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Short Article

Combating Poverty in Asia and the Pacific: Lessons and Challenges

The progress in poverty reduction has varied widely within Asia and the Pacific. Overall, the region has seen strong economic growth in recent decades that has drastically reduced poverty. Per capita income has tripled, life expectancy at birth has increased by almost 20 years, and the literacy rate has almost doubled (ADB, 2000). On the other hand alarming numbers of rural poor are still deprived of food, water, shelter as well as access to education, information, health care, and the opportunity to participate meaningfully in society. The region is home to two-thirds of the 777 million hungry people in the developing world, and three-quarters of these people live in villages and depend on agriculture, fisheries and related rural industries for their livelihood (FAO, 2002).

Consequently, unleashing the potential inherent in the vast majority of the rural poor who rely on agriculture for employment and incomes can speed up poverty reduction.

Noticeably some countries have impressive records in adopting fresh ideas to tackle rural poverty. Exchanging experiences of what works in the fight against poverty should be encouraged. As former World Bank Director James Wolfenson, in 2004 exhorts:

> Beyond resources, we need fresh approaches to development that can take small successes in one country and scale them up to reach numbers that makes a difference in reducing poverty. We need ideas that can travel from province to province, country to country, and around the globe. These ideas exist, and in many cases have been turned into reality by the poor themselves. But until now they have remained isolated, recognized only by the handful of specialists and pockets of grateful beneficiaries.

Numerous case studies have illustrated how countries have taken poverty reduction programmes to a larger scale, what they did, and most importantly, how they did it. There are varying reasons for each country's success. While there are certain shared features of rapid growth by these countries such as export orientation, macroeconomic stability, employment creation, education, and a favourable environment for private investment- the precise growth strategies followed by each country are quite varied (Zagha, and Shvets, 2004). Each country adopted different poverty reduction strategies. Drawing upon case studies from these strategies tells us that scaling up is possible when countries have the right ideas, and the support to implement them.

China, Viet Nam, and Indonesia, have lifted many people out of poverty. China has embarked on an integrated multi-sectoral development approach to poverty reduction. The programme involved the expansion of social services, including education, and health; labour mobility; rural infrastructure, including roads, drinking water systems, electricity; land and farmers' development, including support for grain and cash crop, tree crop, and livestock production; development of town and village enterprises; and institution building and poverty monitoring.

The government of Viet Nam's poverty reduction programme (referred to as programme 135) operates in over 2,300 communes across 49 provinces in upland and border areas (DFID Viet Nam, 2006) with a multi-sectoral scope. Among other targets of the programme are the reduction of poor households in 135 communes, increasing the proportion of school age children attending school, the provision of adequate clean water and roads to inter-communes centres, and provision of rural market infrastructure. The government also focused on providing poor people access to financial services in rural areas.

In Indonesia the expansion of education and health services, as well as agricultural development policies in the 1970's were both important in reducing poverty. The village grant programme that started in the seventies evolved into the village improvement programme that, in turn, largely influenced the establishment of the Kecamatan Development Programme (KDP). The KDP began in 1998 and aims to strengthen local government and community institutions. It is the largest successful community development programme in the world (Zagha, and Shvets, 2004). From 1998 to 2006, KDP has covered 34,233 of the poorest villages in Indonesia, approximately 49 per cent of the entire villages in the country (World Bank, 2006). It is focused on community participation, transparency and information sharing through the project cycle, and includes an open menu where villagers can propose an activity. Also there is healthy competition for funds between villages, and decision-making and management occurs at the local level and essentially has simple strategies and methods.

Asia remains a bright spot in the global economic picture but the region faces number of challenges. Rapid growth over the past 15 years has created three challenges for its own continuation; inadequate infrastructure; energy shortages and insecurity, depletion of natural resources and environmental degradation (Humphrey, 2006). These challenges need to be managed to ensure sufficient funds for the continuation of poverty reduction programmes. Also efforts should be made to exchange ideas on thriving programmes on poverty reduction and their scaling up across the region. ■

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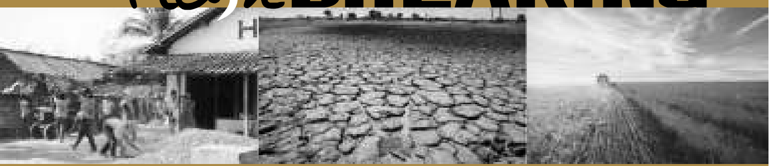
(References available upon request)

