



Livelihood options for households in Nepal

*William Avis
University of Birmingham
23 February 2018*

Question

What does the existing literature say about the main livelihood options for households in different locations in Nepal, and the determinants of access to those options with a high return to poverty reduction? Where are there evidence gaps?

Contents

1. Overview
2. Poverty and Pathways out of poverty in Nepal
3. Annotated bibliography
4. References

The K4D helpdesk service provides brief summaries of current research, evidence, and lessons learned. Helpdesk reports are not rigorous or systematic reviews; they are intended to provide an introduction to the most important evidence related to a research question. They draw on a rapid desk-based review of published literature and consultation with subject specialists.

Helpdesk reports are commissioned by the UK Department for International Development and other Government departments, but the views and opinions expressed do not necessarily reflect those of DFID, the UK Government, K4D or any other contributing organisation. For further information, please contact helpdesk@k4d.info.

1. Overview

This rapid review synthesises findings from rigorous academic, practitioner, and policy references published in the past 10 years that discuss livelihood options and pathways out of poverty for households in Nepal. The World Bank (2016) highlights that in 1991, circa 40% of the Nepali population were identified as poor. Further rounds of the Nepal Living Standard Surveys (NLSS) record a declining poverty headcount rate: 42% in 1995, 31% in 2003, and 25% in 2010 (World Bank, 2016: 3). Similarly, Oxford Poverty and Human Development Initiative (OPHI, 2018) report continuous progress has been made in reducing multidimensional poverty which has halved from 2006 to 2014.

Whilst Nepal has experienced good economic growth and substantial poverty reduction, neither have been equitable. Incomes have grown faster for the rich than for the poor and certain groups and regions experience greater poverty. It is also important to note that future pathways out of poverty will depend on the rate of economic growth, the content of that growth process, as well as government policies. Despite these caveats, it is apparent that many have left poverty, and the poor are less poor than before.

The literature surveyed in this report highlights livelihood diversification to non-farm activities as common among rural households and playing a pivotal role in poverty reduction. This review notes that pathways out of poverty in Nepal are characterised by 'occupational multiplicity', 'multiple job holding' or 'diversified livelihoods'. The World Development Report identified three pathways out of rural poverty: commercial farming, labour and migration (World Bank, 2008), suggesting that exiting farming and pursuing non-farm options lifts the rural poor out of poverty. In the Nepali context, livelihood strategies have been broadly characterised as follows:

- Purely agriculture;
- Agriculture plus self-employment in non-farm activities;
- Agriculture plus wage in non-farm employment;
- Agriculture plus both wage and self-employment;
- Purely non-agriculture, i.e. households engaged purely in non-farm activities (it could be self or wage employment or both in non-farm, activities).

While a number of potential pathways out of poverty are available, not all rural poor can access these due to specific social and market relations. The poor are not homogenous, and can be differentiated along geographic, caste, gender, ethnicity and asset-holdings lines. Households in different social positions and with different economic capabilities participate differently in the non-farm markets and achieve different benefits. Individual agency also plays an important role. As a body of literature, the papers suggest that education, training, land holding, access to credit, proximity to infrastructure and markets, and agro-ecological location are the major influencing factors in the adoption of higher returning livelihood strategies.

Evidence on the role of gender and pathways out of poverty is more mixed: some commentators find that males dominate the non-farm sector, while others observe that in certain types of non-farm activities, women are more heavily represented than men. Further to this, discussions with teachers and students in Khotang revealed that quality of education is low because female students have little time to study. This is because they are needed to share the workload of their mothers, which has increased because of the migration of fathers and male students, many of whom leave school after eighth grade to go abroad for work.

This review also identified evidence gaps, including analyses of certain (more remote) regions and discussions of urban poverty. Given the prevalence of poverty in rural areas, this review has prioritised reports that discuss livelihoods and pathways out of poverty in a number of settings.

2. Poverty and pathways out of poverty in Nepal

Poverty in Nepal

Nepal had made significant progress in terms of improving living standards and reducing poverty in recent years. The poverty line for Nepal has been derived on the basis of (per capita food intake vis a vis the calorie requirement for healthy growth and work), with data collected through the 1995-96 Nepal Living Standards Survey (NLSS-I) carried out by the Central Bureau of Statistics (CBS) using the cost-of- basic-needs (CBN) method. In 1995-96, 42% of the Nepali population were considered poor. The second round of the survey (NLSS-II), in 2003/04 recorded 31% of the population as poor. The third round of the survey (NLSS-III) in 2010/11 found a further decline in poverty to 25% (Khatiwada, et al., 2016; World Bank, 2016).

Monetary poverty in Nepal is considered to be predominantly rural: in 2010, the urban poverty rate was 15.5%, significantly lower than the rural poverty rate of 27.4% (OPHI, 2018: 2). Circa 80% of the Nepali population are concentrated in rural areas, with the majority dependent on subsistence farming. Further to this, there are wide regional and caste/ethnic disparities in poverty. By caste/ethnicity, the Brahman and Newar have the lowest poverty prevalence (10%), whereas the figures for low caste Dalits are circa 44% (Gautam & Andersen, 2016). There are also notable regional disparities, the Midwestern and Far Western regions of the country being poorest (DFID, 2017). In these regions poverty prevalence is +35% (Gautam & Andersen, 2016).

Rural areas in Nepal are undergoing rapid socio-economic and environmental changes which present both opportunities and challenges for rural livelihoods and pathways out of poverty. The World Bank (2016) comments that small parcels of per capita arable land holding (average of 0.9 hectares in 2010), high dependence on agriculture, declining farm productivity, and limited access to non-farm income have contributed to severe poverty in Nepal's mountains and hills.

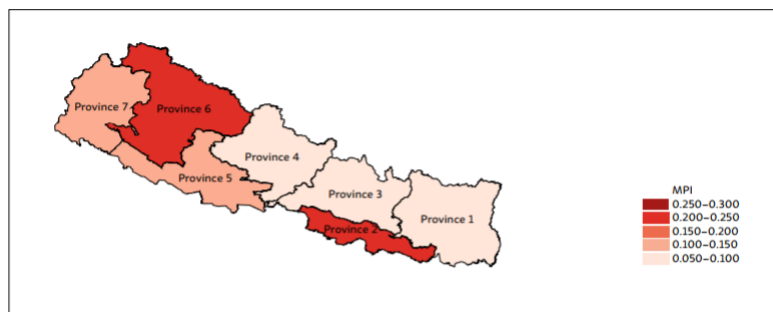
Recent empirical studies have indicated that the livelihood security of smallholder farmers in Nepal is in a vulnerable condition (Gautam & Andersen, 2016). In response, commentators note that rural households are actively diversifying household economies either to survive or to generate additional income. This has contributed to a reduction of overall poverty to 25% in 2010, but with lower progress in certain areas, e.g. hills and mountains. Those households who experience poverty and deprivation for prolonged periods are defined as "chronically poor" and those who move into and out of poverty are the "transient poor" (Hulme & Shepherd 2003: 403).

Multidimensional Poverty in Nepal

According to OPHI (2018: viii), 28.6% of the Nepali population is multidimensionally poor. The rural-urban divide is evident, with 7% of the urban population and 33% of the rural population considered multidimensionally poor. The indicators that contribute most to multidimensional poverty in Nepal are undernutrition and households that lack any member who has completed five years of schooling. The Nepal Multidimensional Poverty Index (MPI) can be disaggregated by the seven provinces of Nepal. OPHI (2018: viii) find that Provinces 6 and 2 have the highest

rate of multidimensional poverty – with every second person being multidimensionally poor (50%) – followed by Provinces 5 and 7 (approximately 30%).

Figure 1: Multidimensional Poverty Index Map by Province, 2014 (Source: OPHI, 2018: 20)



Despite the persistence of poverty, OPHI (2018) report progress has been made in reducing multidimensional poverty. According to harmonised data, Nepal halved its MPI in the period 2006–2014. The incidence of multidimensional poverty fell from 59% (2006) to 39% (2011) and 29% (2014) with statistically significant progress being made across all indicators of multidimensional poverty.

Pathways out of poverty

Nepal has achieved poverty reduction in a context of a predominantly rural population and economy, and farming being largely subsistence oriented and non-commercial. Diversification of livelihoods has emerged as a strategy for coping with economic and environmental shocks and instrumental for poverty reduction. The World Development Report identified three pathways out of rural poverty: **commercial farming**, **labour** and **migration** (World Bank, 2008). It suggested that exiting farming and pursuing non-farm options lifts the rural poor out of poverty. This is relevant in the Nepali context where there has been limited industrialisation. The contribution of the industrial sector to GDP shows stable but limited growth (circa 3%) over the past decade (OPHI, 2018). The three pathways outlined in the World Development Report are considered to be complementary, i.e. non-farm incomes can enhance the potential of farming as a pathway out of poverty, and agriculture can facilitate the labour and migration pathways.

More broadly, there exists much debate as to which pathways are most effective at taking the rural poor out of poverty. A number of commentators support the notion that non-agrarian employment and migration provide important pathways out of poverty for the rural poor amidst the process of de-agrarianisation (Bird & Deshingkar, 2009).

In contrast, other commentators are less optimistic about non-agrarian solutions to poverty reduction. Breman (2007) argues that while rural people have increasingly gained access to non-farm employment opportunities, they are facing new forms of poverty given unfavourable inclusion in markets or migration through the processes of casualisation of labour. Despite these concerns, the diversification of rural livelihoods has become the norm rather than the exception (Scoones, 2009). In the Nepali context, pathways out of poverty have been supported by:

Migration and remittances: Nepal has experienced a significant increase in remittances received from abroad since the 1990s. Until the late 1990s, personal remittances received were under 1% of GDP. The early 2000s saw an increase in this share, to 2% in 2000, 15% in 2005, 22% in 2010 and up to 29% in 2014. Foreign exchange earned from migration exceeds the sum

of export receipts and official aid (World Bank, 2016: 14-15). Adhikari and Hobley (2015) conclude that in Nepal's case there is some social pressure for men to migrate, and thus migration has also become socially embedded.

