

Livelihood diversification among rural farm households in Kenya

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Key Takeaways

Diversification of livelihood strategies is the norm for majority of rural farm households

Households diversify differently, driven by factors that influence their capacity to take advantage of opportunities in the strategies

Introduction

- Diversification of livelihood strategies is important
 - increases income while reducing household vulnerability to economic shocks (Elin & Levin, 2023; Kristjanson et al. 2014; Barrett et al. 2005; Freeman et al. 2004; Ellis 2000)
- Farm households diversify livelihood strategies differently, based on factors that affect their ability to take advantage of opportunities
- Understanding households' livelihood diversification strategies and enabling factors and can help inform efforts for expanding livelihood opportunities for

Questions

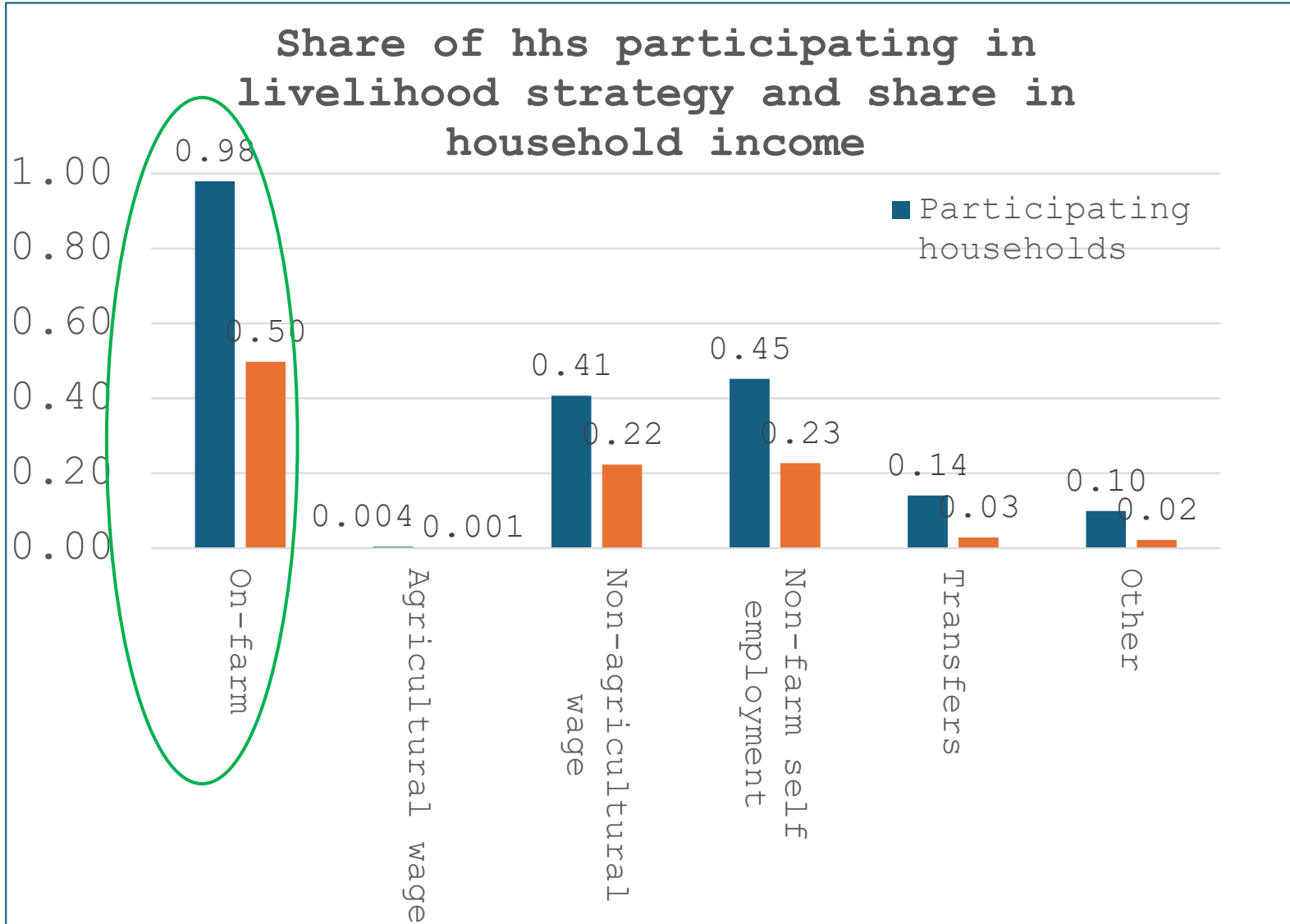
- 1) How diversified are rural farm households' livelihood strategies? What is their relative importance in total household income?
- 2) Which livelihood strategies are crucial for various household groups?
- 3) How do households combine livelihood strategies?
- 4) What household attributes are associated with various livelihood diversification strategies?

