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ABOUT LADDER

LADDER is a research project funded by the Policy Research Programme of the UK Department for International Development (DFID) that seeks to identify alternative routes by which the rural poor can climb out of poverty. LADDER is working with nearly 40 villages and 1,200 households in Uganda, Tanzania, Malawi and Kenya to discover the blocking and enabling agencies in the institutional environment facing rural people that hinder or help their quest for better standards of living for themselves and their families.

This working paper represents work-in-progress and the reader is advised that it has not been subjected to academic quality control, nor edited for errors of fact or interpretation. The paper forms part of a mosaic of research findings that will contribute towards an overall picture of rural livelihoods and micro-macro links to poverty policies in the case-study countries. The findings and views expressed here are solely the responsibility of the authors and are not attributable to DFID.

All available Working Papers and Village Reports can be downloaded from the project website: <http://www.uea.ac.uk/dev/odg/ladder/>, which also details other information about the project. For any further enquiries, please email j.mims@uea.ac.uk.

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Summary

The very poor, landlocked, country of Malawi is pursuing the twin strategies of decentralisation and the Poverty Reduction Strategy Paper (PRSP). This paper seeks to provide a critical viewpoint on these macro level processes based in micro level investigations of rural livelihoods. The truly desperate livelihood circumstances of most rural Malawians are emphasized by qualitative and quantitative information on assets, activities and outcomes in eight villages in Dedza and Zomba districts. Rural Malawians confront multiple severe constraints, with only non-farm options offering some scope for constructing pathways out of poverty. While the PRSP process is able to address broadscale improvements in education, health and roads provision, it offers little by way of instituting an enabling environment for non-farm enterprise to flourish. Meanwhile fiscal decentralisation occurring in 27 new district assemblies seems certain to create new barriers to trade and enterprise by multiplying business licenses and commodity taxes. A hitherto little explored but important contradiction between these different macro strategic processes concerned with poverty reduction is brought to the surface.

Introduction

Throughout Sub-Saharan Africa a particular set of strategic processes are emerging as a “model” guiding donor-government relations in the early years of the 21st century. Some key components of this model are the replacement of structural adjustment conditionalities by Poverty Reduction Strategy Papers (PRSPs) linked to debt relief under the Highly Indebted Poor Countries (HIPC) initiative; the switch to program rather than project funding for most donor activity; and a push towards decentralisation under local government reform programs. In official government and donor documents these strategies are always heavily infused with a contemporary rhetoric of local ownership, participation and the empowerment of poor and disadvantaged groups.

While seeking, amongst other objectives, to bring poverty reduction policy closer to local level priorities and circumstances, these strategic processes are fundamentally “macro” in their character and inception. PRSPs represent an evolution in the shape of structural adjustment programs, designed to combine the former preoccupation with macroeconomic stability with new objectives related to the poverty-orientation of government policies and expenditures. Similarly, decentralization as it is unfolding in many SSA countries can hardly be said to be responding to spontaneous popular demand for local autonomy in public decision making. Rather, with a few exceptions, it is an agenda promoted from the top by

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donors and pursued with varying degrees of enthusiasm, or lack of it, by national governments. No doubt donors are doing this with the best of intentions; however, good intentions should not be confused either with the local political motivation to make decentralisation work, or with the outcomes for future poverty reduction of the process thus put in motion.

In view of the macro level character of these processes, it becomes even more essential than in the past, when there were plenty of field projects from which to learn lessons, to get a view from the local level as to the progress, opportunities and constraints experienced by citizens in pursuit of viable and improving livelihoods. This requires more than just collecting data on poverty indicators as envisaged in PRSPs. The factors that hinder individuals and families from constructing pathways out of poverty need to be made explicit. The research underlying this paper sets out to contribute to a better understanding of these factors in rural Malawi, utilising the livelihoods approach with its emphasis on connecting people's evolving asset status to their livelihood strategies and to the institutional contexts that facilitate or block them from emerging from poverty (Carney, 1998; Scoones, 1998; Ellis, 2000).

Like other low-income Sub-Saharan African countries, Malawi has been enmeshed since the mid-1990s in the two strategic processes of decentralisation and PRSP formulation. The creation of an elected local government system consisting of 39 assemblies began somewhat haltingly in the 1990s, and culminated in local government elections characterised by an exceptionally low voter turnout in 2001.¹ To date the government has displayed some reluctance about distributing central functions to the district level and granting local councils new powers, including tax raising powers. However, the effect of this reluctance is to slow down the acquisition by local councils of new capabilities, rather than to halt the process altogether.