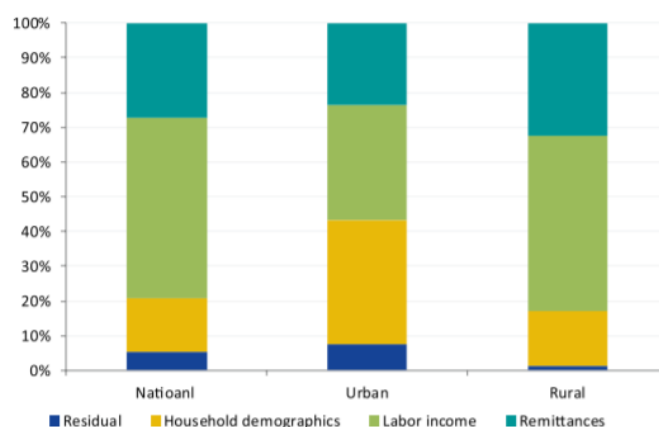
As a share of household income, remittances went up from 6% to 16% during the same period (World Bank, 2016a). The vast majority of migrants are males (82%). People from upper-caste households migrated more than Dalits and Tharus and there is less migration by landless households (36%) than landowning households (56%) (Sunam, 2017).

Labour income: The World Bank (2016) reports that average, agricultural income decreased and non-agricultural income increased in their respective shares, while the share of labour income, a sum of the two shares, has remained stable. At the national level, the labour income share was approximately 70% of total income in the period 1995-2010. While the share of agricultural income declined from 48% (1995) to 36% in 2010, the non-agricultural income share increased from 23% to 34%. This shift from agricultural income to non-agricultural income mainly came from rural areas, as these shares were almost unchanged in urban areas. There were two distinct evolutions of income component shares in rural areas (World Bank, 2016: 16-17):

- In the hills, the labour income share increased primarily because of an increase in non-agricultural income.
- In terai regions, on the other hand, the labour income share decreased, because of a sharp decline in the agricultural income that more than offset a sizable increase in the non-agricultural income share.¹

Increases in labour income - or income derived from wage and non-wage employment within Nepal – accounts for 52% of the observed change in poverty nationally. Further, breaking down the sources of income between farm and non-farm activities, the growth in non-farm activities has been more important for the observed reduction in poverty than farm incomes:

Figure 2: Drivers of poverty reduction 1995-96 and 2010-11 (Source: World Bank, 2016a: 6)



¹ The terai is a lowland region in southern Nepal and northern India that lies south of the outer foothills of the Himalayas, the Siwalik Hills, and north of the Indo-Gangetic Plain. This lowland belt is characterised by tall grasslands, scrub savannah, forests and clay rich swamps.

It is notable that whilst some rural households have managed to move out of poverty through agricultural entrepreneurship, others have done so through the rural labour market and the rural non-farm economy, or by migrating to towns, cities, or other countries.

Factors influencing pathways out of poverty

While a number of potential pathways out of poverty are available, not all rural poor can access these due to specific social and market relations. It is important to note that the poor are not a homogenous group but are differentiated along caste, gender, ethnicity and asset-holding lines (Mosse, 2010). Of particular concern is that uneven progress in poverty reduction may translate into widening inequality and, combined with the regional disparity in the depth of poverty, could become a source of social unrest.

In the Nepali context, different livelihood strategies require different levels of investment and offer differential returns. High return sectors may offer higher returns to livelihoods but concomitantly demand higher resource investment capacities in terms of human, social or financial capital (Gautam & Andersen, 2016). It follows that high income households may be able to diversify into more lucrative sectors, whilst low income households may be confined to low return sectors, e.g. wage labour. Analysis also shows that well-being is not associated with diversification per se, but rather on a household's involvement in 'high return sectors' such as trade or salaried jobs.

Dhakal (2015) comments that the process of moving into or out of poverty is facilitated or obstructed by the availability, or lack, of different forms of capital, namely, economic, social, cultural and symbolic. Whilst poverty is primarily manifested in terms of lack of economic capital, it is not independent of other forms of capital. In a similar vein, Rahut et al. (2014) find that education, ethnicity and location play an important role in livelihood diversification outside agriculture, and suggest the importance of keeping children in school for non-farm livelihood diversification and poverty reduction. A number of factors are highlighted across papers reviewed as influencing pathways out of poverty:

Education: Common across all study sites and social and economic classes, investment in education was considered an important avenue necessary for increasing human capability and for pathways out of poverty. Education enables an individual to compete for alternative and better paying opportunities. Several examples were cited to illustrate how education helped to get access to new sources of income; through information and access to the job market, in particular. Households with higher levels of education are seen to be more able to diversify into highly remunerative livelihood activities, while households with low levels of education are in a position to diversify into only those activities with low returns (Dhakal, 2015; Gautam & Andersen, 2016).

Land and financial assets: More land allows a particular household to maintain cliental or patronage relationships, and to enhance its social prestige and power. The household can have comparatively better access to financial resources by selling surpluses, mortgaging the land or by selling it, which they invest in social ceremonies and education of children. A household's assets also play an important role in its ability to diversify its livelihood. Households with access to bank credits were nearly four times more likely to be involved in higher returning sectors than households not having credit access.

Social networks and kinship: Social capital plays a role in facilitating pathways out of poverty. Having strong networks outside the district was a significant determinant of high return sector. Gautam and Andersen (2016) note that households having such networks were nearly six times

more likely to be involved in high return sectors than households that did not have such networks. Being politically active or having affiliation in political parties or other locally important formal institutions was another key factor enabling households to access high return sectors.

Proximity to infrastructure and markets: Government policies and development interventions by government and NGOs may have played roles in improving the lives of the poor. Prices of household plots and other land near new roads increase. In addition, the rent of such houses and land created new opportunities for those households, whereas other houses distant from roads did not benefit. Proximity to markets also has an influence on pathways out of poverty. Households closer to local markets are more likely to participate in the non-farm sector than those further away. Similarly, households farther away from primary schools and health care centres are not able to diversify into non-farm livelihoods.

Household age: Age of the household head was also a positive contributor to high return sectors. Findings suggest that younger household heads are less likely to be involved in high return sectors than their older counterparts. Households with younger heads are more likely to be confined to agriculture, while households with older heads diversify outside the farm.

Gender: Evidence on the role of gender and pathways out of poverty is more mixed: some commentators find that males dominate the non-farm sector, while others observe that in certain types of non-farm activities, women are more heavily represented than men. Further to this, discussions with teachers and students in Khotang revealed that quality of education is low because female students have little time to study. This is turn is due to them sharing the workload of mothers, which has increased because of the migration of fathers and male students.

Common across all papers reviewed is an argument that low caste and poor households that lack resources and diversify into low return sectors at present are equally unlikely to be able to exploit new economic opportunities effectively in the future. This highlights the need for rural poverty reduction interventions to be sensitive to local inequalities and direct targeted opportunities to the most underprivileged (or chronically poor).

3. Annotated bibliography

Hatlebakk, M. (2008). *Inclusive Growth in Nepal*. CMI.

<https://www.cmi.no/publications/file/3068-inclusive-growth-in-nepal.pdf>

This paper presents an analysis of inclusive growth in Nepal at the national level, between 1995 and 2003. It explores pathways out of poverty, highlighting three trends:

- Developments in the agricultural sector.
- Non-agricultural wage employment.
- Employment abroad.

According to Hatlebakk, Nepal has experienced sustained economic growth since the mid-80s. In general the poor have benefited economically, however, there has also been an increase in inequality. Poverty levels continue to be high amongst some ethnic groups of the central and eastern hills, where labour migration has been more limited. Poverty was still high in 2003, in particular within the Tamang and Rai communities. Poverty has declined among hill Dalits, and

probably also among terai Dalits, which can be explained by labour migration to India. However, poverty rates are still high among the Dalits.

Hill Brahmins had the lowest poverty rates in both 1995 and 2003. The highest poverty rates in 1995 are found among the Magars, some hill Dalits and the Tharus. In 2003 the Tamangs had a very high poverty rate. Other groups with relatively high poverty rates in 2003 were the Rai people of the eastern hills, some hill-Dalits, and the terai Dalits. Hatlebakk concludes that there is a strong link between social exclusion, as defined by the caste-hierarchy, and economic poverty.

Hatlebakk identifies the main pathways out of poverty as landless farm workers becoming subsistence farmers, construction or manufacturing workers, and subsistence farmers who added to their income by working in construction and manufacturing industries, or as migrants.

Developments in the agricultural sector: Hatlebakk asserts that the reduction in poverty from 41.8% in 1995 to 30.8% in 2003 is due to two developments.

- First, farm workers were the poorest among the poor in 1995 with a poverty rate of 55.9%, and there were fewer farm workers in 2003: the population share has declined from 11.7% to 6.2%. It appears that many were self-employed in agriculture in 2003, as the population share has increased for this group. This may be due to a combination of land rental and land purchases.
- Second, the poverty rate among self-employed farmers has declined.

Hatlebakk concludes that farmers in Nepal, including farm workers, have left poverty in large numbers. Self-employed farmers have higher income than farm labourers, even if they are still below the poverty line. This indicates that those who have switched from farm labour to subsistence farming are better off although still poor. The reduction in poverty among the self-employed farmers may be due to increased demand for agricultural products, or an increase in off-farm income possibilities.

Non-agricultural wage employment: Hatlebakk notes that in 1995 farm labour was more common among the poor. This was still the case in 2003, but in total there are fewer farm labourers. Hatlebakk concludes that the reduction in poverty from 1995-2003 means that many no longer work as farm labourers as their main occupation. Wage labour in manufacturing industries has become relatively more important for the non-poor in 2003, as compared to 1995, which indicates that wage employment in manufacturing industries has been one pathway out of poverty. Construction was the main non-agricultural wage employment for the poor in both 1995 and 2003, and in both years more important for the non-poor. Since these workers are still poor, one may conclude that construction has not been a pathway out of poverty. However, among the poor, construction workers are better off than farm labourers, Hatlebakk concludes that although these people stay below the poverty line, they are still better off, and construction can thus be seen as a component of a pathway out of poverty.

Employment abroad: One explanation for the reduction in poverty 1995-2003 is the increase in labour migration. Hatlebakk concludes that the poor and excluded groups, as well as the middle castes from the terai region, go to India for work, while hill Janajatis go to higher status destinations. The poor will normally earn more in India than at home, although their household income may still be below the poverty line. The increase in income means that labour migration, to some extent, is a pathway out of poverty.

Conclusion

Hatlebakk concludes that future pathways out of poverty will depend on the rate of economic growth, the content of that growth process, as well as government policies, which in turn may affect the pattern of growth. Whilst Nepal has had good economic growth, growth has not been equally shared: incomes have grown faster for the rich than for the poor. Despite this, many have left poverty, and the poor are less poor than before. This is also the case for many socially excluded groups, landless farm workers from the lowest rung of the caste hierarchy have improved their economic conditions by way of employment in brick industries, better paid farm and industrial work in India, as well as wage employment in local factories.

