

IRDC/RPE SCOPING STUDY: Productive Strategies for Poor Rural Households to Participate Successfully in Global Economic Processes

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REGIONAL SCAN: South Asia (India, Nepal and Bhutan)

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South Asian economies are undergoing unprecedented transformation with changes in global markets and national level policy reforms to promote the liberalization and privatization of manufacturing and marketing. Yet little is known about the ways in which these changes are impacting on the poor and how these differ by region. There is also insufficient information on how the poor can take advantages of new opportunities that may arise from globalisation processes while minimising potentially negative consequences. There is a need to improve our understanding of these processes especially as they relate to the environment, rural livelihoods and labour markets and gender relations.

North India, Nepal and Bhutan constitute the countries considered under this regional scan. These countries are historically linked to each other and the livelihood patterns of the poor are broadly similar in that they are predominantly rural and agriculture based. However India is significantly different from the other two in terms of its size, population density, levels of development, governance, market penetration and natural resource endowments. Diversification into non-farm activities has progressed at a faster rate in India than Bhutan and Nepal. Although Nepal and Bhutan are both mountainous and poor they are very different in their approach to development and interactions with the outside world through commodity, labour and capital markets. Bhutan for example follows a policy of "self reliance" and has thus been less open than other countries to foreign investment and market links.

Even within the broad zone of Northern India, there are a range of agro ecological conditions from the arid and semi-arid parts of Western India, to the mountainous states of the North, Indo-gangetic plains of UP and coastal ecosystems of Bengal and Orissa. Politically India is a democracy while Nepal and Bhutan are monarchies. Finally, India is much larger than the other two. Bhutan is in fact one of the smallest countries in the world while India one of the largest and most populated.

Thus generalised statements that apply to all three countries are difficult to make and not helpful in matching interventions to the needs of the people. Having said that, India is a major (or main) trading partner and market for both Bhutan and Nepal and interesting cross border issues of relevance to RPE can be explored. For example, Nepal shares an 1800 km open border with India and cross-border labour migration, the NTFP trade are two issues that deserve attention.

The scan begins with a brief overview of socio-economic development issues including a discussion on the structure of poverty with a focus on groups of people who have been bypassed by development. Section 2 provides a regional perspective on the two main questions addresses by this study viz. How the rural poor can adapt their livelihood strategies to the new global context and how the enabling environment can be enhanced. It then goes on to identify gaps in the research agendas of IDRC and others in the region.

This leads to the final section which contains a long list of potential research themes for IDRC/RPE.

Section 1: Brief overview of socio-economic development issues;

After East Asia, South Asia has been the fastest growing region in the world, with economic growth averaging above 5 percent. But the region is home to 40 percent of the poor who live mainly in rural areas. Despite progress there are fundamental constraints in the region such as inequality, low levels of human development, discrimination against women, discrimination against lower castes and tribes, social and political exclusion of these groups, severe pressure on environmental resources, ineffective institutions that are meant to link the poor to public services, markets and productive opportunities. Progress on creating an enabling environment for private sector investment has been slow.

Although India has by far the largest population its rate of population growth is slower at 1% compared to Nepal (2%) and Bhutan (3%) probably due to increased adoption of family planning among the poor.

India had the highest GDP in 2004 followed by Nepal and then Bhutan. But in terms of current Gross National Income per capita for the same year Bhutan has the highest GNI per capita of US \$ 760. India has a GNI per capita of US\$ 620 and Nepal US \$ 260. Bhutan uses the controversial concept of Gross National Happiness (GNH)¹ to guide its development strategy which has four elements: sustainable and socio-economic development or economic self reliance; preservation and promotion of cultural heritage; preservation and sustainable use of the environment and good governance. Decentralisation and local governance are priority areas for the RGoB.

South Asia lags behind with respect to several key indicators, as shown in the table below; environmental deterioration and degradation remain a major concern across the region. Also it is important to note that most South Asian economies have experienced increases in inequality recently (Baliscan et al 2005).

¹ GNH is still in the process of being defined. The concept presents a radical paradigm shift in development economics and social theory. For some experts, it is the Buddhist equivalent to GNP and some it can be regarded as the next evolution in indicators for sustainable development, incorporating all values relevant to life on this planet.

Selected Development Indicators in Asia

Indicator	1990	1998	2015 Target
Proportion of population living on less than \$1 a day (%)			
South Asia	44	40	22
East Asia and the Pacific	28	15	14
Net Primary enrollment rate (%)			
South Asia	66	73	100
East Asia and the Pacific	96	97	100
Ratio of girls to boys enrolled in primary and secondary schools (%)			
South Asia	65	77	100
East Asia and the Pacific	85	93	100
Under-5 mortality rates (deaths per 1,000 live births)			
South Asia	121	89	40
East Asia and the Pacific	55	43	18
Proportion of births attended by skilled health personnel (%)			
Asia, excluding People's Republic of China and India	29	32	90

Source: International Monetary Fund, Organization for Economic Cooperation and Development, United Nations, and World Bank Group. 2000. *2000: A Better World For All*.

The structure of poverty

India has nearly a third of the world's poor; more than in the whole of Sub-Saharan Africa. Official poverty estimates put a quarter of the population below the poverty line defined as the income it takes to be able to consume 2400 calories per person per day in rural areas and 2100 calories in urban areas. But other measures such as the dollar a day criterion show poverty to be much higher at around 44% of the population with 86% of the population earning less than \$2 a day. Non-income measures of poverty such as nutrition levels also provide important insights: two out of three children in India are moderately or severely malnourished. Under-nutrition is pervasive, affecting an estimated 230 million people in 1998-2000, an increase from 215 million in 1990-92.

According to World Bank estimates, Bhutan had a population of 896,000 people in 2004 of whom nearly 32% were poor. Bhutan is ranked 134th in the UN Development Program's ratings. But hunger and landlessness are very low compared to other South Asian countries. The GINI coefficient for Bhutan is 0.416 with the richest 20% of the population consuming almost eight times more than the poorest. The Bhutan Poverty Analysis Report of 2004 predicts that it will take 15.5 years for the 4% of subsistence poor, who are unable to meet their basic food needs, to exit poverty. Growing income disparities have become a concern as economic growth has been uneven (Tanaka 1995).

Nepal is one of the world's poorest countries, with a population of around 27 million. In 2004 Nepal ranked 140th out of 177 countries in the Human Development Index, 69th (among 95 developing countries) in the Human Poverty Index. With an average per capita gross national income of USD 250, the majority of Nepalese are poor: even after 25 years of planned efforts, 36 percent of population in Nepal was living in poverty in the mid 1970s and this figure actually increased to 42.5 percent in 1995 (FAO).

