerful. The powerful may come under political, economic or ethical pressure from the poor themselves, to assist the poor. *The problem for current modes of top-down institutional devolution, decentralization and participation is that rural 'big men' tend to run local institutions in their own interests.*

The case for decentralization flowed largely from the strengthening consensus that the state needs to retreat from many formerly centralized areas of production, regulation and provision, where in developing countries most central governments, however well-intentioned, lack the information necessary for success. Some such areas could be privatized. But privatization was seldom considered sufficient for other areas, such as the management of common-property natural resources and the provision of financial services to the poor. Various forms of decentralized control by rural groups have therefore been tried, often facilitated by NGOs and sometimes with government support for administration.

State attempts to manage formerly common property in grazing land, forests or water-bodies generally failed; outsiders could be excluded and insiders rationed, but not without tyranny or waste and seldom without corruption. Privatization, too, proved inefficient and unequal. The third way – participatory decentralization – has become a growing trend, with potential for better conservation and efficiency.

State credit subsidies directed towards the rural poor usually benefited mainly the rich and the associated banks and bureaucracies. They permitted low-yielding investment and drove out competitive financial institutions. Yet untrammelled markets, too, did not adequately reach even the creditworthy poor. Hence microfinancing agen-

The poor devise ways to spread risk, by economic diversification and developing informal financial networks. They use savings and credit mechanisms as substitutes for insurance, so savings, credit and insurance have to be treated in a unified way. Although access to microcredit may not lead to higher consumption, it reduces household vulnerability. This is vitally important because poverty is closely associated with risk and vulnerability.

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Poverty reduction involves changes in material factors – land, water and infrastructure, technology and knowledge – in the hands of the rural poor. But it also means change in social and economic relations, and changes in institutions that give the poor more control over their environment.

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cies were widely attempted. These usually directed unsubsidized loans to small groups of borrowers with joint liability and often provided deposit and other financial services. They were often supported by NGOs and often targeted to women and non-farm lending. Microfinance is a great improvement on most previous public and private rural credit in terms of sustainability, repayment and outreach to the moderately poor. But it, too, has difficulty in reaching the poorest. The risk-prone and unstable household economies of the poor need a wider range of financial services, often at high unit cost and centering on insurance and consumer credit rather than micro-enterprise support.

This experience of improved sustainability and efficiency, but limited outreach to the poorest, is thus true of the two most important types of decentralized rural institutions: resource management and micro-finance. Where the poor participate, they share the gains but do not increase their share of them. *For the poorest, the decentralization 'revolution' is very far from complete.*

Development programmes can be captured by élites or vested interests, or can give rise to broad coalitions which share the gains. The rich may get the lion's share, but may be content with less, especially if the poor have political voice or can organize themselves into counter-coalitions with powerful groups. There are several examples of successful actions by women's and poor people's groups. But they need options and voice; hence the importance, for the poor, of a reserve of land, even if tiny, and of literacy and political openness.

Partnerships will have an impact only if the poor have a direct voice and if the partnerships do not avoid controversial distribution issues that really matter for the rural poor.

Most rural people, and especially the rural poor, make their living in and around agriculture. Thus, for sustainable poverty reduction, the problems of smallholder agriculture must be addressed directly and effectively. This involves change in material factors – land, water and infrastructure – and in technology and knowledge for the poor. But it also means institutional change that gives the poor more control over their own environment. Many of the policy changes in the developing world have the potential to benefit the poor. But globalization and decentralization will work for them only if broad partnerships are mobilized to solve the challenges they confront: equitable and efficient market-mediated relations and accountable social and political institutions. Economic empowerment is creating an institutional framework in which the poor can put assets, both public and private, to work on their own behalf.



## BUILDING A GLOBAL PARTNERSHIP AMONG THE STAKEHOLDERS

A necessary condition for success in reducing world poverty is a big rise in the recent abysmally low and declining profile of agriculture and rural development in the global effort. Once that condition is met, *the challenge is to develop and foster genuine cooperation, good governance and a policy framework in which the rural poor in developing countries can participate*. The rural poor need partnerships to support their own initiatives, but they also need to be free of the intrusiveness for which donors are sometimes criticized.

One response to the scarcity of development resources has been efforts to coordinate available aid funds around shared initiatives against poverty. Both the Comprehensive Development Framework proposed by the World Bank and the United Nations Development Assistance Framework (UNDAF) provide frameworks for such mutuality. Participation by many United Nations agencies, including IFAD, in UNDAF provides the operational framework for donor coordination, and a pilot phase has been launched in 19 countries.

Effective coordination among donors and partnership with governments is necessary to make external support consistent. Otherwise, in Cambodia, for example, overlap and duplication between the multiple activities of donors have strained the country's institutional and management capacity. Multiple donors and programmes may also cause confusion within governments, which might come to see donor activities as more of a hindrance than a help because of the extra burden on government personnel in trying to manage different overlapping activities.

To be successful, global initiatives to forge coalitions and partnerships among and with developing countries must be driven by countries themselves. Each government has to be responsible for country policy. *History shows that imposed conditionality in aid and anti-poverty planning from Northern capitals for the Asian or African poor, seldom works*. So participating governments have agreed to draw up national poverty partnerships with civil-society agencies, to be used by the World Bank and the International Monetary Fund. In Asia, eight countries are working with the Asian Development Bank on strategies directly geared to the Social Summit's 2015 targets on poverty, health, education and gender equality.

Moreover, the poor themselves have to seize responsibility, as agents, for their own development: the poor, not just an abstract 'civil society', which can be biased towards the urban, the rich and the strong. *The key issue is whether the poor have room for manoeuvre by capturing particular local or central institutions, or by forming coalitions with some of the strong*.

Globalization and decentralization will work for the poor if broad partnerships are mobilized to solve the challenges the poor confront: the need to develop equitable and market-mediated relations and accountable social and political institutions.

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## A FUTURE OF SUCCESS?

Poverty reduction is a complex task that requires sustained commitment to consistent, yet flexible, joint action. There are no quick fixes and no easy solutions. *No single institution, national or multilateral, public or private, and no single strategy can hope to deal effectively with the different contexts and causes of poverty.* Coherent anti-poverty strategy therefore requires stable partnerships based on trust as well as self-interest.

The drive to reduce world poverty substantially could be frustrated by problems, not reviewed in the IFAD report, such as wars or civil violence, AIDS or global warming. On the other hand, competent and stable public policy in large countries with substantial mineral resources, such as Nigeria or the Democratic Republic of The Congo, could bring much larger and swifter falls in poverty than are now expected.

Success in reducing mass poverty in low-income countries initially depends on progress in farm yields and employment. This is followed by a transition towards employment-intensive non-farm products, alongside a fall in the number of people engaged in agriculture and increased urbanization. Improved small-scale agriculture in developing countries is essential for meeting immediate poverty-reduction targets and can contribute decisively to the overall development process, including the emergence of new opportunities for income and employment in other sectors.

Fertility decline and the dramatic rise in the ratio of workers to dependants that will continue for the next three decades create an opportunity for the poor to escape poverty, but only if the extra workers can find decent work.

*Fertility decline and the dramatic rise in the ratio of workers to dependants that will continue for the next three decades can help the poor to escape poverty, if the extra workers can find decent work.* This was achieved in East Asia through early gains in farm yields, smallholder incomes and hence farm employment – soon followed by increases in

employment and growth in the non-farm sector. South Asia and Africa can follow this path as their fertility transition takes place, if their agricultural and rural policies can be set right and translated into favourable outcomes in terms of the assets and opportunities for the rural poor at the local level and their livelihoods.

Women's disadvantage and exclusion in education, landholding and, in some countries, nutrition and healthcare reduce their security and self-esteem. In some countries they also slow the fertility transition. These disadvantages are greater in rural areas: they can be reduced in part by redressing the under-allocation of rural resources and specifically by improving women's access to natural, human and financial assets, technologies and markets and their participation in institutions and coalitions.

East and South-East Asia has been successful in reducing poverty

largely because of widespread labour-intensive rural non-farm growth. Such growth is, in its early stages, faster when there is demand, especially for consumer goods, from a not-too-unequal, fast-growing local farm sector. So labour-intensive technical progress and wide distribution of land and human capital not only reduce poverty in the short run, but also ease the transition from agriculture-based to more broad-based poverty reduction. *Very poor countries that succeed in reducing poverty through initial labour absorption will find, in the next 25 years as in the last 25, that carrying over institutions and incentives for labour absorption and skill enhancement outside agriculture is the key to continued success in reducing rural and urban poverty.*

*Policies for food security need to concentrate on groups and areas of greatest nutritional shortfall: on those who were left out of the gains from the last 35 years of the Green Revolution in staples yields and from better preventive healthcare.* There is growing evidence that severe childhood malnutrition carries risks of adult infections and degenerative diseases later. A full study is needed of agricultural, health and other policy to attack poverty and child malnutrition in ways that reduce health risks in later life.

*The persistence of rural poverty in Africa is the result mainly of agricultural stagnation; African countries where agricultural performance has recently improved, such as Uganda, Ghana and parts of Ethiopia, have also experienced declines in poverty. On the other hand, India enjoyed faster growth in 1992-99 than in 1975-89, but a much slower reduction in poverty. Poverty will persist in much of rural Africa if agricultural growth does not speed up, especially where land distribution is also very unequal.*

Poverty is not an intrinsic attribute of people, but a product of livelihood systems and the socio-political and economic forces that shape them. Most of the rural poor make their living in and around agriculture. For sustainable poverty reduction, the problem of smallholder production must be addressed directly and effectively. This involves changes in material factors – land, water and infrastructure, technology and knowledge – for and in the hands of the poor. But it also means changes in social and economic relations. Globalization and decentralization will work for the poor only if broad partnerships are mobilized to ensure equitable and efficient market mediated relations and accountable social and political institutions.

Empowerment of the poor is essential in putting in place an institutional framework for sustainable poverty reduction.

## Livelihoods Framework

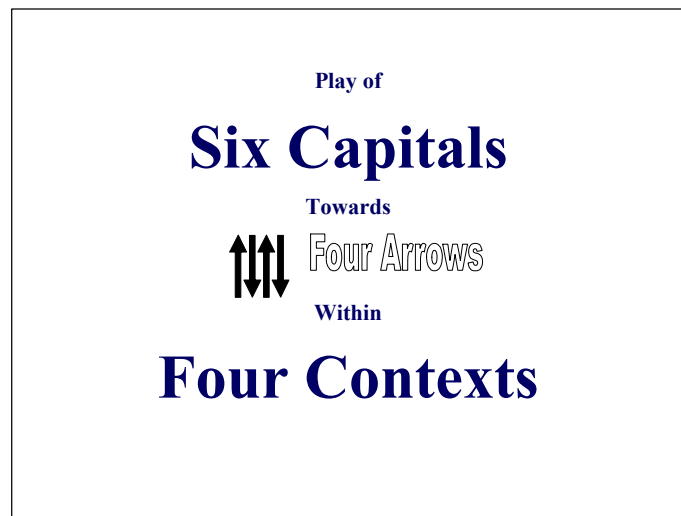
### Overarching Vision – across the themes

Every individual poor family is able to have a portfolio of decent livelihoods so that they can lead a decent quality of life.

### Overarching principles

- The Elephant and Six Blind Men: Individually, we know a part of the livelihoods of the poor. We need to come together and understand the livelihoods to get the complete picture.
- Seven Fish: We need to go deeper into the issue, understand it and then suggest improvements.
- Meta fish/skill: 'Teach fishing - don't give the poor fish' is an age old adage. But what if the fish in the pond decline or the pond dries? They should learn the skill of finding out new areas of work.
- Equity
- Contribution/Repayment: This is the only guarantee that the people have considered the value of the intervention and believe that the intervention to their advantage.
- Institutions – social animals: Therefore, several institutions are needed and should exist together, mutually supporting each other.
- Sustainability of Purpose of better portfolio of livelihoods

**Livelihoods Framework** is a



As per the framework, a household makes a living using six capitals, owned by it or present in the community to which it belongs to, resulting in four elements - income, expenditure, days of labour and risk. The four contexts in which the household and community are present offer scope and limit the options available to the household to pursue the set of activities to make a living. Any household's endeavour would be to improve these four elements or to work towards four arrows by increasing and accessing the six capitals.

### The Six Capitals

The six capitals used by the household to take-up a set of activities are:

- Natural
- Physical
- Social
- Human
- Financial
- Spiritual

The **natural** capital comprises all the assets naturally occurring in the surroundings. In other words, they are the once bestowed on us by God. These include the forests, wild animals, natural water bodies, the lands, the minerals, the precipitation (rain, dew, fog, hail), air flow, the local flora and fauna, etc.

The **physical** capital is all that is man-made. The house, the roads, electricity connections, water supply and sewerage, irrigation systems, schools, libraries, etc., fall under this category.

**Social** capital is support that a family gets from others in the society. This could be in the form of encouragement and caution that the household gets from the society, the feeling of binding that exists in the community/network to which the household belongs to, and the enforcement of social norms like repayment of debt and completing the agreed work by the community. Such support, if proper, equitable and democratic in nature, contributes to household achieving the development aims in a just manner.

The **human** capital is all the strength, skills, knowledge, experience, attitude and aptitude of the human beings present in the household and in the community, from where it can draw upon the required services. The sense of adherence to the time, the tolerance to ambiguity, and other traits are also part of the human capital.

**Financial** capital is comprised of the savings held as cash, bank deposits, amount lent to others that can be called up on any time and liquid assets like livestock and jewellery. In addition, the credit standing of the household and the community to which the household belongs to, the credit that can be accessed by the household and the source of savings/credit existing in the community, the mechanisms providing insurance support, the regular cash flows that are not a result of present work (like pensions, monthly/quarterly interest received from long term savings, etc.) and the usufruct of the standing trees (for which the household does not need to spend any money) are also part of financial capital.

The **spiritual** capital is the most important capital and denotes the spirit to survive, improve upon the present conditions and fight back in the case of shocks. Thus, the presence of this capital can take care of and get all the other capitals. And conversely, an absence of this capital would result in the household not using even the best of the capitals it can access or provided by development actors. The presence of this capital contributes to an active search for alternatives and opportunities to improve upon the present and work towards self-actualization. The presence of spiritual capital at the community level provides it with visionary and inspirational leadership, and a competitive environment with a good cooperative spirit. This capital can make structural changes easier.

The capitals are analyzed in terms of:

- those present within the household, i.e., accessing and utilizing which is in the hands of the household; along with constraints on the use and redeployment, if any.
- those present in the community to which the household belongs, and
- the structure of relationships that govern the access or use of the resources present in the community by the household.

#### The Four Contexts

The household uses the capitals to take-up a set of activities in its pursuit of four arrows. However, the use of capitals and processes by which the capitals can be converted into four arrows is dictated to some extent by the context in which the households and the community finds itself in. There are four such contextual variables, which together enable us to understand

the scope for and limits to the process of conversion of capitals into development outcomes. The four contexts are:

- Ecological and Environmental context
- Techno-Economic context
- Pattern of Distribution
- Pattern of Expenditures and Investments

The **ecological and environmental context** is comprised of the natural regional characters available in the situation. Though situated in the forest, one area could enjoy a salubrious climate, while another area may be malaria-prone. Similarly, though situated on the coast, one area may have potable groundwater, while another village may suffer from salt water incursion and hence may have to get potable water from a long distance. The presence or absence of natural or physical capitals do not necessarily and clearly indicate the ecological context. One needs to understand it separately.

The **techno-economic context** comprises the availability of technical know-how and the economic institutions present in the community. The manner in which a village frequently visited by agricultural scientists traverses a different development path compared to a village which does not have this luxury. Similarly, though rich in mineral wealth, an area may not prosper unless good roads/rail transport and electricity are available to mine the minerals and transport it to the place where it is used. Thus, the exposure to technology, the acceptance of new technology, adopting lives to suit the new technology are the aspects that require to be analyzed. This context offers scope as well as limits the possibilities for effective and efficient use of the resource base in the production of goods and services to exchange in the market to create wealth.

The **pattern of distribution** obtained in a particular context determines the scope and limits of activities possible. The distribution could related to wealth, existing resources, know-how, access to energy, technology, market, information, education, skills, social status, or political power among the households in the community, or the issues like age structure of the community. A highly skewed distribution limits a lot of possibilities, but encourages others. On the other hand, options like cooperatives become a reality if same item of production or skills are widely distributed, while this increases dependency on outsiders for other skills/produce. Of importance is not only the distribution of existing wealth, but also the wealth that get produced and shared. For example, if the wealth produced goes to the providers of capital in a disproportionate manner, then the options that the labour can pursue could get limited.

The **pattern of expenditures and investments** in securing food, clothing, health, housing, education, credit, insurance, production and employment differ between communities. These differences not only cause different possibilities in the present, but also indicate the potential possibilities that could be taken up in future. The differences ultimately impact demand generation and investment and thus offer scope as well as limit the possibilities of further progress.

The contexts are to be analyzed at the community level. Further, the specific features in the household by which the context found in the community in general is negated at the household level need to be factored into our understanding.

#### The Four Arrows

1. Increasing the income
2. Decreasing the expenditure

3. Increasing the number of days of work available
4. Decreasing the risk

The **increase in income** could be the result of an increase in

- the share of workman in the total value of production (i.e., an increase in the bargaining power of the person),
- the productivity of the workman, resulting in a higher wage, or
- the days of work available to the workman.

The **decrease in expenditure** (money, time, energy and drudgery) should not be at the expense of essential consumption and quality of life.

The decrease in expenditure could be brought about by

- bulking up the purchase of productive inputs and consumption items,
- improving the productivity of inputs in the production process, and
- changing the production process/adopting new technology and drudgery reduction equipment.

**Increasing the days of work** available to the poor can improve their conditions and quality of life. While increase in the number of days of work can directly impact their income in present, increasing the days of work available could be goal in itself as the workman gains social prestige by being engaged in the work. In some cases, such work could build reserves to help them at times of distress.

