

Poverty in Potato Producing Communities in the Central Highlands of Peru



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Summary

The current report is the result of a study on poverty in potato producing communities in the Central Highlands of Peru conducted in 2005 by the Centre for Advanced Training in Rural Development (SLE) for the International Potato Center (CIP). It analyzes the interdependence of poverty and potato production.

The study is the result of the collaboration between the German Technical Cooperation (GTZ) - facilitated through their Advisory Services on Agricultural Research for Development (GTZ-BEAF) - CIP and the SLE. CIP is the main user of the study.

The report comprises 12 chapters, including the introduction (chapter 1). The rationale of the study (chapter 2) is to contribute to CIP's understanding of poverty. It was carried out to support the institution in adjusting its research agenda to the needs of its poorest clients, who are mainly potato farmers with less than 5 ha land. During an exercise to develop its Vision Statement in 2002, CIP identified a number of challenges with respect to the Millennium Development Goals (MDGs). In the new vision, a wider range of pro-poor impacts (e.g. income generation, sustainable natural resource management, improved health) is to be sought with needs and opportunities identified through more participatory processes (chapter 3).

Participatory research like the current study intends to support CIP in identifying the most vulnerable and what the poor themselves consider important and how to design research to assist them in attaining it.

Due to its mandate, CIP is specifically interested in regions where potato production plays an important role, and at the same time, there is a high incidence of poverty, so that the relationship between potato production and poverty can be better understood and taken into consideration for planning future research. The Central Andes, where the potato crop originated, are one of these regions.

The report provides a short overview on the dimensions of poverty. Furthermore it covers the evolution of poverty concepts regarding poverty as a multidimensional phenomenon that is both transitory and contextual and its consequences for the assessment of poverty (chapter 4). The main challenge for poverty research is: How to make the voices of the poor be heard?

The Livelihood System Approach (LSA) has been employed as the theoretical framework of the study for designing the methodology to assess people's livelihoods and for analyzing the results. It has proven useful for identifying household resources and to trace how people combine their assets (livelihood strategies) in order to attain certain results (outcomes).

For the purpose of the current study, well-being, defined as the opposite of poverty, is the desired overall outcome of people's livelihoods. Well-being also comprises other livelihood outcomes, such as decreased vulnerability, food security or income. What does "well-being" mean for the people concerned, though? What is it that the poor aspire to achieve? What helps them to get there and what keeps them from attaining it? For assessing the information needed from the communities participating in the study, the SLE-team developed and successfully applied a methodology called Participatory Approach to Poverty Assessment - PAPA, (chapter 5). PAPA is characterized by its openness, not suggesting any criteria or definition of poverty. PAPA enables researchers to capture the people's perception of well-being and to go beyond a mere material dimension of poverty. PAPA also allows, besides gathering information about the material status, for instance also an insight into the importance of social organization for communities. PAPA serves to capture collective notions of what well-being means (and thus as well what it means to be poor) for a household of the community. By employing the concept of poverty dynamics developed for the Stages-of-Progress Approach (Krishna, 2005), it allows the explanation of movements between different categories of well-being as defined by the communities.

The core of PAPA consists of a workshop with community leaders, a community assembly, and a follow-up household survey. For triangulation and additional data collection on community level, semi-structured interviews with key informants, such as the local leaders, the health care staff and employees from governmental and non-governmental organizations, which are working in the communities, were conducted.

The four communities that participated in the study are situated in the departments of Junín and Huancavelica in the Central Peruvian Highlands (chapter 6). The study region was defined as the catchment area of the Mantaro River and the surrounding mountains. This region is well known for its potato production and preserved a large number of potato varieties.

The study region does not primarily encompass the valley bottom, but rather the arable lands located on the slopes and plains in and around the Mantaro Valley at altitudes up to 4.300 m above sea level.

As well as being communities in the sense that they revolve around groups of people who live in the same place, the communities that participated in the study are peasant communities, *comunidades campesinas*, entailing a community political structure, recognition by officialdom, a name, dedication to a saint and sacred places, inalienable rights to land and the need to organize communal work projects. Land is allocated to the collectivity; authorities are chosen locally, the community defines membership, rights, and obligations. This social embeddedness of households has major implications for the analysis of poverty as well as for measures to alleviate it. It has to be taken into account, by not only considering the individual household as the object of analysis but also the social system that these individual households are part of.

Furthermore, institutions and political processes facilitate or inflict on the smallholders households' strategies. The land reform of 1969, turning former *haciendas* over to cooperatives, the privatization of land ownership in 1981 and the structural adjustment program under the Fujimori government in 1990 consequently left farmers alone with their decision of how to pursue their livelihood. The governments in the last decades have demonstrated a lack of a long-term policy for agricultural development, and changes in the sector have responded more to political interest. Nowadays farmers are supposed to pay for many extension services, which most cannot afford. Falling potato prices due to overproduction, rising input prices, sinking demand and a government recommendation to produce less potatoes heavily restrict farmers' choices. On the other hand, CIP, the National Agricultural Research and Extension Services (NARES) and the cooperation of both at department and province level, try to help the farmers preserve their bio-diversity and to increase production.

