Effects of Income Diversification Strategies in Rural Kenya: The Case of Non-Farm Activities and Poverty in Tetu Division, Nyeri District

By

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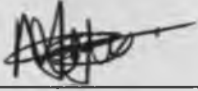
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DECLARATION

This project paper is my original work and has not been submitted for the award of a degree in any other university
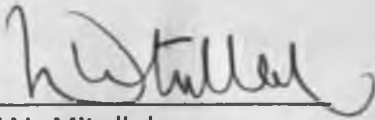
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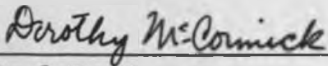_____   21/11/08
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DEDICATION

To my dear parents
Esther Wambui and David Wanjuki
for giving me a good foundation in education
and unending support in my endeavours

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Acronyms

CBS   Central Bureau of Statistics

CPRC   Chronic Poverty Research Centre

GDP   Gross Domestic Product

HH   Household

ILO   International Labour Organisation

NFA   Non-Farm Activities

PPA   Participatory Poverty Assessment

SID   Society for International Development

UNDP   United Nations Development Programme

ABSTRACT

This study investigates the effects of income diversification strategies in rural Kenya. It focuses on the non-farm activities and poverty in Tetu division, Nyeri district. The study is based on both primary and secondary data. Secondary data was obtained through reviewing relevant literature while primary data was collected using quantitative and qualitative approaches. A survey was conducted in the sampled households through interviews using questionnaires. Also, key informants and chronically poor households were interviewed and the observation method was used where appropriate.

The findings of the study show that the types of non-farm activities that are carried out in the study area vary with households socio-economic characteristics such as income and education. Also, participation in the activities was found to relate with a households poverty status. The chronically poor households participate in non-farm activities that earn them very low incomes and are inadequate in uplifting them from the poverty status.

In line with the findings, the study makes recommendations for promotion of the rural non-farm sector and productive activities. This can be achieved by addressing factors that hinder households' participation in productive activities through interventions such as easing access to credit, and promoting acquisition of skills in entrepreneurship and education beyond the primary level. Rural development efforts should strive to balance attention to both the farm and non-farm sector and foster productive linkages.

The study also recommends development and implementation of strategies that will help the chronically poor households participate in activities that have a potential of uplifting them from the poverty status effectively. Such activities should yield high and stable incomes. Antipoverty programmes should identify the specific needs of the chronically poor and target them.

1.0   INTRODUCTION

This study focuses on the effects of rural income diversification and pays specific attention to non-farm activities. Special attention is paid to chronic poverty and its relation with the rural non-farm activities. Although rural households mainly earn their income from farming, the non-farm sector is also an important income source. Poverty is a predominantly rural phenomenon particularly in developing countries and thus an important factor in rural income diversification.

Worldwide, the rural sector harbours the majority of the poor with many of the immigrants from rural areas adding to the ranks of the urban poor. The contribution of rural poverty to total poverty is great particularly in developing countries. Some people in this rural population are chronically poor as they experience deprivation over many years, often over their entire lives, and sometimes pass poverty to their children. The rural inhabitants mainly earn their livelihood through participation in various activities in the farm and non-farm sectors.

Due to the strong persistence of rural poverty, its reduction has been a long-standing concern motivating an array of initiatives by different stakeholders. The traditional approach has been mainly through rural development programs focused on agriculture as the solution to rural poverty and the role of the government in delivering services to enhance productivity has had limited success.

This traditional approach to rural development underestimates the great degree of heterogeneity in asset positions across rural households and the multiplicity of activities in which they are engaged. In particular, it has not paid much attention to non-farm activities that are typically pursued by a majority of the rural poor because they lack access to sufficient land to make agriculture a viable income strategy, and also the push by market failure into non-farm activities to diversify their risks and seek sources of liquidity to be used in agriculture, and to meet household needs.

It is noted that in many parts of the world, the number of poor people in rural areas exceeds the capacity of agriculture to provide sustainable livelihood opportunities. Even with a decline in fertility rates and a slowing of population growth, this situation

will not change significantly. Whilst there is potential for out-migration, urban centres cannot be assumed to be capable of providing adequate livelihood opportunities for all those unable to make a living in agriculture (Gordon and Craig, 2001, pg. 7). This indicates a potentially important role for rural non-farm activities in reducing poverty in rural areas.

Due to the limited success of other approaches to rural development, promoting the generation of non-farm income earning opportunities and seeking to enhance access for the rural poor to these sources of incomes may be a particularly crucial aspect in promoting rural development. This study seeks to understand the effects of this income diversification strategy into non-farm activities in the rural areas and how this relates to poverty.

1.1   Background of the Study

Rural development refers to overall development of rural areas with a view to improve the quality of life of the rural people. It involves extending the benefits of development to those who seek a livelihood in the rural areas. The group includes small-scale farmers, tenants, and the landless (Chambers, 1991).It emerged as a high priority in the development policy agenda in Africa and other developing countries in the early 1970s. In Africa, this was essentially due to the failure of development effort in the first decade of independence to bring the much-publicised fruits of independence. Instead, increasing unemployment, worsening poverty, growing inequality and the dangers of famine pointed to a grim reality of endless crises and stagnation.

The first reference to 'informal sector' was made by the International Labour Organisation (ILO) in 1972. In 1981, the Organisation's report on rural development, employment and incomes in Kenya indicated that, just as assistance to informal enterprises in the urban sector was a useful means of promoting the poor, also the enhancement of non-farm activities in the rural areas is of particular importance to poorer households and the near landless (ILO, 1981).

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It is from the mid 1980s, that the growth of the informal sector in Kenya started to receive greater attention as a sector with high potential to alleviate poverty, through creation of employment opportunities either as off-farm activities in the rural areas, as well as in urban areas. Unfortunately, despite this shift in policy statements, the government did not create a truly enabling and supporting environment for the informal sector. The informal sector, which was by the early 1990s creating 60-70 percent of the new job opportunities annually, continued to suffer from official harassment and to be constrained by lack of credit, appropriate premises and lack of proper marketing strategies (Ng'ethe & Wassuna, 1999).

In the 1979-83 government development plan period, the rural-urban balance was revisited with the aim of arresting migration with emphasis on employment creation through rural development. The idea was that by developing rural areas, the majority of the rapidly growing youth would find full employment there. This was to be achieved by devising methods of ensuring better use of land and provision of essential services such as credit, inputs, extension, market and transport; addressing problems and opportunities for those in arid and semi-arid areas; presenting guidelines for the pricing of agricultural products intended to ensure a steady advance in the farmers' income vis-à-vis those in the agricultural sector; building access roads; extending water and power in the rural areas; identifying inexpensive and easily reparable technologies which enhance small holder productivity; providing incentives for the dispersion of industry and rural non-farm activities in the informal sector, and through peoples increased participation in the decision making process at the district level (Republic of Kenya, 1978).

In the Sessional Paper No. 1 of 1986 on Economic Management for Renewed Growth, it was stated that a major objective of development planning in Kenya is to promote growth especially in rural areas. Central to such growth is the promotion of an improved balance between rural and urban development. The primary aim of this strategy is to facilitate the development of an urban centre that supports the growth of agriculture and the development of rural areas, and generates productive opportunities in non-farm activities for rural workers close to where they already live. The Economic Recovery Strategy Plan for 2003-2007 focuses on job creation and

expansion of economic activities for poor farmers, informal enterprises and economically disadvantaged groups.

It is against this background that the study sought to examine the effects of diversification into non-farm activities in the rural areas, and the importance of this strategy in poverty reduction. It paid special attention to the relation between the non-farm activities and chronic poverty. The non-farm activities were considered important in rural income generation in view of the increasing population density leading to constraints on land availability with consequent effects on agricultural productivity. In addition, there is the issue of the economic crises of past decades, coupled with factors such as the economic reforms through Structural Adjustment Programs. They have caused a decline of urban employment opportunities for the would be rural immigrants, decline of agriculture due to removal of government subsidies, and the unfavourable terms of trade for agricultural products both locally and internationally. However, it is important to give attention to the question of the type of non-farm activities that are viable in the rural areas and also their productivity.

1.2 Statement of the problem

In Kenya, living standards in rural areas generally lag behind those in the urban areas, and poverty remains a predominantly rural phenomenon. Around three quarters of the poor households live in the rural areas. There is also a high level of inequalities in the country with the distribution of income and expenditure being skewed in favour of higher income groups. For instance, in Central Province, the proportion of the income accruing to the top 20% is 55.51% while the bottom 20% accrues only 3.35 %(Society for International Development, 2004).

Inequalities in income and the low returns the poor get from their labour hold back the prospects of reducing the numbers of those trapped in poverty. Gordon and Craig (2001) noted that income distribution may worsen if the better-off benefit from rural non-farm activities to a greater extent than the poor. Households with low income have low capabilities due to their limited capacity in accessing education and health.

Some of the characteristics manifested by the rural poor such as the little access to productive assets and low capabilities indicate the existence of chronic poverty and also vulnerability to it. The chronically poor people benefit least from economic growth and development and are likely to remain trapped in poverty for prolonged periods unless they are identified and targeted in the poverty reduction efforts. They are also likely to fail to participate in development opportunities because of their lack of confidence, prerequisite assets and capital.

Land is a key productive asset in the rural areas as it influences a household's income, thus households that are landless or have very small land parcels are predisposed to poverty. A large proportion of the rural population has been left with diminishing livelihood options as farms continue to become smaller with increased subdivision, and agriculture as the main outlet for the labour force. Increase in population leads to a demand for land accessibility yet the land has a limited carrying capacity. Nyeri district is one of the areas facing the challenge of diminishing land-holding sizes and declining agricultural productivity (Republic of Kenya, 2002 b).

In the past few decades, a growing number of surveys have signalled the widespread appearance of income diversification and by implication, occupational shifts in both rural and urban households. Rural households are increasingly engaging in non-agricultural activities (Bryceson and Jamal, 1997). Rural livelihood diversification is defined as 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 (Ellis, 2000). Rural based diversification into non-farm activities leads to differences in individuals and households income. The non-farm activities pursued in the rural areas span a wide spectrum (Bryceson and Jamal, 1997).

The fact that a proportion of the rural population in the non-farm sector is already innovative enough in seeking ways of diversifying income sources is a step forward in improving its livelihood. The rural non-farm activities are important as they may: absorb surplus labour in rural areas; help farm-based households spread risks; offer more remunerative activities to supplement or replace agricultural income; offer income potential during the agricultural off-season; and provide a means to cope or survive when farming fails (Gordon and Craig, 2001).

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However, certain measures need to be taken into consideration if this sector is to contribute to poverty reduction in Kenya effectively. This calls for a critical evaluation of the performance of the sector, as it may also be another source of disguised unemployment nurturing chronic poverty. It is in view of the knowledge gap with regard to performance of the non-farm sector that this study sought to establish the types of non-farm activities in the rural areas, how they relate to poverty and whether they benefit the chronically poor.

There is a potential for the optimum performance of this sector that has been constrained by a lack of a strategic and effective deliberate intervention. Efforts in rural development should not neglect even those involved in low return activities but seek ways of transforming them into high return activities. Policy documents have declared an interest in promoting the sector since the 1970s but with little success. Also, most studies and development programmes have concentrated on agriculture and development of the informal sector in the urban areas. Consequently, little attention has been paid to the development of the non-farm sector in the rural areas.

1.3   Research questions

Important questions regarding this problem are:

1. What are the types of non-farm activities in the rural areas of Nyeri District?
2. What is the relationship between rural non-farm activities and poverty?
3. Do the chronically poor benefit from rural non-farm activities?

1.4   Objectives of the study

The broad objective of this study was to examine the significance of non-farm activities carried out by rural households and their effects on poverty.

More specifically, the objectives were to:

1. Establish the types of non-farm activities in the rural areas of Nyeri District,
2. Establish the relationship between rural non-farm activities and poverty; and
3. Estimate the effects of rural non-farm activities on the chronically poor.

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1.5   Justification of the Study

An understanding of the current status and direction of agrarian change and non-farm activities requires a careful empirical examination of various diverse issues that may range from historical, environmental to economic contexts. An issue of particular importance in the Kenyan context is the significance of the rural non-farm activities as an income diversification strategy and the effects on poverty. This study was a response to the notable gap in relevant and up-to-date analysis of the importance of non-farm activities in the rural areas, their role in reducing poverty and their effect on the chronically poor.

The study is appropriate in view of the great emphasis on agriculture compared to non-farm activities in rural development, the increasing poverty levels, and reducing land parcels. It is a contribution towards an understanding of the role of non-farm activities in rural and national development. It also contributes to an understanding of the ability of non-farm activities to reduce chronic poverty. This is a way forward in helping to determine the appropriate level, and type of intervention to improve the performance of the sector. The study of the non-farm activities is therefore timely, as it will inform future development planning in relation to the role of non-farm activities in reducing rural poverty, and the various dynamics influencing the performance of the non-farm sector.

1.6   Scope and Limitations of the Study

This study focuses on the non-farm activities in Tetu Division of Nyeri District. Due to the limitation of the study to a small sample in Tetu division, generalization of the findings and comparative analysis with other rural areas in the rest of the country should be done with caution in view of the regional differences in socio-economic characteristics and poverty status. The choice of Nyeri was motivated by a number of factors that include:

i)   Limitation of time and resources, thus is was not possible to perform the study in all the rural areas in Kenya,

ii)   The District's high potential with agriculture as the main source of employment but currently faced with a challenge of declining production and

productivity in the agricultural sector. The issue of declining productivity is all the more serious in view of the diminishing land-holding sizes; and

iii)   The need to take appropriate action to counter current poverty trends and reduce the possibility of the cases of poverty rising and being transmitted to future generations .The poverty trends especially the aggregate ones that tell nothing about what happens to individual households mask important poverty dynamics.

In view of the inequalities in the country, Nyeri may be ranked amongst the least poor districts and still harbour a considerable proportion of the population languishing in extreme poverty. It is thus necessary to investigate the existence of such cases of extreme poverty and seek ways of improving their status. The CBS (2003) data on poverty rates in the country shows that 30% of the individuals in Nyeri District live below the poverty line.

It is ranked among the districts with a low poverty incidence as its rates are relatively low compared to those of many other districts countrywide. Kiambu district has the lowest rural poverty incidence with only 22% of its individuals falling below the poverty line while districts such as Kilifi, Moyale,Kitui. Bondo, Homabay, Kuria, and Rachuonyo have over 70% falling below the poverty line. Poverty estimates in Nyeri District indicate that 34 percent of individuals in Tetu Division live below the poverty line while those living below the poverty line in its locations are 26% in Tetu, 30% in Thegenge, 36% in Aguthi, 37% in Muhoyas and Gaaki, and 41% in Karundu. (CBS, 2003).

2.0   LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1   Nexus between Poverty and Rural Non-Farm Activities

The nexus between poverty and rural non-farm activities is presented through a review of the poverty situation in Kenya, the status of agriculture and the rural non-farm sector.

2.1.1 Review of the Poverty Situation in Kenya

Introduction

Poverty is the inability to attain a minimal standard of living. It is about access to income-generating opportunities and the capacity to respond. Material deprivation is at the core of poverty characterised by low income and consumption level resulting in various problems faced by the countries and their citizens.

However, poverty is not just about income or consumption, it is multi-dimensional as it also includes deficient command over productive assets and access to key public services such as the deprivation of basic needs and rights, and lack of access to productive assets as well as to social infrastructure and markets. Vulnerability and its resulting insecurity are further characteristics. They are aggravated by an inability to make provisions for emergencies, vulnerability to droughts, floods and other natural disasters, to human disasters such as death or illness of a breadwinner, as well as war and civil disturbance and to economic phenomena such as inflation or market collapses.

Measurement of Poverty

The different approaches of defining and measuring poverty that have been identified consist of approaches that attempt to measure individual deprivation based on monetary income or on indicators of capability failure, approaches that are based on concepts of social exclusion and approaches that rely on participatory methods to establish the views of the poor themselves. All have advantages and disadvantages in terms of the aspects of poverty that they highlight or draw attention away from. For instance, using a monetary based poverty line to measure poverty in a rural area in

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Kenya may fail to capture other ways in which the population meets its basic needs such as reliance on farm produce or handouts.

Chronic Poverty

The distinguishing factor in chronic poverty is extended duration. Poverty chronicity is a longitudinal concept referring to persistence in poverty. Poverty chronicity captures the fact that some of the poor are poor for a short period (the transitory poor) while others are poor for long periods (the chronically poor) (CPRC, 2004).

Long duration of about five years and above is identified as both necessary and sufficient for poverty to be considered chronic. The chronically poor, it is argued, are a heterogeneous group. There are several sets of people who are particularly susceptible to chronic poverty and are likely to experience multiple or overlapping vulnerabilities. These groups include those experiencing deprivation because of their stage in the lifecycle, those discriminated against because of their social position in the community or household, those with health problems and impairments, and people living in remote rural areas, urban ghettos and areas where prolonged violent conflict and insecurity have occurred (Hulme et al. 2001).

