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Occupational Diversification in Developing Countries and the Implications for Agricultural Policy

by

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Executive Summary

(1) Occupational diversification challenges conventional wisdoms about poverty reduction in rural areas of low income countries. Diversification takes place in order to overcome risk and seasonality in natural resource-based livelihoods, but it also reflects the failure of agriculture to deliver improving livelihoods in the post-liberalisation era. Poverty and vulnerability are often associated with undue reliance on agriculture rather than the converse. Those farms achieving yield growth often do so due to cash resources generated from non-farm activities, rather than being the origin of growth in such activities as is the conventional wisdom.

(2) The evidence is unequivocal that occupational diversification on average contributes around half of all rural incomes in low income countries. There is a great deal of variation around mean values at the household level, but less variation than might be supposed when comparing sample evidence across different countries in a particular region. Variation also occurs in the types of non-farm activities or income sources that comprise income portfolios, depending on location and labour market opportunities; as also between men and women in their engagement in local or remote non-farm labour markets.

(3) A strong positive correlation between the proportion of household income obtained from non-farm sources and overall household income per capita has been found in numerous studies. There is also considerable evidence that higher non-farm earnings result in higher agricultural yields and improving natural environments. Mixed results are obtained with respect to whether diversification increases or decreases income inequality. The ability to diversify at all is often critical to the food security of the most vulnerable rural populations.

(4) Attempts to construct typologies of occupational diversification as a guide to policy formulation are ill-advised. For a variety of reasons such categorisation is misleading and unhelpful. It is misleading because diversification is a dynamic economic and social process in which individuals and families engage in countless different ways at different points in time. It is unhelpful because it is not the task of policy to second guess what people should be producing or where that production should take place (except in the limited sense of, say, industrial zoning). Rather policy needs to be directed towards creating the facilitating contexts and infrastructures within which people are better able to make their own decisions about what to produce and where to locate.

(5) Occupational diversification is often inhibited by policy due to taxes, licenses, roadblocks, residence permits, and so on; moreover, a fundamentally antagonistic public sector attitude to mobility is often prevalent resulting in harassment of migrants, their loss of access rights to public services, and their discouragement or even enforced relocation in places of destination. Yet in history and contemporarily (e.g. China, India), mobility is the most powerful expression of rapid economic change for the better, and mobility is essential for
keeping dynamic growth processes going, it is not just an inconvenient side effect of such processes.

(6) The resurgence of interest in agriculture as a motor for poverty reduction in low income agrarian economies needs to be treated with some caution. For one thing, we have been here before, there was no less interest in Sub-Saharan Africa than in Asia in increasing yields on small farms in the 1970s, but it failed to produce overwhelmingly encouraging outcomes then. For another, the contextual circumstances have deteriorated markedly in the intervening period: the array of supportive agricultural policies that underpinned the Green Revolution in Asia – regulated markets, floor prices, fertilizer and credit subsidies, irrigation investments - have long since been dismantled in Africa, and agricultural commodity prices worldwide have exhibited an inexorably declining trend in real terms for the past two decades.

(7) This is not to say that there is no poverty reduction mileage to be gained through judicious support to agriculture in SSA. However, the nature of that support would be better oriented to levers that have generally beneficial effects on all types of economic activity in rural areas, and on rural-urban mobility, rather than being focused narrowly on agriculture alone. Thus infrastructure (roads, communications, power), services (education and health), information (knowledge, ideas, radio, television, newspapers), enabling local public sector contexts for private initiative, exchange and mobility all have their roles to play.

(8) Many current policy directions in agriculture remain valid and should continue to be supported: extending public-private (incl. public-NGO) partnerships in service and input delivery, strengthening farmer associations and demand for advisory services; using modern communication technologies to disseminate advice to, and exchanges of ideas in, farming communities; continuing to support the development of new farm technologies through the CGIAR and NARS systems; tackling gaps and failures in private marketing systems. A particular policy issue that needs addressing is the barrier that land tenure can place in the way of flexible and adaptable exchanges of land, and thus also inhibiting mobility out of agriculture.

(9) At the macro level, second generation PRSPs should contain wide ranging recognition of the importance of occupational diversification, mobility and cross-sectoral interdependencies:

- the current heavily sector and production-oriented bias of PRSPs requires substantive overhaul;
- aside from their justifiable emphasis on improving access to education and primary healthcare, PRSPs should be primarily about enabling environments that apply across all sectors;
- artificial and unnecessary blockages to peoples’ exercise of their own agency in making a living should be removed wherever they occur, either in central or local government, or for that matter when caused by the concentrated economic power of particular private organisations;
• the antagonistic view of migration expressed in many PRSPs clearly needs removing, to be replaced by a facilitating approach that recognises what governments must do to support personal economic mobility;

• the resistance to urbanisation prevalent in PRSPs also needs to be reversed; rapid urbanisation creates dynamic growth processes that are then often stifled by inept urban planning and a failure to provide the infrastructure necessary for growth to be maintained;

(10) In many ways the history of rural poverty reduction over the past twenty years in Sub-Saharan Africa (and a few other places besides) has been one of alleviating the symptoms of blocked and deformed development by sticking-plaster techniques applied \textit{in situ} in impoverished rural areas; in the end the poverty reduction MDG goal will only ever be met if poor SSA countries grow at the sorts of rates experienced in East and South East Asia, and currently being occurring in China and India; and this means going with growth wherever it is observed to occur.
1. What is the issue and why is it important? ¹

Occupational diversification challenges conventional wisdoms about poverty reduction in rural areas of low income countries. Diversification takes place in order to overcome risk and seasonality in natural resource-based livelihoods, but it also reflects the failure of agriculture to deliver improving livelihoods in the post-liberalisation era. Poverty and vulnerability are often associated with undue reliance on agriculture rather than the converse. Those farms achieving yield growth often do so due to cash resources generated from non-farm activities, rather than being the origin of growth in such activities as is the conventional wisdom. Migration, mobility, flexibility and adaptability are downplayed, ignored, and sometimes blocked by policy and institutions; whereas these are the very attributes of occupational diversification that can strengthen livelihoods, and result in improving rather than degrading natural resources.

Occupational diversification refers to a continuous adaptive process whereby households add new activities, maintain existing ones or drop others, thereby maintaining diverse and changing livelihood portfolios. It does not refer to individuals switching full-time occupations, nor to the diversity of sub-sector enterprise types in rural or urban areas. Studies of rural income portfolios generally converge on the once startling figure that, on average, roughly 50 per cent of rural household incomes in low income countries are generated from engagement in non-farm activities and transfers from urban areas or abroad, remittances and pension payments being the chief categories of such transfers. This has been verified by recent studies in Africa, as well as past evidence from Africa and Asia. In Latin America, the average figure appears to be lower, at around 40 per cent.

