Surplus appropriation in rural households: a study of the beneficiaries of the One Acre Fund project in Western Kenya

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Abstract:

Rural households often have extra resources not required for immediate consumption at some point in the year. Tapping into those extra resources to help rural households towards improved livelihoods is a great avenue for enhancing livelihood sustainability in rural areas. The research focused on beneficiaries of One Acre Fund Project in Kanduyi Division. This is a project that supports rural farmers to maximize return from their maize farming activities. The farmers are taught best farming methods, they receive farm inputs in the form of loans and receive field extension services until when they harvest their produce then they are facilitated to store and market their produce gainfully. This study sought to examine the characteristics of households benefiting from the One Acre Fund, how the households use surplus and the factors that determine surplus appropriation the households. There are a number of researches that have been done to document the characteristics of Kenyan households. Other studies have been done in East Africa and other countries on factors that influence investment decisions in poor households. This study was inspired by the thinking that rural households are engaged in farming activities that help them generate some surplus. However, little research has been done to document how rural households use surplus and the factors that influence use of extra resources not required for immediate consumption. The aim of the research was to generate information on factors that influence surplus generation and use of surplus in rural households. Such information can inform government policy and approaches by development actors interested in empowering rural communities. A structured questionnaire was administered to 60 beneficiaries of the One Acre Fund sampled using systematic random sampling technique. Key informant Interviews were done with Field officers from the One Acre Fund while focus group discussions were held in three locations with community facilitators. The data collected provides information on household characteristics, surplus use in the households, and factors that influence use surplus within the households. Information gathered was analyzed quantitatively using descriptive and inferential statistics. Qualitative data was analyzed through generation of descriptive summaries. Data collected shows that households benefiting from the One Acre Fund are vulnerable due to small land holding, high unemployment, and relatively big household size, high dependency due to many children below 15 years and cash scarcity. The main household characteristic that affects surplus generation in the households is engagement in off farm and non-farm activities. Household's that engage in off-farm and non-farm activities had higher surplus than the households that relied only on farming. Quantity of farm produce used in a household is dependent on the household size. This means that household size is a major determinant of amount of surplus that a household can accrue in a year. Due to the mentioned household characteristics, household surplus use is geared towards investment in children's education, intensifying agricultural production, diversifying livelihood e.g. by starting business or building social capital in order to find helping hands during adversity. School fee is the major surplus expenditure item for the sampled households. This is largely because of perceived benefits of
education where people in the area view education as a key to life in the changing socio-economic environment. School fees and basic needs like better shelter notwithstanding, many households are concerned with household livelihood diversification and spend their surplus or plant spend surplus on items such as buying milk cow, starting or expanding business and buying more land. The main household characteristics that influence surplus available to households are household size, household composition, and employment status of household members and size of farm owned. However, the most critical factor that determines household surplus in targeted households is off-farm and non-farm income. There is a strong correlation between amount of non-farm or off farm income available to a household and the amount of surplus in such a household. Data analyzed confirms the idea that the less the vulnerability, the higher the consideration to invest in children's future through paying school fees among the households. The highly vulnerable households are more inclined to invest surplus in building social capital by donating, investing in production intensification to enhance productivity and livelihood diversification. Considering surplus characteristics, while the relationship between quantity harvested and quantity consumed is not very strong, the relationship between maize used on a daily basis in the households and the household size is very strong. Stories told by participants in the focus group discussions indicate that seasonality of surplus affects how people react to and use surplus generated from the farm. Farmers wait for long before realizing a surplus; by such a time they are already deep in debt and the proceeds are required to meet household needs. Away from the seasonality of surplus, cultural norms and obligations coupled with storage challenges erode the surplus value because individuals extravagantly use resources to meet both social and religious obligations. Based on the findings, it is recommended that more support based on the same principle of patient loans like those offered by One Acre Fund and training for local people on surplus use would help develop the area and enhance livelihood sustainability for the households. Access to credit is a critical issue if farmers are to realize maximum value out of their surplus. As the farmers expressed, patient loans given on the basis of harvest quantity can help them maximize surplus value through storing produce and selling when prices in the market have stabilized. Such loans would help farmers deal with challenge of lack of cash.