Section 2: Regional Perspective:

2.1 Research Question 1: How can poor rural households adapt their livelihood strategies to benefit from participation with global economic processes

2.1.1 Understanding the context

Agriculture and natural resource endowments continue to be important to the livelihoods of the poor and often determine the potential of the poor to engage with global processes. In all the three countries the population is still mainly rural: according to UNDP Human Development Reports for 2005 more than 70% of the population in India, more than 80% of the population in Nepal and more than 90% of the population in Bhutan is rural. But this composition is undergoing rapid changes in India where the rate of urbanisation is fast². The rural poor are primarily those with limited ownership of assets – including land. In India, a large proportion of the rural poor work as casual agricultural labourers. In Bhutan, 38.3 per cent of the rural population is poor, against 4.2 per cent of the urban population. Unlike rural India, where almost everything is commercialized and monetized, much of the rural economy in Bhutan operates in the non-market sector (Tanaka 1995). In Nepal, more than 85 percent of the population earns their income from agriculture. Most on-farm production is devoted almost entirely to staple crop cultivation for home consumption. Farm households typically earn cash from seasonal employment either by working on the land of more wealthy farmers or through migration primarily to India (for more on this see section on migration below).

In general the rights of the poor and access to natural resources are becoming increasingly contested. Clashes between traditional and contemporary systems of property rights are leading to a lack of security and environmental degradation. Water and forests are considered among the primary sources of environmental insecurity in South Asia.

The most vulnerable communities are invariably the poorest and most marginalized, for whom local alternatives are not available. *Location* is also a critical determinant of economic potential and therefore also the ability of the poor within certain areas to diversify and adapt to new market contexts. Remote rural areas (variously known as low potential areas, weakly integrated areas etc) tend to have poor infrastructure, low levels of human development as well as weak governance and institutions all of which interact to create “logjams of disadvantage”³ and seriously limit the ability of the poor to engage with global processes. Many parts of the South Asian semi-arid tropics are an example of this; they are home to nearly 300 million people and cover mainly southern interior areas of India and small parts of Pakistan and Sri Lanka (Kerr 2000).

With growing population pressure on available resources such as land and water, many such areas have become labor exporting areas with people migrating seasonally or on a longer term basis to other prosperous areas within the country or abroad. It is important to note that some so-called low potential areas may have untapped potential for the development of enterprises that could benefit the poor such as NTFP trade, tourism, some forms of livestock keeping and handicrafts.

² Analysts such as Satterthwaite at the IIED have argued that if definitions of rural and urban were changed, a much higher proportion of India would be classified as urban.

³ Lipton and de Haan

Another important of South Asian countries is the rapid rate of urbanization. Current ESCAP projections are that urbanisation rates in South and Southwest Asia will soon exceed other regions in Asia (Guest 2003). The balance will soon shift from the current dominance of rural areas and rural livelihoods to one where more people are living in small towns and urbanised areas and are deriving their income through non-farm work.

2.1.2 Distributional issues

Marginalised groups

In India the so-called Scheduled Castes (SCs) and Scheduled Tribes (STs) are disproportionately represented among the poor: while they constitute about 25% of the rural population they account for more than 42% of the poor. The relatively high deprivation faced by STs and SCs well documented by Kozel and Parker (2001), Lanjouw and Stern SCs are concentrated in the states of UP, West Bengal, AP, Tamilnadu, Bihar, MP, Rajasthan and Karnataka. STs are concentrated in Rajasthan, Gujarat, MP, Maharashtra, Orissa, and Bihar.

A significant proportion of SCs and STs continue to live in physically isolated hamlets that are a distance away from the main (upper caste) village. These hamlets are visibly more deprived – no all weather roads; fewer schools, health centres and other community facilities; poor infrastructure and housing. .

Tribals are probably the most deprived group of all and have some of the poorest indicators on infant mortality, education, asset ownership. They continue to live in extreme and chronic poverty despite the many government and NGO programmes that exist to support them (see section on tribal livelihoods below).

The plight of the disabled has also begun to attract more attention. There are an estimated 30 million disabled people in India and there are proportionately more disabled people among the poor (Erb and Harris-White 2002).

In Bhutan the main ethnic division exists between the Drukpas of the centre and north of the country and people of Nepali origins in the south, which has grown into serious tensions and threatens the development efforts (Fraser).

In Nepal too areas inhabited by indigenous people are poorer and less developed. There are over 61 ethnic groups who have their own distinct languages, cultures and lifestyles. Nepalese society is extremely hierarchical along gender, class and caste lines. The landless and land poor, ex- Kamaiyas (bonded labourers) and Dalits (untouchables) constitute the poorest groups (Social Watch Report 2005).

The status of women

Within the household, women and girls are significantly more disadvantaged than men in terms of their access to and control over resources in India and Nepal. Land titles are still a distant dream for most poor Indian women and even they have legal title they are often forced to surrender control to a male relative. In Nepal females own just 8.1% of the land and the average size of their land parcels is two-thirds the size of an average male holding (Social Watch 2005).

Women are routinely paid less than men and their work as family labour is underestimated. In Nepal 90.5% of women are engaged in agriculture as against 74.9% of men. In both countries women have extensive work loads with dual responsibility for farm and household production. Their work is getting harder and more time consuming due to ecological degradation. In both countries Women play a major role in livestock management, NTFP harvesting, firewood and water collection and fishery processing. They contribute considerably to household income through farm and non-farm activities. In India a large proportion of rural poor women are landless agricultural labourers. In Nepal women are active as informal traders.

The situation in Bhutan is different. The division of labour by gender is not rigidly fixed, with men and women performing each other's tasks, possibly due to the matrilineal nature of this society. In fact 70% of the land is owned by women. The matrilineal system gives women an advantage in ownership of land and livestock. Women contribute considerably to household income through farm and non-farm activities. Women are managers and users of wild plants and forest products. Here ways need to be found to make the market work better for them.

2.1.3 Constraints to participation

It is well known that the poor have not been able to engage directly with GEP and where they are engaged they tend to be adversely incorporated into markets i.e. the terms of trade are against them and usually in favour of those who control factor markets. The constraints faced by the poor are illustrated through the discussion on specific sectors below. In very broad terms, the poor engage with global markets as producers of commodities or labourers. We therefore cover some important value chains and labor migration examining the constraints and opportunities under each. Following this is a discussion on tourism which we consider an important area that offers potential for the poor to engage with GEP.

Value chains

Horticulture

There are roughly 1.3 billion small-scale farmers in South Asia. In India and Nepal fruit and vegetable production has been viewed as a potentially powerful way of raising the incomes of small farmers by engaging with global processes particularly under conditions where arable land is scarce, labour is abundant and markets are accessible. It is thought that the relative profitability of horticultural crops compared to cereals will be a determining factor for crop diversification into horticultural production in India (Joshi et al., 2002)

India

Horticulture is being promoted by the government of India and all kinds of incentives have been offered to farmers to enter contract farming arrangements. For example a USAID funded project (Creating New Markets For The Poor With Micro Irrigation Technologies In

Maharashtra, India) ⁴ initiated in 2001 to identify promising horticultural sub sector commodities and demand- and supply-side constraints. Promising crops identified and now marketed in the project include oranges, mangoes, papaya, mung beans, sapota, pomegranate, lemons, sweet limes, amla, bananas, custard apples, and vegetables (tomatoes, cucumbers, eggplants).