There is a great deal of variation around these mean figures at the household level, but less variation than might be supposed when comparing sample evidence across different countries in a particular region. A strong positive correlation between the proportion of household income obtained from non-farm sources and overall household income per capita has been observed in numerous studies. It is also widely found that while diversity of income sources is prevalent across different income classes, the nature of this diversification differs between better off and poorer households. The better off tend to diversify in the form of non-farm business activities (trade, transport, shop keeping, brick making etc.) or salaried employment, while the poor tend to diversify in the form of casual wage work, especially on other farms, while remaining heavily reliant on subsistence crop production.

Occupational diversification possesses positive attributes for poverty and vulnerability reduction. It is partly predicated on, and itself increases, human capital in terms of experience, skills and willingness to innovate. It generates earnings and remittances that alter the options open to the household by providing it with cash resources that can be flexibly deployed. It contributes to lessening vulnerability by ameliorating risk and reducing the adverse consumption effects of seasonality. In

¹ As well as the published literature, this paper draws on material written by the author for other purposes (Ellis, 2003; Ellis & Allison, 2004; Ellis & Harris, 2004), and on other POVNET documents (Deshingkar, 2004a; Takoli, 2004)
general, livelihood diversification improves livelihoods, and to the extent that it fails to do so, this can often be traced to adverse public sector contexts that penalise people in the market and on the move.

It is tempting to think that occupational diversification can be better understood and made more tractable for public policy interventions by creating typologies of different types of diversification. For example, by distinguishing on farm diversification from non-farm diversification, categorising non-farm activities by sub-sector, or dividing mobility between different durations and locations. For a variety of reasons that will become evident as this paper proceeds such categorisation is misleading and unhelpful. It is misleading because diversification is a dynamic economic and social process in which individuals and families engage in countless different ways at different points in time. It is unhelpful because it is not the task of policy to second guess what people should be producing or where that production should take place (except in the limited sense of, say, industrial zoning). Rather policy needs to be directed towards creating the facilitating contexts and infrastructures within which people are better able to make their own decisions about what to produce and where to locate.

2. The current evidence – what we know so far

Evidence on diversification

The prevalence of occupational diversification began to be recognised in the early to mid-1990s (von Braun & Pandya-Lorch, 1991; Reardon et al., 1992; Bryceson, 1996), and by the end of the decade was firmly established (Reardon, 1997; Ellis, 1998; 2000). The paper by Reardon (1997) is something of a classic, synthesizing empirical evidence from a large number of sample surveys undertaken over the preceding decade. It became clear at that stage that mean figures of between 40 per cent and 60 per cent of rural household incomes deriving from non-farm activities and transfers were commonplace. Later evidence from empirical studies that set out to explore this phenomenon explicitly consolidated this understanding: in South Asia, the mean proportion is often towards the high end of that range, while in Sub-Saharan Africa it converges on 50 per cent, and in Latin America mean figures of around 40 per cent tend to be observed (Reardon et al., 2001).

There is evidently a great deal of variation around these mean figures in several dimensions. First, for any given study or sample there is a wide variation at the household level. Second, depending on location and labour market opportunities, there is considerable variation in the types of non-farm activities or income sources that comprise the income portfolio. Third, there are variations between men and women in their engagement in local or remote non-farm labour markets.

With respect to the first of these dimensions – variation at the household level – the positive correlation between overall household income per capita and the proportion obtained from non-farm sources has already been noted, and is well documented in the literature (Adams & He, 1995; Barrett et al., 2001; Ellis & Freeman, 2004). The degree of occupational diversity needs to be distinguished from the income proportions to which it gives rise. The better off and the poor may exhibit similar degrees of diversity (as measured, for example, by count frequencies of the different
occupations in which they are engaged), yet per capita income outcomes are entirely different. The reason for this is that the better off diversify in different labour markets from the poor, and in Sub-Saharan Africa, for example, the better off tend to diversify in the form of non-farm business activities (trade, transport, shop keeping, brick making etc.) while the poor tend to diversify in the form of casual work, especially on other farms. Diversification by the poor therefore tends to leave them still highly reliant on agriculture; while that by the better off reduces such dependence.

The way diversification patterns change across the income ranges is illustrated for a case-study of 344 rural households in Tanzania in Table 1 below. It is observed that the average farm/non-farm split for the entire sample is almost spot on the 50:50 division that was referred to earlier as a widespread finding in Sub-Saharan Africa. The relative dependence on agriculture declines across the income ranges from 68 percent for the poorest quartile to 43 percent for the richest. It is notable that the share of livestock in the income portfolio of the top quartile more than doubles compared to the bottom quartile, and the share of non-farm business income quadruples from 11 to 44 percent of the income portfolio.

Table 1: Tanzania – Income Portfolios by Income Quartile
(sample of 344 rural households, 2001)

<table>
<thead>
<tr>
<th>Income Sources</th>
<th>Income Quartile</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I</td>
<td>II</td>
</tr>
<tr>
<td>Maize</td>
<td>27.1</td>
<td>21.5</td>
</tr>
<tr>
<td>Rice</td>
<td>12.3</td>
<td>14.2</td>
</tr>
<tr>
<td>Other Crops</td>
<td>23.3</td>
<td>19.9</td>
</tr>
<tr>
<td>Livestock</td>
<td>5.0</td>
<td>7.7</td>
</tr>
<tr>
<td><strong>Sub-Total Agric</strong></td>
<td>67.7</td>
<td>63.3</td>
</tr>
<tr>
<td>Wages</td>
<td>14.6</td>
<td>8.9</td>
</tr>
<tr>
<td>Non-Farm Business</td>
<td>11.5</td>
<td>23.7</td>
</tr>
<tr>
<td>Transfers</td>
<td>6.3</td>
<td>4.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

* 7 specialised pastoral households were removed from the top quartile

Source: Ellis & Mdoe (2003)

With respect to the second dimension – location and labour market opportunities – both location-specific and regional differences are observed (Deshingkar & Grimm, 2004). The general case in Sub-Saharan Africa appears to be similar to the Tanzania example above: occupational diversification comprises wage or salary work, non-farm self-employment which may be located in rural or urban locations, and relatively low reliance on remittances and other transfers (although the Tanzania example may be unduly low in this respect). However, in South Africa this pattern is entirely different with remittances and other transfers (mainly comprising pension income) corresponding up to 70 or 80 per cent of rural household incomes (May, 1996; Baber, 1996). In South Asia, patterns are different. In certain locations seasonal migration is highly significant (Rogaly & Rafique, 2003). In others,
migration abroad is a dominant feature, for example, Nepal (Seddon, 2002; Gill, 2003; Kumar, 2003), Bangladesh and Sri Lanka (where circular migration to the Persian Gulf is prevalent).

The gender character of diversification varies considerably between different locations, religions, and ethnic groups. However, cultural barriers to women’s participation in labour markets should not be seen as fixed and immutable, they do evolve and can sometimes rather suddenly collapse altogether. In Sub-Saharan Africa, women, the elderly and children tend to stay at the farm residence while men circulate for varying periods. Elsewhere, the rising demand for domestic labour long dominated migration in Latin America, as it also does today in migration from the Philippines, Sri Lanka and Bangladesh to the Persian Gulf. Where growth in manufacturing processes occur that are considered by employers to require female aptitudes, employment opportunities for women into the urban or non-farm economy can outstrip that of men. However, there are infinite variations between these experiences. Women sometimes dominate in seasonal migrations related to particular types of agricultural harvest – for example, rice, coffee or asparagus harvesting – while men may dominate in types of manufacturing in some countries that in other countries are dominated by women.

