

Hands Not Land:

An Overview of How Livelihoods is Changing in Rural Bangladesh

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Abbreviations

BBS	Bangladesh Bureau of Statistics
BIDS	Bangladesh Institute of Development Studies
CBO	Community Based Organisation
DFID	Department for International Development
GDP	Gross Domestic Product
NGO	Non Government Organisation
RMG	Ready Made Garments
UP	Union Parishad
VGD	Vulnerable Group Development

Preface

This publication is based on an assessment of rural livelihoods carried out by a multi-disciplinary team for the Department for International Development (DFID) UK. We asked, “What are life and livelihoods like today for men and women in rural Bangladesh?” Two routes were taken to answer this question. First, field visits to several villages were undertaken by members of the team. This was followed by more detailed and systematic fieldwork in four locations in rural Bangladesh. Second, papers on cross-cutting themes covering various aspects of rural livelihoods were commissioned to compare and validate ideas emerging from the fieldwork. These materials were brought together in a BIDS publication *Hands Not Land: How Livelihoods are Changing in Rural Bangladesh* written and edited by us, published with financial support from DFID. This publication is a shorter version of that book. It aims to capture all of the main arguments in a more accessible publication. We gratefully acknowledge the contributions of the authors of the commissioned papers to the thinking contained in this publication (see list overleaf). Full versions of their papers are contained in the original book.

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Summary

The phrase 'rural Bangladesh' no longer means what it once did. We believe it to be out of date as the distinction between urban and rural life is no longer clear cut. Powerful external economic forces, including those of globalisation and the expansion of physical infrastructure – especially roads and bridges, rural electrification and the growth of marketing outlets – are creating a rural landscape that is increasingly 'urban' in character and have radically transformed village life. New livelihood opportunities are emerging – often in the non-farm sector. The numbers of small shops, tailoring and other craft enterprises, rickshaw pullers, petty traders in villages and local bazaar centres have grown substantially. Remittances now form a critical part of the rural economy. However, change is happening faster in some places than in others and for some people more than for others. We see a continuum rather than a divide – from areas where traditional views and images still hold true to areas where a more modern picture is taking hold. Some people, too, have been unable to embrace change and the new opportunities it brings. For many of the poor, who have little or no access to land, their primary asset remains their labour – a healthy pair of hands is critical to their livelihoods. But whether they are engaged in agricultural labouring or in the non-farm sector they continue to be marginalised from the development process.

This assessment of livelihoods is the result of applying a range of tools and methodologies. More important than examining these in detail, and precisely how they were used, are to appreciate the spirit of open inquiry in which this assessment was conducted. We wished to answer the question: "what are life and livelihoods like today for men and women in rural Bangladesh?" We feel that our findings offer an up-to-date and realistic picture of life in a country that is in the throes of tremendous change and have implications for anyone concerned with livelihoods and the poor in modern Bangladesh.

1. POVERTY IN A CHANGING RURAL LANDSCAPE

POVERTY IN BANGLADESH

Approximately half of the population of Bangladesh lives below the poverty line¹. This amounts to 63 million people engaged in a daily, never-ending struggle to meet their basic subsistence needs. For half of these 63 million people, life is even more difficult: they live in extreme poverty – often without land or a homestead, without a source of regular income and in households that are disadvantaged by being headed by a female or that have disabled or ill members (World Bank 2002). The story does not end here. For one-fifth of the population – approximately another 25 million of Bangladesh's people – poverty may be just around the corner. Known as 'tomorrow's poor', their tenuous grip on a decent livelihood is threatened by shocks and stresses which they are unable to manage; the illness of a family breadwinner, the loss of land due to erosion, or an increase in food prices can be enough to push families below the poverty line.

Bangladesh experienced a modest decline in poverty indicators during the 1990s. The most favourable estimates put that decline at around one percent per year (World Bank 2002). Despite the undeniable achievements, however, the improvement in percentage indicators should not obscure the fact that – due to population growth rates – the number of people living below the poverty line continues to increase. At the current net rates of poverty reduction, it will be another 50 years before poverty is eliminated in Bangladesh. The challenge Bangladesh faces today is to scale up the rate of poverty reduction.

The improvement in poverty indicators is something to build on and understanding the dimensions of these positive trends is important. They can tell us where progress is being made. They can also help us to identify which groups of people are managing to improve their livelihoods and which groups continue to be marginalised. The trends in poverty indicators tell us that:

- Greater progress has been made in reducing human poverty than in reducing income poverty²;
- There has been significant improvement in some social indicators such as primary education enrolment and fertility rates;
- Certain manifestations of extreme poverty have declined significantly. For example, more people have access to basic clothing and housing and the proportion of the population having no meals, or fewer than one meal a day in certain seasons, has fallen;
- Inequality in income distribution is increasing; the extreme poor have less access to the benefits of economic growth;
- There has been little change in the gender dimensions of poverty. Female-headed households are still more likely to live in poverty and females within households are

¹ A minimum requirement of welfare, usually defined in relation to income or expenditure, used to identify the poor. Individuals or households with incomes or expenditure below the poverty line are poor. Those with incomes or expenditure equal to or above the line are not poor. It is common practice to draw more than one poverty line to distinguish different categories of poor, for example, the extreme poor (DFID 2001).