Flash BREAKING



Hot Debate in Republic of Korea

In a survey of 857 farmers nationwide, 70 per cent of the respondents expressed opposition to imported produce being allowed more access into the country. Twenty per cent of them are against additional action to open the local market, while 49 per cent stressed foreign imports must be kept to a bare minimum to protect local growers. However, 29 per cent accept market liberalization as an inevitable process. With the exception of rice, the country imports most agricultural produce from abroad, while import duties limit the negative impact on farmers. According to the farmers, if the market has to be opened, the government should compensate them for their losses in profit and production, while 28 per cent want assistance to raise their competitiveness against imports. Around 48 per cent of urban dwellers are against footing the bill to help farmers compensate for losses incurred by competition from cheap imports.

Yonhap News, 2007. Majority of Farmers Oppose Further Agricultural Market Liberalization: Poll, http://english.yonhapnews.co.kr, (19 February 2007).

Poor Cambodians Farmers Make Large Gains with Organic Farming

Small-scale farmers in Cambodia are using intelligent low-tech to take them straight to what could become the norm of the future - modern, high-yield, organic farming. About 50,000 households in 15 provinces are learning to double and triple their yields and diversify their harvest without using high-cost, high-risk chemical and mechanical inputs. The productivity gains of modern organic farming are dramatic and hugely important to profoundly poor peasants who previously saw little or no cash income. A key tool is a huge assortment of simple, well-illustrated publications in the Khmer language including a subsidized magazine that sells for less than three cents a copy.

Cayo, Don, 2007. Poor Cambodians Make Big Gains with Organic Farming. Vancouver Sun, http://www.canada.com, (28 February 2007).

Myanmar Plans Special Beans Cultivation Zones to Boost Export

Myanmar is planning to establish special beans and pulses cultivation zones to boost exports. Beans and pulses are a major crop in Myanmar, and the country is the second largest exporter after Canada. The government has asked growers to cultivate more marketable products with a higher value-added. Commerce authorities are also encouraging local traders to set up a public company aimed at effectively penetrating the world market. India is the largest buyer accounting for 72 per cent of Myanmar's bean exports. Since 1988-1989, the cultivated area of beans and pulses has gradually grown, reaching 3.6 million hectares in 2004-2005 with a production of up to 3.5 million tons of which a third is exported.

People's Daily Online, 2007. Myanmar Plans Special Beans Cultivation Zones to Boost Export, http://english.peopledaily.com.cn, (7 March 2007).

Vietnamese Farmers Worry about WTO

Under Viet Nam's WTO commitments, the agricultural export subsidy will be abolished and the average import tariff on farm produce will be reduced from 23.5 per cent to 20.9 per cent in five years. This market liberalization will place pressure on local industries due to their small scale of production, and low quality of output and labour productivity. In addition to opening doors to more imported agricultural commodities, Viet Nam has committed to expand business rights to foreign enterprises operating in export, import and distribution, putting pressure on local enterprises. Worries also exist about the risk of unemployment for local farmers as a result of modernization and competition from imports.

People's Daily Online, 2007. WTO Challenges Worry Vietnamese Farmers, http://english.peopledaily.com.cn, (19 February 2007).

Demand for Radical Changes in Agricultural Research

"'Food sovereignty' is all about ensuring that farmers are in control of what they farm and how they farm it," says Dr. Michel Pimbert, International Institute for Environment and Development (IIED). It is about supporting domestic markets and small-scale agricultural production, as well as about conserving agricultural biodiversity and resilient farming systems. The idea is that communities have the right to define their own agricultural, pastoral, labour, fishing, food and land policies to suit their own ecological, social, economic and cultural circumstances. A radical shift away from the existing top-down and increasingly corporate controlled research systems to an approach which devolves more responsibility and decision-making power to farmers, indigenous peoples, food workers, consumers and citizens is needed. The 'liberating potential' of science and technology can enhance agricultural production, reduce the environmental impacts of farming, ensure public health and improve livelihoods for the poor. But local people and citizens should be the ones who decide which new policies and technologies are needed, when, where and under what conditions. This will require more direct citizen participation in decisions about new technologies, research priorities and policies for food and farming. Conventional agricultural research must be reorganized for greater democratic oversight and priority setting to combine the strengths of farmers and scientists in the search for fair, sustainable and locally adapted food systems. ■

Based on OneWorld.net, 2007. Demand for Radical Changes in Agricultural Research, http://us.oneworld.net, (16 February 2007).

