Strategic Dimensions of Rural Poverty Reduction in Sub-Saharan Africa

by

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A paper for presentation at the workshop:
Rural Development Retrospect and Prospect: A Workshop for Judith Heyer
Oxford
14-15 September 2007

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Introduction

For the past forty years, the academic orthodoxy has been that poverty in Sub-Saharan Africa (SSA) could be broadly and significantly reduced by raising yields in small-farm agriculture. This orthodoxy is based on some combination of the arguments that (a) most of the poor in Africa live in rural areas, (b) the main reason for the prevalence of this rural poverty is the failure to replicate the 1970s Asian Green Revolution in Africa, (c) securing strong yield growth in agriculture will generate higher incomes where it matters most – for the small farm household itself, (d) these higher incomes will be spent on locally produced goods and services, thus generating cumulative spirals of increased rural activity and incomes, and (e) substantial scope exists to raise yields through the application of new science and technology to African agriculture.

This orthodoxy has undergone something of a renaissance in recent times. It forms the main economic strategy plank in a host of high profile reports associated with the achievement of the Millennium Development Goals in SSA (e.g. Africa Commission, 2005; UN Millennium Project, 2005). It is at the centre of DFID’s strategic perceptions about the role of agriculture in poverty reduction (DFID, 2005). And of course it lies at the core of the forthcoming 2008 World Development Report on agriculture (World Bank, 2008).

This paper challenges this orthodoxy, not from the standpoint of a highly theorized set of objections to it (although there are certainly a few of those around in the literature), but rather because it fails in almost all respects to describe real events, trends, and outcomes for agriculture and rural poverty in SSA in the past 40 years. The paper argues that efforts to increase yields in Africa have been ongoing continuously over the past four decades with practically nothing to show for poverty reduction; that the Asia Green Revolution was extensively underpinned by government support (price supports and input subsidies) that are not envisaged to play a significant role in the liberalised agricultural markets of contemporary SSA; that SSA economies are relatively small and have limited domestic markets, so that increased output rapidly translates into falling prices; that agriculture represents such a weak and unreliable livelihood platform that most SSA rural families survive or thrive by diversifying into non-farm activities or relying on remittance income; and that farm sizes in SSA are continuously shrinking due to sub-division at inheritance under customary land tenure arrangements.

The paper further contends that rural-urban transitions have been neglected by donors and policy makers in SSA, with little effort being made to improve urban infrastructures so that towns and cities could form the basis of dynamic economic and social change; that it is

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1 Versions of this paper have already appeared in a number of different guises e.g. Ellis (2005; 2006), although quite a lot of revision has gone into this version. The paper reflects a research agenda in its early phases of gestation. For this reason, it should be regarded as somewhat speculative in character. Its arguments are variable in their degree of conceptual and empirical substantiation, it has a geographical bias towards eastern and southern Africa that it is intended will be corrected in future work, and it is under-referenced with the regard to the huge literatures that should properly underpin its concerns. In one way or another it touches on many of the concerns and interests with which Judith Heyer engaged in her distinguished career.

2 The executive summary of the DFID (2005) policy paper on agriculture is entitled ‘Agriculture at the heart of poverty reduction.’
probable that human mobility rather than yield growth in agriculture is the single most decisive factor in history explaining rapid and progressive economic and social change; and that rural poverty in SSA will only sustainably decline when people leave agriculture to participate in the growth of other sectors, thus creating rising urban demand for food that serves to ensure higher and more stable incomes for those farmers that remain behind.

The paper proceeds as follows. It considers, first, the dubious legitimacy of the Asia-Africa comparison, set within a critical stance on the overall thrust of the agriculture-led growth hypothesis; second, the limitations that farming as an occupation represents in liberalised markets, post-structural adjustment in SSA economies; third, the prevalence of highly diversified rural livelihoods as an indication of agriculture’s inability to generate an adequate living for most people; and, fourth, the considerable underestimation of the positive impact that rural-urban interactions and urban growth could have on rural incomes and poverty reduction.

