

Livelihood analysis and diversification for ARCAB project

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Introduction and context

This paper relates to the research theme “Livelihood analysis and diversification” within the ARCAB project. It includes a report on a field visit and a small workshop held in Bangladesh in April 2012. This is preceded by a research outline for next steps in the livelihood them for ARCAB. As an annex I have included the draft chapter “**Rural livelihood diversification and adaptation to climate change**”, which will be included in the book *Lessons from Community Based Adaptation* (Rachel Berger and Saleemul Huq, eds., Practical Action Publishing, 2013).

The basic assumptions for this topic are:

- Existing poverty and inadequate livelihoods are part of the baseline for millions of rural households that will need to adapt to climate change;
- Land tenure systems, insecurity in land holdings, and associated power systems are a major barrier to poverty reduction – and are the existing main causal factor in poverty;
- Adaptation in farming systems and crops will not be sufficient, and means that people remain climate dependent;
- Existing adaptation processes for farming and crops rarely takes into account land tenure and power systems and therefore fail to take account of the main constraints on livelihoods and poverty reduction;
- Adaptation will require the creation of many more and alternative livelihoods (alternative to farming) in order to deal with existing poverty and to reduce high levels of climate dependency;
- Research into the rural non-farm economy (RNFE) is therefore of crucial importance to understand if and how it can support adaptation and poverty reduction.

Underlying these assumptions (which will form the basis for research questions for the livelihoods topic) are several aspects of existing knowledge of the RNFE:

- non-farm rural livelihoods are widespread already: they tend not to be so visible in the countryside compared with towns and cities;
 - people do not make a separation of farm from non-farm livelihoods – if they can access different types of activities and have the right assets, they will do what they can for income and subsistence;
 - some non-farm activities may be done in order to “cope” – they are distress driven and are therefore needing to be discouraged by providing alternatives. Sometimes distress-driven coping activities lead to the loss of assets, therefore reducing the viability of main livelihoods. They may also damage environmental resources and ecosystem services (e.g. through deforestation);
 - livelihood activities exist within networks that involve inputs (supplies, raw materials), outputs, labour, knowledge, markets, credit, intermediaries: sometimes a complex network of upstream and downstream linkages that also rely on social capital;
- financial factors that can stimulate the start or increase of RNF activities are especially important, and therefore research is needed on the potential role of adaptation funding to support alternative non-farm rural livelihoods;

Integrating livelihood diversification research into ARCAB

The following reports are edited versions of brainstorming meetings and field visit in Bangladesh in April 2012, compiled by Terry Cannon from notes provided by Lucy, Erin and Nazrul.

Brainstorming sessions: 25th April 2012, at BCAS and 26th April Gopalganj

These notes have been edited by Terry Cannon from the record of the meeting kindly taken by Lucy Faulkner.

Participants: Iqbal Ali, Terry Cannon, Lucy Faulkner, Saleemul Huq, Ina Islam, Nazrul Islam, Golam Rabbani, Erin Roberts, Sarder Safiq, Sumana Tanchangya.

Apologies: Kevan Christensen

Introduction to RNFE (rural non-farm economy): For adaptation to CC, there is plenty of knowledge that we can already draw on from past development studies.¹ RNFE refers to **non-farm** related activities taking place in the **countryside**. (i.e. not growing crops, raising livestock). Many living in poverty are excluded from such activities, since they lack existing assets and have no creditworthiness for borrowing. To some extent the microcredit movement intended to support micro-enterprises (mainly for women) to support diversification.

Relevance of RNFE to adaptation

In most of South Asia, including Bangladesh, more people are involved in growing crops than the number of workers that are needed (under the given technological conditions): this means that there is **surplus agricultural labour**. There is an optimum amount of labour required to produce a given crop on an area of land, and once this amount is exceeded the labour is in effect “wasted” (or underemployed). If farming needs fewer people to produce the same amount of output, then with the negative impacts of climate change, keeping that same number in farming will lead only to their greater impoverishment. Removing a significant proportion of the rural (landless) poor from some of their farming (with the same total of food crops being produced by fewer people) will enable other livelihoods to be pursued (and food to be purchased). Where CC has a negative effect, it will be no worse if it affects fewer farmers than if it affects all – including the “surplus” farmers. Is it easier for agriculture to achieve adaptation with fewer farmers rather than the excess currently in place?