Data

- Kenya Climate Smart Agriculture Project (KCSAP) Baseline survey Data
 - Project in 24 (half of Kenya's) counties, selected based on based on the criteria of having higher vulnerability to climate change and extreme weather events, volatility in agricultural production, and poverty incidence.
 - Baseline conducted in in 2022
 - Nine (9) counties
 - Sample size - 4,645 households, randomly picked from common interest groups (CIGs) around defined agricultural value chains in project and non-project wards
 - Data included household farming activities, off-farm employment activities demographic information and a suite

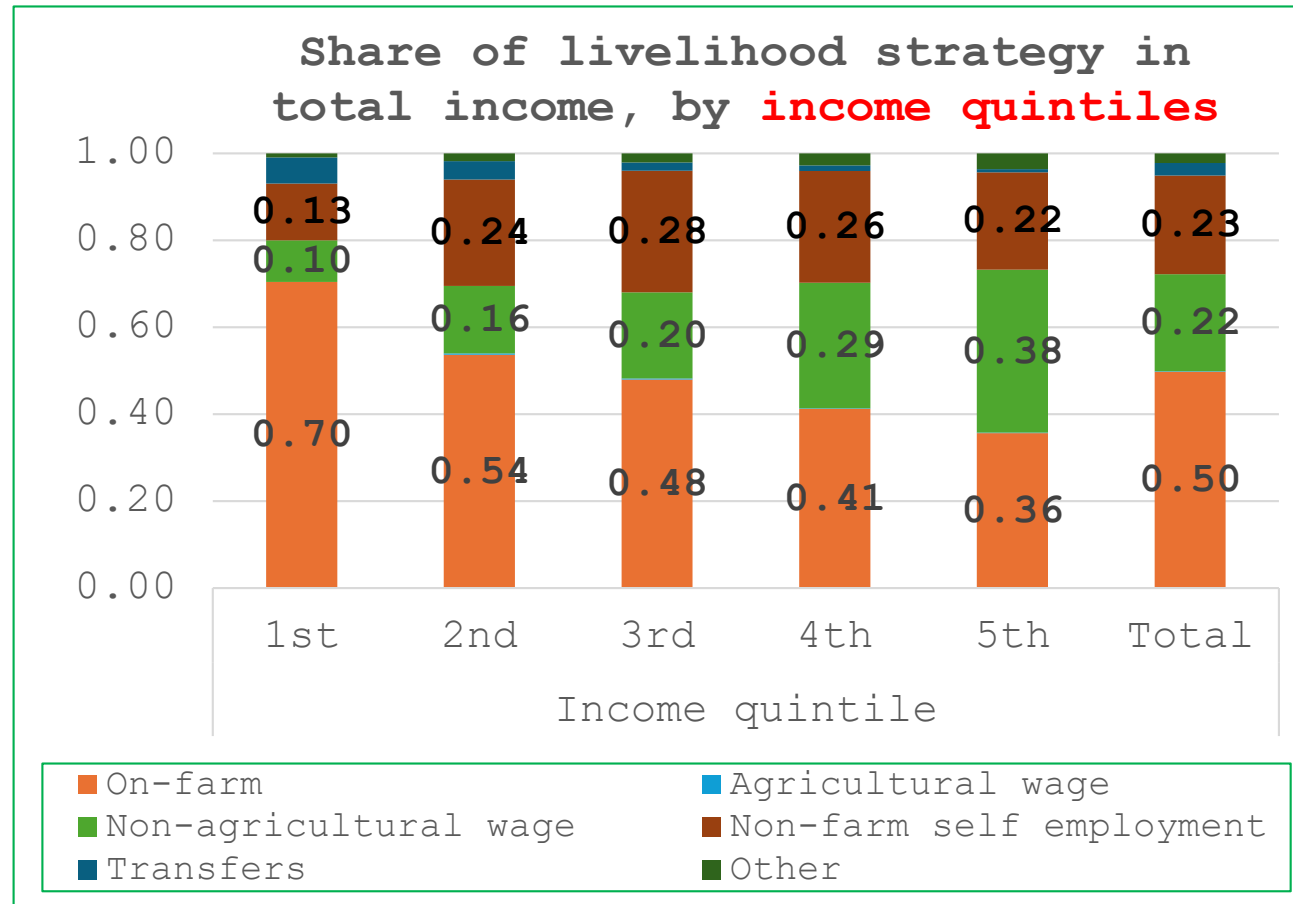
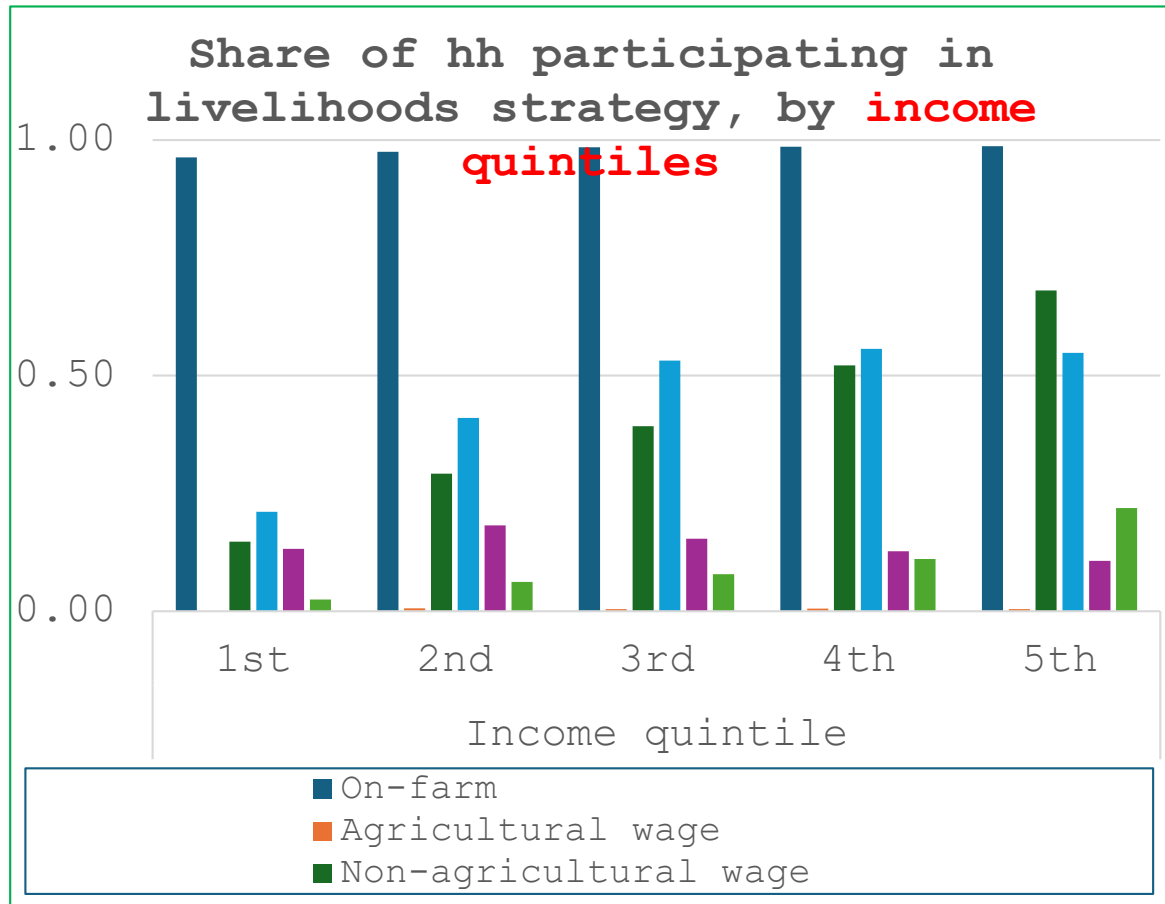
Results

