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Introduction

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As poor communities, policymakers, and politicians all seek to identify new, innovative, and more appropriate policies and strategies for confronting poverty, it is clear that successful reduction solutions are not easily found. This book addresses this challenge by introducing asset accumulation, both as a conceptual framework and as an operational policy to address poverty reduction in a globalized context. In the United States, asset building is already well established as an antipoverty strategy (see Sherraden 1991; Oliver and Shapiro 1990). The Ford Foundation, in particular, has actively supported grantees focusing on community asset building through its Asset Building and Community Development Program (Ford 2004). However, the importance of asset accumulation is far less recognized internationally, particularly in regions of the south such as Africa, Asia, and Latin America.

The objective of this volume, therefore, is to demonstrate the value added by asset-based approaches, for both better understanding poverty and developing appropriate long-term poverty reduction solutions. Since this is a new field, particularly in terms of operational practice, the work presented here does not provide definitive answers; rather, it shares new research conclusions, explores potentially useful operational frameworks, and identifies sectors where asset accumulation strategies resonate, in terms of providing robust solutions to problems of persistent poverty.

Background

This volume draws on two recent initiatives. The first was the completion of a longitudinal research project on intergenerational asset accumulation and poverty reduction in Guayaquil, Ecuador, from 1978 to 2004, which includes the development of an econometric methodology to measure asset accumulation. Linked to this was research focused on asset accumulation policy.[1] The second was the Brookings Institution–Ford Foundation Workshop on Asset-Based Approaches to Poverty Reduction in a Globalized Context, held in Washington, D.C., on June 27–28, 2006.

The workshop employed a methodology developed by Ravi Kanbur (2002) that invites participants to write short, reflective papers in place of the longer, in-depth academic papers more commonly associated with conferences. In the Washington workshop, participants were asked to consider how an asset accumulation policy perspective influenced or affected their work on poverty reduction in terms of research, policy, or operational practice. To assist this process and create a unified framework, a background briefing document was distributed before the workshop.[2] Due to the extensive interest in the topic and liveliness of the debate, sixteen of the papers were selected for publication, all of which have since undergone extensive revision.[3] Nevertheless, they remain true to the original workshop objectives and are therefore short, reflective chapters.

Definitional Issues

It is useful to begin with two brief clarifications. First is the definition of an asset. Generally, an asset is identified as a "stock of financial, human, natural or social resources that can be acquired, developed, improved and transferred across generations. It generates flows or consumption, as well as additional stock" (Ford 2004). In the current poverty-related development debates, the concept of assets or capital endowments is closely linked to the concept of capabilities. Therefore, assets "are not simply resources that people use to build livelihoods: they give them the capability to be and act" (Bebbington 1999). The assets of the poor are commonly identified as natural, physical, social, financial, and human capital.[4]

The second clarification is the distinction between asset building and asset accumulation. In both academic and operational literature, there is widespread confusion and conflation of terminology relating to terms such as assets, livelihoods, and social protection; equally, the distinction between asset building and asset accumulation is not always clear. However, "asset building" is closely asso-

ciated with the U.S. debate about increasing the state's institutional support for assisting the poor to build assets (Boshara and Sherraden 2004). For this reason this book, and the policy-focused research underlying it, adopts the phrase "asset accumulation" as more appropriate in the development context, where the state's role is much more limited, and the process of acquiring and consolidating assets is not only lengthy but also primarily achieved from the "bottom up" by individuals, households, and communities themselves.

Making the Case for Asset Accumulation Policy

In making the case for asset accumulation policy, this volume addresses the issue through three distinct entry points: first, specific asset accumulation research using an asset index conceptual framework as an analytical and diagnostic tool to understand poverty dynamics and mobility; second, the elaboration of an asset accumulation policy as an operational approach to design and implement sustainable asset accumulation interventions; third, the practice of poverty reduction strategies in a range of specific sector and cross-sector contexts informed by the asset accumulation framework. This introduction outlines some of the salient issues relating to each of these areas, before concluding with a brief discussion of priority themes for further work.

Asset Accumulation Research

The diagnosis of poor communities based on the measurement of their assets, rather than their income or consumption, is not new, but to date such research has not been widely recognized. Equally, the econometric methodology for constructing an asset index is still at an innovative stage. Three chapters in the book describe research that focuses on the accumulation of assets.

The longitudinal research project on intergenerational asset accumulation and poverty reduction in Guayaquil, Ecuador (1978–2004), which formed the background to the project associated with this book, is described by Caroline Moser and Andrew Felton in chapter 2. It uses a fourfold asset index as a diagnostic tool to understand poverty dynamics and mobility. Data come from a twenty-six-year panel data set and associated anthropological fieldwork examining how different capital assets are accumulated or eroded at different times.[5] The project also identifies sequencing in the acquisition of assets; households first invested in housing capital, even though it was not a significant factor in getting them out of poverty, followed by other types of capital, particularly human capital (education) and financial capital. Finally, while community social capital actually fell between 1992 and 2004, household social capital rose.