But the rapid changes in the global food system are bringing about change in food production and marketing in India at a much slower rate than in other parts of the developing world. International supermarkets chains have not penetrated India in the same way that they have in Latin America due to a number of problems including restrictions on FDI, inadequate storage and transport facilities, the inability of small producers to meet international phytosanitary and other standards. However, in the context of a fast growing urban population and changing dietary preferences, there is a growing domestic market for horticultural produce, in both traditional and exotic vegetables. Production and marketing arrangements are changing to respond to changing demand. Government-sponsored schemes in horticulture including contract farming arrangements have had mixed results, generating more jobs than in cereal production but reaching larger farmers rather than smaller farmers or landless households (Deshingkar et al 2003). There is a need to understand what forms of contractual and land management arrangements will allow the poor to reap benefits.

Nepal

There have been attempts to develop horticulture value chains in Nepal since the early 1990s. IDE has been implementing a project for small farmers which has included small-plot irrigation technologies such as the foot-powered treadle pump for lifting ground water in the terai (plains) region, and low-cost drip irrigation, micro-sprinkler and mini-water storage systems for upland farmers in the hills. The goal has been to transform farmers from subsistence to micro-enterprise market production orientation. A USAID-funded project (Developing BDS Markets for Small Commercial Horticulturists in Rural Areas of Nepal) initiated in 2001, has been linking small-scale rural farmers to high-value horticultural markets by facilitating private sector provision of a range of products and services through the horticulture value chain. The project covers the rural areas of three terai districts (Rupandehi, Kapilvastu and Nawalparasi) and two hill districts (Palpa and Kaski of western Nepal). Demand for vegetables is estimated to increase by 5 percent per year nationwide, thus creating a demand for more than 6,000 additional tons of vegetable production in the six IDE project target districts each year. This is equivalent to roughly 13,000 smallholder production units.

But the poor face several barriers to participation. Formal institutions for credit, technical advice and marketing remain inaccessible to the poor especially in remote rural areas. Informal providers and market intermediaries fill the gap but push already vulnerable groups to borrow heavily and enter into unsustainable arrangements creating an unmanageable debt syndrome. Credit provision can help but must be accompanied by efforts to improve the accessibility of formal institutions to the poor.

⁴ The USAID project is operating in 12 districts of Maharashtra including Solapur, Osmanabad, Latur, Amrawati, Buldana, Yavatmal, Jalgaon, Nasik, Nandurbar, Ahmednagar, Aurangabad, and Jalna.

Davis (2006) lists the following generic barriers faced by the poor in entering high value chains

Poorly developed entrepreneurial skills

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Limited technical and marketing expertise and knowledge;

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Lack of extension service organisations aimed at small-scale farm enterprises.

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Sectoral leadership dominated by a few large businesses;

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Low levels of formal education and social capital;

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Weak and/or non-existent farmer organisations (e.g. Cooperatives etc.)

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Low productivity (e.g. Access to land, poor agronomic practices, access to planting materials, lack of trained labour);

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Lack of vertical co-ordination within dynamic market structures including exporters and agribusiness;

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Inadequate infrastructure including irrigation, cold storage, poor post-harvest handling practices and lack of up-to-date handling and grading equipment;

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Limited and unsuitable transport infrastructure (including air freight)

The lack of access to water also imposes a critical constraint. There are now millions of farmers in semi-arid zones who have drilled private tube wells. Although providing high yields and good incomes in the short term the situation in many parts of India has now approached a crisis where competitive drilling by farmers to greater and greater depths has lowered the water table dangerously. Tube well irrigation has become unsustainable and there is an urgent need to develop a system of governance and pricing that will be robust against free riding and corrupt behaviour. Several projects, most notably the IWMI-TATA project, have attempted to do this but there is still scope for further research.

Finally the increasing attention that food quality and safety are receiving in food trade, combined with non-tariff barriers are making it increasingly difficult for the poor to meet new standards. Fruits and vegetables belong to the class of food items most frequently affected by sanitary and phytosanitary measures⁴ Traceability, phytosanitary standards, market infrastructure, and crop productivity issues will continue to be barriers for participation in the fruit and vegetable trade for most of the developing world. Growers and processors in developing countries will thus have to learn to supply safe products with traceable labels if their participation in global trade shall continue and expand (Weinberger).

In Bhutan the most important export-based agro-industry is canned fruit, juices, jams etc (Tanaka 1995). As 92 percent of the population is engaged in the agricultural sector, agricultural exports may seem to be an option to generate foreign currency revenue while at the same time working to enhance rural revenue and improve the standard of living. But only two to five percent of land is arable. The majority of the population live in the river

valleys and practice subsistence agriculture and nomadic pastoralism. Most of the farms are miles away from the nearest road. The Bhutanese government in recent years has been encouraging production of cash crops such as apples, oranges, potatoes and cardamom, aimed at neighbouring markets such as India and Bangladesh (Tanaka 1995). Although adopted recently, the long term sustainability of revenue from such sources remains questionable. As there is only limited agricultural research data available, the ecological impacts of cash cropping are difficult to predict. For example potato cultivation is expanding as this is often the only cash crop available to farmers. But there have been reports of soil erosion problems as a consequence. In addition, the future of such crops is uncertain because of competition from the neighbouring Indian states.

Non timber forest products (NTFPs)

NTFPs have received a great deal of attention in policy research in South Asia ever since it has been realised that these could bring more income than timber to poor forest-dependent people as well as governments and private traders. This has become especially apparent in India and Nepal where the market value of several NTFPs has skyrocketed recently while timber supplies have dwindled. In India nearly 60% of all recorded forest revenues come from NTFPs and these provide around 70% of all employment in the forestry sector. Commercial NTFPs alone are estimated to generate US \$100 million annually (FAO, 2003).

Close to 100 million people depend directly on NTFP collection in India. But NTFP markets remain highly biased against the poor. The benefits of the trade appear to be accruing mainly to market intermediaries, officials and companies. Primary collectors, who are usually amongst the poorest of the poor, continue to be excluded.

Nepal produces many medicinal and aromatic plants that are used in the pharmaceutical, food and cosmetics industry (Nepaherb.org). Every year between 10,000 and 15,000 tonnes of NTFPs are harvested in Nepal and traded to India and overseas markets. The total value of the trade to Nepal's economy is estimated to be equivalent to US \$ 8.6 million (Edwards, 1996). NTFPs are commonly gathered by local people. In remote north-western mountainous parts of Nepal NTFPs are transported by air to the south of the country. Roughly 90% of the produce is exported to India in crude or processed form, which is then supplied throughout the subcontinent by wholesalers (Olsen and Bhattarai, 2005). It then goes to other wholesalers in Hong Kong, Amsterdam, Hamburg or London.

Forests cover 65 to 70 percent of the area of Bhutan and although they offer vast economic potential through export based industries, the Bhutanese government has chosen not take this path (Tanaka 1995).

Tribal and indigenous people's access to natural resources

Tribal and indigenous people's livelihood systems are closely dependent on forest economies and although many tribal communities⁵ are now part of global value chains, they remain highly disadvantaged and adversely incorporated. Tribal and indigenous

⁵ The central Indian tribal homeland, covers nearly 100 districts in eight states of the country stretching from Banswara (Rajasthan) in the west to Purulia (West Bengal) in the east. These districts together account for about 55 million tribal people (roughly 70 per cent of India's tribal population) spread over 68 million hectares. The region is well-endowed in terms of rainfall and vegetative cover and yet, is home to one of the largest concentration of rural poor in the world (Phansalkar and Verma 2004).

people's societies are characterised by extremely low levels of human development (low education levels especially among women) and very poor development indicators (high infant and maternal mortality rates). This makes them ideal targets for exploitation as a source of cheap labour. Despite the introduction of a variety of measures to safeguard tribal livelihoods and assets, land alienation and indebtedness appear to have worsened.