Malawi produced a Poverty Action Plan (PAP) in the mid-1990s that set out various poverty reduction goals, but this document never achieved any purchase on actual policy or expenditure decisions. In the period 1999 to 2000, an Interim Poverty Reduction Strategy Plan (IPRSP) was drafted, but at that stage little domestic consultation had occurred and the exercise comprised little more than a set of platitudes about sectoral objectives that it would be nice to see achieved from a poverty reduction standpoint. Detailed work on a full PRSP did not begin until late in 2000 and continued through 2001, resulting in the production of a draft PRSP in October of that year. This process was more consultative and inclusive of different civil society and public sector groups than the previous exercises, involving drafting of priorities by a number of thematic working groups that contained representatives from civil society organisations, NGOs, donors and the government (Jenkins & Tsoka, 2001).

The Malawi PRSP describes its overall goal as “sustainable poverty reduction through empowerment of the poor”, and it sets out “to create the conditions whereby the poor can reduce their own poverty” (Malawi, 2001: p.9). This concept of creating an enabling environment for people to construct their own routes out of poverty is prevalent in many PRSPs, yet the nature of public sector roles and modes of conduct that such an enabling environment should comprise seems poorly articulated by both donors and governments. The Malawi PRSP is no less vague than others in this regard, and this is a critical feature to which this paper returns in due course.

The Malawi PRSP comprises four pillars and four cross-cutting themes and most of the strategy document is concerned with elaborating these in detail. The four pillars are

sustainable pro-poor economic growth, human capital development (i.e. education and health), improving the quality of life of the most vulnerable (i.e. safety nets), and good governance. The four cross-cutting themes are HIV/AIDS, gender, the environment, and science and technology. It is not proposed to detail these components here. Suffice it to say that the Malawi PRSP represents a mixture of fairly precisely specified and costed poverty policies (for example, safety net policies), and generalities about desirable goals that could equally well have appeared in any strategic document of the past thirty years (for example, statements about the desirable uptake by farmers of modern agricultural inputs).

The paper proceeds as follows. The next section provides some key features of past development in Malawi from a poverty policy perspective. This is followed by a brief description of the research method, and a summary of village and household level livelihood characteristics that emerge from qualitative and quantitative research. The latter exercise focuses on the asset status of rural citizens, the income-generating activities in which they engage, and the institutional environment within which livelihood strategies are adopted and adapted. Finally, the micro level findings in these areas are linked back to the macro level poverty reduction strategies with a view to identifying weaknesses and gaps in these strategies that need to be addressed if real progress in poverty reduction in Malawi is to be achieved.

Malawi background

Malawi is amongst the poorest countries in Sub-Saharan Africa. With a per capita GNI in 2000 of US\$170, it ranks sixth from the bottom of the World Bank listings based on that measure (World Bank, 2002). The country's recent growth record has been variable and barely enough to keep real per capita income moving ahead, the average annual per capita rise during the 1990s being under 0.5 per cent (IMF, 2001). Social indicators for Malawi are likewise low within the category of low income Sub-Saharan African countries. Life expectancy at birth in 1999 was 42 years, the adult literacy rate was 59 per cent, and an estimated 16 per cent of the population were infected with HIV/AIDS. The Human Development Index for Malawi at 0.397 in 1999 ranked the country 151 out of the 162 countries for which this index was compiled (UNDP, 2001).

Factors of history, geography and politics have combined to make poverty reduction in Malawi an enormous challenge. For thirty years after independence in 1964, the country was ruled by "president for life" Dr Hastings Kamuzu Banda whose government pursued policies consciously biased towards supporting the estate sector in agriculture, promoting a handful of non-agricultural private and parastatal businesses, and creating a small and highly educated middle class elite rather than expanding education and opportunity for the majority of citizens. The introduction of multi-party politics in 1994 and two successive elections won by the United Democratic Front party currently led by Mr Bakili Muluzi has begun to redress some of these previous imbalances, but the processes involved are inevitably slow, uneven, and complicated by factional, ethnic and regional pressures and expectations.

Malawi is a landlocked country, 1,500 km from a sea port in any direction. Some 85 per cent of the population of 10.8 million live in rural areas, and most of these are in small farm households owning land in the range of 0.2 to 3 ha. Available information suggests that around 40 per cent of land holdings are under 0.5 ha in size (World Bank, 1998). There is a single growing season lasting at best 4-5 months between November and March, and a dry season that spans 7-8 months between April and October. Some farmers are able to make use

of residual moisture in upland water courses (*dambos*) in order to continue cultivation beyond the end of the rains (in what are called *dimba* fields). The country experienced three droughts of varying intensity during the 1990s, in which the rainy season was curtailed or hardly occurred. The nutrient content of soils is considered to be depleted in many parts of Malawi, and to be declining over time due to failure to replace organic matter, and low fertilizer use.

The principal food crop grown, and the staple diet of the rural population, is maize. Most households seek to secure sufficient maize as their primary objective, even if relative prices and opportunities might suggest the advisability of other strategies. This is widely attributed to lack of confidence in the ability to secure maize from the market in the lean season (Alwang, 1999; Orr & Orr, 2001), but is perhaps as much to do with the overwhelming lack of room to manoeuvre for rural households and barely any cash generation in rural areas. A paradoxical shortage of labour and idle land observed on smallholdings results from advantage being taken of short-term wage earning opportunities on other farms early in the cultivation season in order to purchase maize (Pearce *et al.*, 1996; Alwang, 1999).