Today, the adult sons and daughters of the original study participants are better educated but also have higher expectations and face different challenges in a globalized context. Nearly half still live on the family plot and benefit from the assets accumulated by their parents. Others have acquired homes of their own, squatting on the hills that form the city's new periphery. A third group has migrated, primarily to Barcelona, Spain, where the employment opportunities, labor rights, and access to financial capital such as mortgages all contribute to more rapid asset accumulation than that of their peers in Guayaquil. There, increasing alienation, associated with a lack of wage employment opportunities, has resulted in a dramatic rise in violent robbery, theft, and drug dealing. Insecurity and fear predominate in all households. For the current generation, the acquisition of assets may not be enough. Inequality and exclusion are also important issues to address.

In chapter 3 Michael R. Carter complements this research by providing an econometric model to measure a "poverty threshold," defined as the amount of a given bundle of assets a household must have in order to accumulate more assets. Households with assets in quantities below this threshold stand little chance of climbing out of poverty, while households maintaining enough assets to rest just above the threshold risk falling below it in the event of a significant shock, such as a natural disaster or illness. Carter argues that this group should be kept out of poverty through "safety nets." For households already well below the poverty threshold, he proposes "cargo nets" to equip them with enough assets to push themselves above the threshold. Failure to implement either or both policies can result in a self-perpetuating cycle of increasing poverty.

Poverty-focused research focuses almost entirely on how people stay in poverty or on how they get out of it. However, populations include people simultaneously moving into poverty and escaping it. The reasons for the two are different. In chapter 4 Anirudh Krishna uses water running into a bathtub as a metaphor to illustrate this process: just as water is constantly draining out of the tub, it is also filling it up; thus research on poverty should examine not just how people escape poverty but also how they descend into it. Using a participatory "stages of poverty methodology," he highlights the fact that erosion of human capital (relating to ill health and health-related expenses) is the primary cause for households descending into poverty.

Asset Accumulation Policy

The next section of this volume makes the case at the policy level through the elaboration of an asset accumulation policy as an operational approach. Over the past decade, alongside the range of poverty-focused frameworks using simi-

lar concepts, such as capabilities, assets, and vulnerabilities, has been the parallel design of new antipoverty programs. Foremost among these in the late 1990s were sustainable livelihoods programs, and more recently, social protection policies, widely adopted due to the influence of the World Bank's *World Development Report* on poverty (World Bank 2000). This then makes it important to clarify how asset accumulation policy differs from or complements other poverty-reduction approaches.

In chapter 5 Caroline Moser provides a detailed introduction to asset accumulation policy. She starts by distinguishing among the primary objectives of three operational approaches. While a sustainable livelihood approach concentrates on sustaining activities required for a means of living, social protection is concerned with providing protection for the poor and vulnerable against negative risks and shocks that erode their assets. Asset accumulation policy differs from both of these approaches since it focuses directly on creating opportunities for the poor to accumulate and consolidate assets in a sustainable way. Important differences in relation to risk can be identified. For social protection, risk is a danger, with risk management strategies designed to defensively reduce or overcome the associated shocks, stresses, and vulnerabilities. By contrast, for asset accumulation policy, risk is an opportunity. Managing such risk is about proactively identifying and investing in opportunities, so the biggest risk is not taking a risk.

The chapter then outlines the components of asset accumulation policy, in terms of an iterative asset-institutions-opportunities nexus, while noting that assets are not static but constantly changing and being revalorized. For this reason it is useful to distinguish between first- and second-generation asset accumulation policy. While first-generation policy provides social and economic infrastructure essential for assets such as human capital, physical capital (housing), and financial capital (durable goods), it does not necessarily provide the precondition for further accumulation. In contrast, second-generation policy is designed to consolidate accumulated assets and prevent erosion though strategies that, for instance, address citizen rights and security, governance, and the accountability of institutions.

In practice, social protection and asset accumulation policies sit at different ends of the same continuum, often complementing one another. In chapter 6 Sarah Cook describes the Ford Foundation–funded social protection program in Asia that seeks to be welfare enhancing while also contributing to growth and efficiency objectives. Although the program does not explicitly adopt an asset-based approach, its initial analysis and framework had a strong focus on various forms of asset accumulation as the underpinning of sustainable development

and social protection. The premise of the program argues that assets reduce dependence on social protection, but social protection will remain the dominant and essential element of social policies for poor countries. Social protection needs to be seen as developmental and not just as relief assistance.