Sunam, R. (2017). In Search of Pathways out of Poverty: Mapping the Role of International Labour Migration, Agriculture and Rural Labour. *Journal of Agrarian Change*, Vol. 17 No. 1, pp. 67–80. <http://onlinelibrary.wiley.com/doi/10.1111/joac.12136/pdf>

This paper examines the role of foreign labour migration, wage labouring and agriculture in shaping poverty outcomes. It considers changing agrarian relations of land and labour as well as social relations of caste and ethnicity, influenced by foreign migration, which have had implications for rural poverty. In particular, it focuses on two key questions:

1. What shapes rural people’s access to foreign labour migration, farming and labouring?
2. Under what circumstances have some rural poor, but not others, been able to escape poverty by engaging in different agrarian and non-agrarian livelihood activities?

The paper draws on fieldwork carried out in Panchayan village of Sunsari district. Panchayan village lies in the Tarai region of Nepal’s southern plains. In the village, some 70% of the households own their own land, although the average size of their land is small (0.33 hectares per household). Given the small landownership, not all households produce adequate food. Circa 35% of households are involved in sharecropping. Those with east land, i.e. the ‘almost landless’ households constitute one third of households, but almost all Dalit households have no land of their own.

Panchayan people are increasingly involved in non-farm employment in the village and local towns. The migration of people from this village to foreign countries has become an important part of rural livelihoods: circa 50% of households are involved in foreign labour migration.

Table 1: Trends in Household Poverty (n= 170) (Source: Sunam, 2017: 71)

22 Years Ago		
At Present	Poor	Not Poor
Poor	34% Remained Poor (A)	7% Became Poor (C)
Not Poor	36% Escaped Poverty (B)	23% Remained Non-Poor (D)

*Poor Today A + C = 41%; poor 22 years ago A + B = 7-%

Table 2: Poverty outcomes by caste and ethnicity (Source: Sunamm 2017: 71)

Social Categories	Total number of households	Poor households 22 years ago	Numbers of households that escaped poverty	Households that escaped poverty (%)
Dalit’s	16	16	3	19

Ethnic group	97	66	30	45
Bahun and Chhetri	57	38	29	76
Total	170	120	62	36

Sunam notes that some households have escaped poverty while others have remained poor, and poverty outcomes vary across different caste and ethnic groups. Household surveys identified the principal reasons for escape, which were foreign labour migration, farming, wage labouring and government jobs. Cultural expenses (dowries, death rituals, marriage etc.), loss of land and health expenses were reasons for households or remaining in poverty.

Labour migration and poverty outcomes: Findings from fieldwork reveal that poor people, and not just the better-off, have engaged in foreign labour migration. The rural poor have experienced profound effects on their livelihoods through remittances and migration-triggered changes in the rural economy, in particular in land and labour relations. Of the 170 households surveyed, half have engaged in foreign labour migration. Over half of 120 poor households (53%) are also involved in foreign migration, although the patterns of migration vary by gender, caste and landownership. The vast majority of migrants are males (82%). People from upper-caste households migrated more than Dalits and Tharus. There was less migration from the landless households (36%) than from the landowning households (56%). Interviews revealed several factors that determine their access to migration. Securing loans for financing foreign migration is challenging. Costs vary from NPR 70,000 (US\$778) to NPR 150,000 (US\$1,667) to go to the Gulf States or Malaysia. According to migrants from the poor households interviewed, they managed the costs of migration by taking loans. Given their poor social networks and their landlessness, Dalits faced challenges in securing loans: only 31% of the Dalit households migrated for foreign employment, while the migration figures for ethnic Bahun and Chhetri households are 62% and 47% respectively.

According to Sunam, while accessing foreign migration was challenging for the rural poor, over two-thirds of the households that escaped poverty reported that they had improved their livelihoods by pursuing migration. However, Sunam noted that almost two-thirds of the households that became non-poor through migration were simultaneously engaged in either farming or agrarian labouring. This suggests that migration alone is not sufficient to lift rural households out of poverty. Rather, the households involved in multiple livelihood activities have been more successful in coming out of poverty than the households engaged in migration only.

Wage Labour and the Rural Poor: In Panchayan village, labouring opportunities both within and outside of agriculture have increased with an increased flow of remittances and urbanisation. The household surveys showed that the rural poor were engaged in farming, construction, transportation and the hospitality sector as wage labourers, but that long-term, formal employment was limited. Almost 20% of labouring households escaped poverty when they combined the labouring pathway with farming or migration. Sunam concluded that escape was not due to working as labourers only. Following increased foreign labour migration, the village has witnessed a rise in both the wage rate and the availability of work. This rise in wages and employment opportunities has benefited landless workers, mainly Dalits and Tharus.

Wage rates have increased over the past five years. Farm labourers historically have received a nominal wage rate of about NPR 80 (US\$0.89) for a full day's work. Over a five-year period (2008-2011), wages have increased by almost a factor of four. Wages in non-farm labouring were higher. On average, the daily wage in agriculture was NPR 250 (US\$2.80), while it was

NPR 300 (US\$3.30) in construction labouring. In gender terms, male agricultural daily wages were NPR 300 (US\$3.30) and female daily wages were NPR 200 (US\$2.20). A male could expect to earn NPR 350 (US \$3.89) in construction labouring, but a woman would earn NPR 100 (US\$1.10). Wages also varied with the type of work. Skilled workers – bricklayers, for instance – could earn NPR 500 (US\$5.56) per day. Sunam's interviews identified several issues regarding wage labouring that limited its scope for poverty reduction:

- In relation to agrarian labour, rural workers said that waged work in agriculture was seasonal and that the wages earned were just adequate to secure two meals a day.
- Dalit workers were unhappy with farm work, particularly due to their lower-caste position because fellow workers and landlords treated them in a derogatory way.
- Social networks, family circumstances and relationships with labour contractors largely shape access to non-farm employment.

Sunam's analysis suggests that the rural poor have found increased labouring opportunities in both the farming and non-farming sectors, created by migration and urbanisation. However, the effects on poverty of labouring opportunities has been minimal given the casual nature of the work, the seasonality and the fact that many poor people have been unable to access these opportunities due to their weak social networks, skills and individual circumstances.

Agriculture and the Rural Poor: In Panchayan, agriculture is more subsistence-oriented than entrepreneurial. While non-farm income opportunities have expanded, agriculture remains important. Almost 75% of the households surveyed were engaged in farming. Interviews indicated that agriculture was crucial for meeting the household food demand. Sunam emphasises that the vast majority of the households (circa 90%) that have escaped poverty were involved in farming. This indicates that farming has played a complementary role in poverty reduction. Sunam identifies three groups of farm households in Panchayan:

- The first includes owner–cultivators who cultivate their own land. Over half of the total of 126 farm households cultivated their own land. These households included mostly Bahun and Chhetri and a few well-off ethnic households (the author does not specify which groups are included under this label).
- The second involves sharecroppers who cultivate land belonging to other people. A quarter of such households leased land for farming. Dalits and poor ethnic households belonged to this group.
- The remaining households constitute the third group, who cultivate their own land as well as the land of other people. They are owner–cultivators as well as sharecroppers. Adding the pure sharecroppers and the sharecroppers from the third group together, almost half of the total of 126 farming households were engaged in sharecropping.

Regarding the linkages between sharecropping and poverty outcomes, the household surveys revealed that almost one-third of the households that escaped poverty were sharecroppers. The households that remained in poverty tended to be landless households, with over half of them having no access to land for sharecropping. Several factors shape poor people's access to land and farming, limiting poverty reducing effects through agriculture:

- The rural poor involved in sharecropping pointed to the unfavourable terms and conditions of sharecropping.

- Not all poor and landless can access sharecropping due to a lack of the required asset base. The households that have adequate family labour, who own oxen for ploughing and who can win the trust of landowners can be profitably involved in sharecropping. For others, it is costly, as they cannot afford labour for ploughing and other farm expenses.

Conclusion

The paper argues that the rural poor have benefited from their integration into the overseas labour market. Remittances have enabled them to improve food security, educate their children and refurbish or build a decent house in which they can live. About two-thirds of migrant households have escaped poverty but, importantly, these households were simultaneously engaged in agriculture or labouring. While migration seems a positive force through which rural people can improve livelihoods, migration alone fails to offer a pathway out of poverty.

Simultaneously, foreign migration produces new forms of poverty. One-third of the poor migrant households failed to come out of poverty. Almost the same proportion of non-poor households fell into poverty after they became involved in foreign migration, because they were adversely incorporated into the migration processes. The high costs of migration, interest rates, cheating by recruitment agents, low pay and premature termination of contracts all contributed to migration failure. Sunam argues that foreign labour migration is a double-edged sword, helping to reduce poverty for some poor people while producing poverty for others.

Wage labour is an important part of the livelihoods of the rural poor. Despite a rise in wage rates and work availability, there were limited households that had escaped poverty through a labouring pathway alone – whether within or outside agriculture. This finding runs contrary to the argument that wage labouring can be a pathway for the rural poor to prosperity (World Development Report, 2008). Labouring played a complementary role in lifting the poor out of poverty. Sunam suggests that labouring in both the farming and the non-farming sectors is not accessible to all workers, being subject to one's individual circumstances, social networks and relationships with landlords and labour contractors.

The poorest of the poor households have failed to construct routes out of poverty since rural employment is insecure, informal and casual, and is poorly paid relative to their cost of living. Agriculture constituted an important part of rural livelihoods in Panchayan. The vast majority of the households (almost 90%) that had escaped poverty were involved in farming. This indicates that farming has played a complementary role in poverty reduction. However, similar to the findings on migration and wage labouring, there were no households in Panchayan that had escaped poverty by engaging only in agriculture. As arable land has been increasingly available for poor non-migrants for sharecropping, due to a large exodus of rural people from the village to foreign countries, new sharecroppers have been able, at the very least, to improve their food security. However, migration has also produced contradictory effects, leading to the commodification of land. Consequently, there has been a surge in land prices, foreclosing the option for the poor to purchase land for farming. The case of rural Nepal has revealed that the poor have escaped poverty through simultaneously pursuing migration and farming.

