



# CGPRT

# Flash



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## Short Article

# Underutilized Species: an Alternative for Poverty Alleviation?

The number of chronically undernourished people in the world remains stubbornly high, amounting to 850 million people (FAO, 2005). Half the world, or nearly three billion people live on less than two dollars a day and around 1.1 billion live in extreme poverty on less than one dollar a day. These conditions have caused over one billion children (more than half of those living in developing countries) to suffer from the severe effects of poverty and 674 million (over a third) are living in conditions of absolute poverty.

The development of underutilized species has been perceived as a potential alternative to alleviate these problems. The success story of yacon, a formerly underutilized plant species, in Brazil, for instance, inspires this conviction (Weber, 2003). The term “underutilized plant species” covers an enormous range of plants that have the potential to contribute to food and nutritional security, and poverty alleviation. Nowadays, about 7,500 plant species are considered edible. Yet, global food security is increasingly based on a narrowing range of animal and plant species. For example, 95 per cent of the world's food energy needs is provided by just 30 plant species and 50 per cent of the requirement for protein and calories is met just by maize, wheat and rice (Bordoni, 2005).

However, there are many inhibiting factors that restrict the wider use of underutilized species. From a socio-cultural perspective, domesticated species are historical products that are embedded in culture and even shape culture. Widening the diversity of human alimentation involves changing cultural habits and requires prolonged efforts. From an economic perspective, the agro processing industry and large-scale distribution enterprises have progressively acquired such market powers that they today impose standardized products on consumers. As a result they shape our tastes and preferences and shrink the natural food base diversity in the name of economies of scale and immediate profit. In addition, the dominance of the western consumption pattern that has developed from more limited biodiversity limited to the continental/Mediterranean ecosphere, further narrows the diversity of the diet. Besides, and related with this trend, agricultural research has also traditionally prioritized only a few dominant plant species, placing less or no attention on the allegedly “underutilized”, neglecting their potential.

As poor people living in marginal areas usually grow most of these crops, they represent an opportunity for poverty alleviation. Developing niche markets for these crops is often presented as the basic approach (Bourgeois, 2005). However, this strategy entails

two major constraints related to its contribution to poverty alleviation. Firstly, to enter a niche, producers need capital, information, communication skills, access to market, and infrastructure for processing. Unfortunately, most poor farmers lack these requirements, a fact that usually makes them unable to extricate themselves from the grasping clutches of poverty. Secondly, a niche market is by definition limited to a small quantity of products and a small number of consumers and thus, of producers. The overall impact of even a few successful niche markets on poverty at the national or world levels would be limited and unlikely to meet the MDG 1 objective. As such, is there nothing that can be done to turn underutilized crops into an opportunity for the rural poor?

Actually, poverty alleviation is a public moral obligation, in other words, reducing poverty is not merely a decision based on exclusively economic criteria. Fighting poverty has gained substantial support from international organizations and governments, at least on paper, but this must then support and facilitate the access of the poor to niche markets for products based on underutilized plant species.

There are many ways in which this can be achieved. Policies and actions can prioritize the poor and marginal areas by making use of niche markets. These policies can be in the form of incentives to the buyers of products produced by the poor or entry-barriers for non-poor farmers. They also must be comprehensive, including capital provision, market information, institution-building and investment in infrastructure development to support poor farmers' products based on underutilized plant species. Reorienting agricultural research and development activities towards resource-poor populations in marginal areas and underutilized plant species is another aspect of a more inclusive strategy for rural poverty alleviation. With this renewed focus on the problems and situations related to how the rural poor may take advantage of niche markets, not only will the contribution of underutilized species to poverty alleviation be enhanced, but also the overall conditions under which the rural poor struggle to improve their lives, and that is development. The question is whether we have a strong enough commitment to make it happen? ■

*Written by Robin Bourgeois and Wayan R. Susila, IS/DB Programme Leader and Staff, Respectively, UNESCAP-CAPSA, Bogor, Indonesia.*

*(References available upon request)*

Flash **BREAKING**

### The State of Income Inequality

The world's richest 500 individuals have a combined income greater than that of the poorest 416 million. Beyond these extremes, the 2.5 billion people living on less than \$2 a day, 40 per cent of the world's population, account for 5 per cent of global income. The richest 10 per cent, almost all of whom live in high-income countries, account for 54 per cent.

