

**DYNAMIC PATHWAYS INTO AND OUT OF
POVERTY: A CASE OF SMALL HOLDER FARMERS
IN ZAMBIA**

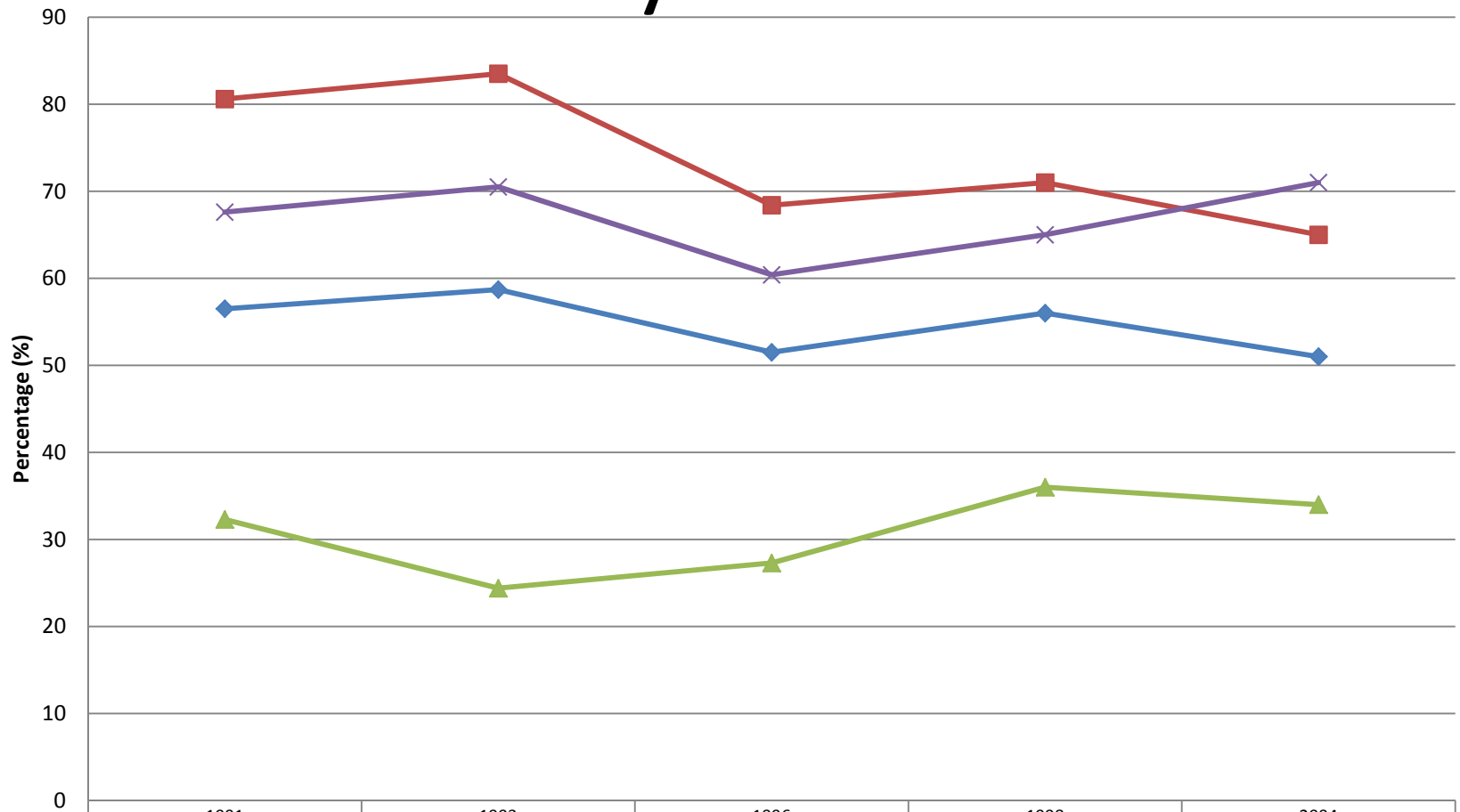
Prepare for AAMP Policy Symposium Smallholder Commercialization
20-22nd April, 2011
Kigali, Rwanda

