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Edited by Gillette H. Hall and Harry Anthony Patrinos

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Introduction

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INTRODUCTION

This book provides a cross-country assessment of poverty and socio-economic indicators for indigenous peoples. It is motivated by a recent study of indigenous peoples in Latin America (Hall and Patrinos 2006), which finds high poverty rates among these groups, little to no improvement in poverty rates over time, and a continued interest in indigenous peoples' socioeconomic status worldwide. Information on indigenous peoples' status by country, as well as analysis of the core drivers of poverty and movements out of poverty, remains lacking and is a significant constraint in implementing policies for the advancement of indigenous peoples across the developing world.

Building on this earlier work, the objective of this book is to assess the extent to which findings from Latin America apply to indigenous peoples in other regions. As such, it explores the extent to which evidence from across the developing world – including Asia and Africa – supports the hypothesis that poverty and deprivation is more severe among indigenous peoples, but more importantly, whether poverty and other trends over time indicate a similar disconnect between indigenous peoples and the overall economy in the countries where they live. The report provides, first, an overview of results for a set of international development indicators, based on the Millennium Development Goals (MDGs), for indigenous peoples, compiled for all countries for which data are readily available, and, second, detailed case studies for seven countries: four in Asia (China, India, Laos, and Vietnam) and three in Africa (Central African Republic, Democratic Republic of Congo, and Gabon). Together with earlier case studies for five Latin American countries (Hall and Patrinos 2006), the case study results cover over 85 percent of the world's indigenous population.

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By providing disaggregated data on indigenous peoples, this work is designed to facilitate improved monitoring of national poverty reduction strategies and progress toward international goals (such as the MDGs), allowing indicators to be assessed not only for national averages, but also disaggregated for indigenous peoples. There is significant demand for this data both among international organizations and indigenous civil society organizations themselves. The 2007 passage of the United Nations Declaration of Indigenous Peoples' Rights provides a new global platform for international collaboration toward the advancement of indigenous peoples, in which major development organizations are expected to play a key role. Implementation of the World Bank's revised indigenous peoples policy has been underway for about two years, and includes efforts to shift from a "do no harm" to a "do good" approach in the Bank's operations that include or impact indigenous peoples. Yet an International Labor Organization (ILO) audit of the *Poverty Reduction Strategy Paper* process in Asia, Africa, and Latin America notes the dearth of indigenous-specific indicators as a constraint on adequate incorporation of indigenous development concerns. While indigenous peoples organizations rightly identify a number of limitations to the MDGs in terms of their capacity to capture the structural causes of indigenous poverty, one of their major criticisms is that "indigenous peoples are invisible in country-wide assessments because of the focus of these reports on general averages, which do not reflect the realities of [indigenous peoples]" (Tauli-Corpuz 2005). In fact, the Indigenous Peoples International Centre for Policy Research and Education has produced a list of proposed indicators of material well-being for disaggregation, including all of those compiled in this report (Tebtebba Foundation 2008).

BACKGROUND

It is widely believed and in some cases amply documented that indigenous peoples are the poorest of the poor in terms of income. This is particularly the case in the Americas, New Zealand, and Australia, where disadvantage among indigenous peoples is well documented. Indigenous groups in these countries are severely disadvantaged according to a range of socioeconomic indicators (Gwartney and Long 1978; Snipp and Sandefur 1988; Patrinos and Sakellariou 1992; Borland and Hunter 2000; Kuhn and Sweetman 2002; Maani 2004; Gundersen 2008). During the 1980s, the economic circumstances of indigenous peoples in the United States deteriorated relative to nonindigenous ones, chiefly because of the declining valuation given to

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indigenous peoples' human capital, particularly for men (Gregory, Abello, and Johnson 1997). Indigenous peoples on reservations are four times more likely to live in poverty than an average U.S. citizen; more recently, however, indigenous people's incomes are growing at about three times the rate of the U.S. economy as a whole (Kalt 2007).