**Decreasing (and diversifying) the risk** – both that are peculiar to a household (idiosyncratic risks) and/or that generally affect the entire community, village or a region (covariant risks). The smoothening of income by increasing the days of work can itself reduce the risk to some extent. But, provision of and improving access to services, can go a long way in reducing the risk. Building on and improving the social security support systems also contribute to the decrease in risk to a large extent. Strong institutions promoting participation, presence of rule of law, and improved equality go a long way in reducing the risk.

#### The Interventions

The community and development agent identify gaps and opportunities after having understood the present set of activities taken-up by the households in the target communities, their present income, expenditure, days of labour available and risks, the capitals that they use and can access, and the contexts. Analysis of these gaps and opportunities results in the formulation of a set of mutually reinforcing interventions.

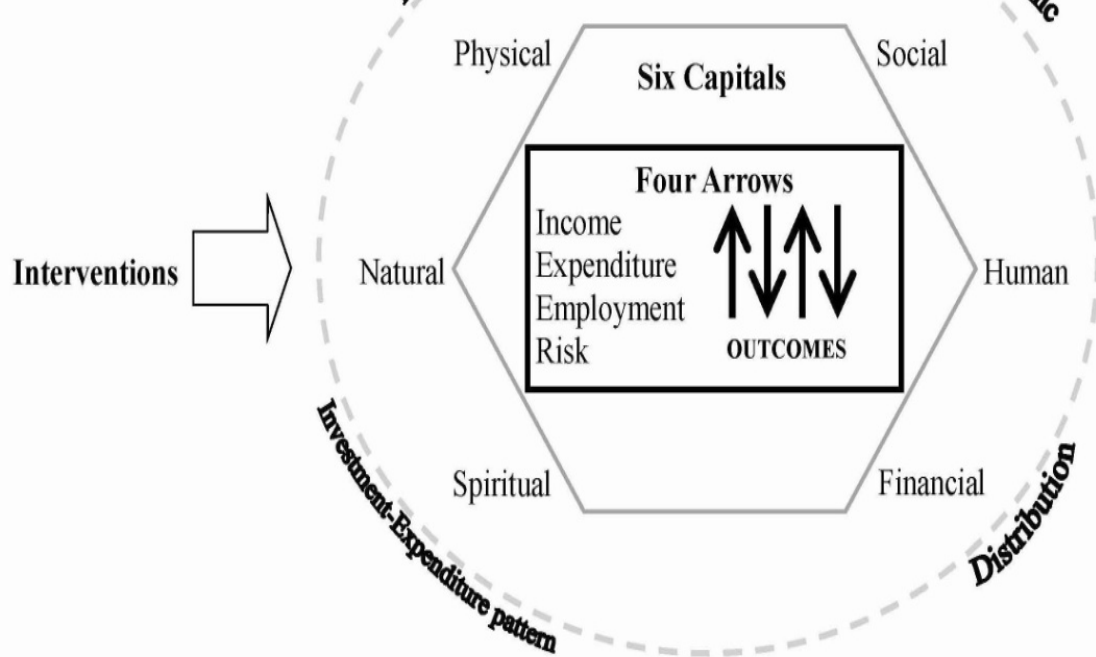
The gaps and opportunities could relate to:

- the present situation of income, expenditure, days of labour and risk.
- the present level of asset utilization and access.
- the augmentation of assets.
- the factor productivity, i.e., techno-economic context.
- any of the contexts.

Thus, the interventions would try to fill-up the gap or realize the opportunity. This can be depicted as mathematically as a formula (Livelihoods enhancement formula) as below.

*Livelihoods enhancement formula*

$$Y = \sum_{i=1}^n (g_i - c_i) * r_i * d_i - \sum_{j=1}^m c_j * r_j * d_j - \sum_{k=1}^l c_k$$



Livelihoods use six capitals in the four contexts and they have four dimensions—income, expenditure, employment and risk.

Interventions aimed at bringing about appropriate changes in the 4 contexts, and increasing the stock of and access to the six capitals by the poor result in outcomes that are four arrows. The changes in contexts and capitals could be external to household, but outcomes are always internal.

The critical concepts within the livelihoods framework are as follows:

- Existing Livelihoods First; Existing First (Revive); Optimise Resource use
- Least Cost Interventions First (saturate NTFP...); Skills First
- Address the entire value-chain; at least the critical part of the chain
- Collective vs Individual; Partnerships
- Wage Labour – focus (CPRs, NTFP, Lease...)
- PK+OK+OK+? in the Knowledge-Skills-Resource system
- Best Practices within
- Market (particularly local market) First
- Micro-Macro Play
- Feasibility, Viability, Cost-effectiveness
- Productivity, Equity, Sustainability
- Community Contribution; Repayment
- Livelihoods Enhancement Action Plans in village and at higher levels
  1. Social and Resource Maps
  2. Traded-in and Traded-out Items
  3. Income and Expenditure patterns of the poor
  4. Livelihoods of the poor in the Village; Value-chain analysis for the significant livelihoods ... input, pre-production, production, harvesting, post-harvesting, local value-addition, marketing; producer-to-consumer chain
  5. Constraints, Gaps, Credit (terms and tie-ups), Uncertainties/Risks, Best Practices, Meaning of correcting the imperfections and implications
  6. Farming System Analysis
  7. Opportunities for Wage Labour, CPRs, NTFP
  8. Discussion on Local Opportunities – new items but known already and new products/services, opportunities and Enterprises

Carried out by Community with support from CLFs/Activists and Professionals
- ‘Support’ throughout (technical ...); Multiple doses of support



- People's Projects - People themselves plan and implement; Independent Appraisal; Environment Assessment; Institutional Capacity

The People's Project Process (Timeline) [Iterative Process, with technical support at every stage]

1. Community Organised →
2. Exploring People's Project ideas (LEAP-Project ideas) →
3. Prioritisation using Productivity, Equity, Sustainability and significance criteria →
4. Proposal Evolution →
5. Proposal to use resources/potential funders →
6. Appraisal (Yes, No, Modify) →
7. Sanction →
8. Linkages, Community Getting Ready →
9. MoU (and first installment) →
10. Implementation – Milestones – Releases →
11. Linkages (Bank, Technology, Market, CB etc.) →
12. Joint Evaluation (and final installment) →
13. Follow-up (+use of repaid amounts/leveraging)

The Contours of livelihoods framework are:

- **Poor are both consumers and buyers:** Reduce the Costs of Consumption and inputs and avoid spurious quality items; Reduce Expenditure
- **Poor are Producers:** intervene in pre-production, production, harvesting and post-harvesting stages (value-chain) with appropriate technology, resource augmentation, and improved practices
- **Poor can add value:** Moving to the right on producer-consumer chain (aggregation, local value-addition etc.)
- **Poor are Sellers:** Augmenting the returns from goods and services; increase Income; Build market savviness
- **Poor can add new lines:** Increase utilisation of resources; Provide new sources of income ... skills, assets, opportunities
- **Livelihoods of the Poor are Risky:** Reduce Risk and/or diversify risk ...
- **Science can help Poor:** Develop new products and markets applying science, engineering and technology
- **Poor can be de-skilled and re-skilled**
- **Poor need Market Intelligence** Systems, Bulletins ... Knowledge Dissemination Systems
- **Poor need support of Activists/ Paraprofessionals**
- **Build Infrastructure to increase the capacity to hold** (where required/feasible, revive the existing)
- **Some Poor can be entrepreneurs**
- **Some Poor can venture into New Micro-enterprises:** based on local resources (off-farm, non-farm) and third party contracts
- **Some others can take up New Service-based enterprises**
- **Meet the Credit needs** (break the credit-purchase-sales vicious cycle; thrift-credit-bank credit-insurance; consumption and investment credit)
- **Group/Collective Enterprises of the Poor**
- **Livelihood Support Finance Mobilisation** - support required per family Rs. 100000-200000; Savings – CBO Funds – Bank Linkages; People's Bank(s)!?!)
- **Partnerships** - Market Linkages; Services & Employment Generation; Banks; Media; Individual Volunteers; Professionals and Eminent Individuals; NRIs; Agencies/Education & Management Institutes/Companies/Chartered Accts – External agencies for technical support
- Sub-sector Expertise

- **LF Interventions** need not wait for the complete sub-sector understanding for intervention. 'Endogenous' interventions can take off.
- Institutions and institutional mechanisms around livelihoods activities
- Human Resources for LF and their capacity building
- Promotion of Training Institutions at Sub-district level as Livelihood Schools for business enterprise or Vocational training
- State Support
  1. Support Prices, Market Support, Regeneration, Inputs, Seed, Extension, Research, Storage, Procurement Centres, Processing Infrastructure
  2. Market Intelligence, Futures, Insurance
  3. Community Organisations around produce, Training, Paraprofessionals, Professionals for these activities
  4. Leveraging Finance
- Some Paradoxes
  1. Credit; Infrastructure; Commodity Markets; Jobs

The way forward would be to adopt the following approaches:

- PK+OK+OK+?
- Multiple/Portfolio of Livelihoods
- Best Practitioners
- Go 'beyond fishing'
- LEAP
- Value-chain Analysis
- Sub-sector Interventions
- HH Plans
- Productivity, Equity, Sustainability
- Streams of income from other avenues – do not look at MF only as a source of revenue for sustenance
- Differentiate Non-profit and not-for-profit
- Go beyond income generation – other arrows
- Look at ICT-based Livelihoods; Rural-urban continuum
- Look at Livelihoods for the Marginalised
- Look at Existing Livelihoods First
- Look at Skills First
- Look at NTFP and other Low Cost Livelihoods
- Finance Skill Development, Jobs, Self-employment; 'Jobs'; 'Vocational Training; Coaching
- Finance Bridge Capital
- Add 'Consumption'; add 'Health'; add 'Working Capital'
- Reduce Costs – Shops – Margin Free Shops
- Mutual Support – Risks – Life, Wages, Accident, Livestock etc.
- Finance vs. Ideas: Ideas are more important – seeking the ideas needs to be promoted.
- Producers' Companies and Marketing Organisations
- Collectives
- Business/Service-based Enterprises that enhance livelihoods of poor
- Businesses that service the needs like Fluoride Free Water
- Professionals and paraprofessionals; Staff for CBOs – Capacity Building
- 'Poor' and 'Non-poor' collaborations and Partnerships are required
- Appropriate Technologies
- Encourage PRIs for infrastructure needs (both hardware and software)
- Finance the above

### Understanding Livelihoods Approach<sup>5</sup>

'Livelihoods Approach' gives us an alternative theory of development. But, the term 'livelihoods' is interpreted by the uninitiated in myriad ways. While some equate livelihoods with income-generation activities, others think it is enterprise development. Yet others think that working on livelihoods means to work as marketing associates (or marketing representatives). Several reasons could have contributed to the existence of several restrictive interpretations of livelihoods concept. First, the persons who were hitherto engaged in IGA and provision of market support were the first to take to the band wagon of livelihoods. Second, the terms generally used in the livelihoods arena are the capitals – which smacked of the economics of industry – to the exclusion of social agenda. Third, the livelihoods agenda demanded a systematic thinking from the implementers; but many development actors were into development by virtue of their emotions (and not by their training) and hence did not accept the imposition of a rigour, leading to partial analysis. (It may be noted that the adoption of logical framework approach by the grassroots development agencies was at most cursory, if at all, for similar reasons). Finally, this is also due to the fashion that has caught the development world, where everyone wants to appear being current by talking about the livelihoods approach. With several donor agencies adopting the approach in one way or another, the projects submitted by the implementing agencies too carried the word 'livelihoods' as a matter of course.

It must be stated at the outset that all the above notions are only incidental to the philosophy that is behind livelihoods thinking. In its true sense, 'livelihoods approach' is comprehensive in its nature and provides the much needed 'integrated theory of development'. The approach is aimed at guiding the common sense towards thinking about impact.

Though an example would pre-empt the discussion on the framework at this point, it is given here to illustrate that the framework is equally applicable to social development and guide the design of social development interventions also. Take the example of promoting vaccines and iron-folic acid tablets among the pregnant rural women to reduce the maternal mortality rate (MDG under the heading 5. Improve maternal health). This intervention is not an income generation intervention in the traditional sense and is not linked with the markets in any manner. Implemented properly, promotion of vaccination among the pregnant rural women would reduce the expenditure involved with maternity related complications and the expenditure on the child's health. The improved health of the woman would free them (and their relatives) to engage in wage labour and contribute to an increase in the ability of the household to work for more number of days. The intervention also reduces the risks associated with maternity to some extent. In other words, the social development intervention of promoting vaccines and iron-folic acid tablets can be analyzed in terms of all the four aims advocated by the 'livelihoods approach'.

However, overall well-being and reduction of poverty can not be ensured by this intervention alone. This would require the existence of several other supporting factors like the family willing to spend time, energy and money to ensure institutional delivery, acceptance of the society to support the family at the time of need and help in transporting the woman to the nearest health care facility, etc. Thus, more than one intervention is required to improve the impact on poverty. The analysis carried out using the livelihoods framework guides our thinking to the other interventions required.

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5 By M. Vijaybhasker Srinivas, Akshara-Gurukulam (2007)

As the livelihoods approach is a comprehensive development theory, the approach:

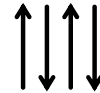
- sets the aims of development (interventions)
- provides a framework to help in the design of interventions to achieve the aims of development.

Taken together, both the above would:

- explain the success or failure of various development interventions in the past.
- guide the practitioner-in-action in designing the interventions.

The aims of development should be:

- Increasing the income
- Decreasing the expenditure
- Increasing the number of days of work available
- Decreasing the risk



These are symbolized by the 'Four Arrows'.

A development actor might take-up several interventions. But, if the intervention did not result in any one (or a combination) of these four arrows, without an undue adverse effect on the remaining, then the intervention cannot be considered to have helped the cause of development. Such interventions can only be busy-ness without contributing to the goal of development. Therefore, articulating the link between an intervention and its effect on the four arrows should not only be articulated but also be visible after the intervention. Thus, these become the cornerstone of all monitoring and evaluation.

The increase or decrease should not be a one time (or short term) impact. Training a person in a new skill and supporting the person by purchasing the first batch of production may increase the income of the trainee temporarily. But, the increase cannot be sustained unless the trained person is able to:

- independently find new markets and service the existing markets,
- understand customer preferences, and
- incorporate these preferences into the production processes.

In other words, windfall incomes which come only by some chance is not considered as increase in income. The increase has to exist over a longer time.

Temporary and theoretical risk reduction mechanisms may not work, either. Insuring the milch animal given to a beneficiary under a scheme for the first year out of the loan proceeds without educating the beneficiary will reduce the risk temporarily. The insurance could become a waste of expenditure thrust on the beneficiary if supporting institutions are absent, for example, when the carcass of an animal dying on Saturday cannot be kept for veterinary doctor's examination till Monday evening.

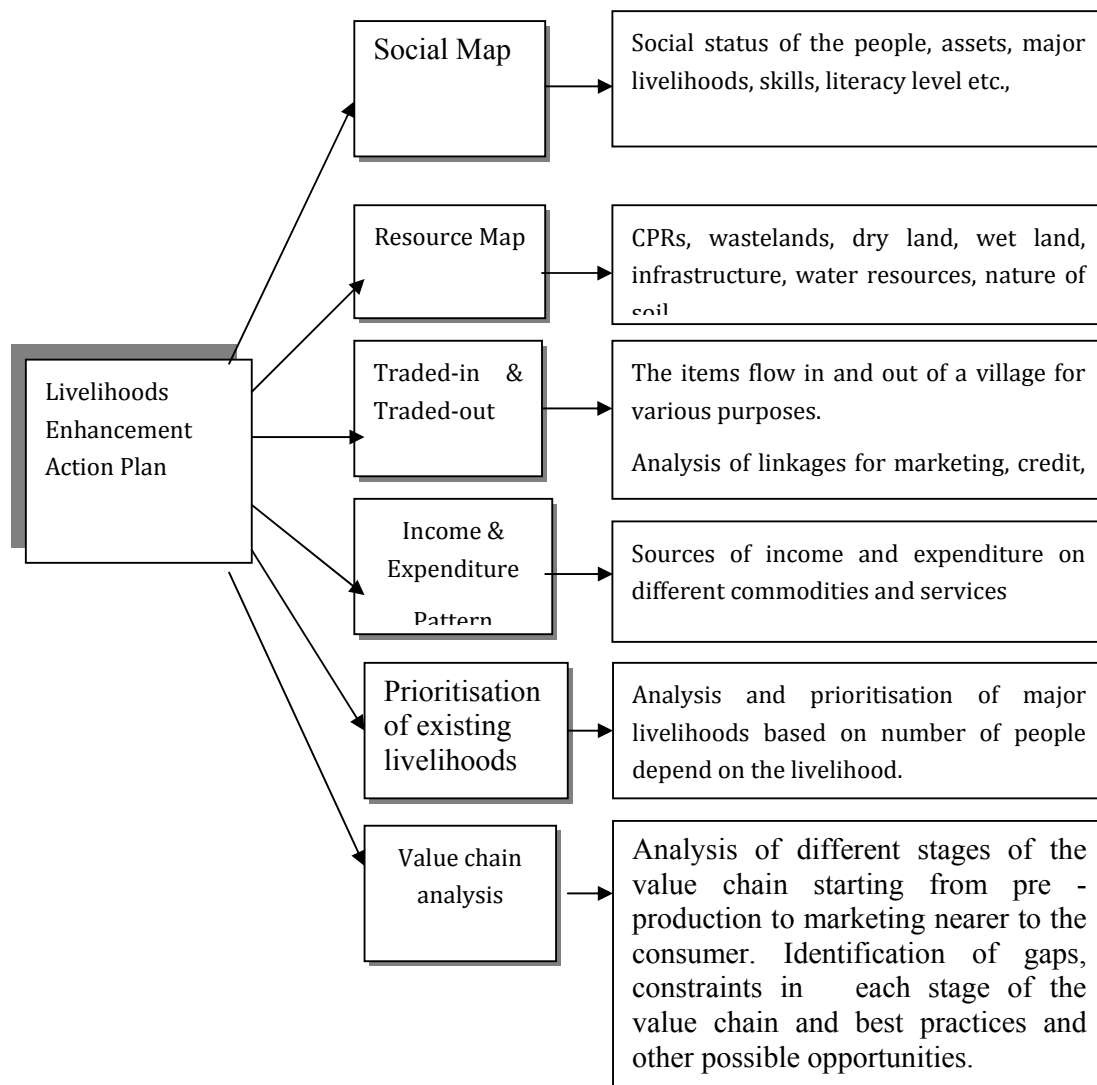
## Livelihoods Enhancement Action Plan

### Introduction

Livelihoods Enhancement Action Plan (LEAP), the core processes from which Community Sub-project ideas evolve with total involvement and accord of the community. In the entire processes, the community plays pivotal role and the Community Coordinators (CCs) or/and Livelihood Associates (LAs) facilitate the community in grasping the aims and objectives of the project and in coming up with CIF Sub-project ideas, which would either plug the leakages of the existing livelihoods or generate new livelihood opportunities to the Poor. This is not a project, which merely focus on 'what do you want', but on 'what is profitable, equitable and sustainable'. Since the Poor is central to the project and they decide and propose what they wish to have for their sustainable livelihood, the projects evolved from the LEAP processes are called 'People's Projects'.