Livestock value chains

The livestock economy is gaining in importance with changing consumer tastes towards meat and dairy products. This has occurred mainly in areas that are well connected with urban markets and where veterinary backup and credit are accessible. Although direct links with global markets are still very limited there may be potential markets overseas for South Asian livestock produce that could benefit small producers. The immediate need is to make existing markets work better for small producers. Take the the case of goat meat. Goats are an essential component of the mixed farming systems in India and Nepal and kept mainly for meat. In subsistence farming systems where crop surpluses are limited, livestock products are an important source of income. Goat keeping is attractive to the poor for several reasons: it involves a low start up budget; goats are more resistant to disease and can be fed on agricultural residues, grazing on fallows and forest areas, goat rearing has few religious or cultural taboos and is more easily managed by households with migrating members than cows and buffaloes (and as noted previously migration is widespread in marginal areas). But there are serious questions over the environmental sustainability of goat keeping practices, for instance in relation to free-grazing and the deterioration of forests and these need to be urgently addressed through appropriate institutional, technological and policy reform.

There is a potentially huge market for goat meat in other regions especially the Middle East. At present there are only a handful of companies that export goat meat such as Al Kabeer in Andhra Pradesh.

The goat meat market structure is typically:

Primary producer – village intermediary – large traders– slaughter house – city – meat shop - consumer

The large traders make the bulk of the profit. Small producers could benefit through cooperatives or links with large companies as suppliers but at present this is not developed at all and there are several potentially interesting research topics that we cover later in the report. In India sheep breeders cooperatives established by the government have tended to be dominated by politically powerful castes such as the Yadava and they have excluded the scheduled castes and scheduled tribes.

Tourism

Tourism is potentially important for linking the poor to global economic processes and offers prospects even for agriculturally marginal areas that are otherwise regarded as low potential. India is and has been an important tourist destination and has clearly led to a sophisticated tourist industry. But the poor have tended to engage mainly in the service sector as hotel and restaurant staff, petty traders, transport workers and guides, all in the informal sector. Nepal has also been among the top tourist destinations of the world, because of the Himalayas but there too the structure of the tourism market is similar.

Learning lessons from the experience of Nepal where tourism had led to environmental damage, Bhutan took a more cautious approach when it opened its doors in the 1970s. Bhutan had fixed quotas on the numbers of tourists (Tanaka 1995) with strict rules of behaviour for tourists. With the privatisation of tourism this sector is expanding. The Royal Government of Bhutan (RGoB) has identified tourism as a major growth sector for Bhutan's economy, with a possible contribution to employment generation and poverty alleviation. Currently, annual paying arrivals reach 9,249 per year (2004), with the objective being to increase this number to 15,000 in 2007. But progress is slow due to the lack of qualified human resources, infrastructure and services.

Tourism development in all three countries has almost always been guided by economic, environmental and cultural considerations and poverty alleviation has not been sufficiently addressed. Participation by the poor in tourism, and the benefits they gain, depends on a range of critical factors including the type of tourism, planning regulations, land tenure, market context, and access to capital and training. Many of these can be influenced by changes in policy or external support (Ashley et al). There is plenty of unexploited scope for adapting tourism interventions to enhance livelihood benefits to the poor from tourism. PPT strategies must be commercially realistic. Although the private sector cannot be expected to prioritise poverty objectives, it must be included in the process of developing PPT.

2.1.4 Household livelihood strategy options

Where the poor have not been able to engage directly, with global processes they have tended to do so as labourers and workers, often through seasonal migration from low-potential and remote rural areas to high productivity manufacturing centres and agricultural fields. We cover such migration here because of its potential to benefit the poor living in poor regions. The causes and impacts of migration continue to be hotly debated and opinions are strongly divided. Therefore this section presents more detail than others in order to justify the position taken on migration here.

Migration

A number of export-oriented manufacturing units (e.g. garment units) and food processing units (prawn and fish processing) employ migrant workers. While larger units belonging to large brands and companies may employ workers through formal contracts, others are largely in the informal sector.

India Trends: numbers, migrant profiles

In general migrants come from poor regions (but not always the poorest regions and are often poor but not the poorest of the poor because the poorest lack even the most basic assets (e.g. labor) that are needed to migrate). The migration of women for work either with their families or on their own has increased due to new opportunities in industry and/or because social norms relating to women's work are changing.

The latest data on migration released by the Government of India (GOI 2005) based on the Census of 2001, show that 30% of the population or 307 million people were classified as migrants. While there are no official estimates of temporary migration, they are informally estimated at 30 million which is 10 million up from the informal estimate of a

year ago. Labour sending areas are typically agriculturally backward and poor and emerging destinations are towns and cities, industrial zones, coastal areas for fish processing and salt panning. High productivity agricultural areas (“green revolution areas”) continue to be important but more migrants are opting for non-farm employment because of greater returns. Migration rates are high among the most and least educated. Illiterates appear to dominate seasonal labor migration.

Maharashtra and Gujarat are major destinations for inter-state migrants from the poorer eastern and central states of Orissa, Bihar, Uttar Pradesh and Madhya Pradesh. There is also much rural-urban movement of people within states with sharp regional inequalities such as Andhra Pradesh, Tamil Nadu and Rajasthan. Migrants are destined for work in many different sub sectors of manufacturing, construction and services. For example, there are large numbers of migrant workers in sand mining and stone quarrying in Rajasthan and Madhya Pradesh; fish/prawn processing and salt panning attracts large numbers of migrant labourers all along the coastal areas of Andhra Pradesh, Gujarat; powerlooms and diamond polishing businesses in Gujarat attract migrants from Orissa and so on.

There is continuing rural-rural migration from drought-prone areas of Uttar Pradesh, Bihar, Orissa, Andhra Pradesh and Tamil Nadu to the fields of Maharashtra, Gujarat, Punjab and Haryana. For example research in the drought-prone areas of West Bengal by Rogaly et al. (2002) estimates that over 500,000 tribals, muslims and lower caste people migrate seasonally to the rice-growing areas of the state.

There is some indication that a switch from rural-rural to rural-urban circular migration is occurring in areas where agricultural employment is shrinking and industrial jobs are being created either at the same destinations or elsewhere. Karan’s (2003) study of migration from Bihar for example documents how migrants who used to go to Punjab for work in agriculture are now travelling to urban centres and industry in other destinations. Another study of tribal migration from Orissa shows that migration has changed from the rural-rural migration of the pre 1980s to rural destinations in Bihar and West Bengal to rural-urban migration to far away metropolises such as Delhi, Kolkata and Mumbai (Jha 2005).

While it is not possible to say that these studies show a definite trend it is likely that urban and manufacturing opportunities will become more attractive to internal migrants.