Diana J Banda, Priscilla Hamukwala, Steve Haggblade and Antony Chapoto

INTRODUCTION

- Zambia, continues to experience persistent poverty:
 - 64% live below poverty line in 2006 LCMS(CSO 2010).
 - Poverty
 - a multi-dimensional concept
 - describes monetary (income & consumption) and non-monetary (i.e. deprivation of good health, knowledge, good nutrition, access to basic social services and food security)

Poverty Trends



	1991	1993	1996	1998	2004
■ Rural	80.6	83.5	68.4	71	65
▲ Urban	32.3	24.4	27.3	36	34
× Female H/H	67.6	70.5	60.4	65	71
◆ Male H/H	56.5	58.7	51.5	56	51

Study Objective

- Understand households' pathways into, and out of poverty among small holder farmers in Zambia

Study Hypotheses

- H1: Initial endowments contribute positively to welfare and hhs' ability to absorb negative shocks and profit from favorable opportunities
- H2: Key decisions made by hhs are more likely to affect transition into and out of poverty
- H3: Spatial impact: Proximity to good roads and urban markets promotes production of high value agricultural products with remote locations promoting downward mobility
- H4. Negative shocks are more likely to promote downward mobility into poverty

Study Methodology

- 6 districts, from 2 of the three agro- ecological zones were surveyed
 - i.e. Kawambwa and Mpika from Region III and
 - Monze, Katete, Mumbwa and Serenje (RII)
- 127 sub-sample households from panel were successfully surveyed and used in data analysis
- Households were classified into:
 - Better off (25.7%)
 - Worse off (40.7%)
 - Same (8%)
 - Indeterminate (**25.7%**)

Study Methodology Cont'd

- Both primary and secondary data
 - Quantitative data: semi- structured questionnaire was used
 - Qualitative data: Life histories, interviews with key informants and FGDs were used
- Main focus was on qualitative data capturing welfare dynamics