The labour input does vary over the crop cycle (intensive labour at some stages such as planting, weeding, harvest), and so at times rural labour may be in relative shortage and command a higher price (there is evidence of this for parts of Bangladesh for harvest). But in general in south Asia there is too much labour chasing too little land and too little work. This surplus rural labour is not the same as being landless. Even households that have land may exceed the number required to farm that land.

Land tenure issues

Landlessness is a related issue, and involves around 40% of the rural population (some estimates put it higher), and is part of the socio-economic structure of Bangladesh rural economy and

¹ Two major research projects examined the RNFE in Africa and South Asia in the early 2000s: RNFE Project at the Natural Resources Institute (University of Greenwich), and the LADDER project at University of East Anglia. The NRI RNFE project reports are available at <http://www.nri.org/projects/rnfe/papers.htm> and those from the LADDER project at <http://www.uea.ac.uk/international-development/People/staffresearch/ladder>

society (i.e. it is tied up with cultural framings of status, hierarchy, religion, “caste”, notions of who does what, and power generally). Being landless does not mean that people do not work on the land: there are basically three variations of landless people engaging in farming:²

- Wage labour – normally getting a daily wage (current norms around 130-160 Taka per day – it varies by season as mentioned, especially for harvest time when some anecdotes in 2012 suggested it may reach 300 Taka per day).
- Renting. Land-owning households with land that is more than they can or want to farm may rent some of it out to other who want to farm it, for a rent in cash.
- Sharecropping – farming land for landowners who cannot or do not want to farm their own land. It is a form of renting, with the main difference that the rent is paid with a share of the harvest. The owner may let out for sharecropping all or only some of his land, depending on custom and practice, status, how much land etc. There are different forms of sharecropping that can involve a percentage of the harvest that varies depending on whether the landowner provided farm inputs (seed, fertilizer etc), or not.

There is therefore an existing socio-economic problem of land tenure and inequality in land holdings already in operation in Bangladesh (and much of south Asia) that will get worse with CC impacts. The assumption is that different types of adaptation will be needed to deal with this for the various categories of households that have little or no land ranging up to large landowners. At present, there is hardly any research that looks at adaptation in relation to different categories of land owners and users. What does adaptation look like for a landless or a sharecropping household? What would the most beneficial forms of adaptation be for large landowners in order to minimise the already negative effects of their control over this prime resource?

Land reform measures have not worked well in the past. Inequity in land ownership is accepted to be the major driver of poverty in Bangladesh and other parts of South Asia. Adaptation has to take into account inequality in land holdings: landless = powerless, and therefore potential difficulty in adaptation. Any form of adaptation that doesn't take into account these differences is unlikely to succeed.

What do we mean by “community” in CBA?

At present the majority of efforts being taken in adaptation relate either to changing varieties of crops (and to some extent farming systems), and community-based adaptation. In neither of these types of initiative is there any serious assessment of the effects of land tenure and inequality in land holdings. Since land reform is unlikely to succeed, one proposal is that rural diversification out of farming may offer the chance for many rural poor people to sidestep the land/ power system into new types of livelihood activities.

ARCAB is a CBA project, but there is little analysis so far in much of the CBA literature or practice of what “community” actually means. Community is the “level” or scale at which we want to intervene, because of commitment to support people at the grassroots, and lack of faith in top-down policies. But community is not automatically the social structure that can be useful for intervention because it is ill-defined, and is not ‘warm and cuddly’ – it involves class issues, exploitation, oppression (including gender-related), and other power relations. We need to unpack economic-social context within each community to facilitate successful adaptation, and

² And of course other farming households that have little land can also engage in these three types of farming on land owned by others. The point here is that landless people have no option but to do one of these three variations, or do non-farm activities, and/ or migrate to other wage-earning work.

realise that there may need to be very different varieties of adaptation that relate to power. This applies especially to different forms of land tenure, and to opportunities for livelihood diversification. Where existing power systems (especially those related to land tenure) make adaptation in farming difficult, diversification of livelihoods may offer the opportunity to sidestep or bypass existing power constraints, without challenging existing powerful interests directly.