Chronic poverty exists in all regions, and chronically poor people live in many different situations. If and when they have work, it is insecure, casual and at extremely low rates of pay. The chronically poor in rural Africa are likely to have underdeveloped and highly imperfect markets, limited non-farm livelihood opportunities, poor social and physical infrastructure, and weak social and political institutions (CPRC, 2004).

Findings of a study on chronic poverty in Uganda showed that the various antipoverty programs that are either planned or are being implemented may not significantly impact the standards of living of the chronically poor. This is because the study analysis shows that the closer to the poverty line a poor household is (an unlikely position for the chronically poor) the higher the probability that it will move out of poverty over time. Furthermore, the policy emphasis on the creation of an enabling environment for economic agents to exploit to increase their living standards implies

that without specific safety nets, the asset deficient chronically poor households may fail to raise their standards of living (Okidi and Mugambe, 2002).

While there are many policies that are potentially beneficial for the poor, many people living in chronic poverty are not 'just like the poor but a little bit further down the poverty spectrum'. Overcoming chronic poverty requires policymakers to reorder their priorities and set their sights higher than the current consensus on poverty reduction policy. Research on chronic poverty should identify the key policies that will support the chronically poor people's efforts to improve their well-being, and prevent others from becoming chronically poor, and how these policies can best be developed in international and national policy environments (CPRC, 2004).

Policies on Poverty

In Kenya, poverty has remained a major area of concern for virtually the whole of the post-independence period. While the problem was inherited at independence, it has intensified over time during the independence era. In virtually all the development plans, sessional papers and other government economic policy documents issued in the post-independence period, poverty alleviation has featured prominently as an area of concern. However, none of these efforts has given attention to chronic poverty.

The persistence of poverty in the country has occurred in spite of the concern the government has officially shown about this problem. The strategies for its reduction began at independence when the government identified poverty as a major obstacle to attainment of improved and sustained national development. Soon after independence, poverty, ignorance and poor health were identified as the three top national problems whose solution had to be given priority (Republic of Kenya, 1965).

The World Summit for Social Development held in Copenhagen in March 1995, attended by representatives of 185 countries and over 100 Heads of State and governments made firm commitments to poverty eradication as an ethical, social, political and economic imperative of humankind. Subsequently, the United Nations declared 1997-2006 the decade of poverty eradication. Subsequent policy documents including the 9th national development plan (2002-2008), the NPEP (National Poverty Eradication Plan), (1999-2015), the PRSP (Poverty Reduction Strategy Paper) and

Action Plan (2002-2005), the Economic Recovery Strategy for Wealth and Employment Creation (2003-2007) are all focused on poverty reduction. At the international level, there is the Millennium Development Goals (MDGs) that have galvanized unprecedented efforts to meet the needs of the worlds poorest.

Distribution

Three national welfare monitoring surveys (WMS) conducted in the 1990's provide valuable information about welfare levels, poverty and other household and individual characteristics. Several poverty profiles have been constructed spanning 1991/92, 1994 and 1997. The geographical variations in the distribution of poverty are large. The surveys indicate that three quarters of the poor live in rural areas while the majority of the urban poor live in slum and peri-urban settlements.

The 1994 WMS revealed that North Eastern Province had the highest proportion of people living in absolute poverty (58 percent), followed by Eastern Province (57 percent) and Coast Province (55 percent). In 1997, Nyanza had the greatest proportion of its population living in poverty (63 percent) followed by Coast (62 percent). Moreover, more than 50 percent of the population in all other provinces except for Central (31 percent) were living in poverty.

A comparison of the results from the 1997 Welfare Monitoring Survey and the KIHBS 2005/06 shows that during that period, absolute poverty declined by about 6 percent, with a higher decline in urban than in rural areas. In terms of the proportion of the poor and the incidence of poverty, poverty is largely a rural phenomenon. The national absolute poverty declined from 52.3 percent in 1997 to 45.9 percent in 2005/06. This implies that 46 percent of Kenyans have levels of consumption that are insufficient to meet basic food and non-food needs. In rural areas, overall poverty declined from 52.9 percent to 49.1 in 2005/06 (KNBS, 2007).

Causes of Poverty

An often-cited cause of poverty in Kenya is the lack of access to or ownership of productive assets, particularly land. In Kenya, where land remains by far the most important asset for the rural poor, a close relationship between the distribution of income, land ownership and poverty is expected. This is because many communities

in the rural areas depend on land for production and livelihood. Data from the Welfare Monitoring Survey (1997) indicates that in the country as a whole, the non-poor access more land than the poor (UNDP, 2002). Factors such as assetlessness, capability deprivation, economic and social exclusion, and adverse geography keep individuals and households trapped at the bottom of welfare distribution.

While different studies have tended to emphasise different causes of poverty in Kenya, there is considerable agreement that the main causes of poverty in the country include poor distribution and access to productive resources such as land, low levels of wages and low labour productivity, low labour absorptive capacity creating both open and hidden unemployment, inadequate spread of and access to basic social services especially education and health, poor implementation of development programmes, lack of focus and commitment to poverty reduction programmes; and lack of effective social security policies and mechanisms (Ng'ethe &Wassuna,1999) .

In the 2001 PPA reports, communities singled out unemployment and low wages as a cause of poverty. They explained that although their children had completed schooling, many had failed to secure meaningful employment due to lack of opportunities and skills for gainful employment, lack of crucial resources for production such as electricity and inability to obtain collateral which hindered self employment. Since the formal sector largely failed to meet the employment challenges of the country, the informal sector bore the burden of absorbing the increasing labour force. However, the informal sector has been hampered by its low productivity leading to low incomes and hence low potential to provide a viable vehicle for poverty reduction (Republic of Kenya, 2001).

Manifestation of Poverty
According to Kenyan poverty assessment studies, the leading manifestations of poverty include begging; dependence on external assistance especially for food; poor shelter, clothing, and health; engagement in odd jobs; dropping out of school; child labour; and idleness (Kimalu et al. 2001). In the 2001 Participatory Poverty Assessments reports, people mainly defined poverty as the inability to meet their basic needs. Poverty was associated with features such as lack of land, unemployment, inability to feed oneself and one's family, lack of proper housing, poor health and

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inability to educate children and pay medical bills. In rural Kenya, the non-poor derive a large share of their income from cash crops. In contrast, subsistence farmers are among the poorest and most vulnerable groups.

On average, the poor have larger households than the non-poor. According to the 1997 Welfare Monitoring Survey, the average household size for the rural poor was 5.6 members, compared with 4.3 members for the non-poor rural households. Women head more poor households than non-poor ones. More of the non-poor have attended school. The highest level of education reached by most poor is the primary level and more of the non-poor compared to the poor advance to secondary education. Affordability was ranked highest as the main reason for not being in school.

Analysis of health indicators shows that a higher percentage of the non-poor households reported being sick compared to the poor. Majority of the poor depend largely on buying drugs from a pharmacy or visit public dispensaries while the non-poor visit private doctors and dispensaries. Affordability and distance to medical facilities were major factors among all poor households. Access to safe water and sanitation varies by poverty status and locality. Comparison between poor and non-poor households reveals a greater proportion of the latter utilize piped water in compound and public outdoor tap/ borehole than the former during both dry and wet seasons.

On average, non-poor households own more herds of cattle, sheep, goats and pigs than the poor households. The analyses of mean monthly household expenditure by broad category (food, non-food and total expenditure) shows that non-poor households spend more than double the poor, implying significantly reduced spending opportunities for the poor. While majority of those in the rural areas use firewood as the main source of cooking fuel, the majority of the consumers of gas and electricity are the non-poor in the urban areas. More poor than the non-poor use paraffin as the main source of lighting fuel.

The WMS III survey also showed that a radio is the most commonly owned asset by all households, more so by the poor than non-poor. The second and third ranked assets for the poor are bicycles and sofa sets while for the non-poor it is in the reverse order,

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however, a higher proportion of the non-poor own these assets. The most common material used for roofing by both the poor and non-poor is iron-sheets followed by grass, with a higher proportion of the non-poor having iron-sheets, while the poor have grass/ makuti roofs. More of the poor live in mud dwellings with mud floors compared to the non-poor.

Table 2.1: Characteristics of the rich, poor and very poor persons

Characteristic	Rich	Poor (average, majority)	Very Poor
Employment/ occupation	Steady job or income generation opportunities such as businesses	Casual jobs and small-scale businesses	No job security; illicit business such as commercial sex or *chang'aa* brewing
Assets	Many material possessions such as land, livestock, houses, commercial plots	Some material possessions: household items such as radio, furniture, cooking utensils, some may have animals, may or may not have land	Usually landless, with few household items, no livestock
Access to social services	Easy access to services such as health, schools for children, credit etc.	Limited access to services- medical bills paid with difficulty, usually through credit. Children go to school (primary level), but there are fees problems.	Very poor access, if any to health, education and related services. No access to credit.
Behaviour	Behaviour which reflects arrogance and ostentation	Behaviour is mainly in line with established norms and values	Stressed behaviour associated with begging, stealing, violence, loneliness; some laziness, talking to self while walking; others are hardworking, humble and religious
Dress	Neatly dressed, healthy	Fairly neat in dress	Very untidy in terms of dress and habitation
Image	Viewed positively-*mdozi* terms in status	Seen as average, normal	Viewed negatively
Future prospects	Have prospects for improving their condition to become richer	Aspire to join the rich by associating with them	Inability to plan their lives-no hope of improving their condition
Family size	Have few children (relative to wealth) who continue to higher education	Children drop out of school to seek employment	Large family size leads to many children who become *chokoras* in urban areas

Source: WMS 1997

This study based its analysis of the poor on the characteristics identified in the 1997 PPA (Table 2.1) and other recent poverty reports. These findings have given the characteristics of the rich, poor (average) and the very poor in relation to factors such as income generating opportunities, material possessions, access to services, behaviour, physical appearance, views of others, prospects and household characteristics. An understanding of poverty was also sought from the respondents and crosschecked with the relevant existing data as described in Table 5.1.

2.1.2 The Status of Agriculture

There is an overwhelming consensus in the literature that non-farm rural employment is positively associated with agricultural incomes. Policies that promote agricultural development, including those that correct for urban bias, also promote non-farm rural employment. The multiplier works through increased demand for agricultural inputs and, especially, consumption goods, and through the processing of agricultural raw materials. A stagnant agricultural sector, without the capacity to absorb a growing labour force, may also push people into the non-farm sector, but into low paid and low productivity activities (Gordon, 1999).

Agriculture is the main fuel of Kenya's rural economy. Growth in agriculture and improved rural incomes has a significant and direct impact in reducing overall poverty. The sector also provides raw materials to the manufacturing sector and therefore stimulates large indirect growth effects in non-farm incomes and employment. However, the sector's contribution to GDP has progressively declined from 37 percent of GDP in the early 1970's to about 25 percent at the end of 2000 (Republic of Kenya, 2002 a). In the year 2000, the sector actually contracted by 2.4 percent. A decline in agriculture has far-reaching implications in terms of employment and income inequality in Kenya. As a sector that engages about 75 percent of the country's labour force, such a decline implies lower levels of employment, incomes and more importantly, food for a vast majority of rural Kenyans (UNDP, 2002).

In spite of the success in production of tea, coffee and horticulture, agriculture's full potential has been hampered by a number of factors. These include limited land potential for agricultural production, inadequate use of appropriate technology,

environmental degradation, unreliable rainfall, poor and inadequate infrastructure, limited access to credit, high costs of farm inputs including agricultural machinery, poor market information and Early Warning Systems (EWS), and lack of a land use policy have resulted in low productivity (Republic of Kenya, 2002 a).

Crop production continues to be a major occupation of the rural population and accounts for a large share of the total agricultural output. The decline in production of major commodities has been attributed to unfavourable weather, low commodity prices, poor crop husbandry and poor infrastructure. In recent years, decline in production of food crops has been largely associated with unfavourable policies, weather variability, liberalisation, marketing constraints, the high cost of inputs and static technologies. Also, land under food crops has been greatly subdivided to the extent that productivity has declined and underemployment increased.

To steer development in the agricultural sector for the period up to 2014, the government of Kenya in 2004 launched the Strategy for Revitalizing Agriculture (Republic of Kenya, 2004). Under the strategy, the vision of the government is 'to transform Kenya's agriculture into a profitable, commercially oriented and internationally competitive activity'. In 2003, the government had launched the Economic Recovery Strategy for Wealth and Employment Creation (ERS) in which, paying particular emphasis on revitalising agriculture as the engine of growth in the country's economy was articulated. It identified agriculture as an important vehicle for the realisation of its objective, namely to create employment and reduce poverty because the agricultural sector is still the backbone of the economy, contributing 26% of GDP and 60% of the export earnings (Republic of Kenya, 2003).

The vision of the Strategy for Revitalizing Agriculture is to transform Kenya's agricultural sector into a profitable economic activity capable of attracting private investment and providing gainful employment for Kenyans. This transformation calls for fundamental policy change and institutional, legal and regulatory reforms so that individual farmers feel encouraged to shift from subsistence production to market-oriented production and adopt greater use of modern farming practices while increasing integration of agriculture with other sectors of the national economy.

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In this study, the relationship between the farm and non-farm activities is important because the consequences of the performance of either of these activities have an effect on the other. A related study in Kenya on the interface between farm and non-farm activities among the Mumias sugarcane growers underlines the importance of the relationships between agriculture and non-agriculture sector in the development of rural areas. It recommends that relationships need to be strengthened through broad-based programs that focus upon skills development, expansion of the rural sector capital base, infrastructural development and establishment of cooperatives for development (Obulinji and Wegulo, 2001).

Also a Kenya case-study on 'diversification, farm output, and incomes' carried out by Evans and Ngau in the late 1980s in Kirinyaga District suggested that narrow sectoral approaches to raising agricultural productivity are likely to be less successful than more broadly based approaches which encourage the growth of small-scale businesses, and generate non-farm employment (Ellis, 2000 pg. 107). It is noted that attention should be paid to the provision of primary education, which is a key factor enabling households to diversify, as well as itself being associated with higher farm productivity.

Since the focus of this study was non-farm activities, it was expected that a trend of the farm-nonfarm linkages would emerge. For instance, the multiplicity of factors that affect farming such as the diminishing land parcels, seasonality and reduced farm income and productivity are likely to be the same factors that consequently push the rural households into non-farm activities as a coping strategy. On the other hand, the farm income may have an effect on the performance of non-farm activities as a result of investments made. However, the differences in farm income among households can result in inequalities even in the type of non-farm activities carried out and their productivity with the poor households with low farm income only managing to engage in activities of low productivity.

2.1.3 The Rural Non-Farm Sector

There is increasing recognition that households and individuals frequently have multiple sources of livelihood, and that this is widespread and enduring, even with relatively undiversified economies. Official data often give little indication of this

because of the informal nature of many activities, sensitivities about providing information on income, and a tendency for surveys to neglect secondary sources of employment or income. Yet an understanding of this complexity is central to the development of appropriate policies and intervention strategies to help poor people improve their livelihoods (Gordon, 1999).

In spite of this view on the inadequacies of data on rural non-farm livelihoods, there is still valuable literature on this sector such as that cited in this study. Though it may have some gaps that should be filled with information based on more up- to- date studies, it sheds light on the sector. Various studies have focused on different aspects of the sector. A large proportion of these studies have examined the sector in relation to rural poverty. They have looked at issues such as the income dimension, the productivity of the non-farm activities, relation with farm activities and the diverse issues influencing the performance of the sector.

In 1999, the International Centre for International Growth in Collaboration with K-REP Holdings and the Central Bureau of Statistics organized a national baseline survey of micro and small enterprises in Kenya. The primary objective of the survey was to update and expand the information generated in the 1993 and 1995 baseline surveys, and improve the reliability of estimates on the MSE sector's contribution to the Kenyan economy in terms of employment, income and Gross Domestic Product. The survey found out that majority of the small enterprises in Kenya are located in the rural areas (CBS, ICEG & K-REP, 1999).

Normally, poor rural people seek livelihoods in the non-farm sector to complement seasonal agricultural incomes, supplement inadequate or absent agricultural incomes, and to take advantage of opportunities arising in the non-farm sector. Diversification helps reduce vulnerability by smoothing income and spreading income risk across several activities. Household based activities in the non-farm sector are particularly important for the rural poor including women. Engaging in non-farm activities could be one of the strategies that the chronically poor can use to try to escape poverty. The non-farm sector offers potential to absorb a growing rural labour force; slow rural-urban migration; contribute to national income growth; and promote a more equitable distribution of income (Gordon, 1999 pg. 21).

The pattern of income diversification varies sharply across regions. A study carried out in Latin America shows that it is clearly linked to the assets or endowments of rural households (Reardon et al. 2001). In Kenya, studies by the Tegemeo Institute show that opportunities for off-farm income vary from one region to the other depending on geographical location (UNDP. 2002). For example, fishing provides an important source of income in the lake region and sand harvesting is important in Machakos. Activities such as operating a small hotel, hawking, roadside retailing and bicycle repair are available everywhere. The non-farm opportunities offered by the labour market for income generation are highly differentiated by considerations such as education, skills, location and gender.