² Human poverty is defined with respect to factors of human capital such as access to education, health outcomes, sense of well-being; empowerment; and so on. Income poverty is defined with respect to a money-based poverty line for income or expenditure (DFID 2001).

still more likely to be less well-educated, more likely to be malnourished and more likely to fall ill.

Poverty trends also tell us that improvements in the livelihoods of the rural poor have lagged behind those of their urban counterparts; poverty is not uniform throughout the country:

- 80 percent of the poor live in rural areas. The rate of extreme poverty there remains twice as high as in urban areas;
- Poverty is geographically stratified; the most deprived districts are found in northern Bangladesh.

Bangladesh achieved good economic growth during the 1990s. Between 1991- 2000, real gross domestic product (GDP) increased by 60 percent, averaging a growth rate of five percent per year (World Bank 2002). The fact that this has failed to translate into accompanying rates of poverty reduction and that large sections of the population – notably the rural poor – have not shared in the fruits of the development process is of serious concern. It is clear that relying on trickledown mechanisms alone will not be enough to bring about the reductions in poverty that are needed: The challenge facing

Understanding livelihoods

Livelihoods approaches are based on holistic multi-disciplinary analyses of poor peoples' livelihoods. They explore: the vulnerability context in which people live, the assets they have access to, the strategies they adopt, the policies and institutions that shape their decisions and the outcomes they aspire to.

Bangladesh today is not so much the redistribution of wealth but the redistribution of the new livelihood opportunities that are emerging.

Ensuring that the poor are able to take advantage of new opportunities means we need a better understanding of who the rural poor are, where they live and what barriers and constraints they face in taking up new livelihood opportunities. This kind of understanding relies,

in turn, on an approach that addresses the multidimensional nature of poverty and necessitates investigation and analysis of the major issues and trends affecting rural livelihoods.

THE STORIES BEHIND THE STATISTICS

It is established practice to disaggregate poverty statistics into rural and urban categories. And Bangladesh has been no exception to this. There is no shortage of development narratives – or prescriptions – to accompany this picture. The point of departure then becomes the 'rural poor' and the established views and perceptions on the way the rural poor, as a definable entity, live.

Traditional stories

Mention of the rural poor in any development context conjures up images of village communities, largely self-contained and directly or indirectly dependent on natural resources for their livelihoods. The picture is of farmers and artisans eking out a living from less and less land, unable to reach markets easily because of poor roads and communications, little transport, poor education and few facilities either for recreation or business. For Bangladesh it is no different. Issues such as access to land, agricultural growth and the achievement of food self-sufficiency have been central to the rural development debate since the country's independence.

At around 800 people per square kilometre, Bangladesh's population density is the highest among the world's non-industrialised nation states and access to land is a major limiting factor. There has been longstanding concern over the inequities of land ownership: 56 percent of rural households are classified as functionally landless – that is they own less than 0.2 ha of land. The fact that the proportion of landless people continues to increase is seen by many commentators as cause for concern. Agricultural development, mostly focused on boosting rice production, has been the cornerstone of government rural development policy. Food-grain production has nearly doubled since 1970 and food-grain self-sufficiency is now well within reach. Conventional wisdom holds that dynamic agricultural growth is a necessary, but not sufficient, condition for development. The understanding is that growth in non-farm opportunities is strongly linked to and arises from, strong agricultural growth.

But do these traditional images, concerns and issues that have underpinned approaches to rural development in Bangladesh truly reflect the reality of poor peoples' livelihoods today? Have conventional approaches to reducing poverty addressed the concerns that are important to the poor, and do they recognise the opportunities they have to build a sustainable livelihood?

Is there a need for a new narrative?

A quick look around a rural Bangladeshi village is enough to tell a story of how rural life is transforming. Physical infrastructure is expanding, more and more villages enjoy rural electricity and marketing and communication channels are continuing to improve. The changes have brought new livelihood opportunities for some: increasingly, rural villagers

Today's rural landscape is a far cry from yesterday's picture of rural communities in remote country villages. In short, contemporary rural reality is often at odds with traditional views on rural livelihoods

are just as likely to be employed as rickshaw pullers as they are agricultural labourers, and will travel further afield in search of a livelihood.

National statistics reflect this transformation. The share of agriculture in GDP declined from 32 percent in 1981 to 25 percent in 2000 (Shahabuddin and Quasem 2002). The number of landless households (those without land for a homestead) is decreasing at roughly three percent per annum (BBS 1986 and 1999). At the same time, functional landlessness the number of households with homestead land but without cultivable land and/or with cultivable land up to 0.2 ha – is increasing sharply, at the rate of 5.23 and 2.42 percent per annum respectively (op.cit.). On the one hand, these figures give some cause for hope. They suggest that extreme landlessness (poverty) is decreasing. But, they also leave us with some questions. Whilst for some the increasing rate of landless is a cause for concern – a more pertinent question to ask may be how landless households are sustaining their livelihoods? What are the livelihood stories behind these statistics? How do the rural poor make a living in the context of the far reaching changes suggested by national statistics?