Cross border migration in Nepal

Cross border labor migration has become a major feature of Nepal's economy and society. At least 700,000 people work in the private sector in India, and 250,000 in the public sector (Seddon 2005). It is not clear what proportion of these are export-oriented companies. A further 700,000 Nepalis work in the Middle East, East Asia, and Southeast Asia. About five percent of these are women. Although the flow of remittances is probably to the tune of \$100 billion and very important for poverty reduction and the development in Nepal, the government and international development agencies have been slow to recognize this, instead emphasizing agriculture as the major engine for growth and development.

Bhutan

Information on migration in Bhutan is less accessible. The ADB estimates that roughly 50,000 youths will enter the labor market and another 20,000 people expected to migrate from rural to urban areas in the next few years. It has thus embarked on an ambitious

programme to diversify the country's economic base by promoting greater private sector participation in the development process (ADB 2005).

2.2 Research Question 2: How the enabling environment can be enhanced to support the successful participation of the rural poor

2.2.1 Overarching issues

The policy environment

The current policy regime has several anti-poor elements to it that prevent the poor from engaging effectively in markets both local and global.

Vegetable markets continue to be regulated and this squeezes economic enterprise. Although there are proposals to reform vegetable markets (aided by the World Bank in India for example), it is not yet clear how these will work for the poor and how the poor can be helped to engage better with new market configurations.

NTFP marketing and sale also continue to be heavily regulated. It was thought that liberalising markets would help the poor. But experience has shown that doing this without matching achievements in human capacity building and improving institutional performance leaves the poor open to exploitation as in the case of Orissa. The poor, especially tribals who are very isolated from mainstream society are unable to strike a better deal on prices and wages and are extremely vulnerable to being cheated by those who control markets and capital (see Saxena for details).

Similarly in the livestock sector the Forest Department has taken a strong stance against goats that are perceived to be environmentally destructive. But policy needs to recognise the importance of goats to the poor and ways need to be found of balancing environmental objectives with pro-poor goals.

Fourth, although rural livelihoods are highly diversified across South Asia this reality is not reflected in policy which continues to treat rural people as mainly agriculture-dependent and sedentary. It fails to recognise the strong two-way relationship between agriculture and the non-farm sector particularly through rural-urban links and migration. Migration continues to be viewed negatively and as a failure of rural development policies.

The policy environment for foreign direct investment in South Asia also continues to be less attractive compared to countries in East and Southeast Asia due to various regulations and reforms are needed. Unsurprisingly FDI in remote areas is limited but there is a case for encouraging it in sectors and locations that could indirectly benefit the poor from remote areas such as transport, roads and infrastructure.

Finally, the informal sector continues to be regulated although a majority of workers are now in informal employment and this trend will continue especially as public sector work is cut back and private companies employ workers on a temporary basis. More detail on this point is in the following section.

2.2.2 Access to factor markets

The most often identified barriers to entry into global markets for the poor are their poor asset base (land, education, credit) location as mentioned previously and technology constraints. Access to land is important but land fragmentation is increasing and landlessness is on the rise especially among tribals. The lack of credit is also a major factor limiting the ability of small scale producers to purchase inputs, equipment, hire transport facilities and labourers and this limits their ability to enter high value chains. Contract farming and outgrower schemes have tried to establish tripartite arrangements between agri-marketing companies (suppliers, processors and traders), rural banks and government departments. But the experience so far suggests that formal institutions are inaccessible and a majority of the poor depend on informal credit suppliers and often get caught in a negative spiral of worsening debt. Microfinance can contribute to reducing household vulnerability, supporting household enterprises and empowering women.

With respect to labour markets, globalisation has brought profound changes in the kind of work available and the nature of the job. The informal economy is expanding and larger than the formal economy; it accounts for 60% of the GDP in India. The share of informal workers by sector and continent is shown in the table below.

Informal Workforce as a share of	Africa	Latin America and Caribbean	Asia
Non-agricultural employment	78%	57%	45–85%
Urban Employment	61%	40%	40–60%
New jobs	93%	83%	NA

Source: Becker 2004

Section 3: Overview of research activities (including ‘gaps’ in the past and on-going research agendas of IDRC and others & potential future research partners)

Making markets work for the poor

A number of donor funded projects including IDRC work in the region have established that a key element is to support and promote organisations of small scale producers and networks so that they can collectively bargain for better returns and better access to input and produce market links, extension services and financial support.

High value agricultural commodities

IFPRI’s on-going study on the role of contract farming in raising incomes among small scale farmers in Asia examines the impact of contract farming and foreign direct investment on small farmers producing high-value agricultural commodities in Asia. The project involves surveys of both contract farmers and other farmers in four countries: China, India, Thailand, and Indonesia. In each country, the study involves two or three commodities including poultry and fruits and vegetables. In addition, the study hopes to examine the differences between farmers contracting to foreign-invested companies and farmers contracting to locally-owned companies.

ICIMOD has a project on high value agricultural products for mountainous areas. Also highly relevant to the RPE is the recently completed Project on “Globalization and the

Poor: Sustaining Rural Livelihoods in India” under the Indo-Canadian Shastri Applied Research Project conducted by the Jawaharlal Nehru University (JNU), the Council for Social Development, Delhi (CSD) and the University of Guelph. The overall project goal is to contribute to poverty reduction and sustainable development through deepening the understanding of the impact of economic reforms and

globalization on rural livelihoods. The three main elements of the project were to

- a) provide an analysis of the impact of economic reform and globalization on rural livelihoods in Madhya Pradesh
- b) identify policy and institutional changes that could mitigate negative impacts of globalization on poor people's livelihoods and that could promote pro-poor growth
- c) inform policymakers (including government officials and representatives from civil society) about these policy and institutional changes

IDE has been working on horticulture value chains in Nepal. It has identified major constraints to high value horticultural production in Nepal, including access to a reliable supply of quality inputs, especially irrigation technologies, and access to downstream markets to sell market produce. IDE is facilitating the establishment of a network of private sector entrepreneurs who are providing these services to the farmers IDE also works with Farmers Groups for 1) channeling technical and marketing information from government and other sources to small commercial horticulturists, and 2) provision of linkages to private-sector merchants for inputs purchases and produce sales. Three sets of key actors provide a range of integrated services to the rural smallholder 1) agri-input dealers, 2) vegetable traders, and 3) lead farmers, who have been selected from the Farmer Groups and intensively trained to act as local repositories of horticulture knowledge. In addition to the services provided by these three sets of actors, treadle pumps and drip irrigation hardware is supplied through a private-sector network of manufacturers, distributors, assemblers, retailers, and on-site installers. Winrock is also taking the value chain approach in its agricultural programme in Nepal. The emphasis is on building the capacity of supply chain enterprises to manufacture and distribute agricultural equipment and inputs that are suitable for smallholders, and establishing private sector market channels that can efficiently aggregate smallholder production for national and international markets. It is currently working on tea and NTFPs.

However more work is required in understanding whether and how the more disadvantaged groups or people in remote rural areas can be helped (see box below).