Where markets do not operate in a competitive or efficient way, constraints can play an important role in determining participation in non-farm activities. Household wealth, private and public asset, endowment and regional characteristics such as climate can play a critical role as they may enhance or hinder productivity of the household endowment. Many studies have shown that rural households in developing countries earn more from own-farming than any other income source. Only in a few countries where landless peasants constitute a sizeable population, is the importance of non-farm income greater than own-farm income (Reardon et al. 2001).

Literature generally points a potentially strong relationship between the rural non-farm sector and poverty. For instance, studies of rural non-farm employments and incomes in Latin America show that non-farm income is very important, consisting roughly 40% of Latin America and the Caribbean (LAC) rural incomes (Reardon et al. 2001). The poor households and poor zones often lack access to the better paying non-farm employment that would alleviate poverty, and that they are involved in rural non-farm activities that are the equivalent of "subsistence farming" characterized by low productivity, low and unstable wages with low growth potential. Policy makers in the region are thus faced with great challenges in promoting poverty-alleviating non-farm employment and income for the rural poor.

A study carried out in 1974-75 in Kenya also observed these disparities in the benefits of the rich and poor households from non-farm activities (Carlsen, 1980). The study was on the relationship between population pressure on access to land, agricultural

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productivity and rural employment in four districts. The districts selected were: Kisumu and Kisii in Nyanza Province, and Taita Hills and Kwale in Coast Province. The subject of the study was proposed by the World Employment Programme of the ILO as one of the outcomes of its employment mission in Kenya in 1971.

This study showed that the high growth rate of the population aggravates the already severe problem of land shortage in the high potential areas of the country and means that the holdings inherited and parted between the children are already too small to feed a family. It also indicated that rural non-farm activities are important in Kenya as in other developing countries in terms of employment as well as in terms of incomes. It argued that it is necessary to make a distinction between productive employment and low productivity activities undertaken by the rural population as a means of survival because they have no other alternatives. It showed that farming and non-farming activities in the rural areas are closely interrelated. In terms of the people involved, the non-farming sector seems to be more as a sector which serves as a source of income for poor rural households who cannot feed themselves from agricultural production alone and therefore take up a variety of low income jobs in order to provide money to buy the necessities they need.

Contrary to the above findings, the study on diversification, farm output, and incomes carried out in Kirinyaga District in the late 1980s gave conflicting findings (Ellis, 2000 pg. 107). The area was relatively prosperous with coffee as the major cash crop, supplemented by tomatoes for the Nairobi market, and French beans for export. Non-farm income is viewed as a substitute for insurance, enabling the farm household to carry out risky innovations that it would not otherwise contemplate.

Households that had more non-farm income were more willing to undertake high return but risky production activities than those with less income from these sources. This was supported by other findings; for example, as households' income sources become more diversified they engage in more risky activities, such as growing larger areas of high value crops, and purchasing more inputs. There were considerable differences in income patterns across quartiles. Households in the poorest quartile obtained 87 per cent of their income from farming, compared to only 48 percent for the richest quartile.

The composition of income showed that, overall, households derived just over 50 % of income from farming, another quarter came from non-farm business, with just under a quarter coming from wages and salaries and a negligible amount attributable to remittances from non-resident members being reported as wage income. The majority of poor households earned income from a single source, while richer households tended to rely on three sources: wage labour, non-farm business, and farm income. In addition, only 18 percent of the poor households had members in non-farm activities, compared to 67 percent of the richer households. Thus, greater diversification was found to be associated with higher incomes.

The various studies indicate that raising the capacity of the poor to participate in the better-paid types of non-farm activities is crucial. This can be achieved through employment, skills training, education, infrastructure, and credit. The findings also indicate that rural non-farm employment has grown fastest and been most poverty-alleviating where there are dynamic growth motors, in particular, in the agricultural sector, but also in tourism, links to urban areas, mining and forestry. This means that rural non-farm activities cannot be done at the expense of programs promoting agricultural development (Reardon et al. 2001).

Gordon (1999) supports the overwhelming consensus in the literature on the non-farm sector that this sector is driven by agriculture, population density, widely distributed benefits of growth, infrastructure, education and access to financial services. It can be promoted through: macro-economic management and economic growth promotion, targeted interventions in specific sectors, poverty-led approaches to improve livelihoods of the poor, and reviewing the possibilities of mainstreaming non-farm rural employment into other areas.

2.2 Livelihood diversification

A livelihood comprises the assets, the activities, and the access to these that together determine the living gained by a household. The term income and livelihood are not synonymous; they are nevertheless inextricably related because the composition and level of household income at a given point in time is the most direct and measurable outcome of the livelihood process. Income comprises both cash and in-kind contributions to the welfare of the household deriving from the set of livelihood

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activities in which household members are engaged in. Diversification interprets the creation of diversity as an ongoing social and economic process, reflecting factors of both pressure and opportunity that cause families to adopt increasingly intricate and diverse livelihood strategies (Ellis, 2000).

Livelihoods may be categorised as farm, off-farm and non-farm. Farm refers to own account farming whether on owner occupied land, or on land accessed through cash or share tenancy. Off-farm typically refers to wage or exchange labour on other farms and non-farm refers to income sources arising from outside agriculture or non-own account farming sources; therefore taking in off-farm as well.

In much of Sub-Saharan Africa, studies have shown that households derive 30-50% of their income from non-farm sources. The causes and consequences of diversification vary depending on location, assets, income, opportunity and social relations that manifest themselves in different ways and under differing circumstances. While diversification is often a strategy that enables the poor to survive in the absence of ownership of assets like land and livestock, the form of this diversification is typically in low-paid, casual, and unskilled types of employment. The strongest empirical result of numerous case studies is the difference between the diversification alternatives of the poor and those of the rich, who are able by virtue of their assets to diversify in high wage labour markets or high return self employment (Ellis, 2000).

De-agrarianisation is a process associated with livelihood diversification. Despite the general assumption that Africa is the world's most agrarian continent, the process of de-agrarianisation is currently underway and has been on-going for decades. It is the long-term process of occupational adjustment, income earning re-orientation, social identification and spatial relocation of rural dwellers from strictly peasant modes of livelihood. It involves the rural population easing away from a strictly agrarian existence and in rural-based diversification into non-farm activities leading to differences in individual and households sources of income. Rural non-farm employment, non-farm activities, and off-farm activities are some of the terms found in the literature associated with this process. They add to the locational dimension of employment out side the confines of the family farm (Bryceson and Jamal, 1997).

Determinants of livelihood diversification can be grouped according to key features that they possess in common. Trends and processes in the larger economy may create conditions that provoke livelihood diversification as a response; however, individuals and households are likely to respond to these underlying changes in different ways; depending on factors that vary between individual and households such as income levels to asset profile. Some important underlying trends that create pressures leading to livelihood diversification are rural population growth, farm fragmentation, and declining returns to farming compared to other activities (Ellis, 2000).

The increasing population density of most rural areas in many cases leading to constraints on land availability is one of the factors leading to this occupational and income diversification process. The rural households give varying reasons for resorting to these activities with the wealthier households often mentioning 'profit maximisation' whereas middle and lower income households that are the majority emphasize 'risk minimisation' and 'income stabilisation'. Factors such as the skills and training required to carry out an activity influence the type of activity a household is involved in (Bryceson and Jamal, 1997).

Disadvantages that have been noted about the adoption of diverse livelihood strategies by rural households are often the converse of its positive effects and reflect the different circumstances that arise historically in different locations. Diversification may have adverse effects on rural income distribution, agricultural productivity, and gender relations. It can be associated with widening disparities between the incomes of the rich and the poor. Some type of livelihood diversification may result in the stagnation or decline of output on the family farm.

Adverse effects on the gender balance of the household and specifically on the role and status of women are likely to occur where it is male labour that is predominantly able to take advantage of diversification opportunities, and also where there is a high level of male migration associated with the prevalence of female-headed households in rural areas. On the balance, the positive effects appear to outweigh the disadvantages. The positive effects tend to be beneficial impacts of wide applicability, for instance in risk reduction, and mitigating seasonality, while the negative effects typically occur when labour markets happen to work in particular ways in particular

places. The option to diversify is thus helpful to poverty reduction and livelihood security (Ellis, 2000).

The livelihood framework for livelihood analysis is relevant to this study because of its capacity to analyse the strategies that are composed of activities that generate the means of household survival. Most households depend on a diverse portfolio of activities and sources of income for their wellbeing. The diversification strategy in this case is from on-farm to non-farm activities with consequent effects on the household in terms of factors such as income, employment and poverty status. Rural livelihood diversification cuts across several overlapping policy issues, such as rural poverty. From the literature review, it emerges that the key variables relating to non-farm activities include household characteristics such as poverty, asset possession, training, income, land size and social relations.

2.3   Hypotheses of the Study

The following hypotheses guided the study:

1)   The type of non-farm activity varies with the socio-economic characteristics of a household,

2)   Participation in a rural non-farm activity varies with a household's poverty status; and

3)   Non-farm activities are unlikely to benefit chronically poor households.

2.4   Identification and Operationalization of Key Variables

Hypothesis I

Independent Variable

• Socio-economic characteristics of a household.

The indicators of this variable include income and education.

Dependent Variable

• Type of non-farm activity

The indicators of this variable include:

Level of income from non-farm activity categorized into: low-income, middle income and high-income activities.

Hypothesis II

Independent Variable

- Household's poverty status

The indicators of this variable include:

Socio-economic characteristics of a household that include: level of income, access to education and health, land ownership and size, feeding and housing characteristics, source of energy and household assets.

Dependent Variable

- Participation in a non-farm activity

The indicators of this variable are:

Factors that are likely to influence a household's participation in a non-farm activity such as its resources and the reasons for engaging in activity

Hypothesis III

Independent Variable

- Participation in a non-farm activity

The indicators of this variable are:

Activities the chronically poor are involved in, skills required to carry out the activity and sustainability of the activity

Dependent Variable

- Benefits of a non-farm activity

The indicators of this variable are:

Returns of a non-farm activity that include: level of income, type of employment, potential of activity to change a household's status or improve a household's well being; and any other positive benefits.

2.5   Definition of Key Terms

Rural Non-Farm Employment (RNFE) refers to employment of rural household members in the non-farm sector and Rural Non-Farm Income (RNFI) is the income thereby generated.

Non-Farm means activity outside agriculture (own-farming), hence in wage employment, trade, manufacturing and services. It refers to those income-generating activities that are performed by rural dwellers outside own-farming to maintain a household's subsistence needs. Manufacture refers to production processes that use physical materials and transform them into manufactured goods such as maize flour, yoghurt, furniture, baskets and handicraft. Services are processes that produce services such as transport, commerce, and banking, using physical capital and labour.

Poverty is a multidimensional phenomenon characterised by a state of deprivation with regard to income, assets, and access to basic needs such as food, shelter, clothing, health and education.

The poor are those without adequate access to basic needs, lack or have limited assets, and manifest the characteristics of the poor obtained through poverty assessments.

Chronically poor refers to individuals or households that have been continually poor for at least five years.

Effect means a change or changed state occurring as a result of something.

3.0   SITE DESCRIPTION AND METHODOLOGY

3.1   Site Description

Nyeri district is one of the districts in Central province and forms part of Kenya's Eastern highlands. It covers an area of 3,266 Km^2 .The District neighbours Laikipia District to the North, Kirinyaga District to the East, Murang'a District to the south, Nyandarua District to the West and Meru District to the Northeast.

Administratively, the district is divided into seven divisions. The district is further divided into 37 locations and 139 sub-locations. Its population size is 677,216 with a female/male sex ratio of 105:100. Absolute poverty in the District is 31%. Agriculture is the mainstay of the district's economy. The settlement pattern is influenced by rain and soil fertility. Areas that receive less rainfall have a more scattered settlement pattern compared to those with ample rainfall. The majority of the population are found in the high potential areas while lowland potential areas with less rainfall have low population densities (Republic of Kenya, 2002 b).

Poverty and declining production and productivity in the agricultural sector are some of the major challenges in the district. Although Nyeri is less poor than many other parts of Kenya, its level of poverty is estimated to be on the increase as a result of the poor performance in the agricultural sector. Majority of the population in the district depends on the sector for their livelihood and it provides employment, directly and indirectly to 90% of the population. The predominant mode of production accounting for more than 90% of production is through small-scale farming with an average farm size of 0.6 hectare (equivalent to 1.5 acres). Under these circumstances, growth in the sector will have to come from increasing the output per unit area of available land (Republic of Kenya, 2002 b).

Earnings from agriculture, the mainstay of the economy in the district have been declining in the recent past mainly affecting the traditional cash crops such as tea and coffee. A number of farmers are now shifting to production of high-value crops especially horticulture and commercial dairy farming. However, such initiatives are influenced by factors such as capital, land availability, market, knowledge and skills.

Among the farmers, inadequate access to credit for investment at affordable rates is identified as a major cause of low productivity and poverty. Other causes of poverty include lack of employment and underemployment. Unemployment is common among the youth and underemployment is prevalent in the agricultural sector.

The level of poverty is higher among the landless and squatters. The proportion of the poor is also higher among the female-headed households in the district especially in the semi-arid parts of Kieni East and West divisions as a result of inadequate access to resources and low productivity of land. Pockets of poverty are also found in slums of Karatina, Othaya and Nyeri town as well as among the landless in the forest areas (Republic of Kenya, 2002 b).

3.2   Methodology

3.2.1 Unit of Analysis

In this study, the unit of analysis is the household and data was collected from the household head. This is because household heads make most of the decisions in the house and exercise command in resource allocations. However, where the household head was unavailable, the spouse or a responsible adult member of the household responded. The term household refers to a person or group of persons who live together, jointly cultivate the same piece of land, share a common source of food, make joint or coordinated decisions over resource allocation and income pooling, and are answerable to the same head.

3.2.2 Sampling Strategy and Sample Size

In undertaking this study, both probability and non-probability sampling procedures were used. The survey covered a sample totalling 40 respondents from Nyeri district.

Using purposive sampling, one division in the district was selected. The division is Tetu. This division was selected because it is a good representation of the districts and has households engaging in a wide range of activities both in the farm and non-farm sector. From this division two locations were purposively selected. The selection was

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based on the CBS (2003) data on poverty. The locations that were selected are: one with the highest and one with the lowest percent of individuals living below the poverty line. These are Karundu with 41% and Tetu with 26%. Then, using simple random sampling, one sub-location was selected randomly from each location. In Tetu location, Kigogoini sub-location was selected and in Karundu location, Kianjogu sub-location was selected.

The sampling procedures were also applied to obtain the sample of 40 respondents from the households. After visiting the area and consulting with the key informants, it was learnt that some of the rural non-farm activities were based in the shopping centres; thus 40 respondents were sampled in the enterprises to supplement the findings obtained from the households sample where necessary. Data obtained from the enterprise sample helped to capture information on the landless rural dwellers who were involved in income generating activities in the shopping centres and also residing there.

Simple random and systematic sampling procedures were used to obtain the 40 respondents from their homesteads. In each of the sub locations selected, simple random sampling was used to select two villages. This involved writing down the names of all the villages in the sub-location on pieces of paper and randomly selecting two. From the two villages that were selected in each sub-location, twenty households were selected using systematic sampling. This involved establishing the total number of the households in the villages and then selecting the required cases at a defined interval.

To obtain 40 respondents from the business enterprises within the shopping centre of each of the sub locations, stratified sampling was used to obtain a proportionate sample. The researcher, assisted by a key informant from the area, walked through the shopping centres listing the type and number of each business activity. Then each type of business activity got a share of the sample size that was proportionate to the total number of such businesses within the shopping centres in each sub location.

Two of the households that were identified as chronically poor in each sub-location were selected for the case histories. These households were identified with the

assistance of the respondents and key informants. These are households that were continuously poor for over five years. Information in the literature on characteristics of such households and the respondent's description of the chronically poor in the area were used. Through the guidance of administrative leaders and community elders, the researcher traced the chronically poor households and interviewed them using the chronic poverty interview guide (appendix 4).

3.3   Data Collection

The study was based on both secondary and primary data. It used both quantitative and qualitative approaches of data collection. It relied on a survey conducted through interviews using questionnaires, the use of key informant interviews, chronic poverty case histories and observation.

The questionnaire (appendix 1) had questions that were administered through face-to-face interviews in August 2006. For quality control, all questionnaires were checked in the field during data collection and edited where necessary. The key informants who constituted development officers, administrative leaders, community leaders and elders were interviewed using a checklist. One checklist (appendix 2) was used to interview development officers and administrative leaders and the other (appendix 3) was used to interview community leaders and elders. Case histories were used to obtain details with regard to the chronically poor households participation in non-farm activities. Direct observation was done alongside the interviews. It is a technique that provided the necessary background information particularly on poverty.

The poor were identified based on the key informants description of poverty. This information on poverty was backed up and crosschecked with the findings of the *Second PPA Study – Kenya; Volume 1(Republic of Kenya, 1997)* and other poverty reports. Then households were ranked into categories of rich, average, poor and very poor. Nyeri was one of the seven districts that were covered in the PPA II study. The study findings give peoples perception of poverty obtained through participatory data collection techniques such as social mapping, pairwise matrix, pile sorting, timelines and trends, gender analysis and focus group discussions.