Findings: Household Characteristics

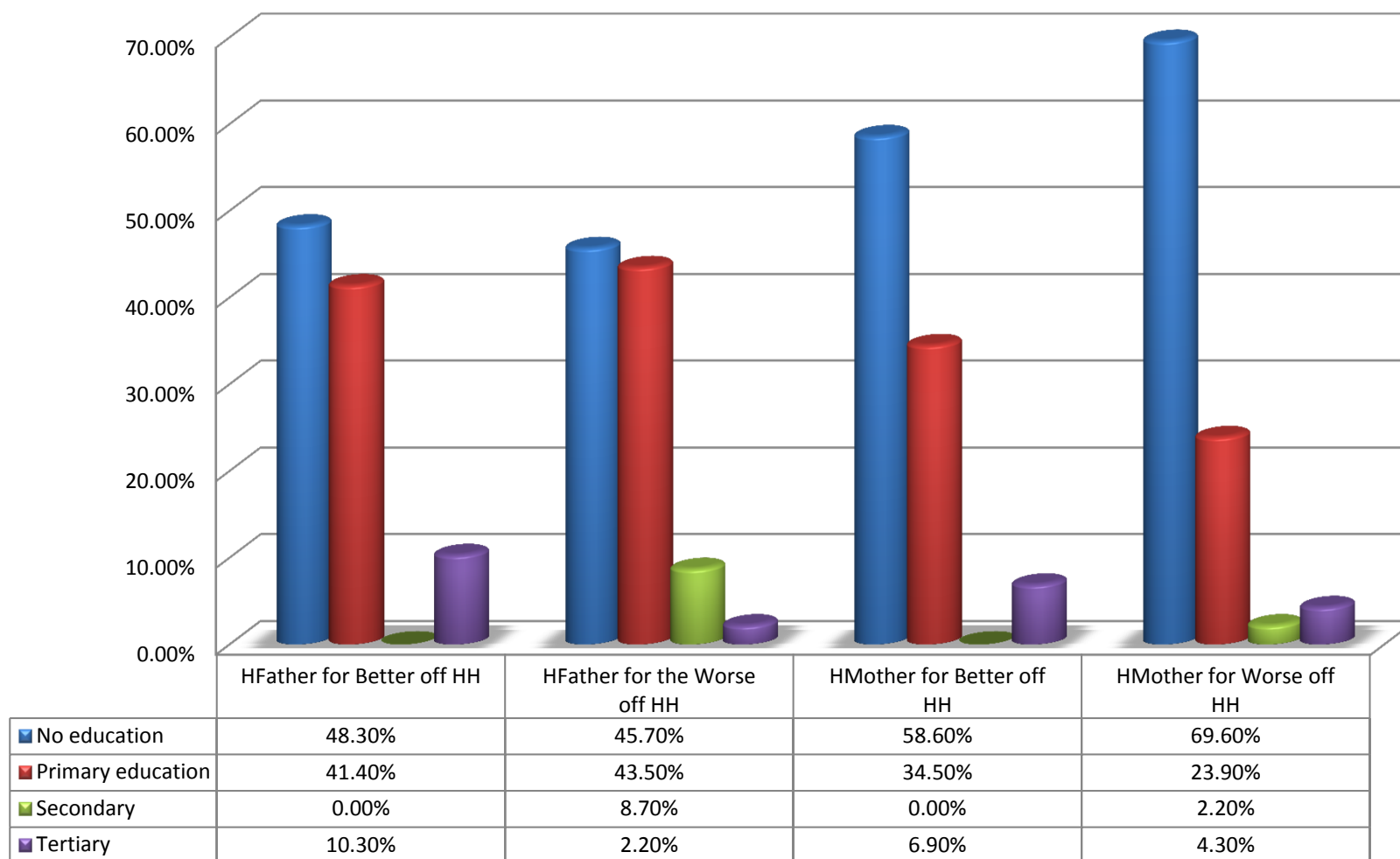
Household Characteristics		Better off than both Parents (n=29)	Worse off than both Parents (n=46)
Age of household head 2001		44.31	46.98
HH size (not weighted) in 2001		8.55	7.70
Mean number of years of Education in 2001		6.14	4.78
Mean Annual Net Income in 2001 in ZMK		1, 962,258.31	1, 702,022.24
Mean Land size owned in hectares 2010		22.6	13.8
Mean No. of cattle owned in 2010		12	7
Dwelling type		1.00	.72
Food security status	Autarkic	34.5%	23.9%
	Net seller	27.6%	28.3%
	Net buyer (producers)	34.5%	45.7%
	Net buyer (no food production)	3.4%	2.2%
Settlement pattern	Compound	34.5%	34.8%
	Nucleated	62.1%	63.0%
	Others	3.4%	2.2%