#1 How diversified are rural farm households' livelihood strategies? What is their relative importance in total household income?



- On-farm activities (primary agriculture) is key for rural households' income
- Households also rely significantly on off-farm activities for income

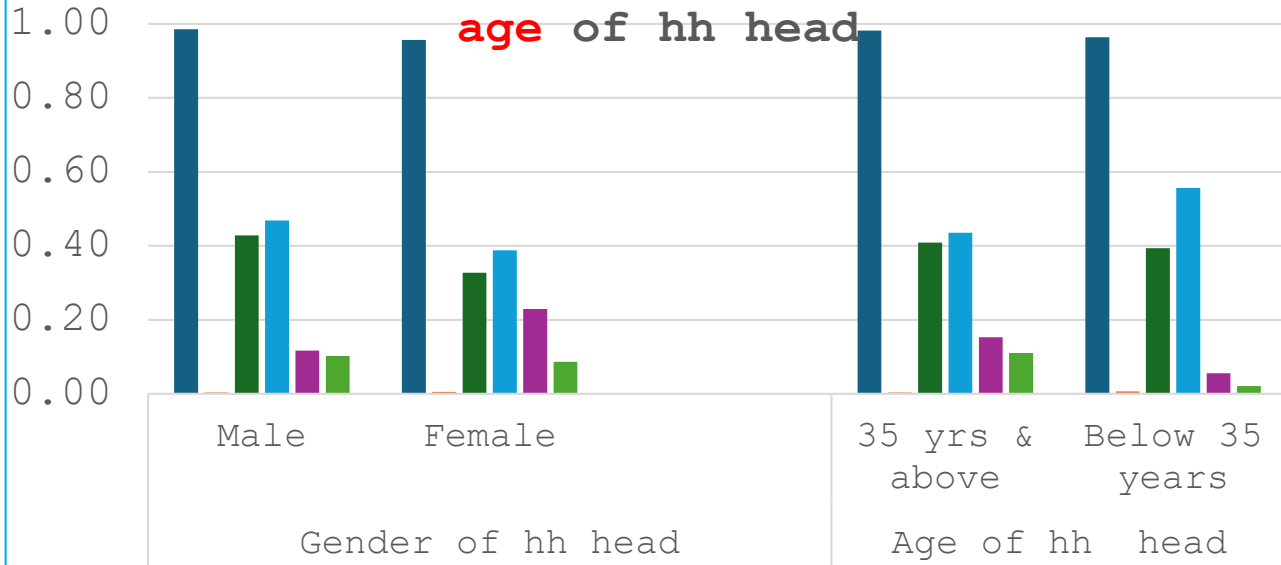
#2 Which livelihood strategies are most important for various household groups?