The key informants and respondents guided in the identification of the chronically poor. The researcher had gathered knowledge on the characteristics of the chronically poor through reviewing relevant literature. The main focus was on chronic poverty reports and studies carried out in different parts of the world. To gather information on the characteristics of the chronically poor in the area of study, there were questions about chronic poverty in the questionnaire that was administered to respondents in the survey and also in the key informant's checklist.

After going through the questionnaires and key informant checklists, a description of the chronically poor in the study area was obtained and counterchecked with what was in the literature. The researcher went back to the field and requested the key informants to help in identifying such households. The researcher also revisited some households that were noted as having manifested the characteristics of chronic poverty while visiting the households administering the survey questionnaire.

In total, twelve households were identified. six in each sub location. They were all visited and interviewed. Two households were then purposively selected for the case history report in each of the two locations. This selection was based on their qualifying as chronically poor and their suitability for the study based on its objectives.

Chronic Poverty was assessed in terms of household characteristics such as income sources, consumption, an assessment of assets, and judicious use of longer-term recall questions. The data on chronic poverty was crosschecked with findings of other studies on chronic poverty especially in Sub-Saharan countries such as Uganda. Secondary data was obtained from sources such as books, journals, newspapers, magazines and other documents relevant to the study. A review of such literature was useful in crosschecking and authenticating data.

In addition some of the households that were interviewed in the survey have been poor for a duration that exceeds five years thus qualifying to be categorized as chronically poor. This information was obtained through a question in the questionnaire that sought to find out how a household considers itself in relation to poverty status. For those who considered themselves poor, a further question asked

them to state the trend of the poverty situation in the household for the past five years. In response to this question, some stated that the situation had improved while others said it had remained the same or worsened.

3.4   Data Analysis

Data was analysed quantitatively and qualitatively. Qualitative data analysis was ongoing during and after data collection. While the household data forms the basis of analysis in chapter four, five and six, some data from the enterprise survey was qualitatively analysed where necessary to complement the findings. Quantitative data analysis used descriptive statistics generated through the Statistical Package for Social Sciences. Using descriptive statistics, data was summarized and the findings presented in relation to the research questions and study objectives.

The process of data analysis involved checking for emerging patterns in the data, identifying the information provided in this data and the possible meaning. This was then compared with what was hypothesised, the literature and theory and a conclusion was made. Percentages and cross tabulations were the main tools of analysis.

Cross-tabulation involves the use of two-way and multi-way tables to show the relationship between two or more variables. The tables were used to make comparisons between variables with the aim of establishing relationships and patterns. No statistical tests were performed.

The qualitative data analysis that took place alongside data collection helped in shaping the process and pursuing emerging issues in further depth. After fieldwork, the researcher further studied the notes of key informants, chronic poverty case history interviews and questionnaire responses. Then key ideas were noted and related to the research questions and objectives of the study.

4.0   HOUSEHOLD CHARACTERISTICS AND ACTIVITIES

This chapter addresses the first research question that sought to establish the types of non-farm activities in the rural areas of Nyeri district. It gives a summary of the socio-economic characteristics of the study population. In describing the population, special focus is given to the types of non-farm activities it is involved in. It was hypothesised that the type of activity a household participates in varies with its socio-economic characteristics.

The main types of rural non-farm activities that are common in the area include: business activities, formal employment and casual labour. The non-farm activities that this study focuses on are business activities and casual labour. Casual labour is the type of wage labour that mainly involves carrying out activities such as cultivation, tea and coffee picking, delivery of farm produce to the selling points, feeding animals, washing clothes and running small errands. This type of labour is insecure because the labourer is hired and paid on a daily basis.

4.1   Socio-economic characteristics

4.1.1 Age, gender and marital status of Household Head

The majority of the household heads are in their productive age and are actively engaging in income generating activities to enable them support families and acquire assets. The mean age is 49.9 years.

Figure 4.1 Age of household head

Source: field data

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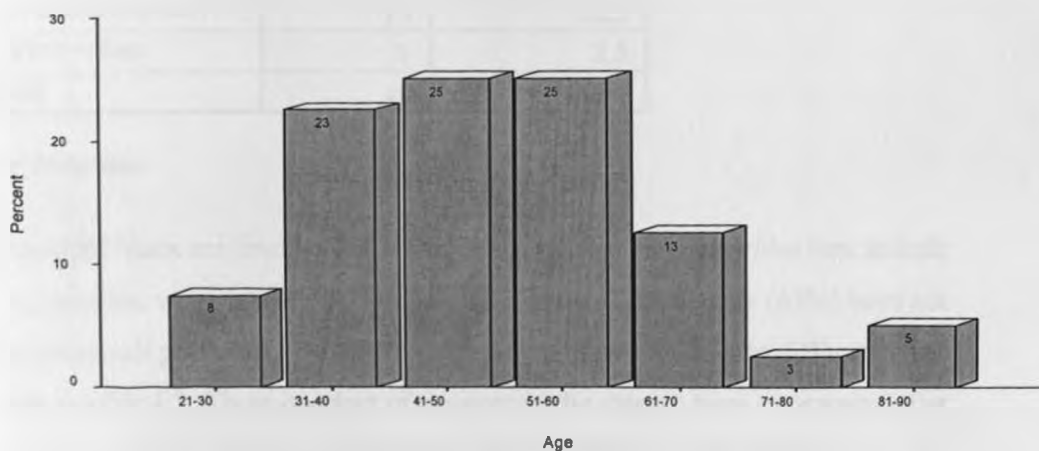
A larger proportion (50%) falls in the age intervals of 41-50 years and 51-60 years (Figure 4.1). Those aged over 60 years are 21% while a small proportion comprising 8% is in the younger age group of 21-30 years. Most (60%) of these household heads are male. The largest percent (87.5%) is married while 10% are single and 2.5% are widowed.

4.1.2 Education of household head

The stock of skills and productive knowledge embodied in people constitutes human capital. Education together with training imparts skills and productive knowledge and transforms human capital. This knowledge imparted through education increases the productivity of the people and thereby earnings.

The findings show that an overwhelmingly large proportion (75%) of the household heads in the study population has completed primary education while only a very small percent (5%) has not had any formal education (Table 4.1). A relatively small percent (20%) also has incomplete primary education. It is further noted that about a third of the population has completed secondary education and some have proceeded to the tertiary level.

Table 4.1 Level of education of household head

Level of Education	Frequency	Percent
None	2	5.0
Primary incomplete	8	20.0
Completed primary	14	35.0
Secondary incomplete	2	5.0
Completed secondary	13	32.5
Tertiary college	1	2.5
Total	40	100.0

Source: Field data

The household heads are involved in a wide range of economic activities that include farming, business, wage labour and formal employment. The majority (65%) have not had any technical/ professional training while the rest have training in different areas as shown in table 4.2. Three quarters of the poor in the sample have no training. The high percent of those lacking any training has an effect on the livelihood of the

population. It affects the capacity to optimally contribute to the regions economy thus leading to increased and prolonged poverty cases.

Those with some training are distributed in relatively small percentages in various fields. These fields of training include: teaching, tailoring, masonry, metal work, carpentry, driving, electronics, secretarial, cookery, hairdressing, mechanics, soil conservation, and animal health and production.

Table 4.2 Area of Training of Household Head

Area of Technical/Professional Training	Frequency	Percent
None	26	65.0
Masonry	4	10.0
Tailoring	3	7.5
Teaching	2	5.0
Carpentry	1	2.5
Cookery	1	2.5
Hairdressing	1	2.5
Mechanic	1	2.5
Soil conservation	1	2.5
Total	40	100.0

Source: field data

4.1.3 Household size

The mean household size is 4.72 members with 52.5% of the households having 4-6 members, 27.5% having 1-3 members and 7-9 members in 20% of the households (Table 4.3). This size of the household only reflects those members who live in a particular household and depend it for their food and other basic needs. The households have both adult members aged over 18 years and children. The larger percent (78%) of the households have 2-3 adults while over a half (58%) have 1-3 children.

Table 4.3 Household size

Number of Household Members	Frequency	Percent
1 to 3	11	27.5
4 to 6	21	52.5
7 to 9	8	20.0
Total	40	100.0

Source: field data

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4.1.4 Expenditure and Income

• **Expenditure**

Much of the household expenditure is on basic needs such as food, clothing, healthcare and education. Other common household expenses include: transport, water and electricity bills, payment of farm labourers and business employees. It was a challenge for the respondents estimating their expenditure on food due to the difficult of valuing food from own production, own stock and gifts.

The data shows that majority of the households spend an average of Ksh. 2001-4000 in a month on food. An analysis of the households overall monthly expenditure shows that most households spend not more than Ksh. 10,000 in a month (Table 4.4). Only 28% have an average monthly expenditure that exceeds Ksh. 10,000. The findings further show that an increase in household size does not necessarily result in a rise in the amount of household expenditure as commonly expected. Households that have 7-9 members and a monthly expenditure that does not exceed Ksh. 5000 illustrate this. The household expenditure is mainly dependent on the income and the nature of family needs.

Table 4.4 Household Size and Average Monthly Expenditure

Average Monthly Expenditure in Ksh.	Number of Household Members			
	1- 3	4 - 6	7 - 9	Total
1-5000	5	6	4	15
	45.5%	28.6%	50.0%	37.5%
5001-10000	3	7	4	14
	27.3%	33.3%	50.0%	35.0%
10001-20000	3	5		8
	27.3%	23.8%		20.0%
20001-30000		2		2
		9.5%		5.0%
30001-40000		1		1
		4.8%		2.5%
Total	11	21	8	40
	100.0%	100.0%	100.0%	100.0%

Source: field data

Income

The study findings show that the sources of income for the residents in the study area include: farming, business, casual labour, formal employment and remittances. It is notable that farming and businesses are the main sources for the majority. It is also interesting to note that only two households in the sample have no farm income. Data on these two households shows that they are landless and live as squatters. One of them gets income from casual labour while the other receives remittances in addition to the casual labour income. A few (5) households in the sample have earnings from formal employment with an average monthly income of Ksh. 17,800.

It was noted that while some households have only one income source, others have two or more. Almost a half (42.5%) have two sources, while 20% have three and 37.5% have only one. Table 4.5 below shows the proportion of households deriving income from the different sources.

Table 4.5 Income Sources for the Households

Income source	Number of households receiving income from source (n=40)	Average income from source per month per household in Ksh.
Farming	38	4,257
Business	13	5,085
Casual labour	11	4,009
Remittances	9	1,256
Formal employment	5	17,800

Source: field data

The households belong to different income categories as reflected in Table 4.6. There is a notable wide variation in the household incomes that range from less than Ksh. 5000 to over Ksh. 35,000. The majority (40%) are in the lowest income bracket of not more than Ksh.5,000. Also, a relatively high percentage (32.5%) fall in the next

income bracket of Ksh. 5,001-10,000 while only 10% have an income that exceeds Ksh. 20,000.

Table 4.6 Average household monthly income

Average household monthly income	Frequency	Percent
Ksh. 1-5,000	16	40.0
Ksh. 5,001-10,000	13	32.5
Ksh. 10,001-15,000	5	12.5
Ksh. 15,001-20,000	2	5.0
Ksh. 25,001-30,000	1	2.5
Ksh. 30,001-35,000	1	2.5
Over Ksh. 35,000	2	5.0
Total	40	100

Source: field data

4.1.5 Land Size and Ownership

Land is an important asset in the study area as most households depend on it to grow food and cash crops. The majority thus own the asset though most of the parcels are quite small as evidenced in a response to a question on the major problems facing households. Most have settled on land inherited from the parents and the average size of the parcels continues to reduce as it is subdivided further. Compared to the findings that indicate the average land size in the district as 1.5 acres (Republic of Kenya, 2002 b), the mean land size in this sample is 2.3 acres while the mode is 1 acre and median 1.8. The median (1.8) differing greatly from the mean (2.3) indicates the presence of outliers signifying inequalities in land ownership. For instance, the data shows some households owning as many as 12 acres, 7 acres, 6 acres and 5 acres.

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About a third (32.5%) has 1-2 acres of land while 22.5% have less than an acre and 15% are landless (Figure 4.2). The landless live as squatters. Among those with businesses at the shopping centre, there is a small proportion that does not own land and normally rents residential and business premises.

Figure 4.2 Household's Land Size

Land size in acres
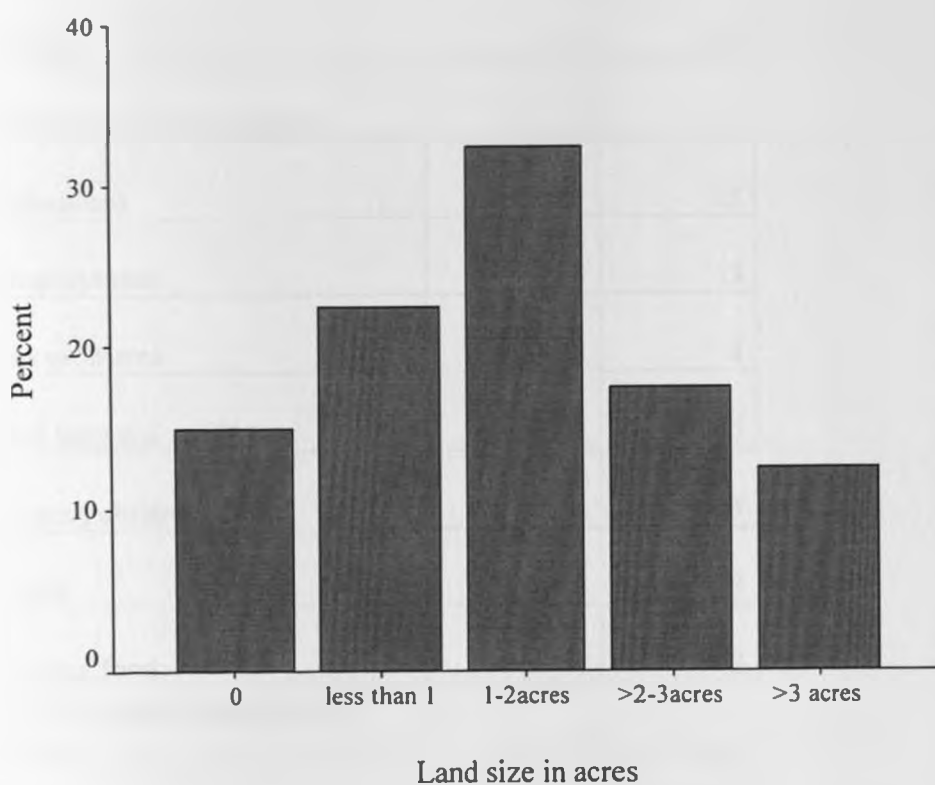
Source: field Data

4.1.6 Problems Facing Households

When respondents were asked about the major problems their households were facing, they mentioned several. It emerged that a majority of the survey respondents (58%) cited financial constraints as a major problem (Table 4.7) This is an indication that their incomes limit the capacity to adequately meet all the household's financial needs. Other major problems that were mentioned include: small land parcels (28%),

insecurity (23%), unemployment (13%), landlessness (13%), poor market for farm produce (13%) and water problems (8%).

Table 4.7 Major problems facing household

Problem	Frequency	Percent
Financial constraints	23	58
Small land parcels	11	28
Insecurity	9	23
Poor market for farm produce	5	13
Landlessness	5	13
Unemployment	5	13
Water problems	3	8
Hatred between neighbours	2	5
Educating children	2	5
Drought	1	3
Obtaining food	1	3
Bad relationships among family members	1	3
Total	68	170[1]

Source: field data

4.2   Non-farm activities

This section addresses the first research question that seeks to establish the type of non-farm activities in the rural areas of Nyeri district.

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[1] Total percent is more than 100 because some respondents gave more than one response. The sample size is 40.

4.2.1 Distribution of non-farm activities

Over half (60%) of the respondents that were interviewed had one or more members of their households involved in a rural non-farm activity that was contributing to the household income. The range of non-farm activities that are carried out in the study area include business activities and casual labour. As shown in Table 4.8, 32.5% of the households had some of their members participating in business activities and 27.5% in casual labour. None of the households in the sample was engaged in both activities.

Table 4.8 Main non-farm activities carried out by households

S/no.	Activities	Number of households	Percent
1	Business	13	32.5%
2	Casual labour	11	27.5%

Source: field data

Analysis of the business activities carried out in the study area as noted in both the household and the enterprise sample was used in classifying their distribution in the sectors. They are distributed in different sectors that include: trade, manufacturing, services and craft/artisan as shown in Table 4.9 below.

Table 4.9 Distribution of business activities in sectors

Sector	Activities
Trade	General shops and kiosks, sale of farm produce in market, roadside and in groceries, sale of clothes, hardware stores, agrovets, and butcheries.
Manufacture	Maize milling
Services	Rental houses, entertainment video stores, battery charging, radio repair, transport, salons, barber shops, hotels and bars
Craft/Artisan	Carpentry, welding, tailoring and knitting

Source: field data

The business activities carried out by those sampled in the households include shops/ kiosks, selling goods in the market, carpentry, selling clothes, tailoring, battery

charging, matatu, poshomill and renting houses. The income from these activities ranges from Ksh. 1000 to Ksh. 20,000. Table 4.10 shows the activities, average monthly incomes, and number of households engaging in them. It was noted that the businesses earning high income amongst households in the sample are matatu (transport) and hardware shop with an average monthly income of Ksh. 14,000 and 20,000 respectively. On the other hand, the middle income activities include a salon, poshomill, kiosk and tailoring.