Much interest centres on whether occupational diversification is increasing, the reasons for this, and its significance for poverty reduction policies. Here, attention is given to the first part of this, while reasons and policy significance are pursued further below. There are remarkably few properly conducted statistical studies that are able to verify for certain that occupational diversification is increasing, staying the same, or diminishing for any particular sample group or location. For countries or entire regions, the evidence is even less rigorous. The reason for this is that a relatively large and representative sample of families would need to be revisited, say, every five years for about 20 years in order to draw definitive conclusions on this matter, and such studies are quite rare.

Nevertheless, a great deal of fragmentary evidence based on both quantitative qualitative methods, supports the proposition that occupational diversification in poorly performing economies, or economically marginalised parts of more successful economies, is increasing. Perhaps the most wide ranging effort to verify this were the country studies undertaken by the Deagrarianization and Rural Employment (DARE) project in Sub-Saharan Africa which utilized a mixture of qualitative and quantitative methods to derive a composite picture of the relative collapse of agriculture as the primary source of rural livelihoods in SSA, and the consequent rapidly increasing pursuit of non-farm options across the continent in the 1990s (Bryceson & Jamal, 1997; Bryceson, 1999; 2002). Evidence in Asia also points in the same direction (Deshingkar & Grimm, 2004; Deshingkar & Start, forthcoming).

Causes of diversification
Two fundamental causes of diversification are well understood, and hardly need elaborating further than has been done in numerous studies (Ellis, 1998; 2000). These are seasonality and risk. Diversification has clearly always played a role in overcoming the ‘consumption smoothing’ (Morduch, 1995) problem created by the seasonality of agricultural output patterns. However, the degree to which it is
necessary to diversify for this reason will evidently vary according to the robustness of the underlying farm basis of people’s livelihoods, the degree to which they are able to realise cash income from market sales, and their confidence in the ability of markets to provide food supplies at reasonable prices in the agricultural lean season. In situations where all these factors are deteriorating, perhaps due to declining farm sizes and increasingly erratic markets, it is to be expected that diversification for this reason might rise over time. For food insecure households, out-migration of family members in the peak food deficit season may be essential for the survival of the resident group that stays behind by reducing the number of people to feed (Toulmin, 1992: 51; Devereux, 1993: 53)

Somewhat similar considerations apply to risk reasons for diversifying. For rural households, risks are particularly related to natural shocks (floods, drought etc.). For urban households, risks tend to be related to job insecurity. All households, whether rural or urban, are prone to the personal shocks of chronic illness (incl. HIV/AIDS), accidents, and death. Risks are reduced by diversifying livelihoods, and mobility is the main, but not the only means of doing this. Diversification can, to some degree, occur in situ, for example by diversifying cropping patterns on farms or by combining farm and non-farm activities in the same location; however, there may in practice be limited potential to do this, so that migration offers the only effective alternative to reduce risk. For rural dwellers, risk reduction can only occur by spreading risk across assets and activities that have different types of risk associated with them, and local diversification can rarely achieve this, because agriculture-related activities like crop processing or trading also collapse when harvests collapse. Again, in the presence of contextual trends that are increasing agricultural risks over time, the expectation would be that diversification would increase in order to ameliorate those rising risks associated.

A lot is made in the literature around the distinction between ‘pull’ and ‘push’ reasons for occupational diversification (Ellis, 2000). ‘Pull’ reasons correspond to the emergence of improving labour market opportunities outside agriculture, while push reasons refer to deteriorating conditions within agriculture itself. As might be expected different studies come up with opposing ‘pull’ or ‘push’ findings in different places at different times (Adams, 1993; Bigsten, 1996). However, in an important sense this distinction is artificial and beside the point. ‘Pull’ and ‘push’ are merely two sides of the same coin: if agriculture is lagging behind dynamic trends occurring elsewhere in the economy, then ‘pull’ factors are involved, and if agriculture is deteriorating relative to a static non-farm economy then ‘push’ factors are involved. However, in both cases the same logic applies – agriculture (or rural areas more widely) become relatively disadvantageous compared to other sectors as the principal means of constructing a viable livelihood and therefore occupational diversification is pursued to overcome this disadvantage.

Recent evidence for Sub-Saharan Africa suggests that reasons for occupational diversification go far beyond what is typically envisaged by worrying about whether any given instance corresponds to a ‘pull’ or ‘push’ motivation. According to the ‘deagrarianization’ argument, agriculture is unable to provide a sufficient livelihood for a substantial and growing proportion of rural dwellers, so that farming becomes a part-time, residual, or fall-back activity (Bryceson & Bank, 2001; Bryceson, 2002).
Some of the factors implicated here are long term demographic and economic trends; others are associated with economic policies:

- decreasing farm size caused by sub-division at inheritance, to the point where even under favourable agro-economic conditions, farming can only provide a part-livelihood;

- increasing inability of young people to access enough land to take up farming as their main occupation;

- poor farm performance and declining yields due to declining soil fertility and degrading natural environments;

- increased climatic variation, causing greater extremes across seasons and years;

- declining returns to farming due to factors in the policy or global environment, including:
  - dismantling of subsidies, especially on fertilizer,
  - increased price instability following market liberalization,
  - poor geographical coverage by private traders, especially in remote areas,
  - low agricultural prices due to world price trends, aggravated for some crops by the export subsidies of rich countries

- the impact of HIV/AIDS when superimposed on these other disadvantages, in many areas reducing significantly the availability of able-bodied labour to carry out physically onerous agricultural tasks.

The deagrarianization hypothesis obtains support from rural livelihoods research conducted in four African countries in 2001 and 2002. Some key findings that emerge from that research are as follows (Ellis & Mdoe, 2003; Ellis et al., 2003; Ellis & Freeman, 2004; 2005):

- the rural poor tend to exhibit a highly eroded asset status, manifested by land holdings below 0.5 ha., no cattle or goats, low levels of educational attainment of household members, no savings, and decline in some elements of ‘social capital’ (community level social support; civil security); to these must be added the depleting effects on household labour caused by HIV/AIDS infections;

- in one case study area (Suba district in Kenya), farm sizes had declined from 20 ha per family in the mid-1960s to under 1 ha per family by 2001; in this instance verification was possible since the area chosen for research had been newly settled on the basis of 20 ha farm sizes shortly after the country’s independence in 1963 (Cross, 2005)

- a tremendous reliance on subsistence amongst customary tenure small farmers in general, and especially amongst poor rural households: subsistence ratios with respect to maize production are commonly in the range of 80 to 95 per cent, and for grain deficit households can be routinely 100 per cent (i.e. zero market sales);

\[2\] The research referred to was the LADDER project, a DFID-funded research programme on rural livelihoods and diversification conducted in Uganda, Kenya, Tanzania and Malawi. The principal findings of this programme can be found in Ellis & Freeman (2004; 2005).
• the emergence over the past 5-10 years of an expanding category of subsistence farm household that can only at best produce enough maize to cover 6-8 months consumption, this coverage shrinking to 3-5 months in years when there are climatic shocks (too much rain, hailstorms, shortened rains, droughts);

• subsistence ratios in total household income that decline steeply with rising per capita income: for example, in the Malawi country study comprising 280 households, the lowest income quartile exhibited a subsistence ratio in total income of 44 per cent, while for the highest income quartile this fell to 18 per cent (Ellis et al., 2003);

• as already noted (Table 1 above), reliance on crop and livestock production in total livelihood portfolios that declines steeply as per capita income rises, and net farm income per ha that rises steeply across the income ranges.