UNDP, 2005. International Co-operation at a Crossroads: Aid, Trade and Security in an Unequal World, Review, <http://hdr.undp.org/>.

### Tonga: Fuller Integration with the World Economy

Tonga has entered an era of globalization. The WTO Sixth Ministerial Conference in Hong Kong on 15 December 2005 approved Tonga's terms of accession. This decision paves the way for this South Pacific Island nation to become the 150th member of the WTO. The Kingdom of Tonga's sustained efforts and commitment toward a transparent and predictable trading environment have led to its successful membership of the WTO.

WTO, 2005. WTO Ministers Successfully Approve Tonga's Membership at Hong Kong Conference, <http://www.wto.org/>.

### Hunger Strikes Papua

At least 55 people have died and over 100 others are now in a critical condition due to a shortage of food in Yahukimo regency, Papua, Indonesia since November 2005. The lack of food was caused by harvest failure and no stocks of food. In addition, the regent is located in a remote area that has a poor communication system and is difficult to reach by land transport making it difficult to bring in food and medicine. To prevent hunger in the future, the Minister of Agriculture said that the government would build food storage facilities and provide seed materials.

Bakrie, Aburizal, 2005. Laporan Singkat Situasi Kabupaten Yahukimo (Brief Report on Yahukimo's Current Condition), Co-ordinator Ministry of Social Welfare of Indonesia, (17 December 2005).

### Export Subsidy Ended

One of the substantial achievements at the Hong Kong Ministerial Meeting in December 2005 was an agreement to end export subsidies on agricultural products in 2013. As the Director General of the WTO stated, this most straightforward output was only agreed at the last minute. Member countries paid tribute to the European Union, which had the greatest difficulty on this issue.

WTO, 2005. Day 6: Ministers Agree on Declaration that 'Puts Round Back on Track', Summary of 18 December, [http://www.wto.org/english/thewto\\_e/minist\\_e/min05](http://www.wto.org/english/thewto_e/minist_e/min05).

## Biofuels in Asia: Promising

Production and use of biofuels -fuels derived from crops and agricultural waste- advanced rapidly in 2004, spurred on by agricultural, environmental, and consumer interest. In general, biofuels burn cleaner than fossil fuels, are renewable, and can be domestically produced in many countries, creating agricultural jobs and revenues while displacing imported fuels. Global production of fuel ethanol increased 13.6 per cent in 2004, reaching almost 33 billion litres. Ethanol is by far the most widely used biofuel for transportation where Brazil and the USA dominate the market. World production of biodiesel fuel, based on vegetable oils and fats, is smaller but has been growing even faster, nearing 1.8 billion litres in 2003, up 18 per cent over 2002. In Brazil, 30 per cent of car fuel comes from the 14 billion litres of ethanol derived from sugarcane annually. The growth of biofuels may accelerate even more as other governments introduce favourable policies. Many Asian countries, such as China, India, South Korea, Japan and Malaysia already support the development of biofuels. The Government of Thailand has endorsed a 10 per cent ethanol/gasoline blend, and 18 new ethanol plants are being developed. In the Philippines, coconut-derived biodiesel is expected to cut demand for petroleum diesel by 5 per cent. The greatest potential for biofuels lies in tropical and subtropical developing countries, where growing seasons are longer and production costs are lower ■

Based on Aeck, Molly, 2005. Biofuel Use Growing Rapidly, <http://www.worldwatch.org/brain/media>.

## Agricultural Development Blueprint for the 21<sup>st</sup> Century

The Beijing Consensus on the future of global agriculture and rural areas urges governments to recognize the vital role of agriculture and rural communities in overall economic growth and sustainable development. With the majority of the poor and hungry living in rural areas, the statement calls for investment in agriculture and rural development as "absolutely crucial to improve their lives and livelihoods." The consensus warns that globalization and the emergence of supermarkets could lead to severing food consumption from local production, with a risk that small farmers would be excluded from the food supply system in urban areas. Regarding the environment, the consensus calls for rural societies to be the primary custodians of local ecosystems. A plan should be developed that would allow the poor to benefit from "selling" environmental services. The consensus also highlighted that scientific breakthroughs on converting biomass to commercial fuels are urgently required to avoid a trade-off between fuel for the rich and food for the poor. Recognizing the serious problems in sub-Saharan Africa, the Beijing Consensus urges African countries to build a strong agricultural science base in order to guarantee food security for their people. Finally, the consensus recognizes that agricultural practices contribute to global warming and that this will adversely affect agricultural productivity in most developing countries ■