The chief cash crop available to farmers in Malawi is burley tobacco, a crop that small farmers were prohibited from growing until 1990, and that seemed to offer some potential subsequently for raising output value per hectare and cash incomes from farming (Orr, 2000). However, tobacco production has not proved a panacea for rural poverty reduction; it is not an option for the huge number of households who can barely achieve food security from maize production, its prices fluctuate year-by-year, and quality problems mean that when the market is depressed a lot of the output offered gets rejected at auction or attracts prices below the costs of production.

A notable feature of agrarian policy in Malawi throughout most of the post-Independence period was the alienation of customary land to the estate sector. This was permitted under a Land Act passed in 1965, and it resulted in land passing from customary tenure to state leasehold, with the lessees representing a growing class of larger landowners mainly specialising in tobacco production. During the structural adjustment period of the 1980s the World Bank placed policy emphasis on estate-led growth linked to market liberalisation, and neglected food producers on customary land almost entirely (Harrigan, 2001). One estimate suggests that during the 1980s smallholder income terms of trade decline by 25 per cent; while that of estate farmers rose by 44 per cent (Chalira, 1993). The estate bias in Malawi agricultural policy in effect lasted throughout the post-Independence period to the end of the 1980s, only being reversed in the context of a World Bank Agricultural Sector Adjustment Credit signed in March 1990 which for the first time acknowledged and set out to redress the detrimental poverty outcomes of this approach.²

Recent strategic thinking about ways forward for Malawi has tended to focus on four main options (Devereux, 1997; Orr & Orr, 2001). The first is to achieve rising maize output through the spread of hybrid maize varieties.³ The second is to improve food security by diversifying food crops, and there has been some success in this manifested by increasing cultivation of cassava, sweet potatoes, beans and groundnuts. The third is to bet on the cash crop sector, for example, cotton, burley tobacco or new crops like paprika and soybean, as an indirect, export market led, means to achieving improved food security. The fourth is to emphasize the need for growth in non-farm activities in order to diversify rural options and incomes. The appropriate balance between these strategies for poverty reduction purposes varies spatially according to agro-climatic and other factors (Orr & Orr, 2001).

Many observers consider the fourth of these strategies as the key to poverty reduction for those rural Malawians beset by small and declining farm size (Kutengule, 2000). The chief reason for this is that hybrid maize production cannot solve the food security problem for families holding less than 0.5 ha of land; at best it can provide 2-3 more months of food coverage above the 3-4 months achieved with traditional varieties (World Bank, 1995; Devereux, 1997). A food security gap at household level would persist and still have to be addressed by other means. Another consideration is that the growth of non-farm microenterprise in the context of liberalised markets seems to be giving grounds for cautious optimism about its poverty reduction potential in some parts of the country (Orr & Mwale, 2001; Orr & Orr, 2001).

A recent poverty analysis conducted on the basis of the 1998 Integrated Household Survey has improved knowledge about the spatial and distributional character of poverty in Malawi (Malawi, 2000). A national poverty line of 3,821 MKw equivalent to US\$120 per year in April 1998 was derived from a national sample of 6,244 households, utilising currently recognised good practice in the per capita consumption measurement of poverty. The living standards of 65 per cent of Malawi's population were found to be below the minimum acceptable level indicated by this poverty line. The proportion below the poverty line was 67 per cent in rural areas and 55 per cent in urban areas. About half the total number of poor were found to live in the Southern region of the country, where 68 per cent of people were below the poverty line. The mean farm size found in the sample was 0.99 ha for Malawi as a whole and 0.76 ha in the Southern region. The Gini coefficient of income inequality for the sample was 0.401. This indicates less inequality than the figure of 0.620 cited in some documents (e.g. World Bank, 1998), however it is possible that sample selection procedures account for this difference.

Food security is a persistent preoccupation of all those involved in development efforts in Malawi (Devereux, 1999). A large proportion of the population are chronically food insecure, and droughts and other adverse natural events would cause widespread hunger or famine in the absence of safety net support of one type or another. Aside from emergency food relief when things get really bad, safety net programs have followed two main trajectories. One is to supply farmers with seeds and fertilizers in the cultivation period in order to try to ensure an adequate harvest the following year. For some years in the early to mid-1990s a series of Supplementary Input Projects were put in place to this end, and, unusually, the World Bank for a short interval accepted an economic case for subsidising fertilizers in Malawi (Harrigan, 2001). A reversal of this thinking occurred in 1995, and the fertilizer subsidy was dropped from the 1996/97 season onwards; however, donors, including the Bank, revived the input package idea in 1998-2000 in the form of a Starter Pack Scheme with universal coverage. Moves since 2001 to target such support rather than continue universal coverage confront difficulties around properly identifying the intended beneficiaries and ensuring that they are the true recipients of input pack distributions.