These widely observed rural livelihood patterns shed light on the dynamics of rural vulnerability in Sub-Saharan Africa. The poorest and most vulnerable are those most heavily reliant on agriculture, and most strongly locked into subsistence within agriculture. The same category of the rural poor also tend to be dependent on work on other farms in order to cover the deficit in their household food balance. This exacerbates rather than diminishes their vulnerability for two reasons: first, labour on other farms can mean neglect of good cultivation practices on own farms (Alwang, 1999); and, second, work on other farms proves an unreliable buffer when adverse natural events occur that affect all farms in a geographical zone.

**Impacts of diversification**

A past literature tended to condemn occupational diversification on the grounds that it represented a failure of development strategy, the impoverishment of a rural underclass, and the breakdown of the family as a cohesive social unit. The term ‘bricolage’ has been used to convey the ‘mix-and-match’ and informal character of much occupational diversification.

There may be some truth in this characterisation, but it only conveys part of the story. Diversification occurs across all the income ranges, and it represents a response to real events and trends in national and regional economies, some of them of long term duration and associated with economic success rather than failure. It would be a mistake, for example, to regard occupational diversification associated with China’s recent growth record as a failure, and this paper returns below to the important role of mobility in positive processes of social and economic change.

One branch of the literature has been concerned with the impact of diversification on income distribution, including identifying the activities that increase rather than decrease income inequality. In a Pakistan case study, agriculture, remittances and rents tended to increase inequality (principally related to unequal land ownership patterns), while non-farm activities and livestock keeping tended to reduce inequality (Adams, 1992; Adams & He, 1995). An interesting aspect of this type of investigation is the identification of the barriers preventing the poor from engaging in more remunerative labour markets (literacy, education, skills, paperwork requirements associated with migration, etc.).
More recently, these barriers have been characterised as thresholds associated with ‘poverty traps’ (Barrett & Swallow, 2005). Empirical work shows that at the lowest levels of income immense efforts are required in order to ‘break through’ into opportunities and returns to labour that enable the family to climb out of poverty; on the other hand at somewhat higher levels just above the poverty line, it becomes substantially less difficult to achieve a virtuous spiral that can lead to higher levels of income and a more secure livelihood. The key to these traps and thresholds lies in the asset status of families, and especially in human capital (education and skills) and flexible assets that can be quite quickly converted into cash or other assets (money itself, credit access, livestock).

It might be thought that the attention paid by better off households to non-farm activities would result in the neglect and poor performance of their farming activities. Not so at all. Table 2 below shows for a sample of 1,355 households interviewed in 2001 and 2002 across four Sub-Saharan African countries how agricultural productivity per hectare rises steeply across the income ranges. Net farm output per hectare in a series of country samples was between three and six times higher for the top income quartile of households compared to the lowest income quartile.

Table 2: Four Countries – Net Farm Output per Ha, by Income Quartile (US$/ha)

<table>
<thead>
<tr>
<th>Country</th>
<th>Income Quartile</th>
<th>Ratio IV:I</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I</td>
<td>II</td>
</tr>
<tr>
<td>Uganda</td>
<td>131</td>
<td>215</td>
</tr>
<tr>
<td>Kenya</td>
<td>135</td>
<td>266</td>
</tr>
<tr>
<td>Tanzania</td>
<td>81</td>
<td>108</td>
</tr>
<tr>
<td>Malawi</td>
<td>18</td>
<td>44</td>
</tr>
</tbody>
</table>

Source: Ellis & Freeman (2004)

Taking the Tanzania case as an example, Figure 1 below compares the rising net farm income per hectare across the income quartiles against the figures for the share of agriculture in total per capita income derived from Table 1 above. The picture is an interesting one: the lower the importance of agriculture in the total income portfolio of the household, the higher the farm productivity realised. This emphasises the interdependence between farm and non-farm livelihood components that describes doing well in rural Tanzania. However, it also points in a broader direction that is taken up in the next section of this paper: it is possible that farm productivity in Africa rises as a function of household members taking up non-farm opportunities, rather than being the driver of such opportunities as is suggested in much of the agricultural growth literature.

Policy and diversification
Unfortunately, the basic rule is that the poorer one is the more difficult it is to navigate the barriers that the public sector places in the path of emerging from
poverty (Wood, 2003). It is difficult for the outsider to comprehend just how disabling local level institutional environments can be for poverty reduction in low income countries, and it is not at all clear that local government decentralisation, promoted with enthusiasm by donors over the past decade, has improved matters in this regard. The reverse may be the case. Some commonly observed practices are as follows:

- dense thickets of local taxes: almost all engagement in markets results in taxation of one kind or another (transit dues, market fees, commodity taxes, movement permits, bicycle taxes etc.), discouraging engagement in the monetary economy and reducing overall trade and exchange (Fjeldstad, 2001; 2002)

- business licenses: typically all businesses, even the smallest one-person enterprises like a bicycle repair workshop, are subject to licenses, form filling, turnover taxes and so on; business registration is virtually everywhere seen as a revenue raising opportunity, not as a way of creating enabling environments for enterprises to flourish;

- ‘multiple shaking down’: the ‘informal’ aspect of the predatory relationship between public officer and subject – numerous not legally sanctioned fees and fines and prohibitions visited on ordinary citizens by public officials (Freeman et al., 2004: p.151);
migration barriers: migration may be inhibited by residence permits, harassment in transit, loss of rights to services such as education and health at destination locations, loss of recourse to law in the event of injustice, active discouragement by city authorities, enforced repatriation by slum clearances and so on.

A growing literature catalogues these discouraging behaviours, yet they rarely enter the policy discussion at the level of PRSPs, despite quite often being raised in the civil society consultations associated with PRSP processes. More on this aspect later in this paper.

3. Areas of debate and disagreement

Clearing the ground
While the fact of occupational diversification is nowadays not disputed, there remains plenty of scope for debates about its causes, effects, and broader strategic implications for policy. Disagreements may be divided into two broad categories: those that arise from differing findings about particular features of diversification arising from individual case studies; and those that reflect fundamental differences of opinion about the strategic role of agriculture in contributing to poverty reduction in poorly performing low income countries.