At the same time, there are diverse experiences among indigenous groups, and particularly among "groups within groups" or specific communities within the same country. Some autonomous indigenous communities in Canada thrive and are even trying to obtain their own taxation authority. The Seminole nation of Florida nearly disappeared in the nineteenth century, but in the 1970s, they were the first U.S. indigenous group to enter the gambling industry, and by 2006 had amassed enough wealth to purchase the Hard Rock Café chain (Ward 2006). Yet, more than a quarter of the indigenous population in the United States is estimated to be living below the official poverty line (Kalt 2007). Progress is also slow for other groups around the world, despite increased political visibility.

In the developing world, most work focuses on Latin America, where similar results hold. The first work to systematically establish that indigenous peoples are poorer than the nonindigenous population, for the case of Latin America, was *Indigenous People and Poverty in Latin America* (Psacharopoulos and Patrinos 1994), coinciding with the opening of the United Nations Decade of Indigenous Peoples (1994–2005). That study provided a comprehensive analysis of the socioeconomic conditions of indigenous peoples in the four Latin American countries with the largest indigenous populations. In so doing, that study also set a baseline allowing future progress to be tracked. That study was followed by an update, *Indigenous Peoples, Poverty and Human Development in Latin America* (Hall and Patrinos 2006), which found that even though programs have been launched to improve access to health care and education, indigenous peoples still consistently account for the highest and "stickiest" poverty rates in the region. Thus, despite the fact that indigenous peoples have formed governments in Bolivia and Ecuador in an attempt to claim political rights and social benefits, they remain exceedingly poor with respect to national averages. "Indigenous Peoples in Latin America: Economic Opportunities and Social Networks" (Patrinos, Skoufias, and Lunde 2007) looked at the distribution of, and returns on, income-generating assets – physical and human capital, public assets, and social capital – and the affect these have on income generation strategies. Although providing compelling evidence of the indigenous poverty gap and beginning to explore its determinants, both studies leave open the question as to whether similar findings hold

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globally. This slow progress signals a major hurdle for many countries trying to reach the MDG of halving the 1990 poverty rate by 2015; even still, for other developing regions of the world with large indigenous populations, much less is known about the status of indigenous peoples.

In the developing world, the focus of research has been Latin America, yet the indigenous population in this region numbers between 28 million and 43 million, representing no more than 11 percent of the world's total. With the notable exception of India, very little is known about indigenous or ethnic groups in other countries (see, for example, Van de Walle and Gunewardena 2001; Hannum 2002; Gustafsson and Shi 2003; Borooah 2005; Eversole, McNeish, and Cimadamore 2006; Gang, Sen, and Yun 2008). A multitude of ethnographic and anthropologic studies exist for individual indigenous groups, and although useful, these studies are not generally comparable to other studies or written in a form that could be easily used as input to poverty-reduction monitoring and policy formulation. A few national poverty assessments now include breakdowns by indigenous group, with results that are extremely useful at the individual country level, but the number of countries for which this analysis has been done remains small, and for those countries covered, results are not often comparable.

On the determinants of the indigenous poverty gap, further scattered evidence by country (on Ecuador, see World Bank 2000; on Peru, see Torero et al. 2004) continues to highlight the importance of human capital as a determinant of indigenous peoples' progress. Previous studies show that being indigenous is associated with being poor and that over time that relation has stayed constant. Furthermore, indigenous peoples suffer from many other disadvantages, and even when they are able to accumulate human capital, this does not translate into significantly greater earnings or a closing of the poverty gap with the nonindigenous population. This holds for countries where indigenous peoples are a fraction of the overall population, such as Mexico (Ramirez 2006); countries where a large portion of the population is indigenous such as in Bolivia (Feiring 2003); in developed countries such as Australia (Altman et al. 2005); and developing countries such as Vietnam (Plant 2002). In India, tribal and caste discrimination in the labor market has been empirically examined (Banerjee and Knight 1985; Bhattacharjee 1985; Dhesi and Singh 1989; Borooah 2005; Das 2006; Deshpande 2007). Generally, they find that discrimination exists, and that it operates through job assignment with the scheduled castes entering poorly paid, "dead-end" jobs. In the case of scheduled tribes, at least one-third of the average income difference between them and Hindu households is due to the unequal treatment of the former.