The other main type of safety net program has comprised variants on food-for-work or cash-for-work schemes, for example supplying labour for rural road maintenance in exchange for food or cash. Increasing emphasis is being placed by the agencies involved in these schemes on cash payments tied to savings so that families acquire financial assets, and can potentially then make strategic investments to improve their livelihoods in the future.

Research approach and methods

There is an increasing recognition in the literature on field methods in development studies that a judicious combination of qualitative and quantitative methods can help solve problems that are associated with each type of method taken separately (Kanbur, 2001; White, 2002). In particular, qualitative methods are often more appropriate for capturing the social and institutional context of people's lives than quantitative methods (Booth *et al.*, 1998). In view of these considerations, the fieldwork research underlying this paper adopted a division of labour in which a qualitative component addressed the policy and institutional context of livelihoods and changing livelihood circumstances at community level, while a quantitative component addressed assets, activities, incomes and vulnerability factors at household level.

Field research in Malawi did not try to replicate the national representativeness of the Integrated Household Survey conducted in 1998 that involved administering sample surveys to over 6,000 households. Instead, selection of districts and villages was made on the basis of the two criteria of, first, an intention to capture prevailing livelihood circumstances in the customary sector in a broad sense, and, second, ability to capture livelihood "gradients" of varying kinds. In addition, one of the districts studied in Malawi was chosen in order to capture livelihoods dependent on fluctuating fisheries resources, given the prevalence of lakeshore villages in many parts of the country.

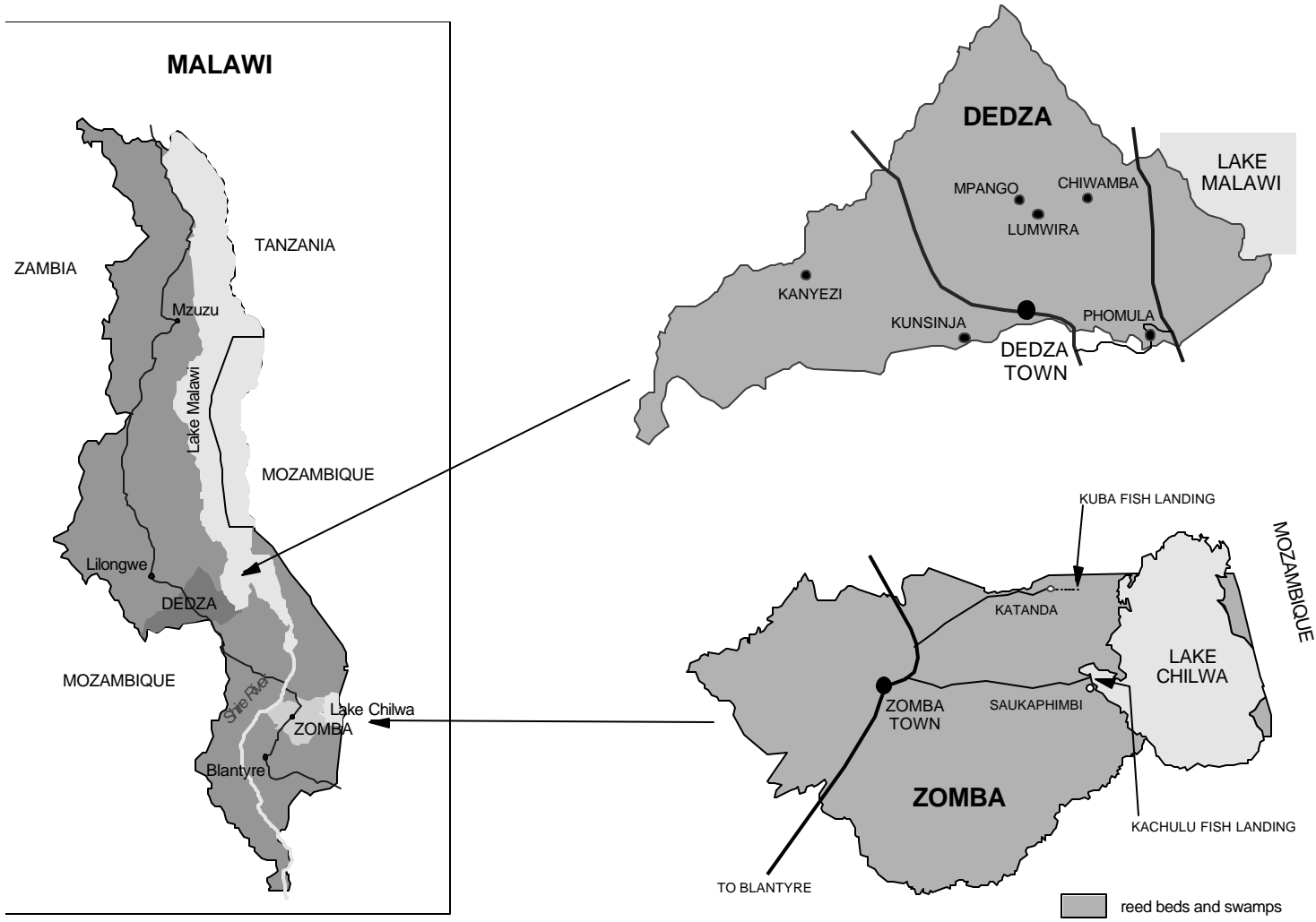
Application of these criteria led to the choice of two districts within which to conduct field research, Dedza district in the Central region and Zomba district in the Southern region (see Figure 1). According to the poverty study cited earlier (Malawi, 2000), 73 per cent of the population of Dedza district and 72 per cent of the population of Zomba district experience per capita consumption levels below the poverty line. This compares with the 65 per cent proportion of the population in poverty for the country as a whole.