Agriculture in Pro-Poor Growth and the Green Revolution Comparison

The proposition that rises in farm productivity are an essential precursor to overall sustained economic growth and poverty reduction has a powerful intellectual pedigree. Many of the arguments are summarised in a contribution by Peter Timmer that opens with the overarching assertion that ‘no country has been able to sustain a rapid transition out of poverty without raising productivity in its agricultural sector’ (Timmer, 2005, Abstract). Early versions of this proposition essentially saw agriculture as playing an instrumental role in the process of industrialisation of national economies: rises in farm productivity would ensure that agriculture was able to deliver labour, savings and inexpensive food to the growing industrial sector (Johnston & Mellor, 1961; Mellor, 1966). Later, this position was modified so that the direct poverty reduction effect of rising agricultural productivity, including its linkage and multiplier effects to the rural non-farm economy, became substantive desirable outcomes in their own right (Mellor, 1976; Hazell & Haggblade, 1993).

The failure of SSA to reproduce the Asian Green Revolution success story of the 1970s (see Figure 1) has been attributed to low rural population density, poor rural infrastructure, low proportions of irrigated land, differences in dominant crops grown and an unfavourable policy environment (Johnson et al., 2003). The latter problem was addressed by the international community through conditionalities in structural adjustment programmes (SAPs) during the 1980s and 1990s, and the relative failure of that effort is considered in the next section of this paper. Policy reform aside, there is a perception that SSA agriculture itself was relatively starved of academic and donor attention during this period (Timmer, 2005, p.3). However, it is uncertain how much credence can be given to this perception since neither the CGIAR centres focused on SSA agriculture, nor the national agricultural research
centres, nor, indeed, general social scientific interest in rural poverty reduction in SSA appeared to undergo significant abatement in activity levels in this era.\(^3\)

Figure 1: Trends in Cereal Yields Sub-Saharan Africa and Asia 1961-2006

\[
\begin{array}{c}
\text{Year} \\
\end{array}
\]

\[
\begin{array}{c}
\text{Cereal Yields Tons/Ha} \\
0.0 & 1.0 & 2.0 & 3.0 & 4.0 & 5.0 & 6.0 \\
\end{array}
\]

* Sub-Saharan Africa (SSA) excluding South Africa

Source: FAOStat (http://faostat.fao.org accessed on 19 August 2007)

Whether it is indeed true that SSA agriculture experienced two decades of research neglect at the end of the 20\(^{th}\) century is not, in fact, a trivial point. If it is true, then the case made in a number of recent strategic documents that there is considerable untapped potential for the application of science and technology to SSA agriculture gains some force in its favour. However, if not really the case, then new efforts to achieve sustainable yield increases are not starting from scratch, but are adding impetus to a process that has in fact been going on continuously over the past 30 years. This also means, of course, that the scope for a sudden uplift from previous negligible and uneven progress is smaller than is being suggested in some strategic documents.

There are, however, other reasons located at the intersection of policy, market size and globalisation for caution about the prospects for SSA in the 2000s and beyond replicating the experience of the Asian Green Revolution in the 1970s. The principle Asian Green Revolution countries were food deficit, large, countries seeking to achieve food self-sufficiency in the face of unreliable international grain markets. The main era of their Green Revolutions was characterised by rising real food prices in international markets, and domestic economies beginning to undergo rapid urbanisation and industrialization. Without

\(^3\) Little convincing evidence is ever provided to support the assertion prevalent in recent strategic documents that SSA agriculture was ‘neglected’ by the development industry during the last two decades of the 20\(^{th}\) century.
exception, the Asian Green Revolution economies also had in place in that era comprehensive agricultural support policies, including fertilizer subsidies that in some countries lowered prices to 25 per cent of the international level and were sustained for ten or more years; irrigation investments that were borne entirely by national governments at no cost to beneficiary farmers; and price policies that limited output price instability through the operation of floor and ceiling prices and buffer stocks.

SSA in the 2000s contrasts in almost every respect with that Asian picture. For one thing, SSA comprises nearly 50 mainly small, open, economies in an era of globalisation that rapidly transmits international price levels into the domestic sphere. Notwithstanding a brief upturn in the mid-2000s, real prices of agricultural commodities are low and have been declining more or less continuously since the 1970s (see Figure 2 below). SSA countries have small domestic markets that veer unevenly between minor surpluses causing uneconomic returns to farmers, and minor deficits causing price rises and food insecurity for their most vulnerable citizens. SSA countries are characterised by the general absence, post-liberalisation, of state-led agricultural support policies and input subsidies, these being replaced by intermittent government initiatives and fragmented efforts to provide farm support services by international and national NGOs. Following market liberalisation, farmers in SSA countries have experienced increased output price risk, uneven market coverage by private traders, spatial price variations reflecting poor market integration, and high price instability.