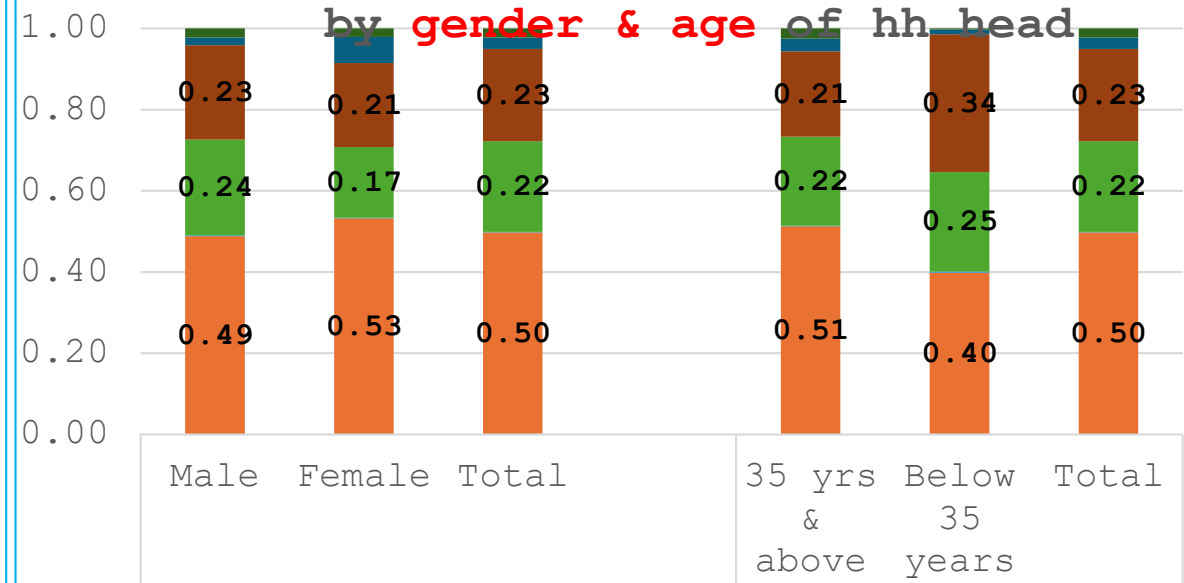
- On-farm activities decline in importance in high income households
- Non-agricultural wage and non-farm self-employment are more important in higher income households

#2 Which livelihood strategies are most important for various household groups?

Share of hh participating in livelihood strategy, by gender & age of hh head



Share of livelihood strategy in total income by gender & age of hh head



- Non-agricultural wage and non-farm self-employment are more important in male headed vs female headed households; on-farm activities more important for female headed households.

- Non-farm self-employment is more important in youth headed vs other

#2 Cont.

Frequency distribution of non-farm self-employment activities

	Freq	%	Cum.
Activity	.	%	%
Retail shop/kiosk business	587	20.6	20.6
Bodaboda business	222	7.8	28.3
Building and construction	151	5.3	33.6
Grocery business	149	5.2	38.8
Hotel business	145	5.1	43.9
Livestock trader	138	4.8	48.7
Rental of properties	106	3.7	52.4
Clothes business	102	3.6	56.0
Tailor	80	2.8	58.8
Hairdressing / barber	73	2.6	61.4
Posho milling	68	2.4	63.7
Selling miraa (khat)	61	2.1	65.9
Others	975	34.1	100.0

Frequency distribution of non-agricultural wage employment activities

	Freq.	%	Cum.
Activity		%	%
General casual worker	561	25.4	25.4
Teacher	462	20.9	46.3
Driver	146	6.6	52.9
Watchman	92	4.2	57.1
Policeman/woman	79	3.6	60.7
Public administrator	64	2.9	63.6
Clerk	54	2.4	66.0
Others	751	34.0	100.0

#3 How do households combine livelihood strategies?