Dedza district lies at the southern end of Malawi's Central region, and combines agro-climatic and ecological features that are representative of conditions found in many parts of central and southern Malawi. The district encompasses upland maize and tobacco farming systems in the west, rising elevation associated with intensive vegetable production in the centre, and a steep escarpment falling away to the Lake Malawi basin in the east. Observable gradients are those between higher and lower elevations, more and less rainfall, more and less intensive farming systems, variations in farm sizes, and varying distances of market access.

Table 1: Study Locations in Central and Southern Malawi

District	Traditional Authority	Village	NR Features
Dedza	Chilikumwendo	Kanyezi	maize-tobacco
	Kachere	Kunsinja	maize-potatoes-dimba
	Kasumbu	Mpango	maize-vegetables-woodland
	Kasumbu	Lumwira	maize-vegetables
	Kasumbu	Chiwamba	maize-woodland
	Kachindamoto	Phumula	mixed maize-woodland
Zomba	Mwambo	Katanda	fishing & farming
	Kuntumanji	Saukaphimbi	fishing & farming

Figure 1: Maps of Dedza and Zomba Districts, Malawi (showing location of study villages)



Six study villages in Dedza were selected by taking an approximate east-west transect across the district. These villages and their principal livelihood attributes are listed in Table 1.

In each village in Dedza district, a PRA wealth ranking exercise was conducted, resulting eventually in the identification of three wealth groups that acted as the sampling frame for a stratified random sample. With a list of households in each wealth group, 10 households were randomly chosen from each of the well-off and middle categories, and 15 households from the poor category, resulting in a sample size of 35 households for each village, and 210 households across the district. The decision to sample more households from the poor wealth category had the effect of slightly biasing the overall village sample towards the lower end of the wealth range, consistent with obtaining an accurate assessment of the relative livelihood circumstances of the poorer members of village society.

In Zomba district, the purpose of the research was to capture fisheries-based livelihoods, and to investigate interactions between fishing and farming in people's livelihoods. This implied selecting villages on the edge of Lake Chilwa, much of the Malawian shoreline of which lies in Zomba District. Lake Chilwa is a listed site under an international agreement entitled the Ramsar Convention on wetlands. It is a shallow lake with a maximum depth of 5 m and it covers an area of 2,400 km² when at its high water levels at the end of the rains (end of March). The lake varies substantially in surface area between the end of the rains and the end of the following dry season, and it nearly dried up as recently as 1997 when its depth fell to only 1 m. Lake bed exposed as the lake recedes can be used for farming, and is especially nowadays used for rice production.

Sample selection in Zomba district differed from that in Dedza district. Just two villages were chosen for study on Lake Chilwa (Table 1), but the household sample size in each village was increased in order to capture several different fish- and farming-based livelihood strategies. A total sample of 60 households in each village was selected, comprising 10 migrant fishing households, 15 resident fishing households, and 35 resident farmers or fisher-farmers. Sample selection for this latter group followed the same procedure as outlined already for Dedza villages; while the other groups relied on simple random samples drawn from the total populations of those categories present in each village.

The sampling procedure described was not designed to make inferences about the larger populations from which the samples were drawn, whether at district, region or country levels. The purposive fieldwork selection procedure from districts, to villages, and to households set out to identify and describe a range of livelihood patterns that were likely to contain within them the circumstances of a substantial proportion of individuals and households in the centre and south of rural Malawi. However, no claims are made about the statistical representativeness of sample findings with respect to populations in the districts that were studied nor for Malawi as a whole.