DEVELOPING A NEW RURAL DEVELOPMENT NARRATIVE

The approach

The findings reported here, on modern rural livelihoods in Bangladesh, are based on an assessment of livelihoods carried out by a multidisciplinary team for DFID UK. The picture they paint is the result of using different tools and methodologies. More important than the tools and their application, however, is to appreciate the spirit of open inquiry in

which the assessment was conducted. We wished to answer the question: “what are life and livelihoods like today for men and women in rural Bangladesh?” The fundamental questions always explored the change people saw happening in their own lives, the changes they expected and what they perceived as the livelihood implications of those changes. The idea was not to provide a deep academic analysis of rural livelihoods in Bangladesh. Rather than building a comprehensive and representational picture of livelihoods through a structured exploration of different components (for example the vulnerability context, people’s assets, their strategies), the assessment focused on trends, broad directions of change and new opportunities and threats that were emerging as a result of the changing rural context.

Above all, the assessment attempted to build a picture of the realities of livelihoods from the bottom up, with field realities dictating the direction of the assessment at all times (see key features of the approach). Most importantly, we purposely set aside our preconceptions and began the assessment with a blank sheet of paper. The team asked of rural communities questions like: What has changed in the last 10 years? How do you see the future evolving? What challenges/opportunities do you have today? And so on.

Key features of the approach

- The focus was on rural livelihoods not natural resources – “what is happening to livelihoods in rural Bangladesh” not “natural resources and the role they play in livelihoods”.
- It focused on the dynamics of change – not on compiling a detailed ‘audit’ of livelihoods.
- It did not focus narrowly on ‘rich’ and ‘poor’ – but looked at who wins and loses in the emerging livelihood scenario.
- It focused not on individual livelihood gains and losses but on aggregate livelihood gains for rural communities and how they were distributed.
- It integrated the institutional perspective into the process – it began at the local level and worked upward and outwards – seeking to understand how policy and institutional processes manifest at the local level.

From here, we developed some ideas on how rural livelihoods were changing. There was a particular focus on understanding who is winning and who is losing in the fast-changing rural scenario. Two approaches were used to substantiate and validate our ideas. Firstly, more detailed fieldwork was carried out in four locations selected to represent a cross section of Bangladesh’s rural landscapes. The fieldwork aimed to provide more detail on the ways in which rural livelihoods are changing. In order to validate findings emerging from the fieldwork, we commissioned national experts to write papers on cross-cutting themes and rural issues in order to see if the stories emerging from our rapid field assessment were consistent with the current status of knowledge, and supported by broader statistical trends³. Of central importance was that the assessment attempted to link micro-evidence with macro-evidence – and strived to make the connections between the lessons emerging from the fieldwork, the macro level data and the current state of knowledge derived from the key issues papers.

³ These papers are published in Toufique K and Turton C (2002).

2. WHAT IS LIFE LIKE FOR THE POOR IN RURAL BANGLADESH?

The landscape of Bangladesh has changed dramatically over the last decade. Infrastructural development has significantly changed the physical landscape in rural areas. In response to improvements in markets, communications and transport, people have forged new types of 'rural' livelihood and, in doing so, have changed the 'human' landscape too.

LIVELIHOOD HEADLINES

If an observer were faced with the challenge of writing an article on the changing face of rural Bangladesh, what would the headlines be?

A new rural-urban continuum

A clear cut rural-urban divide no longer exists in Bangladesh. A traveller from town to village would find it much harder today to say precisely where the landscape changes from urban to rural. What does this really mean? The most prominent change is in physical infrastructure. There are more roads and bridges, concrete is replacing the traditional building materials of wood, earth and straw. Electrification has penetrated deeper into rural areas and new businesses and marketing outlets for consumer goods and services are proliferating. The overall result is that rural areas are increasingly 'urban' in appearance.

Livelihoods are adapting to take advantage of the new opportunities afforded by improved infrastructure and communication. Many village households are now sufficiently connected to district headquarters, towns or bigger cities, to have created 'rural livelihoods' that are dependent on incomes derived in urban areas. Villages can therefore no longer be viewed as physically isolated or 'economically discrete' communities.

Many villages – experience a significant out flux of people on a daily basis as they travel to work in nearby 'urbanising' areas

The rural economy is in transition

Appearances are not deceptive! Villages are not only more urban in appearance, but are more urban in character as well. The role that rural areas play in the national economy is changing. Rural areas no longer just serve a food-production function but are also important sources of labour for urban areas.

Agriculture has traditionally formed the heart of rural livelihoods. However, this is changing fast. Nationally, agriculture was the slowest-growing sector during the 1990s and, overall, declined in importance from 29 percent to 25 percent of GDP (World Bank 2002). Despite its poor performance relative to other sectors, the agriculture sector did however still continue to grow, if somewhat erratically. However, the type of growth has been different from the rice-led growth of earlier times. Crop diversification, farm mechanisation (notably the expansion in the use of power tillers for land preparation) and the exploitation of new ecological, technical and economic niches (such as vegetable production and integrated fish-rice production) contributed most to economic growth in the crop sector. The livestock and fisheries sub-sectors have been particularly vibrant, despite the fact that there was a decline both in access to, and status of,

common property resources, particularly aquatic and fisheries resources. However, that the nature of agricultural growth has not always been labour-generating. This raises questions about who has benefited from agricultural growth.