Box 1 Development in the Northeastern States of India

The Northeastern States of India are cut off from the mainland in more ways than one and despite generous budgetary allocations under each Five Year Plan, continue to suffer from problems of ethnic and tribal conflicts. Governance of natural resources is very weak and this is an area that requires more work. IDRC is already engaged in a project on Strengthening NRM & Farmer's Livelihoods in Nagaland which explores new technologies and adaptations of indigenous systems to intensify swidden agriculture (jhum) and fallow management practices, including the introduction of shade-loving crops, for more productive and sustainable use of resources at the village level. Similar work could be explored in other Northeastern states. But nearly all the issues flagged in this report need to be researched in greater depth in the Northeastern States and RPE could explore ways of doing this with partner organisations such as the North East Network which works on agriculture and rural livelihoods.

Value chain analysis of commodities can help us to understand the governance systems at work and the potential opportunities and threats they present (see box). In particular they can help us to understand the role of intermediaries, their persistence and ways of

working with them effectively in order to maximise the returns to the poor from value chains. Some interesting examples are discussed here in order to highlight the issues.

Box 2 The Value Chain Approach

A value chain can be defined as “an organized system of exchange from production to consumption with the purpose of increasing value and competitiveness”. A value chain is not a supply chain. A value chain is about linkages generating value for the consumer
A supply chain is about logistics.

The key features of a value chain are the creation of business linkages by getting people in the chain (e.g. farmers, processors, retailers and exporters) to work together. This requires good coordination of decisions and exchange. Effective governance is needed to facilitate coordination. In order to increase value, the value chain needs to meet consumer demand and be competitive. To remain competitive, the value chain needs to innovate continuously. To establish effective linkages, the chain needs to distribute benefits that provide incentives to the participants. A successful value chain must show continuous innovation in the form of products, technologies, management, marketing, distribution etc. The chain must be highly organized internally using hierarchies and achieving economies of scale. The chain will go beyond spot market transactions to include contracts, vertical integration, supply chains within networks, alliances and other forms of coordination. The chain will introduce practices that meet environmental and social responsibility concerns

The ADB funded project on Making Markets Work for the Poor identified five models that link smallholder farmers to entrepreneurs and markets in a competitive and sustainable way, including:

- (i) Farmer to Market Linkage Model;
- (ii) Farmer to Enterprise Contract Model;
- (iii) Large Enterprise to Farmer Model;
- (iv) Small and Medium Enterprise to Market Linkage Model; and
- (v) Supermarket Supply Chain Model.

In the *Farmer-to-Market* Linkage Model, farmers are linked with market services and other value chain stakeholders through facilitating service provider organizations. In the *Farmer-to-Enterprise* Contract Model, farmers are linked directly with enterprises through contract grower systems. There are two types of contracts envisaged; contracts directly between enterprises and farmers, and contracts indirectly through traders, NGOs and suppliers. In the *Large Private Enterprise* Model, out-growers are treated as partners in the enterprise rather than as mere contract suppliers. The large private enterprise provides a guaranteed market outlet for associated smallholders, as well as technical extension services and credit in the form of production inputs. In order for the large private enterprise program to be successful, however, the enterprise must also exercise some degree of management control over the smallholders’ production and post harvest practices and must take some responsibility for the general well being of the smallholder and his/her family.

In the *Small and Medium Enterprise-to-Market* Linkage Model, enterprises are linked with market services and other value chain stakeholders through the facilitation services of organizations and institutions such as NGOs. In the *Supermarket Supply Chain* model, farmers are linked with supermarkets and large retailers through supplier organizations. The supermarkets and retailers are responsible for developing standards and quality specifications, as well as contractual terms for suppliers. Suppliers are responsible for organizing individual farmers and farmer groups to supply perishable product that meets those standards and quality specifications.

Source: MMW4P: Agriculture Commercialization and Poverty Reduction

IDRC has a large programme on Medicinal and Aromatic Plants Program in Asia (MAPPA) headquartered at the South Asia Regional Office in New Delhi. The main goal is to institute a system of long-term sustainable and equitable use of MAPs. The objective is to improve resource conservation and livelihood security in rural and marginalized communities. The mechanism is the design, support and coordination of a holistic research program to strengthen linkages between stakeholders within the MAP production to consumption chain. This is being achieved through strategic research, partnership building and the promotion of regional and international networking. Through regional, national and local partners, including government organizations (GOs), non-governmental organizations (NGOs), community-based organizations (CBOs), national research institutions and universities, MAPPA has developed a regional network of expertise in community-based MAP conservation, participatory research, and documentation. The programme is working on developing innovative strategies to ensure a more equitable distribution of benefits, especially between impoverished upland dwellers and indigenous communities. :

- Develop and provide training for value-addition activities such as improved storage, primary processing, packaging and marketing of MAP products among rural communities;
- Emphasize improving collection, cultivation and marketing conditions and benefits for women;
- Develop and realize "bio-partnerships" between local communities and industry, fostering a more balanced division of benefits between these groups to ensure long-term sustainable conservation strategies;
- Carry out gender analysis of MAP activities including harvesting, production and exchange of selected species and their derived products;
- Influence both national and local policies and their timely and suitable reforms, institutional mechanisms that can provide more incentives for conservation and cultivation, and local control over resources and increased benefits to the rural poor.

USAID is funding work on NTFPs in Nepal under its FRAME programme which aims to strengthen the value chain for NTFPs. The project is focusing on essential oils (Jatamansi and Wintergreen oils) in Jhumla and Dholaka districts and is being implemented in partnership with ANSAB (local NGO focused on biodiversity and rural enterprises) - www.ansab.org. The Dutch agency SNV is working on NTFPs in Bhutan. SNV provides knowledge and training in the management of Non-Timber Forest Products to government non-governmental organisations, research institutes, the private sector, and the communities involved.

Livestock product value chains

Many efforts have been made over the years to increase productivity and manage herd sizes but progress has been limited because of a poor understanding of the social, institutional, cultural and political dimensions of livestock keeping. This could be an important area of future research. There are a number of institutes and donors working on livestock directly or indirectly such as the FAO, ICIMOD and the EC. For example, the EC funded Integrated Watershed Projects address livestock development within watershed areas across 250 villages in India. RPE could explore ways of bringing the concerns of the poor into existing livestock programmes or through separate studies.

Credit and Microfinance

There are many governments, NGO and donor funded microfinance projects across South Asia. Well known organisations include Grameen Bank in Bangladesh, Basix in India, the CARE CASHE project in India (see below). The Centre for Microfinance in Nepal supports IMPACT (Improving impact of microfinance on poverty; an action research programme) funded by the Ford Foundation. This project is run in collaboration with MFI's in 14 other countries and also other research institutions. But microfinance projects often exclude the poorest groups and new ways need to be found of reaching them. Although microfinance may be an area that is not strictly within the remit of RPE work, there is a case to be made for addressing the social barriers the poor face especially in the context of promoting their participation in value chains.

Migration

Mobility is increasing in South Asia, but is seriously under-recorded. Yet it represents poor people's response to spatially uneven development. Internal migration has greater potential for poverty reduction, meeting the Millennium Development Goals (MDGs) and contributing to economic growth in developing countries than does international migration. This is because of four things. First, internal migration stems from a broader base where smaller sums of money are evenly distributed to specific areas and poor families through internal remittances (rather than international remittances, which reach fewer people). Second, it is likely that internal migration will continue to increase at a faster rate than international migration.² Third, internal migration involves poorer people from poorer regions and has a strong role to play in achieving the MDGs. Fourth, it is an important driver of growth in many sectors including agriculture, manufacturing, construction, coastal economies and services.