Qualitative work in 8 villages focused on differences in wealth and economic status (the wealth ranking); village services, associations and groups; helpful and unhelpful institutions; licensing regulations and taxes; broad changes in village livelihoods experienced over the decade to 2001; and key emerging problems identified by community members. Standard PRA methods were used including focus group discussions, ranking, institutional mapping, calendars and timelines. The analysis of household data that follows is based on the core sample of 35 households per village, stratified by wealth ranking, for the six villages in Dedza district and two villages in Zomba district, comprising 280 households in total. It

Table 2: Characteristics of Wealth Groups in Malawi Sample Villages

<i>Assets</i>	Group 1	Group 2	Group 3	Group 4
House	brick walls, cement floor, iron or thatch roof	well built thatched house	mud walls, thatch roof	dilapidated house or homeless
Land Owned	3-5 acres or more, may rent in land	1-2 acres	0.5-1 acre, may rent out land	less than 0.5 acres or do not own land
Livestock	up to 5 cattle 3-5 goats 15-20 chickens	no cattle 1-2 goats 5-15 chickens	no cattle no goats 1-5 chickens	no livestock
Food Security	food secure all year, may sell some grain	harvest lasts 4-7 months, then food insecure	harvest lasts up to 4 months, then insecure	food deficit most of the year
Labour Market	hires labour seasonally	may hire labour seasonally, but also sells labour	relies on seasonal <i>ganyu</i>	depends entirely on <i>ganyu</i> or safety nets
Other Assets	up to 2 bicycles radio/cassette spring bed ceramic plates implements	1 bicycle radio wooden bed metal plates implements	1 or no bicycle sleep on mats plastic utensils	no bicycle sleep on rags plastic utensils & clay pots
Other Activities	may own shop, lodgings, bar, trading, milling	may do trading, beer brewing	some do petty trading	(reported as mainly female headed hhs or the elderly)
Fishing Gear (Lake Chilwa only)	up to 4 seine nets and 40 net traps	1 seine net and up to 20 net traps	up to 7 net traps and hooks & lines	no gear, fishing labour only

Source: wealth ranking conducted in 8 villages in June-October 2001

excludes the sub-samples in Zomba district oriented towards fishing as a specialised activity, as these are examined in a separate working paper.

The asset status of rural livelihoods in Malawi

Current understandings of poverty place considerable emphasis on ownership or access to assets that can be put to productive use as the building blocks by which the poor can construct their own routes out of poverty (World Bank, 2000; Ellis & Mdoe, 2002). In this respect, successful asset accumulation is often observed to involve trading-up assets in sequence, for example, chickens to goats to cattle to land; or, cash from non-farm income to farm inputs to higher farm income to land or to livestock.⁴ It is the breadth of opportunity to construct such asset accumulation pathways that is critical for the achievement of rising prosperity over time. When this scope is cramped by poorly functioning markets, a disabling public sector institutional environment or deteriorating civil security, then climbing out of poverty becomes a seriously uphill struggle. The findings presented here explore these features in the Malawi case.

Table 2 above summarises the main findings of the wealth ranking exercises conducted in the eight case-study villages. A substantial amount of overlap in the definition of wealth categories across villages allow criteria to be combined in this way, and ranges attached to the level of some assets indicate variations encountered between villages.⁵ In the context of the Malawian customary tenure sector, the term “better-off” is quite relative and does not signify wealth or income status much above the poverty line. In general, the better-off (Group 1) are distinguished by having land holdings of 3-4 acres, up to 5 cattle, 3-5 goats, hiring non-family labour seasonally, owning bicycles, sometimes owning non-farm service sector businesses, and normally enjoying year round food security. The middle wealth categories (Groups 2 and 3) have correspondingly less of all these assets, and shade into increasing reliance on selling labour, and worsening seasonal food insecurity. The poor (Group 4) possess little or no land, no cattle or goats, rely entirely on *ganyu*⁶ or safety net transfers, and are food deficit most of the year.⁷

Naturally individual study areas or villages had particular asset characteristics that are not captured in such a condensed summary. Farm size ranges and livestock numbers were marginally higher in the Zomba fishing villages than in Dedza. Ownership of fishing gears was a key wealth indicator in the Zomba fishing villages, and, as we shall see, an important explanatory factor in different average per capita income levels observed between the two study districts.

These aspects of asset status between different groups of rural Malawians are explored further utilising results from the sample survey undertaken in eight villages in June-October 2001. The asset distribution across rural households is described in two main ways: first by reference to interval or count distributions of assets, and second by reference to asset holding across income terciles or quartiles.