The classic argument in rural development is that growth in the non-agricultural sector is closely linked to growth in the agricultural sector. Firstly, incremental income from agricultural growth is spent on goods produced by the non-agricultural sector (the 'consumption link'). Secondly, agricultural growth requires inputs and farm implements

Other forces rather than agricultural growth such as remittances and infrastructural development are now fuelling the rural economy

produced and maintained by the non-agricultural sector (the 'production link'). Thirdly, agricultural produce is processed by the non-agricultural sector (the 'backward link'). Paradoxically Bangladesh witnessed spectacular growth in the rural non-agricultural sector during a time when the agricultural sector grew slowly. The 'missing link' comes in the form of migration, urbanisation,

infrastructural growth, and the impact of globalisation. These developments and processes are creating new ways of earning a living. Whereas all rural livelihoods were at one time directly or indirectly related to agriculture, the changes that have swept through rural Bangladesh have spawned new livelihoods that are completely independent of agricultural activities. Today, rural people are migrating to towns and cities for work connected with the creation and maintenance of new infrastructure, or with trading that is linked to national and international markets, even though they may live in villages.

Divergence in the relationship between the two sectors at the macro-level, however, should not obscure the fact that important relationships remain at the micro-level. The livelihood strategies of many of the rural poor continue to straddle both agricultural and non-agricultural activities. The critical conclusion to be drawn is thus not a sectoral one per se, but of the need to adopt a holistic view of the local economy and its changing mix of livelihood opportunities.

Multiple livelihoods

In one of the fieldwork villages, Lalmai, only about 16 percent of households depend entirely on agriculture. Ten percent of households rely on agriculture and service; 8 percent on agriculture and business; and 66 percent on sharecropping, wage labour, shopkeeping and other activities.

Diversification is the name of the game

The traditional image of the peasant farmer sitting at the centre of the rural economy has long disappeared from much of rural Bangladesh. The reality is that rural households are as likely to be involved in non-agricultural livelihoods as they are in farming and, increasingly, they derive incomes from multiple sources. The greatest expansion has been in the services sector. The number of small shops in villages has increased substantially, as have tailoring and other craft enterprises, rickshaw pulling and petty trading in villages and local bazaars. We are seeing the growth of rural-urban centres⁴, the growth of rural industries and the rural transport and services sector. People wishing to take advantage of these new livelihood opportunities must draw heavily on a range of assets: human, social and financial assets are

⁴ Rural-urban centres' refer to the rural towns (often the district and sub-district headquarters) which have exhibited fast growth rates over the last decade.

fast becoming as important as natural assets (such as access to land and water) once were. Access to these assets enhances the capacity of households to shift from one livelihood to another or to combine livelihood strategies.

Macro-level data add further to our understanding of the relative importance of these new livelihood opportunities. The share of rural household incomes derived from agriculture decreased while the share derived from non-agricultural activities increased. The percentage of population economically active in agriculture also decreased over the same period. These figures should not disguise the fact that, for many people today, livelihood strategies comprise both agricultural and non-agricultural contributions.

A crucial issue is the quality of livelihood diversification and not just livelihood diversification per se. The growth of opportunities in the non-agricultural sector has occurred primarily at the lower end of the occupational scale. There appears to be a trend towards an occupational hierarchy for the poor in which casual daily labour is the least preferred employment. The competition is for piece-rate labour contracts and fixed-rent tenancies in the farm sector and for non-farm employment in rural construction activities, transport operations and at the lower end of trade and service activities. For many of the rural poor, livelihood diversification has been distress-driven. Diversification improves poor people's ability to manage risk and spread income and consumption more smoothly across seasons. The landless are often involved in non-agricultural work not only to increase their income, but also to reduce sharp fluctuations in income over the whole year. They consider diversification as a survival strategy for getting out of the poverty trap. This offers them little scope to improve their well-being

Rural populations on the move

Migration and mobility are of critical importance in constructing livelihood strategies in modern rural Bangladesh. Patterns of mobility are diverse and complex. They range widely, from commuting at one end of the spectrum, to temporary absence from the home for a couple of days to several years, to regular seasonal migration or permanent relocation.

Quite how important the livelihood strategy of migration has become in rural Bangladesh can be illustrated by the fieldwork findings. In many places, income and remittances from

Our fieldwork showed that, for some villages, more than 80 percent of income was derived from outside the village

migration have replaced agriculture as the major source of household income. . The phenomenon of 'multi-locational' households – in which household members may temporarily reside away from the village in order to secure desirable work – is becoming common. Migrating in order to secure seasonal agricultural work is especially important for poor men and women in the more deprived

areas of Bangladesh. Daily commuting from village to urban centres, upazilla and district headquarters for work is a growing phenomenon.

Rural populations are mobile, but who in the household is actually moving, and what are the implications for rural livelihoods? New migrants are usually young adults. Migrant labour – often female - in the ready-made garment (RMG) sector is even younger. Overseas migrants are predominantly male and tend to be older.

The traditional picture of young males leaving their villages to find work to support their families back home is changing as more and more women join their ranks. The scale of

this phenomenon is illustrated by the changes in the sex ratios of 'sending' and 'receiving' areas. Areas with more men than women are conventionally considered as receiving areas, and have a high male to female sex ratio – and those with more women than men are considered sending areas, with low sex ratios. From the mid-1980s, there has been a dramatic decline in the sex ratios of all metropolitan cities.