Findings: Key Drivers of Welfare Change-

- Endowments
- Key decisions
- Location
- Shocks

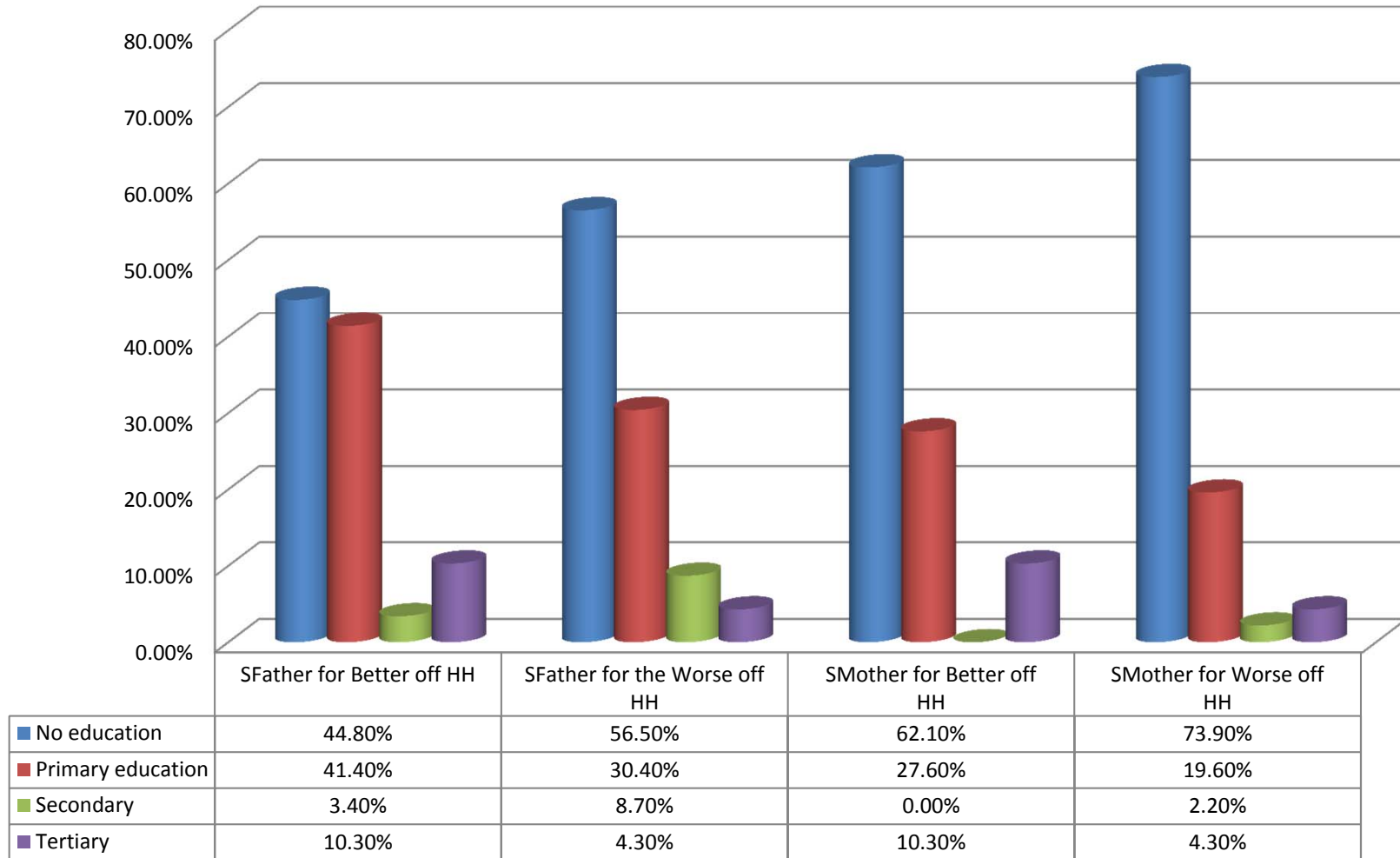
1.1 Human Capital

Parents education (Head)



1.1 Human Capital Contd

Parents Education (Spouse)



1.2 Productive Assets

Type of Assets Owned		Household Welfare Compared to Both Parents	
		Better off than Both Parents	Worse off than Both Parents
Land (ha)	Start	4.82	4.33
	Now	22.6	13.8
House	Start	1	1
	Now	2	3
Cattle	Start	6	5
	Now	12	7
Goats	Start	4	5
	Now	10	3
Pigs	Start	22	2
	Now	1	2
Oxcarts	Start	0	1
	Now	1	1
Ploughs	Start	1	1
	Now	0	1