For the sample as a whole (280 households), 2 per cent of households owned no land at all and a further 36 per cent owned holdings of under 1 ha in size (Table 3). Small differences between land owned and land farmed shows that some level of both renting in and renting out land occurs, although the extent of this seems low compared to rural areas in other African countries.⁸ It is possible that in Malawi the long established practice of *ganyu* acts as a substitute for a rental market in land that would otherwise arise in order to cope with

mismatches between land ownership and ability or wish to cultivate land. There is surprisingly little variation in the proportions owning or farming different land sizes between the Dedza and Zomba villages, despite the different selection basis of the latter villages. Nor are there significant differences in the mean area owned or farmed between these study locations (Table 4). The average area farmed across all eight villages at 1.33 ha is roughly one third higher than the mean crop land of 0.99 ha cited in the 1998 IHS (Malawi, 2000)

Table 3: Household Distribution by Land Area Owned and Farmed

Area Owned or Farmed	Area Owned by Location			Area Farmed by Location		
	Dedza <i>n=210</i>	Zomba <i>n=70</i>	Total <i>n=280</i>	Dedza <i>n=210</i>	Zomba <i>n=70</i>	Total <i>n=280</i>
	%	%	%	%	%	%
None	1.4	4.3	2.1	0.5	0.0	0.4
Less than 0.5 ha.	9.5	7.1	8.9	10.5	11.4	10.7
0.5-1 ha.	26.7	28.6	27.1	31.4	30.0	31.1
1-2 ha.	41.9	41.4	41.8	39.5	38.6	39.3
2-3 ha.	13.8	11.4	13.2	11.9	15.7	12.9
3-5 ha.	6.7	4.3	6.1	5.7	2.9	5.0
More than 5 ha.	0.0	2.9	0.7	0.5	1.4	0.7
Total	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>

Source: Sample survey conducted in 8 villages June-Oct 2001

Table 4: Mean Land Owned and Farmed, by Study Area

Study Area	Average Land Owned ha	s.d.	Average Land Farmed ha	s.d.
Dedza	1.38	0.90	1.32	0.89
Zomba	1.44	1.24	1.36	0.99
<i>Total</i>	<i>1.39</i>	<i>1.00</i>	<i>1.33</i>	<i>0.92</i>

Source: Sample survey conducted in 8 villages June-October 2001

The patterns of livestock holding found in the eight villages are shown in Table 5. In all study areas, relatively few households owned cattle or goats, although as might be expected chicken ownership was more widespread. For the sample as a whole 93 per cent of households owned no cattle and 74 per cent no goats. These are comparatively high proportions of non-ownership of stock for rural Sub-Saharan Africa. They reflect in part the non-availability of suitable land for grazing in the more densely populated rural areas of southern Malawi, but also, and more significantly, a deteriorating climate of civil insecurity in which livestock theft has become so rife that the risk attached to owning livestock outweighs the gains from doing so. This reduces the flexibility of rural livelihoods, and removes one of the main paths observed in other countries for climbing out of poverty, which is to use substitutions from lower to higher value livestock as a means of achieving rising assets over time. Note from Table 5 that even for those who own chickens, the great majority own just 1-5 birds, not enough to make more than a small contribution to the subsistence of the household.

Table 5: Ownership Distribution by Households of Selected Livestock, by Study Location

- % of households owning specified livestock -

Ownership Range	Study Locations		Total <i>n=280</i>
	Dedza <i>n=210</i>	Zomba <i>n=70</i>	
<i>Cattle</i>			
0	92.4	95.7	93.2
1-5	6.6	4.3	6.1
6-10	1.0	0.0	0.7
More than 10	0.0	0.0	0.0
<i>Total</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>
<i>Goats</i>			
0	68.6	91.4	74.3
1-5	28.5	5.8	22.9
6-10	2.4	1.4	2.1
More than 10	0.5	1.4	0.7
<i>Total</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>
<i>Chickens</i>			
0	41.9	31.4	39.3
1-5	41.0	34.4	39.2
6-10	11.4	17.1	12.9
More than 10	5.7	17.1	8.6
<i>Total</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>

Source: Sample survey conducted in 8 villages June-October 2001

The relationship of asset holding to relative failure or success in generating a viable living was examined by comparing assets across per capita income terciles and quartiles. Land ownership data across income quartiles throws up the unexpected finding that there are no significant differences between mean land holdings across quartiles for the Dedza villages (Table 6).⁹ While the same pattern does not hold for the Zomba fishing villages, it is still surprising here that the mean land holding of the top income quartile is lower than that of the middle two quartiles. The implication is that variations in per capita income arise mainly from factors other than land ownership in the study areas, an evident candidate in the case of Zomba being fishing income, while differences in land productivity and in access to non-farm income sources are potential explanations that apply in both locations, and that are considered further below.

The peculiarities of livestock distribution in the study locations has already been noted, in particular the virtual absence of cattle from the asset portfolio of rural households. When livestock holding is compared across quartiles (Table 6), a more conventional picture emerges of steep differences in livestock ownership between the top and other income groups. Thus, unlike land, livestock provides a distinct marker for doing better in rural Malawi. However, even here the evidence for Malawi differs from parallel findings for other

countries. For one thing, all data on mean livestock holdings in cattle-equivalent units (CEUs) are quite extraordinarily low (a mean ownership for the combined sample of only 0.5 CEU).¹⁰ Secondly, it is only the highest income quartile that displays a significantly different mean livestock ownership from the other income groups, and this at an average level still under one CEU for the combined sample as a whole.¹¹