A major factor in the decline of the sex ratio in urban areas has been the demand for cheap – usually female – labour generated by the RMG industry. This has had a tremendous impact on livelihood opportunities for poor rural women. Large numbers of young women, usually from poor rural families are independently migrating to the capital city to secure a livelihood – a livelihood option that was hitherto considered strictly male.

Although most would agree that increased migration opportunities have had a positive impact on livelihoods, there are some caveats to this. Firstly, the option of adopting migration as a livelihood strategy is not open to everybody. In the case of international migration poorer households cannot afford to make the necessary initial investment. The process of migration takes place through middlemen, which exposes poor households to additional risks of various types of exploitation. Secondly, the potential contribution of remittances to poverty alleviation is not being fully realised. Remittances may not be invested in productive rural sectors or labour-intensive industrialisation that could generate large-scale employment for the rural poor. In the fieldwork village of Lalmai for example, remittances were used firstly in repaying loans, house construction costs, educational expenses and then agriculture. This reinforces the de-linking argument (the separation of agricultural from non agricultural growth) that we explored earlier. A second factor is that remittances create demand for imported luxury items and are therefore not always spent on locally produced goods.

Both the constraints on migration for work and the fact that remittances may not fully benefit the wider rural economy partly explain the apparent anomaly between increasing livelihood opportunities on the one hand, and the growing inequity seen in rural areas on the other. The question of who can gain from the new opportunities is therefore critical.

Gender dimensions of rural change

Asking people in rural Bangladesh “what has changed in your village?” elicits different responses from men and women. Women report that they now have access to new kinds of livelihoods and are increasingly involved in paid employment outside the home. Their participation in public space is also increasingly common. For example, every union parishad (UP) now has to have at least three women members, out of a total of 13. Many women have found new roles as members of non-governmental organisations (NGOs) or participants in their meetings and activities.

The improved linkage to the global economy has provided a range of new livelihood possibilities for village women. The RMG industry is one example, but there are others, such as the manufacture of jute handicrafts for overseas markets and a host of other manufacturing opportunities such as tobacco processing, paper-bag making and coir rope-making, to name but a few. The RMG industry absorbed 1.5 million workers during the past decade; more than 90 percent of these were women migrants from rural areas. NGOs are a new source of female employment in villages. Women are finding work as health and family planning visitors, family welfare visitors, teachers, workers on income-generating projects, etc. Whilst women in most parts of Bangladesh do not work directly in the fields, women in some areas have begun to do various kinds of field work, both as

agricultural wage labourers and on family land or sharecropped land. This is viewed by many as a temporary expedient to be ended as soon as the family can afford to do without it. Another significant impact on women's livelihoods in the past decade was the growth of micro-credit schemes, which lend primarily to poor village women. It is common knowledge, however, that while loans are taken by women, they are mostly used by men.

What has been the impact of these changes on women's' livelihoods and on the structure of gender relations? Has women's entry into new livelihood activities

The new opportunities brought by globalisation and endemic poverty in rural areas have together resulted in the creation of new employment opportunities for women enabling them (or leaving them with little choice?) to move out of traditional roles

contributed to their empowerment – their ability to exert influence within and beyond the household?

In practice, women who migrate to the cities for factory work, or who take on other kinds of work involving substantial mobility outside the household, are often obliged to take on more responsibility for decisions in their lives. Their families appreciate the resources but are almost always concerned at the threat to the women's reputation. They pose a threat to the idealised role of the male as

breadwinner; the danger of male violence, both from unrelated men and from their own men, is real for these women.

Opinions differ on the question of whether micro-credit schemes have empowered women. Some have argued that the funds accessed, even if withdrawn by women, are mainly controlled and used by men. Others argue that women use micro-credit for purposes they value and in terms of their culturally determined logic.

Given the current trends, how might women's' livelihoods change in the future? Women from poorer families are likely to face further pressure to enter into 'outside' work, either locally or through migration to urban centres. Dowries are likely to rise further, driven up in part by the increased cash availability in rural areas as a result of remittances. At the same time, we can expect that the presence of women in 'outside' work, and their role as significant providers of cash income both via work and via access to credit, will gradually affect village gender values. Gender relations are unlikely to change rapidly, but the boundaries of 'acceptable' female behaviour are likely to extend significantly.

The institutional rulebook is changing

The livelihood choices that people make are governed by institutions: the rules, norms and conventions that shape human behaviour. The institutional framework or 'rule book' is a result of an interaction of formal and informal influences. Formal influences are the policies and organisations governed by statute, law or other transparent, accepted and legitimised systems. The informal influences are the covert social norms and deep structures (e.g. class, caste and communal relationships, gender and other power relations; *shalish*, *samaj*⁵ and other traditional decision-making systems) that inform

⁵ *Samaj* refers to the indigenous institution centred on the hamlet (or para) or in some cases a larger area of the village. Headed by ritual elders it represents the normative order of the collectivity of the community which it reproduces through ritual and ceremonial performances.

personal and institutional behaviours of actors at all levels. The respective power and impact of both, and how the two 'mesh' together, is really what determines what the 'rule book' looks like. Have these rules changed in the past decade?