The former type of disagreement can be dispensed with quite quickly. It is of course the case that the precise causes and effects of diversification will vary across locations and income groups according to all manner of contextual circumstances that are peculiar to each case-study. It is therefore not at all surprising that sometimes it is found that the poor are more occupationally diversified than the better off who are specialised in agriculture. It would seem obvious that this would depend on factors like the historical ownership pattern of land, the ease with which larger farmers have been able to consolidate land holdings, and the prevalence of landlessness in particular localities. Likewise, it is not surprising that on occasions seasonal migration appears to make people worse rather than better off, or that a down turn in the national economy will result in former wage earners returning to the land in order to resume scraping a living from agriculture (Francis, 2000).

None of these variations should be allowed to obscure the fundamental fact that occupational diversification reflects the inability of agriculture to provide some or all its participants with a sufficient or secure enough livelihood for them to specialise in agriculture alone as a means of gaining a living above the poverty level. Opinions are divided on the policy implications that arise from this. On the one hand are a diehard group of enthusiasts for agricultural yield growth as the chief means to regenerate failing rural economies and beyond. On the other hand are a growing set of arguments, backed up by diverse empirical studies, that propose that mobility and rural-urban transitions hold the key to poverty reduction in floundering low income agrarian economies.

_for the past thirty years, there has been a dominant mainstream academic view that yield increases on small farms can serve not just to achieve poverty reduction for an_
existing generation of farmers, but also to spread economic growth in rural areas and even to transform national economies. Intellectually, the origins of this emphasis can be traced to influential agricultural development economists such as John Mellor whose writings from the early 1960s focused on small-farm agriculture as a source of economic growth (Johnston & Mellor, 1961; Mellor, 1966; 1976). Mellor went on to be Director of the International Food Policy Research Institute (IFPRI) during the 1980s, and IFPRI remains to this day an organisation that consistently (and vociferously) advocates rural poverty reduction through rising agricultural productivity on small farms (e.g. Delgado et al. 1998; IFPRI, 2002).

The interlocking components that comprise this agriculture-centred argument include the labour-intensity of small farm production, the scale neutrality of yield increasing new seeds (Lipton & Longhurst, 1989), and the linkages to other sectors that can result from agricultural growth, namely forward linkages (marketing and processing of farm outputs), backward linkages (supply of inputs to farmers) and consumption linkages (expenditure by farmers on non-farm consumption goods). Taken together these components comprise the ‘regional growth linkage’ or ‘rural growth linkage’ model (e.g. Hazell & Haggblade, 1993), and they lead to the notion that small-farm agriculture could be the driver not just of agricultural growth itself, but indeed of much larger, economy-wide, processes of economic transformation (Johnston & Kilby, 1975; Tomich et al., 1995). The Green Revolution in rice and wheat that occurred from the early 1970s onwards in Asia and Latin America seemed to provide substantive verification of these propositions about the ‘growth with equity’ attributes of small-farm agriculture.

And its possible flaws
A small critical literature has long existed alongside the rural growth linkage model, although criticisms of method (Harriss, 1979; Hart, 1993), and evidence that rural non-farm growth can equally well arise from sectors such as tourism or export-oriented manufacturing (Fisher et al.,1997; Bhalla, 2001; Foster & Rosenzweig, 2003), as from agricultural yield increases, has tended to be shrugged off by proponents of the mainstream view.

When transposed to the present day, and particularly when applied to Sub-Saharan Africa, the conventional wisdom runs into some serious difficulties. First, real international prices of agricultural commodities have halved since the 1970s, partly, but not only, due to industrial country farm support policies and export subsidies (Maxwell, 2004). Second, domestic markets for food grains in fact turn out to be rather limited: in an average sized African economy it only takes a reasonably good harvest to occur of a food staple like maize for prices to decline to levels that make farming relatively unattractive amongst competing activities. While international food security experts are preoccupied with those instances when food output fails to meet national requirements, the more common occurrence of quite sufficient domestic food production even without ‘Green Revolution’ yield gains receives little attention. The size of the domestic market, and relative competitiveness in international markets where real prices are falling, are, however, real economic constraints that require acknowledging in arguing the prospects for an agricultural resurgence in Africa.
Third, the Asian Green Revolution was predicated on comprehensive agricultural support policies that have been discouraged and dismantled in the post-liberalisation dispensation originating in the structural adjustment policies of the 1980s and 1990s. In those days there were fixed prices, floor prices, buffer stocks, fertilizer subsidies, credit subsidies and public irrigation schemes, all paid for by the state or by donors, and none of these policy instruments are available in the current lexicon of acceptable public sector interventions in rural areas. This is a momentous difference that is simply not addressed by those currently advocating an agricultural growth route to poverty reduction in agriculture.

Indeed, if one were to compare and contrast more broadly the differences between the “success” of the 1970s Green Revolution in Asia and the prospects for achieving the same in Africa, the following points would all be relevant. First, for 1970s Asia:

- food deficit, large, countries seeking to achieve food self-sufficiency in the face of unreliable international grain markets;
- rising real food prices, both internationally, and in domestic markets beginning to undergo rapid urbanisation and industrialisation;
- a vast array of agricultural policies, including fertilizer subsidies that in some countries lowered prices to 25 per cent of their international level and were sustained for ten or more years; and massive irrigation investments that were borne entirely by national governments at no cost to the beneficiary farmers.

Then compare to Sub-Saharan Africa in the 2000s:

- often quite small domestic markets, that already veer unevenly between minor surpluses causing uneconomic returns to farmers, and minor deficits causing price hikes and food insecurity for the most vulnerable;
- continuously declining real world agricultural prices, transmitted to domestic markets through trade liberalisation and globalisation;
- the absence of state-led agricultural support policies and input subsidies, these being replaced post-market liberalisation by fragmented and scattered efforts to provide credit and farm support services by international and national NGOs
- following market liberalisation, increased output price risk, uneven market coverage by private traders, spatial price variations reflecting poor market integration, and high price instability.

The outcome of these considerations is that we cannot be certain that the current promotion of an agricultural growth solution to rural poverty in Africa will in fact have the desirable consequences that are predicted for it. It must also be admitted that there is something disingenuous in the way its proponents imply that this is new thinking. Social and natural scientists working in Africa in the 1970s were every bit as enthusiastic as their Asian counterparts about the potential benefits of modern varieties, but this potential did not work the wonders in Africa that are attributed to it in Asia. It is legitimate to question why new agricultural technology should fare any better in its poverty reduction impact now, under less auspicious circumstances, than it did in the 1970s. It is equally pertinent to ask why it is that the startlingly high returns to agricultural research (Thirtle et al. 2003) and large predicted growth multipliers attributed to rising yields in agriculture (Delgado et al., 1998) have
resulted in so little visible effect in Africa. When reality on the ground in rural areas of African countries departs so very significantly from several decades of promoting the idea that agriculture can bring Africans out of poverty, then we have to ask what it is about those propositions that fail to predict what actually occurs in practice.

