

## **LIVELIHOOD DIVERSIFICATION: A CONCEPT NOTE ON MARGINAL FARMERS DRIVING FORCES IN AFRICA**

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### **ABSTRACT**

*Past studies revealed vulnerability associated with agricultural production diversification in Africa. There are no recent reliable estimates to see if the diversification strategies have been improved after the introduction of economic reforms in Africa. Many studies hypothesized that the availability of assets such as savings, land, labour, education, access to market or employment opportunities and other public goods is a primary factor in determining a household's capability to diversify their livelihood. Therefore, this study reviews diversification techniques adopted by different scholars in the estimation of livelihood of the smallholder farmers in Africa. It will also fill the gaps that have been yet addressed by the researchers in a study related to livelihood diversification.*

**Keywords:** Livelihood Diversification, Marginal Farmers, Driving Forces and Africa

### **INTRODUCTION**

Livelihood diversification is one of such dynamic phenomena now taking place in rural areas and thus needs more attention from policy makers. It is gaining renewed importance for rural population seeking sufficient livelihood under limitations of traditional farming and increasing cash needs. According to Ellis (Ellis, 2000), rural livelihood diversification is “the process by which rural households construct an increasingly diverse portfolio of activities and assets in order to survive and to improve their standard of living.” It means a “broadening of income generating activities away from purely crop and livestock production.” (Smith et al., 2001) The concept implies a process of dynamic change and constant adaptation.

Diversification can be divided into two categories, on-farm and non-farm diversification. On-farm diversification means “maintenance of a diverse spread of crop and livestock production activities that interlock with each other in various way.” (Ellis, 2000) A conventional example is a mixed cropping or intercropping, which refers to growing two or more crops on the same piece of land to “take advantages of complementarities between crops in their use of soil nutrients, sunlight and other resources.” (Ellis, 2000). Non-farm diversification refers to seeking business or employment opportunities other than traditional crop production and livestock rearing. Even non-farm diversification is related to agriculture as it includes processing and trading of agricultural produce. Also, non-farm activities include service provision (e.g. hair salon, boda-boda motor cycle transport), shopkeeping (e.g. kiosk, restaurant) and manufacturing (e.g. brickmaking, cottage industry and beverages).

Livelihood diversification is defined as the process by which rural families construct a diverse portfolio of activities and social support capabilities in their struggle for survival and in order to improve their standards of living (Ellis, 1998). Very few people collect all their income from any one source, hold all their wealth in the form of any single asset, or use their assets in just one activity which makes diversification the norm (Barrett et al., 2005). Livelihood diversification can be seen as an attempt by individuals and households to find 121 new ways to raise incomes and reduce environmental risk (Haggblade et al. 2007). Livelihood diversification would include both on- and off-farm activities undertaken to generate income additional to that from the main household agricultural activities. Households may diversify through the production of other agricultural and non-agricultural goods and services, sale of waged labour, or self-employment in addition to other strategies undertaken to spread risk. Income derived from farm livelihoods comprise both consumption-in-kind of own farm output and cash income from output sold. Off-farm income refers to wage or exchange labour on other farms-i.e. within agriculture. It also includes labour payments in kind, such as the harvest share systems and other non-wage labour. Non-farm income refers to non-agricultural income sources such as (i) non-farm rural wage to-rural remittances arising from within national boundaries, and (v) international remittances arising from cross-border and overseas migration (Barrett et al., 2001). From the definition by Ellis (1998) of rural livelihood diversification, it can be implied that prompted by survival or the need to improve their standard of living, households construct a diverse portfolio of activities and social support capabilities. They can combine a number of livelihood activities like agricultural crop production, livestock production, wage work, cottage industry etc. to provide or supplement income. The mix of activities will depend on a household's ability to access different livelihood opportunities (Ellis, 1998; Bryceson, 2002).

Migration is another livelihood strategy increasingly pursued by rural households. It may be seasonal, circular, rural-urban or international mediated by capital endowment of migrants and their households (de Haan 1999). Taylor and Wouterse, (2008) suggest that “household members who migrate can facilitate investments in new activities by providing liquidity, in the form of remittances, as well as income security, in the form of a promise to remit to the household in the event of an adverse income shock.” This means migrant 122 remittances can be useful in relieving rural credit constraints which may be viewed as a livelihood diversification strategy, as they are a source of income not related to household income from agriculture. Where formal insurance services and credit markets are not existent, migration can provide income that enable households cope with adverse income shocks as well as overcoming liquidity constraints. In a study on emigration to South Africa's mines by household members from Botswana, Lesotho, Malawi, Mozambique, Lucas (1987) noted that emigration reduces crop production in the subsistence sector in the short run, but remittances enhance both crop productivity and cattle accumulation in the longer run.