However the potential benefits of migration are not being fully realised because of an inadequate understanding of migration patterns (especially temporary and circular migration), continuing policy barriers to population movement, urban middle-class attitudes, social exclusion on the basis of ethnicity, caste, tribe and gender and poor enforcement of legislation meant to protect the rights of the poor.

National statistics in India show an increase in permanent migration⁶. But a major difficulty with national statistics is that they fail to capture temporary movements. A large number of micro-studies show that temporary and circular movements are increasing (e.g. Rogaly et al 2002, Dayal and Karan 2003, Karan 2003, Deshingkar and Start 2003, Virgo et al 2003). These include a spectrum of movements from trips that last several months to daily commuting for work⁷.

Migrants remain politically socially and economically excluded

Although poor migrants have contributed significantly to economic growth and gained from higher wages in higher productivity areas, they remain socially and economically excluded from the wider benefits of economic growth such as access to health and education, housing, sanitation and freedom from exploitation. Across Asia nearly all temporary migrants and new arrivals who intend to stay permanently but who have moved without formally acquiring a house or a job are regarded as illegal. This brings a host of problems for migrants and their families.

⁶ A migrant is usually defined as someone who is not resident in his or her place of birth. Migrants thus include people who have moved for marriage, education and other reasons and not just those who have moved for work.

⁷ Daily and weekly commuting are usually excluded from the category of temporary/circular migration and the same practice is followed in this paper.

Migrants live in temporary and insecure accommodation in host areas which are usually prosperous and highly developed and are barred from accessing social and economic benefits that are taken for granted by the legitimate residents of the host area. In India too migrants often live and work in almost subhuman conditions. According to the Human Development for Punjab (UNDP 2004), migrants in some sectors are subjected to slavery. This is despite the number of laws and regulations that have been designed to protect migrant workers against exploitation⁸. In Punjab for example not a single migrant worker has been registered under this Act although the state receives more than 2 million migrant workers.

Caste

In India a large proportion of migrant workers belong to the lower castes and tribes who have a poorer asset base than other social groups. Deshingkar and Start (2003) for example, found that the scheduled tribes had higher migration rates in Andhra Pradesh and Madhya Pradesh. Similar observations have been made by Dayal and Karan (2003) regarding Jharkhand: whereas 15 per cent of scheduled castes and tribes migrated, only 8 per cent of upper castes and 3 per cent of “other backward castes” migrated. A study by Jagori, an NGO on migration in Rajasthan found that 95% of the migrants congregating at recruiting are dalits coming from Bhilwara, Ajmer, Tonk, Kota. The latest Human Development Report for the state of Punjab notes that many migrants coming in to the State from Bihar and UP are dalits and tribals.

While some scholars have argued that migration provides an escape from traditional structures of caste-based oppression in villages and gives poor labourers some bargaining power vis-à-vis their traditional employers⁹, others maintain that structures of oppression are reproduced through labor contracting arrangements at the destination and may even be more exploitative (Mosse 2002, Olsen and Ramanamurthy 2000).

Certain occupations and sub-sectors have started to attract attention for being especially exploitative where power relations are based on caste. Brick Kiln workers are one such category where entire families are lured and deceived into bonded working conditions. A study by Action Aid (quoted in Azad) on migrants from Western Orissa going to Andhra Pradesh and Tamil Nadu found that skilled workers get Rs. 43 for 14 hours of work and unskilled workers get Rs. 22.

To assist migrants requires some combination of:

- Better access to information on the job market
- Mechanisms that allow access to services, food etc., and to reduce potential harassment
- More user friendly ways of sending remittances
- Improved education facilities for the children of migrant families
- More accessible transport systems, and
- Clearer understanding of how agriculture policy can support migration and respond to its effects.

There are still relatively few organizations and donors working on internal and cross border migration. However it appears to be emerging as a key area of research in the

⁸ For example the Interstate Migrant Workman (Regulation of Employment and Conditions of Service) Act of 1979 sets out the employment conditions for inter-state migrant workers who are employed through contractors or middlemen in establishments, which employ 5 or more such workmen per day. It includes provision for residential facilities, medical aid, adherence to minimum wage and resolution of industrial disputes.

⁹ Pers. Comm. Devesh Kapur

field of rural development and RPE should seriously consider it. The DFID funded Western India Rainfed Farming Project has a Migrant Labour Support Project in Madhya Pradesh and Gujarat that is due to end in May 2007. RPE could explore options for collaboration with them and this would be a useful time to do so as lessons from early work are starting to be articulated.

Western India Rainfed Farming Project Phase II	To sustainably enhance the livelihoods of 675,000 poor rural people in areas of Western India, and to widely disseminate approaches developed in the project	Gujarat, Madhya Pradesh, Rajasthan	£ 24.88mn
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In addition there are specific sector projects that ought to incorporate migration concerns and RPE could consider linking up with them.

Rural roads Project World Bank	To achieve broader, and more sustainable access to markets, and social services by the rural population in participating districts.		IBRD/IDA (\$708.56 mn)
National Strategy For the Urban poor. 2003-2007 UNDP	This project builds on the underlying belief that survival strategies and solutions of the urban poor themselves that can provide the most valuable lessons and guides for the initial stages of policy and programme reform. (Northern Indian states covered under this- Uttar Pradesh, Madhya Pradesh, West Bengal and Delhi)		\$5 mn

The informal sector

While studies have been conducted on some commodities and products on the links between the globalised economy and informal sector workers (e.g. garment unit workers) more areas and sectors need to be better understood, in particular the sectors that absorb workers who come from very disadvantaged communities and locations and how labour markets work within them.

WIEGO (Women in Informal Employment: Growing and Organising) has a number of relevant research projects in South Asia on NTFPs, garment industry and food processing value chains and women’s informal employment within them. They have collaborated with IDS Sussex on some of these projects (<http://www.wiego.org/>). In the future, the Global Markets Programme will continue to pursue global value chain analysis in selected sectors. It will also undertake research on the links between labour migration and informal employment and the impact of changes in tariff barriers on specific groups of informal workers, both as consumers and workers.

Propoor Tourism

PPT is still an under-researched area. The UNDP is engaged in a project on Endogenous Tourism which aims to support the Government of India in its rural tourism efforts through experimentation and exploration. The project is aimed at developing alternative tourism models in eighteen locations across the country. (Northern Indian States covered- Arunachal Pradesh, Assam, Bihar, Chattisgarh, Himachal Pradesh, Rajasthan). It probably addresses poverty reduction but it would be worthwhile for RPE to see whether there can be ways of working together or learning from their experience. SNV is working on PPT in Bhutan. ICIMOD is also involved in work on tourism in mountainous areas.