*Rural-urban transitions and poverty reduction*\(^3\)

Perhaps what people do might be a more reliable guide to the underlying pressures and opportunities they confront than adherence to a closely argued position that seems increasingly at odds with people’s actions. And what people do is to engage in ever more complex and adaptable interactions across sectors involving mobility of varying kinds, distances and durations. The pro-agriculture position is fond of arguing that rising agricultural yields are always, in history and across countries, a precondition for growth and poverty reduction. However, this is an interpretation, not a fact, just as likely to be refuted as to be supported in a room full of economic historians.

In learning lessons from history, it is mobility that is possibly the most powerful factor that is present in all experiences of rapid economic change. Indeed, there may be a serious flaw in the notion, prevalent in development policy and practice for the past two decades, that the best way of addressing poverty is to support poor people at their static residential location. Rather, a more useful approach may be to build on those places in the national economy where growth is most evident, ensuring that infrastructure, transport, communications and skills are available to contribute to that growth process wherever it occurs.

One factor in failing to interpret economic change adequately is the misleading urban-rural distinction. The terms rural and urban refer to administrative zones, not to patterns of economic activity. The definition of such zones varies widely: the minimum population level that results in a settlement being defined as urban can vary from as low as 5,000 to as high as 50,000 people in different countries. Census data, based on these administrative definitions, provides little information of value for discovering movement and dynamism. Economic dynamism occurs at key junctions in economic space associated with low spatial transaction costs. This may indeed be in single, large, metropolitan areas, but also occurs along transport corridors and in places where smaller urban centres possess good transport and communication links between them.

Mobility of labour, and its associated flow of earnings or remittances, contributes to growth processes observed at the junctions of the spatial economy, and improves the livelihood security of those who remain resident in rural or urban areas. Contrary to popular conceptions, permanent rural to city migration within nation states, or south to north migration internationally, comprise small proportions of labour mobility overall. By far the greatest proportion of mobility comprises daily, weekly, variable, commuting, circular and seasonal movements, of varying distances and durations, within national space and across the borders of adjacent countries. Patterns of labour movement are more aptly characterised as ‘ceaseless circulation’ between

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\(^3\) Many of the points made here on mobility and migration are covered in considerably greater detail in Deshingkar (2004) and Deshingkar & Grimm (2004)
different and changing workplaces and occupations (Harris et al., 1996) rather than by reference to stereotypes like rural-urban migration.

Patterns of mobility reveal much about the labour markets that stimulate them to occur. In agrarian settings, a considerable proportion of economic activity is seasonal in character, to do with the cultivation and harvesting peaks of different crops in different locations. This can create circumstances in which truly massive seasonal movements of labour occur, as exemplified by the travel of harvesting labour from poorer Indian states to West Bengal for the rice harvest (Rogaly & Rafique, 2003). However, just as peak labour demand in agriculture stimulates both rural and urban workers to move to the locations of these peaks, so also does the agricultural slack season create conditions in which rural workers seek temporary non-farm jobs in the urban, industrial or service economies. Circular migration of this type is prevalent and well-documented for many parts of the world. Examples are movements in West Africa from the interior to the coastal zones in the agricultural off-season (David et al., 1995), and migration of poor workers with their families to Delhi’s brick kilns (Gupta, 2003).

In theory it might be useful to separate circular and temporary movements of people from those occurring permanently due to structural economic change. However, neither data nor the realities of migration correspond to such a neat dichotomy. For one thing, at the individual or family level, successive temporary movements may lead to eventual more permanent relocation. For another, at the sector level, the establishment of rapidly growing manufacturing sub-sectors can also be dependent on circular migrant labour, for example, the textile mills of Mumbai, or those of Shanghai (Davin, 1999: 99) or Mexico’s export processing zones.

There is growing evidence of the importance of remittances in supporting the livelihoods of those that stay behind when some family members migrate. In his comparative review, already cited, on rural household income portfolios in Sub-Saharan Africa, Reardon (1997) found that on average 15 per cent of rural incomes was accounted for by remittances. A study of remittance income in the circular migration to the Persian Gulf from rural Sri Lanka found that this corresponded to 25 per cent of rural incomes in the sample (reported in von Braun & Pandya-Lorch, 1991). Replacement migration may occur as a result of this type of international migration, as exemplified by Bihari farm labourers migrating to the Punjab to cultivate the land of emigrants, or Tamilnad migrant construction workers moving to Kerala to replace Malayalam emigrant construction workers in the Gulf (Zachariah et al., 2002).

A ‘back-of-the envelope’ calculation helps to indicate the potential significance of remittances (Ellis, 2003). For the 1.2 billion people living on or under US$1 per day (World Bank, 2002); 15 per cent of income would represent about US$50 per person per year; or US$60 billion aggregated across all of them. Of course, this leap in the dark has flaws: remittances accrue unevenly to poor and not-so-poor people so only a proportion of aggregate flows would represent the difference between destitution and getting by for people in the vicinity of the poverty line. However, it illustrates rather forcefully how an apparently quite small amount of remittance money (US$50 per year) can tip the balance between being persistently poor and being able potentially to exit from poverty.
Separately, remittances to countries of origin of the 175 million people living and working outside their countries of birth (UN, 2002) are estimated at around US$100 million per year or more. Probably around 60 per cent of this figure represents financial transfers to developing countries (Nyberg et al. 2002a; 2002b). Several observers make the point that this is more than official development assistance flows (US$51 billion in 2001: OECD, 2002: Table 1). Unrecorded flows and transfers in kind could more than double the orders of magnitude cited. Furthermore, differences in purchasing power parities substantially raise the real value of these transfers in destination countries. The multiplier effects of the expenditure of such funds can thus be of considerable economic significance.

In order to move out of poverty, poor households have to increase the assets that they can deploy productively in order to generate higher incomes. Numerous studies have observed that moving out of poverty is a cumulative process, often achieved in tiny increments, and constantly vulnerable to counter factors which threaten a return to poverty (Krishna et al., 2003). Assets are traded up in sequence, for example, chickens to goats, to cattle, to land; or, cash from non-farm income to farm inputs to higher farm income to land or to livestock (Ellis & Mdoe, 2003). It is also well established that a critical constraint slowing down or preventing such ‘virtuous spirals’ is the inability to borrow or to generate cash (often discussed under the rubric of credit market failures). Earnings or remittances from migration therefore can play a pivotal role in initiating and sustaining such cumulative processes. As illustrated above the cash flows in order to do this do not have to be large. When the poor are defined as those getting by on under the equivalent of a dollar per day worth of consumption per person, very small amounts of additional cash can make huge differences to the options available to people to get a toehold on ladders out of poverty.