The vast majority of rural population are poor and highly climate dependent as their livelihoods are based on land, water and/or natural resources (fishing, forest products). Land tenure issues makes them vulnerable, and if adaptation measures are mainly in farming then they remain climate dependant. It would be much better to solve these problems side by side through LH diversification into non/less-climate dependent activities. Adaptation funding may be the means by which investments can be made in training for other livelihoods carried out in the countryside, e.g. artisans, metal work, embroidery, construction, repairs. Farming systems also of course have to be adapted, but on the basis of the above analysis, agriculture activities are not going to support everyone.

Land reforms have not fixed poverty – it is hard to overcome existing power relations. There is little point getting people to adapt just only in agriculture – still makes people climate dependent. We need to look at how to diversity LHs from agriculture but in the countryside.

Some RNFE activities are not ‘good’ (e.g. cutting down trees to sell charcoal). So we need to find non-farm activities that are beneficial and can substitute for negative coping strategies and harmful non-farm activities.

Adaptation funding may be the means for supporting training and investments into RNFE, and stimulating local spending and multipliers for local economic development. RNFE – needs to be linked to growth of small towns that interact with RNFE activities (links with urbanization, markets, we need to understand rural-urban linkages other than just migration e.g. flows of credit, raw materials, information, knowledge). Small towns play major role as **growth centres** for RNFE. If stimulus takes place in countryside, it leads to greater resilience within countryside. A ‘**growth pole**’ strategy should be researched, for stimulating “rural towns” – centres invested in with infrastructure for supporting diversified LHs. Investment needed in these centres so they become centres of enterprise, and as a better option than people moving to Dhaka.

It is estimated that 30% or more of rural people in Bangladesh are already involved in some RNFE activities, but we know little about them and it is “hidden” by farming, which receives most attention. What are they doing already? What plans are they making for the future? What is sustainable? What is not?

Purpose of our field visit: to make an assessment of how this topic can be brought into ARCAB – what can we observe already? How do they relate to agriculture? Which are ‘distress’ (bad) LHs (e.g. sex work, environmentally damaging activities) which people don’t have a choice about? Which depend on farming outputs and are therefore still climate dependant? Which are ‘good’ (non-distress) LHs? What scope for building on these with adaptation funding? Is there potential for building growth centres? What about training centres to provide skills for non-farm livelihoods in villages? Our baseline is to explore:

1. What are *positive* RNFE activities? (i.e. worth continuing)
2. What are *negative* RNFE activities? (i.e. not worth continuing)
3. What ‘new’ RNFE activities can be developed with adaptation funding (linking with the idea of growth centres as locations for investment that kick start RNFE activities)?

This RNFE proposed programme under ARCAB presents a suggestion for what adaptation funding can be used for (e.g. investing in workshops/training centres to build capacity) by providing evidence for what adaptation can take place.

(Working) hypotheses:

The existing economic and social situation (based on highly unequal land tenure) is likely to be made worse by the impacts of climate change. The current situation is already the basis for poverty and vulnerability to hazards, and is not likely to be remedied by adaptation in agriculture alone, since this will be unable to modify existing tenure and power relations. Support for an expansion of (beneficial) diversified rural livelihoods (in the RNFE) may enable a reduction in poverty and vulnerability, fewer people completely climate dependent, and the potential to sidestep the barriers to poverty reduction (and adaptation) that arise from the power systems based on land ownership.

Gopalganj Field Visit Report April 26-28th 2012.

This report is compiled by Terry from notes by Lucy, Nazrul, Sumana , Kevan and Erin.

The research team: Terry Cannon, Iqbal Ali, Sarder Shafiqul, Sumana Tanchanya, Nazrul Islam, Lucy Faulkner, Kevan Christensen and Erin Roberts.