Dhakal, S. (2015). Getting into and out of Poverty: An Exploration of Poverty Dynamic in Eastern Tarai, Nepal. *Studies in Nepali History and Society*. 20(1), pp. 137–167.
<https://www.cmi.no/file/3302-.pdf>

This paper illustrates how a particular household escapes or falls into poverty. What enables or prevents an individual household escaping chronic poverty? What are the major pathways to get

out of poverty? This paper explores whether the larger structural context or individual agency is important in escaping poverty.

A sample of 40 household heads were selected from three Village Development Committees (VDCs) - Letang, Motipur and Kadmaha of Morang district of east Nepal. Letang lies in the northern pahàóã (hill) belt: all the households selected from the VDC are pahàóes, i.e. people of hill origin. Motipur lies in the middle, and has a mixed population representing both of hill and Tarai origin. Kadmaha lies in the southern stretch, all selected households represent the population of Tarai origin.

Of the 40 informants included in this study, 21 were able to move out of poverty, six of them had become poorer and the remainder (13) did not experience much mobility. Dhakal comments that the process of moving into or out of poverty was facilitated or obstructed by the availability or lack of different forms of capitals, namely, economic, social, cultural and symbolic. Dhakal comments that whilst poverty is primarily manifested in terms of lack of economic capital, it is not independent of other forms of capital. Dhakal makes a number of conclusions:

Land, the prime asset, and poverty dynamics: Land is an effective and functional primary instrument for determining poverty vis-à-vis prosperity of a household. Dhakal observed four processes of land transactions in the study area:

- inheritance of land as a parental property;
- receiving land as a form of dowry from bride's family;
- receiving land as a tenant's right, which one could exercise legally – but no longer applicable – and was one of the common forms of transfer of ownership of land;
- the buying and selling of land.

In addition, indebtedness leading to mortgaging of land was observed as a common process where the debtor loses the land to the lender. In a few cases, acquiring public land, usually by clearing forest or occupying fallow land, was also reported. The observations suggest that the more land a household has, the more they accumulate social prestige, connections and social power, which can be instrumental in accumulating economic capital. More land allows a household to maintain cliental or patronage relationships and enhance social prestige and power. The household can have better access to financial resources by selling surpluses, mortgaging the land or by selling it. These resources are invested in social ceremonies and education of the children.

Education and escaping poverty: Common across all sites, all social and economic classes, investment in education was considered an important avenue necessary for increasing human capability and for upward mobility. All households, except a few, gave investing in children's education high priority as it enables an individual to compete for alternative and better paying opportunities. Several examples were cited to illustrate how education helped to get access to new sources of income - in particular, through information and access to the job market. Education was interpreted as one of the reliable vehicles for upward mobility.

Dhakal's research highlighted that a good number of children from Dalit and marginal families are unable to access educational opportunities. Despite the fact that school education is free and there are scholarships for Dalit children, many were not in school.

Social networks and kinship as a pathway out of poverty: Dhakal highlighted the pivotal role that social capital played in facilitating pathways out of poverty – referred to as *âphno mâce* (“one's inner circle of associates”). In several interviews, people maintained that one needs *âphno mâce* to access opportunities. *Aphno mâce* often functions as a catalyst to make better utilisation of other capabilities of an individual. Many of the informants who experienced downward mobility during their lifetime reiterated that they did not have *âphno mâce* in place.

Infrastructural development and hill to Tarai migration: Government policies and development interventions by government and NGOs may have played roles in improving the lives of the people. However, Dhakal's observations suggest that all households of a given village do not benefit equally from development interventions. The spatial location of houses and the land also played important roles. Prices of household plots and other land near the main road went up dramatically. In addition, the rent of such houses and land created new opportunities for those households, whereas other houses did not benefit.

Going beyond agriculture, employment in non-Farm Sectors: Dhakal highlights that the Economic Survey of Nepal (2012) revealed that the real Gross Domestic Product (GDP) growth rate is 3.6%, whereas growth of the agriculture sector is 1.3% and of the non-agriculture sector is 5%, marked by a 21.3% rise in remittances. The contribution of labour migration to the household economy was prominent in Dhakal's study area.

Remittances from Gulf counties were invested in land, house construction, education, and other assets, and have brought about noticeable changes in households. Seasonal labour migration to India has not contributed significantly. However, it still remains one of the major sources of income of those households who could not afford the payment required to go to the Gulf or Malaysia. Labour migration to Malaysia or Gulf countries was not possible for all the individuals of the area as it required a large initial investment. In the regions where lack of employment and poverty are closely linked, people, in addition to labour migration, were actively exploring new avenues of income generating activities. This was also because those who left agriculture and turned to non-farm employment performed well in improving their economic condition. In many cases, those who had land to support them or had some level of education tried new pathways.

Some became poorer, on downward spirals of poverty dynamics: Dhakal also highlighted that there are certain processes that lead to decent into poverty. Natural disasters and shocks, poor health and social exclusion among others were the reasons for those households who could not get out of poverty. And in some cases they became poorer.

Dhakal suggests that chronic health problems of family members, or the main breadwinner which require expensive medical treatment, lead to indebtedness and economic vulnerability. This has been the patterned mechanism for the downward mobility of particular households. The social security allowance provided by the government might have helped some families in a limited way, but not significantly. Dhakal's cases illustrated that some poor Dalit families could neither access such social security allowances, nor could they ever receive the educational support under the Dalit Scholarship Program. In addition, some elderly and widows did not have the required documents, including citizenship certificate to prove their age and status. Due to the relatively larger family size but lack of diversification in the sources of family income (rather they remain dependent on traditional, usually a single source of income), Tarai Dalits are becoming poorer.

Conclusion

Dhakal's study demonstrated that a household's poverty is manifested in terms of a lack of assets – land in particular, as well as lack of access to the labour market, political institutions, government social security schemes, lack of education and information, exclusion or isolation, and poor health of family members.

In this study, Dhakal observed three distinct patterns of poverty dynamics: upward mobility, downward mobility and relative stability. No single cause of poverty or pathway could be singled out. Even if different families share the same or similar political-economic and geo-ecological context, they cannot be considered as homogenous and therefore different factors affect individuals' lives in different ways. In this process, despite the fact that land is still a prime determinant of the level of poverty, shifts to non-farm sectors, particularly into the labour market operated by the private sector, has appeared to be one of the pathways to escape chronic poverty. Households in different social positions and with different economic capabilities participate differently in the non-farm markets and achieve different benefits. Individual agency plays equally important roles.

Gautam, Y. & Andersen, P. (2016). Rural livelihood diversification and household well-being: Insights from Humla, Nepal. *Journal of Rural Studies*. 44. pp. 239-249.
<https://www.sciencedirect.com/science/article/pii/S0743016713000442>

This paper assesses the role of livelihood diversification in household well-being in Humla, a remote mountain district in west Nepal. Employing the data produced from household surveys, the authors developed a composite household well-being index incorporating four components and 15 indicators, and measured the effect of diversification. Results suggested a uniform pattern of diversification in terms of the number of activities undertaken for livelihoods but a highly varying degree of resultant well-being across households. Analysis showed that well-being was not associated with diversification per se but rather on a household's involvement in 'high return sectors' such as trade or salaried jobs. Because involvement in these remunerative sectors is determined by various financial, social and human capital, poor households were unable to combat the entry barrier. In this way, livelihood diversification was found to have a highly skewed effect leading to inequality of income and well-being. This, in turn, is likely to risk depriving the poor households from exploiting new economic opportunities even in the future. Well-being indicators were developed from the following components:

- food security: Because the questions asked in the survey relate to the experience of having food insecurity; total number of negative answers was calculated as the indicator of food security.
- housing arrangements in terms of basic household facilities and goods: Because different goods and facilities are accumulated or built over a relatively longer time; they better reflect well-being than other indicators such as income.
- stability of subsistence: Contingencies such as illness of any family members or loss of crops due to weather events incur an economic burden. The normal subsistence resources are not enough to remain above the subsistence threshold during such circumstances.
- large scale properties in possession of only a few households: this set of components includes buildings or housing plots in economically strategic places such as Simkot, the district headquarters, regional cities in the Tarai or even Kathmandu, indicating variation in their value according to their locations.

The role of non-farm diversification on well-being was analysed using multivariate regression models. Among the six reported off-farm activities [wage labour, trade, wage migration, salaried job, non-timber forest products (NTFP) collection, and handicraft and tool making]; six occupations (except NTFP collection) scored statistically significant correlation coefficients with household well-being.

Households in Humla hold 0.7 ha of cultivable land on average and meet 63% of the total food need by self-production. Measuring food insecurity using a food security scale revealed that only 15% households were food secure meeting all three criteria of food security: adequacy, access and food preference. All other households were found to be food insecure to some degree. The bottom 28% households had very high food insecurity.

The disaggregated socio-economic indicators by caste/ethnicity show that households belonging to low castes have smaller landholdings than those in the other groups. This group produces only 47% of its total food need and has the most severe case of chronic food insecurity.

Regarding livelihood strategies, the most common occupation was agriculture, reported by almost all households. In addition to cultivating their own farms, many households that have a small parcel of land and surplus labour work as farm wage labourers locally. Wage labour was the second most common activity practiced by 76% of households.

Trade is also an important off-farm activity in Humla. The author's survey data shows that 16% of households were involved in trade. Those households unable to get involved in trade also earn some income through the collection of NTFP - mostly medicinal herbs and morel mushrooms - which they can sell to local traders. NTFP collection was reported by around 38% households. Handicraft and tool making is also an important source of income for some households.

Humla has witnessed a significant increase in NGOs that have created a local niche for salaried jobs adopted at present by 19% of households, particularly but not exclusively in the NGO sector. Overall, the average number of livelihood activities for all the households was 2.94 and the mean difference is not statistically significant across caste/ethnic groups.

Results for regression estimates predict the effects of different livelihood activities on household well-being. Overall, the model explains over 72% of the variation on the predicted variable: household well-being. Among the independent variables, trade and salaried job positively explained household well-being as expected.

- The most instrumental livelihood strategy in terms of poverty reduction/well-being was trade, making a 44% shared contribution to well-being.
- After trade, salaried job was found to be the most promising off-farm activity. The adoption of salaried job made a 0.25 unit contribution to household well-being
- The remaining three livelihood activities, however, did not make a positive contribution. The adoption of wage labour as a livelihood strategy uniquely explained about 3.6% variance, marking a 0.106 unit moderation in the household well-being.
- Similarly, seasonal wage migration was another livelihood activity that negatively predicted wellbeing. Holding all activities for constant, it moderated well-being by 0.049 units explaining around 1% variability.
- The last statistically significant predictor in the well-being model was handicraft and tool making. It uniquely explained less than 1% variance on well-being.