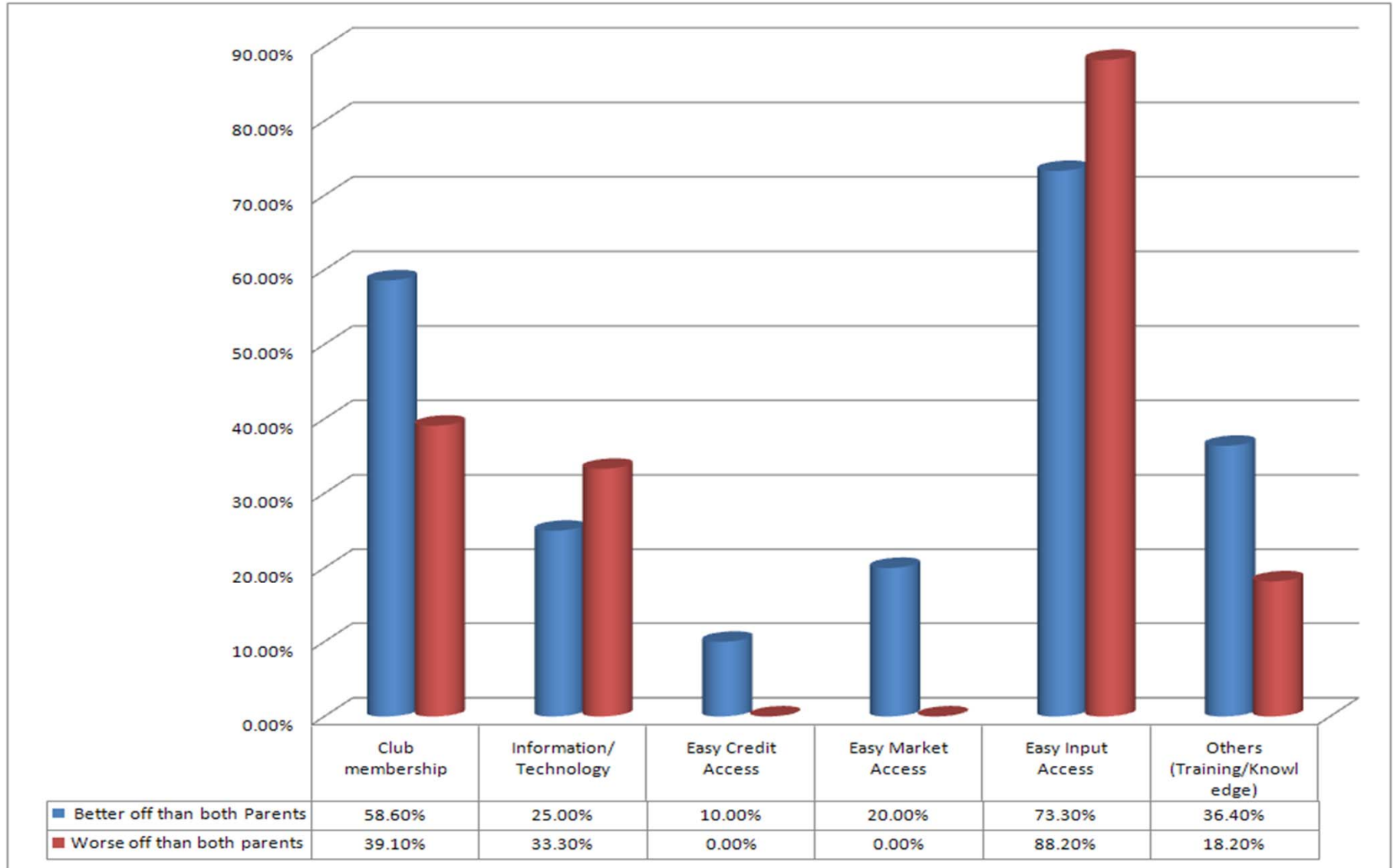
Accumulation/Loss Overtime

Type of Asset	How Assets have been Accumulated/ Lost	HH Welfare Compared to Both Parents	
		Better off than both Parents	Worse off than both parents
Land	Investment	19.0%	.0%
	Inherited	33.3%	27.3%
	Gift	28.6%	48.5%
	Property Grabbing	19.0%	0%
	Other (relocation)	.0%	24.2%
	Total	100%	100%
Cattle	Investment	55.6%	30.0%
	Inherited	11.1%	10.0%
	Gift	.0%	5.0%
	Theft	.0%	5.0%
	Death Loss	33.3%	40.0%
	Property Grabbing	.0%	10.0%
	Total	100%	100%