Those in the low income include selling in the market, kiosk, battery charging, and carpentry. It appears that the type of business activity is not necessarily the main determinant of the income category as displayed by households carrying out similar activities but falling in different income categories. Other factors influencing the income obtained could include the business size in terms of amount invested, its management and duration of carrying out the activity.

The households engaging in casual labour have an average monthly income that ranges from Ksh. 1800 to Ksh. 6200. They have one to three of their members engaging in the activities and carry them out all year round. However, some cited that the activities are at times unavailable forcing them to only engage in them occasionally.

4.2.2 Location of non-farm activities

Study findings show that most of the non-farm activities are located within one to three kilometres from a household's homestead. Through observation and discussions with key informants, it was noted that most of the well-established business activities are mainly in the areas concentrated with income generating activities normally referred to as 'shopping centre' and are mainly situated next to the main road or near social amenities such as schools, churches, health institutions, tea and coffee buying centres. Businesses located in such places are easy to access and are also exposed to many customers. Other business activities are carried out in the local markets, roadside, and homesteads. Casual labour in the farms is normally carried out in the neighbourhood a short walking distance from the homestead.

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Table 4.10 Description of business activities and average monthly incomes

Average Monthly Income in Ksh	Business activity and number of households engaging in it											
	kiosk	Selling in market	Salon	Carpentry	Hardware	Selling clothes	Tailoring	Battery Charging	Matatu	Poshomill	Renting house	Total
1000		1									1	2
2000	1						1					2
3000								1				1
3100		1										1
4000				1								1
5000											1	1
6000			1							1	1	3
7000								1				1
8000	1											1
14000									1			1
20000					1							1
Total number of Business activities	2	2	1	1	1	1	1	1	1	1	3	[2]15

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[2] Total number of business activities (15) is more than the total number of households engaging in business activities in the sample (13) because two of the households have two business activities.

4.2.3 Skills required in carrying out activities

The findings show that all those engaging in casual labour do not require any specialized training to enable them carry out the non-farm activities. Among those engaging in the business activities, the majority (79%) also stated that they require no specialized training to enable them carry out the activities . A smaller percent said they gain the necessary skills through apprenticeship and receiving specialized training in an institution. Most of those requiring specialized training were mainly running businesses that require some expertise such as hair salons, carpentry and agrovets. A few of the households in retail business and those doing welding and other juakali activities stated that they gain their skills through apprenticeship.

4.2.4 Types of activities

In this study, non-farm activities have been categorized in terms of the average income obtained from them thus we have the three types that include: low income, middle income and high-income non-farm activities[3]. This classification is appropriate as it accommodates the wide rage of activities carried out in the area. The low-income ranges from the lowest to Ksh.5, 000, middle-income ranges from Ksh. 5001-10,000, and high income is more than Ksh. 10,000.

The study findings show that the largest percent (66.7%)is engaging in the low-income activities (Table 4.11). The rest 20.8% are engaging in middle-income activities while 12.5% are engaging in high-income activities. There are seven business activities and nine households engaged in casual labour in the low non-farm income category, five business activities and two households engaged in casual labour in the middle non-farm income category and three business activities in the high non-farm income category.

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[3] Non-farm activities in this study have been classified according to their average monthly income. The three income types are: low income (lowest to Ksh. 5,000), middle income (Ksh. 5,000-10,000) and high income (more than Ksh. 10,000).

Table 4.11 Non-farm income categories

Type of activity	Number of households in category	%	Distribution of activities in relation to income category of households engaging in them	
			Business	Casual labour
Low non-farm income	16	66.7	7	9
Middle non-farm income	5	20.8	5	2
High non-farm income	3	12.5	[4]3	-
Total	24	100	[5]15	11

Source: Field data

4.2.5 Household income and type of non-farm activity

Non-farm activities play an important role of contributing to a household's income. Though most households have a number of income sources, the amount of non-farm income has a great influence on the amount of overall household income. Most of the households that have a low non-farm income also have a low overall household income as shown in Figure 4.3. On the other hand, most of those engaging in high-income activities have a relatively high amount of overall household income that exceeds Ksh. 10,000.

Half of the households engaging in low-income non-farm activities are in the lowest overall household income category of not more than Ksh. 5000 while another 31.3% are in the category of Ksh. 5001-10,000. Almost all the households engaging in middle-income non-farm activities have an overall household income of Ksh 5001-10,000 while those engaging in high-income non-farm activities earn over Ksh. 25,000. We however have some few cases of households engaging in the low-income non-farm activities and having a high monthly income as exhibited by the 12.6% that

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[4] One of the households in the high-income non-farm activity category has income from two business activities; a kiosk and house renting.
[5] The total number of businesses (15) is more than the number of households (13) engaging in business activities because two of the households have two business activities thus the additional two.

have an average monthly income that exceeds Ksh. 15,000.Such households have other major income sources especially farming and formal employment.

Figure 4.3 Average household monthly income and non-farm income category

Average household monthly income
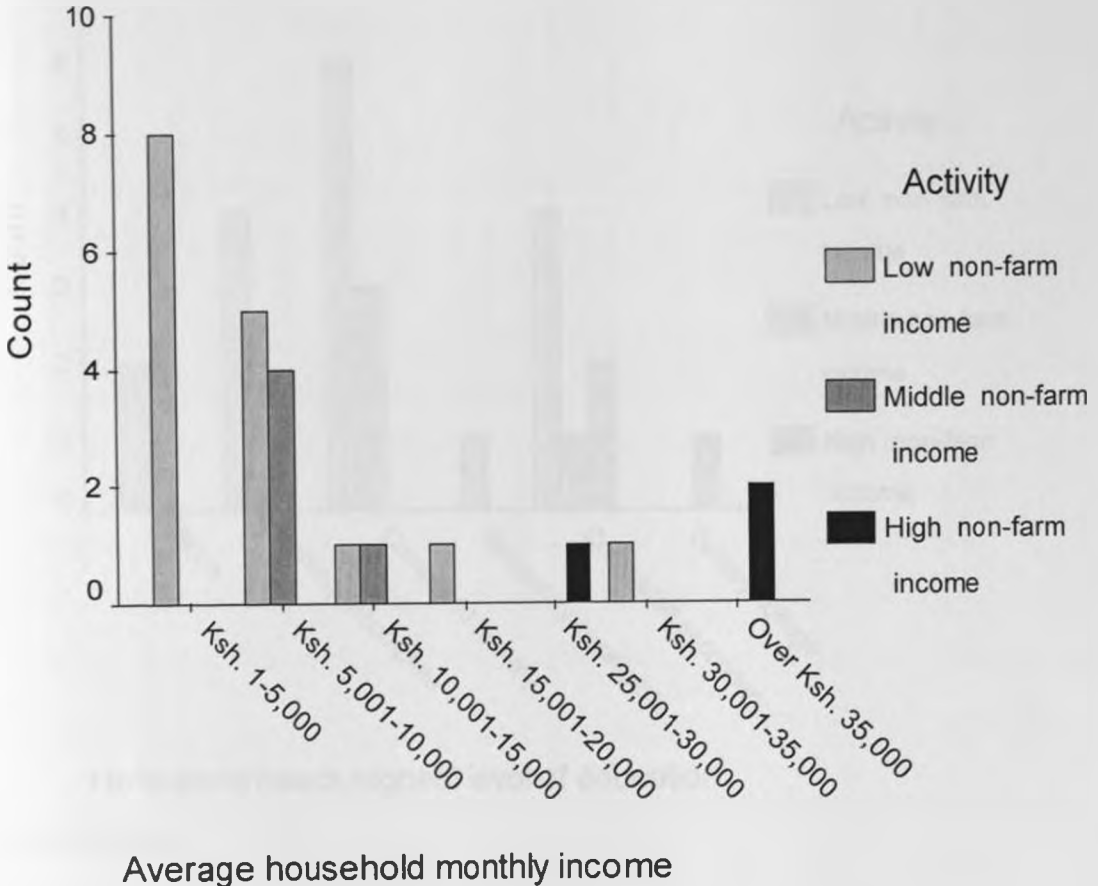
Source: field data

4.2.6 Education and type of non-farm activity

Education fosters knowledge and skills that offer the possibility of unlocking the potential of human resources for economic development. It also helps in applying existing knowledge and skills to increase output and efficiency in economic development.

The findings of this study show that the six households with a head who has no formal education or has not completed primary education are engaging in low-income non-

farm activities while at the other end of the educational scale, all who are engaged in high-income activities have completed secondary school (Figure 4.4).

Figure 4.4 Household head's highest educational level and non-farm income category

Household heads highest level of education
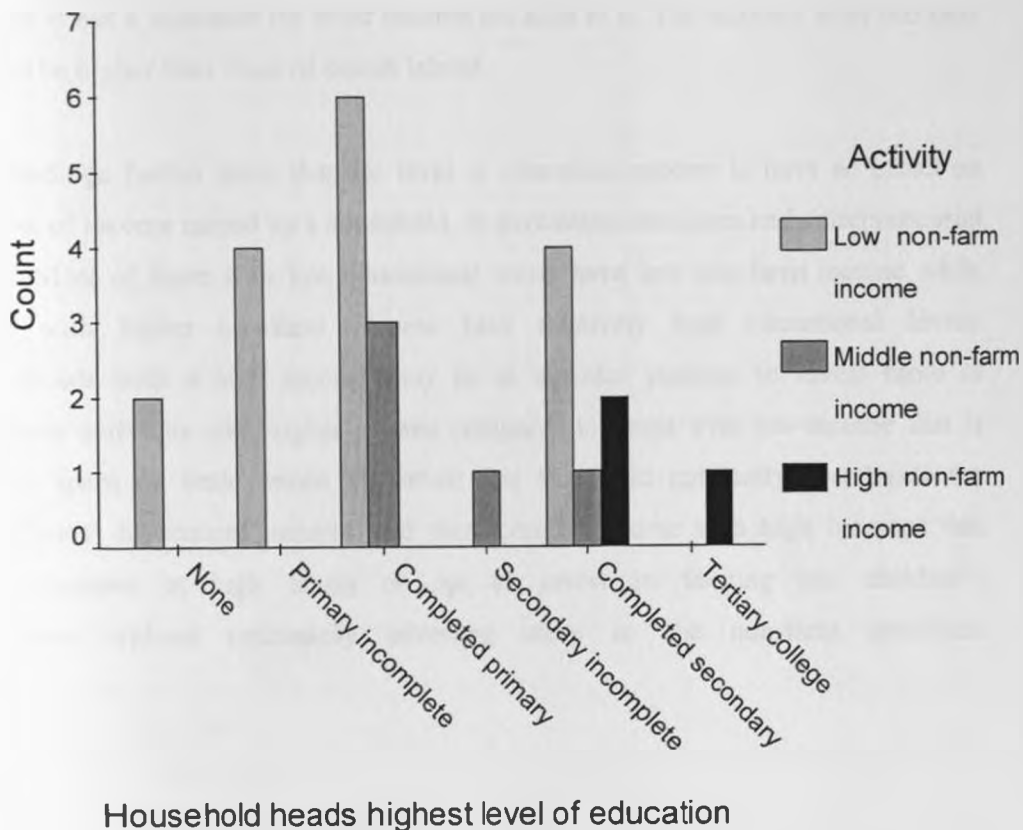
Source: field data

However, observations and discussions with key informants revealed that other household factors other than education could be having an influence on the type of activity. Such factors include: access to capital, level of education of the person managing the activity, and preference given to the non-farm activities as an income source compared to farming.

4.3 Summary of findings

This chapter addresses the first research question and focuses on two socio-economic characteristics; education and income. The households in the study area are quite diverse in terms of their socio-economic characteristics. An analysis of the findings shows the types of non-farm activities carried out by the households varying with the

socio-economic characteristics. There appears to be a positive relationship between participation in non-farm activities and household incomes as we have those engaging in high income activities having a high overall income. The positive relationship between overall household income and non-farm income suggests that non-farm income is not a substitute for other income but adds to it. The incomes from business tend to be higher than those of casual labour.

The findings further show that the level of education appears to have an effect on amount of income earned by a household, its investment decisions and entrepreneurial skills. Most of those with low educational levels have low non-farm income while those with higher non-farm income have relatively high educational levels. Households with a high income may be in a better position to invest more in non-farm activities with higher returns compared to those with low-income that is mainly spent on basic needs. However, this study did not really investigate the households' investment patterns and there could be some with high incomes that also consume at high levels or opt to invest in farming and children's education without necessarily investing more in the non-farm activities.

.0   POVERTY AND PARTICIPATION IN RURAL NON-FARM ACTIVITIES

his chapter addresses the second research question on the relationship between non-farm ctivities and poverty. It assesses the factors that influence a household's participation in rural on-farm activities. Each rural household has some reasons for choosing to venture into the on-farm sector. It was hypothesised that participation in rural non-farm activities varies with a ousehold's poverty status. Thus the poor and non-poor households have varying reasons for ndertaking the activities.

.1   Poverty status

he 1997 PPA study findings were used in determining the household's poverty status. These indings were counterchecked and backed up with quantitative and qualitative information ollected in the field. Household's poverty status was broadly classified into categories of 'the oor' and 'the non-poor'. Various indicators such as employment status, asset ownership, ccess to services, presentation and prospects were used to assess household's poverty status. he characteristics of the poor and non poor identified in this study matched with those of the ther poverty studies that were guiding this study. Input from the field data was added to upplement the available data as shown in table 5.1.

The combination of various characteristics of poverty was considered in determining the poor n Tetu. This was done in view of the fact that some manifestations were greater indicators of overty in the study area than others. For instance, in spite of poverty studies in Kenya showing hat most poor households use paraffin for lighting, a household in the area cannot be said to be oor by solely basing the assessment on the type of lighting it uses. This is because the majority of the poor and non-poor in the area use paraffin for lighting. However, this situation may change once households access electricity through the ongoing rural electrification project.

On the other hand, there is a great relationship with poverty for households living in mud-walled and grass thatched houses in Tetu. This characteristic is also widely noted as an indicator of poverty in many studies carried out countrywide though there could be some regions where the characteristic cannot be used to indicate poverty, for instance, in the hot regions where grass thatch helps to keep a house cool. Similarly, in some parts of the country, a household owning two acres of land would be classified as poor yet in Tetu, the average land size per household is around two acres.

Table 5.1 Description of characteristics of the poor and non-poor

Characteristic	Non-poor		Poor	
	Rich	*Average*	*Poor*	*Very poor*
Employment	*Well paying steady job or profitable income generating opportunities such as businesses*	*Average jobs (formal or casual) and small-scale businesses*	*Unreliable casual jobs and small-scale businesses*	No job security
Assets	Many material possessions such as a *large land parcel over 2 acres, cash crop/s, livestock such as cattle with high yields, a well built permanent house (stone/brick), own a motor vehicle, TV, mobile phone etc.*	*Some material possessions, such as an average land size about 1-2 acres, some cash crop, ordinary house mainly wooden with an iron sheet roof, some livestock, have the common household items such as radio, furniture and, some have a mobile phone and TV.*	*Few possessions mainly the household items, mostly landless/ squatters or have a very tiny land parcel, no cash crop, no livestock, mud/wooden house,*	Usually landless with few household items, no livestock and *poor housing*
Access to social services	Access services such as education for children, health etc. without difficult	*Manage to access basic services such as education and health*	*Have limited access to basic services such as health with medical bills paid with difficult, problem educating children and feeding family*	Very poor access to health, food and education with *most children not attending school or dropping out at primary level*
Dress	Neatly dressed, healthy	*Fairly neat in dress*	*Fairly neat in dress*	Very untidy in terms of dress and habitation
Image	Viewed positively	*Viewed as managing themselves though not with ease*	*Viewed as facing difficulties*	Viewed negatively *and as constantly needy*
Future prospects	Have prospects for improving their condition to become richer	*Associate with the rich and work on improving their conditions*	*Have minimal association with the rich, struggling to make ends meet*	Inability to plan their lives-no hope of improving their conditions

Source: 1997 PPA and own field data (*input from own field data in italics*)

On income generation, the non-poor have steady and well paying jobs unlike the poor who lack job security and mainly depend on unreliable casual jobs. The poor possess very few assets and many are jobless while the non-poor have more and valuable material possessions such as motor vehicles, television sets and well built stone, brick or wooden houses. Also, the poor are hardly able to access social services mainly because of their low capacity to pay for them; they are continually struggling to make ends meet. It is common for the children of the poor to stay out of school occasionally or drop out for lack of fees. On the other hand, the non-poor at least manage to access the basic services and have prospects of improving their living condition. Some of them opt to seek services in the private institutions such as the private hospitals and schools which cost more than the public ones as they believe they are of better quality.