The analysis of the participating communities' livelihood systems (chapter 7), including the assessment of their assets and vulnerability context, as well as their main economic characteristics revealed differences between the communities with regard to, for instance, their social capital assets (organization). Whereas some communities were well organized and able to "take care of each other" others were more individualized with higher entrepreneurship but less social coherence.

Access to water and the health situation (malnutrition, diseases, sanitary conditions and infrastructure) were found to be problematic in all communities.

Crop diversification (for instance the production of *maca* in one community) and generally diversification of income sources shows a growing prominence among the highland farmers. CIP and NARES activities concerning pest management, new potato seed, or the implementation of Andean roots and tubers (ART) production (e.g. *maca*) were highly valued in the communities and considered to have significantly contributed to increase the communities' revenues.

Potato production is of major economic and social importance in the study region, just as it is in the Central Andean Highlands in general. In the participating communities of Huayta Corral, Aymar , N n huayo, and Casabamba most of the arable land is used for potato cropping. Apart from potato production, livestock fulfills a crucial role for the highland communities in terms of both: as insurance against risks and as income generation. The analysis of the characteristics of potato production in the communities, its dynamics in the last 15 years, as well as the main reasons for the dynamics as seen by the communities revealed differences between the communities with regard, for instance, to crop diversification and common constraints such as market access or vulnerability to weather extremes or pests. Furthermore all farmers struggle with erosion or deterioration of their soils. Because farmers already sell their crop below their production costs, shorten fallow periods, or use more inputs to make a living, their livelihoods are far from sustainable. Diversification, value adding and new production chains (like the participatory market chains implemented by CIP), as well as natural resource management, are extremely important to allow farmers to make a sustainable living (chapter 8).

Based on the Livelihood System Approach, poverty or well-being, respectively, was approached from three different perspectives, looking at assets, strategies and outcomes of households in the four communities (chapter 9). The analysis of the asset endowment of households and the strategies they pursue in order to cope with shocks or adapt to trends, thus ensuring certain livelihood outcomes, provided interesting differences between different categories of well-being. The perception of well-being and poverty of the participating communities including their communally defined poverty lines, showed parallels, but also differences as compared with each other and with standard poverty measures. Working with this endogenous understanding of poverty, information on the incidence, the dynamics and the causes of poverty were provided by the assembled

communities themselves. Gender, education and health were found to be decisive to facilitate not being poor. Likewise, access to land (although less important than expected), access to off-farm income, dependency rate, advanced age, access to credit and community organization proved to be important factors contributing to or impeding well-being.

Since potato production is the basis of the livelihoods of all households in the communities that participated in the study, its impact on the livelihood outcomes, namely the well-being of a household, was found to be essential. Increased potato production helped farmers to improve their living situation. Increased potato production alone, however, did not necessarily pave the way out of poverty. To escape poverty, increased potato production had to be associated with a market-oriented strategy. The role of potato production for getting out of poverty is illustrated by the fact that 72 % (34 of 47) of farmers who escaped poverty stated that (investment in) potato production played the major role for the improvement of their living situation. Apart from that, income diversification, soil quality, input use, mechanization and irrigation are essential for the farmers' livelihoods (chapter 10).

Besides well-being in general, emphasis is put on food security and the sustainability of the livelihood system. The sustainability of the communities' livelihood system is extremely fragile and endangered. Concerning food security, malnourishment due to unbalanced, starchy diets is wide-spread and worse in the poor households than in the non-poor households. The health situation in general is precarious and even more so for the poor, again impeding nutrition security.

With regard to the interrelation of agricultural support and well-being, it can be stated that agricultural support measures are often selectively applied in the communities (chapter 11). Poor households have less access to agricultural support in general and have different needs than households that are better off. Participatory research sometimes implies the danger that assessment is being done with the best educated or already known farmers. Felt needs of the farmers differ for the well-being categories. Poor households showed more requests for agricultural inputs than for time-consuming training sessions. Special care has to be taken to consider the different needs of the farmers in the different categories of well-being if agricultural support measures are to improve the living standard of whole communities.

Investment in livestock, investment in potato production, and crop and income source (off-farm) diversification are important livelihood strategies of farmers for escaping poverty in the study region. Their relationship to the household's well-being as well as the influence of land tenure, production strategy and use of potato related agricultural inputs proved to be decisive factors for the farmers' livelihoods.

The report concludes with the main findings and potential entry-points for intervention by agricultural research and development institutions (chapter 12). Several activities were identified as being of high potential for poverty alleviation in the participating communities. These activities can contribute to diminish the vulnerability of households, to stabilize and improve the asset endowment, or directly influence livelihood outcomes. Because a livelihood is a complex interrelated system, holistic interventions are needed taking into account the heterogeneity of the poor.