Accumulation/Loss Overtime Contd

- In summary:
 - the better off were more of those that inherited and made investments in productive assets
 - The worse off were more of those that accumulated wealth through gifts and also lost assets through property grabbing, relocation and death loss of animals

1.3 Social Capital



1.3 Social Capital Contd

- A no. of informal networks exist (FGDs)
 - that act as social support and security system system within the community
- Kinship ties of parents to the traditional leadership equally an important social capital
- Major benefit laid in
 - the difference made in ones' status compared to other community members.
 - massive land parcels obtained by parents thru matrikins

1.4 Migration

- More of the parents of head from the worse off households (28%) than better off (18.5%) migrated
 - Monze and Mumbwa (FGDs),
- Migration by better was due to
 - employment by the better off (85.7%) whereas;
 - other factors (i.e. divorce, death of spouse and generally not fitting in the local set accounted for 50%) and search of land (25%) caused migration by the worse off
- Negative effect of migration:
 - on children's education and general welfare
 - migration reported to have caused some community members not to settle and build on their livelihoods - a situation which led them to being poorer.

1.5 Gender

- More of the Fhhs , worse off than their parents and experienced a downward mobility in their welfare (17.4%) compared to 10.3 percent of the female headed hhs from the better off
- Reasons for downward mobility
 - Lack of education (which led them to early marriages),
 - unstable marriages and
 - divorce/abandonment experienced that required women returning to their parents - a situation in some cases attributed to disruption in children's education and labor shortages
 - Property grabbing associated with inheritance systems, a factor that led to female headed households falling into poverty in terms assets

1.5 Female headed households Contd

A Voice

- On property grabbing , a 48 years old widow of Mumbwa narrated that:
- “I was a first wife to my husband through whom I bore seven children. Initially, my welfare was better as my husband had a lot of animals and having been an only son, inherited adequate amount of land. Being the first wife, I had a much bigger portion of land. As time went by, my husband got sick and eventually died.... marked the beginning of my misery as my husband’s relatives got away with all the animals and all the land I ownedI now have only less a hectare of land that I share with my two surviving children and grandchildren. Am now being assisted by the social welfare through the cash transfer system of the to meet some of my basic needs”.



2.0 Key Decisions

2.1 Investments in assets

- As observed earlier on,
 - better off hhs made investments in land and cattle that contributed to hh's welfare improvement
 - with investments made by better off hhs, positive welfare changes to move out of poverty made
- The worse off hhs depended more on gifts and inheritance.
 - Decisions not to invest by worse off hhs restricted their movement out of poverty

Key Decisions Contd

2.2 Investment in children's education has a positive effect on hh welfare

– educated children found jobs that enabled them send remittances to their parents.

- Such remittances constituted hhs'
 - coping strategies where shocks were experienced.
- The better off hhs were more of those that sent their children to school compared to the worse off hhs

Key Decisions Contd

A Voice

- Appreciating the importance of educating children, a 78 year old retired man in Kawambwa said:

“ I spent all my time, money I earned working at a Tea Estate and sent all my children to school. Upon retirement from active employment, I came to stay in this village and as you can see am very old now yet am still able to farm and earn a living. It is thanks to my children who send money to me that enables me hire labor and purchase all other agricultural inputs. I also thank my parents for having given me an education that enabled me lead generally a comfortable life especially in my prime years”.

Key Decisions Contd

2.3 Choice of economic activities has an effect on hh's welfare

- Farming, a major livelihood for both
 - better off (100 %) and
 - worse off hhs (95%)
- Both worse and better off diversified their income diversification through agricultural and non agricultural activities done by both the better off and worse off households
- However, there were differences in focus

Key Decisions Contd

- More of the better off hhs:
 - used improved seed varieties, participated in agricultural marketing, owned retail shops, engaged in commercial trading and hired labor,
- The worse off hhs engaged more in subsistence undertakings such as:
 - petty trading activities (e.g., knitting, making fritters, beer brewing); traditional farming (e.g. Chitemene, hand hoeing) and sold their labor to the better off households.
 - By so doing, the worse off hhs ended up neglecting their own farm operations and negatively impacted on their production capacities.