The Failure of SAPs and Adverse Factors in SSA Agriculture
One of the reasons that was considered at the time fundamental to the failure of SSA to achieve its own Green Revolution was the policy environment prevailing in the 1970s, and specifically the pre-eminence of monopoly marketing boards (‘crop parastatals’) that artificially widened the marketing margin between farm gate and sales prices, extracting surpluses from the rural economy, and immiserising farmers (World Bank, 1981; Bates, 1981). Trade and exchange rate policy did not help either, depressing import and export parity prices via overvalued exchange rates and over-taxing export commodities to the further detriment of producers. A considerable research effort centred on the proposition that public policy in agriculture in Africa was detrimental to farm prices and agricultural development (Mellor & Ahmed, 1988; Krueger, Schiff & Valdes, 1991).

The conditionality clauses in structural adjustment programmes (SAPs) were designed in part to extricate SSA agriculture from these adverse ‘state failure’ environments. Governments were pressured to eliminate fertilizer and other input subsidies, disband crop parastatals or open them up to private sector competition, eliminate fixed prices or floor prices, reduce export crop taxes, reduce non-tariff import barriers and import taxes, devalue currencies and move to market exchange rates, and facilitate the emergence of competitive private trade in rural areas. Most governments acceded in the end to most of these requests, although often with a lot of foot-dragging and leaving remnants of old regimes still in place, as they still are to this day (see, for example, Cooksey, 2005). 4

4 Interestingly in just the last 2-3 years several governments (e.g. Malawi, Zambia) have reintroduced comprehensive fertilizer subsidy regimes, signifying the potential reinstatement of ‘big’ agricultural policies by the state, along of course with their previous ambiguities for policy outcomes.
The effects of SAPs on farm incomes and outputs should have been positive. That it palpably had more mixed and even detrimental effects is a phenomenon worth attempting to disentangle. Many of the adverse effects seem to have been to do with shocks and sequencing. Currency devaluation and fertilizer subsidy removal tended to be in the vanguard of policy change, and happened very suddenly. The size of devaluations required immediate countereacting measures of monetary and fiscal discipline in order to prevent spiralling inflation. Inflation by itself tended often to cancel out the beneficial effects of devaluation on real farm prices, while monetary tightening caused several fold increases in interest rates, curtailting the ability of those farmers that had been able to access credit institutions to take on loans. The domestic currency prices of fertilizers doubled or tripled, resulting in all but the wealthiest farmers ceasing to use them at effective levels (or any level at all).

Meanwhile internal market liberalisation took place in conjunction with trade liberalisation in an era of falling real prices of agricultural commodities in world markets through the 1980s and 1990s (Figure 2). This further reinforced a backdrop of downward underlying price pressures rather than the buoyant real trends expected as a consequence of liberalisation. Private traders failed to rush into the spaces left behind by receding parastatals. For one thing, they were still impeded by petty barriers-to-entry and trade kept in place by officialdom (licenses, taxes, roadblocks); but also the private benefit-cost-ratio of collecting half a pickup truck of maize from a remote village at the end of a terrible dirt road would not in many instances have made much commercial sense.

Figure 2: Real Price Trends for Selected Cereal Crops 1960-2000

(source: World Bank (2000))

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5 For an excellent case-study that does this for a single SSA country, Malawi, see Harrigan, 2003.

6 The case where the cost of engaging in a transaction outweighs the benefits of doing so even when a potential sale could occur is a particular type of market failure (de Janvry et al., 1991). Market failure aspects of post-liberalisation agriculture in SSA have been extensively explored by the Wye research group at Imperial College (see, for example, Poulton et al., 2006).
The argument can be made that the great liberalisation thrust of the mid-1980s occurred too late to overcome pathological conditions in SSA agriculture that had been set in train during the era of the parastatals. The unreliability of markets in the parastatal era (farmers sometimes failed to be paid for the crops that they delivered, or got paid months in arrears, quite aside from the low real level of prices that they were paid), resulted in a deepening ‘food security first’ subsistence rationale that the upheavals of liberalisation may have tended to reinforce. If a farm family cannot depend on being able to purchase food at affordable prices during the lean season, then it makes economic sense to retain as much production as required to ensure annual food security. The outcome, however, is low levels of exchange in the rural economy, therefore little cash in circulation, and lack of impetus for broader economic dynamism in rural areas.