### **Deriving Forces Approaches for Livelihood Diversification**

The detailed look at diversification activities was an attempt to see how poor rural households worked, and to counter the view that they were purely agriculture-based. As a result, it was hoped that policy makers could be encouraged to look, if necessary, at policies outside the agriculture sphere that might be more effective in assisting the households concerned. As Toulmin et al said in their report (Diversification of Livelihoods: evidence from Mali and Ethiopia, Toulmin et al, Research Report 47, 2000, IDS), ‘If equity and gender issues are of particular importance, may diversification provide a more effective

pathway to improving livelihoods than reliance on raising crop yields alone?' Indeed, they questioned whether a poor household would ever be able to generate enough assets and labour to run a farm and whether it would be better for them to focus their efforts on a specific niche activity such as trade, market gardening or firewood collection.

The many contextual factors that might influence the choice of livelihood diversification strategy have been examined on several occasions. In *Factors influencing the dynamics of livelihood diversification and rural non-farm employment in space and time* (Jeremy Swift, 1998, IDS), Swift points out that high population density, good road networks and incoming migrants might all increase the potential for economic diversification, but that the range of off-farm activities that were actually employed depended, in the end, as much on factors like access to credit and savings, household size and composition, levels of education and in some places, on cultural constraints. Ellis in *Rural Livelihoods and Diversity in developing countries* (2000, OUP) adds geographical location, household characteristics, market opportunities, the relationship between farm and off-farm activities and the influence of formal and informal institutions as factors that will influence the choice of livelihood diversification strategy undertaken (Roseland, 2001).

The availability of assets such as savings, land, labour, education, access to market or employment opportunities and other public goods is a primary factor in determining a household's capability to diversify (Warren, 2002). Opportunities to diversify vary among households (Mutenje et al., 2010), with differences in resource endowments (land, labour, capital) and access to markets and institutions playing a central role in the extent to which diversification occurs (Barrett et al., 2001). The extent of diversification of the household portfolio of activities is determined not only by asset portfolios but also by it having the skills, location, capital, credit and social connections to pursue other activities (Hussein and Nelson 1998:19). Consideration should also be given to how assets can be complemented given that some assets are only effective if combined with others (Barrett et al., 2001). Diversification may also develop as a coping response to the loss of capital assets needed for undertaking conventional on-farm production. As households face decreased availability of arable land, increased producer/consumer ratio, credit delinquency and environmental deterioration, diversification can be an immediate response (Warren, 2002). Consequently, the choices that people employ regarding the use of their asset portfolio in pursuing income, security, wellbeing or other productive and reproductive goals define their livelihoods (Ncube, 2010).

A study by Webb and Kevern (2001) on diversification in Ethiopia revealed that level of assets owned i.e. livestock ownership is positively and significantly associated with income diversification, even controlling for level of income. Assets are not only an essential factor of production representing the capacity of the household to diversify but indicators of improved household income. The findings confirm that households surviving the famine with higher than average income and food consumption levels also had a more diversified income base and more valuable assets in hand (especially livestock). In addition, greater income diversification (out of cropping) was positively associated with per capita income level, higher dependency ratio, location in the highlands, and ownership of non-farm assets (Ncube, 2010).

The study of Roseland, (2001) In Mali, in the two case study areas, revealed the pursuit of diversification activities could be a source of tension within wealthier families because it increased competition within the household in Zaradougou. Whilst the activities themselves might make a family financially better off, well-being and sustainability sometimes decreased, with some families coming close to splitting up. In Dalonguebougou, however, diversification was undertaken by different members of the household at different times, essentially within the structure of the extended multigenerational household. There was a close association between asset ownership and household size and asset ownership with sustainability. Those families with more assets had larger more stable family groups. Likewise there was a direct link between successful crop production and cattle ownership and well holdings.

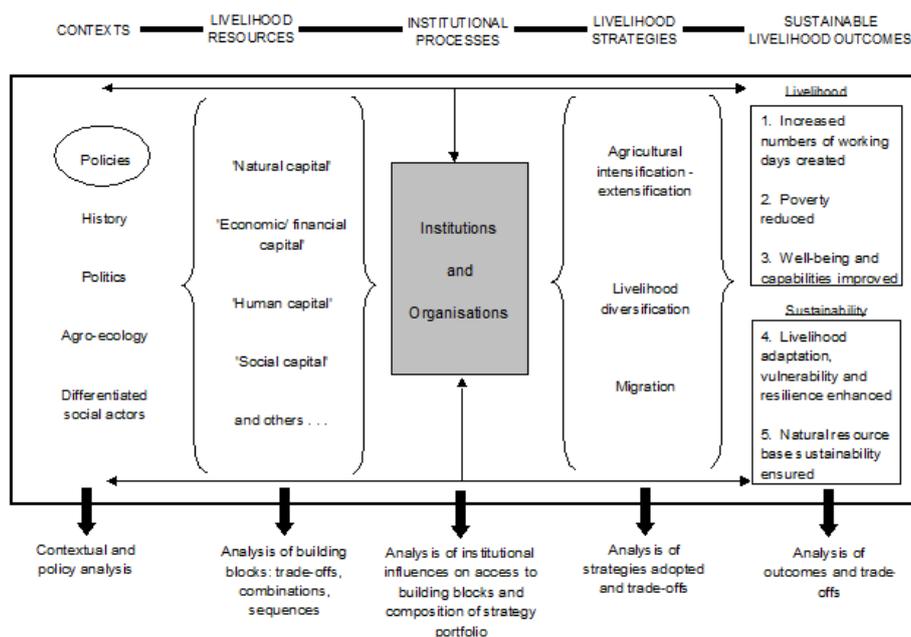
The study of Smith et al. (2001) also indicated that numerous factors determine the abilities of rural households to diversify their livelihood strategies away from both crop and livestock production into off- and non-farm economic activities. These determinants are identifiable both as pre-conditions, namely history, social context and agro-ecology; and the ongoing social change linked with extreme interventions, such as infrastructural and service provision.