Through the quantitative and qualitative data, and an evaluation of other studies, the poor and non-poor households in the study area could be classified in categories of the rich, average, poor and the very poor. The chronically poor mainly fall in the category of the very poor. The proportion of respondents in the poor and non-poor categories is as shown in table 5.2 below. The findings show that twelve out of the forty households in the sample (30%) are poor. The researcher counterchecked the household characteristics of those who considered themselves poor in this study with those indicated as poor in the literature and also the information given by the key informants. This helped to assess if they genuinely qualify to be classified as poor. Appendix 6 shows the main characteristics that were used to identify the poor households in the sample.

The percent of the poor engaging in the non-farm activities almost equals that of the non-poor as it comprises 58% poor and 61% non-poor. Table 5.2 shows the poverty status of the households participating in non-farm activities in the sample.

Table 5.2   The poor/non poor engaging in rural non-farm activities

Household engages in a non-farm activity	Poor		Non-poor	
	Frequency	%	Frequency	%
Yes	7	58	17	61
No	5	42	11	39
Total	12	100	28	100

Source: field data

5.2   Factors influencing participation in rural non-farm activities

Rural households have a range of income generating opportunities in the farm and non-farm sectors. The main factors that influence the households choice of participation in the non-farm activities include: better opportunities/income compared to farming, insufficient land for farming, to supplement agricultural income, having no other way of earning income, to spread risks associated with farming, to get some income during agriculture off-season, to get extra income; and field of professional training. Tables 5.3 shows the relation between poverty and factors influencing participation in rural non-farm activities.

The findings generally show that the population is largely motivated to engage in non-farm activities by land and income related factors. The main factors that influence the poor's participation are: to get extra income (30%), insufficient land for farming (20%), having no other way of earning income (20%), to get income during agriculture off-season (20%) and to supplement agricultural income (10%). On the other hand, the main factors influencing the non-poor are: to supplement agricultural income (43%), insufficient land for farming (19%), to get extra income (14%), and the better opportunities/ income compared to farming (10%).

Table 5.3   Poverty and factors influencing participation in rural non-farm activities

Factors that motivate households to engage in rural non-farm activity	Poor		Non-poor	
	Frequency	Percent	Frequency	Percent
Better opportunities/income compared to farming	-	-	2	10
Insufficient land for farming	2	20	4	19
To supplement agricultural income	1	10	9	43
Having no other way of earning income	2	20	1	5
To spread risks associated with farming	-	-	1	5
To get some income during agriculture off-season	2	20	-	-
To get extra income	3	30	3	14
Field of professional training	-	-	1	5
Total	10[6]	100	21[7]	100

Source: field data

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[6] Total number of responses from poor households is more than 7 because some respondents gave more than one response.
[7] Total number of responses from non-poor households is more than 17 because some respondents gave more than one response.

5.2.1 Land size and rural non-farm activities

The poor households in the study area are either landless or have small land parcels. The landless live as squatters or tenants. On the other hand, most average households have at least 1-2 acres while the rich mainly have over 2 acres. There is a notable variation between the landless and those who own land in terms of their motivation to engage in the activities.

Most of the landless households venture into the non-farm sector to get a way of earning income. They also have inadequate land to farm as the parcels they have settled on are quite small. There are few households that opt to rent out their farms. Those with land have more diverse factors influencing their participation in non-farm activities. Table 5.4 below shows the land size and poverty status of those participating in non-farm activities. The poor who are engaging in non-farm activities are either landless or they own not more than 2 acres of land. Majority of the non-poor have more than one acre of land.

There is a small percent (12%) of landless non-poor households and those with less than one acre (6%). Despite their lack of land or small land parcels that are a common characteristic amongst most poor, these households have several income sources that include: casual labour, business, remittances, and sale of crops grown on the land they have settled on.

Table 5.4 Land size, poverty status and participation in rural non-farm activities

Size of land owned in acres	Poor		Non-poor	
	Frequency	Percent	Frequency	Percent
Do not own land	3	43	2	12
<1	3	43	1	6
1-2	1	14	8	47
>2-3	-		3	18
>3	-		3	18
Total	7	100	17	100

Source: field data

5.2.2 Poverty and type of non-farm activities

The study findings show that the poor are engaging in activities with low non-farm income as shown in Table 5.5. They are likely to be mainly engaging in these low-income activities such as casual labour due to lack of resources especially finances to enable them expand their investments. Data shows 75% of the poor citing financial constraints as a major problem facing the households. A relatively large percent of the non-poor (52.9%) are also engaging in the low-income activities while 29.4% are in the middle income and 17.6% in the high-income activities.

Table 5.5 Household sample: Poverty status and type of non-farm activity

Type of Activity	Poverty status		Total
	Poor	Non-poor	
Low non-farm income	7	9	16
	100.0%	52.9%	66.7%
Middle non-farm income		5	5
		29.4%	20.8%
High non-farm income		3	3
		17.6%	12.5%
Total	7	17	24
	100.0%	100.0%	100.0%

Source: field data

5.3   Summary of findings

The study findings support the hypothesis that participation in non-farm activities varies with a household's poverty status. They show that poor and non-poor households have varying reasons for engaging in the non-farm activities. Household characteristics have been used to assess the poverty status. Though a few of the households in both the poor and non-poor categories share some of the reasons, factors that are more associated with each category are evident.

Both poor and non-poor engage in non-farm activities that are slightly different. The poor are engaging in casual labour activities while the non-poor are mainly engaging in business activities. Other than the main reasons that include insufficient land for farming and getting extra income, it was notable that a relatively large proportion of the poor lacks another way of earning income or is seeking to get some income during the agriculture off-season. On the

other hand, the largest proportion of the non-poor is interested in supplementing the agricultural income.

It also emerges that all the poor are engaged in activities with low non-farm income while the non-poor are distributed in the low, middle and high income activities. It appears that financial constraints could be one of the factors limiting their participation to the low income activities as they cite it as a major problem facing their households. The findings also show that non-farm activities are an important income source for the landless and those with very small land parcels.

6.0 PARTICIPATION OF THE CHRONICALLY POOR HOUSEHOLDS IN RURAL NON-FARM ACTIVITIES

This chapter focuses on the third research question that sought to examine the effects of rural non-farm activities on the chronically poor households. Literature based on studies of the chronically poor people shows that they are so far below the poverty line that they need special attention. Their work is largely insecure, casual and with extremely low income. This study examined if the rural non-farm activities benefit the chronically poor households. It was hypothesised that the types of activities they participate in are unlikely to be effective in changing their living standards.

6.1 The Chronically Poor households and non-farm activities

Analysis of the cases of chronically poor households helped in assessing their participation in the non-farm activities in relation to the effects. They were useful in understanding the level of involvement in these activities, the experiences, benefits, difficulties, and prospects.

Seven cases of chronically poor households were examined in this study. Four of them were specifically selected after interviews using the Chronic Poverty Case History Guide (Appendix 4) and three were identified during the survey interview using the questionnaire. The three households that were chronically poor in the survey exhibited characteristics that closely relate to those noted in the Case Histories as described in Table 6.1.

The first case history is of a household that has not participated in any non-farm activity that is likely to improve its status. It has not been able to escape poverty for a prolonged period of about thirty years for many reasons that include: a land problem and lack of a reliable well paying income source. This household has mainly been earning a very low income from occasional casual labour thus has not managed to accumulate enough capital to enable it fulfil its desire of starting a business. The casual labour activities that the couple and their children participate in include: cultivating other household farms in the neighbourhood, picking tea, and doing domestic work such as washing clothes, and fetching firewood. The average pay for such activities in the area is one hundred shillings per day per person while those picking tea leaves are paid five shillings for each kilogram picked and delivered to the tea buying centre.

1	60	Male	Primary incomplete	4	7	11	-does not own land, live on a parcel with a dispute -only one child has proceeded to secondary school level, two are in primary & others dropped out -have an untidy homestead
2	40	Male	Completed secondary	4	2	6	-re-establishing itself after being destabilised by tribal clashes -lacks capital to start a business -live on small land parcel given by parents
3	77	Male	None	2	7	9	-does not own land, are squatters -lack finances for expanding business to increase profitability -productivity affected by old age and ill health -No child educated beyond primary level
4	72	Male	None	0	1	1	-does not own land, is a squatter -the hh member is aged and unwell -dependent on support from well wishers
5	58	Male	None	2	4	6	-Do not own land, are squatters -live in a mud-walled house -facing difficulties in obtaining food and paying school fees
6	38	Male	Completed secondary	2	4	6	-Do not own land, are squatters -live in a mud-walled house -facing difficulties in paying school fees and finding employment
7	58	Female	Completed primary	3	2	5	-settled in a small land parcel(1/4 acre) -live in a wooden house

Source: field data

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The second case history is of a household that was moving on well until it was destabilised by ethnic clashes that erupted in the region where it had settled. They lost all the assets they had acquired and had to migrate from that region and start life afresh elsewhere. It has been trapped in poverty for about eight years. Currently, the household is mainly earning its income from casual labour activities such as cultivating other households farms in the neighbourhood, picking tea and carrying out domestic work. The returns from these activities are hardly enough to meet the household's basic needs. Its head has done a driving course but has not managed to secure a stable job. He is occasionally hired to drive a matatu that transports the area residents to and from Nyeri town when its regular driver is not available. The couple has been very interested in starting a food-selling business but lacks capital.

The third case history is of a household that has been trapped in poverty for about thirty years and is likely to pass it to the future generation because the grown up children are uneducated and have not secured reliable ways of earning income. They are involved in a business of selling chicken in the market. This business is almost unprofitable as it is run on a very small scale. It may only be useful in uplifting the household status if it is well managed and run on a larger scale. Their casual labour activities that involve cultivating other households farms are not of much help as they are not always available and the returns are very low. The couple is aged and weak, and loses many possible work opportunities because most employers prefer the younger people who are stronger, healthier and more reliable.

The fourth case history is of a household of an aged lone man who has been trapped in poverty for failure to succeed in various endeavours and lack of a family to support him. He attempted running a business in the market but was unsuccessful. He also claims that he attempted a sheep selling business but failed. He is dependent on handouts such that he is somehow comfortable with the poverty situation that he is in. He occasionally gets some little money when he sells some tree seedlings.

Of the three households identified during the survey interviews, two are involved in casual labour and one in business. Those involved in casual labour cultivate and pick tea in other households farms in the neighbourhood. The other household is headed by an elderly woman who sells fruits and vegetables on the roadside near the shopping

centre and goes to the market on market days. The reasons for these households engaging in the activities are related to income and include: having no other way of earning income, financial constraints and small land parcels. They are needy and facing hardships in accessing their day to day requirements such as food, health, housing and education. They attribute their getting trapped in prolonged poverty to lack of income generating opportunities, landlessness and lack of financial capacity to utilize the resources they possess.

When these chronically poor households are asked how they perceive poverty, they relate it to the situation they are experiencing. They associate it with inability to meet the needs they consider important particularly food, clothing, shelter, education and land ownership. Some of them have accepted their poverty situation and are not struggling to overcome it; for example, the poor old man who failed in business attempts and now earns a living through begging (Case History 4). His poverty situation was worsened by loss of close family members who would have offered some support.

A multiplicity of factors that these households noted as causes of the poverty situation include: landlessness and small land parcels, lack of income generating opportunities, low wages, lack of capacity to utilize their resources and capital to start investments, life-changing events like the tribal clashes, poor health and problems passed from the past generation. Of these factors, low income came out strongly as greatly associated with cases of prolonged poverty resulting in difficulties in accessing basic needs. Their main income source is casual labour and a few are in the low-income business activities.

The common characteristics that were notable in these households include: difficulties in accessing basic needs such as food, clothing, housing and health, low educational level and illiteracy, small land parcels and landlessness, poor family background, unemployment and involvement in low paying casual labour, operation of low-income business activities, low average household incomes, children dropping out of school due to financial difficulties, and continuous dependence on handouts. They have few assets that are required in their day-to-day life which they acquire with difficulties and

are thus not able to afford additional ones such as bicycles, mobile phones, and television sets.

6.2   Effects of Participation in Non-farm Activities

The responses regarding the chronically poor were examined to understand their participation in non-farm activities and the effects. Generally, the examined cases show that most of the chronically poor households are striving to engage in activities that will help them earn more and improve their living standards. However, they all seem to be facing impediments in the process. These impediments include: lack of capital, finances to expand enterprises, low skills in entrepreneurship, and lack of well-paying employment. Casual labour is a dominant income source in the households but generates very little income to positively impact on the households' poverty status. Engaging in alternative income generating activities such as commercial farming is limited by landlessness, small land parcels and hardship in meeting the cost of quality inputs.

As was observed and echoed by most of the respondents, these households have the potential of getting out of their poverty situation. This potential is portrayed by factors such as their desire to overcome poverty, skills gaps that can be filled, and the fact that some are relatively young and strong and thus capable of changing the course of their life. However, this breakthrough is subject to their working hard and other conditions such as access to capital, credit, and better paying employment becoming more conducive. It is also of great importance that the views of the chronically poor are considered in making decisions on issues that affect them because they give an insight into the circumstances relating to their situation.

A major concern is how this group can manage to participate in better paying activities. Their cases have portrayed a limitation in financial ability as one of the factors restricting them to the low income activities. It has also been noted that many have low educational levels and skills in entrepreneurship. Also, old age and ill health limit their participation in non-farm activities.

Similarly, the role of education as important in breaking the poverty cycle in these households was mentioned. In this case, it was proposed that if the children in these households were educated, then they would upgrade their household's living standards in future. Education can also equip them with skills that enable them participate in more rewarding non-farm activities.

The development programmes in the study area generally focus on the communities shared resources such as water, education, and health facilities. For the chronically poor to benefit from such programmes, they need to be specifically targeted. Religious agencies have been helpful in supporting the poorest in the area but have a limitation of the capacity to give continuous assistance due to financial constraints. They also tend to support their members thus those not affiliated to them hardly benefit.

It is evident that for these chronically poor households to engage in non-farm activities that can change their situation, they need a number of interventions. These include: participation in better paying activities, access to capital/credit and equipping with adequate entrepreneurial skills. A reliable income source is necessary if they are to rise above their poverty situation and harness the potential that they possess. They should thus be involved in income-generating activities that can uplift them. A number of issues that emerged are discussed here below:

- **Low incomes**

Most of the chronically poor households would like to venture into income generating activities that impact positively on their lives by uplifting living standards but are unable to accomplish such plans. They particularly face the difficult of accessing sufficient funds to establish stable and productive business activities and thus engage in low income and insecure activities. Their incomes are greatly dependent on capacity to get casual jobs or help from well-wishers. They largely benefit from external assistance given by the community members, churches, and the government through occasional food relief and bursary fund.

It was noted that all the chronically poor households have meagre incomes that cannot meet their needs. A rise in the incomes of these households can be instrumental in

helping them to acquire productive assets, improve capabilities and manage to engage in more productive farm/ non-farm activities. They lack stable and well paying income sources. They are dependent on external assistance because they are not able to meet the basic needs like food and education on their own.

- **Education**

The low educational levels of the chronically poor households are a limitation in overcoming poverty. Low level of knowledge and skills affects their capacity to participate in non-farm activities that can help them overcome poverty. As indicated in the Kenya National Bureau of Statistics (2007) Basic Report on well being in Kenya based on the Kenya Integrated Household Budget Survey 2005/06, education has positive effects in poverty reduction. In both rural and urban areas of Kenya, the level of education of the household head is inversely related with the incidence, depth, and severity of poverty. In the rural areas, the incidence of poverty drops from 65.5 percent for the household heads with no education to 51.5 percent for those with primary education and 27.2 percent for household heads with secondary education (KNBS, 2007).

It emerges in this study that most of the chronically poor are either uneducated or with very low levels of education. The children in these households have poor access to education and many drop out at the primary school level due to financial constraints. When they drop out, they get involved in activities with low and unstable incomes. An example of such a household is Case History 3 where none of the parents has received formal education and also none of their children has been educated beyond the primary level. This puts such households in a difficulty position where they are hardly able to meet their needs and also incapable of assisting their poverty stricken parents.

- **Health and the elderly**

Ill health affects participation in income generating activities. Also, the elderly have a reduced capacity to work resulting from the ageing process. This is illustrated by the case of the elderly couple in Case History 3 that could not compete equally with the young and healthy population for the casual jobs in the area.

Illness puts pressure on the poor households by placing an increasing demand for resources for the healthcare and treatment. Poor health and access to medical services was noted particularly among the elderly. This results from a low capacity to pay for the services and inadequate knowledge or ignorance on the available health services. For instance, an elderly woman in one of the households was not sure of where to obtain medicine to treat a health problem that had troubled her for a long time. Also Case History 4 illustrates an elderly man who is unwell and has to depend on relatives to take him to hospital regularly.

It is thus evident that the issue of chronic poverty in relation to the elderly and their health is of importance when estimating the effect of rural non-farm activities. It is necessary to put in place preventive measures to cushion the elderly as their reduced capacity for income generation and a growing risk of serious illness are likely to increase their vulnerability to fall into poverty.

- **Social exclusion**

Most of the chronically poor households feel shunned by the community and have low self-esteem. This is because of some people looking down upon them because of their poverty situation thus affecting their capacity to interact freely. These households mainly narrate a life story that is filled with misfortunes and almost no success. Many of them accept the poverty situation and start seeking sympathy. On the other hand, the children of the chronically poor in most cases engage in very low paying unstable activities and lack the capacity to support the parents when they are aged and helpless.