The continued high level of subsistence reliance amongst food crop producers was observed for scattered research sites across four countries (Uganda, Kenya, Tanzania and Malawi) in a livelihoods research project entitled LADDER conducted in 2001-02 (Ellis & Freeman, 2004; 2005). The fieldwork covered 1,345 households across 37 villages in 11 districts in the four countries. Some of the evidence on the physical output share of various food crops retained for home consumption rather than sold in the market is reproduced in Table 1 below. It can be seen that subsistence shares for staple foods are routinely above 70 per cent and can, under certain circumstances, reach near enough 100 per cent (maize in Malawi). These are average figures for the whole sample; if disaggregated by relative per capita income levels the poorest half of the sample exhibit near total non-engagement in the market for their main food crops.

<table>
<thead>
<tr>
<th>Subsistence Share %</th>
<th>Kenya n=350</th>
<th>Uganda n=315</th>
<th>Tanzania n=350</th>
<th>Malawi n=280</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bananas</td>
<td>- -</td>
<td>73.2</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>Maize</td>
<td>90.0</td>
<td>57.9</td>
<td>77.8</td>
<td>96.8</td>
</tr>
<tr>
<td>Rice</td>
<td>- -</td>
<td>- -</td>
<td>60.5</td>
<td>48.2</td>
</tr>
<tr>
<td>Millet</td>
<td>95.1</td>
<td>82.4</td>
<td>- -</td>
<td>- -</td>
</tr>
<tr>
<td>Sorghum</td>
<td>89.1</td>
<td>- -</td>
<td>60.1</td>
<td>- -</td>
</tr>
<tr>
<td>Beans</td>
<td>81.8</td>
<td>65.7</td>
<td>59.2</td>
<td>79.2</td>
</tr>
</tbody>
</table>

Source: sample surveys conducted in 37 villages, 2001-02

A liberalised agriculture in SSA confronts other difficulties too. Free agricultural markets are inherently unstable. It is that instability and the routine ruin of farmers to which it gave rise.

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7 LADDER was a cross-country research programme funded by the DFID Policy Research Programme from 2000-2004.

8 Some readers of an earlier version of this paper seemed to be neither surprised nor perturbed by these figures, yet we are looking at patterns of disengagement from exchange in the early 2000s that differ little, and may even be more marked than was true 40 years ago. It is of course true that such figures for staple foods do not represent pockets of high level market engagement for crops grown specifically for the market (e.g. export crops and high value horticultural crops).

9 This is because farmers can only plan the next season’s crop areas by reference to past price patterns, especially the immediately preceding season prices, resulting in oversupply or undersupply in the next season.
that provided the micro-economic logic underpinning the ubiquitous farm support policies put in place in the industrialised countries from early in the twentieth century, although politics and national security also played their parts. In addition, limited national market size is a factor rarely given sufficient attention. Most SSA countries are more or less self-sufficient in their staple foods in normal years, such that an above average harvest depresses farm prices and returns to farmers, while a below average harvest leads quickly to food security difficulties for the most vulnerable. Aside from small country size, limited domestic markets also result from slow non-farm and urban economic growth in most countries, a topic to which this paper returns, and weak overall per capita income growth in most countries, too.

Finally, when considering the scope and limits of agriculture-led poverty reduction in SSA is the widespread phenomenon of declining farm size (Jayne et al., 2003; Jayne, Mather & Mghenyi, 2005). Qualitative research in rural communities invariably reveals that this is the factor that most preoccupies rural families when they look to the future. It arises due to continued rural population growth, customary inheritance practices that sub-divide farm land between children in successive generations, and the eventual closing of the land frontier in most places. Its consequence is a pattern of farm sizes for the bottom income third or so of rural households that is inadequate for generating an agricultural livelihood even in normal or good years. The proportion of rural populations that fall into this deficit group is growing over time.

In summary of these arguments, liberalisation did not provide a decisive reversal for the parlous state of SSA rural economies towards the end of the 1970s, and a number of reasons are advanced as to why this seems to have been the case. Post-liberalisation arguments for utilising agriculture as the main vehicle for SSA poverty reduction are weakened by reference to several facets of farm-based livelihoods in SSA that counteract the potentially beneficial effects of rising yields, if the latter could indeed be sustainably secured. These facets include limited domestic markets, unstable prices in free markets and declining farm sizes. It is perhaps not surprising, then, that SSA small farmers have sought over many years to secure part of their livelihood, and preferably as large a part as possible, from non-farm income sources.