According to Ellis (2000), reasons for income diversification are seasonality, risk strategy, response to labour and credit markets failure, accumulation strategy and coping behaviour, and adaptation. (Tefera et al. 2004) agree with Ellis, and go to say that there is usually a negative correlation between income and the extent of household's reliance on natural resources for livelihood. Households who depend heavily on natural resources and have little in the way of alternative sources of livelihoods have comparatively lower incomes.

According to Bryceson and Jamal (in Tefera et al. 2004), 40- 45% of an average African household-income is from non-farm employment and has increasing importance overtime. Ellis contends that livelihood diversification is more than income diversification and includes property rights, social and kinship networks, and access to institutional support (Tefera et al. 2004). Empirical evidence shows that activity and income diversification in rural livelihoods in sub-Saharan Africa has become an increased importance (Barret et al. in Tefera et al. 2004).

### **Sustainable Livelihoods Framework (SLF)**

The SLF forms the core of the Sustainable Livelihoods Approach and serves as an instrument for the investigation of poor people's livelihoods. It provides a useful guide for the analysis on livelihoods suggesting that livelihoods comprise capabilities, assets and activities required to make a living. Livelihood assets and capital are used interchangeably as they are an important component of the SLF because they form the strength upon which people construct their livelihoods and achieve their goals (Bebbington, 1999). According to Kollimar and Gamper (2002), the framework in Figure depicts stakeholders as operating in a context of vulnerability, within which access certain assets. These gain their meaning and value through the prevailing social, institutional and organizational environment known as transforming structures and processes. This context influences the livelihood strategies that are open to people in pursuit of their self-defined beneficial livelihood outcomes. The framework does not work in a linear manner but rather seeks to provide a way of thinking about the livelihoods of poor people which should help in identifying more effective ways to support livelihoods and reduce poverty.



**Figure 1.** Sustainable Livelihoods Framework (SLF): Adapted from Scoones (2000)

**Livelihood Resources**

The analytical framework described by Scoones in his paper adopted an economics metaphor to describe the basic material and social, intangible and tangible assets that people have in their possession. These resources were the ‘capital’ base from which livelihoods could be constructed. He offered a simple set of definitions:

**Natural capital** – natural resource stocks (soil, water, air, genetic resources etc) and environmental services (hydrological cycle, pollution sinks etc) from which resource flows and services useful for livelihoods are derived.

**Economic or financial capital:** including infrastructure the capital base (cash, credit/debit, savings etc), infrastructure, and other economic assets which are essential for the pursuit of any livelihood strategy.

**Human capital** – skills, knowledge, ability to work and good health important for the successful pursuit of livelihood strategies.

**Social capital** – the social resources (networks, social relations, associations etc) upon which people draw when pursuing different strategies.

Whilst more ‘capital’ sources could be identified, the main point was that in order to construct livelihoods, people should successfully combine all or some of these ‘capital’ endowments (Scoones, 2000).

**CONCLUSION**

In summary, a livelihood comprises capabilities, material and social resources and activities required for a means of living which also takes into account the role played by structures, policies and processes in influencing the choice of livelihood strategies by the rural poor. Livelihood diversification would include both on- and off-farm activities undertaken to

generate income additional to that from the main household agricultural activities. The many contextual factors that might influence the choice of livelihood diversification strategy have been examined on several occasions. These factors specifically categorized under geographical location, household characteristics, market opportunities, the relationship between farm and off-farm activities and the influence of formal and informal institutions as factors that will influence the choice of livelihood diversification strategy undertaken. Many literatures revealed that the availability of assets such as savings, land, labour, education, access to market or employment opportunities and other public goods is a primary factor in determining a household's capability to diversify their livelihood. Moreover, others contend that livelihood diversification is more than income diversification and includes property rights, social and kinship networks, and access to institutional support. Therefore, since there is also such a range of intervention options possible, and trade-offs between these are always evident, negotiation and discussion must continue throughout any intervention process. Planning for identifying the potential driving forces for livelihood diversification strategies by smallholder farmers is therefore necessarily iterative and dynamic.

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