Conceptually, Gautam and Andersen note that the motivation for diversification lies in the attempt of households to support their livelihood and improve well-being. Trade and salaried job have played this desired role by positively contributing to well-being. Therefore, they can be classified as high return livelihood activities. On the other hand, wage labour, wage migration and handicraft and tool making that have negative coefficients and moderate well-being can be labelled low return sectors. Despite being low return activities, these emerge as the most frequently reported livelihood strategies in Humla. Gautam and Andersen identify six factors that significantly explained high return off-farm activity.

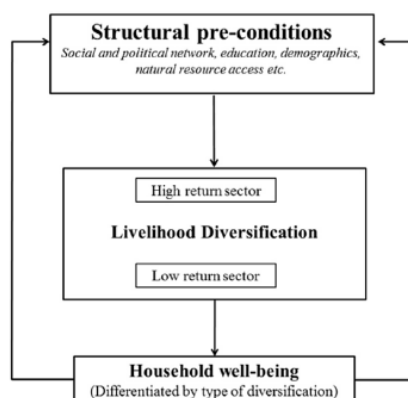
- Having strong networks outside the district was a significant determinant of high return sector. The authors define this type of network as the one that has economic transactions involved. Households having such networks were nearly six times more likely to be involved in high return sectors than households that did not have such networks.
- Being politically active or having affiliation in political parties or other locally important formal institutions was another key factor enabling households to access high return sectors. In addition to the institutional network in terms of direct involvement in party politics, another form of political/institutional network was highlighted. A particular type of network in terms of having close relatives in the NGO and/or government institution as employee was also traced through surveys which significantly predicted salaried job. Because most of the salaried jobs reported in Humla were related to the NGO sector, the prediction of latter type of network implied that securing jobs in Humla is more likely for people having relatives or other types of close connection with NGO or government institutions in local or extra local settings.
- The most basic factor for high return sector, namely salaried job, is related to educational qualification. Education of the household head significantly predicted high return sectors.
- Age of the household head was also a positive contributor to high return sector. This implies that younger household heads are less likely to get involved in high return sectors than their older counterparts.
- Household size did not have a significant contribution on high return sector; rather it was the number of working-age members that statistically significantly predicted it.
- Financial capital of a household was also significant. Households with access to bank credits were nearly four times more likely to be involved in trading than households not having credit access.

Having determined the household level factors of high return activities, the authors further disaggregated the data on diversification to high return sectors by caste ethnicity. Involvement into high return sectors of the Chhetri and Lama can also be clearly differentiated. The majority of the Lama households (64.7%) that diversified into high return sectors were involved in trade whereas the majority of the Chhetri households (56.7%) in salaried job.

Conclusion

The authors conclude that livelihood diversification is rooted in and differentiated by background pre-conditions reflecting various assets at the household's disposal. In this context, when well-endowed households diversify, they diversify for 'good reasons' not for survival but for accumulation. They are more likely to enter high return sectors and achieve wealth or well-being. The asset poor households, on the other hand, are less likely to overcome the entry barriers and are confined to low return sectors which make insignificant contribution to well-being.

Figure 3: Livelihood diversification and well-being. (Source: Gautam & Andersen 2016: 247)



The characteristics of the off-farm sectors as well as the configuration of the pre-conditions are dependent on socioeconomic, institutional and geographical contexts. In Humla, the authors found that the determinants of salaried job are related to human and social capital. The prospects for salaried jobs are meagre for the majority of people with low education and the opportunity skews heavily toward households with better educated members. In addition, NGOs which provide the biggest job niche in Humla are embedded in a highly politicised structure of local power relations.

The poor, unable to get involved in lucrative non-farm sectors, are forced to adopt activities that do not require high investment capacities and special skills. One option is wage labour which is based mainly on an unequal patron-client type of relationship between the high and the low caste and thus contributes limited relief for the labourers' families in situations of acute food crisis.

The second choice, seasonal labour migration, similarly entails low paying wage labour in India. The Karnali region remains off the beaten track from foreign labour migration which marks a general trend for all the rest of the country. The lack of a foreign migration trend in Humla can be explained, in part, by the migrants' lack of necessary social networks to get information, low education and other skills, and also the lack of financial capital to meet the start-up expenses for high return foreign employment.

The majority of the low caste Dalits have inadequate land and food insecurity; handicraft and tool making thus reflects a need driven diversification, a strategy to meet or maintain survival, but this cannot make substantial contribution on accumulation and upward well-being mobility.

The authors draw two main conclusions from this study:

- Diversification as such does not contribute to well-being; but rather a household's ability to pull high return sectors into its livelihood portfolio is more instrumental in enhancing well-being.
- A household's ability to diversify into high return sectors is dependent on levels of resources and assets. However, these resources are unequally distributed. The resource rich households diversify into high return sectors and improve their well-being. The resource poor households lack the investment capacity and are forced to continue low return diversification. In this way, off-farm diversification increases local wealth inequality.

A prospective look at future livelihoods in the context of widening inequality informs that low caste and poor households that lack resources and diversify into low return sectors at present are equally unlikely to be able to exploit new economic opportunities effectively in the future. This highlights the need for rural poverty reduction interventions to be sensitive to local inequalities and direct targeted opportunities to the most underprivileged.

Adhikari, J. & Hobley, M. (2015). "Everyone is leaving. Who will sow our fields?" The livelihood effects on women of male migration from Khotang and Udaypur districts, Nepal, to the gulf countries and Malaysia. Himalaya, the *Journal of the Association for Nepal and Himalayan Studies*. Volume 35 Number 1. pp. 11-23
<https://espace.curtin.edu.au/handle/20.500.11937/6604>

A study undertaken in the Khotang and Udaypur districts in the hills of Nepal indicates a complex series of social, economic, and ecological effects of migration at household and community level. This paper presents these findings, focusing on the gendered and class effects of migration. It looks at the changes within households and communities, including effects on labour force and labour patterns, shifts in male-female ownership of productive assets, and changes in areas of authority and decision-making. All of these have longer-term effects on social dynamics as well as on the agrarian landscape, including wide-ranging impacts on women's and children's lives. This study uses the livelihood approach to understand the impact on women left behind. The question of differential access to assets of men and women has important implications on who migrates, who stays behind, and their respective livelihood outcomes.

Over the last ten years outmigration for foreign employment has changed the livelihoods and social structure of rural Nepal. Remittance inflows into rural districts dwarf other flows of finance, and the absence of men from the agricultural and other labour forces has effects on agricultural production and gender relations. Adhikari and Hobley provide an overview of migration and remittances. They note that circa three million Nepali men are working overseas including in India. Remittances equated to \$5.1 billion in 2012, contributing to 22.3% of national GDP. Migration and remittances have contributed significantly to the reduction in poverty. The proportion of households receiving remittances has increased rapidly in the last fifteen years – from 23.4% in 1993-94 to 31.9% in 2003-04 and 55.8% in 2010-11. The volume of remittances each household received has also gone up: Rs 15,160 (1993-94), Rs 34,698 (2003-04) and Rs 80,436 (2010-11).

There are several reasons for the increase in foreign labour migration. In the past, attempts were made to explain this migration mainly as a result of 'push' and 'pull' factors. Lack of job opportunities for the growing population and decline in food production and food security due to fragmentation and splitting of land holdings were important push factors. Relatively better employment and income opportunities, wage rates and possibility of increased commodity consumption in foreign lands are considered pull factors. Contemporary attempts have been made to explain migration from a livelihoods approach, which postulates that assets and capabilities are important in combination with institutional factors (rules and regulations, norms, migration networks, and development of infrastructure such as roads and transportation) to determine the strategies a particular household undertakes for livelihood improvement or to minimise risks to the livelihood. Adhikari and Hobley conclude that in Nepal's case there is some social pressure for men to migrate, and thus migration has also become socially embedded.

The paper notes that migration has been a long-established livelihood strategy in the study districts. However, the nature and magnitude of migration has changed, especially since 1990. The most popular form of migration is through contract migration to countries such as Malaysia

and the Gulf states. In the year 2009-2010, 3,230 people (3,196 males and 34 females) from Khotang migrated to countries other than India for work - 41% to Malaysia, 31% to Saudi Arabia, 15% to Qatar, and 8% to UAE. In addition to these formally recorded migrants, key informants make a rough estimation that as much as 40% of these formal migrants leave Khotang for foreign work through informal channels.

Household surveys conducted in 15 VDCs of Khotang by the Swiss Development Corporation in 2009 show that the migration rate (percentage of household having at least one current migrant in the family) varies from 26% to 52%. On average, about 38% of households were found to have current migrants in their families. Caste and ethnicity status were also found to relate to migration rate. For example, there is a high migration rate among the Dalit (40.1%), followed by Janajati (ethnic groups) —mainly Rais— (38.9%) and then Brahmin and Chettri (34.5%). The analysis of migration rate by wellbeing ranking shows that the migration rate is highest among the 'middle' class, followed by 'non-poor' and 'poor.' The rate amongst the 'very poor' is low compared to the other groups (irrespective of caste or ethnicity). Adhikari and Hogley assert that this is a common pattern across Nepal, where the very poor do not have sufficient assets to access loans for foreign migration. For them migration is rarely an option that they can take to improve their economic status and increase their social mobility.

Data on changes in well-being in Khotang in the last ten years clearly reveal improvement in well-being in 44% of households with migrants, with 53% of households maintaining the same level of well-being, and 3% of migrant households having a decline in well-being. For non-migrant households, however, it is a very different picture: only 13% of households showed any well-being improvements. Among the migrant households, 42% of 'middle' class households benefited from remittances in improving their well-being status. This was the case with 20% of migrant households in 'very poor' and 32% in 'poor' groups. A major cause of improvement in the well-being of migrant households, as reported by key informants, was remittances. Remittance earnings ranged from a few households indicating complete failure, to the more common situation of low monthly remittances between Rs 6,000-10,000 per month. Only three households considered to have successful migrants in these five villages sent Rs 50,000-100,000 per month. Overall, it was the poor and medium households that benefitted the most from migration.

There is greater mobility in well-being amongst the very poor to poor Dalit (42%) than amongst the Brahmin and Chettri (33%) or the Rai (12%). This increased mobility brought about by migration has had a major impact on women, particularly Dalit women whose husbands have migrated; they felt reduced dependence on higher caste households in matters such as wage labour, food support and land or livestock leasing. Consequently, they said they are enjoying new-found relative freedoms. Moreover, these women expressed satisfaction that they have started to own land - partly as a result of husbands' migration and the inflow of remittances, as well as the government policy of giving tax concession (25%) if the land is purchased by women.