The first step in the LEAP processes is general discussion with the community about the existing socio-economic and physical environment of a village. For deeper understanding of the available assets and resources of the community, PRA techniques such as social map and resource map will be used.

### Important Segments of the LEAP Processes



### **Analysis of Social Map**

Social map provides the following information: total population (women and men ratio), total number of families, the social composition (caste groups) of a village, housing pattern of various castes, types of houses, number of different livestock, migrated population, number of single women and old age pension holders in a village. It also informs the formal and informal institutions such as school, primary health centre, veterinary hospital, panchayati office, DWACRA groups, watershed societies, caste-based organisations, Vana Samarakshyana Samities, water users associations etc.

*CIFSP ideas: Social mapping should be done with an eye to facilitate the community to come up with some CIFSP ideas, such as imparting skills to migrant labour, promotion of dairy and livestock, infrastructure development, measures to provide security to single women and old aged etc.*

### **Analysis of Resource Map**

Resource map reveals the following information:

- ✧ Total land in the village
- ✧ Dry land, wetland, fallow land and temple lands
- ✧ Type of soils
- ✧ Availability of community property resources (hand bores, water pumps, pools, mountains, grazing fields, forest etc.)
- ✧ Trees in village lands etc.

*CIFSP ideas: From resource map the following CIFSP ideas may evolve: Land development, land purchasing for land landless, reviving CPRs and increasing income for the dependents on CPRs and increasing work-days for rural labour, promoting NTFP collectors and training them on sustainable practices, etc.*

### **Income and Expenditure Patterns**

Income and expenditure analysis for one year can be done at household level. This analysis tells about the income and expenditure patterns of significant livelihoods and also reflects on the gaps by plugging which expenditure can be reduced and income can be increased. Moreover, it discloses the people's various coping mechanisms for their survival.

**Table:** Income and expenditure pattern of a family of size 4 (2 adult and 2 children) in the tribal area of Srikakulam.

Income per year		Expenditure per year		
#	Item	Amount	Item	Amount
1	Fuel wood: Rs. 25daily*10months*30	7500	Rice: 1.5kg/day, 45kg/month, 540kg/year	
2	Wages (about a month)	2000	From ration shop: 20kg*@5.25*12 months	1260
3	Cashew	2000	From others shops: 300kg@8.5	2550
4			<i>Sub-total</i>	<b>3810</b>
5			Oil: 1kg/month@35 *12 months	<b>410</b>
7			Chillies: 8kg/year*30	<b>240</b>
8			Other groceries	<b>1000</b>
9			Vegetables, meat and eggs: 100 per month*12	<b>1200</b>
11			Soaps: Rs.20 per month*12	<b>240</b>
12			Coconut oil	<b>150</b>
13			Education (text books, note books, pens and pencils)	<b>500</b>
14			House repairs	<b>300</b>
15			Cloths, bangles and foot wears	<b>1000</b>
17			Beedi, alcohol, gutkha etc: 150 per month*12	<b>1800</b>
19			Health	<b>600</b>
20			Travel expenditure	<b>500</b>
	<b>Total</b>	<b>11500</b>	<b>Total</b>	<b>11750</b>

**Table :** Income and expenditures of Village (families 120), Kalmulonipally, Amrabad mandal, Mahabubnagar district.

#	Expenditure	Amount	Income	Amount
1	Groceries= 500*120*12	720000	I. Agriculture	
2	Cloths=1000*500	500000	a. Cotton: 100acr*7500	750000
3	Hospital=2000*120	240000	b. Castor: 50acr*3000	150000
4	Inputs: Seeds		c. Jowar and Bajra: 80acr*1200	96000
4a	Castor: 50 arc*150	7500	d. Paddy: 10acr*3500	35000
4b	Cotton: 100acr*600	60000	e. Red gram: 30 quintal*1900	57000
4c	Jowar and Bajra: 80acr*200	16000	f. Other crops	10000
4d	Other crops: 70acr*500	35000	<b>Sub-total</b>	1080000
	<b>Sub-total</b>	118500	II. Wage labour	
	Inputs: Fertilisers		a. Agricultural wage labour: 200*150days*20	750000
4e	Castor: 50 arc*800	40000	b. Migration labour (Dam construction)	1780000
4f	Cotton: 100acr*5000	500000	III. Artisans: 50 families*150	7500
4g	Jowar and Bajra: 80acr*250	20000	IV. Bidi leaves: 120*200 per day*10days	240000
4h	Other crops: 70acr*1000	70000	<b>Sub-total</b>	2777500
	<b>Sub-total</b>	630000		
5	Agricultural implements: 70families*600	42000		
6	Credit: 70 families * 10000	700000		
7	Meat: 100 per month*120*12	144000		
8	Liquor: 400*120*12	576000		
9	Foot wear: 400*120	4800		
10	Bangles: 400*120	48000		
11	Education	200000		
12	Chutta: 60 members*720	43200		
16	Marriages: marriages/year*35000	280000		
17	Entertainment: 60*120*12	86400		
18	Livestock: 20 members brought*15000	300000		
	<b>Total</b>	<b>4980900</b>	<b>Total</b>	<b>3875500</b>

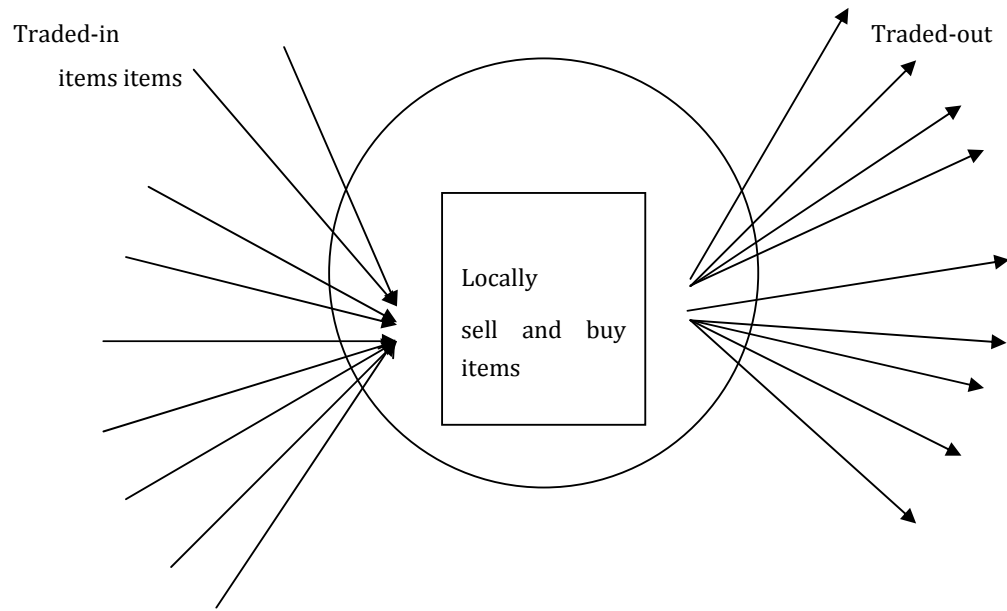
### Estimates of Traded-in and Traded-out

As the Poor are produces as well as consumers, it is essential to understand what is traded-in and traded-out of a village. Traded-in and traded-out analysis of a village will be useful in understanding the village economy and its linkages in and out of the village. It also brings out the ideas of possible interventions such as

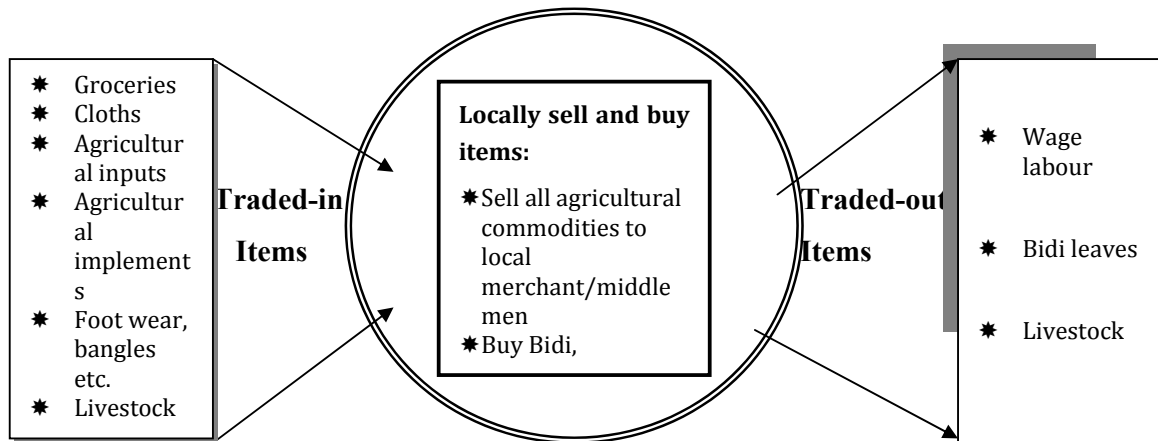


elimination of middlemen, collective purchasing of agricultural inputs, capacities/skills imparting for better wages etc.,

**Figure: Traded-in and Traded-out items in a village**



**Figure 3.2: Traded-in and traded-out items in Kalmulonipally village, Amrabad mandal, Mahabubnagar dist.**

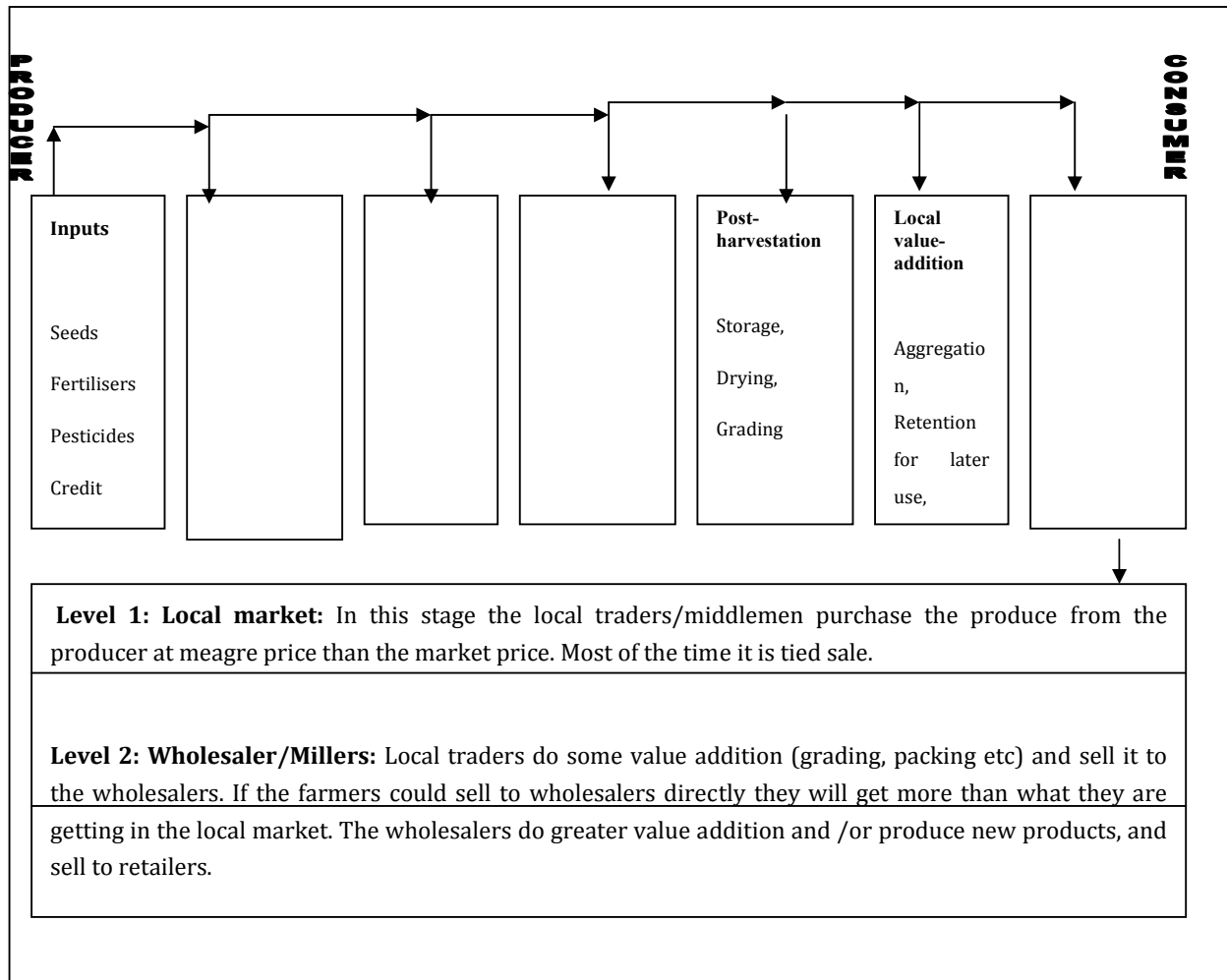


This analysis will indicate the significant livelihoods areas of intervention in each village, the items that need to be retained in the village for later consumption, the items that need to be sold in instalments and/or periodically, the local value-addition possibilities for local consumption and for marketing, aggregation possibilities, improvements in grading, storage, and other post-harvesting practices etc. In case of migrant wage labour skills should be imparted if there are opportunities for skilled labour.

### **Value Chain Analysis**

The analysis of livelihoods also involves analysis of value chains of various commodities and services. The value chain consists of different stages starting from inputs --- pre-production -- production--- harvesting --- post-harvesting --- local value addition --- marketing nearer to the consumer. In the value chain analysis, the linkages, backward and forward, will thoroughly be noticed for appropriate intervention. The core idea in the value chain analysis is to identify the gaps and possible interventions through CIF Sub-project proposals.

**Table: Various Stages of the Value Chain**



**Local Opportunities**

A 'livelihood' is a set of flows of income, from agriculture, hired employment, self-employment, remittances or a seasonally and annually variable combinations of all these. Therefore, it is essential to have basic knowledge of the local opportunities, which includes *resources* (natural and physical, human and social, financial and institutional), *market demand* and *enterprises*. By analysing each of these one can determine livelihood opportunities which could generate a significant number of livelihoods, whether through enhanced income, assets, food security or economic control, or by reducing risks, variances in income or migration.

After analysis of the value chain of commodities and services, it is required to list out the local opportunities to support the existing livelihoods and to focus on new livelihoods. Possibilities of producing new products and services from the existing resources about which the community is well aware of, is depend on the available

resources and market demand. Therefore it is essential to study the local opportunities before taking a step forward in the process of interventions.

### **Interventions**

After analysis of the value chains of commodities and services, the next step is to focus on possible interventions, considering the gaps, leakages and constraints in each stage of the value chain and local opportunities, through community investment fund. The interventions depend on the availability of assets and should follow the basic criteria of *equity, productivity and sustainability*.

#### **LAC INTERVENTION (Adilabad Dist)**

Lac is one of the important Non Timber Forest Product being extracted and marketed by the tribal people. Exports of Lac are to the tune of Rs.70-90 crores per annum during the last 3 years. Though there is an abundant potentiality of host trees namely palas, kusum and ber in the districts of Adilabad, Srikakulam and Vizianagram the cultivation of Lac is very meager and the tribals who are dependent on lac cultivation are getting meager price Rs.15-20/Kg for stick lac as against the market prices of Rs.30-35/Kg. In order to tap the existing potentiality of lac in three districts with the assistance of two experienced scientists from Indian Lac Research Institute, Ranchi, Jharkand. Potential survey of host trees was conducted in Adilabad district. Survey revealed that there are over 3 lakh palas trees alone in ten mandals, which are mostly untapped. If the host trees are properly tapped the procurement of lac may be around 30 lakh Kg/Annum whose market value is approximately Rs.9 crores. No Government agency is involved in procurement of lac in the district. Village activists from 10 mandals were sent to ILRI, Ranchi for training and after completion of training all were deputed to conduct base line survey in all potential villages. Procurement also has commenced by offering Rs.30-35/Kg., as against Rs.15-20/Kg paid by the local traders. Keeping in view of the 100% increase in the price at the village level the tribal lac growers are very happy with this intervention.

## LEAP Checklist

### 1. Village Profile

- History of the village (origin, natural, social incidents...)
- Geographical features (access, location, area, topography, resources.....)
- Demographic features
- Education
- Health, Sanitation
- Social and cultural aspects – different social groups, social issues
- Village Economy, Market and Trade
- Poverty – level, status
- Daily routine of men and women
- Case studies – moved in, out and remained in poverty
- Different development programmes accessed – Govt. and non-govt.