Promoting markets in remote and low-potential areas

As many of South Asia’s marginal areas are remote, rainfed, forested and mountainous, this is where marginal groups and persistent poverty are often concentrated. Markets in remote areas tend to be highly imperfect. They are characterised in different ways and to different degrees by lack of information, weak institutions and infrastructure, high levels of (often uninsurable) risk and so on. The better off, such as traders and landlords, are generally far less affected by these imperfections than small farmers or landless labourers. There are research programmes that are focusing on specific marginal areas. For example the Switzerland based NCCR, a network of researchers across Asia, has research projects focusing on what they call the “highland-lowland syndrome” in mountain areas (i.e. those at risk due to climatic or environmental conditions in addition to their economic situation). The project is conducting an analysis of institutions and policies that shape important processes like natural resource use, migration and rural development and may offer RPE scope for collaboration (more details from <http://www.nccr-north-south.unibe.ch/>). Also as mentioned previously ICIMOD is also working on value chain development in mountainous regions. Links with such projects could yield cross learning or joint work given IDRC’s past and existing work and interests in safeguarding the livelihoods of marginal groups and protecting natural resources in fragile environmental contexts.

Although there is widespread agreement that low-potential areas in the plains deserve more policy attention and resources, there is still insufficient understanding of what exactly needs to be done. In this the Chronic Poverty Research Centre, located at the University of Manchester and ODI, London would offer a range of highly relevant studies. The CPRC has recently initiated a large programme of research in India and there could be several opportunities for joint work (www.cprc.org).

Livelihood diversification and access to non-farm employment

There is still insufficient understanding of the constraints to diversification and the links between diversification and ethnicity, gender and culture. This could be a potentially interesting area for RPE to enter.

ODI has recently completed a three year DFID funded project on livelihood diversification and poverty reduction in the Indian States of Madhya Pradesh and Andhra Pradesh (see book by Farrington et al 2006) which could offer useful lessons for RPE or scope for future collaborative research.

An effective strategy for RPE might be to explore possibilities for collaboration and partnership with large livelihoods projects that are already running with a view to incorporating specific topics such as migration and value chain development in rural areas. A few such projects are listed below.

Livelihoods Improvement Project in the Himalayas	The objective of the project is to help vulnerable groups in the rugged highlands of the Himalayas improve their livelihoods and develop broader alternatives for income-generating activities. It is being implemented in the most remote and underdeveloped districts in the states of Meghalaya and Uttaranchal, where poor people in an estimated 1,730 villages will benefit directly from expanded livelihood opportunities, increased income and greater economic security.	US\$39.92 million
North Eastern Region Community Resource	The overall objective of this seven-year IFAD-initiated project is to help the poorest rural people in several hill districts in the region improve their livelihoods through the environmentally sound	US\$33.22 million

Management Project for Upland Areas	management of their resource base.	
Bihar Rural Livelihoods Development Project World Bank	To assist GoB to empower rural poor and improve their livelihoods through (i) developing and strengthening institutions of the poor; (ii) building and establishing pro-poor savings promotion and livelihood support organizations; (iii) financing livelihood business plans and investing in increasing the size of livelihood economy for the small producers and the poor; and (iv) creating an enabling environment for implementing and scaling up innovations for rural livelihood development and service delivery.	IDA (\$70 mn)
District Poverty Project 2003-2009 (Chhattisgarh)	The development objective of the Chhattisgarh District Rural Poverty Project is to improve opportunities for the poor and vulnerable, especially women and tribals, to meet their own social and economic development objectives. To achieve this, the project creates infrastructure and income opportunities for the rural poor; empowers active groups of disadvantaged people; and supports village governments in becoming more responsive and effective in assisting them.	IBRD/IDA (\$129.35)

Section 4: Long-list of possible theme for a regional research agenda

Pro-poor private sector investment and public sector interventions that can help the poor to take advantage of global economic processes requires research on improving our understanding of how the poor are participating, what constraints they face and how a more enabling environment can be created. Based on the foregoing discussion the following major themes have been identified as areas of potential interest to RPE. It is necessary to take a holistic approach, based on the principles of the Sustainable Livelihoods approach that goes beyond technical fixes and recognises the complexity of power relations, access and control over resources.

1. How can farm commodity/value chains be made to work in the interests of the poor?

1. Horticulture:

- **What are the main characteristics of the horticulture supply chain**
- **Is the policy environment conducive to the involvement of the poor? What can be learnt from the experience of countries in other parts of Asia such as China and Vietnam where such chains appear to work better for the poor? Where should FDI be encouraged?**
- **Which groups are able to take advantage of contract farming arrangements and to what extent is land ownership or access to land a constraint? Are there caste related barriers and if so how do they manifest themselves? Can liberalising the land leasing market ease such constraints?**
- **How accessible, transparent and accountable are institutions related to technical support, inputs, credit and marketing? At which level is change required and who should be the stakeholders involved and in what ways? How can the capacity of players at various levels in the chain be enhanced?**
- **Is access to information a constraint and what is the most effective means of delivering information to poor farmers with low levels of education?**
- **How can the governance of groundwater resources be realistically improved so that the poor are not deprived?**

2. Propoor livestock systems with a focus on small ruminants
 - **What are the main characteristics of the supply chain**
 - **What can be learnt from the experience of cooperatives or other grouping initiatives that may have attempted to improve the vertical integration of small producers?**
 - What caste related barriers exist and how can these be overcome?
3. How can NTFP markets be made propoor?
 - How can the NTFP market be deregulated in ways that can help the poor?
 - Where is access to credit needed and how can market intermediaries be made to comply with pricing and marketing regulations?
 - How can the poor be helped to access market and technical information?
4. Pro-poor tourism
 - Identify the major types of tourism oriented activity
 - What are the main characteristics of industry in each?
 - Which parts of the industry include the poor and which exclude them and why?
 - Which policy reform would improve the returns to the poor and where is external support needed? What role can donors play and what could be attractive to the private sector?
 - Where would FDI result in more propoor outcomes?
5. Seasonal and circular migration
 - identify two or three high migration areas in RPE regions and states
 - What are the dominant migration streams and what are their characteristics in terms of who goes, for what, where, the returns and remittance patterns?
 - How important are migrant remittances to rural households? Is migration a coping strategy or is it regarded as a high return option?
 - What difficulties do migrants face in e.g. access to government services, travelling, shelter, education, health and participation in natural resource management initiatives at home
 - How can propoor programmes be made more responsive to the needs of households that are away for part of the year?
 - How should rural development and agricultural policy be reoriented in view of multilocational livelihood strategies?
 - What kinds of market segmentation exist in migrant labour markets and how does this affect the poor? Do such imperfections need to be addressed?
6. The informal sector
 - What are the links between globalisation and the informal sector?
 - How can the quality of employment for informal sector workers be improved in certain sectors that have links with the global economy?
7. Occupational diversification
 - Research on the kinds of diversification strategies being pursued by the poor; in particular a greater recognition of the diversification of the poor living in marginal areas
 - Identifying broader entry points for poverty reduction that is multi-sectoral instead of a sole focus on increasing farm incomes.
8. Promoting markets in remote rural areas

- Identifying common market failures in remote rural areas and their causes – is it poor governance, faulty policies, poor infrastructure, low levels of human development, discrimination against certain social groups and how do these vary by commodity and context?
- What could help the poor to overcome market failures and imperfections?
- Where would external support be useful (e.g. in helping the poor to organise themselves and demand more transparency and accountability?)
- How can more investment be attracted to such areas from the private sector?

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