One immediate impact of improvement in well-being was the ability to educate children, particularly girls. However, the author's discussions with teachers and students revealed that quality of education is low because female students have little time to study. This is because they are needed to share the workload of their mothers, which increased because of the migration of fathers and male students, many of whom leave school after eighth grade to work abroad.

Conclusion

The study demonstrates that male contract migration profoundly impacts left-behind women. These women experienced both positive and negative consequences depending on the nature of the household they live in. In terms of family well-being, migration improved the well-being of households. Male migration has increased the workload of women and girls in all types of domains, including farm and non-farm work within the household, religious and ritual activities within the male domain, and social and public works. There has been significant change in women's public roles, but overall empowerment effects are unclear. Some women are able to increase their voice outside the home and take up new employment opportunities, whereas others are forced back into the domestic sphere and forbidden by husbands from taking a wider economic role. This also led to psychosocial stress on women, which forced them to self-censor their outside contacts. Major decisions are generally still made by migrant men via phone. The partial increase in authority in decision-making and voice outside the home appears to be temporary for many women, since migrant males tend to resume positions as patriarchs upon return. However, since most men are still in the migration cycle and migrants are still thinking of undertaking migration, it is not yet possible to test whether there will be sustained or only temporary changes in women's roles and relationships within the home and outside. This study shows that as of now there is no sustained empowerment, and it could be less likely in a different cultural context of the middle hills or may take a long time for this to happen.

Rahut, D. et al. (2014). Rural Livelihood Diversification Strategies in Nepal. *Poverty and Public Policy*. Vol 6 Issue 3. pp. 259-281.
<http://onlinelibrary.wiley.com/doi/10.1002/pop4.75/pdf>

This study explores rural livelihood diversification strategies at the national level and finds that education, ethnicity and location play an important role in livelihood diversification outside agriculture, and suggests the importance of keeping children in school for non-farm livelihood diversification and poverty reduction. Important policy implications of the study include the need for investment in education. Investing in education will help households to diversify their livelihood outside of the farm and pave a way out of poverty. The authors assert that the contribution of this article is threefold:

- First, it constructs a distinct livelihood portfolio for a typical rural household of Nepal.
- Second, it examines the determinants of rural livelihood strategies against the participation in each activity separately.
- Third, it explores the impact of ethnicity on livelihood diversification, as the caste system plays an important role in the occupation choice in Nepalese society.

The article has classified the livelihood strategies of the rural Nepalese households into five different types:

- D1: Purely agriculture;
- D2: Agriculture plus self-employment in non-farm activities;
- D3: Agriculture plus wage in non-farm employment,;
- D4: Agriculture plus both wage and self-employment;
- D5: Purely non-agriculture, these include households engaged purely in nonfarm activities (it could be self in non-farm, wage in non-farm, or both wage and self in non-farm).

The authors find that 47.2% of households pursue D1 strategies (purely agriculture) for livelihoods, 13.8% of households D2 strategies (agriculture plus self-employment in non-farm activities), 30.2% D3 strategies (agriculture plus wage in non-farm), 6.1% D4 (agriculture plus both self and wage in non-farm) and only 2.6% pursue D5 (purely non-agriculture). This analysis shows that over 50% of the households have diversified outside agriculture.

Heads of household pursuing D1 (purely agriculture) had, on average, 1.5 years of schooling, D2 (agriculture plus self in non-farm) had 2.2 years, D3 (agriculture plus wage in non-farm) had 2.4 years, D4 (agriculture plus both self and wage in non-farm) had 2.6 years, and D5 (purely non-farm) had 5.2 years. This indicates that diversification into non-farm activities is a function of education. Households with a larger land size completely depend on agriculture or have agriculture as one of the most important activities in their livelihood portfolio. But the households with small landholdings (0.03 hectare of wetland and 0.10 hectare of dry land) abandon agriculture and pursue D5 (purely non-farm).

Household characteristics such as age, size, and demographic composition influence the household's ability to diversify into non-farm livelihood activities. The results show that younger households do not diversify into non-farm sectors, whereas older households do. The number of adult male members of the household plays a significant role in diversification into non-farm activities. The number of adult male members of the household is significant and positive for strategy D2 (agriculture plus self in non-farm), strategy D3 (agriculture plus wage in non-farm), and strategy D4 (agriculture plus both self and wage in non-farm). The number of adult female members is significant and negative for strategy D3 (agriculture plus wage in non-farm) and strategy D5 (completely non-agriculture). The number of children under 15 years is significant and positive for strategy D3 (agriculture plus wage in non-farm) and significant and negative for strategy D5 (completely non-agriculture).

Education is an important determinant of livelihood diversification. This article also finds that with an increase in the level of education, the diversification in livelihood strategy D2 (agriculture plus self in non-farm) increases progressively until the intermediate completed level (Year 12), but is insignificant for those with bachelor's degrees. This indicates that those with a bachelor's degree and above will opt out of self-employment in non-farm and diversify into wage non-farm. The diversification into livelihood strategy D3 (agriculture plus wage in nonfarm) is positively associated with education. It is insignificant for education levels below primary and primary completed, and is significant, positive, and progressively increasing after the completion of Year 10 (School Leaving Certificate), the completion of Year 12 (intermediate) and university. Similarly for strategy D4 (agriculture plus both self and wage in non-farm), it is not significant for education below primary and primary completed, and is significant, positive, and progressively increasing after the completion of Year 10 (School Leaving Certificate), the completion of Year 12, and university. In the case of strategy D4 (agriculture plus both self and wage in non-farm), education is significant only for Year 10 and a completed bachelor's degree.

Households farther away from primary schools and health care centres are not able to diversify into non-farm livelihood activities, suggesting that remote households do not have access to these activities. Nepal is divided into five developmental regions (Eastern, Central, Western, Mid-Western, and Far-Western) and three ecological zones (mountains, mid-hills, and terai). There are huge differences in the level of development and accessibility among the developmental regions and ecological zones. The authors created 15 location dummies by combining the development region (Eastern, Central, Western, Far-Western, and Mid-Western) and the ecological belt (mountain, mid-hill, and terai) and have used the mountains of the Eastern

Developmental Region as the base category to analyse the effect of location on livelihood diversification. The analysis shows that households in the mountains of the Central, Western, Mid-Western, and Far-Western regions are not able to diversify outside farming. The authors find that households in the hills of all the developmental regions are less diversified into non-farm sectors as compared to households in the mountains of the Eastern Developmental Region. Households in all the terai are also not able to diversify into non-farm, except the terai of the Far-Western Developmental Region

Nepal is a country with diverse ethnic groups, and the analysis of ethnicity's role in livelihood diversification makes this study unique. Nepal's 2001 census listed 102 castes and ethnic groups. Compared to the Chhetri ethnic group, the Bahun ethnic group is less likely to diversify their livelihood strategy into strategy D2 (agriculture plus self in non-farm), strategy D3 (agriculture plus wage in nonfarm), and strategy D4 (agriculture plus both self and wage in non-farm) and are more likely to diversify into strategy D5 (completely non-agriculture). Bahun are priests with a prominent role in local religion, and thus seem to have a better level of education; therefore, they are in a position to abandon agriculture and earn their living elsewhere.

For the Magar ethnic group, none of the livelihood strategies are significant, indicating that the Magar ethnic group is confined to farming as compared to the Chhetri. Tamang are less likely to diversify into strategy D4 (agriculture plus both self and wage in non-farm) and more likely to diversify into strategy D5 (completely non-agriculture). The Newars, the supposed entrepreneurs of Nepali communities, are more likely to diversify into strategy D2 (agriculture plus self in non-farm) and strategy D4 (agriculture plus both self and wage in non-farm). The people of Rai ethnicity are more likely to diversify into strategy D2 (agriculture plus self in non-farm). Similarly, the people of Gurung ethnicity are more likely to diversify into strategy D2 (agriculture plus self in non-farm) and strategy D3 (agriculture plus wage in non-farm). Other ethnic groups are more likely to diversify into strategy D2 (agriculture plus self in non-farm) and strategy D5 (completely non-agriculture). Analysis also shows that the Limbu ethnic group does not diversify outside agriculture compared to the Chhetri. In Nepal, Kami, Damai, and Sarki are considered untouchables, and, as per Nepali Hindu tradition, Kami are supposed to work as blacksmiths, Damai as tailors, and Sarki as cobblers. Given their skills in non-farm activities acquired from their parents and tradition, the Kami-Damai-Sarki ethnic group is likely to diversify into strategy D2 (agriculture plus self in non-farm), strategy D3 (agriculture plus wage in non-farm), strategy D4 (agriculture plus both self and wage in non-farm) and strategy D5 (completely non-agriculture). Findings suggest that the Tharu ethnic group is not able to diversify outside agriculture. The Yadav ethnic group originates in the Indian states of Bihar and Uttar Pradesh and is predominantly farmers. The Yadav ethnic group is less likely to diversify into strategy D2 (agriculture plus self in non-farm), strategy D3 (agriculture plus wage in nonfarm), and strategy D4 (agriculture plus both self and wage in non-farm). Muslims are more likely to diversify into strategy D2 (agriculture plus self in non-farm) and strategy D5 (completely non-agriculture).

The article finds that demographics, asset endowment, location, and ethnicity influence livelihood strategy pursued by rural households. Households with younger heads are more likely to be confined to agriculture for their livelihood, while households with older heads diversify outside the farm. The number of household members indicates the labour available within the household; therefore, those households with a larger household size are able to allocate surplus labour for activities outside the farm. However, the number of children under 15 years of age limits the household's capability to diversify outside agriculture.

This article disaggregates the number of adult members by gender to analyse the role of gender on non-farm livelihood diversification. The number of adult male labourers available increases the probability of livelihood diversification into all non-farm livelihood strategies, while the number of adult female labourers available has the opposite effect (i.e. decreases the probability). This suggests that gender composition in the household plays a critical role in livelihood diversification and that females are disadvantaged in diversifying into non-farm livelihood strategies.