Finally, in chapter 7 Andrés Solimano also emphasizes the significance of a "continuum" from social protection to asset accumulation policies in Latin America. Citing the increasing inequality in the region, he identifies the importance of building a stronger middle class through better access to assets, such as education and housing, as well as through financial capital linked to small and medium-sized enterprises. Such interventions are essential to democratize traditionally elitist Latin American societies and ensure political stability in the region.

Asset Accumulation in Specific Contexts and Sectors

The practice of asset accumulation strategies in a number of "sector" and "cross-sector" contexts is informed by the underlying research and policy framework briefly outlined above. Several chapters specifically illustrate the usefulness of the framework in different fields and explore the links between them.

Communal assets constitute a broad sector that includes housing, human settlements, and natural resource management in both rural and urban contexts. These sectors are clearly distinct from one another but nevertheless share a common theme: the increasing importance of communal or collective—as opposed to individual—agency. For example, housing is clearly of great importance to poor families. The Guayaquil study found that while accumulating housing itself as an asset does not pull families out of poverty, it is a prerequisite for the assets that do.[6] Cook reaches similar conclusions in Asia while Solimano concludes more broadly that although Latin Americans place great importance on housing, the lack of land titling impedes the use of housing as collateral.[7]

Like housing, natural resources represent an asset that has the potential to generate income and pull households out of poverty, but it is one that is found predominantly in the rural context. In chapter 8 Paula Nimpuno-Parente illustrates the ways in which communities can assert ownership of tourist enterprises, thereby not only leveraging their natural assets to pull themselves out of poverty but protecting the environment as well.

Postdisaster and fragile states expose households to extreme risks and vulnerability, often leading to large-scale erosion of assets. In contexts such as these, an asset framework is useful not only to evaluate different strategies to protect assets but also for asset reconstruction. For instance, in chapter 9 Lilianne Fan describes asset rebuilding in Aceh, Indonesia. Thirty years of armed conflict had

left the region's population destitute, and after the tsunami in late 2004, their plight only worsened. However, because an extensive area of land, with its associated housing, was permanently submerged, opportunities arose for the redistribution of certain assets, such as land rights, in a manner more equitable than before the disaster.

Amy Liu examines an equally severe catastrophe in chapter 10. As in Aceh, before Hurricane Katrina the situation in New Orleans was abysmal, and the disaster eroded the few assets that the poor, especially the African American community, already possessed. Elderly homeowners—asset rich and cash poor—were particularly hard hit. Social capital, as well as capital invested in transportation, was devastated. Nevertheless, as in Aceh, reconstruction provided an opportunity to fix many of the inequalities that predated the storm.

In fragile or failing states, personal insecurity can have important implications for asset accumulation. Nicaragua, for instance, epitomizes a postconflict context where many assets have been eroded. In chapter 11 Dennis Rodgers describes how violence has become a strategy for accumulating different types of assets. Initially, gangs accumulated "positive" social capital, bringing a form of stability to the local community in a highly unstable society. However, over time, they have shifted toward accumulating the "negative" financial capital associated with the drug trade. In this context asset accumulation is not necessarily a positive sum gain.

Financial assets are crucial both in themselves and for the accumulation of other assets, contends Vijay Mahajan in chapter 12. He identifies savings as crucial for asset accumulation, perhaps even more so than microcredit. Because the poor view microcredit as a liability, not an asset, they are often reluctant to take advantage of services provided by microfinance practitioners. He also advocates microinsurance as protection for the poor against shocks and argues that microfinance packages should be customized to the needs of poor communities, based on these trends as well as local factors.

In chapter 13 Monique Cohen and Pamela Young support Mahajan's contention that microinsurance is vital to effective development. She identifies health shocks as one of the single most prevalent causes of descent into poverty. Mahajan mentions that in India nongovernmental organizations are already taking these findings into account by providing comprehensive strategies in which microcredit is only one component, and savings and insurance products figure prominently.

The impact of international migration on asset accumulation is discussed in three chapters. In chapter 14 Manuel Orozco argues that migration is one of the most successful strategies the poor employ for accumulating assets. Migrants

increase direct involvement in economic and social activities in their home communities by, for example, capital investment, remittance transfers, and charitable donations. Héctor Cordero-Guzmán and Victoria Quiroz-Becerra elaborate these points further in chapter 15, stressing that migration is a two-way process. For instance, migrants often set up travel agencies and money transfer businesses that facilitate asset building, both in the destination country and country of origin.

