

Policies for Equitising Development: An Agenda for South Asia

Saman Kelegama
Institute of Policy Studies, Sri Lanka

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Previous Efforts to Equitise Development and Alleviate Poverty in South Asia

- A number of strategies and agendas to address the issue of poverty at the regional level
- Constitution of the Independent South Asian Commission for Poverty Alleviation (ISACPA) in 1992
 - one of the first attempts at the regional level
- ISACPA report in 1993
 - identified various structural constraints inhibiting efforts to alleviate poverty and brought out a number of recommendations to combat poverty in the region.
 - However, with the world events taking a new turn with the globalisation and market reforms, a little was achieved on the basis of the recommendations of this report



Previous Efforts to Equitise Development Contd.

- ISACPA was re-constituted and a report was prepared in 2003 with a fresh agenda for poverty reduction in South Asia.
- This report on “Our Future, Our Responsibility: A Road Map Towards a Poverty Free South Asia” was endorsed by the SAARC Summit held in Islamabad in 2004
- The Report identified a number of strategic priorities which include:
 - mobilisation of the power of the poor
 - mainstreaming informal economy
 - enhancing gender equity
 - adoption of prudent macroeconomics



- The 13th SAARC Summit held in 2005 also brought out important outputs related to poverty alleviation
 - Declaration of 2006-2015 - SAARC Decade of Poverty Alleviation
 - Endorsement of the SDGs - as recommended by ISACPA
 - SDGs constitute of 22 goals to be achieved by 2010
 - SDGs are mandated in the areas of livelihood, health, education and environment
- The 15th SAARC Summit held in 2008 in Colombo also resolved to continue to alleviate poverty in the region especially through the empowerment of the poor

Rethinking Poverty Alleviation in South Asia

- Despite South Asia's commitment to combat poverty, the progress has been limited, with rising income inequalities and widening social disparities.
- South Asia houses over 40% of the world's poor . About 430 million people in the region live on less than \$ 1 a day
- Human Development Index (HDI) for South Asia is 0.611. This is lower than that for all the regions, except the Sub-Saharan Africa
- Considerable disparities can be seen within the region : HDI for Sri Lanka and Maldives are 0.743 and 0.741 respectively while those for Nepal and Bangladesh are 0.502 and 0.511.
- Many of the previous strategies have failed to address structural aspects of poverty.
- Thus, it is important to re-look at the concept of poverty and poverty alleviation strategies/policies for South Asia

- Poverty encompasses not only material deprivation but also other dimensions such as low achievement in basic education and health and poor quality of shelter and sanitation
- Definition of poverty - broadened in recent years to include other dimensions:
 - vulnerability to risk
 - voicelessness and feeling of powerlessness (which includes social exclusion and lack of freedom to participate)
- As such, empowerment of the poor has been recognised as an essential part of any poverty alleviation strategy in recent years

- **Empowerment** - in the broadest sense is the expansion of freedom of choice and action. That is, increasing one's authority and control over the resources and decisions.
- Poor in this sense have extremely limited choices, because they lack assets and the powerlessness inhibits their negotiating capacity for better terms for themselves.
- In this respect, empowerment is the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives.

Rethinking Poverty Alleviation Contd.

- The agenda for equitising development and alleviating poverty in South Asia should give special attention to the empowerment of the poor, by providing them with equitable opportunities to access resources and knowledge and to participate in the markets and in the process of governance.
- Among various interventions to equitise development, the focus of this workshop has been mainly on the following areas:
 - Agrarian reforms
 - Broadening the ownership of assets by the poor and enhancing market power of the poor
 - Improving educational opportunities for the poor



Agrarian Reforms for Equitising Development

- Relationship between agriculture and poverty cannot be ignored in South Asia
 - Poverty is predominantly a rural phenomenon
 - Agriculture is the mainstay of the rural economy
- Rural poverty is often associated with the landlessness, near landlessness or with agricultural labourers
- Other commonly observed problems related to land are
 - unsustainable land use
 - low productivity
 - excessive fragmentation leading to non-viable holdings
 - non-optimal land transactions
 - disputes related to land



Agrarian Reforms Contd.

- The poor are more vulnerable to the problems in the land sector, as compared to the richer or more socially powerful groups
- Land plays a key role as the major means of livelihood and wealth accumulation of the rural poor
- Lack of resources, capital, technical knowledge, managerial capability and access to services constraint the poor from exploiting the potential benefits within the current system thus making them poorer
- Hence, empowerment of rural poor has to be identified as a key element in the agenda to equitise development and alleviate poverty in South Asia



(1) Land

Property rights

- Poor often lacks well defined property rights to the land they work
 - Well defined property rights to land improve productivity in agriculture
 - Such rights enable the market mechanism to function effectively
 - However, it is counter argued that the same mechanism will act against the poor, exposing them, as they are prone to distress sales often under unfair terms

E.g.: Sri Lanka

The state has provided only leasehold titles to the land distributed under the land development programmes. There is much controversy on conferring full ownership rights to such land



(1) Land Contd.

Access/ ownership of land

- Often, larger landholdings are owned by elite, while the poor have become tenants of the larger holdings
- Traditional tenure arrangements do not allow opportunity for the tenants to move out of poverty. they are forced to work under unfair terms
- Different legislations on tenure arrangements have attempted to create some opportunity for the tenants to acquire ownership rights or tenure rights

E.g. Sri Lanka

Land reforms enacted in 1953-58 were meant to ensure tenure security to tenants and to regulate the rents paid to landlords



(1) Land Contd.

- To reduce inequalities, poor have to be provided with resources, mainly with land.
- Identify land for redistribution by the states
 - Develop land and distribute
 - *E.g.: Mahaweli development programme in Sri Lanka*
 - Introduce land ceilings
 - *E.g.: Sri Lanka - land ceilings were imposed on private ownership of land under reforms in 1976 and 1977*
 - *Such land reforms were carried out in other countries too*
- The state should have a well-defined plan for redistribution of land.