Bhandari, P. (2013). Rural livelihood change? Household capital, community resources and livelihood transition. *Journal of Rural Studies*. 1:32 pp. 126-136.
<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3772533/>

This study uses the sustainable livelihood approach to empirically examine the extent to which access to various forms of capital influences a household's livelihood transition from farming to non-farm activities, also called farm exit in a poor rural agricultural setting of Nepal. Bhandari comments that studies of farm exit or livelihood transition are limited in poor rural agrarian contexts of developing countries including Nepal. Data for this study come from multiple surveys collected by the Chitwan Valley Family Study (CVFS) from the Western Chitwan Valley of south central Nepal.

In the Western Chitwan Valley, the 1996 Chitwan Valley Family Study (CVFS) reported that about 7.5% of households left farming between 1996 and 2001. While Bhandari comments that this rate of attrition might not seem rapid, that it occurred in only five years makes it significant. He continues that much less is known about the various factors that contribute to livelihood transition by farm households in developing countries including Nepal.

The farming practices also vary among ethnic groups. In general, the Terai Janajati group (Tharu, Darai, Kumal and Chepang) primarily follow traditional agricultural practices. Brahmin and Chhetri households keep cattle, buffalo, sheep and goats, whereas households of other ethnic groups keep these animals as well as poultry and pigs. Dalit and other ethnic communities are more likely to have marginal lands and use less advanced agricultural techniques compared to Brahmin, Chhetri and Newar. The access to and ownership of land, in general, is also associated with caste hierarchy with high caste farmers being the ones with most access to and ownership of land. Bhandari asserts that livelihood transitions may vary by socio-cultural context and households of other ethnic groups are expected to be more likely to exit farming than Brahmin and Chhetri.

The study findings suggest that various dimensions of human, natural, and economic capital and community resources influence decisions on livelihood transition in this poor rural agrarian setting of Nepal. The availability of working-age family labour pool, particularly the presence of working-age males and more importantly the presence of working-age children are found to be important human capital that discouraged livelihood transition from farming to non-farm activities. This finding is plausible because children are widely used in carrying out farming and other household activities and share a major portion of the household work burden. Moreover, children may take over farm responsibilities from their parents as successors. Bhandari suggests that from a policy perspective, this finding suggests that if farmers are encouraged to invest household resources in human capital development of children such as schooling, rather than using their labour on farm and household activities, the effect of the availability of working-age children on farm exit may be altered. However, exactly why the presence of working-age children in a household hinders a farm household's occupation change to non-farm activities in this setting remains unclear.

Access to cultivated land and keeping livestock also reduced the likelihood of farm exit. In contrast, farm households with small size of operational land holding and with no or few livestock were more likely to change their livelihood strategies to non-farm occupations. In this situation, development of off-farm employment opportunities suitable for small land holders, as well as those with no or few animals, may encourage these farmers to move out of farming.

Bhandari comments that the socio-cultural background of households was not statistically important in the decision to transition livelihoods. The farm households that belonged to hill Janajati, Dalit, Newar and Terai Janajati were not statistically significantly different from those that belonged to high caste Hindus. One of the reasons could be that Chitwan is considered different from rest of the country in terms of its egalitarian nature, migrant population, centrality of geographic location and economic development.

The evidence indirectly suggests that increased access to physical resources such as non-family services may positively influence farm exit, the effect of which was mediated by the proportion of non-farm households in the community. Development of community resources such as schools, health services, banks, cooperatives and bus services may provide off-farm employment opportunities to individuals. This likely encourages households to leave the farming occupation thus increasing the proportion of non-farm households in these communities. These non-farming households may also demand additional off-farm services in the community, which may further encourage other farm households to exit due to an increase in off-farm employment opportunities. While this is a plausible interpretation of this finding, confirmation of this explanation requires data on the employment and occupations of those who left farming.

Conclusion

This study provides evidence that households' livelihoods assets influence their livelihoods transition. These findings reveal that the presence of working-age children encourage continuation of farming as a livelihood strategy. This study also provides evidence that the access to natural and/or economic capital such as the size of cultivated land and livestock keeping are two important factors that inhibit livelihood transition from farming to non-farm activities. If Nepal continues to pursue policies that encourage small farm holders to leave farming, then appropriate economic policies must focus in generating alternative employment opportunities in the non-farm sector. In the absence of employment growth in the non-farm sector, such policies will likely be self-defeating and tend to undermine the agricultural sector, while further exacerbating urban unemployment and congestion.

Paudel, S. et al. (2017). Household Livelihood Strategies and Implication for Poverty Reduction in Rural Areas of Central Nepal. *Sustainability* (9).
https://www.researchgate.net/publication/316133862_Household_Livelihood_Strategies_and_Implication_for_Poverty_Reduction_in_Rural_Areas_of_Central_Nepal

This study was carried out in three districts of Chitwan-Annapurna Landscape (CHAL) in central Nepal. Smallholder subsistence farming with a mixed crop-livestock production system is a common source of livelihood, but the level of agricultural dependency and its importance to overall household income varies across the area. Besides agriculture, salaried jobs, tourism related business, outmigration for non-farm jobs, and wage labour are the major sources of household income within the area. However, distinct bio-physical, socio-economic, and infrastructure situations along an elevation gradient create varying levels of opportunities and constraints for different livelihood activities. Data for this study was obtained through a household

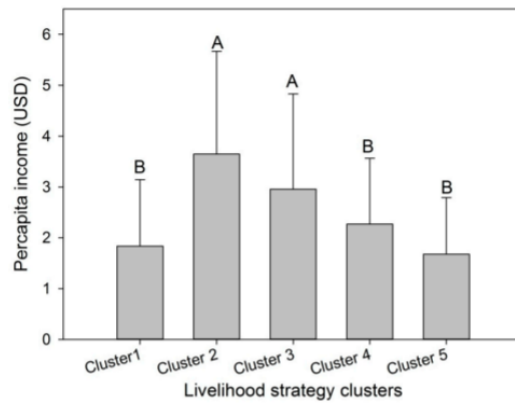
survey conducted in 2015. The questionnaire survey was followed by a series of informal interviews and formal preliminary group discussions.

Rural households combine a diverse set of income generating and social activities and construct a portfolio of livelihood activities to meet and, if possible, to enhance better livelihood outcomes. This study categorised more than 25 sub-categories of income sources into eight major categories: food crop income, cash crop income, livestock income, non-farm salary/wage income, farm wage income, remittance income, business/enterprise income, and other income. Five clearly distinct clusters were identified, named based on income distribution characteristics:

- The first cluster was named as the non-farm wage strategy since 75.2% of the share of the total income was covered by non-farm wage income alone. This cluster represents about one fourth of the total sample and appeared as the second largest cluster. This strategy was commonly adopted in the three case study sites but a relatively higher percentage (32.7%) of households in low-land terai sites (Bachhauli VDC) followed this in comparison to mid hill (21.8%) and high hill (14.8%).
- Cluster two consists of the households that earned most of their income from self-employed rural enterprise and small business: on average 63.8% of the total income share in this cluster was accounted for by business/enterprise income. Hence this was termed as the business/enterprise strategy. 15.2% of the sampled households were involved in this cluster. The percentage of households following this strategy is almost equal for all three sites based on the total sample of each site.
- The third cluster has 68.6% of its income share from market-oriented high-value cash crop and livestock sales (43.8% and 24.8% from cash crop and livestock, respectively) in overall income and thus was named as the commercial farming strategy. Here, commercial farming refers to the diversification of subsistence farming to the production of high-value commodities such as vegetables, fruits, and livestock for commercial purpose rather than producing a single commercial crop. This cluster represents 13.2% of the total sample. This strategy is dominant in the mid hill study area (Ghyalchok VDC).
- Remittance income alone contributes 77.3% of the household's total income in cluster four. Therefore, it was named as the remittance-oriented strategy. This is the largest among the clusters, representing 35.8% of the total sample. This is the most dominant strategy in the high hill site (Ghanapokhara VDC) since 60.2% of the total sample from this site has adopted remittance based activities as their main source of income.
- Finally, the fifth cluster was named as the diversified subsistence strategy since households in this cluster earned income from more diversified sources than the other clusters. The major share of total household income in this cluster was covered by food crop income (33.3%), livestock income (34.1%), and non-farm wage income (17.2%). This cluster is the smallest among the five clusters identified by this study, representing only 9.7% of the total sample. The majority of the households in this cluster are located in the low-terai study site and are involved in cereal crops and livestock production.

Daily mean per capita income (DPCI) among the five LS groups ranged greatly from \$1.68 for diversified subsistence to \$3.65 for business/enterprise LS. The business/enterprise strategy was found to be the most remunerative strategy in terms of the highest (\$3.65) mean DPCI outcome followed by commercial farming (\$2.96).

Figure 4: Livelihood Strategy Clusters (Source: Paudel et al., 2017:10)



According to analysis undertaken by Paudel et al., the cumulative density curves further indicated that the business/enterprise strategy is the most lucrative since it first-order stochastically dominates the other four strategies. Similarly, the commercial farming strategy stochastically dominates the other three strategies and appeared as the second most remunerative strategy. The result has further confirmed that the diversified subsistence LS is the most inferior among the five strategies since it is dominated by the other four strategies with higher DPCI. In addition, less than 18% and 38% of households adopting business/enterprise and commercial farming LS, respectively, were found under the international poverty line (at \$2 per day) which was over 71% for the households following the diversified subsistence LS.

The results show that income diversification to non-farm activities has become the dominant livelihood strategy with the majority (about 61%) of households diversifying their livelihood to non-farm strategies (includes remittance and non-farm wages). The authors comment that the result seems reasonable because growing outmigration to cities and abroad prompted by limited employment opportunities and low profit from subsistence farming in the rural areas, has been increasing the households receiving non-farm income including remittance and non-farm wages.

As indicated by the results, very few (only about 10%) households are found in the diversified subsistence group which is represented by households that generated higher income from cereal and livestock sales. This can be because:

- increasing remittance and non-farm income have decreased the contribution of agricultural income in the overall household income;
- this study categorised households based on the share of cash earning while the majority of the farming households in Nepal produce food grain for subsistence purposes.

This study also revealed that nearly one-third (about 29%) of the sampled households have market based LS (business/enterprise and commercial farming). Among them, households in low-land terai and high hill VDCs are taking advantage of tourism related business since they are located near the tourist centres. While in mid-hill VDC, the majority of households have diversified subsistence farming to vegetable production for commercial purposes due to unfolding market opportunities fuelled by increasing urbanisation. In addition, livestock based enterprises along with non-farm micro-enterprises were found to be commonly practised in the sample villages. Although slowly increasing newer livelihood opportunities fuelled by increasing connectivity and infrastructure development in the rural areas may have attracted smallholder farmers to adopt market-oriented farm and non-farm activities.