The answer is an over-riding yes! So, what does the rulebook look like today? The institutional players are much more diverse, and there are many more. Two decades ago, formal structures were limited to a school, a UP and a tea stall. The teacher doubled as UP secretary and a NGO worker might have visited the village regularly. Today, growth and improved linkages to the outside world have generated a richer and more dynamic institutional life. Many villages now host small business enterprises and traders as well as traditional shops and tea stalls. Education may be delivered by *madrassah*⁶, State school, NGO-run school, private or community schools. A similar range of providers serves health needs. Agricultural extension is most often provided via advice from the private-sector supplier, followed by the NGO and much less frequently the block supervisor. From a situation where there was an interface between government administration as an occasional visitor and informal institutions, there is now a complex set of institutional forms and relationships.

Local governance in the fieldwork villages

In Maniknagar – the samaj is strong and reinforced by Islamic orthodoxy; the UP chairman is benign, and local government is now powerful enough to challenge the traditional power bases.

In Haorpur – the samaj is being encapsulated by patrimonial authority – the domination of a British citizen-cum-UP chairman resulting in 'personalisation of political power'. He does not attend the UP office and has a retinue of middlemen.

In Ratanpur – governance reflects traditional pluralism – a weak samaj, a religious complex devoted to a saint and patron-clientism. Macro-politics overlays this.

In Lalmai – emergence of a civic community centred on a Community Based Organisation (CBO), which has partly taken on the functions of the samaj. It plays a key role in development activities in the village. Political awareness is high but united in the common interest of the village.

Secondly, market forces are emerging as more significant dictators of the 'rules of the game'. The increased integration of rural Bangladesh into the global economy is challenging existing norms. Until recently, the private sector at village level comprised local shops with a limited range of goods, artisans and cottage industry. Infrastructure development, notably roads, bridges and electrification, has significantly changed the physical and socioeconomic landscapes. Multi-national and national suppliers and wholesalers are active even in remote locations. This has led to agencies and networks for supplies and marketing that link the village through the district (or bypassing it) to national and international levels.

The samaj maintains social control, settles disputes and deals with the outside world on behalf of its members. *Shalish* is the instrument through which the samaj undertakes conflict resolution. It is a sitting of village elders and other leaders to settle disputes and punish offenders.

⁶ Madrassah is a traditional Islamic religious school

A third development is the growth of local government. UP members are playing stronger roles as chairs of formal and unofficial committees and bodies. However, role confusion and a lack of authority and accountability between local politicians (union parishad) and local bureaucrats (at upazilla/district level) are limiting the potential role of local government.

Change in social structures

There is evidence of gradual disintegration in family networks especially among the poor as a result of economic pressures, dispersal of families through river erosion, urban migration, etc.

Finally, informal institutions, social structures and class formation in rural communities are also in rapid flux. Social networks are breaking down and there are signs of change in social structures, with women increasingly visible in institutional space and elected representatives being drawn from outside established elites. The changes are neither uniform nor comprehensive, but two themes emerge. Firstly, there is growing complexity and sophistication. Secondly, traditional power structures based on the historic and deep social structures are giving ground to new power relations mediated increasingly by market forces,

although older elites may still control petty and grand corruption. This change is evidenced by the dramatic changes in land-tenure arrangements that have come about in the past two decades. Sharecropping arrangements are giving way to fixed-rent tenancy and medium-term leasing arrangements.

The growing range of different institutions and forces gives rise to increased variability across rural Bangladesh in the way power is played out among the competing institutions. Despite such complexity, rural people have clear ideas about the functions and capacities of both formal and informal institutions. Traditional elders, educated people' local elites and UP members are perceived as the most relevant actors in dispute resolution, NGOs, local elites, government agencies, youths/clubs and political leaders play a key role in assisting communities to cope with disaster and so on.

The good news is that this institutional diversity provides opportunities for new livelihoods to emerge and thrive. An important caveat is, however, that some of the actors may also be associated with negative governance attributes such as corruption and violence. The bad news is that policy formulation remains centralised in Dhaka and therefore disconnected from local institutional realities. The failure of centrally determined policy either to influence or respond appropriately to changing livelihood needs at the micro-level thwarts the attempts of the poor to construct new livelihood strategies and pursue better livelihood outcomes. Whilst this is the case, the business of most formal institutions will proceed with little change and will continue to have little relevance to the poor. The extreme poor will remain out of the reach of NGOs; policies and legislation aimed at reducing poverty will remain ineffectual, as will institutions intended to address vulnerability.

CHANGE BRINGS NEW WINNERS AND LOSERS

Change is rapid and far-reaching in rural Bangladesh. The new rural scenario is one in which urbanisation is an important demographic feature; where globalisation and regional development bring both threats and opportunities; and where agriculture is one activity amongst many other actual and potential rural and non-rural activities. Livelihood 'wins' in the agricultural sector are less significant than in the past. This is not to

The new rural reality: winners and losers

- Rural-rural differences in poverty incidence and rates are as important as rural/urban differences.
- There is increasing polarisation between rural areas in terms of the nature of livelihood opportunities.
- There is increasing inequity both within and between rural communities.

underplay the considerable impact that high agricultural growth rates had in reducing rural poverty, particularly during the 1970s and 1980s, or its continuing role in the future, ensuring food security and absorbing large parts of the labour force. Rather that time has moved on, and the present wave of livelihood opportunities is emerging in the non-farm sector and often from outside the village. Human capital is becoming as important as natural capital when it comes down to taking advantage of new livelihood opportunities. 'Hands', not land, is the critical asset in the new world.