### 2. LEAP

1. Analysis of existing livelihoods
  - a. Different livelihoods, primary & secondary livelihoods of poor
  - b. Seasonality calendar
  - c. Timeline and trend
2. Study of village institutions including CBOs
3. Social map
  - a. Different social groups
  - b. Infrastructure, Housing
  - c. Housing
  - d. Migration
  - e. Mapping vulnerable
  - f. Social Issues
  - g. Human resources
4. Resource map
  - a. Land holding pattern, Land use pattern
  - b. Soils – type, quality
  - c. Livestock
  - d. Cropping pattern
  - e. Water resources
  - f. Irrigation
  - g. Common property resources
  - h. Forest/ tree cover
5. Income and Expenditure patterns
  - a. Total number of persons in the family
  - b. Income – sources, proportion
  - c. Expenditure – proportion on different items
6. Traded-in and Trade-out
  - a. List of traded in items, cost, any collective purchases, purchased daily, weekly, monthly
  - b. Purchased from local/ shandies / trader
  - c. Seasonality
  - d. Trade out, cost, sold collectively or not
  - e. Sold daily/weekly/monthly

- f. Sold locally/shandies/traders
  - g. Seasonality
  - h. Level of middle men
  - i. Mode of transactions- cash/ immediate crop selling and repaying/ tied up sales
  - j. Weighments & Measurements: how and mode of weighing or measurements- Nomenclature they use for different types of weighments and measurements
7. Farming system
- a. Different farm based livelihoods
  - b. Their interconnection
8. Value chain analysis (of main livelihoods)
- a. Value chain analysis of poor and best practitioner
  - b. Profitability
  - c. Value addition
  - d. Gaps, constraints
9. Local opportunities

**James Mascarenhas Memorial Lecture, 2004**

**From Micro Credit to Livelihood Finance**

**Vijay Mahajan**

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I am honoured to be invited to give this lecture in Jimmy's memory.

The year 2003 marked twelve years of liberalisation and structural adjustment in the Indian economy. During this period, the overall growth rate of the economy rose to a healthy 6+ percent per annum, far above the rate of growth of 3-4 percent per annum, which had characterised the Indian economy till the mid 1980s. Indeed, the CSO estimated the growth rate for 2003-04 Q2 at 8.2 percent, thus bringing us over the 8 percent targeted for the Xth Five Year Plan period. This is something to celebrate, but we must also acknowledge that India is not "shining" equally at all its citizens.

The NSS data shows that rural poverty has decreased to nearly 25 percent, but this is coupled with increase in urban poverty. Thus, nearly a quarter of the population in both rural and urban areas, or over 250 million people, are living beneath an abysmally low poverty line. So, if we have another three to five years of 8 percent pa growth, but not much impact on the bottom of the pyramid, then we are sure to enhance the already severe inequalities to unacceptable levels.

What this means is that there will be a further significant rise in violent rural unrest of the kind already witnessed in many districts of Bihar, Jharkhand and Andhra Pradesh. Moreover there will be a lot more inter-regional migration from states like Bihar and Orissa to the faster growing states. Already, this has been a cause of unrest and that will get exacerbated. While these two are practical considerations due to which policy makers may wish to reduce growth with disparity, the essential need is to increase incomes so that hundreds of millions of Indians can have at least the basic standard of living.

What to do with human resources that are already there or likely to be there between now and year 2020? Our rural population right now is 750 million. By 2020 it is likely to be between 950-1000 million. Rural India alone will have over 300 million women of 15-49 years' age. By current literacy trends, perhaps 150 million of them will be illiterate. How can the economy productively employ these people and ensure that in the process they get a minimum standard of living, and basics like food clothing and shelter. The fact is that already millions of able and willing to work persons do not get employment anywhere near their place of residence for more than 60-120 days a year and for the rest they have to migrate, mostly to towns and big cities or to high growth areas like Punjab.

**What can be done to promote sustainable livelihoods on a large scale?**

Generating a large number of sustainable livelihoods, particularly for the poor, is the single most important challenge facing the Indian economy and unless it is addressed forthwith, the problem will threaten the very fabric of our polity and society. The Tenth Five Year Plan document has identified the need to generate approximately 10 million new jobs per year. In terms of employment, the formal sector is trivial. Together, the formal sector, comprising government itself, state and central public enterprises, and all of the private sector account for only 7 percent of all employment in India. The remaining 93 percent of the working population is employed

either in the rural economy – in agriculture and rural non-farm sector (RNFS) or in the urban informal sector. We all know that access to capital is a major enabler for livelihoods. But do the sectors which generate 93 percent of employment get the same proportion of credit? No.

What is the track record of our financial sector in this regard? While there has been a major expansion in terms of physical outreach by formal credit institutions in to the rural areas, since the nationalisation of banks in 1969, further augmented by the establishment of Regional Rural Banks since 1975, there has not been a proportionate increase in the access to formal credit by rural agricultural and non-farm producers. Credit to urban informal sector producers is even less. The 1998 Economic Census reported that only 4.7 percent of all the 32 million plus rural and urban micro-enterprises reported getting any financial assistance from a financial institution.

Data from RBI shows that banks had only 37 million loan accounts of small borrowers (below Rs 2 lakh) in March 2002. Compare this with the fact that in the same year the number of agricultural farms was nearly 110 million and rural plus urban non-farm enterprise was 35 million. In other words, while India had 145 million productive units in the agricultural or micro-enterprise sector, the banking system catered to only 37 million or 25 percent of them. Thus a large proportion of the credit requirements of rural producers continue to be met by informal sources such as moneylender, landlords, traders and friends and relatives.

#### **Micro-credit as a partial answer to the livelihood problem**

Thus while banks are physically present in rural and urban areas and offer concessional interest rates, economically active poor are not able to access them because of borrower-unfriendly products and procedures, inflexibility and delay, apart from high transaction costs, both legitimate and illegal. It was in this context that NGOs began to examine alternative ways to enhance access to credit by the poor since the mid 1970s. After pioneering efforts by organisations like SEWA, MYRADA, PRADAN and CDF, the RBI and NABARD in 1992 encouraged commercial banks to link up with NGOs to establish and finance self-help groups of the poor. From a small beginning in 1992, with a pilot project to link only 500 SHGs all over India, the program has expanded dramatically and by March 2002, over 760,000 SHGs were linked to banks with a cumulative credit disbursement of Rs 2064 crore. These reached nearly 12 million borrowers.

In addition, there are over 3000 micro-finance institutions (MFIs) – comprising nearly 1000 NGOs, over 2000 mutually aided cooperative societies (MACS) and a handful of commercial but large MFIs, such as BASIX, SHARE and CASHPOR - which together reach over 1 million borrowers directly. This is a big achievement and worth celebration, both in terms of its scale as well in terms of it emerging from a partnership among NGOs, MFIs, NABARD, banks and people's institutions: SHGs and their federations.

But there are a number of problems still with micro-credit. To begin with, the average loan size through SHGs is only about Rs 1600. This is too little to even alleviate poverty, leave alone lift a family totally out of poverty. Second, the distribution of the SHG loans is highly skewed regionally, with nearly 75 percent



coming to the four southern states, while less than 0.6 percent went to all the eight northeastern states. The geographical distribution of MFIs is not much better. There are also problems of banks and MFIs being forced by vote-seeking political leaders to lend this money at unrealistically low interest rates, which does not cover costs, and thus eventually make the whole effort financially unsustainable.

Micro-credit is barely enough to create livelihoods:

While every effort should be made to expand and improve the micro-credit programs of banks and MFIs, I maintain that micro-credit is able to address the livelihood problem only peripherally. What we need is to broaden the paradigm from Micro-Credit to Livelihood Finance. Let me explain the term first. Livelihood Finance is any mechanism for investment in the very basis of livelihoods, which are

- Natural Resources: Land, water, trees, livestock, energy
- Human Resources: Nutrition, Health, Education, Vocational Training, Capacity Building of individuals and groups
- Infrastructure: Roads, power, market places,
- Institutions: Of law and order, of governance and representation, of free markets.

Seen in the above context, micro-credit pales into insignificance as a “solution” for promotion of livelihoods. Micro-credit is by definition, small loans, given for short durations, with repayments beginning as quickly and as frequently as possible. Moreover, whether given through self-help groups, Grameen bank style groups, joint liability groups or directly to individuals, most micro-credit eventually is loans to individuals, not to any collectives. In contrast, Livelihood Finance will require large amounts; it may need more than just loans (it may need equity or risk funds); it will invariably be for long durations, at least five and maybe 20 years, and its use will almost always be for collective purposes. Thus micro-credit and Livelihood Finance are fundamentally different.

Let me take you a village called Rojkund in the Bironchi panchayat of Bijadandi block of the Mandla district of Madhya Pradesh, truly the heartland of India, known for the Kanha Tiger Reserve. The village is 16 kms from a tarred road. The district was densely forested, though now the forest cover is denuded near inhabited areas. The rainfall is plentiful, between 1200-1400 mm pa. The soil cover is still good. The inhabitants are mainly tribals – the Gonds, who till a generation ago lived off the forests and patches of valley land, irrigated by rivulets.

Anokhe Lal Gond, a resident of this village has 3 acres of cultivable land and a separate patch of 2 acres on the hill slope. He has about twenty livestock, including a scrub buffalo, two cows, a pair of bullocks and a dozen goats. He is married and has three children, and his old mother lives with him as his father is no more and his brothers have separated. Anokhe is unable to make a living from his land and goes to Jabalpur, about 100 kms away for about six months every year. His wife joins him for part of the time, but comes back after every two weeks to look after the children and the cattle. With all this, we estimate Anokhe Lal’s annual income to be Rs 15,000, putting him squarely below the poverty line.

On first sight, he looks like a potential candidate for micro-credit. But I maintain micro-credit will not benefit him much, if at all. Let us take the typical micro-credit

loan, through the SHG route, which his wife could get by being a member of an SHG. For this, she will have to join an SHG, which someone, perhaps an NGO or a government agency would have to form. No such agency is in sight. But even if an SHG were formed, and then its members met and saved regularly, it would take a bank at least 18 to 24 months before the SHG would qualify for a loan. By that time Anokhe's wife would have saved say Rs 20 per month, or Rs 360 in 18 months, to eventually get an SHG loan of perhaps Rs 1000 or 1500. What would Anokhe and his wife do with this loan?

- They cannot level or bund their 3 acres of farm land, since it requires at least Rs 3,000 per acre or Rs 9,000
- They cannot dig a well, which they need, since that requires Rs 20,000
- They cannot buy a diesel pumpset and pipeline to raise water from a nearby stream, since that needs another Rs 15,000
- They cannot buy a buffalo, for that needs Rs 9,000 even for a graded Murrah
- They cannot plant trees on their 2 acres of slopy land, since that needs Rs 5,000
- They cannot get a road to their village or an electric line to their field, since the proportionate cost of each of these is Rs 15,000
- They cannot educate their elder daughter beyond the local school as it will need Rs 12,000 for her to pass a Teacher's Training Course.

Yet, each of the above "investment" opportunities has positive rate of return, shown by numerous World Bank and NABARD studies to be in the range of 25-30% and more. One can see a number of pilot projects for watershed management, forest regeneration, wasteland development and tank rehabilitation, all of which show an IRR of over 24% pa. But all of them require larger, longer-term loans, with long moratoriums and no possibility of repayment for a number of years.

Even if we found a financial institution to give a loan for any or all of the above investment opportunities to Anokhe Lal, he alone cannot make much use of it, because almost all of these require collective action. Even digging a well in his own land, which looks like a simple, private thing to do, is no good, since unless the ridges and slopes overlooking the valley where his land is are treated, the chances are that the water table will go down in a few years and his well will dry up. Even if he gets water, for him to make a return on investment on his well and his pumpset, he will have to at least partially grow cash crops such as vegetables and there is no way he can sell those, being 16 kms away from a tarred road. In any case, drawing water from a well using a diesel engine is expensive and unless he can get electricity, there is no point having a pump set. Thus, if the productive base of the village has to go up, it cannot be just for Anokhe Lal alone, but for a much larger number of farmers, if not all of them.

So, in one shot of reality, we find that a Rs 1500 micro-credit loan is at worst an apology for no access to formal credit, and at best a palliative to be used to smoothen consumption in those months when Anokhe or his wife cannot even migrate to Jabalpur. What Anokhe needs is not micro-credit but Livelihood Finance. If the Rs 1 lakh investment were made on the above projects, he would get a return of Rs 24,000 pa and after paying interest and principal instalments, he would be able to increase his net annual income by at least 50-60 percent. He would also diversify his livelihood

portfolio, reduce the risk due to rain failure after the crop is flowering and generate much needed work for his wife and his mother, while staying in their village. It would generate wage employment for landless families in the same village for an additional 60-120 person days. It would conserve land, water and increase the tree cover. Anokhe's eldest daughter could study and become a teacher, and the additional income would also enable the two younger children to finish school, and perhaps even pursue higher studies. But we need to complete the picture. For the land treatment to work, the hill slope orchards to grow, and for the road to be built, functioning local institutions such as watershed committees and panchayats are needed. To provide the initial training and motivation for people like Anokhe to get together and form these groups, NGOs are needed. All these require investment in institution building. Let us say this will need 25 percent on the Rs 1 lakh of project investments we mentioned above.

So, Anokhe Lal and 40 million households like his, each need Rs 1 lakh worth of direct investment, with 25 percent of that amount as institutional investment to make it work. Multiply and you arrive at a figure of Rs 500,000 crore (about \$ 120 billion). This sounds like a large figure, almost 25 percent of India's GDP. But is that too much investment to eradicate poverty, while rebuilding the natural and human resource base of our country? Even if India were to spare 2.5 percent of its GDP for Livelihood Finance on an annual basis, the task could be completed in a decade and we would still be in time for the 2015 deadline of the Millennium Development Goals for halving poverty. In any case, if we take into account that the Golden Quadrilateral and related highway works are costing the nation Rs 100,000 crore, and that the proposed river linking system is supposed to cost Rs 5 lakh crore, Livelihood Finance is not such an expensive idea.

#### So what's needed to muster Livelihood Finance?

- Step one should be an intellectually rigorous analysis, carefully crafting the concept and then a wide and open debate on the idea of Livelihood Finance. The existing experience of both government and NGO projects in natural resource and human resource development should be thoroughly examined for lessons.
- Step two should be convincing the capital markets that Livelihood Finance is a good deal, and that the risk adjusted returns in it are comparable to or better than well accepted investments such as "housing finance" or corporate finance, which all FIs are chasing with lowering spreads. There is no expectation that Livelihood Finance will have to be made as budgetary investments from the government.
- Step three would be ushering institutional changes in the way our natural resources are owned and managed. New models will have to be developed which ensure a congruence of interest for the state, the community, and for the investors, since neither the state nor the community is in a position to invest the needed capital. Similarly, investments in human development will be encouraged through policy changes, so that any wastage of this precious resource shows up in pricing.

- Step four is ensuring that high quality human resources are made available to work not just at the policy and strategy levels, but close to the ground where all the implementation is done.... in places like Bijadandi, Madanpalle, Bhadrachalam....

Which brings us back to Jimmy....

“Let us honour if we can, the vertical man

Though we value none but the horizontal one.”

Thank you.



## Report on LEAP in Mudireddipally, Mahabubnagar District

### INTRODUCTION

CASHE project of CARE in partnership with Sangameswara Rural Entrepreneurship Development (SREDT) of RRB Mahabubnagar has been supporting the SHGs formed by the bank in building their business profile. The idea is to provide sustainable livelihood support, both financial and non-financial, to the members and thus move beyond the realm of credit and savings.

#### Objective

The present study is to understand the broader village context within which the SHGs are operating - the resources, social context, the livelihoods, the linkages and the potential opportunities for promoting existing and new livelihoods.

#### Outcomes

- Mapping the existing resources
- Mapping the existing livelihood
- Mapping the market
- Understanding migration issues
- Understanding the scope for new livelihoods by the analyses of the above mentioned aspects by exploring the various support requirements in terms of
  - Capacity Building
  - Institutional arrangements
  - Linkages – market, finance, infrastructure and social security

As suggested by SEDRT, the study based on the present situation analysis, will suggest strategies for increasing the loan intake of the SHGs, promoting new livelihood opportunities, linking with the line departments of the existing schemes.

#### Areas

Mudireddypally village was selected for the present study.

### METHODOLOGY AND TOOLS

LEAP analysis has been carried out by the team from Akshara. The Participatory Rural Appraisal techniques have been used to understand the different contexts. The tools used for the study are:

- Village transect walk: Few of the participants, along with the informant walked around the village to look at the terrain, land type and use, water bodies, livestock, house types, agricultural information and in totality to understand the development possibilities



- Social map: Social mapping was conducted with the help of key informants in the village. The team gained an understanding about the residential structures, public infrastructure, social situation, caste distribution and also about the vulnerable households
- Resource map: Resource mapping was done to understand the natural resources in the village and their distribution is known. Distribution of land, water, trees, their ownership distribution, Common property resources (CPRs) and forests are known.
- Chapatti Diagram: This tool has been used to understand the credit needs of the community and the main sources of credit. This exercise was conducted with a group of women.
- Timeline: Timeline showed the progress of the village in the last twenty years in terms of facilities, interventions and historical changes in the village.
- Income and expenditure analysis: Income and expenditure analysis help in augmenting the existing income sources and reducing the expenditure.
- Value chain analysis: The livelihoods in the village have been studied using value chain analysis and combined with other tools to understand the process, problems and points of interventions.
- Trade in and trade out exercise: analysis has thrown significant areas of interventions based on the critical items on which the villagers can save money by producing internally or buying collectively.
- Case studies of the following households: Case studies helped in understanding the interventions needed at a household level.
- Focused group discussions and Semi-structured interviews: Focused group discussions were conducted on specific areas like credit, wage labour and agriculture. Semi structured interviews with the elders in the village helped in understanding the general scenario of the village.
- Secondary data review: Data about the village population, welfare schemes, vulnerable households and institutions in the village was obtained from the Mandal Revenue Officer in the case of Mudireddypally village.