**Rural Livelihood Diversification and Its Paradoxes**

For the purposes of this discussion, rural livelihood diversification simply describes the phenomenon by which small farm households take up non-farm activities, or rely on non-farm income transfers, for the overall standard of living that they are able to achieve. The extent of such diversification away from agriculture is an indicator of the degree to which farming operations on their own can provide a secure and improving livelihood. Thus where

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10 This was markedly the case, for example, in participatory work conducted in 31 villages in Ethiopia for a Participatory Poverty Assessment (PPA) (see Ellis & Woldehanna, 2005)

11 There remain some exceptions to this inexorable tightening of land supply, notably much of rural Zambia, but in most SSA countries it applies, and within them it applies with particular force to high potential agricultural zones

12 The average farm size across 1,295 households across four countries in the LADDER project was near enough 1.5 ha. Between 40 and 50 per cent of households by country sample had farm sizes under 1 ha in 2001 (Cross, 2005).
Diversification is widespread, and the share of livelihood portfolios to which it corresponds is considerable, then it may be supposed that farming is for one reason or another unable to satisfy those basic requirements.

Diversification in association with small family farming has been around a long time. The two “classic” reasons for diversifying – risk and seasonality – have always been pertinent.\textsuperscript{13} Non-farm occupations reduce risk by combining activities that have different risk profiles, while they can also ameliorate the labour and consumption smoothing problems associated with seasonality. These reasons are likely to have relevance even in the presence of relatively favourable agricultural conditions, and the production of a surplus for the market in normal years.

In SSA, livelihood diversification has come to symbolise a state of affairs distinct from the minor adjustments at the margin implied by these classic reasons for doing so. The difficulties confronting small farm agriculture in liberalised markets discussed in the preceding section are pertinent. A multi-country research project conducted by the African Studies Centre at Leiden University in the 1990s utilised 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 associated broadening pursuit of non-farm options across the continent (Bryceson, 1996; 1999; 2002; Bryceson & Jamal, 1997).\textsuperscript{14} Key components of this picture are supported by a substantial body of other evidence. Studies of rural income portfolios derived from both large-scale, nationally representative, sample surveys, and from purposive household studies, converge on the once startling figure that, on average, roughly 50 per cent of rural household incomes in SSA 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 (Reardon, 1997; Ellis, 2000; Ellis & Freeman, 2004).

There is a great deal of variation around this mean figure 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 rural 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.

Rural livelihood diversification in SSA contains several paradoxes that are worth exploring for the light they shed on the actual and potential role of agriculture in poverty reduction. It has been argued in the past that diversification is likely to be the last resort of those unable to gain a sufficient livelihood from their depleted farms, and there is some truth in this, but it is not the whole story. In the LADDER project, a positive correlation between per capita

\textsuperscript{13} See, for example, Netting (1993) for discussion of these reasons in peasant farming societies in the North as well as the South.

\textsuperscript{14} This research project coordinated by the African Studies Centre at Leiden University was entitled Deagrarianization and Rural Employment (DARE).
household incomes and share of income obtained from non-farm sources was strongly affirmed.

A case-study from Tanzania provided in Table 2 below typifies this finding. It is observed that the average farm:non-farm split for the sample of 344 households is almost spot on the 50:50 division referred to above as a widespread finding in SSA. The relative dependence on agriculture declines across the income ranges from 68 per cent for the poorest quartile to 43 per cent 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 per cent of the income portfolio.

Table 2 Income Portfolios by Income Quartile, Tanzania
(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>Sub-Total Agric</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>Total</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, p.1378)

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 3 below shows for all four LADDER country samples 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 3: Net Farm Output per Ha, by Income Quartile, Four Countries (US$/ha)

<table>
<thead>
<tr>
<th>Country</th>
<th>Income Quartile</th>
<th>Ratio</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, p.18)
The interlinked livelihood process conveyed by these two tables is an interesting one: the lower the importance of agriculture in the total income portfolio of the household, the higher the farm productivity realised (Figure 3 illustrates this by reference to the Tanzania sample). This emphasises the interdependence between farm and non-farm livelihood components that describes doing well in rural SSA. However, it also points in a broader direction: it seems plausible that farm productivity in SSA rises as a function of household members taking up non-farm opportunities, rather than being the driver of such opportunities as is proposed in much of the agriculture-led growth literature.