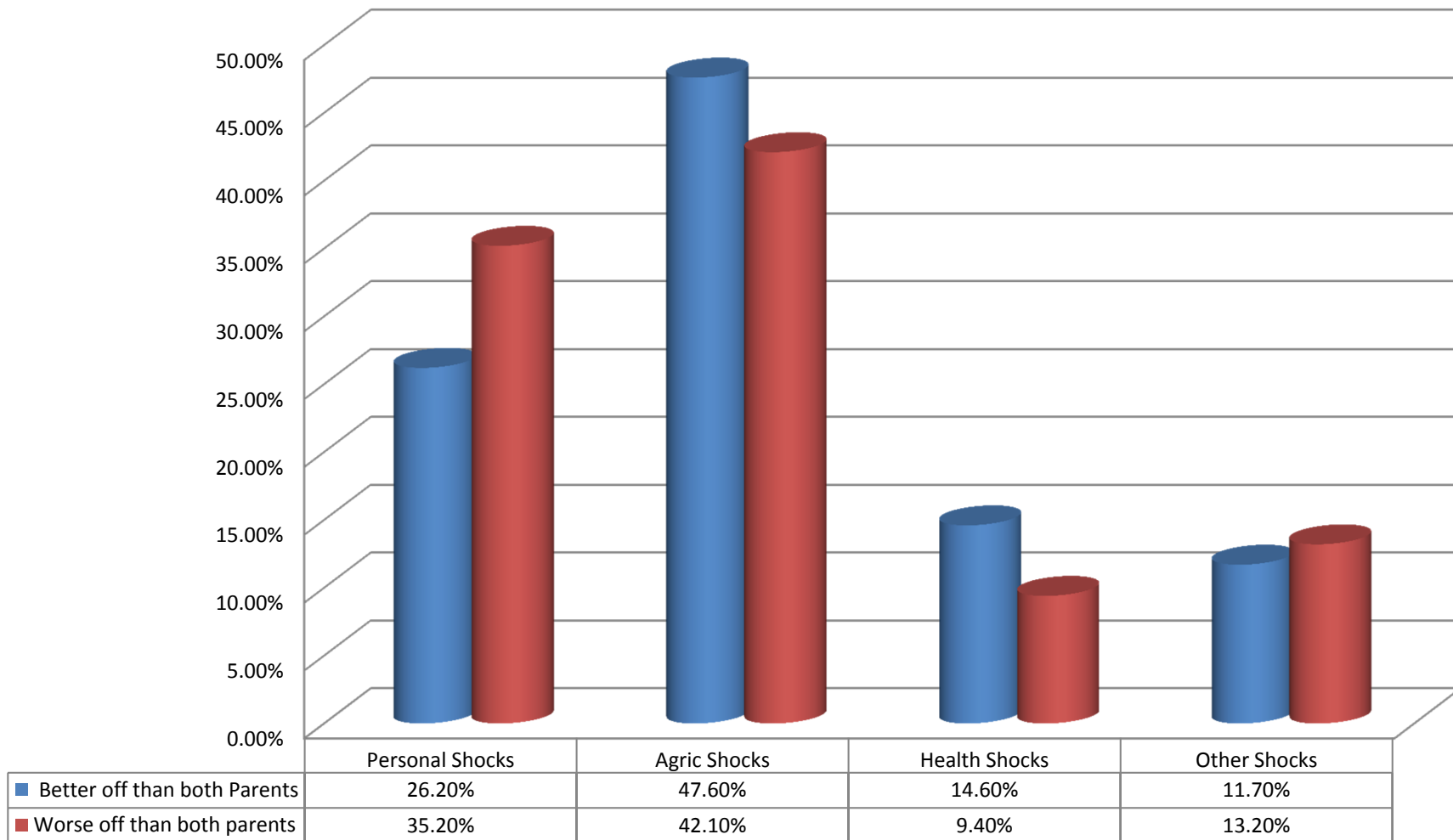
3.0 Location

- Close proximity to good roads and urban markets most likely assist hhs specialize in
 - production of high value agricultural products
 - E.g horticulture, rather than food staples.
 - With remote locations likely to experience downward mobility.
- Most better off hhs came from the locations that:
 - Had good access to roads,
 - Were near town and
 - Were well connected to both input and output markets
 - Their diversified livelihood activities included gardening, trading and owning shops
 - e.g Mumbwa and Monze

4.0 Shocks

- Hypothesis 4** *Negative shocks are more likely to promote downward mobility into poverty*

Shocks Experienced



Conclusions and Recommendations

1. Education is an important pathways out of poverty, for two reasons.
 - Enables people participate in higher productive activities
 - Increases hhs chances of having access to forms of capital
e.g. ability to join farmer associations (training) and migration in search of employment.
- Access to education should be a major focus of the government's poverty through:
 - literacy classes, skill trainings and client tailored in service trainings.

Conclusions and Recommendations Contd

- Investment in the education of children was important
 - children found non farm jobs
 - Assisted parents through remittances t
 - Remittances contributed to parents' ability to absorb shocks and asset accumulation.
- ❖ Progression rate of rural hhs to higher education much lower
 - Major constraints, distance to schools, educational expenses high and limited #basic schools.
- Infrastructural facilities through increasing # basic and high schools

Conclusions and Recommendations Contd

2. Productive assets enables:

- hhs engage more efficient activities leading to accumulation of more wealth.
- Cushions impact of negative events faced.
- Provision an enabling environment by instilling both entrepreneurial skills and creating a business mind among the rural poor through education and training.

Conclusions and Recommendations Contd

3. Two forms of social capital identified:
 - Formal social capital include
 - farmer cooperatives, farmer groups and clubs
 - provide opportunities for accessing inputs, training, technology and information and
 - Informal social networks were:
 - work parties, home based care and friendships based systems
 - Act as local support systems and
 - played a significant role hhs welfare where formal systems were non existent

Conclusions and Recommendations Contd

- Need to promote existing local social support systems so they can contribute more to hhs welfare.
 - Formation of formal social capital in areas where they do not exist and strengthen existing ones.
 - Need to recognize emerging social networks with a view to appreciating their contribution to hhd welfare.

Conclusions and Recommendations Contd

4. Fhh, have unique challenges due to:
- limited access to education,
 - restricted ownership of assets due to inheritance patterns and
 - Experience critical labor shortages
- Need for continued efforts and programs promoting women education
 - Various statutory requirements that empower women should receive the impetus they deserve.
 - Traditional leadership should continue to be engaged in decisions that negatively impact on women's welfare

Conclusions and Recommendations Contd

5. Hhs investment decisions and parents living productive assets contributed to having a solid foundation.
 - ❖ Inheritance systems do not favor direct transfer of parents' assets to children – matrilineal systems
 - Need to strengthen the legal means of asset transfer and provide civic education on the importance of leaving wills for ensured protection of beneficiaries.

Conclusions and Recommendations Contd

- 6 Though, growing importance of the non-farm activities, agricultural is still an important pathway out of poverty.
- Need by gvt and other stakeholders to shift resources towards actions which boost agricultural productivity through:
 - increased spending on agricultural research,
 - improving the extension service,
 - Infrastructure development
- Need to improve the investment climate in the rural non-farm sector.

Conclusions and Recommendations Contd

7 Shocks

- Rural hhs are vulnerable to shocks.
- Shocks cause hhs disinvest assets as a coping strategy
- Hhs with lmtd assets further descend into poverty.
- Diversification into farming and off-farm income generating activities should continue to be supported.
- Programs aimed at minimizing occurrences of Malaria and HIV/AIDS should be continued.

Thank you
ZIKOMO