Detailed schedule is annexed in XI

## **MUDIREDDYPALLY – VILLAGE PROFILE**

Mudireddypally is situated in Balanagar Mandal of Mahboobnagar district and is situated 25 kms from the district Headquarter. The village is appropriately situated by the roadside and has a good approach road.



There are hardly any thatched huts in the house and most of the houses have either sand roofs or RCC slabs. In terms of access to amenities like drinking water, roads, sanitation, electricity, etc the village scores high. Nearly half of the village has cement concrete roads internally.

Migration is prevalent in the village but is partial in nature and there are no instances of any distress migration.

Status of Health seems to be considerably good. There are ten permanently disabled people in the village. Health services are available in the village through paramedical. Occupational hazards are noted in case of stone cutters and company labour.

There have been no development interventions in the past by NGOs or individuals. The following table gives the status of people's organizations in the village.

#### **Institutions**

<b>Name</b>	<b>Number</b>
Women SHGs	11
Youth Groups	2
Rythu Mitra	2
VVV clubs – farmer clubs	1

#### **Village History**

The history of Mudireddypally dates back to 100 years when a railway track was laid. Initially called as Muddayipet, this village had three families. Muddayipet is the name of a fort, which stood in place of the present day polybag factory. The rest of the village came into being with migration of other families from nearby villages. The migration took place owing to the irrigation facilities available and the fertility of the soils. The village saw an attack of pests & birds during 60s. There is a sea change in the crops grown in the village over the last 40 years. Minor millets like Korra, Sama and cereals like Jowar and paddy have been replaced with commercial crops like Ground nut, Sunflower, Castor, etc.

This was a hamlet of Rajapur village earlier. M.pally has been a hamlet of Nandigam and is a separate Panchayat since the last 12 years.

#### **Demography of the village**

The following details were gathered by drawing social map.<sup>1</sup>

The village has 246 resident families, which comprises of backward castes and scheduled castes majorly. Families belonging to other castes and minorities are very few in number. The following table illustrates the precise number of families belonging to each of the above-mentioned castes.

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<sup>1</sup> Social map and resource map are not enclosed in view of the familiarity with the tools.



Caste	Number of Families
Scheduled Castes	25
Backward Classes	182
Other Castes	39
Total number of families	246

It is to be noted that the village has a polyethylene bag-making unit, which employs workers from other places. Apart from the resident families, this village also houses people from neighboring villages and also Orissa.

There has been no significant change in the composition of the village on the basis of caste. It is observed that the scheduled caste community resides as a unit in the village and this area is in one of the corners of the village. Mudiraj community is found to play a dominant role in the village politics as well as the economics. Various castes in the village are dependant on different and specific livelihoods. The following are the major caste wise livelihoods.

OCs – Agriculture

BCs –

- Vaddera: Stone cutting
- Gouds: Toddy tapping & Toddy selling
- Mudiraj: Agriculture, Agril. Labour & casual labour

SCs – agriculture, Casual labour & Agril labour.

Minorities – Petty business and driving

Three families of artisans namely carpenter, gold smith and barber are found in the village that are engaged in their original professions.

The other statistics related to demographics of the village are as follows:

### Population and Literacy – Adults

Sex	Number	Literacy
Male	247	108
Female	256	90

### Population and literacy – Youth

Sex	Number	Literacy
Male	52	37
Female	31	24





## Population and literacy – Children

Sex	Number	Literacy	Child labour
Male	145	108	37
Female	125	98	27

Men predominantly head majority of the households. There are few cases where women head the family.

### Status of Housing in the Village

Housing is of various types like slab, hut and asbestos. Thatched roofs are two in number in the village. The type of housing varies and is related to the caste. It is observed that the OCs, BCs and minorities live in RCC slab houses while SCs have sloped roofs of Mangalore tiles. Twenty-six houses have been constructed under the Indira Awaas Yojana and RPH schemes.

### Status of Migration

Three families belonging to OCs have migrated permanently to Hyderabad and presently are engaged in Cotton mills, Theatre and petrol bunk works. These were occupied with agriculture earlier.

The migrated families had no skill in any specific area and are literates. Partial migration is seen among youth. They migrate to Jadcharla and Hyderabad in search of employment as casual labour. There are no incidences of distress migration in Mudireddypally.

### Status of livestock

There is no relation between livestock, caste and livelihoods. However, BC families (Boyas) are dependant on small livestock for their major livelihoods. There is a significant change in the population of livestock over the last ten years. The number of milch & draught animals in the village has fallen drastically. Lack of grazing lands, drought conditions and absence of a person to rear the animals are the reasons attributed to the fall in population of these animals.

### Livestock

Livestock	Number	Purpose
Small Livestock	86	Meat
Milch Animals	110	Milk
Bulls	96	Draught
Total	292	



### Basic Infrastructure

S.No	Infrastructure	No of families
1	Water Tap (private)	60
2	Individual Toilets	100
3	Soak pit	No

### Existing infrastructure

S.No.	Infrastructure	Number	Access to all (y/n)
1	School	1	Y
2	Electricity	150	Y
3	Street light	15	Y
4	Panchayati office	1	Y
5	Anganwadi	1	Y
6	Veterinary hospital	None	
7	Hospital (PHC)	None	
8	Community hall	None	
9	Drying platform	None	
10	Local R.M.P.	1	Y
11	Community Godown	None	
13	Temple	3	Y
14	Bore-wells	3	Y
15	Protected drinking water supply (OHR)	Under construction	
16	Public Taps	5	Y
17	Drainages	Partially covered	N
18	Telephone (private/public)	10 private/5 public	Y
19	Ration shop (PDS)	1	Y
20	Dish TV	1	60 families
21	Internal Cement concrete Roads	Partially covered	



### Pensioners

Railways	11
Destitute	3
Old Age	32
Drought	10
DAP	10
Anthyodaya	13
Annapurna	25

### Other govt. development programs

- A revolving fund of Rs. 50000 was given by the BC Corporation.
- Twenty-Nine houses were sanctioned under IAY and RPH during year 2001 and eight houses were sanctioned in the current year under IAY.
- 11 SHGs are supported through Indira Kranthi Patham (Velugu) for purchase of milch animals.

### Resource Map

#### Land

The soil types are red, red loamy and black soils. The sand content is relatively high in these soils. The following table gives the details of land use pattern in the village.

Type	Acres
Forest	-
Barren and Uncultivable	15
Land put for non-agriculture purposes	150
Grazing Land	80
Other fallow	100
Net Area Sown	1000.5

#### Cropping pattern

Type of crop	Rabi / Extent	kharif / Extent
Paddy	50	120
Jowar		125
Maize	3	15
Horsegram		10
Red gram		25
Chillies	4	10
Mango	150	150
Oranges	80	80



Guava	30	30
Other Fruits	25	25
Vegetables	5	10
Cotton		10
Castor		250
Sesame		5
Sunflower	10	60

The cropping pattern has been changed phenomenally over the last ten years. The commercial crops like castor, cotton and sunflower have replaced food crops. Factors like frequent pest incidence, remunerative prices for the final produce, etc have lead to reshuffling of cropped areas under the commercial crops. For eg: the area under cotton has been reduced year after year owing to the increased pest incidence and decreased market price. This area in turn is under sunflower & castor over the last two years.

### **Water**

Major sources of irrigation are Bore wells, which are 70 in number. Earlier, tank was another source of irrigation in this village. However, this is no more a source because of silting. A canal flows across Rajapur village, which is not perennial in nature. This otherwise could have been another source to irrigate the fields through lift irrigation (individual pumps). Approximately 140 acres of land is irrigated.

The depleting water table is a matter of concern. This is owing to the limited sources of irrigation and change in he cropping pattern from low duty crops to heavy-duty crops.

### **CPR**

Land on either sides of railway track and Rajapur canal can be considered, as CPRs. Norms for usage of these resources have not been laid out clearly. CPRs are source of Fuel wood, Karanj, Neem seeds, sitaphal and adda leaves. About 15 families depend on these CPRs during off-season. It is to be noted that the dependency is seasonal and not exclusive.

### **Minerals**

There are no major mineral resources in and around the village other than deposits of granite. These formations serve as source of livelihoods for ten members in the village. The livelihood is specific to BC (vaddera) community and is being passed on to the subsequent generations.

### **Finance**

#### ***Sources of credit***

The sources of credit vary according to the credit requirements. The sources of credit, terms and conditions, etc can be enlisted as follows:



Amount (in Rs.)	Source	Interest Rate	Repayment terms	Remarks
100 – 500	Neighbours & SHG	Nil	Week – 1 Month	Timely available
500- 5000	SHG.	24 %	Monthly repayment for a period of 1 year.	Credit from SHG is readily available.
	Bank	13%	Monthly repayment for a period of 1 year	Poor accessibility to the bank for individual members.
	Commission agent	36%	Buy back / six months after the harvest of crop in case of agril loans	Apprehensions about interest rates and repayment terms.
	Money lender	36%	Monthly for non agril loans, six months after the harvest in case of agril loans	Mortgage of gold ornaments.
5000 – 10000	Bank	13%	Monthly repayment for a period of 1 year	Poor accessibility to the bank for individual members.
	Pvt finance companies	36%	Monthly / Weekly	Easy to access with a guarantor
	Commission agents	36%	Buy back / six months after the harvest of crop in case of agril loans	Apprehensions about interest rates and repayment terms.
	Informal sources like relatives	36%	Weekly / Monthly	No pressure for repayment
10000 & above	Bank	13%	Monthly repayment for a period of 1 year	Collaterals required
	Money lender & Pvt Finance companies	36%	Monthly repayment	Mandatory initial deposit required

Only male members of the family approach the moneylenders & private finance companies for credit. In case of higher amounts of credit where mortgaging of gold ornaments is required



women accompany men. During the discussion it was noticed that loan amounts of Rs. 1000000 are beyond the comprehension of the villagers.

### **Traded In And Traded Out**

Traded in & traded out items & their respective values of transactions are given in **Annexure I**.

All the items mentioned in the annexure with the exception of liquor and toddy, are purchased from local shandies viz. Jadcharla & Rajapur. Though the shandies are weekly, transactions happen weekly, monthly and yearly depending upon the nature of the goods and services bought and sold. Items like Cereals and vegetables are purchased weekly while oil, pulses, and rice are purchased monthly. Agricultural inputs like fertilizers, seeds and pesticides are purchased seasonally. Occasion led purchases happen in case of clothes and footwear (Clothes are bought during festivals).

In case of traded out items agricultural produce is sold out immediately after harvesting and services are rendered daily or seasonally depending on the nature of the labour.

Paddy, which is being produced, is used for the consumption purpose in the village itself. Hence it is not reflecting in the traded out items.

All the transactions are carried out individually except in case of rendering of services by the sand labour. In case of few commodities like moduga (leaf plates are the final traded out products), neem seed and karunj trading out is carried out through middlemen. Commission agents and moneylenders trade in the final agricultural produce of the village as the sales are tied up with the credit for inputs.

In terms of weights and measurements 1 kg loss per bag is observed in almost all the transactions. In transactions where middlemen are involved, commission is paid in terms of certain quantity of the produce. A commission of 2% on the entire value of transaction is converted into quantity and this quantity of produce is taken from the traded out agricultural commodities.

### **Income And Expenditure Analysis**

A study of income and expenditure of the households with different livelihoods has been carried out. The following is the analysis of the same.

#### **Livelihood: Wage labour & Agriculture**

The family belongs to BC community and has seven members. Five acres of land (3.5 acres dry land and 1.5 acres wet land), 3 buffaloes and 50 sheep form the assets of the family. As mentioned above the family depends mainly on agriculture for livelihood. During off season the family is engaged in wage labour. The detailed income and expenditure statement of the family is given in **Annexure II**.



### **Livelihood: Stone cutting**

Traditionally stone cutting has been the livelihood of ‘Vaddera’ community belonging to the BC community. The family has five members and owns six acres of land and a tractor. **Annexure III** gives the details of income and expenditure of the family. It is observed that hiring of tractor contributes substantially towards the family income.

### **Livelihood: Auto Driving.**

The family consists of six members and belongs to BC community. Driving forms the main livelihood for the family and Auto was provided under CMEY scheme. Apart from driving the family earns through selling snacks and some provisions. Refer to **Annexure IV** for further details on the income and expenditure of the household.

### **Livelihood: Vegetable Vending**

Chenniah and Yadamma earn their living through vegetable vending. Other sources of income are agriculture and dairy. They are a family of five and belong to the Scheduled caste. The family owns three acres of land. Income and Expenditure details are given in **Annexure V**.

### **Livelihood: Sand labour and Agricultural labour**

The family belongs to ‘Goud’ community of BC and consists of six members. The female members of the family attend to agricultural work while the men in the family earn through sand labour. **Annexure VI** gives the details of the household income and expenditure.

### **List of livelihoods**

The table below gives the list of livelihoods, number of people subsisting on a livelihoods and number of days of work, which are identified in the village.

<b>Livelihood</b>	<b>Number of people</b>	<b>Number of Days</b>
Agriculture	127	180
Agriculture Labour	93	110
Dairying	35	180
Sheep Rearing	3	
Government Employment	20	
Casual Labour		
Wage Labour	12	180
Sand Labour	60	200
Company Labour	15	240
Cotton Mill worker	1	200
Construction Worker	2	120
Skill Labour		
Quarry Worker	10	120
Auto Driving	15	220
Lorry Driving	11	200



Mason	2	120
Rig Worker	1	
Artist	1	
Service Provider		
Tailoring	2	150
Anganwadi Teachers	1	
LIC Agents	1	
Cooking	2	180
Dish TV	1	
Cable Operator	2	
Auto Mechanics	2	180
Electrical Works	2	110
STD Booths	4	
Carpentry	1	200
Barber	1	120
Micro Enterprises		
Chicken Stall	1	200
Vegetable Vending	4	300
Fruit Vending	3	200
Petty Business – Kirana Shop	7	
Tea Stall	5	
Snacks Vending	2	
Milk Vending	4	300
Toddy Business	1	
Leaf plate making	25	50
Others		
Theater worker	1	
Toddy Tapping	3	
Petrol bunk worker	2	
Begging	2	200
Land Leasing	2	

### **Main livelihoods**

The main livelihoods in this village are Agriculture, agriculture labour, Casual labour like sand labour, company labour, etc. Most of the youth in the village are engaged in auto driving. This is based on the number of people engaged in these activities in the village and the number of days of work provided by them.





## Value Chain Analysis



### **Value Chain of Wage Labour & Sand Labour**

As per the discussions had, it is understood that wage labour and sand labour are among the major livelihoods. Neighboring villages namely Nandigama, Gollapally, Rajapur, Rayapally, Balanagar and Mahaboobnagar provide labour to the villagers.

Various jobs taken up by the wage labour include gardening, laying foundations in construction work, digging canals, work in plantations, laying down railway tracks, road laying, sand work, land clearance, etc.

Simple implements like crow bar, spade, axe and baskets are used for these jobs.

Skill & physical effort, transportation, implements, accessibility, communication within the work group, representation within the group, good rapport with the middlemen and work providers critical elements in the wage labour.

For eg: in transportation there are instances when an employer provides the labour with transport. In other cases depending upon the distance of place of work the labour has to either walk down or use other means of transportation. The cost of transportation is borne by the labour or employer as the case may be.

### ***Pre services- Work searching stage***

- ❑ Knowledge about the availability of the work in different neighboring places.
- ❑ Meeting up with the middlemen and work providers.
- ❑ Enquiring about the number of people required for a particular job
- ❑ Negotiate for work either on wage basis or contract basis.
- ❑ Communicating interest in the job being offered

### ***Services stage – Stage of work in process***

- ❑ Reach the place of work
- ❑ Carry the required equipment
- ❑ Start the work at stipulated time
- ❑ Complete the work as per the requirements of the work provider in terms of time and stage of work.

### ***Post Services stage – after the completion of the job***

- ❑ Seek for employers' opinion on the completed job
- ❑ Show willingness for the redoing the job as per the changes suggested by the employer if required
- ❑ Strive to gain the confidence of employer by satisfying him



### **Returns stage – Money making**

- ❑ Solicit the employer for the payment as per the negotiated terms.
- ❑ Enquire the employer about work in future and express willingness to work depending upon the time and availability.

The following workings suggest the average days of work and returns from the same:

<b>Season</b>	<b>Avg. days of work per month (in days)</b>	<b>Total work days in season (in days)</b>
Rainy	22	88
Winter	20	80
Summer	20	80

Total number of work days in an year = 248 days

Daily wage per day = Rs. 60

Wage per annum = 248 \* 60 = Rs. 14880

### **Gaps Identified**

- ❑ Lack of skill
- ❑ Lack of identity
- ❑ Lack of communication and information
- ❑ Absence of representation
- ❑ Low bargaining power
- ❑ Absence of first aid facilities & protective covers like insurance considering the risks involved.

### **Constraints**

- ❑ Usage of worn out implements.
- ❑ Seasonality
- ❑ Absence of unions and safety nets

### **Risks**

- ❑ Impacts on health – commonly occurring ailments are gastritis, arthritis, neurosis, injuries, etc.

### **Suggestions**

- ❑ Skill enhancement training.
- ❑ Creation of local opportunities through formation of construction team, etc
- ❑ Creation of groups for better communication and representation. Such groups may also take up work under various government schemes like food for work, JRY, group contract, etc.
- ❑ Food security either through collective purchase or support from CBOs can help indirectly in improving bargaining power.



### Value chain of Agriculture – Paddy

The value chain analysis pertains to one acre of area.

#### **Inputs:**

Seed used is of Hamsa Variety. This variety is of 120 day duration. The seed saved from previous crop is used for sowing.