The results from Paudel et al. show that two farm-based strategies (i.e. diversified subsistence and commercial farming) are highly diversified strategies. Since agriculture-based rural livelihoods in Nepal are highly vulnerable due to the high production cost but low productivity from agriculture, which has been exacerbated by the adverse effect of climate change, smallholder farmers may have diversified their income to enhance livelihood security and resilience. More importantly, this study has indicated an increasing domination of non-farm sector income over farm income. The results showed that only about 23% of sampled households adopted the farm-based strategy (including both subsistence and commercial farming) as major income activities. Moreover, other empirical studies also revealed that subsistence farming in Nepal has been shifting to the hands of women and elderly people and increasing fallow land due to the shortage of labour caused by outmigration. These results indicate a threat to future food security and agricultural development for an agrarian country like Nepal.

This study revealed how distinct factors ranging from the household head's characteristics to the household's characteristics, household's access to livelihood capital (human, natural, financial, physical and social), infrastructure situation, and location factors influenced a household's choice of various livelihood strategies. Education of the household head, and agricultural and skill-development training were found to be the most influential human capital in choosing business/enterprise and commercial farming strategies (hereafter higher returning LSs).

This study established a strong relation between family size and the numbers of working-age family members with the LSs choice. Households with a larger family size have higher chances of adopting commercial farming LS, possibly because agricultural activities in Nepal are labour-intensive. Hence the availability of family labour is important for intensive market-oriented farming. However, the adoption of higher returning LSs was not affected by the gender of the household head, possibly due to decreasing gender differences in the access to productive resources. The results indicated a negative and significant relationship of total land holding on the choice of higher returning LSs. This is justifiable because low profit from subsistence farming alone cannot sustain the livelihood of rural households who owned smaller sizes of land; this compels them to generate higher income from the limited land through commercially-oriented farm and non-farm activities. However, the result contradicts the findings of Nepal and Thapa who reported that households with larger land holdings are likely to adopt commercial farming in Nepal. It could be due to their study site being closer to the market centre since proximity to the market and road enables farmers to sell products with a greater farm gate price.

The results also indicate a greater probability of adopting market-oriented higher returning LSs by the households that are located closer to roads and markets. Financial capital is pivotal for the rural poor to start up any commercially-oriented business/enterprises. Paudel et al. also show that access to credit positively and significantly influences the adoption of commercially-oriented higher returning LSs.

Caste and ethnic affiliation traditionally used to play a strong role in economic status and LS choice in Nepal. The results showed that households in the Brahmin and Tharu communities are less likely to adopt lucrative LSs than those in the Janajati, Chhetri, and Dalit communities. Traditionally, the privileged ethnic groups like the Brahmin and Chhetri used to often be involved in higher returning LSs but the contradictory finding in this study indicates a rapidly changing social fabric where the most unprivileged and asset poor ethnic groups such as Dalits are stepping out from so-called occupational restrictions.

Geographical locations such as agro-ecology and elevation significantly impact the choice of certain types of livelihood activities. This study also revealed that farming households in lower altitudes are more likely to adopt the diversified subsistence strategy while farmers in higher altitudes are likely to choose alternative strategies. The crop production potential in plain areas (terai) is very good compared to the high and mid-hill areas in Nepal; hence it makes sense that households in terai continue food grain production based LS. Low productivity from rain-fed agriculture at higher altitude is hardly enough to meet the needs of food for home consumption; hence farmers in the potential mid and high hill areas are compelled to diversify income activities to commercially oriented farm and non-farm sectors. This could also be the reason for the higher likelihood of adopting remittance oriented LSs with the increase in elevation, particularly in the high hill case study VDC.

Paudel et al's analysis provides evidence about the relationship among variables contributing to the adoption of certain livelihood strategies by rural people, which should not be confused as direct causal links between these variables. Adoption of one or another livelihood strategy is affected by various social, economic, policy, cultural, and religious factors which make it very difficult to establish direct causal links of determinants of the livelihood strategies.

Conclusion

This study assessed the dominant livelihood strategies adopted by rural households, their relevance to poverty reduction based on income returning aspects, and the factors that influence the adoption of higher returning livelihood strategies. The findings suggest that livelihood diversification to non-farm activities is common among the majority of rural households. Only a few households have adopted livelihood diversification to business/enterprise and commercial farming which are more lucrative strategies and are more relevant for poverty reduction. The results further suggest that education, training, land holding, access to credit, proximity to roads and markets, and agro-ecological location are the major influencing factors in the adoption of higher returning strategies. Hence, targeted programmes to support poor households should emphasise building human capital through education, agriculture, and skill-based training along with strengthening financial capital by increasing access to credit.

As suggested by the results, smallholder farmers in Nepal are being diverted from subsistence farming to non-farm activities like remittance and wage labour. Although the increasing domination of the non-farm sector in rural livelihood minimises agriculture dependencies, it can be a better solution to the increasing environmental problems caused by overpressure on land resources. Nonetheless, increasing the diversion from agriculture may create a challenge for food self-sufficiency of the country, which already has a large population and food insecurity. Increasing the attraction of poor people to off-farm strategies could, on one hand, hinder the productivity of the agriculture sector while on the other it could increase the rate of unemployment. It is less likely to have a transformation of the economic structuring of Nepal in the foreseeable future due to slow growth of the other manufacturing sectors. Although higher priority to non-farm and manufacturing sectors is anticipated in the long-term, commercialisation of the agricultural sector is indispensable in the short-term. Therefore, greater investment and support for the agriculture sector is important to attract the young generation to adopt commercial agriculture which is crucial for alleviating rural poverty and food insecurity.

Promotion of commercial agriculture can also have detrimental impacts on the environment. The input-intensive, mono-cropping based model of commercial agriculture, as promoted under the green-revolution model, can deteriorate the health of soil, water, humans and the ecosystem.

However, Nepal has neither the strong competitive advantage nor suitable ecological and social conditions for high-input intensive commercialisation. Therefore, it is important to increase investment in research and development of ecologically sound low-external-input based methods for commercialisation (e.g. organic farming). In addition, agriculture in the rural areas has also been affected by a few new challenges, along with several traditional ones. Increased weather variations due to global climate change have aggravated many constraints of subsistence agriculture such as greater water stresses for crops and animals, infestation of new diseases and pests, increased frequencies of weather-induced risk and hazards, and high soil erosion, among many others. Addressing these changes is also crucial for the sustainable reduction of poverty in the rural areas of Nepal. Therefore, the diversification of income sources of poor people through commercial farming by promoting appropriate climate-smart agricultural practices would be a win-win situation to enhance ecologically and economically sound livelihood strategies. Concurrently, by identifying areas of specific economic potential, the government should invest in them in order to stimulate the local poor to be involved in self-employed business/enterprise activities in order to reduce poverty in the long run in Nepal.

4. References

- Asian Development Bank (2006). *Pathways Out of Rural Poverty and the Effectiveness of Poverty Targeting*. Asian Development Bank. <https://www.adb.org/sites/default/files/evaluation-document/35446/files/ses-rpt.pdf>
- Breman, J. (2007). *The Poverty Regime in Village India*. Oxford University Press.
- DFID (2017). *Regional Dimensions of Poverty and Vulnerability in Nepal Background Reports*. DFID. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209483/Regional-dimension-poverty-nepal-background.pdf
- Hatlebakk, M. (2008). *Inclusive Growth in Nepal*. CMI. <https://www.cmi.no/publications/file/3068-inclusive-growth-in-nepal.pdf>
- Khatiwada, P. et al. (2016). *Nepal Poverty Report: 2016*. SAAPE. http://www.saaape.org/phocadownloadpap/poverty_reports/country_reports_2016/nepal%20poverty%20report.pdf
- Lokshin, M. et al., (2007). Work-Related Migration and Poverty Reduction in Nepal. *Review of Development Economics* 14(4231). https://www.researchgate.net/publication/23550229_Work-Related_Migration_and_Poverty_Reduction_in_Nepal
- Mosse, D. (2010). A Relational Approach to Durable Poverty, Inequality and Power. *The Journal of Development Studies*. Volume 46, 2010 - Issue 7. pp. 1156-1178. <http://www.tandfonline.com/doi/abs/10.1080/00220388.2010.487095>
- OPHI (2018). *Nepal Multidimensional Poverty Index: Analysis Towards Action*. Government of Nepal. http://www.npc.gov.np/images/category/Nepal_MPI.pdf
- Scoones, I. (2009). Livelihoods perspectives and rural development. *The Journal of Peasant Studies*. Volume 36, 2009 - Issue 1. pp. 171-196. <http://www.tandfonline.com/doi/abs/10.1080/03066150902820503>

World Development Report (2008). *Agriculture for Development*. World Bank.
https://siteresources.worldbank.org/INTWDR2008/Resources/WDR_00_book.pdf

World Bank (2016). *Trends and Drivers of Poverty Reduction in Nepal A Historical Perspective*. World Bank.
<http://documents.worldbank.org/curated/en/285041474464529392/pdf/WPS7830.pdf>

World Bank (2016a). *Moving Up the Ladder: Poverty Reduction and Social Mobility in Nepal*. World Bank. <http://documents.worldbank.org/curated/en/171641467117954924/pdf/106652-REVISED-WP-Moving-Up-the-Ladder-Executive-Summary.pdf>

Suggested citation

Avis, W. (2018). *Livelihood options for households in Nepal*. K4D Helpdesk Report. Brighton, UK: Institute of Development Studies.

About this report

This report is based on five days of desk-based research. The K4D research helpdesk provides rapid syntheses of a selection of recent relevant literature and international expert thinking in response to specific questions relating to international development. For any enquiries, contact helpdesk@k4d.info.

K4D services are provided by a consortium of leading organisations working in international development, led by the Institute of Development Studies (IDS), with Education Development Trust, Itad, University of Leeds Nuffield Centre for International Health and Development, Liverpool School of Tropical Medicine (LSTM), University of Birmingham International Development Department (IDD) and the University of Manchester Humanitarian and Conflict Response Institute (HCRI).

This report was prepared for the UK Government's Department for International Development (DFID) and its partners in support of pro-poor programmes. It is licensed for non-commercial purposes only. K4D cannot be held responsible for errors or any consequences arising from the use of information contained in this report. Any views and opinions expressed do not necessarily reflect those of DFID, K4D or any other contributing organisation. © DFID - Crown copyright 2018.

