



CAPSA Flash

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Short Article

Land and Household Economy: Policies for Poverty Reduction

The nature of poverty is complex, and its causes diverse, therefore interventions to reduce poverty must be tailored to particular circumstances. An effective strategy for poverty reduction must help to achieve pro-poor and sustainable economic growth, inclusive social development, and good governance. While these three pillars are closely linked and mutually reinforcing, their relative importance will depend on country circumstances (ADB, 2005).

There are at least four strategies adopted to assist households exit from poverty: agricultural intensification and diversification, increased farm size, increased off-farm employment and income in rural areas, and rural-urban migration or exit from agriculture (Dixon *et al.*, 2001 and ADB, 2006). Empirical evidence reveals that poverty exit-strategies adopted by households varies by regions and changes overtime, reflecting the choices available to households as well as their capacity to capture opportunities.

Household resources include physical, financial, natural, human and social capital. According to a report by the Asian Development Bank (2006), in Malaysia, China and Viet Nam, the following elements of household resources had the largest impact on exit from poverty: land, human capital (education, the ability to speak the dominant language, and self-esteem), grassroots organizations and social networks, household size and other demographic aspects, and physical and financial aspects. Farmland was the most important factor in poverty exit as traditionally, the agriculture sector was the dominant employer. Its existence is more crucial when off-farm employment and migration are not available. For an even greater contribution to welfare, farm land should be complemented with access to irrigation water and a system of rights.

Land policy is important, but complex as it is country-specific, long-term in nature and controversial politically (Deininger, 2003). Land is a key asset for the poor, and provides a foundation for economic activities and non-market institutions. Land policy addresses structural issues through improving economic opportunities for the poor. The challenges for land policy options are giving stronger rights for disadvantaged people (women, herders, and indigenous populations), allowing transferability of land, and encouraging a rental land market for off-farm sector development, equity, productivity, and long-term investment. To make land reform policy feasible, the following approaches are needed: strong local capacity, open and broadly-based policy

dialogue, carefully chosen and evaluated pilots, and the sharing of experiences across countries. In addition, its implementation should be supported and co-ordinated by high-level governmental institutions.

UNU/WIDER show that there are many alternative paths of access to land: both formal and informal, and both spontaneous and heavily regulated (Janvry and Sadoulet, 2001). The potential for community titling exists where communities have a sufficient level of social capital and leadership to manage the resource efficiently. Access to land through rental contracts (share arrangements in particular) can be effective under the condition of extensive market and institutional failures. An informal land market can be implemented if land is abandoned and/or communities are endowed with enough social capital. On the other hand, formal registration and titling are essential if land is scarce and valuable, and local social capital is no longer sufficient to guarantee property rights and land trades.

Over the last two decades in Indonesia two main trends are apparent (based on an analysis of Agricultural Census Data from 1983, 1993 and 2003 (Rusastra *et al.*, 2007)): (1) a decreasing trend of household income diversification (within both the agricultural and non-agricultural sectors); high inequality of land distribution; decreasing land size; and insufficient land-derived agricultural income to support household needs; and (2) besides economic growth, the critical factors influencing the welfare of the poor are infrastructure, human capital, agricultural prices, incentives, and access to technology. Four land-related policies are recommended for poverty alleviation: (1) policies dealing with improving rural and farming income should give priority to agricultural and rural development, agricultural diversification, agricultural land consolidation, informal and formal activities in rural areas, and rural-urban integration or exit from agriculture; (2) in addition to formal registration and titling to assist the poor to access land community titling, rental contracts, and the informal land market should also be considered; (3) instead of land redistribution to assist landless and small farmers land allotment seems to be more feasible; and (4) for the benefit of the disadvantaged, land policy reform should be complemented with effective rural development. ■

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(References available upon request)

FlashBREAKING



New Global Partnership Against Child Labour in Agriculture
Six international organizations (ILO, FAO, IFPRI, IFAP, IUF) have launched a partnership against child labour in agriculture. Worldwide, seventy per cent of working children can be found in the agriculture sector. Some work can be appropriate for children, as long as it is safe and does not interfere with the child's education, health and general development. However, work such as mixing pesticides, using sharp cutting tools and operating dangerous machinery is often dangerous, especially for children whose bodies and minds are still developing. The partnership will promote the application of laws to protect child labourers, encourage the mainstreaming of child labour issues in agricultural policy-making, and work towards improving livelihoods, education and youth employment opportunities in rural areas.