Fertilizers used are Urea & DAP

Monocrotophos, Endosulphan, Phorate granules and other chemicals suggested by the inputs dealer are being used.

Major sources of irrigation are wells and bore wells.

#### **Pre production stage:**

The seeds are soaked in water and stored in moist gunny bags for three days. This is done in order to trigger germination process.

In land preparation, ploughing is done for four days for about six times. This is done with the help of draught animals by the family labour. The land is then divided into four plots with the help of two agricultural labour. Fertilizers like Urea (1 bag) and DAP (2 bags) are used in this stage of land preparation. The field is then flooded with water and 1 to 1 ½ inch of water is maintained in the field till the time of transplantation.

Nursery preparation: Ploughing is done thoroughly in half a cent of land, in which FYM is added. Water is flooded into this area and one inch of water is retained for about 24 hours. The germinated seeds are then broadcasted in the nursery plot. The nursery is irrigated every alternate day for three days. Depending upon the climatic conditions the germinated seeds grow into saplings within 20 – 25 days. The saplings are carefully removed from the nursery and tied into bundles. These bundles of saplings are left in the main field for a day. It takes one day to remove the saplings from nursery.

Transplanting is done with the help of ten agricultural labour per day for three days.

#### **Production stage:**

The standing crop is susceptible to the weeds at 20 – 25 days stage. Weeding is done with the help of five agricultural labour for one day at this stage. Phorate granules and Urea are applied to the field at this stage. To avoid infestation by the pests Monocrotophos (½ litre per acre) and Endosulphan (½ litre per acre) are sprayed. Application of fertilizers and pesticides is done by the family labour. The field is irrigated by flooding water to a level of 1 – 1 ½ inch at this stage.

#### **Harvesting stage:**

The crop is ready for harvesting after 135 days from land preparation. Agriculture labour (15 in no.) is engaged for harvesting for a day. In turn each labour gets three ‘ Manika’ (1 manika = 3 Kgs of paddy) for this operation.

#### **Post harvest stage:**

The harvest is then threshed manually to separate the grains from the stalks. The grains are then cleaned and filled into bags of 70 kg each. The yield per acre is 35 bags of 70 kg each.

Ten bags of the harvest is saved for own consumption purpose. Six bags are given to the labour towards the wage payments. Remaining 19 bags are sold in the nearby rice mill.

#### **Marketing:**

The prevailing price in the market is at Rs.450 to Rs. 600 per 70 Kg bag. In the last season the produce was sold at Rs. 530 per bag.



**Gaps identified:**

- ❑ Seed treatment can be done to improve the germination percentage.
- ❑ Indiscriminate usage of pesticides is observed. This is upon the recommendations of the local pesticide dealer.

**Suggestions:**

- ❑ Irrigation by flooding is good. However, new methods of irrigation can be tried.
- ❑ Value additions can be considered.
- ❑ Active extension services need to be extended.

**Cost Benefit Analysis:**

Seed cost:	Nil
FYM:	Rs. 150
Urea: 1 bag	Rs.250
DAP: 2 Bags	Rs. 960 (Rs. 480 per bag)
Phorate granules	Rs. 50 (Rs. 50 per Kg)
Monocrotophos & Endosulphan	Rs.100 (for ½ litre)
Electricity	Free
Labour wages:	Rs.1425
Preparation of bunds and harrowing: 2 labour are used for 2 days)	Rs. 200 (Rs. 50 per labour per day –
Transplanting Rs.35 per day per head)	Rs. 1050(10 labour for 3 days @
Weeding per day per head)	Rs.175 (5 labour for 1 day @ Rs.35
Harvesting 9 kgs of paddy per day per person)	(15 labour for two day @ 3 manikas/
*The wage towards harvesting is not accounted in monetary terms. The same is being deducted from the final produce.	
Returns:	
Paddy sold	Rs. 10070(19 bags @Rs.530)
Paddy (for own consumption)	Rs. 5300(10 bags @ Rs.530)
Paddy straw	Rs. 1500
Total returns	Rs. 16870
(The total yield is 35 bags out of which 10 bags is for own consumption)	
Total monetary Costs	Rs. 4360
(6 bags are given towards wage payments during harvesting)	
Total costs	Rs. 7540 (Rs.3180+Rs. 4360)
Net Returns	Rs. 9330 (Rs.16870-Rs.7540)

The net earnings as a percentage of the investment is approx. 124%



## Value chain of Agriculture- Maize

The study has been done by taking one-acre land as standard.

### **Inputs:**

The seed is procured from Jadcharla and Singalabendu villages. The seed rate is 10 kg per acre.

Irrigation is not given as the crop is mainly grown under rain fed conditions.

DAP (1 bag), Urea (2 bags) are used during cultivation.

### **Pre Production Stage**

The land is ploughed four times with the help of draught animals and family labour. It takes two days for a single ploughing operation.

After the land preparation one bag of DAP is broadcasted in the field. Dibbling of seeds is done by engaging two agriculture labour and it takes two days for this operation.

### **Production stage**

The first operation of weeding is taken up at 30-day stage of the crop. This is done by 10-agriculture labour and is completed in a days time. Urea is applied at 45-day stage by four agril. Labour. Second round of weeding is taken up at this stage. Application of Urea and weeding is repeated at 75-day stage of the crop.

### **Harvesting stage**

The crop is ready for harvest at 90 days from the date of sowing. Harvesting is completed in a single day with the help of ten agriculture labour.

### **Post Harvesting stage**

The kernels are separated from the stalks and are opened with the help of ten agriculture labour in a day. A seed-separating machine is hired and is used for separation of the seed. This is done by engaging three agriculture labour apart from one family labour. The cost of cost of transportation is borne by the farmer. The separated seeds are then dried in sun to reduce the moisture content in the seed. The seeds are then weighed and filled into gunny bags of 80 kgs each.

### **Marketing**

The produce is transported to the nearby Jadcherla market yard where it is sold through the commission agents.

### **Gaps**

Seeds are not cleaned after separation and the same seed is being marketed

Non-availability of the seed-separating unit in the village proves to be expensive for the villagers.

### **Suggestions**

A seed separator can be purchased and the villagers can utilize the same. This arrangement shall save the transportation expenses.

### **Cost Benefit Analysis**

Costs

Seed-Supplied by the Govt.

Free

D.A.P -1 Bag @ Rs. 480 per bag

Rs. 480

Urea – 1 Bag @ Rs. 300

Rs.600

Labour



Dibbling -2 persons for 2 days @ Rs.33 per day per person)	Rs.132
Weeding- 10 persons a day @ Rs.33 per head per day for 1 day	Rs.330
2 <sup>nd</sup> Round of Weeding- 4 persons for 1 day @ Rs.33 per day per person	Rs.132
3 <sup>rd</sup> Round Weeding- 4 persons for 1 day @ Rs.33 per day per person	Rs.132
Harvesting- 10 persons for 1 day @ Rs. 33 per day per person	Rs.330
Kernel separation- 10 persons for 1 day @ Rs. 33 per day per person	Rs.330
Transportation of seed separating machine from Jadcharla	Rs.100
Transportation of seeds to the market-Rs.10 per bag for 20 bags	Rs.200
Hamali at the market yard- Re.1 per bag	Rs.20
Weighing charges – Re.1 per bag	Rs. 20
Charges for heaping the produce at the market yard- Re.1 per bag	Rs.20
Commission to the agent- 3%	

#### Returns

Yield per acre is 20 bags of 80 Kgs each	16 Quintals
Market rate per quintals is Rs. 480 (Rs.480*16)	Rs.5580

Commission to the agent @ 3% - Rs.168

Total costs incurred Rs.2994

Total Returns (Rs.5580-Rs.2994) Rs.2586

Percentage of returns over investment is approx 86%

#### **Value Chain of Dairy**

As per the discussions had, it is understood that this activity is additional to agriculture and major support to meet daily expenses. There are 110 milch animals in this village, which are local breed (Chelka). Cost these animals is between Rs.4000 to5000 depending the age and milk yield.

40 families are engaged in this activity. Yield ranging about 3 to 4 liters per animal.

Market for purchase of animals:

- ❑ Local market Kavrampet
- ❑ Deverkadra, which is 40km
- ❑ Local purchase from formers and relatives

#### **Inputs**

- ❑ Buffalo (Chelka- local breed)
- ❑ Shed
- ❑ Transportation
- ❑ Green fodder (this is grown to a little extent in the village due to low availability of the irrigation). The seed of this is available at Mahboobnagar for Rs. 4/ kg and the crop is ready for harvest at the end of 45 days.



- ❑ Paddy straw is given during lean season. This costs Rs. 120 a 'biguvu'. This is utilized for two-month period.
- ❑ Jowar and Maize straw of 1 'biguvu' is purchased at Rs. 150 and is fed to a buffalo. This would suffice for three months.
- ❑ Medicines: A veterinary doctor is available in the village. Also, a compounder in the village attends emergencies if any. Medicines are not available in and around Mudireddypally. They are purchased from Mahboobnagar.

### ***Pre production***

- ❑ Breeding: Due to the non availability of the buffalo the female is taken to Rajapur village for breeding
- ❑ Artificial Insemination: This is taken up in the village. Local Govt veterinarian/ private practitioner undertakes this.
- ❑ Prevention of diseases: It is observed that the cattle in this village are prone to foot and mouth disease, 'chitila' disease, etc. To avoid these diseases initial dose of vaccines and medicines are administered. Also, local medicines and traditional practices of disease prevention are used with the help of elderly people in the village.

### ***Production stage***

- ❑ The average milk yielding days per buffalo are 225 days in a year. The yield is about 4 ltrs per day during the first three months, 3 ltrs per day during next three months and 2 ltrs per day during the remaining 1 ½ months.
- ❑ The total availability of milk per 1 buffalo in a year is as follows:
  - During the first three months: 25 days\* 3 months\* 4 ltrs per day = 300 ltrs
  - During the next three months: 25 days\* 3 months\* 3 ltrs per day = 225 ltrs
  - During the last 1 ½ months: 38 days\* 2 ltrs per day = 76 ltrs

### ***Marketing stage***

- ❑ Most of the milk is utilized for home consumption and in the local hotels.
- ❑ The remaining milk is sold at the local milk collection centre.
- ❑ The market price of milk in the village is Rs. 10 per liter and at the milk centre the price is decided as per fat content. Milk with fat content of 6 – 6.5% fetches Rs. 9 to Rs. 10 per liter while that with a fat content of 7% fetches Rs.10 per liter. Milk with low fat content ( i.e below 6% ) can fetch a price as low as Rs.6.

### ***Cost of animals***

- ❑ Rs.4000 to 8000 for Chelka buffaloes (local breed).
- ❑ Rs12000 to 15000 for Graded animals.

### ***Fodder practices***

- ❑ Dry fodder like paddy straw, jowar straw and green fodder.
- ❑ Open grazing.
- ❑ Fodder plots raising



### Costing

Expenditure (Calculated for one season)

Sl no	Item	Units	Unit cost (in Rs)	Amount (in Rs)
1	Buffalo (local)	1	6000	6000
2	Shed	1	LS	LS
3	Transport of animal	1		50
4	Medicines	1		150
5	Dry fodder (paddy straw)	Local unit 3	120	360
6	Jowar straw	Local units3	150	450
Total				7010

Income ( calculated for one season)

Sl No.	Item	Units	Unit cost (in Rs)	Amount (in Rs)
1	Milk yield	600 lit	10	6000
2	Dung	1 tractor load	500	500
Total				6500

### Milk yield

First 3 months 4 lit per day	300
Second 3 months 3lit per day	225
Remaining 1.5 months 2 lit per day	75
Total	600 lit per season

**Net income:** By this activity families are incurring loss.

### Gaps Identified

- ❑ Lack of awareness about the prevalent diseases, their prevention and cure
- ❑ Breeding practices are traditional and cumbersome. These practices are not always successful
- ❑ Lack of knowledge about the available breeds in the market, their potential, etc
- ❑ Non availability of medicines locally
- ❑ Inability to provide good fodder like green fodder, nutritional mixes like jaggery, and hay cakes, etc to the cattle
- ❑ Poor production levels leading to low bargaining power at the collection centre.

### Perceived risks

- ❑ Mortality rate is as high as 25%
- ❑ Proneness to road accidents (3 – 4 animals die every year in the village) and deaths at the railway track ( 2 – 3 animals die every year)

### Suggestions

- ❑ Reduce the dependency on other markets for fodder by cultivating multi-cut crops in the village





- Follow complete nutrition calendar for the animal from infant stage to improve the milk yields.
- Knowledge about best breeds, their yields, nutritional requirements, etc
- Spreading the awareness about artificial insemination and its benefits.
- Livestock insurance to reduce the risks due to mortality.

### **Value Chain of Factory workers**

Nature of the Factory: Plastic bags manufacturing- and supply for the Fertilizer Companies etc.  
No of Persons working in the factory: 50-60 (some of them worked and discontinued and some joined newly).

Nature of Works Available in the factory:

- Bag cutting- Electric wire cutting
- Lombs
- Lamination
- Winders
- Helpers
- Operator
- Cleaning
- Bag reversing

Bag Cutting with Electric wire: Two people work here. Generally male youth work here.

Gaps: The electric waves will be very hot from the electric wire cutter and it is causing them some health problems and it is very difficult to work in summer.

Secondly the youth is of the opinion that the very mild shock from the electric wire is taking away their energy and they are becoming nervous.

Lombs: These are heavy machines. A person can handle two machines at a time. The experienced will be given preference. The majority of these operators belong to Orissa who have been brought here by the management and kept in the locally constructed quarters.

Gaps: The local village youth working on the lombs will be given very less amount when compared to the Orissa people.

Lamination: One operator and four others will help. This is the place where the double covering will be made for the plastic bags.



The salaries/wages paid:

Starting Salary	Local Villager	8hrs/day	30 Rs per day	Un skilled	With out any knowledge – entry stage
Starting Salary	Local Villager	12 hrs/day	45 Rs per day	Un skilled	With out any knowledge – entry stage
After 8 years	Local Villager	8hrs/day	55 Rs per day	Skilled	With knowledge and experience
Starting Salary	Orissa People	8hrs/day	50 Rs per day	Un skilled	Semi skilled
Starting Salary	Orissa People	12 hrs/day	60 Rs per day	Un Skilled	Semi skilled
After 8 years	Orissa People	8hrs/day	80 Rs per day	Skilled	Highly skilled Rs. 6000 per month

- ❑ Only male has opportunity to work in the factory.
- ❑ Women only for cleaning and if some body went on leave then the women also utilized for those works
- ❑ There is no differentiation in local people regarding their payment based on their work experience and skill set.
- ❑ They have to work standing so lot of strain.
- ❑ Salary enhancement Rs 150 per year.
- ❑ If some body leaves to City after few years then if he returns after some time he will be paid half what he used to get in at that time of his work.
- ❑ No minimum wages
- ❑ No identity cards
- ❑ No health and insurance coverage
- ❑ They are not in a position to avail holidays and it will be difficult to rejoin.
- ❑ There is no Union and the people were thrown out who tried to form union.
- ❑ 15-20 youth who worked in the factory came out and working in agriculture and as drivers etc.
- ❑ The Orissa people given preference because they are available all the time in the factory premises.
- ❑ Eyes burning due to chemicals effect need to be taken care.

### ***Suggestions***

- ❑ Youth needs to be given on the job training in some factory in Hyderabad surroundings so that the Factory management considers him under the semi skilled zone. This will enhance their income.
- ❑ The youth need to be given some income generating programme trainings and see that they are not entirely dependent on the factory.
- ❑ The youth need to be given the importance of Opportunity cost and wipe of from their minds that they should work locally.



- The convergence with line departments like. Rajiv Yuva Shakthi, SETWIN and other needs to done.

The LABS programme adopted by VELUGU-Indira Kanthi Patham can also help the village youth.

### **Case studies, Mudireddypally**

There are instances where few families moved in & out of poverty in Mudireddypally. An attempt was made to study the reasons and factors contributing for the same.

Study of few such families is given below.

#### **Moved out of Poverty**

**Name of the head of the family-** Anasuya

**Caste:** BC

**Livelihood:** Cook in the mid-day meal scheme

**Assets:** House

Anasuya has been deserted by her husband and had migrated to Hyderabad for 10 years. She had worked as maid for the last ten years and saved considerable amount from her earnings. Now she is in a better off situation. Her son goes to school in Hyderabad while Anasuya is earning her living by cooking for the mid day meal scheme. She earns Rs. 400 to Rs. 500 per month.

Though due to migration, the family could move out of poverty. It can be concluded that better understanding of the then existing conditions, good planning and an inclination to save for future needs has helped the family to move out of poverty.

#### **Fallen into Poverty**

**Name of the member:** Srinivasulu

**Particulars:** 23 years, Intermediate, ITT trained in electrical work

**Caste:** SC

**Family members:** Mother and a younger brother

**Assets:** House-1, Ox -1, Buffalo – 1, Land – 2 acres, Camera-1

**Livelihood:** Unemployed

Srinivasulu is the book keeper of the village SHGs and earns Rs. 30 per month. He also worked as MRP for Velugu at Rs. 1000 per month. But due to irregularity in payment of salaries, he quit.

He says that there is a demand for photographers in the village and the surrounding villages. Hence he purchased a camera and searches for work in the nearby villages. The demand is high during the marriage season. The photography business needs nearly Rs. 18, 000 investment for studio and the equipments. The income and expenditure analysis of the Photography business of Srinivasulu is as follow:



Material	Developing	Delivery
Reels – 3 – Rs. 300	Charges Rs. 300 @ Rs.4.50 per copy	Charges for photos – Rs. 1000 @ Rs. 350 per reel
Cells – 36 – Rs. 90	Album Rs. 300 – Rs. 500	Album Rs. 1000 to Rs. 2000 depending on the decoration
Transportation to Rajapur Rs. 50 per day for cycle rental @ Rs. 4 per hour	Transportation to M' nagar Rs. 50 per day for cycle rental @ Rs. 4 per hour	Transportation to M' nagar Rs. 50 per day for cycle rental @ Rs. 4 per hour
Miscellaneous (Food, etc) Rs. 50	Decoration Rs. 200 to Rs. 500	

### Reasons for poverty

- Land is fallow because he does not have agricultural knowledge
- Non-availability of water for cultivation
- High investment is needed in photography

### Strategies For Enhancing The Livelihoods

#### *Strategies for increasing the loan absorption capacity*

Identifying the priority areas for loaning needs of the SHG members is the first step in this direction. The areas of priority can be a mix of promoting micro enterprises, collectives and strengthening the existing institutions.