The purpose of visit was undertake an initial scoping study with Terry Cannon for the Livelihoods research theme under ARCAB, and assess how the topic of RNFE (Rural Non Farm Economy) can be incorporated into ARCAB by understanding what RNFE activities are currently undertaken; which are positive (not distress-driven) RNFE activities; which are negative (distress-driven and coping) RNFE activities, and which activities are potentially best to develop with adaptation funding.

Staying at ARCAB's newly acquired Wetland Research and Training Centre (WRTC) as a base, the research team undertook an initial brainstorming session led by Terry, to generate a potential research framework consisting of a hypothesis and research questions for the short (1-2 yrs), medium (5-10 yrs) and long term (15-20 yrs). What non-farm livelihoods would best reduce the vulnerability of those currently in climate dependent livelihoods (mainly the landless, agricultural labourers)? If adaptation funding is available, what policies might local government pursue in order to facilitate movement from livelihoods dependent on climate to those less or not at all dependent on climate? We talked at length about land tenure and how to address some of the inequalities inherent in the system. After the discussion ended we had a walking tour of the village – during which we wandered into a local fair and caused a lot of interest among the local people. On display was a lot of evidence of non-farm products made by local people, including basketry, pottery, special foods, tent and shelter making.

The following day, the research team (minus Iqbal and Lucy) visited organisations in nearby Bhagerat:

CCDB Christian Commission for Development in Bangladesh.

Focus on capacity building and skills development programme. Its operating for four years in this area. Challenges in the locality include recent salinity intrusion, water logging, river sedimentation. Activities include floating bed gardening, poultry farming, vegetable gardening, nursery, exposure visit for trainee to affected areas. Key individual: Evan Parag Sarkar (Area Manager), who is also ARCAB focal point.

CCDB works on Capacity Building and Skills Development since four years. Areas for training: Floating Bed gardening, vermicompost for vegetable gardening, Poultry Farming, Nursery,

exposure visit to affected areas. Some possible livelihoods are jute making, small cottage industries, candle making, rain water harvesting, improved cooking stove.

Evan reported that salinity has been an issue in the area for about ten years and most farmers are able to grow only one crop per year. For four years CCDB has been implementing a capacity building project with funding and support from Christian Aid. More recently it has begun working with Christian Aid to implement Climate Smart Disaster Risk Management Programs. CCDB is also trying to develop innovative adaptation strategies, which include floating gardens, duck rearing and household level harvesting.

During the visit to CCDB Terry proposed that for scaling up and out, it is important to understand how to most effectively transmit knowledge. For example, what is the optimal distance that people can travel in order to facilitate farmer exchanges? Evan informed us that the CCDB is hoping to set up climate change knowledge centres to provide climate information. In terms of developing non-farm activities, CCDB has tried to create links with jute making facilities but there has been little interest on the part of these facilities. Several constraints on organizing non-farm activities were identified including: (1) many existing businesses fearful of competition, (2) buyers demand to be given product on credit, but those selling it need cash, (3) people resistant to non-farm activities due to a preference for wage employment in agriculture and (4) a lack of electricity. Terry stated that other countries have overcome these constraints and asked what is preventing Bangladesh from doing the same, which was food for thought but difficult to answer.

ADAMS (Association for Development Activity of Manifold Social Work)

Bagerhat centre: Adams Integrated Training Centre. Key individuals and ARCAD focal points: Mr. Joseph Mondal (PC), S.M. Ali Aslam (ED).

This impressive facility (similar to one in Khulna also run by ADAMS) should be a focus for our initial research on RNFE, looking at the scope for training for diversified non-farm livelihoods, and possibly for farm livelihoods that can support higher incomes and stimulate diversification.

Adams Training centre provides the following non-farm related courses: electrician, mechanics, automobile repair, carpentry, tailoring & sewing, block, batik & embroidery, sanitation & masonry, computing, leadership creation. Training in farm-related activities: gardening & nursery fish and shrimp culture. ADAMS also operates a Primary Health Centre.

ADAMS is working to target the poorest of the poor, including school dropouts and the landless, and they select students for their programs on these criteria. We discussed the fact that it will be important to do an analysis of the level of demand in the area for different skills, so as to not train a surplus of workers beyond what is needed. ADAMS is willing to provide us with their records through which they have aimed to track what graduates do after the program.