Farmers Struggle to Penetrate Supermarkets

The supermarket sector has grown rapidly in Viet Nam. In 1990, Viet Nam did not have a single supermarket but by 2005, there were 71 supermarkets in Ho Chi Minh City alone. According to the results of a recent study into the relationship between market and agriculture in Asian cities, farmers can increase their income by selling their products to supermarkets, especially those who take part in co-operatives and farmers associations. For example, farmers in the Anh Dao Co-operatives, Da Lat city, can make 400 per cent more profit from selling a kilo of tomatoes to Coop Mart than to traditional markets. Farmers always want to have stable outlets for their products, but there are barriers to selling to domestic supermarkets, let alone international markets. These barriers are often related to their small scale of production and include strict requirements for food hygiene and safety, quantity and timeliness. Most farmers grow trees based on traditional experience. Unless they change their growing techniques it will be difficult for their agricultural products to penetrate supermarkets. Government assistance could remedy the situation. For example, an agricultural support and consultant centre in Ho Chi Minh City provides a link between farmers and supermarkets. In the long term, farmers could merge into co-operatives or collective groups strong enough to compete in international markets. ■

Based on Agroviet, 2007. Farmers Find it Difficult to Penetrate Supermarkets, http://www.agroviet.gov.vn, (28 February 2007).

A 'Youth Crisis' Brewing in Rural Areas

Rising rural unemployment in developing countries is disproportionately affecting young people. Underemployment is also a growing trend among rural youth forming on average about 53 per cent of the unemployed. The unemployed or underemployed are at risk of being drawn towards antisocial activities and spreading disaffection within communities. Young people are the future, yet in rural areas they are a neglected group whose marginal status and lack of prospects undermine social cohesion, stability and growth. Too many are dissatisfied, torn between continuing to eke out an existence in farming as their fathers have done and migrating to urban areas in search of a job. How should the problem of unemployment and underemployment of rural young people be tackled? With their poor schooling and lack of skills the rural youth are ill equipped to secure employment. Providing quality schooling is all-important in equipping young people for a productive future. In the short term, governments need also to invest more in rural areas, funding public works programmes and stimulating microenterprise and small business initiatives within the general framework of an extensive employment campaign. In the long term, sustained economic growth in rural areas is needed in order to secure a future for young people. ■

Based on Rural Poverty Portal, 2007. A 'Youth Crisis' Brewing in Rural Areas, http://www.ruralpovertyportal.org/, (8 March 2007).

Working Poverty Increasingly Feminized in India

Growing numbers of women in India are working or seeking work, adding to the number of working poor, which is becoming increasingly feminized. At the same time the female unemployment rate of 6.6 per cent is more than that of men at 6.1 per cent. Most working women are engaged in agriculture and services while employment in manufacturing has declined in the last ten years. Little or no wage growth in the textile industry has led to men quitting the industry and women taking up their jobs at low wages. Employment is a crucial factor in poverty alleviation. A region's poverty is directly related to the number of unpaid contributing family members or low-income own-account workers. When unpaid contributing family members or low-paid own account workers start earning wages, it puts them on the road to empowerment. The percentage of such women has increased from 42.9 per cent to 47.9 per cent in the last decade, but it's still less than that of men. Women lag behind men not only in numbers, but also in wages. Women earn less than men for the same job in most parts of the world. Policymakers not only need to place employment at the centre of social and economic policies, they also have to recognize that the challenges faced by women in the world of work require intervention tailored to specific needs. Since a vast majority of women are working in the informal economy in India, much still needs to be done to promote decent and productive work, including access to training, social protection, voice and representation, as well as family support mechanisms. ■

Based on Tikoo, Rajiv, 2007. Working Poverty Gets Increasingly Feminised. The Financial Express, http://www.financialexpress.com/, (8 March 2007).

Flash EVENTS

AIEA2 International Conference 2007 - Knowledge, Sustainability and Bio-Resources: In the Further Development of Agri-Food Systems
22 - 27 July 2007
Universidade Estadual de Londrina Campus, Londrina - Paraná, Brasil

Contact:
AIEA2
Website: www.aiea2.stat.unibo.it

3rd IASTED International Conference: Environmental Modelling and Simulation (EMS 2007)
20 - 22 August 2007
Honolulu, Hawaii, USA

Contact:
IASTED
Website: www.iasted.org

Improving the Performance of Supply Chains in the Transitional Economies: Responding to the Demands of Integrated Value Chains
23 - 27 September 2007
Sofitel Plaza Hotel, Hanoi, Viet Nam