Figure 3: Tanzania – Rising Yields and Declining Dependence on Farming

The widely observed rural livelihood patterns illustrated by the LADDER project data help to shed light on the dynamics of rural vulnerability in Sub-Saharan Africa. The poorest and most vulnerable rural families are those most heavily reliant on agriculture, and most strongly locked into subsistence within agriculture. This is a growing proportion of rural households in food insecure and poorly performing SSA countries. 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 (e.g. 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.

It is clear that livelihood diversification, which involves occupational and geographical mobility away from agriculture, not only provides rural SSA dwellers with greater livelihood security, but also potentially opens up non-farm pathways to improving standards of living. Livelihood diversification 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 general, livelihood diversification offers potential for improving 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.
This conveniently brings us to the next step in the argument of this paper, which is the necessity for an accelerated rural-urban transition in SSA.

**Rural-Urban Transitions and Poverty Reduction**

Previous sections of this paper have proposed that the potential benefits of yield growth in small farm agriculture in SSA are offset by a number of adverse trends and circumstances so that in practice little net gain occurs in farm incomes; and, indeed, in the worst cases the adverse factors outweigh efforts to raise yields so that livelihood circumstances continue to deteriorate despite the best efforts of all concerned to move forward. Undoubtedly the most lethal combination is failed growth at the macro level (static or declining per capita GDP) combined with these adverse rural trends. This combination severely curtails the non-farm options available, throwing rural households even deeper into excessive reliance on semi-subsistence food crop production. A considerable number of SSA countries persistently or intermittently fall into this category.

Table 4 below provides rural and urban headcount poverty data for a selection of southern and East African countries in the late 1990s or early 2000s. Is this data trying to tell us something? Well, yes it is, and that is that with rare exceptions urban poverty levels are very considerably below rural ones. Some of the rural poverty levels are so high in southern African countries that they are scarcely possible to grasp, yet we know from what happens when there is a slight disturbance in rainfall patterns that southern African rural dwellers are indeed amongst the most vulnerable populations to food deficits in the world. The agriculture-led growth position is that these impoverished populations should be kept in agriculture because yield growth on their farms is an essential precursor to their ability to move out, and this argument has been dominant for the past thirty years.

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Rural %</th>
<th>Urban %</th>
<th>National %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>1997</td>
<td>52.9</td>
<td>49.2</td>
<td>52.3</td>
</tr>
<tr>
<td>Uganda</td>
<td>2002-03</td>
<td>42.7</td>
<td>14.4</td>
<td>38.8</td>
</tr>
<tr>
<td>Tanzania</td>
<td>2000-01*</td>
<td>38.7</td>
<td>17.6</td>
<td>35.7</td>
</tr>
<tr>
<td>Malawi</td>
<td>2005</td>
<td>55.9</td>
<td>25.9</td>
<td>52.4</td>
</tr>
<tr>
<td>Zambia</td>
<td>2004-05</td>
<td>78.0</td>
<td>53.0</td>
<td>68.0</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>1995-96</td>
<td>76.2</td>
<td>41.1</td>
<td>63.3</td>
</tr>
<tr>
<td>Mozambique</td>
<td>2002-03</td>
<td>55.3</td>
<td>51.5</td>
<td>54.1</td>
</tr>
<tr>
<td>Lesotho</td>
<td>1993</td>
<td>53.9</td>
<td>27.8</td>
<td>49.2</td>
</tr>
</tbody>
</table>

* The urban headcount figure for Tanzania refers to Dar es Salaam only; the figure for other urban areas was 25.8 per cent.

Source: World Bank (2005) and individual country statistical services.

Strangely, economists who in all other respects are great believers in the capabilities represented by individual human initiative have a curious myopia when it comes to what people do for a living in cities. When challenged with the notion of accelerated rural-urban transition in SSA, they will say “but what will they do there” or “but there are no visible sources of growth there”. This is, of course, nonsense. People have agency, and people’s
agency when freed from the shackles of unremitting toil on the land, is to find niches in the urban economy where they can get by. Towns and cities become teeming hives of small-scale activity in which people begin to specialise in providing goods and services for others, and purchase goods and services in return. In this process, they develop new outlooks and skills, and down the line they become much more interesting for larger scale investments by emerging urban entrepreneurs, and eventually industrialists.

