

Agriculture for Poverty Reduction in Rural District of Bakhtegan in Fars Province, Iran

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Abstract: In most developing countries, especially in Iran, majorities of the population live in rural areas where their main economic activity is agriculture. The evidence that growth in agriculture is on average at least twice as effective in reducing poverty as growth outside agriculture is thus no surprise. The study looks at the positional of agriculture for poverty reduction in rural district of Bakhtegan in Fars province, Iran. The data for this study collected through focus group discussion. The participants were the farmers in rural district of Bakhtegan. The finding of this study indicated that, due to lack of capacity building in agricultural sector, agriculture does not have an important role in poverty reduction. The finding can assist the agricultural organizations for planning in agricultural development policies for poverty reduction.

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1. Introduction

The Millennium Development Goals are very much important with the fact that some 1.4 billion people of the world are living in extreme poverty and more than two thirds of them are living in rural areas of developing countries (IFAD, 2010). Agriculture is a key part of international development's efforts to reduce global poverty and achieve the Millennium Development Goals. Agriculture has special powers in reducing poverty. Agricultural growth has benefited poor people most where land ownership has been relatively equitable (DFID, 2004, 2005; Easterly, 2001). Agriculture constitutes the main source of employment of the majority of the world's poor. In total, the share of agriculture in total employment in developing countries constitutes 53% of the total workforce in 2004 (Meijerink & Roza, 2007). Agriculture is the most important sector of the economy, employing more than 84 percent of the total labor force and generating over 42.5 percent of the gross national product. Agriculture continues to decline every day, partly from shortage of labor, poor technology use, urbanization, and farm sizes resulting from land use competitions (Kipkurgat, 2006). Seventy-five percent of the world's poor live in rural areas. Rural poverty rates are substantially higher than urban rates (13 percent). Globally, rural poverty rates have declined from 37 percent in 1993 to 29 percent in 2002, mainly due to the achievements in East Asia, where poverty rates declined from 35 percent to 20 percent in ten years, implying a decline in the number of rural poor from 400 million in 1993 to 220 million in 2002. Most of the rural poor depend, directly or indirectly, on agriculture for their

livelihoods. Agriculture is a source of livelihoods for an estimated 86 percent of rural people and provides jobs for 1.3 billion smallholders and landless workers. A more dynamic and inclusive agricultural sector could dramatically reduce rural poverty, helping countries meet the Millennium Development Goal of halving poverty and hunger by 2015 (The World Bank, 2008). Agricultural growth is especially effective in reducing poverty. Hence, this article looks at this potential in poverty reduction in some rural areas of Iran (rural district of Bakhtegan).

2. Agriculture and poverty reduction

Agriculture is the main business enterprise people in rural areas may eradicate poverty. History shows that different rates of poverty reduction over the past 40 years have been closely related to differences in agricultural performance— particularly the rate of growth of agricultural productivity (DFID, 2004). Historically, few issues have attracted the attention of economists as has the role of agriculture in poverty reduction, generating an enormous literature of both theoretical and empirical studies. Much of this literature focuses on the process of structural transformation of economies, from the least developed in which economic activity is based largely on agriculture, to high-income countries where industry and services sectors dominate (Cervantes-Godoy & Dewbre, 2010). Many recent studies focus specifically on quantifying the relationship between agriculture and poverty (Bresciani & Valdés, 2007). A common finding is that the poverty reducing powers of agriculture declines as countries get richer (Cervantes-Godoy &

Dewbre, 2010; Christiaensen & Demery, 2007; Ligon & Sadoulet, 2008). A more positive view on the role of agriculture in development emerged later, following the seminal contributions by Johnston and Mellor (1961) and Schultz (1964). They emphasized the critical contributions of the agriculture to growth in the non-agricultural sectors, implying that investments and policy reforms in agriculture might actually yield faster overall economic growth, even though agriculture itself might grow at a slower pace than non-agriculture (Luc Christiaensen, Demery, & Köhl, 2006). Agriculture has some effects on pro-poor in rural areas in developing countries. A policy environment conducive to faster agricultural growth is necessary for poverty reduction. But for agricultural growth to reduce poverty substantially, smallholder farming must be competitive and sustainable. The poverty-reducing effects of growth also depend on a buoyant rural nonfarm economy, often linked to agriculture.

Nowadays, there is some problem in decrease the role of agriculture in rural economic, in many countries: the combination of population growth, a lack of technical development and ineffective allocation mechanisms have led to a rapidly decreasing availability of natural resources for many poor farmers. Soil fertility is still declining in many areas, due to a lack of nutrients of which the availability is impeded by imperfect markets or lack of purchasing power (Meijerink & Roza, 2007). Urbanization also is a challenge for agriculture, since the educated people immigrated to urban area. Hence, the urbanization brought some problem towards building human capital for agricultural development in rural areas. The share of population living in urban areas has been increasing steadily over the past decades. However, urbanization increases the scope for economies of scale in food marketing and distribution (Meijerink & Roza, 2007). According to The World Bank (2008) policies that are needed to enhance the pro-poor effects of agricultural growth are including:

Access to assets

Access to land, water, and human capital critically determine the ability of households to participate in agricultural markets.