ILO, 2007. World Day Against Child Labour 2007: New Global Partnership Against Child Labour in Agriculture, <http://www.ilo.org/> (11 June 2007).

\$37.5 million Pledged to Preserve Rare Crop Varieties

The first international effort to restore, organize and safeguard repositories holding 165,000 varieties of 21 rare crop plants will receive \$37 million from the Global Crop Diversity Trust and the UN Foundation. The project will focus on 'orphan' crops such as cassava, coconut and taro that are staples in poor countries but have not been the focus of commercial plant breeders. The most important activity will be to salvage aging or poorly preserved seed and plant varieties, and grow new seed. The project will include an effort to develop new methods for long-term storage of samples through cell culture in the laboratory and freezing. The project will also develop a uniform, searchable, global database of plant gene banks.

Revkin, Andrew C., 2007. \$37.5 Million Pledged to Preserve Rare Crop Varieties. International Herald Tribune, <http://www.ihf.com/> (19 April 2007).

Nepal Needs External Assistance

The United Nations Food and Agriculture Organization (FAO) has identified Nepal as one of the 33 nations facing chronic food shortages and in need of immediate external assistance. The main reasons for the food shortage are cited as civil strife and drought. Nepal's 2007 wheat crop is following excellent growing conditions this season, production is estimated, by a recent FAO/WFP Crop and Food Supply Assessment Mission, at a record 1.46 million tonnes, about 7 per cent above the average of the past five years. However, food insecurity remains a huge problem for households severely affected by last year's drought and chronic poverty, especially in eastern districts and in the Terai region of the country.

Centad, 2007. Nepal Needs External Assistance, <http://www.centad.org/> (18 May 2007).

IFAD Supports a Pro-poor Project in Rural Cambodia

A US\$11.5 million project will work with 22,600 rural households in the border provinces of Kratie, Preah Vihear and Ratanakiri, among the poorest in Cambodia. Many of the households have few livestock and little or no land or other assets. The project specifically targets the poor, ethnic population living in remote areas of the country. It is partly financed by a grant from IFAD and it will also receive funding from the Government and UNDP. Project activities focus on the needs of each community. In Kratie, they will help

organizing water-user groups to improve irrigation; they will also look at introducing new crop varieties, and improving on-farm water management and cultivation practices.

IFAD, 2007. US\$1.5 Million IFAD-supported Project Will Improve Livelihoods for Poor Rural People in Cambodia, <http://www.ifad.org/> (28 May 2007).

Sri Lankan Poor Linked to the Information Highway

In three of the poorest districts in Sri Lanka, thousands among the poorest of the poor –seasonal farmers and fisherfolk, unemployed people, and the disabled– are gradually finding their way out of poverty through the use of modern devices. Through computers with Internet access, standard and wireless phones, and fax machines, poor people can look for jobs, discover ways to improve the quality of their products, enroll in learning, and even find activities to earn more money. An ADB project, running from late 2003 to 2005, builds upon the vision to take information technology to every village, citizen, and business. The project serves as a testing ground for electronic learning, commerce, medicine, and government services, and consequently provide case studies on how these services can effectively reach the poor and disabled. In each of the three districts, 10 village-level information centres were set up. Based on a needs assessment, information on education and training programmes, job opportunities, agricultural methods and related information, business and entrepreneurship, and banking, was made available. After a year of operation, the three community information centres served more than 60,000 people, around 35 per cent of whom belonged to the poorest of the poor, with a monthly income below the poverty threshold of Rs 3,000, and more than 75 per cent were classified as poor. ■

Based on Damazo, Jet, 2007. Rural Sri Lanka Being Linked to the Information Highway. ADB, <http://www.adb.org/> (15 June 2007).

Is Contract Farming Really the Solution for Indian Agriculture?

Contract farming is increasingly being presented as a solution for the problem of Indian agriculture by major donor agencies, multinational companies and even the government. The essence of the contract farming arrangement is the commitment of the cultivator to provide a certain agricultural commodity at a certain time, quantity and price to a known and committed buyer, typically a large company. Until recently, this model of contract farming was considered as a success in terms of diversifying cultivation in the Punjab and improving the incomes of farmers. However, farmers in the Punjab have become increasingly resentful of a system that has put them under the complete control of corporations. Contract farming has led wage levels to subsistence levels, and male labour is being displaced by mechanization. In addition, the model marginalizes direct cultivators, encourages less sustainable patterns of cultivation, reduces food security and the possibility of livelihood diversification through livestock. Given these evident problems, why is contract farming still being promoted so assiduously? This is really because public institutions have failed to provide farmers with the essential protection and support required for viability on a sustained basis. What cultivators in rural India need most of all today is the following combination: a basic price support mechanism that ensures that costs are covered; efficient extension services that provide information about geographically-relevant crops, inputs and agricultural practices; and reliable and assured credit at reasonable rates of interest. ■

Based on Ghosh, Jayati, 2007. Is Contract Farming Really the Solution for Indian Agriculture? Oneworld.net, <http://Southasia.oneworld.net/> (17 May 2007).