No. of livelihood strategies and share of households engaged in various combinations, by income quintile

Income quintile	Average no. of livelihood strategies	On-farm only	On-farm + non-agric. wage	On-farm + non-farm self emp.	On-farm + non-ag. wage + non-farm self emp.
		<i>Share of households</i>			
1st	1.5	0.54	0.14	0.20	0.01
2nd	1.9	0.25	0.28	0.40	0.07
3rd	2.1	0.16	0.39	0.52	0.16
4th	2.3	0.08	0.51	0.55	0.22
5th	2.5	0.05	0.67	0.54	0.32
Total	2.1	0.22	0.40	0.44	0.15

- Poorer households are less diversified, and majority rely on only on-farm activities for income

#3 Cont.

No. of livelihood strategies and share of households engaged in various combinations, by gender & age of hh head

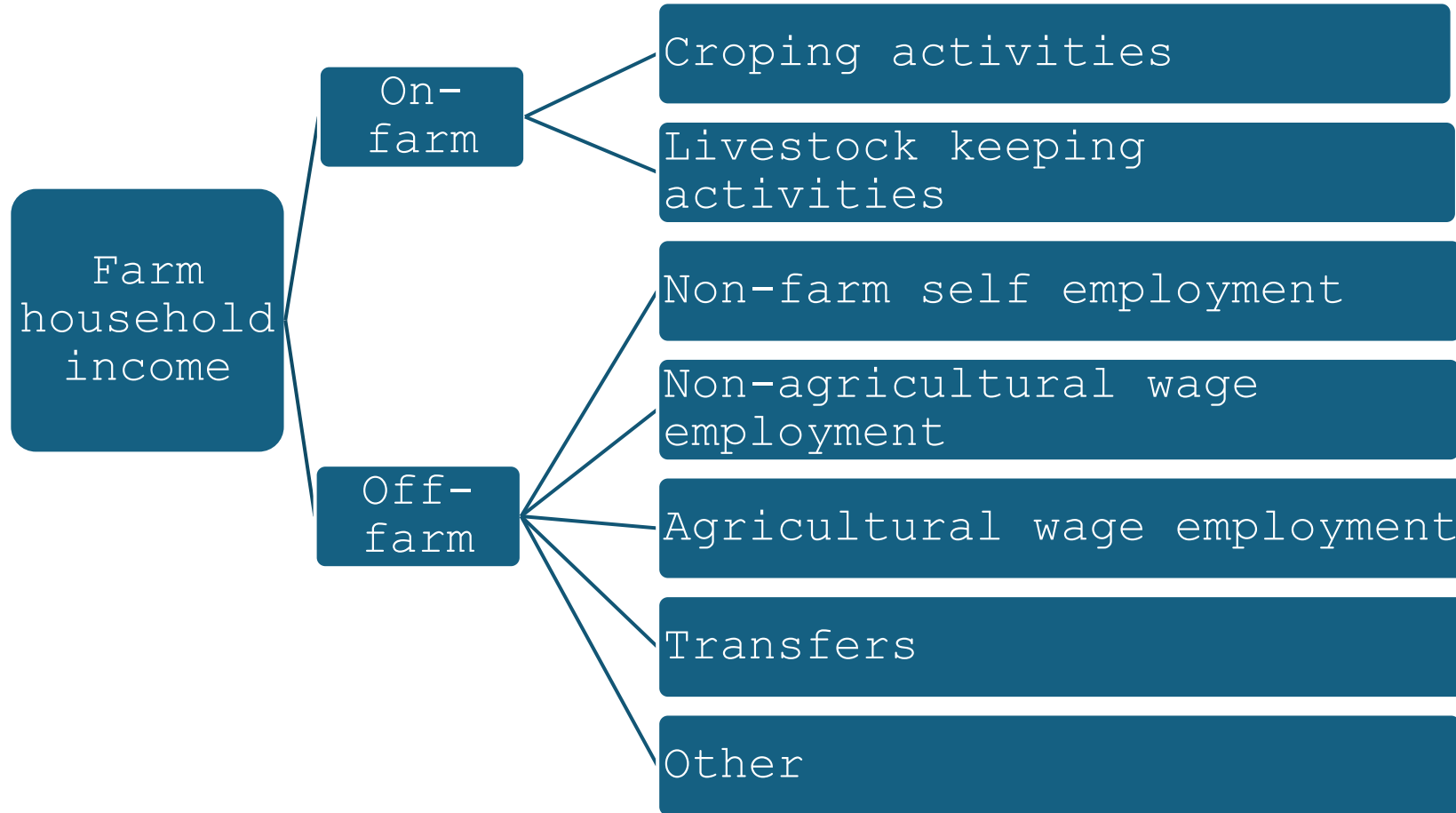
	Average no. of livelihood strategies	On-farm only	On-farm + non-agric. wage	On-farm + non-farm self emp.	On-farm + non-ag. wage + non-farm self emp.
Gender of hh head		<i>Share of households</i>			
Male	2.1	0.21	0.42	0.46	0.17
Female	2.0	0.26	0.32	0.37	0.11
Total	2.1	0.22	0.40	0.44	0.15
Age of hh head					
35 yrs & above	2.1	0.23	0.40	0.43	0.16
Below 35 years	2.0	0.18	0.38	0.54	0.14
Total	2.1	0.22	0.40	0.44	0.15