With respect to household assets in rural areas, the following list represents some of the positive ways that earnings and remittances from migration can strengthen rural livelihoods:

(a) investment in land, or land improvements, incl. reclaiming previously degraded land (Tiffen et al., 1994 provides one of the better-known examples of this)
(b) purchase of cash inputs to agriculture (hired labour, disease control etc), resulting in better cultivation practices and higher yields (Evans & Ngau, 1991; Carter, 1997)
(c) investment in agricultural implements or machines (water pumps, ploughs etc)
(d) investment in education, resulting in better prospects for the next generation (Francis & Hoddinott, 1993; Hoddinott, 1994)
(e) investment in assets permitting local non-farm income to be generated (bicycle taxi, motorbike, milling machine, kiosk etc.)

And further debates on mobility and migration
The consensus of recent literature on migration is to emphasise the positive rather than negative attributes of mobility (de Haan, 1999; Skeldon, 2002; 2003). This is not to say that there are never any downsides to mobility, rather that careful consideration of its positive effects on livelihoods outweigh purported negative effects, and adverse factors are susceptible to being addressed by policy. Mobile populations are the norm in human history, not the exception. Mobility contributes to
the cross-fertilization of ideas, it changes the skills and capabilities of those who travel, it provides labour to growth processes when and where they occur, and it strengthens the livelihoods of those who stay at home through remittances and their potential to broaden the asset base.

Recent literature has also emphasized mobility as a social process, not just a matter of economic decision making (de Haan, 1999; de Haan & Rogaly, 2002; Kothari, 2003a). Migration patterns are often observed to correspond more closely to historical and cultural criteria than to short-term economic calculation (for example, dockworkers in a particular port will often originate from a cluster of adjacent rural villages, and their circulation is facilitated by being able to replace returning workers by new ones from the same communities; for a century, the same phenomenon governed Mumbai’s textile mills and the migrant source area, Ratnagiri). Likewise, the nature of implicit contracts between migrants and their resident families is deeply rooted in culture and society, and consequently vary substantially in different places according to these norms.

These views are comparatively recent, and have not necessarily taken hold amongst opinion formers and policy advisers in national governments. An earlier literature tended to be negative, seeing permanent settlement as the acceptable norm and movement as resulting from unacceptable stress (chronic deprivation and livelihoods collapse), and leading to negative social and economic consequences. To understand this position, it is necessary to revisit development preoccupations of the 1960s and 1970s, and the strategic policy recommendations that flowed from them (e.g. Todaro, 1969). There was a powerful perception that migrants from rural areas would flood into cities, putting unmanageable stress on urban services and infrastructure, swelling the ranks of the unemployed (where ‘employment’ was defined as a full-time job in a modern industry), and causing rising crime and civil disorder.

The particular argument was also advanced that migration would deplete the rural economy of its more skilled and innovative individuals, leaving the less forward-thinking behind (Lipton, 1980). This is evidently quite at odds with the evidence cited earlier regarding the skills enhancing effects of mobility, and reflects the limited view then held of migration as a one way process rather than the continuous interchanges that are nowadays understood to characterise spatially and temporally different labour markets.

These earlier overarching policy ideas cast long shadows and it is not unusual to see them restated in PRSPs written in the early 2000s. As revealed in a survey of PRSPs conducted by the Centre for Migration Research at Sussex University and reported by Black et al. (2003: pp.18-19), mobility is especially ill represented in PRSPs. Out of 48 PRSPs examined, 21 made no mention at all of migration. Nearly all the remaining PRSPs referred to migration in negative or pejorative terms. Nine of them, for example, blamed international migration for causing “brain drain”, 17 posed internal migration as a problem for development, eight cast migration as a cause of urban poverty, and others pointed to the negative effects of migration in spreading HIV-AIDS and contributing to crime. Eight PRSPs expressed the need for internal migration to be actively controlled by the state i.e. for rural-urban migration to be curtailed or reduced.
The contemporary approach identifies a rather different set of downsides to migration than the earlier literature, and ones that do not lend themselves quite so much to generalised negative strategic views. The adverse experiences of migrants themselves (weak social status, harassment, violence, debt bondage, lack of redress against mistreatment by employers and public officials) are usefully distinguished from the roles that migration can play in reducing vulnerability and poverty, as detailed earlier. They are susceptible to reversal by changes in social policy that recognise migrants' rights and elevate their social status in the policy domain; and by the growth of NGO, trade union and press monitoring activity. Interestingly, the Chinese public authorities have embraced the potential benefits of migration with enthusiasm, even to the point of training would-be migrants at locations of origin (Dolven, 2003), a phenomenon so far restricted to international migration, with the Philippines training numbers of nurses and merchant navy personnel well in excess of expected local demand.

A different argument is that the truly poor are unable to participate in labour markets that require mobility, due to the transaction costs involved (transport, food, bribes, permits). It is inferred that the gains from labour mobility accrue to the better off rather than the poor. This argument has some merit: migration requires resources itself to occur, and the more distant the migration contemplated, the higher the initial investment that must be made. However, it over-emphasises costly migrations (especially international ones) relative to the types of migration in which the poor are heavily engaged (seasonal and circular migrations). It also excludes possible indirect benefits to the poor (more employment, more cash in circulation), that occur when some members of their communities receive and spend remittance income from relatives in cities or abroad.

The proposition has also been made that under certain circumstances migration may impoverish, or keep going the chronic poverty of, those who stay behind (Kothari, 2003a, 2003b). This argument chiefly applies to societies where male out-migration predominates, and where fragmentary evidence points to low levels of remittances. However, in poor rural societies prone to food insecurity, such migration is almost always found to ensure the food security of those left behind even if it does not appear to achieve much else (e.g. David et al, 1995). The counterfactual problem looms large in such discussion, since the circumstances that would prevail in the absence of migration and remittances remains obscure. Flows of remittance income are often underestimated, since they are returned home through multiple channels, and neither senders nor recipients have an interest in declaring to outsiders (i.e. researchers) the full amounts that are involved, even if accurate recollection permitted this to happen.

In summary of these arguments, mobility reflects the spatial and temporal mismatch between the residential location of individuals and families and the location and dynamics of labour markets. In predominantly agrarian societies, seasonality on its own helps to explain a considerable proportion of such mobility, as also does risk mitigation. An emerging view marshals an overwhelming array of arguments in favour of mobility, and therefore places emphasis on facilitating migration and improving the social conditions under which it occurs, rather than placing barriers in its way. This view runs counter to earlier orthodoxies in development policy that were
opposed to migration, and that tend to resurface in strategic documents like PRSPs, revealing significantly unhelpful stances for poverty reduction.

**Summary of these debates**

To sum up these debates, there is a powerful orthodoxy that has long argued that yield increases on small farms can perform as the central motor of poverty reduction in poor, mainly agrarian, economies. This orthodoxy has enjoyed a powerful resurgence over the past two or three years as providing fresh impetus to achieving the Millenium Development Goals, especially in poorly performing Sub-Saharan African countries in which poverty reduction appears particularly intractable. However, the orthodoxy may itself be flawed. It seems to represent a vastly over-simplified view of the rural-urban interactions that have in fact underpinned successful growth processes under a wide variety of different circumstances historically and across the world economy. It may be making a fundamental error in its underlying presumption that poverty is best tackled in the places where poverty is most prevalent. It certainly substantially underestimates the value for poverty reduction in the long run of human mobility, and of supporting growth processes where they are actually occurring rather than trying to kick start them where they are not happening.