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The demographic and socioeconomic composition of China's indigenous population (defined here as the ethnic minority population) is described in Poston and Shu (1987). China's minorities comprise about 8 percent of the total population. Even though most groups are integrated into mainstream Han-dominated society, there is still a lack of socioeconomic advancement in a few cases. Gustafsson and Shi (2003) analyze the income gap between minority and majority groups in China and find that the gap grew in the 1990s. Both groups' income grew, but that of minorities grew slower. A statistical breakdown of the gap suggests that the concentration of minorities in regions different from those where majorities are concentrated is the driving force behind growing income gaps. Hannum and Xie (1998) and Hannum (2002) document the educational disadvantages faced by minorities.

Vietnam's ethnic minorities, who tend to live mostly in remote rural areas, typically have lower living standards than the majority does. Differences in levels of living are due in part to the fact that the minorities live in less productive areas characterized by difficult terrain, poor infrastructure, less access to off-farm work and the market economy, and inferior access to education (van de Walle and Gunewardena 2001). Geographic disparities tend to persist because of immobility and regional differences in living standards. There are also large differences within geographical areas even after controlling for household characteristics. Differences in returns to productive characteristics are the most important explanation for inequality. However, minorities do not obtain lower returns to all characteristics. Pure returns to location – even in remote, inhospitable areas – tend to be higher for minorities, albeit not high enough to overcome the large consumption difference with the majority.

There is evidence pointing to significant health and education disadvantage among indigenous groups. Even in the wealthy nations, most studies show an alarming health disadvantage for indigenous peoples – in health indicators as varied as infant mortality, diabetes, various cancers, and mental illness (Sandefur and Scott 1983; Stephens et al. 2005; Bradley et al. 2007; Dixon and Mare 2007; Gunderson 2008). For the rest of the world, less is known about the indigenous peoples' health status or access to health services. The few studies of particular communities indicate that the health of indigenous peoples is substantially poorer than that of the general population, with disease and mortality rates much higher than for the general population (see Hsu 1990 on China). The health of indigenous people is particularly poor for communities whose original ways of life, environment, and livelihoods have been destroyed and often replaced with the worst of Western lifestyle – that is, unemployment, poor housing, alcoholism, and

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drug use. At the extreme, indigenous peoples suffer systematic repression and deprivation, to the extent that their demographic survival is threatened (Basu 1994). More recently, Lewis and Lockheed (2006) show that it is the rural minority population that is most likely to be excluded from school, and that girls in rural areas are doubly disadvantaged in terms of education access. That is the case for Laos, India, Pakistan, Benin, Ghana, and Malawi.

Indigenous peoples' poverty has been increasingly recognized in the development literature (see, for example, Klitgaard 1991; Chiswick et al. 2000; Alesina and LaFerrara 2005). The relationship between being indigenous and experiencing economic inequality in developing countries has come to the fore in recent years (see, for example, van de Walle and Gunewardena 2001; Nopo, Saavedra, and Torero 2007; Telles 2007). Still, very little investigation has been made into the different economic experiences of the indigenous population within a society, and much less is comparative across countries and over time. For the few countries where the situation of the indigenous population has been investigated, a substantial cost in terms of earnings, poverty, and social development has been estimated, with spillover effects on national economic prospects and social stability. Thus, it is important to consider indigenous peoples in discussions about economic development – which is not often done.

Eversole, McNeish, and Cimadamore (2006) study indigenous poverty from an international perspective. They include chapters on, among other countries, Mexico, Taiwan, Russia, New Zealand, Colombia, Australia, Canada, and the United States. Yet they present case studies with different approaches in each chapter, so the results are not comparable across countries. Thus, despite the fact that they are estimated to be significant in number and are thought to represent a disproportionately large share of the world's poor, research that systematically assesses indigenous peoples' poverty and socioeconomic status in a comparable way across regions and countries remains elusive.