Few of the households are still in the consumptive level. For some of the better off households, loan absorption can be improved by creating new opportunities in the already existing livelihoods like product diversification, productivity improvement. The same holds good in the case of poorer households, but their capacity cannot be increased unless the consumptive needs are first met. Hence, the quantum of loan has to be higher.

Capacity building is also another crucial factor to increase loan intake. Skill upgradations, training in new livelihoods, improving the current processes or extending the current processes, all come under capacity building. The main areas of capacity building can be:

- Agriculture improvement and new practices
- Livestock improvement, enterprises and product diversification
- Micro enterprises
- Forming collectives
- Crop diversification
- Improvement in cropping pattern
- Best practices in cropping



### ***Strategy for sustainable livelihood opportunities***

As mentioned earlier the livelihood opportunities can be a mix of promoting micro enterprises, collectives and strengthening the existing institutions. Collectivization and diversification can be the key strategies for providing sustainable livelihood opportunities for the poor.

The various exercises with the villagers has revealed that agriculture still remains the priority area of the poor and specifically, irrigation. Many of the villagers voiced that given the loan they will invest in further improving agriculture.

As revealed in the value-chain analysis productivity and product diversification are the key strategies for improving this sector.

Wage labour is the key source of employment for the poor in both the villages. Increasing the scope of opportunities for them is important in augmenting the credit absorption. Skill upgradation and providing them new livelihood opportunities are the key.

Delivery channel for routing the credit to the villagers is also another determining factor for the credit to reach the needy. VVV club is one channel available for routing the inputs. But the poor in the village view it has the club of elite farmers. Hence, restructuring and strengthening of the existing institutions and channels are also required.

The various livelihood opportunities that merged during the exercises are appended to the main document along with the budget and concerned departments in the government.

### ***Strategies for linking with the line departments***

The strategy will be to first explore the existing programmes of the government and link the intervention in that particular livelihood to that ongoing programme. Secondly, capacity building initiatives can be undertaken with the help of the concerned departments in agriculture, livestock, etc.

The aspects of collaboration can be linked to financial support, capacity building support, field staff support or an overall collaboration to promote a new programme. The Annexure...has the list of the concerned line departments to be collaborated with for various livelihoods. The agriculture and livestock departments are the important players as many of the opportunities emerged in this field.

### ***Strategies for decreasing the intensity of migration***

Migration is low in the village. Three households have migrated permanently. Young men in the village work in Amangal in mess, petrol bunks, theater. Also, migration is viewed by few wage labourers as unsuitable due to huge family as well as the nature of work available in the cities.

Adequate work is available during agriculture peak season in the village. Even during other seasons labourers manage to find work in the village.

***Collective Purchases of food, consumption items, inputs – seeds, fertilizers etc., to reduce expenditure without losing quality.***



*Special strategies to support disabled families – organising the disabled; surgical corrections; support to families with disabled; education assistance to some disabled.*

*Strategies to reduce risks – insurance, micro-insurance through SHGs and complementary livelihoods*

### Proposed Activities

The following tables give the details of the potential activities as per the above-mentioned strategies.

Activities at Mudireddypally and their proposed budget are given below:

Sl. No.	Activity	Units	Amount	Details Of Amount	Source	Time	Responsibility
1	Hotel / Tiffin Centre	1	5000	Rs.5000	Own Funds, Bank	Immediate	SREDT
2	Vegetable Vending	3	9000	Rs. 9000( Rs.2000 per unit for 2 , Rs.5000 per unit for fruit & vegetable vendor)	Bank	Immediate	SREDT
3	Fruit Vending	1	2000	Rs.2000	Own Funds, Bank	Immediate	SREDT
4	Auto Driving	4	400000	Rs. 400000 ( @ Rs. 100000 each)	Line Dept, Bank, Own funds	3 Months	SREDT
5	Photo Studio	1	25000	Rs. 25000 for video camera.	e kiosks, Own funds	6 Months	SREDT, Velugu
6	Mini Poultry	5	50000	Rs. 50000( @ Rs. 10000 each)	Srinivasa Hatchery, Bank	6 Months	SREDT
7	Enhancement of mlk Production ( support fro feed)	40	40000	Rs. 40000( @ Rs. 1000 each)	Own Funds, Bank	Immediate	SREDT, AH Dept
8	Purchase of Milch Animals	20	160000	Rs. 160000( @ Rs. 8000 each)	Bank, Line Depts	6 Months	SREDT, AH Dept



9	Fodder Seed Support	40	8000	Rs. 8000 ( @ Rs. 200 each)	Own Funds, AH Dept.	3 Months	SREDT, AH Dept
10	Collectivization of milk	1	10000	Rs. 10000	Own Funds, Bank	6 Months	SREDT, Bank
11	Collective Purchase of Rice, Pulses, Oil	1	800000	Rs. 800000	Bank, Velugu	6 Months	Bank, Velugu
12	Cloth Shop	1	10000	Rs. 10000	Own Funds, Bank	Immediate	SREDT, Bank
13	Gas Cylinder Supply Centre	1	3000	Rs. 3000	SHG Funds	Immediate	SREDT
14	Collective Purchase of Seeds & Fertilizers	1	800000	Rs. 800000	Bank, VVV Club	3 Months	SREDT, VVV Club
15	Mutton shop ( support to the existing chicken shop)	1	5000	Rs. 5000	Own funds, Bank	Immediate	SREDT
16	Barber shop	1	5000	Rs. 5000	Own funds, Bank	Immediate	SREDT
17	Collection of NTFP ( Neem & Karanj)	1	25000	Rs. 25000	Bank, Velugu	2 Months	SREDT
18	Stone cutters ( Insurance & safety gadgets like shoes, goggles )	15	15000	Rs. 15000 ( @ Rs. 1000 each)	Bank, Velugu ( Insurance under social security sub project)	3 Months	SREDT, Velugu
19	Desilting of Palle Cheruvu	1	200000	Rs. 200000	Food for Work	Immediate	SREDT, Line Depts. APRLP
20	Cycle & Motor Repair shop	1	25000	Rs. 25000	Own Funds, Bank	3 Months	SREDT, Bank
21	Tailoring (Embroidery & Zardosi)	2	20000	Rs 20000 ( @ Rs. 10000 each)	DWCRA, Own funds	3 Months	SREDT, Bank



22	Check dam Construction across Rajapur Village	1	1000000	Rs. 1000000	Line Dept, Watershed	1 Year	Line Dept, Watershed
23	Vegetable Cultivation ( 5 acres)	5	50000	Rs. 50000 ( @ Rs. 10000 each)	Horticulture Dept & Own Funds	6 Months	SREDT, Horticulture Dept
24	Development of 20 member construction team in different construction skills	1	60000	Rs. 60000 ( Rs. 3000 each)	Velugu & Line Dept.	3 Months	Line Dept, Velugu, SREDT
25	Multiple skills - Electrical repairs, Motor winding, etc	3	7500	Rs. 7500 ( @ Rs. 2500 each)	Reddy Foundation & Velugu	3 Months	Reddy Foundation & Velugu
26	NPM on Red gram & Castor	10	10000	Rs. 10000 ( @ Rs. 1000 each)	Agril Dept	3 Months	SREDT, Agril Dept
27	Oil extraction unit	1	10000	Rs. 10000	Own funds, Bank	3 Months	SREDT, Bank
28	Ram Lamb Rearing	10	100000	Rs. 100000 ( @ Rs. 10000 per unit)	AH Dept, Bank, Velugu	6 Months	AH Dept, SREDT, Velugu
29	Cultivation of Mehendi	1	10000	Rs. 10000 ( @ Rs. 5000 per acre)	Horticulture Dept, Bank	5 Months	Horticulture Dept, Bank
30	Kitchen Garden	150	37500	Rs. 37500 ( Rs. 250 per unit)	Horticulture Dept & Velugu	Immediate	Horticulture Dept & Velugu
31	Musical Band Set	1	20000	Rs. 20000 per unit	Velugu & Bank.	3 Months	SREDT
32	STD Booth	1	10000	Rs. 10000 per nit	Velugu & Bank.	Immediately	SREDT
			3932000				





Activity wise beneficiary list of Mudireddypally											
SI no	Name of the activity	Group/Individual	Name of the beneficiary	Caste	Age	Amount required(in Rs)	contribution	Linkage with other Dept	Expected income (in Rs)	Repayment	Remarks
1	Auto purchase	Ind	Molgari Gangadhar s/oNrayana	BC	18	1,50,000	30000	Ban &BC corp	3000/month	1000/month	
		Ind	Dashratham gouds/oLingaiah goud	BC	24	1,30,000	30000	Bank &BC corp	6000/month	5000/month	
		Ind	K.VenkataiahaS/o Balaiah	SC	33	1,30,000	30000	Bank &SC corp	3000/month	1500/month	
2	All crop thresher	Ind	Balachennaiah	BC	38	1,00,000	25,000	Bank &Agri dept			
3	Steel centering and scaffolding	Group	Undekoti Anjaneyulu & 3 membersTeam	BC	35	50,000	10,000	SHG &Bank	12000/quarter	6000/quarter	
4	Cycle taxi, repairshop&STD booth	Ind	A.Brahmaiahs/o Kalappa	BC	40	25,000	5,000	Bank & Velugu	1000/month	500/month	
5	Videocamera	Ind	E.srenivasulus/oChennaiah	SC	23	25,000	5,000	Bank& Velugu	8,000/season	Every Quarter (With in Three years)	
6	Cheppal/Ladies Corner	Ind	Ch.Renuka	Bc	25	10,000	2,000	SHG &Bank		by monthly	
7	Enhancement of Barber shop	Ind	Panthula Parvathalus/oRam chendraiah	BC	35	10,000	3,000	Bank& Velugu	1000/month	500/month	Already shop is there
8	Working capital support to Motton shop	Ind	Karnekota Chendrojjs/o Nagoji	BC	38	5,000	1000	bank/SHG	500/month	200/month	
9	Tools support to carpentry	Ind	K.Sattaiahs/o Chendramouli	BC	47	30,000	10,000	Bank& Velugu	3000/month	1000/month	Now he is getting done at jadcherla



10	Musical Band	Group	C.Anjaneyulu	BC	35	20,000	5,000	Bank & Velugu	10,000/season	5 Installments in two years	New team formed to learn this instruments
11	Electrician & Motor repair	Ind	D.Yadaiah	BC	22	20,000	5,000	Bank & Velugu	2000/month	1000/month	now he is working at Jadcherla as Employee
12	Cloth shop	Ind	Laxamma	BC	38	20,000	2,000	Bank & Velugu		By monthly	
13	Vegetable vending (shop)	Ind	T.Gopals/o T.kistaiah	BC	35	5,000	1000	Bank & Velugu	1000/month	300/month	
14	Fruit vending at Jadcherla	Ind	E.Eshwaramma	BC	35	5,000	1000	Bank & Velugu	1000/month	300/month	
15	Ram lamb rearing	Ind	Mandala jangaiah	Bc	42	10,000	2,000	Bank & Velugu	20,000/8 months	Total payment in 8 th month	
16	Poultry	Ind	Sangen srinivas reddy	OC	38	15,000	5,000	Bank & Velugu	20,000/term		
17	Fruit shop & Soda making unit	Ind	YadammaW/o balachennaiah	SC	35	10,000	1,000	Bank & Velugu	1000/month	500/month	Already she is doing fruit business
18	Tools support to Quarry workers	Group	Six members team	BC		12,000	1,200	Bank & Velugu		500/month	
19	Dairy unit (Support for animals)	Ind	First year this activity will be facilitate in Few formers who has water facility to grow green fodder								
20	Vegetables cultivation	Group	First year start with Limited formers and scale it up								
21	Mehendi Cultivation	Group	Unless market tie up is there we can promote the farmers								
22	Collective purchase of Agri inputs (Seeds, Fertilizers)	Group	We can facilitate this activity through VVV club (after Capacity building the existing group)								
23	Collective purchase of Provisions (Rice, Oil and daal)	Group	We can facilitate this activity through Village Organisation (after Capacity building the existing group)								
24	Construction team	Group	Another sitting is required to facilitate construction team								
25	Tailoring and striching unit	Group	Decided to fainalise in next VO meeting								
Remaining activities should be regularly facilitate in VO, VVV club											



Having identified these activities and estimating the proposed budgets an exercise was carried in the village wherein the above information was shared with the villagers and their opinion was sought. The villagers were asked to give their opinion on these and add up new activities if any. Also, villagers who are keen on taking up an activity were identified and the following table enlists activities and details of the villagers keen on taking them up.



## ANNEXURE I

### *Traded In and Traded Out of Goods & Services at Mudireddypally*

Mudireddypally							
	Trade In				Trade Out		
Particulars	Units	Amount (Rs)	Total	Particulars	Units	Amount	Total
Clothes	300 families	Rs. 2500 per family	750000	Maize			50000
Education	100 Children	Rs. 2000 per child	200000	Red gram			100000
Rice	50 kgs per family fo100 families for 12 months	Rs. 500 per bag	600000	Cotton			100000
Oil	1.5 Kgs per family for 300 families for 12 months	Rs. 50 per Kg	270000	Castor	200 families 2 quintals	Rs. 1500	600000
Soaps	300 families for 12 months	Rs. 50	180000	Sunflower	150 quintals	Rs. 1300	195000
Pulses	25 kgs for 300 families	Rs. 25	187500	Horsegram	5 quintals	Rs. 400	2000
Seeds			160000	Neem seed			2000
Fertilizers			500000	Karunj seed			3000
Pesticides			215000	Maduga leaf			35000
Chillies	10 kgs for 300 families	Rs. 25 per kg	75000				
Others	300 families for 12 months	Rs. 50 per month	180000	Milk	3 months for 30 days for 150 litres	Rs.10 per litre	135000
Medical Requirements	300 families for 12 months	Rs. 500 for an year	150000		9 months for 30	Rs. 10 per litre	540000



					days for 200 litres		
Meat	200 families for 12 months for 2 times	Rs. 50 for half Kg	180000	Services			
Vegetables	300 families for 12 months	Rs. 200 per month	720000	Drivers	25 drivers for 12 months for 20days	Rs. 1000 per month	600000
Gas	50 families for 6 times	Rs. 320 per time	96000	Company Labour	30 men for 12 months	Rs. 1000 per month	360000
Kerosene	300 families	Rs. 150 for an year	45000	Stone cutting	10 families for 6 months for 30 days	Rs. 50 per day	144000
Footwear	300 families	Rs. 200	60000	Sheep/Goat	100goats	1500	150000
TV cable	60 families for 12 months	Rs. 70	50400	Carpenter			3000
Electricity	200 families - Bi-monthly bills	Rs. 150	180000	Selling of Fuel wood	Making coal		10000
Water Bill	150 families for 12 months	Rs. 15	27000	Sand labour	60 persons for 200days	Av Rs. 80 per day	960000
Liquor ( Including Toddy & Arrack)			1050000	Agri labour	100 persons for 110 days	Rs. 35	385000
Total			5875900				4374000



## ANNEXURE II

Income and Expenditure statement of household depending on Agriculture & Wage labour  
(Mudireddy pally)

Sl.No	Source of Income	Amount	Sl.No	Expenditure Item	Amount
1	Jowar	900	1	Rice	3450
2	Red gram	600	2	PDS rice	1260
3	Sunflower	5200	3	Kerosene	240
4	Paddy	3000	4	Provisions	1000
5	Wage	4500	5	Health	1200
6	Milk	8640	6	Education	2500
7	LIC loan	10000	7	Books	300
			8	Clothes	500
			9	Toddy	864
			10	Medicines for small livestock	2000
			11	Feed for Cattle	6000
			12	Fertilizers	2500
			13	Pesticides	3000
			14	Whitewash	800
			15	Electricity bill	720
			16	LPG Gas	1600
			17	Seeds-Agri-Sunflower	520
			18	Seeds- Paddy	175
			19	Wages	2500
			20	Interest	2300
	<b>TOTAL</b>	<b>32840</b>			<b>33429</b>



### ANNEXURE III

Income and Expenditure statement of household depending on stone cutting (Mudireddypally)

Sl.No	Source of Income	Amount	Sl.No	Expenditure Item	Amount
1	Red gram	960	1	Red gram inputs	2090
2	Quarry work	27000	2	Maize inputs	3725
3	Tractor works	24000	3	Tractor-Driver	21000
4	Agri Labor	1800	4	Diesel	34200
5	Maize	6870	5	Jowar	275
6	Agri Work-Tractor	48000	6	Rice	3300
7	Transport-	2500	7	PDS Rice	1800
			8	Kerosene	228
			9	Cheppal	200
			10	Ration-Sugar	254
			11	Milk	360
			12	Provisions	6000
			13	Education	1350
			14	Vegetables	1800
			15	Electricity bill	720
			16	Liquor	7920
			17	Meat	2040
			18	Clothes	4950
			19	Other exp	2460
			20	Land lease	3000
			21	Health	1000
			22	Savings	12458
	<b>TOTAL</b>	<b>111130</b>			<b>111130</b>







## ANNEXURE V

Income and Expenditure statement of household depending on Vegetable vending (Mudireddypally)

Sl.No	Source of Income	Amount	Sl.No	Expenditure Item	Amount
1	Red gram	1300	1	Rice	1260
2	Jowar	400	2	Provisions	6000
3	Vegetable vending	11040	3	Education	3000
4	Milk selling	1440	4	Feed for cattle	3000
5	Paddy	3000	5	House painting1	800
6	Credit from Velugu	7000	6	Electricity bill	960
7	Credit from Money lender	5000	7	Cable	720
8	Credit from Bank	5000	8	Festivals exp	1200
9	Misc credit	940	9	Clothes	1350
			10	Health	2400
			11	Meat	1200
			12	Pocket money for children	300
			13	LIC premium	930
			14	Repayments to Velugu	2000
			15	Credit repayment	10000
	<b>TOTAL</b>	<b>35120</b>			<b>35120</b>





## ANNEXURE - VII

Income and Expenditure statement of Sheep rearing household ( Mudireddypally)

Sl.No	Source of Income	Amount	Sl.No	Expenditure Item	Amount
1	From sheep	20000	1	Rice	4200
2	From Agri	5175	2	PDS rice	1008
3	Agri labour	4500	3	Seeds and fertilizers	2750
4	Castor	1000	4	Provisions	4800
5	Fertilizer	1500	5	Milk	1800
6	Credit from money lender	10000	6	Education	400
			7	Books	300
			8	Cloths	2000
			9	Electricity bill	540
			10	House painting	300
			11	Pesticides	1050
			12	LPG gas Bill	325
			13	Kerosene	114
			14	Sheep medicines	2000
			15	Health	2400
			16	Rent for grazing land	3000
			17	Footwear	400
			18	Toddy & other Exp	3600
			19	Repayment	11188
	<b>TOTAL</b>	<b>42175</b>			<b>42175</b>

**Madhyampur, Harichandanpur Block, Keonjhar District, Orissa**

**Data gathered in Social Map**

House type

Community (Munda/Mahanto)

Adults - Men, Women :: Literate || Working

Children - Boys, Girls :: Going to school || Going to work

Small Children - Boys, Girls

Deaths during last one year - Old persons, not so old, children :: Probable reasons

Land ownership - Approximate acres :: > 10 ac / 5 - 10 ac / < 5 ac

Livestock : No. of Cows || Bulls || Goats/Sheep

Poultry :: Yes/No

Receiving Government Pensions?