Change is happening faster in some places than in others

The emerging rural landscape defies simple description. Today we are seeing an increasing diversity of rural environments; a continuum within rural areas, from those where traditional views still hold true to others where a more modern picture change is taking hold.

The implications for livelihoods are not yet clear, but the disparity in the level of poverty at either end of this 'continuum' is increasing. Paradoxically, it seems that the fastest growth rates in non-farm livelihood opportunities are in areas where agricultural growth rates were highest in the past. People from these areas are generally better-educated, have access to more assets and a superior infrastructure, enabling them to take advantage of the new opportunities. Not surprisingly, the highest rates of poverty decline are found in these areas. In contrast, poverty is endemic in areas that have lower agricultural potential. People here begin with fewer natural, human, physical and financial assets.

There is a widening regional poverty gap. Most districts experiencing high levels of emigration have lower poverty levels. Those districts – mainly in the north – that perform worst experience less emigration. The traditional disaggregation of poverty statistics into rural and urban categories can obscure these very important regional differences – differences in poverty levels between rural areas can be as great as the differences between urban and rural areas.

Who are the winners and losers?

To what extent are the poor connected to the new growth and the livelihood opportunities it creates? The increasing inequalities within villages underline the fact that the poor, and notably the extreme poor, remain isolated from the new developments. Those endowed with or having access to resources have thrived, whilst those lacking them have remained locked to agriculture or moved to non-agricultural livelihoods that are less productive and bring lower returns. There are some positive signs that women

also benefit from emerging livelihood opportunities, enjoying greater mobility and economic power but there are also some counter-indications such as the rising incidence and cost of dowry and the continued discrimination in wage levels.

Both in the farm and non-farm sectors, the poor struggle to access the new opportunities. They are unable to benefit from agricultural livelihood opportunities as they have little or no land. Agricultural growth is driven by mechanisation which, in some cases, reduces the need for agricultural labour and so removes an important source of livelihood for poor households. Although mechanisation generates some new jobs in technical services and the trade in equipment and spares, such opportunities are inaccessible to the poor. As well as being excluded from new opportunities, there is also evidence to suggest that poor people are losing access to traditional livelihoods. For example, access to common property resources such as water bodies, grazing land, and forests is becoming more difficult, as better-off households seek *de jure* or *de facto* long-term leases to them.

The 'capacity to shift livelihoods' is increasingly becoming a new dividing line within the ranks of the poor, with those unable to negotiate such shifts emerging as new categories of poor. Examples here are rural artisan groups and nature-dependent ethnic minorities whose traditional occupations are disappearing but for whom compensatory entry into new occupations is uncertain at best. A contrasting example is that of women labourers who lost their traditional employment in *dheki* (home-based manual rice milling) but found compensatory entry into milling work in the *chatahs* (mechanised rice mills).

Many rural households have successfully shifted out of agriculture but, again, a disproportionate share of benefits seems to accrue to households from middle and upper income groups. Social, institutional and economic barriers limit poor peoples' abilities to take advantage of the new opportunities. Labour is their major asset but even this is

'Barriers to entry' impeding poor people's access to new opportunities

Even if some non-farm activities do not require special skills, organisational and entrepreneurial ability is not common among the poor. Such activities require numeracy, literacy and management ability. They also require knowledge about the 'outside world': when and where to buy the raw materials, capital equipment and how to market the output, etc. Poor people often do not have access to this information and knowledge.

compromised by their lack of education and skills, poor health and the fact that there are more female workers than male. Some barriers have been overcome; would-be migrant workers have been able to secure loans as a result of better credit markets, for example.

Without appropriate skills at a sufficiently high level, education and knowledge, poor people quickly reach a glass ceiling that limits further progress. This has

created polarisation. When poorer households do find employment in the non-agricultural sector, they may find that wages are no higher than agricultural wages and the conditions are worse. The emerging diversity and complexity in the institutional framework – with new rules and systems – can make the benefits inaccessible to some, especially the poor and vulnerable who lack knowledge or skills to operate in a new institutional context. The result is that the poor remain, as always, institutionally marginalised.

The final section explores some of the questions that the new rural reality raises.

3. KEEPING TRACK OF A MOVING PICTURE

We have outlined a new story of how rural Bangladesh is evolving. What are the implications of this story for the way development is approached? And is the story complete, or are there more chapters to be added?

IMPLICATIONS FOR EXPLORING LIVELIHOODS

The picture of livelihoods presented here emerged from a rapid field survey aimed at investigating rural peoples' perspectives on livelihood change. Such an approach holds much value, particularly in a context such as rural Bangladesh where change is so rapid.

Effective development strategies need to be forward-looking and to anticipate how poor peoples' livelihoods will evolve – the new opportunities that are likely to emerge – and how they can equip the poor better to ensure they are able to take advantage of them. At the strategic level, the management of information is critical – we need enough information for an understanding of the broad directions of change: where there is consensus and where there is not. It does not mean we are not interested in the livelihood detail – only that we must understand the scale of variation and ensure that strategies accommodate and respond to it.