- Diversification is less inclusive for women-headed households
- Youth are diversifying more into non-farm self-employment

#4 What are the drivers of diversification of livelihood strategies? (Multinomial logit regression - marginal effects)

<p>On-farm only livelihood strategy is more likely for households with:</p>	<p>On-farm + non-agricultural wage employment is associated with households with:</p>	<p>On-farm + non-farm self-employment is associated with Households with:</p>	<p>On-farm + non-agricultural wage employment + non-farm self-employment is associated with households with :</p>
<ul style="list-style-type: none"> • older, female, and less educated heads • fewer active members (both male and female) (15-64 years of age) • no access to 	<ul style="list-style-type: none"> • older and more educated heads • higher number of male active members (15-64 years of age) 	<ul style="list-style-type: none"> • younger and less educated heads • fewer male active members (15-64 years of age) • access to 	<ul style="list-style-type: none"> • male and more educated heads • more active members (both male and female) (15-64 years of age) • access to credit.

Conclusion #1: Diversification of livelihood strategies is the norm rather than an exception among rural farm households



- The share of non-farm activities in household total income is significant for majority of rural households.

- Promoting non-farm activities is essential for rural households' income growth.

- Important to have

Conclusion #2: Households diversify differently, driven by factors that influence their capacity to take advantage of opportunities in the strategies

I. Poorer households are less diversified and rely more on on-farm activities as a livelihood strategy

- Relying overwhelmingly on on-farm income makes households vulnerable to uncertain income loss, especially in the face of adverse climate change and economic shocks-----this implies lower resilience
- This is in the face of constraining factors such as lower education, lack of access to credit, labor shortages and longer distance to produce markets (results from regression analysis)
- Accelerated efforts to address the above constraints will be key for this category of households

Conclusion #2 (cont.)

II. The relative importance of agriculture declines across the income ranges, implying higher returns opportunities outside agriculture or higher capacity of such households to engage in more remunerative activities

III. Education is key to diversification into non-agricultural wage employment.

- o General casual work is the largest provider of non-agricultural wage employment, but public sector service (teaching, security and administration) is a significant provider of non-agricultural wage employment for rural households.

Conclusion #2 (cont.)

IV. Access to credit appears to facilitate non-farm self-employment.

- Self-employment activities are mostly local retailing of goods, but service offering businesses such as transport (specifically *boda boda*), building and construction and hotel are also important. The *boda boda* and to some extent building & construction services are mostly provided by younger people

V. Diversification off-farm is less inclusive for women-headed households while the youth are diversifying more into non-farm self-employment



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