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Book Review

Pro-Poor Macroeconomics: Potential and Limitations

Giovanni Andrea Cornia (ed.), Social Policy in a Development Context Series, United Nations Research Institute for Social Development (UNRISD). Palgrave MacMillan, New York, USA, 2006. ISBN 0-230-00488-1

Rising as it did from the swamp of the Great Depression, modern macroeconomics for a long time was concerned with the social objectives of full employment and social welfare. However, in the 1980s the discipline lost sight of these objectives, becoming increasingly concerned with the preconditions for growth, while it was thought that safety nets and social policy would sweep up the mess left behind. This amoral macroeconomic policy, known as the Washington Consensus, is focussed on containing public debt and inflation, liberalizing markets, privatizing state assets and liberalizing trade and capital flows. Many countries throughout the developing world adopted the prescriptions of the Washington Consensus, often with a disappointing effect on poverty alleviation. On the other hand, countries that have made the most progress towards the Millennium Development Goals, such as China, India and Viet Nam, have done so with macroeconomic policies that departed significantly from the Washington Consensus. Despite this experience macroeconomic policy continues to be detached from the welfare of the poorest.

There is, however, a growing band of heretics who suggest that the welfare of the poor should be foremost in the determination of macroeconomic policy and pro-poor macroeconomics belongs to this movement. The volume's concern is “the limitations of liberal macroeconomics and the search for a pro-poor macroeconomics”. In her excellent introduction and synthesis of the collection, Cornia argues against the blind application of macroeconomic principles with no regard for local conditions, a mistake that has often been made by international institutions when prescribing macroeconomic policy to governments. In all cases of successful macroeconomic policies some basic principles were followed, such as ensuring productive incentives, property rights and macroeconomic balances, but importantly, local circumstances were taken into account into the design of the specifics. Cornia also notes that although it can do much for the poor, macroeconomic policy as a poverty alleviation tool has some limitations, being ineffective in removing deep-seated inequalities, as well as in countries with large informal sectors and subsistence economies loosely integrated into the mainstream. A pro-poor macroeconomic policy must therefore be accompanied by pro-poor social and microeconomic policies.

Chapters 2-7, focus on a specific aspect of macroeconomic policy, including fiscal policy, monetary policy, exchange rate regimes, capital flows and international safety nets. The case of capital mobility is central to Asia, as capital flows were thought to be a crucial factor in the Asian Economic Crisis. Capital mobility presents a policy dilemma as greater capital flows can bring technology and capital transfers, leading to higher growth rates and potentially less poverty (the link between capital mobility and poverty alleviation is controversial) but also greater macroeconomic instability. Macroeconomic downturns disproportionately affect the poor who lack insurance and savings and, in most developing countries, access to a state welfare system. Increased portfolio flows can also lead directly to greater inequality, as it is the big players who usually gain access to the spoils.

Chapters 8 to 14 cover case studies from developing countries, including from Asia, Malaysia, Uzbekistan, India and China. Of direct interest to those concerned with rural poverty is the case of post-Soviet Uzbekistan where a multiple exchange rate regime, pricing policies and credit and banking policies caused a massive redistribution from labour-intensive co-operatives and small-holder exporters in the agriculture sector where most of the poor work, to a mostly urban-based, capital intensive sector with few poor workers. This bias resulted in the flow of resources out of rural areas, where seventy per cent of the poor live, and thus inequality and poverty have risen since Uzbekistan's separation from the Soviet Union.

India and China's experience with macroeconomic policy and poverty alleviation is compared, the authors concluding that China's superior performance shows that market oriented macroeconomic policy is not necessarily the “best recipe either for growth and stability or for poverty reduction”. Both cases also show that, as with Uzbekistan, even in rapidly growing economies, what happens in rural areas is vital to poverty alleviation.

The nature of the articles is generally reviewing existing literature, with a small contribution of original analysis. The articles are firmly based in empirical evidence, which is refreshing, as many macroeconomic policy prescriptions seem to be overly based in theory. The book is not for the layperson, assuming an undergraduate level of macroeconomics knowledge and it's no Joseph Stiglitz expose on the scandalous operation of international development institutions. Having said that, the book is not as dry as one might expect, and if you, like me, have heard the tenets of modern textbook macroeconomics repeated as though they were decreed by a higher power, it can be quite exciting to have these same tenets analysed from an empirical viewpoint regarding their impact on people, rather than economies. ■

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