Real insights into dynamics and change are often difficult to come by through detailed questionnaire surveys and comprehensive PRAs and suggest a need for open-ended discussions around how livelihoods are changing to complement these methods. Taking a step back and asking bigger questions – about what has changed, how people see the future and who the winners and losers are – is a valuable way to start.

Understanding livelihood dynamics

- What are the comings and goings in the community?
- Is this a good year or a bad year, and why?
- What is the most difficult time of the year for you, and why?
- How do you manage during those months?
- What are things that people are talking about in the community at the moment? What is the gossip?
- Where do the young people hang out? What do they do/talk about?
- How are relationships with outside institutions these days?
- What are the bright spots?
- What has changed in the last few years?
- Who is getting richer? Can you think of a household that is better (worse) off now than a few years before? Why are they richer (poorer) now – what happened?
- What are your aspirations for your children?
- If you compare this community to another one, how is this one different – is it the same, richer, poorer, and why?

QUESTIONS THE NEW RURAL REALITY RAISES

The picture of rural livelihoods painted here raises many questions for the way development is approached.

To what extent should we be focusing on rural development?

Rural livelihoods are not just about what is happening in rural areas. The rural- urban divide has been replaced by a rural- urban continuum. Interventions that support rural livelihoods are no longer located only in rural areas; they must include urban, national and international arenas and actors.

Is there a need to target the poor directly?

Many of the poor are missing out on the new opportunities and there is a need for a more explicit focus on the constraints and barriers they face. In areas of widespread deprivation and poverty, a single-sector response, whether that is in education or natural resources development, is unlikely to achieve much poverty reduction. The poor need to build up their assets on a range of fronts if they are to be able to compete in the new world.

Does the new analysis necessarily mean new entry points?

Rural livelihoods are now about much more than agriculture and natural resources. Poverty-reducing livelihood prospects may be greater in the non-agricultural arena. The poor lack the skills, education, health and assets to optimise the emerging non-agricultural opportunities. There is a need to focus on the barriers that prevent poor households taking advantage of new opportunities.

Should we abandon agriculture?

No – it is still important to livelihoods. However, it needs to be approached in a different way. We need to look at agriculture for agricultural livelihoods' sake and not as a rural growth engine. The traditional assumption that investments in agriculture – which often miss the poor – will indirectly reach them through the linkage effect and the creation of livelihood opportunities in the non-agricultural sector, is risky. We need to be much more focused if we are to reach the poor through agricultural-based interventions – targeting them directly, addressing market failures; creating level playing fields for small farmers; reducing transaction costs; looking carefully at low potential areas; supporting farmers in the new technology market place.

Understanding differentiation of rural households in terms of access – either directly or indirectly – will be critical to assessing the potential that agricultural growth holds for generating livelihood opportunities for the poor. Where important productivity niches (ecological or location-related such as peri-urban areas) coincide with the presence of vulnerable and poor populations, there is scope for poverty-reducing agricultural growth.

How can we best support livelihood diversification?

Diversification away from agriculture is now increasingly a reality. The growth areas in the non-farm sector – migration, transport, construction, etc. – are not the traditional non-farm spheres where donors operate. Supporting diversification brings with it the same challenges as supporting agriculture. It is not necessarily about public expenditure and it demands a multi-sectoral response (not just about skills but also about infrastructure, finance, etc.).

Is weak institutional capacity the issue or the context?

Policy formation and implementation is a chaotic and complex process operating at all levels. However, the prevailing approach in Bangladesh in the public, NGO, and even the larger elements of the private sector, is of a centralised Dhaka-based model of policy-making and planning. Such macro-level policy emanating from Dhaka is

disconnected from institutional practice at the local level. The prevailing donor paradigm over the last decade has been to ‘tackle’ the centre head on – on the assumption that that is the way to sustainably scale up the rate of poverty decline.

New sets of institutional questions are, however, emerging. There is a need to be clear about the timeframe we are working to, about the most effective way to change institutional practice at the local level (not necessarily from the centre) and who our key institutional partners are (private- as well as public-sector actors).

HOW COMPLETE IS THE PICTURE?

The livelihoods picture outlined here emerged from a rapid appraisal of livelihoods in a limited number of places in Bangladesh. Whilst it paints a picture of broader trends, it leaves unanswered many questions, particularly at the micro-level, of how individual households are managing and the intra-household implications of change. There are also outstanding questions as to where the majority of rural Bangladesh lies along the spectrum of change: spanning traditional to modern. Whilst broader understandings may be sufficient for strategy development, a new agenda has emerged at the next level down in terms of developing responses to support livelihoods in the new context.

Some missing links

We need to understand better:

- The macro-economic context – how globalisation, trade agreements, investments, communications – interface with poor peoples’ livelihoods;
- How to make markets work better for the poor;
- The political and social networks which influence constraints and opportunities for the poor;
- Systems of local governance – the diversity of institutions at the local level and how they work;
- The impact of the changing quality and quantity of common property resources on the poor;
- The changing dimensions of migration and how the poor can access and benefit from them.

And finally, above all, we need a better understanding of what it means to be poor and disenfranchised in the rural Bangladesh of today – and why certain groups are excluded from the new opportunities. To achieve this we must move away from traditional categorisations of poverty such as rural and urban or landed and landless and seek to understand poverty in the context of the emerging livelihoods picture, where shortcomings in terms of access to social and human assets may be as limiting as access to land was in the past.

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