ANALYTICAL APPROACH

The majority of the work to date on the determinants of poverty among indigenous peoples has focused primarily on human capital outcomes. Most studies document that indigenous peoples are disadvantaged in terms of physical and human capital endowments. These low endowments, in turn, lead to significant differences in earnings and, therefore, poverty status – differences that have endured several decades of progress in reducing human capital gaps. In recent years, the social capital and cultural assets

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of indigenous peoples have been discussed. Social capital, defined as traditional community values and socioeconomic structures, are often referred to as the only productive capital minorities have in abundance (Woolcock and Narayan 2000). These traditional values and structures include collective control and sustainable management of natural resources; reciprocal and mutually supportive work systems; strong social organization and high levels of communal responsibility; a deep respect for the knowledge of their elders; and a close spiritual attachment to their ancestors and the earth. Such cultural assets can play a key role in economic entrepreneurship and in strategies to diversify or intensify livelihoods. Strong network ties, a strong sense of solidarity, and kinship-based exchange relationships also play an important role in providing economic security (Collins 1983).

However, group differences in socioeconomic outcomes can also be explained by looking at the distribution, composition, and returns to income-generating assets. Low asset endowments, for instance in terms of size of land or years of schooling, negatively affect the ability to generate income, whereas low rates of usage and returns stifle economic opportunity (Birdsall and Londoño 1997; Attanasio and Székely 2001). The composition of assets also matters, as the rate of return to one asset is often affected by the ownership or access to other, complementary assets. Empirical studies on Latin America's indigenous population show that social capital does not help promote indigenous socioeconomic advancement. However, low asset endowments can help explain the low overall returns to all assets (see, for example, Escobal and Torero 2005; Patrinos, Skoufias, and Lunde 2007). In addition, discrimination and other exclusionary mechanisms, as well as the internalization of prejudices (stigma), may also affect returns to the assets of excluded minorities (Becker 1971; Darity 1982; Hoff and Pandey 2006).

In sum, six principal (and interrelated) theories emerge from the literature to explain why higher rates of poverty may result among indigenous peoples (Lunde 2008):

1. **Spatial Disadvantage:** geographic characteristics such as climate, vegetation, access to basic infrastructure, and "remoteness" explain poverty differentials (see, for example, Kanbur and Venables 2007; Shorrocks and Wan 2005).
2. **Human Capital:** focuses on the lack of education and poor health, and consequent limited productivity in the labor market, as the major determinants of low income and poverty (see, for example, Hannum 2002; Ferreira and Veloso 2004; Hall and Patrinos 2006; Ohenjo et al. 2006).
3. **Asset-Based Explanations and Poverty Traps:** beyond human capital assets, it is the lack of a minimum asset threshold or combination

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of assets, and the inability to cope with shocks (“vulnerability”), that constrain movements out of poverty (see, for example, Dasgupta and Ray 1986).

4. Social Exclusion and Discrimination: even with a sufficient asset base, the chronically poor lack social capital and access to key “networks”; discrimination further causes market segmentation – low returns on assets and/or limited access to services and credit (see, for example, Becker 1971; Wilson 2009).
5. Cultural and Behavioral Characteristics: lack of ability to speak the dominant language, or follow the dominant cultural norms; the poor may be further constrained by own (mal)adaptive behaviors such as adopting a “culture of poverty”; stigma and self-reinforcing stereotype threat; and group-level influences and peer effects (see, for example, Steele and Aronson 1995, 1997; Hoff and Pandey 2004; Fryer 2010).
6. Institutional Path Dependence: beyond characteristics and behaviors of the poor themselves, inequality is structurally reproduced via historically determined social and political relationships, exploitation, and “opportunity hoarding” among elites (see, for example, Aguirre Beltran 1967).

Although the purpose of this report is primarily descriptive, its results provide empirical evidence that can be discussed in light of the theories presented in the preceding list, particularly the first two (spatial disadvantage and human capital theory). To round out these results, it augments the evidence with findings from related microstudies to provide a summary picture of what is known – and not known – about the causes of indigenous disadvantage.

This study provides an assessment of poverty and socioeconomic indicators for seven countries in Africa and Asia for which there are identifiable populations and data. It generates findings that are comparable across countries, so as to begin painting a “global picture” of the conditions and development challenges of indigenous peoples/ethnic minorities. To the extent possible, we will attempt to categorize indigenous disadvantage – across space and time – according to the main hypotheses put forward thus far. However, whereas these and other hypotheses may be useful, especially the more recent and evolving poverty trap literature (see, for example, Bowles, Durlauf, and Hoff 2006; Carter and Barret 2006), our focus here is more on describing the situation and analyzing trends in the countries covered. In doing so, we will focus primarily on indigenous/nonindigenous differences in poverty, human capital (education and health) and labor market outcomes, and access to core social services and programs. Although the

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purpose of the work is primarily descriptive, where possible, case studies also offer policy suggestions that can contribute to the alleviation of poverty while taking into account the indigenous/ethnic dimension.