Tiffen (2003) explores a model of rural-urban transitions that ends up by cautiously suggesting that urbanization has been hindered by policy in SSA, and that urban growth is required to stimulate agriculture and to provide jobs for those who are leaving farming (Ibid, p.1343). The interdependency of rural and urban poverty reduction emphasized by Tiffen is central to obtaining a better grasp of the strategic balance between sectors required for accelerated growth and poverty reduction in SSA. For small farm agriculture to grow and prosper in SSA, rapid rural-urban transitions will have to take place in order to reverse declining farm size, provide a robust domestic market for farm output, increase cash in circulation in rural areas, and take the pressure off over-exploited natural resources.

The proposition is therefore advanced here that failure to grasp the nettle of accelerated rural-urban transition has contributed quite significantly to the spreading rural poverty and intensifying vulnerability of the past several decades in SSA. Ethiopia is a country that exhibits this failure to an extreme. Ethiopia has a population estimated at 70 million people, only 17 per cent of whom in 2005 lived in urban areas. It has suited successive Ethiopian governments going back decades, if not centuries, to keep peasants toiling on the land. Ethiopia has an agriculture optimist growth strategy called Agricultural Development Led Industrialisation (ADLI) which is built into its Sustainable Development and Poverty Reduction Program (SDPRP). In the first SDPRP (Ethiopia, 2002), urban development was regarded as such a minor cross-cutting issue that it received 2½ pages attention in the 200 page document. In Ethiopia the state owns the land, and farm families have rent free access to it and can pass it on to their progeny. Several past land redistributions mean that in the densely settled areas farm sizes are in the narrow range of 0.5 to 2 ha. Farm sizes are shrinking since the rural population is growing at 3 per cent per annum.

Ethiopia follows policies that “trap people in agriculture”. The capital or rental value of land cannot be realised (say, as a precursor to moving to town) since the land belongs to the state and cash renting is prohibited. There are widespread perceptions in rural Ethiopia from earlier state behaviours that if land is left for more than 3-4 months it will be reallocated by the local administration, and the same also would occur if individuals were thought to have moved unduly into non-farm activities. The current rate of urbanisation in the country at 6 per cent is considered to be an unwelcome trend, to be contained if at all possible. However, the shocking implication of this is that in 8 years time, in 2015, 77 per cent of Ethiopians will still live on the land, and 15 million more people will have had to have been absorbed into an already exhausted agriculture.

Summary and Conclusions
A great deal more work needs to be done to get the speculative ideas put forward in this paper into a shape that would stand up to close scrutiny. Nevertheless, the outline of a shift in emphasis about what agriculture can do for poverty reduction begins to emerge. In this, rural poverty reduction and urban growth are interdependent, and rural poverty reduction requires a much more rapid rural-urban transition than has been occurring in most SSA countries over the past three decades. This also means investing in urban infrastructures and anticipating the
arrival of populations in towns, in order to mitigate the worst horrors of urban squalor. However, there cannot be much worse circumstances than the rural squalor in which very substantial proportions of SSA populations have been mired for the past several decades.

The direction taken by this paper seems in the end to rest on some core propositions on which a lot more work is required before they can be adequately positioned in debates about development strategy in SSA. These are:

(a) that it is human mobility rather than yield growth in agriculture that historically has been the single most decisive factor explaining rapid processes of economic and social change (this is in direct opposition to the Timmer (2005) principle cited earlier);

(b) that agriculture is not a reliable sector on which to base rising prosperity especially in relatively small countries on the world stage – such rising productivity as can be sustainably secured is offset by price instability, over-supply in small domestic markets, and declining real prices in international markets;

(c) that the notion that poverty reduction is best addressed in the very sectors in which poverty is most acute, virtually an axiom of development policy over the past two or three decades, is seriously flawed and fails to focus adequately on supporting growth processes where they actually occur in the economy.

Of course poverty reduction in SSA is not only about economic strategy, nor just about relative inter-sectoral emphases in patterns of social and economic change. There are many who would argue that politics and state behaviours in SSA dominate processes and outcomes to such a large degree that shifts in economic strategy have merely secondary influence. However, here too, progressive change in the future seems more likely to eventuate from an informed and articulate urban population than from the subordinated rural populations that still comprise by far the majority of SSA citizens.
References


Ellis, F., 2000, Rural Livelihoods and Diversity in Developing Countries, Oxford: Oxford University Press