Some people do drop out of the program for various reasons, such as getting a job after only a few months of the training and then perceiving no further need for training, as well as due to marriage in the case of women.

Previously, ADAMS was able to pay the very poorest a stipend to help cover their travel costs to the center and to make up for lost wages during the time of the training. However, due to financial constraints of the donor, they have had to stop this funding in the last year. This has led to difficulties for some participants, and ADAMS must now rely on "motivation" and convincing people that the investment in training is worthwhile despite the sacrifice involved.

ADAMS gives loans to graduates to get capital, equipment, etc. to help them start a business. They charge a 10% interest rate and have generally good repayment, except in the case of when large disasters happen.

Some local government officials have come to visit, but they have no working relationship with them. They find it hard to access money from the government without "putting a hand under the table."

Sometimes ADAMS gives additional loans to their beneficiaries to help with disaster relief and rehabilitation.

Other programs include a renewable energy program focused on solar and biogas as well as a project to try to innovate a low-arsenic filter. They are not currently doing any work on rainwater harvesting.

Along with training activities, ADAMS runs two other programmes – Integrated Development for Rural Women and Self-Sustainable Development for Rural Women - aimed at improving the social status and living conditions of rural women (targeting widows and divorcees but also serving other poor and vulnerable rural women). ADAMS has no formal links to government agencies, though representatives of local ministries visit often. When asked if government funding is provided it was explained that taking money from the government is difficult.

Terry proposed a partnership between ARCAB and ADAMS with ARCAB conducting research through surveys to conduct an economic assessment on the level of demand so that AITC don't train too many people in any given livelihood. Moreover, as ADAMS is working in 9 districts in the region, it will be possible to share data. It seems as if there is great potential for partnering with ADAMS in the livelihood research.

Other ARCAB Local Action Partner met:

Swadesh Unnoyon Sansgtha, working in Gopalgonj

Training on Floating Vegetable Gardening. Key individuals and ARCAB focal point: Manash Roy, Monotosh Mondol, Manik

Palli Unnoyon Sansgtha, working in Gopalgonj

Working on Floating vegetable Gardening. Key individuals and ARCAB focal point: Bidhan Chandra Thikadar.

Terry asked the men about their perception of opportunities for non-farm livelihoods. Several suggested a concentration on cottage industries though there was some apprehension about whether or not links to national or international markets could be forged. The idea of looking at what had been done in India to link artisans to larger markets was proposed. After the meeting drew to a close we had a group meeting during which we discussed follow up from the field trip.

It was a short yet productive field visit with all the research team understanding Terry's proposed research topic despite it being a new subject area for some members. The meeting with the two additional LAPs highlighted some key barriers to consider that have inhibited NGO project success of diversifying livelihoods from agriculture to RNFE, including lack of funding for start up business costs and market access. However, bronze ornament making has been successful locally. It would be interesting to explore in further detail what conditions led to the success of this livelihood, how many are involved, and how it is or is not linked with activities in farming.

It was proposed that as national lead Nazrul would write a descriptive concept note and a short paper while Terry would work on the research questions as well as a short paper on the research he will undertake as the international lead on the theme.

Livelihood issues are a major component of ARCAB, because people's livelihoods are their first 'line of defence' against disasters. The livelihood research theme considers the complex

relationship between disasters, risk reduction and livelihood status improvement in Bangladesh, focusing on community based adaptation (CBA) strategies in different ARCAB research areas.

During visits at different local and national NGOs and meeting with some representatives of prospective partner NGOs, the livelihood research theme team tried to share their views on community based adaptation to climate change, and observed NGO activities on various farm and off-farm locations. Of particular interest were the training programmes (e.g. electrical, automobile, carpentry, tailoring, embroidery, poultry rearing) offered by ADAMS that can be climate resilient and may be replicated in other areas as rural non-farm economic activities. However, several constraints on organizing and running non-farm activities were also recognized.

Local organisations, including ADAM, were willing to collaborate with ARCAB to frame strategies for baseline survey and share their database, and be involved as local partners in field level research.