FRAMEWORK OF THE BOOK

The book is organized as follows. Chapter 2 addresses the complexities surrounding the issue of indigenous identity. Chapter 3 provides a “global snapshot” of a set of five MDG-like indicators (infant mortality, water deprivation, malnutrition, literacy, and primary school enrollment) for indigenous peoples vis-à-vis national averages for as many countries and groups as the available data allow. The remaining Chapters 4 through 8 offer case studies for seven countries: four in Asia (China, India, Laos, and Vietnam) and three in Africa (Central African Republic, Democratic Republic of Congo, and Gabon). These country studies follow the analytical framework of Hall and Patrinos (2006) to see whether findings from earlier research in Latin America (and the update in Chapter 9) apply also to indigenous peoples in other regions. In conclusion, Chapter 10 draws together the body of results in the context of existing poverty theory in order to move toward an understanding of the causes and drivers of indigenous disadvantage.

The case studies use comparable methodologies to assess:

Poverty Levels and Trends for Indigenous Peoples vis-à-vis National Averages.

Is poverty among indigenous peoples higher and more severe than poverty among the general population in the countries in which they live? Do poverty trends differ between the indigenous and nonindigenous populations? More specifically, do indigenous poverty rates remain stagnant when national poverty rates change? Does being indigenous increase an individual's probability of being poor, even when controlling for other common predictors of poverty (education, employment status, age, region, etc.)?

Differences in Human Capital Assets (Education and Health) and Occupational Attainment

Do indigenous peoples in Asia and Africa lag the general population in terms of schooling? Are they catching up and are educational gaps closing? If so, is this reflected in earnings and household consumption? Are returns to education lower for indigenous peoples? Similarly, how do the indigenous peoples measure up to national averages in terms of access to health services and health indicators?

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How large are the earnings and/or consumption gaps between indigenous and nonindigenous peoples, and how much of this gap remains unexplained when controlling for observable factors?

Differences in access to key public social assistance programs and services

What is the indigenous population's access to basic infrastructure services (water, sanitation) and major social programs?

HOW MANY INDIGENOUS PEOPLES?

Rough estimates suggest that there are that there are more than 5,000 different groups living in more than 70 countries (IFAD). It has been further estimated that there are approximately 250–350 million indigenous peoples worldwide, representing 5 percent of the world's population (IWGIA 2008). The United Nations Permanent Forum on Indigenous Issues (2006) estimates the indigenous population to be more than 350 million. It is also estimated that up to 15 percent of the world's poor, and up to one-third of the rural poor, are indigenous (UNPFII). In one of the first attempts to show the distribution of the world's indigenous peoples across regions, Stephens et al. (2005), based on work by Maybury-Lewis (2002), show that more than half of the world's indigenous peoples are in China and South Asia (Table 1.1). Given a global population of slightly less than 6 billion in early 2000, the indigenous population would make up about 4 percent of the total population.

IWGIA provide a slightly higher estimate of up to 350 million indigenous peoples worldwide, representing 5 percent of the world's population. These figures are widely cited. Analysis of the annual IWGIA (2008) report, *The Indigenous World 2008*, where they have estimates for fifty-three countries, provides a good snapshot. In Table 1.2, we collect these estimates and put together a regional breakdown. Although not published as a statistical guide, and a few countries are missing, this estimate is higher than Stephens et al.'s (2005) and very close to the figure widely cited by the United Nations and others. The IWGIA gives a global percentage of 5 percent, also higher than Stephens et al. (2005).

For the seven case studies included in this report, our research also provides estimates of the indigenous population. To cross-check the previously mentioned estimates, Table 1.3 draws on the data provided in our cases studies, the estimates for Latin America compiled in Hall and Patrinos (2006), and extrapolates from Stephens et al. (2005) or IWGIA (2008) for