**Data difficulties**

The matters treated here are exceedingly difficult to resolve definitively by reference to existing data sets. The two main sources of statistical data in low income countries – population censuses and household income and expenditure surveys (HIES) – each represent limitations for capturing the spatial dynamics of national economies. Population census data typically categories individuals or entire households by ‘main occupation’ and the stated main occupation (e.g. farmer) may not even accurately represent the major source of income to the household. HIES are oriented towards measuring consumption poverty and are notoriously weak at capturing occupational diversity and the complicated and intermittent income flows with which it is associated (this, indeed, is the reason that consumption and not income is utilised for poverty measurement). Only recently, and in a few countries, have such surveys occurred with sufficient regularity, using the same methodology, and visiting some proportion of the same households, for the dynamics of poverty to be explored utilising them.

4. **Policy Issues and Implications**

   (1) *No diversification typologies*. As was stated at the outset of this paper, typologies of diversification have limited value for pro-poor economic and social policies. This especially applies to prescriptive policies that seek to alter deliberately the production patterns of households or firms. For example, a classic and oft-repeated mistake is to promote enthusiastically the adoption of a new high value crop by farmers that turns out to have a severely limited market, so that oversupply occurs at the very first harvest and participating farmers are ruined in the process. Typologies are dangerous, too, for another reason. They artificially assign people’s actions into categories that are unlikely to capture very adequately either what people are doing at an instant in time, nor how their actions are changing over time.
(2) **Facilitation not directing.** In general, decisions about what and where to produce are best left to private actors exercising their own agency; what governments, donors and NGOs can do is to contribute to the overall climate of facilitation that surrounds individual decisions. This means supporting and encouraging domestic policies that improve exchange, mobility, communication, information and infrastructure, and discouraging domestic policies that have the reverse of these effects. Clearly, development agencies already contribute in some of these facilitation areas. Budget support to primary education and healthcare provides valuable momentum to increasing human capital, knowledge, and the capability of individuals to make decisions from a broader set of alternatives. However, in other areas contributions are weaker; especially when it comes to human mobility and the adverse circumstances under which it typically occurs.

(3) **Supporting urban growth.** Growth processes can be stifled or slowed down just at the point that they might seriously take-off due to wrong strategic thinking by donors and governments about the undesirability of the side effects of growth. Thus the rapid growth of capital cities like a Kampala or a Dar es Salaam that perhaps offer the only prospects of serious poverty reduction in the countries where they are located, is often prematurely curtailed by a failure to support the urban infrastructure necessary to fuel the growth process. Instead, with heads full of populist visions of prosperous peasants, donors fail to address urban growth constraints and instead encourage money to be poured into the impoverished countryside. It should not be necessary to point out that conditions in the countryside will automatically improve if rapid growth in food demand occurs in fast growing cities.

(4) **The public sector institutional context.** An enabling environment for private wealth creation would comprise neutral or progressive local taxation designed to exclude those living at or below the poverty line from the tax net; business registration designed to provide support services to start-up enterprises rather than to penalise them with taxes and other costs; encouragement of mobility in order to broaden spatial options and encourage growth processes wherever these are tending to occur; and the generalised removal of spurious obstacles put in the way of people going about the business of making a living by those who derive power from public sector office. These are aspects of making a living in low income countries where a great deal of what occurs in practice operates in opposition to facilitating rapid poverty reduction. While, the issues that arise are complex and difficult to tackle, at the very least the gulf between the rhetoric of decentralised local government and its reality needs to be recognised and debated at the policy table.

(5) **Supporting mobility.** A particular area in which big differences can be made is that of improving the political and social environment of those on the move. At the moment, migrants, in passing between jurisdictions, are in general unable to call upon support from public authorities. Local governments in source areas have no interest in – and little capacity for - tracking the outward movement of their citizens; and those in receiving areas are as likely as not to regard in-migrants as a blight, to be resisted or expelled. Only specialised NGOs are likely therefore to assume any responsibility. A key policy issue here is to
provoking a change in thinking about mobility, its vital importance to sending and receiving areas, to the country as a whole and to the migrants themselves.

(6) **Agricultural growth I.** While the point has been made rather forcefully in this paper that agricultural growth is unlikely to provide a definitive solution to achieving more rapid poverty reduction in low income countries, there are several important policy dimensions that remain to be drawn out. First, a powerful implication of the foregoing arguments is that the agricultural sector benefits from strong mobility and non-farm growth – it benefits due to rising demand for diversified and higher value foods, remittance income that can be invested in improved practices, increased skills and market awareness of returnees, and the potential (see below) for reversing farm sub-division and fragmentation by renting or buying land.

(7) **Agricultural growth II.** Second, of course agriculture remains a very large economic sector that merits its share of budgetary allocations towards improving the facilitating environment for production and exchange. Many current policy directions in agriculture remain valid and should be supported: improving public-private (incl. public-NGO) partnerships in service and input delivery, strengthening farmer associations and demand for advisory services, using modern communication technologies (radio, television, mobile phones) to disseminate advice to farming communities, continuing to support the development of new technologies through the CGIAR and NARS systems, tackling gaps and failures in private marketing systems, improving roads and communications and information in rural areas.

(8) **Land tenure reform.** A major barrier to beneficial economic change in agriculture is often the historical and prevailing land tenure system. In particular, land tenure systems that failure to allow for the development of a purchase or rental market in land have the effect of reducing mobility, slowing down rural-urban transitions, and rigidifying uneconomic farm size structures. While it is understood that equity considerations often underpin traditional and state-owned tenure systems, in densely settled zones exhibiting extremes of farm sub-division, it is doubtful that anyone gains much from the absence of a land market, and from the lack of security of ownership or tenure. Moreover, many existing tenure systems are deeply gender-biased against women both in custom and law, causing serious dysfunctions between control, decision making, and use of land as a resource.

(9) **At the macro policy level.** Second generation PRSPs should contain wide ranging recognition of the importance of occupational diversification, mobility and cross-sectoral interdependencies:

- the current heavily sector and production-oriented bias of PRSPs requires substantive overhaul;
- aside from their justifiable emphasis on improving access to education and primary healthcare, PRSPs should be primarily about enabling environments that apply across all sectors;
- artificial and unnecessary blockages to peoples’ exercise of their own agency in making a living should be removed wherever they occur, either in central or
local government, or for that matter when caused by the concentrated economic power of particular private organisations;

- the antagonistic view of migration expressed in many PRSPs clearly needs removing, to be replaced by a facilitating approach that recognises what governments must do to support personal economic mobility;

- the resistance to urbanisation prevalent in PRSPs also needs to be reversed; rapid urbanisation creates dynamic growth processes that are then often stifled by inept urban planning and a failure to provide the infrastructure necessary for growth to be maintained.
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