Social networking is useful in the success of businesses and the chronically poor are particularly disadvantaged because of the poor social interaction. Most social activities in the communities involve giving and receiving of contributions. The chronically poor households do not actively participate in such activities as they lack the capacity to make the financial contributions.

Their social exclusion is usually more subtle and unintentional, for example, when they are excluded from services, markets and political participation through a lack of awareness of their needs or by social attitudes. In addition, the resulting sense of

powerlessness robs them their self-confidence and aspirations and their ability to challenge exclusion.

- **Displacement**

Conflict was noted as one of the factors affecting the growth of non-farm activities. It predisposes households to chronic poverty as it leads to socio-economic disruptions mainly resulting from displacements. This is supported by the Case History 2 that shows a household that lost all its assets where it had settled as it had to flee due to tribal clashes. It sank into poverty and has not managed to overcome it due to the limited productive assets particularly land. It has few economic opportunities to uplift its status and lacks capital to enable it engage in productive non-farm activities. It engages in casual labour activities and has not managed to fulfil its desire of starting a business due to lack of capital.

- **Intergenerational Transmission of Poverty**

The case histories showed that poverty is sometimes transmitted from one generation to another. This in most cases arises when parents are poor and children have no wealth. These children are consequently not able to support their parents financially. Such cases were found to be experiencing multiple capability deprivation such as poor education, illiteracy, bad health, and inadequate nutrition. These have mutually reinforced impacts among themselves and across generations. For instance, Case History 3 shows a household that has been poor and the children are also likely to become poor because they have dropped out of school and are engaging in very low income casual labour activities.

6.3 Summary of findings

The study findings show that the type of non-farm activities that the chronically poor households are involved in are not changing their poverty situation effectively as they hardly earn enough income to meet the basic needs. They indicate that most of them only manage to earn a living from casual labour. They have a desire to engage in business activities but many factors hinder their success. It was noted that the chronically poor households that attempt to do the business activities either lack capital or if they start, the business fails after some time or operates at a very small

scale. Their capacity to manage a business activity well is also affected by their low educational levels and skills in entrepreneurship. Thus the challenge facing them is how to get involved in non-farm activities or move from low to middle and upper income activities.

In addressing the third research question on the effects of their participation in non-farm activities, it can be concluded that those who are involved in the activities earn an income that is not adequate in uplifting their poverty status. However, the little income they get is useful as it reduces the severity of their deprivation. Such households are usually in a very needy situation almost all the time and ready for any available external assistance. The types of activities they engage in attract low wages. Those venturing into business activities also face constraints that impede their attempts to expand and maximise profits.

Contrary to the general pattern whereby the chronically poor lack formal education or have not gone beyond the primary level, there are few exceptional cases. For instance, the case of the household that was affected by ethnic clashes and has not managed to recover. There is also the case of the young man with secondary education who is engaging in casual labour. The rest of the households share common characteristics such as lack of education, lack of land, old age and ill health. An assessment of their income sources indicates a need to establish how they can manage to engage in activities that can uplift them from the poverty situation. The cases indicate a lot of determination in the households that can be instrumental in maximising the benefits of their income generating endeavours if the constraints they face are addressed.

7.0 SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

7.1 Summary of Findings

The following are the general findings of the study:

Type of Non-Farm Activities

- Rural households generate their income from a variety of activities. The households that earn income from sources other than own-farming are involved in a wide rage of non-farm activities. These activities are quite varied as some generate high incomes while others earn very low incomes. Thus, not all types of non-farm activities are of significant contribution in poverty reduction.

- The types of non-farm activities carried out in the study area were found to be varying with the households' socio-economic characteristics. A relationship was noted between a household head's highest level of education and type of non-farm activity whereby those with low educational levels are mainly participating in insecure and low-paying income generating activities such as casual labour and small scale businesses. Also, there appeared to be a positive relationship between a households overall income and its non-farm income. In this case, households with a high non-farm income also have a high household income and vice versa, thus indicating that non-farm income is not a substitute for other income in the household but adds to it.

- The non-farm activities are distributed in different locations in the rural areas. The findings show that most of the activities are carried out a short distance ranging from around one to five kilometres from the homestead. Casual labour activities are mainly carried out by low-income households a short walking distance from their homesteads. Business activities are carried out on the roadside, homestead and, shopping centres. Households that can afford to pay rent for premises have their businesses in strategic places in the rural shopping centres.

Relationship between Poverty and Rural Non-Farm Activities

- A household's poverty status was found to relate with its reasons for engaging in non-farm activities. Consequently, the poor and non-poor engage in slightly different types of activities. The poor mainly engage in low-income activities especially casual labour and businesses that operate at a small scale while the non-poor engage in activities that attract higher incomes.

- Amongst the reasons for household's participation in non-farm activities, a distinction was also noted between the poor and the non-poor. While most of the poor lack another way of earning income or are seeking to get some income during the agriculture off season, the non-poor engage in the activities to supplement agricultural incomes. However, some reasons such as not having sufficient land for farming influence both the poor and the non-poor.

Effects of Rural Non-Farm Activities on the Chronically Poor

- Chronically poor households are participating in non-farm activities that earn them very low incomes. Such incomes are inadequate in uplifting them from the poverty status. However, they play an important role of helping to meet some of their basic needs and reducing the severity of deprivation. They participate in non-farm activities such as small-scale businesses that sell household items and farm produce while those involved in casual labour engage in activities such as tilling land, picking tea, carrying out domestic chores and running errands for households in the neighbourhood. These types of activities have low incomes of about one hundred shillings per day per participant and are not always available. The businesses operate at a very small scale due to lack of funds to expand and the operators generally low educational levels and skills in entrepreneurship.

7.2 Conclusions

The conclusions of the study are as follows:

Classification of non-farm activities

- This study recognizes the usefulness of income in the classification of non-farm activities as it complements other approaches. While the activities were broadly classified into two main groups: business and casual labour, it was necessary to

classify them further based on the amount of income they generate thus indicating the low, medium and high income categories. It was observed that isolating certain activities and strictly relating them to only one of the income categories could be misleading because of instances where activities such as clothes selling businesses were attracting different levels of income. However, unlike the different types of business activities whose levels of income were spread across the low, medium and high income categories, casual labour was dominantly falling in the low-income category.

Determinants of participation in non-farm activities

- Certain household characteristics have a role in influencing the type of activities that its members undertake. A household's income, skills and education level of the household head have a relation with the type of non-farm activities that the rural households participate in. These findings relate to those of a study on determinants of non-farm income diversification in Peru (Reardon, Berdegue' and Escobar, 2001).

The study shows that some groups diversify their income sources to compensate for insufficient land for farming while others have sufficient education, skills, and access to roads and electricity to allow them to undertake a wide range of business activities. Many of these non-farm activities are indirectly linked to the farm sector, which is why there are such high levels of participation in the non-farm sector in the more dynamic agricultural areas. Sometimes variables such as low education, poor health and lack of capital converge to make it difficulty for households to take advantage of income generating opportunities.

Land and participation in non-farm activities

- Though land is not the only factor pushing households to engage in non-farm activities, the study findings show that a relatively large percentage is facing a problem of small land parcels. This land problem affects the poor more than the non-poor who have a range of income generating options. With over half of the respondents owning less than two acres of land, it is evident that the rural population is facing a problem as land is their most important productive asset. This shows a need to work on

increasing their agricultural productivity and promoting the establishment of productive non-farm activities for the present and future generations.

Poverty and non-farm activities

- The rural household's poverty status is an important determinant of their participation in the non-farm activities. Most poor diversify into non-farm activities out of necessity compared to non-poor diversifying by choice. While the non-poor engage in non-farm activities for varied reasons, most of the poor are pushed into the sector by land and income related factors. Some of these households go into the activities as a 'last resort' source of income. There are also poor households that participate in the non-farm activities when they are landless or their land parcels are too small to earn them sufficient farm income. Others go to the sector when their agricultural incomes are low and they need to supplement them.

Chronic poverty and non-farm activities

- Assetlessness and income deprivation emerged as the major drivers of chronic poverty among the rural households. These households have inadequate food and nutrition, and access to basic necessities such as education, health, sanitation and decent housing.

- The chronically poor households fail to effectively benefit from the non-farm sector because they lack the resources and capacity to participate in beneficial activities. The households mainly engage in low income activities such as small-scale businesses and casual labour. Considering the high cost of living in the country, such incomes do not offer realistic prospects of lifting the households out of poverty. However, from a social welfare perspective, the incomes are really important since they help reduce the severity of their deprivation. In addition, these incomes offer the only means to some economic security for households with no land and who are unable to secure well paying formal employment.

- The chronically poor households' capacity to participate in community development endeavours is low. They are unlikely to benefit from development

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programs such as those giving credit because of their position in society. The community has labelled them as 'the poor' and their socialization with the non-poor is low.

7.3 Recommendations

Based on its findings and conclusions, the study makes the following recommendations:

Promote the rural non-farm sector and productive activities

- The rural development efforts should strive to balance attention to both the farm and non-farm sector .The government and non-governmental organizations dealing with development issues in the district should pursue initiatives that promote the rural non-farm sector in addition to the farm sector. Efforts should be made to address the bottlenecks to household's participation in productive rural non-farm activities. Some factors such as education beyond the primary school level are long term and can be targeted in the long-term plan while others can be addressed in the short-term; for instance, organizing entrepreneurship training sessions and easing access to capital or credit. Through such interventions, the sector will be better positioned to achieve its potential and effectively contribute to rural poverty reduction. It will also reduce concentration of the poor in the low income activities.
- Researching and classifying rural income sources should take into account the productivity of the activities the population is engaging in. A distinction should be made between the productive and the low productivity activities undertaken by the population as a means of survival when they have no access to alternative activities. This differentiation will be useful in identification of low productivity activities and ways of promoting their productivity or helping households to switch to more productive activities other than viewing all as having uniform needs and potential.
- Communities in conjunction with development agencies should look into the option of mobilising resources to use in establishment of industries that process, package and market rural farm produce that goes to waste or is sold at a throw away price during the peak season. Such industries will tap the growing rural labour force that is jobless or employed in the only available and insecure low

paying casual labour activities. The benefits of the farm sector will consequently trickle to the non-farm sector as the population's purchasing power rises with the improved returns in agriculture.

Improve access to credit

- Microfinance institutions operating in the area and the government's women and youth fund should ease the poor households access to credit. This can be achieved through coming up with innovative and pro-poor modes of financing low income households and also empowering them with knowledge on how to obtain the funds and maximise the usefulness. The iniatative will improve the households capacity to participate in productive activities and also counter the challenges of those unable to raise sufficient capital.

Strategies of fighting chronic poverty

- The government and other players in development should identify the chronically poor in the population and develop antipoverty programmes that target them. This study has highlighted some of the factors that interfere with the chronically poor households success in their endeavours. It will be necessary to target them in special programmes that deal with these obstacles that include: landlessness and small land parcels, illiteracy and low levels of education, old age and ill-health, conflict and displacement, a poor family background and lack of support from religious agencies that they are not affiliated to.

The interventions that can address these obstacles include: settling the landless, equipping the rural dwellers with skills and knowledge to improve their productivity in the farm and non-farm sectors, establishing systems that cushion the old from falling into poverty and ailments that incapacitate them, developing proper measures to deal with households that lose assets and get displaced during political/ ethnic clashes, and initiating development programs that serve all people irrespective of their religious affiliations.

- For the chronically poor households that are involved in the rural non-farm activities to rise above their poverty situation, they need be equipped with entrepreneurial skills and assisted to access sufficient capital that can enable them

to engage in meaningful activities. An important challenge is to increase access of the poor to non-farm activities that yield high and stable incomes.

The study recommends the following areas for further research:

- Due to the limitation of the study to a small sample in Tetu Division, Nyeri District, a similar study with a larger sample and more rigorous statistical analysis carried out both in Nyeri and other parts of the country is recommended.

- A review of literature on the process of identifying the chronically poor households demonstrated the usefulness of panel data. Since panel data on the poor in Kenya does not exist, it is recommended that the government initiates a study that will prepare the data to be used in capturing the poverty dynamics. This data will help in monitoring poverty through identifying the extent to which households remain trapped in, move into or out of poverty and will be useful in identification of chronically poor households.

- This study recognised the role of conflict and social exclusion in chronic poverty. However, it did not really investigate these issues in depth and recommends them as areas for further research.

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Appendix 1: Survey Questionnaire

Introduction

Good morning/afternoon,

My name is Martha Muthoni. I am a postgraduate student from the Institute for Development Studies, University of Nairobi. I am carrying out a study for my research paper on non-farm activities and poverty. The aim is to find out the factors that influence participation in non-farm activities in rural areas, and how these activities contribute to poverty reduction and rural development.

In order to achieve this objective, I have designed a questionnaire for gathering information. Your household has been randomly selected to participate in the study. I therefore kindly request you to provide answers to the questions asked. Your responses will be treated with strict confidentiality and will be used only for research purposes.

Questionnaire Serial No.			

Study Area: ....…..… Location. .... Sub-Location

Date of interview {............../.........../ 2006}

SECTION 1: HOUSEHOLD CHARACTERISTICS

Background Information

Household status of respondent *(Circle as appropriate)*
1. Head of household
2. Spouse
3. Child (>18 years)
4. Other (specify)....................................

How many people usually live in your household?.....................

Number of adults?...................... Number of Children?................

Characteristics of Household Head

Gender *(Circle as appropriate)*
1. Male
2. Female

Year of birth.........................

Marital Status *(Circle as appropriate)*
1. Single
2. Married
3. Widowed
4. Divorced/Separated

Length of stay in this area.   ....

Highest level of education *(Circle as appropriate)*
1. None
2. Primary incomplete
3. Completed primary
4. Secondary incomplete
5. Completed secondary
6. University
7. Other (specify)..................................

Main economic activity involved in...

Area of technical/ professional training *(Circle as appropriate)*
1. Secretarial
2. Tailoring
3. Carpentry
4. Metal work
5. ICT
6. Teaching
7. Accounting
8. Other (specify)...

<u>Household Expenditure</u>

10) Please state your average household expenditure **per month** on the following:

Item	Amount (Ksh.)
Food	
Health care	
Housing	
Education	
Clothing	
Other (specify)	
Total	

SECTION 2: FARM / NON-FARM ACTIVITIES AND INCOME

Non-Farm Activities and income

11) Is any member of your household involved in a non-farm activity that contributes to the household income: *(if No, skip to question 23)*
1. Yes
2. No

2) What are the non-farm activities that your household is involved in? *(Circle all that apply)*

1. Farm labour
2. Business activity
3. Renting of land
4. Renting of house
5. Other (specify)..........................

Wage Labour

3) If wage labour, what type, how many household members are involved, where is it carried out, how long has the activity been carried out, and what is the average monthly income?

Type of labour (farm labour, other (specify)	Number of household members involved	Location (Place and distance in approx. KMs)	Length of time activity has been carried out in months	Average monthly income in Ksh.

4) When does your household engage in this activity? *(Circle as appropriate)*

   1. All year round
   2. Occasionally
   3. Seasonally
   4. Other (specify).....................................

5) If answer above is either 2,3, or 4, please explain

   ....

   ....

6) What type of skills/training does the activity require? *(Circle as appropriate)*

   1. No specific training
   2. Apprenticeship (working under a skilled professional in order to learn)
   3. Need specialized training in an institution
   4. Other (specify)..

Business

7) If carrying out a business activity, what is the type of activity, location, who manages it, what is the number of household members and employees working in the business, how long has it been carried out, and what is its average **monthly** income?

Type of Activity	Location (Place and distance in approx. KMs)	Manager (household head/ Child/ employee, other (specify))	Number of household members working in the business	Number of employees (excluding household members)		Length of time activity has been carried out in months	Average monthly income in Ksh.
				Casual	Full time		

When does your household engage in this activity? *(Circle as appropriate)*

1. All year round
2. Occasionally
3. Seasonally
4. Other (specify).....................................

9) If answer above is either 2,3, or 4, please explain

....

....

0) What type of skills/training does the activity require? *(Circle as appropriate)*

1. No specific training

2. Apprenticeship (working under a skilled professional in order to learn)

3. Need specialized training in an institution

4. Other (specify)...

Rent

If renting house/land, where is it located, how often do you rent, for how long have you been renting, and what is the average **monthly** income?

	Location (Place and distance in approx. KMs)	Renting time (all year round, occasionally, seasonally, other (specify)	Length of time activity has been carried out in months	Average monthly income in Ksh.
House/s				
Land				

What type of skills/training does the activity require? *(Circle as appropriate)*

1. No specific training

2. Apprenticeship (working under a skilled professional in order to learn)

3. Need specialized training in an institution

4. Other (specify)...

Participation in non-farm activities

3) What mainly motivated your household to engage in the non-farm activity/activities? *(Circle as appropriate)*

1. Better opportunities/income compared to farming
2. Insufficient land for farming
3. To supplement agricultural income
4. Have no other way of earning income
5. To spread risks associated with farming
6. To get some income during agriculture off-season
7. To get extra income
8. Other (specify)..

) What is the main contribution of the non-farm activity/activities to your household?..
....