Access to markets

Connecting smallholders to new dynamic markets for high-value products provides an opportunity for more rapid reduction of poverty but also poses a challenge.

Financial management services

Important progress has been made in providing the rural population with improved access to savings facilities, credit, and support to financial transactions. Exposure to uninsured risks has high efficiency and welfare costs for poor rural households.

Improving productivity

Revolutionary advances in biotechnology offer potentially large benefits not only to poor producers but also to poor consumers through lower food prices and more nutritional foods. Sharply increased public investment in research and development is needed to ensure design of such pro-poor technologies.

Natural resource management

Many of the rural poor live in less-favored areas that suffer from deforestation, soil erosion, desertification, and degradation of pastures and watersheds. Poor people in these areas are also most vulnerable to climate change.

More and better jobs

Growth in rural nonfarm employment such as processed foods is closely linked to growth in agriculture (The World Bank, 2008).

Voice and accountability

Giving the poor greater voice in policy decision making and making institutions more accountable to them through decentralization is a central component of a pro-poor growth strategy.

3. Methods

Rural district of Bakhtegan in Fars province, Iran was selected as a case study, because it provided many opportunities to develop agricultural industry for rural poverty reduction. The rural district is located about 180 kilometers north of Shiraz. Bakhtegan as a rural district is divided into some villages such as *Jahan Abad*, *Koshkak*, *Hassan Abad*, *Pichekan*, and *Deh Mord*. Agriculture is the major development sector in Bakhtegan areas. It is closed to *Bakhtegan Lake* (second largest lake in Iran). This study is based on quantitative method to investigate the contribution of agricultural on poverty reduction and the barriers of poverty reduction as well. Focus group discussion was performed to collect data from the farmers which were from *Koshkak*, *Jahan Abad*, *Hassan Abad* and *Dehmord*. All respondents were male. According to Aref (2011) focus group discussion is appropriate technique in social science research in terms of Iranian cultural and society. They were chosen because of their engagement in agricultural activities. Sixty two people were participated in focus group. They ranged in age from

22-76 years. The questions were about the contribution of agriculture in poverty reduction in their communities.

4. Result and Discussion

According to the collected baseline data, there were overall 62 participants with an average of 51 years old. The questions were asked about importance of agriculture on poverty reduction. They believe agriculture could not have an important role on poor farmers and rural poverty. The findings showed that agricultural development in their villages is without any certain planning towards poverty reduction. The participants in focus group mentioned to some rural and cultural, and economic barriers of agriculture towards poverty reduction including. However, there referred to some other barriers that had been root to the natural phenomena. The findings are including:

- 1) Lack of human resource in the rural communities as main obstacles to agriculture for poverty reduction. Urbanization and rural immigration to the urban areas have a negative impact on building human capital for agricultural development
- 1) Farmers' participation in agricultural organizations is not considered. Decisions making in agriculture policy are mostly made by government. In fact the lack of farmers' involvement in the decision-making and unable rural power that exist to create a decision making for poverty reduction.
- 3) Poor farmers' knowledge: The farmers are lack of new agricultural knowledge for the development.
- 4) Lack of culture of collaboration among local farmers and was behind the failure investment for poverty reduction.
- 5) Lack of micro credit, or revolving loan facilities
- 6) The role of agricultural organizations in provides service and equipment was not acceptable.
- 7) Lack of government support: Lack of government support to provide funding for poor farmers to participate in agricultural activities.
- 8) Inadequate access to agricultural market.
- 9) Gender norms and constraints. They believe that women should not work in agricultural activities.

In summarize, through the findings of this study these barriers were identified: Poor agricultural knowledge, lack of resources, inadequate access to agricultural markets, lack of collaboration culture, lack of rural leaders' knowledge, were an important elements contributing to limited agriculture for poverty. In considering the application of agriculture in poverty reduction, the role of the agricultural organizations deserves consideration. Important role of the organizations with respect to the agriculture

would include facilitating; encourage participants, provide new agricultural knowledge and developing agricultural skills in rural areas.

5. Conclusion

This paper has identified the importance of agriculture for poverty reduction. Lack of capable agricultural organizations and rural resources were an important element contributing to limited agriculture for poverty reduction in rural district of Bakhtegan. The evidence that growth in agriculture is on average at least twice as effective in reducing poverty as growth outside agriculture is thus no surprise. Agricultural growth reduces poverty directly, by raising farm incomes, and indirectly, through generating employment and reducing food prices. Pro-poor agricultural growth is centered on smallholder farmers who are made more competitive and sustainable through institutional and technological innovations and empowered through producer organizations. These interventions must be complemented by massive investments in rural education to transition into more skill-intensive employment and successful migration.

Clearly, the described barriers may not be only specific to agricultural development strategy; some of them may also be considered as common general problems of rural development in other communities in Iran. Hence, it should be accepted that these barriers may be an extension of the prevailing social and economic structure in Iran, which have prevented communities from achieving a higher level of development.

Base on the findings, rural empowerment can be a tool for poverty reduction through rural agricultural. The findings of this study can be useful for all stakeholders involved in designing, assessing or promoting agricultural projects which are in any way associated with general rural development goals.

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