(1) Land Contd.

Size of landholding

- Average landholding size is decreasing
- The main reason - increasing population pressure on land overtime

Land administration

- Poor land administration systems – lead to exploitation and inequity
- Poor and outdated regulations and poor enforcement
- Sluggishness of the bureaucracy and corruption in land administration
- For establishing equity in agriculture
 - Modernization of the land administration systems by using IT
 - Reconstitution of the outdated legislation
 - Enforcement of the existing legislation
 - Awareness creation of the rules and procedures related to land management and penalties involved in violating them



(1) Land Contd.

Power and land ownership

- Ownership of land and political power go hand in hand
- As many large landholdings are with elite in the rural sector, the power remains with them in the tenurial structure, which leads to exploitation of voting power that has an impact on democratic election
- As the political power remains in the hands of a few elite, policies drawn under such an environment will often be biased towards elite, possibly increasing inequity



(1) Land Contd.

- All above are intertwined
- Lack of ownership rights to land and non-viable landholdings do not create a sustainable livelihood
- Lack of clear property rights to land discourages investment in land improvement and the adoption of technological innovations
- It would prevent the optimal use and allocation of the resource which is important in increasing agricultural income and thereby alleviating poverty



(1) Land Contd.

- Access to land is only a necessary condition but not a sufficient condition for increased productivity in rural agriculture
- There are several other factors such as capital, improved technology and improved physical and institutional infrastructure which are mandatory for productivity improvement in poor farms that is essential for equitising development

E.g.: In Sri Lanka the state distributed land under the Land Development Ordinance of 1933, to farmers on equal terms. The experience of closer to 60 years now shows that inequity among these households have widened. This highlights that land alone is not sufficient to bring in equity



(2) Technology

- Agriculture is becoming more technology based
- Availability and access to state-of-the-art technology by the farmers are important factors
- Important to increase investment in Research and Development
- A sound agricultural extension service is vital to transfer technology
- Use of IT and ICT is important in agriculture - from the point of purchasing inputs to marketing
- The states in partnership with the private sector should take initiatives to bring in IT/ ICT to the villages

E.g.: e-choupal venture promoted by ITC in India, brings IT technology to villages by correcting information asymmetries and benefit farmers through cutting out less efficient, exploitative intermediaries.



(3) Capital

- Moving away from traditional agriculture to modern and more market oriented agriculture requires additional capital investment
- Poor farmers' capital requirement takes the forms of liquid capital necessary for the purchase of current inputs and longer-term investments on improving the asset-base
- Often, the well-functioning capital markets do not prevail in the South Asian rural agriculture
- Institutional investment by the state or non-governmental organizations is an essential requirement for the improvement of the sector



(4) Knowledge and Skills

- Unequal knowledge and skills would not let operators derive equal benefits from agriculture, even in the presence of land, capital and technology
- Access and availability of timely, accurate and complete technical and market information ensure equal opportunities in agriculture
- Skills - often inherent, but can be developed.
Providing equal opportunities for skill development is important to have equity in development



(5) Physical and Institutional Infrastructure

- Modernization of agriculture requires institutional and physical infrastructure that ensures efficient inputs delivery and produce marketing
- Concerted efforts of the state and non-state sectors are necessary to guarantee the above
- Transportation is a major element of infrastructure, in securing equal opportunities to access
 - Development of road network is important as it connects the rural villages to the urban markets
- *Given the diversity in the South Asian region, one general policy prescription for all situations cannot be suggested.*
- *It necessarily has to be highly contextual in its instruments but should be focused on the objective of alleviating the problems specified earlier*



Broadening the Ownership of Assets by the Poor and Enhancing their Market Power

- Important to look beyond agrarian assets to corporate wealth
- Examples in South Asia where the poor including poor woman have become owners of corporate entities, under diverse ownership models
 - **Grameen Model** in Bangladesh
a single entity owned by the poor that has diversified into owning shares in a large corporate entity
 - **Amul Dairy Co-operative** in India
a model built around co-operative ownership by primary producers
 - **Lajjat papad** in India
home based enterprises scaling up into a single corporate entity
 - **Sanasa Development Bank** in Sri Lanka
owned by 3800 primary level Thrift and Credit Corporative Societies with around 4 million members.



Broadening Asset Ownership & Market Power Contd.

- Models of ownership of corporate assets by the poor can be extended to various other sectors particularly the dynamic sectors of the market where the principal agents of production tend to be the wealthier groups or urban elites
- Often, the involvement of the poor in these sectors is only as primary producers or wage earners
- They are often left with little opportunity to share in the benefits of the value addition process



- Disadvantaged position of the poor in the market place originates in their isolation
- Strengthening the capacity of the poor for collective action is important to enhance their market power
- It is important to provide the poor primary producers with the opportunity to obtain an equity share in the enterprise to which they sell their produce and which adds a value to their products
- Becoming long-term stakeholders in the value addition process would provide the entrepreneurs with an incentive to invest in improvement in productivity and quality of produce

- Poor who are small producers/small farmers can be encouraged to come together to form their own co-operatives/enterprises to add value to their products
 - E.g.: **Amul dairy cooperative model in India**
Important to explore the possibility of replicating in other South Asian countries and in other sectors within and outside India
- Collective action by the poor in the labour market (particularly in the informal sector)
 - Enhance bargaining power
 - Help to raise their minimum wages
 - Help to improve their working conditions
 - E.g.: **Self-Employed Women's Association (SEWA) in India**
a trade union of poor, self-employed women workers – which has a membership of over 1 million across nine states in India

Thank You

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