In chapter 16 Sarah Gammage argues that there are also negative aspects associated with migration. Sending people to the United States from Central America, for instance, often involves taking out large loans or the promise of labor as payment (essentially amounting to indentured servitude). In such cases migration is a high-risk investment whereby families jeopardize their very well-being to send a few family members abroad in pursuit of a better life.

Although to date the relationship between human rights and assets has not been widely addressed, a rights framework provides the basis for analyzing the links between power relations and asset accumulation. In chapter 17 Clare Ferguson, Caroline Moser, and Andy Norton argue that political capital can be considered an asset in its own right—one that encapsulates agency and the political capability to pursue rights. Furthermore, they argue that human rights can be classified according to the types of assets they represent. Thus rights protecting property are tied to physical capital, the right to education is tied to human capital, and citizenship rights are tied to social capital. Similar to Amartya Sen's concept of entitlements (Sen 1981), rights are essentially resources that can be accumulated and used to get out of poverty by empowering citizens to struggle for improvements in their circumstances.

Themes for Future Work

As emphasized earlier, this volume is intended to open up a dialogue on the applicability and usefulness of an asset accumulation framework. As such, it is intended to raise questions rather than provide definitive solutions. This introduction concludes by identifying issues requiring further research and policy elaboration to enhance the asset accumulation framework, both in theory and practice.

An important debate concerns the appropriateness of generic "one size fits all" accumulation policies, as opposed to context-specific tailoring of interventions. For instance, it is not clear whether the importance of housing as the first-priority asset accumulated by the poor (and a prerequisite for the accumulation of other assets) is context specific or widespread. Therefore, while broadly appli-

cable "universal" principles are important, the context-specific determinant of specific interventions requires additional identification.

Prioritization or triage in interventions among different poor groups is another critical policy issue. For example, if there is a "poverty threshold," as Carter contends in chapter 3, does it make more sense to help the most destitute or those who are close enough to the threshold that they are able to better use assistance to pull themselves out of poverty and continue to accumulate assets? The fact that programs need to target populations raises a "moral question": should assistance be given to the most desperate or to those who will be most helped by aid? Policymakers often face important ethical decisions relating to the difference between "triage" (assisting those more able to help themselves through "productive safety nets"), or supporting the "worst" cases first through social protection safety nets for the poorest. Here, additional asset-focused research can assist in identifying which of the policies available works best.

Often, increasing returns to assets are yielded by structures and institutions that go beyond households and are based on collective or group agency, as well as "new" capital assets. In chapter 5 Moser identifies the importance of thinking "outside the box" and moving beyond the five well-established capital assets. In chapter 17 Ferguson and colleagues discuss the links between human rights and political assets. As the value of additional assets is recognized, their grounding in empirically measured research becomes even more important.

Asset accumulation is a dynamic process and one that changes substantially over time.[8] It requires distinguishing between different generations of asset accumulation strategies, as well as constantly revalorizing the assets acquired. In addition, because of the interconnections between different assets in the portfolios of the poor, the effect of a program targeted to one asset may be misleading in terms of its poverty-reduction impact. All these issues call for further research on asset accumulation strategies, including the examination of time, generations, and the interconnectedness between different assets.

One noted limitation is the lack of specific identification of the gendered nature of asset accumulation. Yet it is recognized that men and women, starting with similar asset portfolios, appear to utilize them differently. For instance, imbalances between women's and men's political capital mean that their power to accumulate assets differs. This means asset accumulation-related interventions specifically targeted to women are needed. These include safety from physical abuse and access to divorce, alimony, family planning materials, education, and inheritance.

These suggestions for further research represent a few of the many important questions facing those working in this area. The chapters presented in this vol-

ume are intended to provide an introduction for those who are interested in this new cutting-edge focus on poverty reduction—at the research and policy level—and who will undoubtedly identify further issues of importance.

Notes

1. This includes a review of Assets, Livelihoods and Social Policy (see Moser 2007), commissioned by the World Bank's Social Development Department for their conference on New Frontiers of Social Policy: Development in a Globalizing World, held at Arusha, Tanzania, December 12–15, 2005.

2. See chapter 5 for a more recent version of this paper.

3. Before the workshop, some papers—for instance, by Augusta Molnar and David Satterthwaite—were already committed to a forthcoming publication based on the World Bank's Arusha conference (see note 1), and therefore they could not be included here. However, all of the original twenty-two conference papers are available on the public website, along with PowerPoints and the workshop agenda. See www.brookings.edu/global/assets06/conference.htm (December 2006).

4. For a more detailed explanation of these categories, see Moser, chapter 5 in this volume.

5. This combined research methodology is called "narrative econometrics" (see Moser and Felton 2006).

6. See Moser and Felton, chapter 2.

7. See chapters 6 and 7, respectively.

8. See chapter 5.

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