A New Generation, a New Revolution

An exciting new programme, just launched in Asia, is encouraging some of the world's best and brightest young scientists to consider careers helping developing nations. The initiative was taken in response to growing concerns that young scientists doing very advanced research in the West are increasingly unaware of how their work could have a major impact on the problems faced by many poorer nations. Since the Green Revolution in the 1960s, when young scientists from all over the world travelled to Asia to develop new agricultural technologies, fewer and fewer young people have chosen careers in agricultural research in the developing world. The new course attracted 26 participants from 12 nations and was sponsored by the National Science Foundation (NSF) in the United States, the United Kingdom's Gatsby Foundation, and the International Rice Research Institute (IRRI). Participants learned the basics of rice such as how it's sown, cultivated, and harvested. Then, they were shown the latest in rice research, and given hands-on experience in such areas as rice breeding and fertilizer management. The course provided students with experience of working in developing country, where they could see directly how research could help. Participants responded enthusiastically, stating that the course restored their interest in pursuing a career in development and agricultural research as it reminded them of why they studied agriculture in the first place: because of its essential place in supporting lives and societies. ■

Based on IRRI, 2007. A New Generation, a New Revolution, <http://www.irri.org/> (8 June 2007).

Tajikistan: Climate Change Threatens Livelihoods of Mountain Villagers

Global climate change is threatening mountain communities in Tajikistan. Local residents living over 2,000 metres above sea level say their crops are failing, soil degradation is on the rise and landslides threaten their lives. In the Panjhok village of Varzob District, 75 km north of the Tajik capital, Dushanbe, the winter season is getting longer, the timing of spring is becoming unpredictable and the growing season has shortened. For the past four years they have not been able to grow wheat in their village. Many vegetables can no longer be grown. Agriculture and livestock are the main source of income for Panjhok's local population. Agriculture, which comprises 23 per cent of Tajikistan's Gross Domestic Product (GDP), is highly vulnerable to climate-related shocks and disasters, including droughts, floods, mudflows and desertification. There are seven climate zones in Tajikistan, ranging from the subtropical to areas with perpetual frost in mountain ranges and cool summers in valleys. Changing rainfall patterns suggest rainfall will be more 'occasional and intense', which may increase flooding. There are also implications for pastureland, which will affect livestock production, according to Tajikistan's Agency for Hydrometeorology. Land degradation is already a serious issue in Tajikistan, with approximately 90 per cent of agricultural lands subject to erosion, and widespread desertification in the central and southern regions of the country. The snow is melting quickly. This will prove problematic since glaciers play a significant role in Tajikistan's social and economic life: they are a primary source of clean drinking water, water for irrigation, and water for generating 80 per cent of the country's electricity. ■

Based on IRIN News, 2007. Tajikistan: Climate Change Threatens Livelihoods of Mountain Villagers, YubaNet.com, <http://www.yubanet.com/> (7 June 2007).

Flash EVENTS



Singapore Economic Review Conference
in Conjunction with Brooks World Poverty Institute
2 - 4 August 2007
Singapore

Abstract Deadline: 31 March 2007

Contact:

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<http://www.serc2007.org/>

International Conference on Sustainable Sanitation
Eco-Cities and Villages

Focus on: Urban and Rural Ecological Sanitation,
Organic Waste Management, Agricultural Reuse

26 - 29 August 2007

Dongsheng District, Inner Mongolia Autonomous Region,
China

Abstract Deadline: 1 April 2007

Contact:

dongsheng2007@ecosanres.org

<http://www.ecosanres.org>

ESDev 2007 - Second International Conference:
Environmentally Sustainable Development

26 - 28 August 2007

Abbottabad, Pakistan

Abstract Deadline: 18 April 2007

Contact:

ESDev@ciit.net.pk

<http://www.ciit-atd.edu.pk/ESDEV/>

Tropentag 2007: Utilization of Diversity in Land Use
Systems: Sustainable and Organic Approaches

to Meet Human Needs

9 - 11 October 2007

Witzenhausen, Germany

Abstract Deadline: 30 June 2007

Contact:

<http://www.tropentag.de/>

Book Review

The Future Role of Biofuels – Pacific Food System Outlook 2006-2007

Pacific Economic Cooperation Council, ISBN: 0-9714610-0-7, 2006.