) Which types of non-farm activities do you consider,

1. Very productive?..
....
2. Not very productive/average?..
....
3. Not productive? ....
....

What are the major constraints of engaging in non-farm activities?........................
....
....

In this area, how would you compare the living standards of those engaging in non-farm activities and those engaging in farm activities alone? *(Circle as appropriate)*

1. No difference/same
2. Those engaging in non-farm activities have better living standards

3. Those engaging in farming alone have better living standards

4. Living standard of a household varies with the farm income

5. Living standard of a household varies with the type of non-farm activity engaged in

6. Other (specify)...

Farm Activities and Income

What are the main farm activities that your household is involved in? *(Circle all that apply, if None skip to question 40)*

1. Growing food crops

2. Growing cash crops

3. Keeping Livestock

4. Other (specify).........................

5. None

If growing cash crops, what is the average income **per year**?

	Name of Crop	Income per year (Total monthly incomes and bonus)
1	Coffee	
2	Tea	
3	Other (specify)	

Does your household sell any other crops that it grows? *(Circle as appropriate)*
1. Yes
2. No

If Yes above, which crops?..

How are they sold? *(Circle as appropriate)*
1. From the farm to middlemen/women
2. Delivered to the local market
3. Other (specify).................

What is the average **monthly** income from sale of these crops?................

If your household keeps livestock, which ones *(Circle all that apply)*
1. Cattle
2. Goats/Sheep
3. Pigs
4. Poultry

5. Other (specify)...

Does it sell any livestock products?
1. Yes
2. No

If Yes above, what is the average **monthly** income from the sale?

Name of Product	Average monthly income

How often are the livestock sold? *(Circle as appropriate)*
1. Regularly
2. Occasionally
3. Rarely
4. Never

What is the average income normally obtained from livestock sale **in a year**? ....

Was any livestock sold in the last one year?
1. Yes
2. No

Are you usually able to produce enough food for your household? (*(Circle as appropriate)*
1. Yes
2. No

If No above, what do you do? *(Circle as appropriate)*

1. Rely on purchases
2. Get assistance from neighbours/friends
3. Go without eating anything
4. Rely on food relief
5. Other (specify)...

What is the main problem affecting farming? *(Circle as appropriate)*

1. Drought
2. High cost of farm inputs
3. Small land parcels
4. Poor market for produce
5. Lack of market for produce
6. None
7. Other (specify)...

Formal Employment and Remittances

Does your household earn any income from formal employment? *(Circle as appropriate)*
1. Yes
2. No

If Yes above, what is the average **monthly** income?.....................................

Does your household receive any remittances? *(Circle as appropriate)*
1. Yes
2. No

If Yes above, how often are they received? *(Circle as appropriate)*
1. Regularly
2. Occasionally
3. Rarely

What is the average amount of remittances received by your household

monthly?...

SECTION 3:   SOCIO-ECONOMIC CHARACTERISTICS

What are the major problems facing your household?

1..................................

2..................................

3..................................

Education

Have you had any children of school going age in your household? *((Circle as appropriate)*
1. Yes
2. No

If Yes above, has any of them failed to attend school or dropped out? *(Circle as appropriate)*
1. Yes
2. No

If Yes above, how many................................

At what level, and what is the reason for dropping out?

Level	Reason for dropping out 1. No money to pay fees 2. To look for work to support family 3. Pregnancy 4. Marriage 5. Sickness 6. Other (specify).....................................

Health

53) Where do members of your household normally seek medical attention when it is needed? *(Circle as appropriate)*

1. Private doctor/ dispensary
2. Public dispensary
3. Community health centre
4. Private hospital
5. Provincial/ District general hospital
6. Mission hospital
7. Pharmacy/ Chemist
8. Traditional/ faith healer
7. Other (specify)...

54) Do they at times fail to seek medical attention when it is necessary? *(Circle as appropriate)*
1. Yes
2. No

5) If Yes above, what is the main reason? *(Circle as appropriate)*

1. Long distance to health institution
2. Financial constraints
3. Don't know where to seek attention
4. Other (specify)..............................

Assessment of housing Condition and appearance

6) House wall material *(Observe and Circle as appropriate)*

1. Earth/Mud/Dung
2. Wood

3. Stone
4. Other (specify).....................

House flooring material *(Observe and Circle as appropriate)*

1. Earth/Mud/Dung
2. Wood planks
3. Concrete/cement
4. Other (specify).....................

House roofing material house *(Observe and Circle as appropriate)*

1. Thatch/Grass
2. Tin/debe cans
3. Corrugated iron (mabati)
4. Tiles
5. Other (specify)...............................

Assessment of appearance *(Observe and Circle as appropriate)*

1. Neatly dressed, healthy
2. Fairly neat in dress
3. Very untidy in terms of dress and habitation

Energy Source

What is the main source of lighting in your household? *(Circle as appropriate)*

1. Paraffin lamp
2. Tin lamp
3. Firewood
4. Electricity
5. Solar power
6. Pressure lamp
7. Other (specify)...........................

What is the main source of cooking fuel/energy used in your household? *(Circle as appropriate)*

1. Electricity
2. Kerosene
3. LPG Gas
4. Firewood
5. Charcoal
6. Other (specify)................................

Water and Food Intake

How many meals does your household normally take in a day?.........................
1. Breakfast
2. Lunch
3. Supper

What is your main source of drinking water? *(Circle as appropriate)*
1. Piped water in house
2. Piped in compound
3. Public tap
4. River/stream
5. Rainwater
6. Other (specify)..............................

Assets

Does your household own land? *(Circle as appropriate, If No, skip to Question 65)*
1. Yes
2. No

If Yes above, what is the size of the land in acres? ....

What is your status on the piece of land you are residing? *(Circle as appropriate)*
1. Tenant
2. Squatter
3. Other (specify)...

Does your household own the following items? *(Circle all that apply)*

1. Radio
2. Television
3. Mobile phone
4. Fridge
5. Motor vehicle

SECTION 4: POVERTY

How do you consider your household in relation to poverty? *(Circle as appropriate)*
1. Rich
2. Average
3. Poor
4. Very poor

If answer above is either 3 or 4, please explain...

....

70) What has been the trend of the poverty situation of your household for the past five years? *(Circle as appropriate)*

1. Improved
2. Remained the same
3. Worsened

71) Please explain your answer above ....
....
....

72) Why do you think some households in this community stay in poverty continuously

for over five years? ....
....

73) What are the main characteristics of a household that has experienced poverty

continuously for such a prolonged period? ....
....
....

74) What are usually the main sources of income for these households that are poor for long durations (over five years)? *(Circle as appropriate)*

1. Formal employment
2. Farm labour
3. Business activities
4. Handout
5. Begging
6. Farming
7. Other (specify)..

75) In your opinion, what kind of activities will help a household move out prolonged

poverty?...
....
....

76) Please give reasons for your answer ....
....
....

Appendix 2: Key Informants Interview Schedule 1

<u>Checklist for Development Officers and Administrative Leaders</u>

Introduction

1. What is your occupation?
2. For how long have you resided/worked in this area?
3. Please give a brief description of this area's population and livelihoods
4. In your view, what are the main problems facing this area?

Non-farm activities and Poverty

1. What is your understanding of poverty?
2. How would you assess the poverty situation in this area?
3. What are the initiatives that are focused on fighting poverty?
4. In this community what description would suit a household that is:

    (a). Rich

    (b). Average (Neither rich nor poor)

    (c). Poor

    (d). Very poor

5. (a). What are the dominant non-farm activities that households in this area carry
        out to generate income?

    (b). What mainly motivates households to diversify to non-farm income sources?

    (c). How would you categorize the non-farm activities in terms of their
        productivity and households involved in them?

6. What do you view as the link between non-farm activities and poverty in terms of
    their contribution to its reduction?

7. (a). In this area, what would you point out as the main characteristics of
        households that have been continuously poor for over five years?

    (b). How would you evaluate their participation in non-farm activities?

    (c). For these households, do you think non-farm activities would help them
        to overcome poverty? Please explain your answer

8. In your view, what would be the best strategies of fighting poverty and
    promoting the development of this area?

Appendix 3: Key Informants Interview Schedule 11

Checklist for Community Leaders and Elders

Introduction

1. What is your occupation?
2. For how long have you resided/worked in this area?
3. Please give a brief description of this area's population and livelihoods
4. In your view, what are the main problems facing this area?

Non-farm activities and Poverty

1. (a). What are the main non-farm activities that households in this area carry out?

   (b). What do you view as the factors that motivate them to engage in these activities?

   (c). Would you describe these activities in terms of their productivity (the very productive, not very productive/average and, not productive)?

2. What is your understanding of poverty?

3. In this area, how would you describe a household that is:

   (a). Rich

   (b). Average (Neither rich nor poor)

   (c). Poor

   (d). Very poor

4. Are there relationships between the types of non-farm activities that households engage in and their poverty status?

5. How would you assess the non-farm activities in terms of their potential to contribute to poverty reduction?

6. (a). In this community, how would you describe a household that has been continuously poor for over five years?

   (b). What are the main income generating activities that these households engage in?

   (c). Do non-farm activities have an effect on their poverty levels?

7. In your view, what would be the best strategies of fighting poverty and promoting the development of this area?

Appendix 4: Chronic Poverty Case History Guide

Checklist

- Household background information

-Overview of household past and present activities

-Perceptions of poverty (what is poverty and what causes it?)

-Strategies the household has been adopting to escape poverty

-Any key life changing events

-Problems experienced in fighting poverty

-Involvement in non-farm activities and their role in fighting poverty

Appendix 5: Chronic Poverty Case Histories

Case History 1

This eleven-member household consists of a 60-year-old man, his 80-year-old mother, his 53-year-old wife and eight children aged between 32 and 9 years. The couple did not complete primary education. With the help of well-wishers, one of their children has proceeded to secondary school. Two are still in primary school and all the others either dropped out before completion or failed to proceed to secondary school. Of these children who are out of school, one girl is married and the rest are earning a livelihood through engaging in various activities such as casual labour in farms, business enterprises and domestic work in households.

He says the household's life deteriorated when his parents migrated from their current Nyeri residence to Rift Valley Province. They had hoped to sell that land and buy another larger parcel elsewhere but were unsuccessful. For many years, they kept renting land for cultivation and shifting from place to place earning a living from engaging in farm labour in the neighbourhood. They earned no surplus income beyond the requirement for survival and acquired no assets. When his father died, they lost the hope of acquiring land and decided to return home in the 1970s. He married and got children and they have been living a life of hand to mouth all through.

The household earns income through engaging in farm labour in the neighbourhood and occasionally selling farm produce. They neither grow cash crops nor keep livestock. The household head says they have considered starting a business but lack capital. They grow food for the family and sometimes produce vegetables for sale in the market. For instance, last year they had hoped to make a good sale in the Christmas festive season from selling tomatoes but the heavy rains destroyed all of them. They had also grown cucumbers but their supply in the market was very high lowering the prices.

They still do not own the one acre piece of land they are residing on because they have a case with their relatives on its ownership. The relatives claim that the family is not entitled to inherit the land and have pegged the purchase price the household should pay if they want to own it. The household on the other hand feels that they have a right to inherit the land and should pursue the case in court though

they cannot afford the expenses they expect to incur in the process.

They have built a mud-walled house on the parcel and still live hoping that one day the land problem will be solved. The homestead generally looks untidy with no proper gate or fence. They do not own livestock but help some households to feed their cows and get milk or a calf in return. He perceives poverty as a situation where one is not able to do things that are important such as educating children, and feeding the family. He describes it "like my case where I need thirty thousand shillings to educate my daughter in secondary school but can never get such an amount of money".

Case History 2:

The six-member household consists of a husband aged 40, his wife aged 36, and their four children. The couple is educated up to the secondary level. They used the savings of money earned through engaging in various casual labour activities to buy a piece of land in the Rift Valley. They settled on it in 1997, built a home and were earning a livelihood through selling livestock products and food crops. However, they had to abandon the land and property they had acquired in the year 2000 after tribal clashes erupted. They moved back to their parents' home in Nyeri. They now live on the half-acre piece of land inherited from the parents. Starting life afresh was challenging and the couple had to seek assistance from the community to build the house the family is living in.

They have not had a stable job and are dependent on casual labour activities that earn them an average of Ksh. 5000 a month. The husband has done a driving course and is occasionally given work in the matatus operating in the area. They have thought of starting a business such as selling cereals but lack capital. Their piece of land is too small to grow cash crops such as tealeaves or coffee and it is also not sufficient for the household food needs thus they have to depend on the market or external assistance to meet the household needs. The first child, who is in standard three, is educated through a bursary fund.

They perceive poverty as lacking anything. It is caused by inability of a person to succeed in endeavours pursued and lack of a stable income source. The tribal clashes destabilised their life and they have been struggling to re-establish themselves. The success of their attempt is hindered by lack of well paying employment and capital to

start a business. The earnings from casual labour are hardly enough for their basic needs.

Case History 3:

The household has an elderly couple with the husband aged 77 years and his wife who is 71 years old. They live as squatters on government land. Before migrating to their current residence in 1982, they were squatters in a neighbouring village. They have seven children but five have left home and gone to search for greener pastures. However, they have not managed to secure meaningful income sources to enable them support the family. None of the children was educated beyond the primary level. Two had no education at all while the rest dropped out of primary school due to financial problems. Both husband and wife have no formal education.

They have mainly been earning income through casual labour in the farms when it is available. The labour involves picking coffee, tea and cultivating, currently paid at a rate of Ksh. 100 a day. The wife has been involved in a poultry sale business for the last three decades. The old woman has been unwell for a long time but has not managed to get proper treatment.

When she manages to save some money, she normally buys two chicken at Ksh. 200. She travels to Nyeri town around 10 kilometres away where she pays a return fare of Ksh. 80 and sells each chicken at an average of Kshs. 180 thus making a total profit of Ksh. 80. She then spends around Ksh.50 on household shopping. Thus her savings at the end of the day are just about Ksh. 30 when she is lucky to spare some amount after the household purchases. She would like to expand her business to make more profit but lacks money.

The head of the household perceives poverty as having problems like the ones the household is experiencing in terms of feeding, affording healthcare, educating children, owning land and accessing income. The household has been experiencing a problem obtaining food, meeting medical expenses, and supporting the dependants. They feel shunned by the community as they are hardly involved in social activities. Another problem has been the prolonged land case. After colonialism, they never managed to acquire land and have not been able to develop the parcel they are residing on, as they still do not own it. The household head claims that a government authority allocated it to them but they keep receiving eviction notices. He says that together with other

landless households, they have realized that it is upon them to struggle and improve their lives. They have thus formed a group with the other squatters in the area with the plan of seeking funding to assist them buy land.

Case History 4:

This one-member household has a 72-year-old man who is a squatter on government land. He lives in a small house situated in an unkempt environment. He has no immediate family as he never married and has lost his parents, brothers and sisters. Some relatives occasionally visit and take him to the hospital when he is unwell.

Trading in farm produce in the market did not give surplus income that he could use to develop the business. His attempt in running a sheep selling business was unsuccessful. He claims that the sheep he had acquired were stolen while he was away. He currently participates in a project of growing tree seedlings for sale. To him, poverty is " failure to get anything, always asking for assistance from people". He engages in subsistence farming mainly growing sweet potatoes. Since he cannot manage to meet his subsistence needs, he relies on assistance from well-wishers such as the community members who sympathise with his situation.

This man has thus been poor for a long time and is likely to continue being trapped in poverty. He blames his situation on failure to acquire assets especially land after arrest in the colonial era. There are many factors that seem to be contributing to his prolonged poverty. To start with, he is uneducated and lacks skills in any field that can promote his attempts in the income generating endeavours. Based on his background and current position, it is hard to raise capital because he lacks a reliable income source, collateral or a network of friends who can act as guarantors if he were to apply for a loan in the micro finance institutions. His poor educational and entrepreneurial background may also hamper his chances of succeeding in running and managing a business or farming.

Appendix 6: Description of the poor and non-poor households

Characteristic	Poor	Non-poor
Access to education	Those with children of school going age have had all or some dropping out at the primary level due to financial constraints	Manage to educate their children
Access to medical services	Visit public health centre, dispensary and at times fail to get the service due to financial constraints	Get medical services from private or public facilities
Land ownership	Landless living as squatters or own not more than an acre, earn little or no farm income and may be involved in low-income non-farm activities with an average monthly income of not more than Ksh. 5000.	Have at least an acre of land or those who are landless or with less than an acre have relatively high income from farm/non- farm sources
Type of housing	Have poorly constructed houses mainly mud-walled	Have fairly neat and well-constructed houses mainly wooden or stone walled
Ownership of Radio	Few own a radio	All own a radio
Ownership of Television	Do not own	Some own
Presentation (physical appearance)	Untidy and some look unhealthy and needy	Fairly neat dressing and look healthy
Main source of household lighting	Use tin lamp and few use paraffin lamp	Use paraffin lamp, pressure lamp or solar power and electricity for those living where it is accessible
Main source of cooking fuel	Firewood	firewood or LPG gas
Main source of drinking water	River	Piped water in compound
Food intake	Mainly takes two meal in a day	Takes three meals in a day