Based on Riddle, John, 2005. World Experts Agree on Agricultural Development Blueprint for 21st Century, <http://www.fao.org/>, (19 September

## How Trade Policies Affect Food Security?

Trade policy is just one of a very broad range of factors influencing food security. Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life. The impact of trade policy is primarily through the effect it has on the relative prices of things people buy and sell. Changes to trade policy can make some activities less and others more feasible, with differential effects between countries and social/gender groups that may affect their food security. Changes to government policy on international trade, whether decided nationally (as structural adjustment) or multilaterally (through the WTO) will affect individual food security. There are four 'entitlement' relationships identified that link trade policies and food security. Firstly, they produce it for themselves (production-based entitlements) or they are self-sufficient. They can be affected by policies influencing the demand and supply of factors used in production, some of which will relate to international trade. Secondly, they sell or barter physical assets (trade-based entitlements). The amount of food they can acquire will be influenced by policies that affect the level and variability of prices for food relative to what they are able to exchange. Thirdly, they sell their labour power (labour-based entitlements). Rural landless labourers and urban employees all need to buy or barter food in the market. Their food security is determined by the level and location of employment opportunities which, in turn, may be altered by trade policy. Finally, they receive informal gifts from individuals and formal transfers from the government (transfer-based entitlements). These are important for those lacking other adequate means. Formal transfers such as food aid may be influenced by multilateral trade agreements ■

*Based on Stevens, Christopher, 2005. Food Security and the WTO, Institute of Development Studies, Department for International Development (DFID), <http://www.ids.ac.uk/ids/global/>.*

## Agricultural Workers in Hazardous Working Conditions

With the total employment of around 450 millions wage workers, agriculture is ranked as one of most hazardous industries, along with mining and construction. The types of hazards encountered in agriculture include dangerous machinery, livestock-transmitted diseases and exposure to toxic pesticides. Of the 355,000 on-the-job fatalities every year, it is estimated that half of them occur in agriculture. Moreover, many of those killed, injured or made ill are women and children. Of the estimated 246 million children around the world who go to work, over 170 million (70 per cent) are employed in agriculture. Each year, 22,000 children are killed on the job, many of those in agriculture. Children in agriculture often work 10 hours per day and earn less than one dollar per day. This is because in many parts of the world, agricultural workers are denied fundamental human rights such as the rights to freedom of association, and to organize and collectively bargain with employers ■

*Based on Northoff, Erwin, 2005. Many of the 450 Million Waged Agricultural Workers Live in Dire Conditions, <http://www.fao.org/newsroom>, (6 October 2005).*

## Flash EVENTS



### Politics & Science

#### How Their Interplay Results in Public Policy

9 - 10 February, 2006  
New York City, USA

Contact:

Social Research Conference Office  
The New School and Princeton University  
65 Fifth Avenue, Room 375  
New York, NY 10003, USA  
Phone: (212) 229-5776 x 3121  
Fax: (212) 229-5476  
E-mail: [socres@newschool.edu](mailto:socres@newschool.edu)

### Towards Sustainable Livelihoods and Ecosystems in Mountainous Regions

7 - 9 March, 2006  
Chiang Mai, Thailand

Contact:

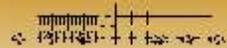
Dr. Andreas Neef  
Hohenheim Office, New Building,  
Faculty of Agriculture, Chiang Mai University,  
Chiang Mai 50200, Thailand  
Phone: +66-53-944647  
Fax: +66-53-893099  
Email: [uplands@loxinfo.co.th](mailto:uplands@loxinfo.co.th)

### Local Market Development Facilitating Institutional Change for Livelihood Development

27 March - 7 April, 2006  
Wageningen, The Netherlands

Contact:

International Agricultural Centre (IAC)  
P.O. Box 88, 6700 AB Wageningen, The Netherlands  
Phone: +31 317 495 495  
Fax: +31 317 495 395  
Email: [training.iac@wur.nl](mailto:training.iac@wur.nl)  
Website: [www.iac.wur.nl](http://www.iac.wur.nl)



## UNESCAP-CAPSA

Jl. Merdeka 145  
Bogor 16111, INDONESIA  
Phone: (62-251) 356813, 343277  
Fax: (62-251) 336290  
Email: capsa@uncapsa.org

 www.uncapsa.org

# Flash EDITORIAL CONTACTS

**EDITORIAL COMMITTEE** Robin Bourgeois  
Tomohide Sugino  
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**EDITOR** Matthew L. Burrows  
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## Book Review

### A Better Investment Climate for Everyone

World Development Report 2005, A Co-publication of The World Bank and Oxford University Press, 2004. ISBN 01635085

A good investment climate plays a central role in growth and poverty reduction. Many writings have focused on investment climates, but still this series of world development reports is eye catching for readers. World Development Report 2005 is based on new World Bank data from investment surveys (covering 26,000 firms in 53 developing countries), doing business projects (benchmarked regulatory regimes in more than 130 countries), and new evidence/emerging lessons from international experience.

The report consists of four parts and a section on selected world development indicators providing the data sets used. Part 1 underlines the need to improve the investment climate. Improving government policies and behaviour shapes the investment climate. The report provides some points on how government policies should be made. Authors underlined that governments should emphasize security of property rights, regulation and taxation, building adequate infrastructure, developing labour markets, and creating good governance by tackling corruption. Figures and graphs along with case of studies from China, India and Uganda are used as examples of countries that have successfully shown impressive growth and poverty reduction through improvements in investment climate.

Part two delivers the basic key factors for improving the investment climate. First are stability and security, since unstable or insecure environments have the most tangible effect on investment. Secondly are regulation and taxation. Sound regulations address market failures while sound taxation generates the revenues to finance the delivery of public services. The challenge all governments struggle with is how to meet these objectives without undermining the opportunities and incentives for firms to invest. Finance and infrastructure are third; inadequacies in finance and infrastructure create barriers to opportunities and increase the costs and risks for micro-enterprises as well as multinationals. Workers and the labour market are the final factor to improve the investment climate.

Part three provides knowledge on how we can go beyond the basics. Many governments make selective interventions to benefit particular firms or draw on the growing body of international rules and standards that deal with investment climate issues. Both can play a role but also involve additional changes. Selective interventions should be approached with caution, and not viewed as a substitute for broader investment climate improvements. International arrangements contribute to investment climate

improvements in three broader ways such as enhancing credibility, harmonizing rules and standards, and addressing international spillovers.

The final part of the report shows how the international community can help build a better investment climate by first removing distortions in developed countries. It is estimated that removing trade protection and related distortions in developed countries could provide gains to developing countries of \$85 billion by 2015. Secondly, the international community could provide more effective assistance to support the design and implementation of investment climate improvements. Finally, the international community could lend a hand by tackling the substantial knowledge agenda. New sources of data add to our understandings of the foundation of growth and poverty reduction.

The messages from this report are: (1) the investment climate is central to growth and poverty reduction, (2) reducing unjustified cost is critical but policy-related risks and barriers to competition also need to be tackled, (3) progress requires more than changes in formal policies and (4) investment climate improvements are a process, not an event. These messages are central issues of the report.

The book in general provides a valuable contribution for readers and policymakers to build a better investment climate in a systematic and comprehensive way using case studies, illustrations and graphs. Caution should be stressed, however, when using the data sets. Even though considerable effort has been made to standardize the data, full comparability cannot be assured, and care must be taken in interpreting the indicators. The data should be considered only as indicating trends and characterizing major differences among countries. Further country research should be implemented based on the studies.

Improving the investment climate is critical for governments in the developing world, where 1.2 billion people survive on less than one dollar a day. A better investment climate increases jobs and opportunities for the poor causing a direct effect on poverty alleviation. Thus, it is important to keep in mind that the lessons and facts highlighted in this report are for further action ■

*Reviewed by* Dian Kusumaningrum, Research Assistant-CIRAD, Bogor, Indonesia.