Biofuel has entered a new stage of development. Once seen as a panacea, we are now realizing that biofuel production is not without its costs. When we experienced the current run-up in world oil prices since 2000, biofuels seemed to be a perfect solution for all our problems, not only reducing dependence on imported oil, but also reducing green house gas emissions and pollutants and revitalizing rural economies by promoting value-adding activity, creating employment opportunities and generating new markets for agricultural raw materials. But now we need to face new problems: how to balance food and fuel production, mitigate the negative impacts of reclaiming swamp area to develop energy crop fields and other possible negative impacts of biomass resource use.

This report by the Pacific Economic Cooperation Council focuses on prospects for Pacific Rim agriculture to be a supplier of energy, based on the discussion at the 10th Annual Pacific Food System Outlook meeting in Singapore in May 2006. According to the report, the future of biofuel depends on several interrelated and dynamic factors; high oil prices, low-cost feed stocks, other competitive fossil fuel alternatives besides biofuels and government policy. In 2004, when the oil prices were US\$ 39 per barrel, only Brazil's sugar ethanol was economically viable. Currently, given US\$ 60 per barrel oil prices, the other less competitive biofuel production such as unsubsidized US ethanol and Malaysian biodiesel from Crude Palm Oil (CPO) can also survive. On the other hand, the break-even point of cellulosic ethanol, which uses cellulose as feed stock for ethanol production, is more than US\$ 120 per barrel. Cellulosic ethanol is expected as an ultimate solution to avoid 'food or fuel' conflict because most cellulose comes from waste material such as rice straw and litter. However, this option is still too expensive to be selected by most countries.

Environmental trade-offs are a key concern to further biofuel development. Biofuels are theoretically carbon neutral, releasing CO₂ recently absorbed from the atmosphere by the crops used to produce the biofuel. However, when analysed by life-cycle analysis that examines not only combustion but the production and processing of the feed stock into fuel, the environmental advantages of biofuel are unclear. Most studies indicate that the net energy balance of biofuels is positive, but there is considerable variability depending on the feed stocks used, the cultural practices employed to produce them and the kinds of inputs used in processing. In addition, biofuel production is still a very land-intensive energy source. Significant amounts of agricultural land would be converted

for energy crop production to meet biofuel needs, which will be not an acceptable strategy for most Asian countries with limited land resources (not to mention the forest-clearing and loss of habitat associated with biofuel production).

As for rural impacts, both positive and negative impacts are expected. Biofuel plants will boost local employment and economic activity. Construction of biofuel plants will have temporary benefits, while operation will have more sustained economic impacts. On the other hand, increased demand for biofuel feedstock will raise its price, making it more expensive for competing users including rural poor households who consume secondary crops in their daily diet. This problem is already observed in some crops and regions, as we see the maize price in Mexico and soy bean price in Asia are both rising.

This report provides readers with a basic understanding of the current situation of biofuel development and problems to be solved if biofuel use is to be sustainable. It can be recommended as a handy resource providing discussion material for further consideration about the impact of biofuel development in the region. For its conclusion, the report offers three strategies; policy commitments (tax incentives and R&D), economy specific strategies, and technology sharing among countries which have an interest in biofuel. Regarding the second strategy, the report suggests that Indonesia, Thailand and Malaysia may apply policies similar to Brazil, finding similarities in these countries in terms of agricultural resources (surplus producers of potential feed stocks for biofuel production), labour costs (lower than industrialized countries) and limited energy use. It will be useful to learn from Brazil's experiences, which has been a top runner in the bio ethanol industry for several decades. However, as we know, these Asian countries are diverse in their natural and socio-economic conditions. Moreover, the emerging economy of these countries will make natural and human resources scarcer, and all these countries have developed national strategies to enhance biofuel use to deal with their growing energy demand. Detailed studies on the impacts and problems of previous policies and appropriate modifications according to the country's specific conditions will be necessary if policy planners apply the same policy schemes and want to enjoy the latecomers' advantage. ■

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