Livelihoods of the HH :: Agriculture || NTFP || Wage Labour

Migration for wage labour

Service within village

Employment outside village

Others

Crops in the land :: Paddy || Dal || Vegetables || Jute || Others

Membership in SHG :: Leader || Member || Not member

## Whose Perspectives Matter?

### Event 1

In our recent visit to Mahunala, one of our sites, we were updating another case study. The farmer and his wife were weeding the maize field at the time of our visit. A year ago when we were collecting information about the family, we were told that they had mortgaged a plot of their land five years ago for Rs 1500 because at that time they needed cash for paying the medical expenses when their daughter was seriously ill. For 2 years or so, they had only one bullock since the other one had died and they could not afford to replace it. They were operating below the level of food security threshold. The farmer used to undertake seasonal migration just to meet his family's food needs and could not save enough either to buy a bullock or to get the land back. Earlier this year, he and his son together went on seasonal migration and could save Rs. 2500. A decision had to be made whether to buy a bullock for Rs 2000 first or to get his mortgaged land back by paying Rs 1500.

The farmer had bought a bullock! Was that the right decision?

### Event 2

On July 16, 1999, we were validating and updating one of our cases studied in Mahunala village. A young, unmarried woman along with her relatives had migrated to a neighboring district (for two months) as agricultural laborers to harvest wheat. At the time of receiving the wages. She had a choice between cash or wheat grains.

If you were she, what would you choose, cash or wheat?

### **Elements of a Project Proposal**

- Executive summary
- Introduction/Background/Context
- Problem/Need/Rationale
- Goal/Objectives/Results/Indicators
- Target group and identification
- Strategies and Activities
- Implementation/ Institutional arrangement
- Institutions of the target group
- Capacity building
- Scheduling/Phasing
- Budgeting and Funds flow
- M&L, Results Framework, LFA Matrix
- Sustainability of the Project
- Convergence
- Risks and management of Risks
- Special criteria that needs to be addressed (Gender, Vulnerability, Environment)

### **Criteria for appraisal**

Feasibility – financial, social, cultural, institutional, technical

(Financial feasibility – do we have budget in the project to do this?)

Financial Viability

Do we get more than the bank interest? IRR, NPV, Pay back period

Do we get an equal or higher wage by doing this activity?

Sustainability

Environment

How can they do this?

Productivity

4 arrows

Equity

Cost effectiveness

Compared to other methods of implementation

### **Development Intervention Worker**

One must check the adequacy of one's innate qualifications for this most demanding of professions, namely of development. There is no doubt that there are certain essential characteristics that anyone who wants to be a successful development professional must have, at least potentially. In order to help you assess yourself regarding this basic question, a few questions are list for you to answer for yourself.

The basic question you are trying to answer yourself is: Am I cut to be a Development Professional?

The list of questions are:

- Is your limit of physical endurance abnormally high?
- Do people believe you shall do what you say you shall do?
- Are you intuitively able to establish unspoken two-way communication with others?
- Do you get satisfaction out of letting someone else take the credit for something that was 90% of your doing?
- Can you listen?
- Can you lose your temper when you are not angry?
- Can you dispense with popularity?
- If you do not have a problem, do you go out and find one to work?
- Are you a big organization or small organization man?
- Do you want to rely on yourself, or on others?

Discussion on each of the question follows.

#### 1. Is your limit of physical endurance abnormally high?

What has physical endurance to do with development profession? A hell of a lot. There are several obvious links. One is that even the best organized of the professionals frequently finds himself in the middle of a crash programme that originated in something beyond his ability to control or predict. It means agile thinking, quick action, and long, long hours for the development professional.

The most important demand on his physical endurance, apart from considerable travel that takes energy, cuts into sleeping and family time, is perhaps the least understood. Anyone who has to participate in, let alone preside over, a meeting of determined persons, engaged in a head-on collision of ideals on vitally important matters, leaves the meeting, feeling as though he's run a four-minute mile. And of all the people there, the development professional dare not let it show. Besides he's probably got to walk straight into another meeting, equally important and equally contentious.

Meetings often are contentious because real people get committed on important issues; and then they get aggressive, antagonistic, enthusiastic, defiant, and simply bloody-minded. If he wants the respect and not the sympathy or pity, he would better be seen to be fresh and full of spirits.

## 2. Do people believe you shall do what you say you shall do?

*A good name is more to be desired than great riches; esteem is better than gold or silver. Proverbs XXII, 1.*

In the first place, a development professional has to have 'demonstrable integrity'. It is a deadly sin to say one is going to do something just for the sake of getting off the hook. If you do not know what you are going to do, say you do not know, avoid half promises like the plague. But set the date when you expect to have a commitment ready – and keep that date.

In the second place, if you have promised something (or even only given someone reason to think you have promised something), then carry it out, if you possibly can. At the very least, recognize that you are under an obligation and if there is a sound reason for changing your mind, as to be released from that obligation. Otherwise a couple of things will happen. You will lose respect, the respect of your customers, your workers, your colleagues, etc. Respect is something, a development professional has to have. Moreover, the people you deal with will learn to discount what you say and figure out their own ways of deciding what you intend to do.

Whatever it is, there are times when invariable honesty conflicts directly with the discharge of your obligations, therefore, interferes with your integrity, and thus pits one kind of honesty against another. The optimum compromise is in sticking to the whole truth just as long as and as loud as, possible and when the unpleasant dilemma does rear up, still departing from it as little, as softly, and as briefly as, ingenuity permits. This may hopefully leave a 'net honesty' balance. To substitute with verbal waffle – never. That compounds dishonesty with cowardice and deception and often attracts critical attention, instead of diverting it.

## 3. Are you intuitively able to establish unspoken two-way communication with others?

If, whether you are meeting someone for the first time, or talking to someone you know quite well, you sense what he or she is thinking and feeling, irrespective of the actual words being used; if, in addition you can let him know that you have this knowledge and can project to him a suitable interpretation of your own thoughts, then and only then, you are equipped to be a good development professional.

There is only one way to become, if you are not already. It can only be mixing with people openly and without prejudice or bias. It is not necessary to like the people, but you must learn to enjoy the contact itself. It seems to imply extroversion but it is not, it is facility for human contact, which a basically quiet, shy person can also develop. This is not interpreting other people's behaviour in terms of your own and predicting other people's behaviour in terms of your own reactions. It's do it yourself project, but the basic ingredients must be there before you start; a sympathetic interest in others, a curiosity as to what makes them tick, a desire to influence their thinking.



4. Do you get satisfaction out of letting someone else take the credit for something that was 90% of your doing?

This is what you are going to have to do if the people who work for you (or for whom you work) are going to grow and develop. And if they do not grow and develop under you, then either they are not going to make an effective team or they are going to go away and grow under someone else. Either way means more demands on your time and energy. So when you have been leading and guiding one of your people to create and develop an idea, and it's a great success, you have not only got to let him take the bows, you have got to enjoy watching him taking them. The idea is not that you should be basking in the reflected glow of his achievement. It is your achievement and he gets credit for it. And that's tough. But you have to do it and like it. Otherwise you will not be a great development professional.

5. Can you listen?

St. Augustine said: 'Hear the other side.' He said it more than 1500 years ago. You would better do so. The other guy is probably wrong, but fairness demands he is heard through and answered, or you shall take the heart out of him. And he might just be right.

This point has been made time and time again, of course, and everybody says that he can do it. So be honest: when you are hot on an argument, and you are making your case, and you can see it all so clearly, and the other person is too thick to understand you, and keeps opening his mouth, do you really hear what comes out?

6. Can you lose your temper when you are not angry?

Conversely, can you keep your temper when you are angry? You have to be in control of your emotions. Do not ignore them or try to suppress them, they are often a better guide than your brain. But stay in control.

A person who has lost his temper is the one who has started thinking with his guts. In the environment in which we live, like it or not, the person who descends to visceral reactions loses out. Expressing anger is selfish indulgence at best, bad theatre at worst. 'Anger makes dull men witty but it keeps them poor'.

But on the other hand, a deliberate display of bad temper can be very efficacious in showing people very clearly just where the limits lie. They will keep probing, like kids, to find out just what they can get away with, and until they get bawled out they will not know. Do not feel guilty about it, they are looking for it and they probably feel they deserve it. And on the whole a good bawling out is a damn sight fairer than suddenly producing their cards.

By and large, disciplinary action is either destructive, punitive, or corrective. Destructive discipline is the act of an insecure person in getting even, in making the other man feel like an ape, in destroying his self-respect. Performed, usually, in the heat of anger, its effect is to lower morale generally and to build in the target individual a hot, lasting resentment which he must curb until his chance comes to square things – usually on the sly.

Punitive discipline is, unfortunately, occasionally necessary, and here comes the person's ability to appear angry. Justification must be obvious and the whole thing must be performed quickly,

then dismissed. Not only certain acts must be punished in proportion to their gravity and in fairness to those around who behave correctly, but another common phenomenon is familiar: the quiet masochist. He simply cannot work happily, or effectively, unless he is beaten, figuratively, at regular intervals. This places an extra demand on your time and energy, but it is worth it, if he is worth it.

Corrective discipline may be so delicately applied that it hardly causes a twitch in the harmony without involving 'bawling out' and 'making others lose face'.

### 7. Can you dispense with popularity?

Development professional needs to have sufficient confidence in his own assessment of what is appropriate, not to need the approbation of others except to the extent that he is dependent on it for his effectiveness.

In the long term, public respect and celebrity are powerful motivators for development professionals. But to bow to the rather fickle and shifting winds of public opinion and morality is the quickest way to get blown off course (and even end up sailing round in circles). And, unfairly enough, no one respects you for it.

On the other hand, one should not get emotionally upset by other people's reactions and opinions. One should care about them, in the sense that they are considered and are guarded against or used.

### 8. If you do not have a problem, do you go out and find one to work?

For a start let's make it clear what when we say 'find' we mean find and not 'create'. People who go round creating problems where there are not any are death to any organization, unlucky enough to have them on the pay roll. Almost as dangerous are the people who brush problems under the carpet and hope they shall go away. Sometimes they do, but more often than not they lie around accumulating until the carpet has so many lumps under it, someone trips.

But the people this question is trying to sort out are not actively dangerous at all, at least in the short term. Just inadequate. When a problem is put to them, they work on it, solve it, and then wait for the next one. As long as they keep up with the inflow of problems, from the organization point of view, that is ok. The job is being done. If the crisis level stays low enough to keep within their competence, they get by. But they will never hit the top.

A person must become a little uneasy without having a problem to work on. He should not wait for the next problem to come along, he must go out and find it. Problems that are at the root of potential crisis, uncovered early, have not had enough time to grow and are easier to solve. They have not had a chance to get into channels and therefore, can be tackled informally - using up the time of fewer people. Handled this way, they never reach full-fledged crisis status with committees, position papers and all the associated panoply that wastes time and kills good management.

However, by seeking one finds the illness; by awaiting crises one deals only with symptoms. So going out to look for problems has its payoff as a defusing operation which reduces to a minimum the number of explosive situations he has to deal with daily. By getting ahead of the crises, he has

put himself in control of the job. And only when he has that control can he start doing the essential things like – thinking, planning, originating, looking at future and at broader horizons.

But if he lets the crisis level rise, he is up to his neck in day to day problems and it is another story. He shall have to stay on his toes just to breathe. He is no longer managing the job, it is managing him.

#### 9. Are you a big organization or small organization man?

*'It is in self-limitation that a master first shows himself'* – Goethe

Essentially you are big organization man if you:

- A. Like to feel there are a lot of people working around and about you, and all on the same side.
- B. Like the feeling that your employer is immortal, impersonal, and a long way away, but still looking after you.
- C. Are satisfied (or more secure) with contributing one piece to a large whole.
- D. Like the stability of carrying out one well-defined job, instead of a multiplicity of varying tasks.

Yes, then, by and large, you are a big organization man. And that is where you ought to be. If none of these criteria fits you, but you still want to know that your decisions are going to affect thousands of people, or win or lose millions, then what you may be is a small organization man with big ambitions.

On the other hand, you are clearly a small organization man if you:

- A. Want to get responsibility early.
- B. Like to do 'a bit of everything'.
- C. Are prepared to face the fact that bankruptcy may be just around the corner.
- D. Do not want to be a cog in an impersonal machine.
- E. Want to know the boss, and have the boss know you.

If you are really ambitious to be a big wheeler-dealer, but your personality seems to be that of small organization man, then the road up for you is probably through at least one small organization. So take small organization, build it up, make yourself an essential component of its success. It is a faster way than the internal ladder, it is a more effective way and for you it is going to be more fun. But do not think it is going to be easy. At this point, you may find it simpler to continue on with than jump from running your own show to being a politician at some corporate court.

On the whole, the small organization has problems – handling a recruit who cannot pull his weight from the start, whereas the large one is not likely to be damaged by a beginner's mistakes. And the larger the organization, the more opportunity it can offer for specific training, both formally and through job rotation. Moreover, it provides a splendid opportunity for one to get paid while finding out what kind of a man one is.

10. Do you want to rely on yourself, or on others?

There are two qualities that are normally looked on as aspects of a job, but which are much more functions of the man himself. They are security and independence and for many people the greater of these is security.

If a man is insecure; he is insecure; and no kind of iron-clad contract is going to stop him feeling that way (though it may alleviate his symptoms). Conversely, if he is secure, he is secure; he does not worry that the job may fold under him because he is confident enough of his own ability to always make a living somehow. Security, to rub it in, is not an attribute of the job, but of the man.

It is obviously important to know which type you are. Because even if you are doomed to be a perpetually worried about what future has in store, you are obviously going to be far happier if you are in a stable organization. On the other hand, if you are the secure type, it cannot make much difference where you are, so you can afford to go for the high payoff, high risk areas.

Much the same is basically true about independence. People assume that a given job is an independent one or, alternatively a restricted one. Whereas if you give a man with an independent mind what looks like a fenced-in job, he shall pretty soon be trampling down the fences. And the man who likes to lean on other people will go on doing so no matter how independent his job is. Even if he is running his own organization, he will be letting his accountants or his solicitors take his decisions for him and running for help at the whisper of a problem.

By-the-by, it is tempting, but erroneous, to assume that insecurity and dependence go hand in hand and that both are associated with being a big organization man. So, in the long run you mould the job you get to your own desires.

## **CDD Design Principles**

(as articulated by the World Bank)

Make investments responsive to informed demand

- Decisions based on accurate information about costs and benefits of options
- Communities' own resources invested

Build participatory mechanisms for community control and stakeholder involvement

- Providing inclusive community groups with knowledge, control, and authority throughout all program phases
- Programs designed with relevant stakeholders (government, local leaders, civil society, community)

Invest in capacity building of CBOs

- Impact of CBOs driving process
- Emphasis on training and capacity building through 'learning by doing'

Facilitate community access to information

- Flows of information as important as flows of funds (market opportunities, available resources, etc..)
- Growing use of information technology

Develop simple rules and strong incentives supported by monitoring and evaluation

- Simple rules easy to interpret and apply
- Clearly defined procedures, widely disseminated; rules monitored and transparently enforced

Establish an enabling environment through institutional and policy reform

- Empowered elected local governments responsive to constituents
- Inter-governmental arrangements for fiscal decentralization including fiscal flows to local governments and CBOs
- Conducive legal and regulatory framework that supports community action
- Clear sector policies with well-defined financing rules and defined roles and responsibilities of key players in each sector

Maintain flexibility in design of arrangements

- Flexibility in design essential to allow systems to evolve
- Direct feedback from community on program performance (beneficiary assessments, etc..)

Ensure social and gender inclusion

- Communities not homogeneous thus design need to be socially inclusive giving voice and decision making to women, elderly, youth, minorities, those with HIV/AIDS, disabled.

Design for scaling up

- Approval and disbursement processes as decentralized as possible

Invest in an exit strategy

- Recurrent services require permanent institutional and financing arrangements at locally affordable cost level