Table 6: Land and Livestock Assets by Income Quartile

Sample	Income Quartiles				Total <i>n=280</i>
	I	II	III	IV	
<i>Land Owned</i>					
Dedza	1.40	1.34	1.32	1.46	1.38
Zomba	0.86	1.48	1.96	1.41	1.44
<i>All Study Areas</i>	<i>1.34</i>	<i>1.32</i>	<i>1.22</i>	<i>1.69</i>	<i>1.39</i>
<i>Livestock CEUs*</i>					
Dedza	0.30	0.23	0.34	1.24	0.52
Zomba	0.25	0.16	0.48	0.83	0.43
<i>All Study Areas</i>	<i>0.28</i>	<i>0.24</i>	<i>0.54</i>	<i>0.93</i>	<i>0.50</i>
<i>Mean incomes**</i>					
Dedza	606	1,630	2,912	8,828	3,483
Zomba	1,494	4,217	9,306	19,232	8,511
<i>All Study Areas</i>	<i>695</i>	<i>1,939</i>	<i>3,876</i>	<i>12,448</i>	<i>4,740</i>

Source: Sample survey conducted in 8 villages June-October 2001

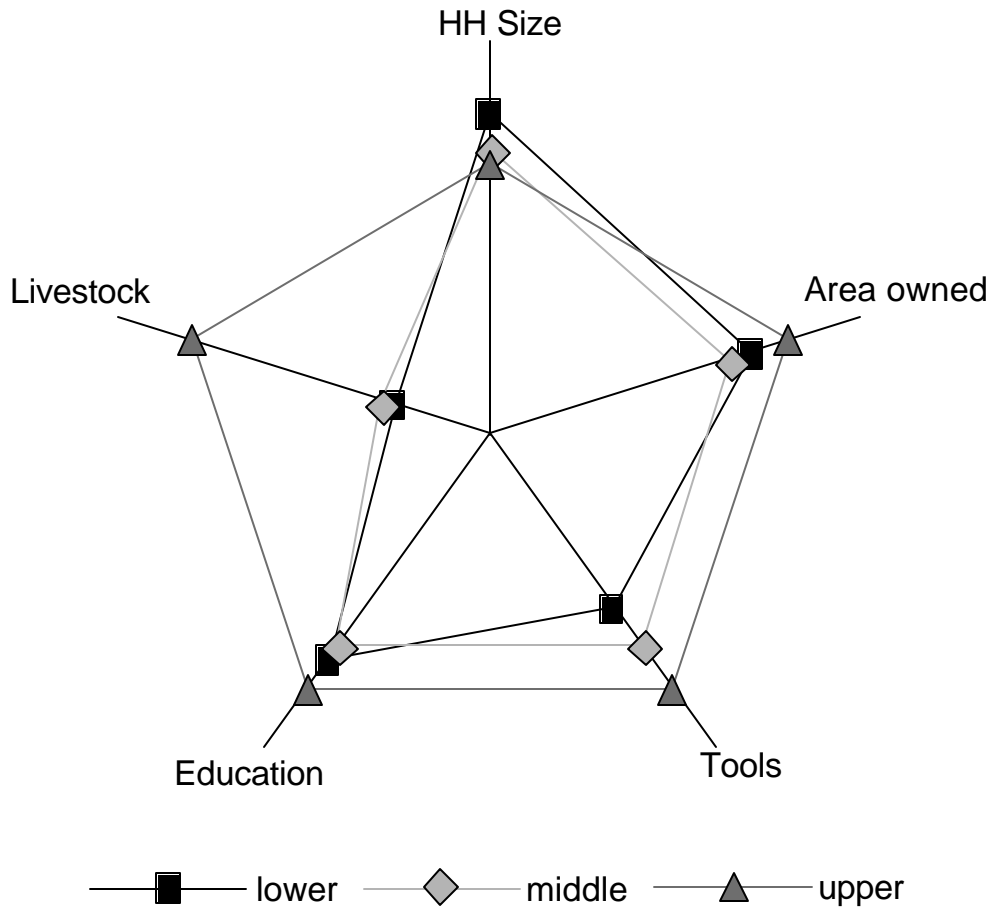
* see footnote 9 for the calculation underlying Cattle Equivalent Units

** refers to mean per capita income in MK per year, for each quartile

In addition to land and livestock, the key assets of rural families in Malawi are their own labour (active adults in the household), their educational attainment (measured here by years of education summed across active adults), and ownership of productive implements and tools (measured as the aggregate value owned). Figure 2 represents the comparative level of five assets, or asset categories, this time for per capita income terciles across the whole sample in the form of a radial graph. This graph confirms features of making a living in rural Malawi already noted: with the exception of livestock holding, there seem to be few significant differences in the asset profiles of different income groups, defined by income terciles or quartiles.

It seems unlikely that these findings would apply to the Malawian rural economy as a whole, since a well-known feature of the agrarian structure is the presence of numerous medium and larger sized “estates”, mainly growing tobacco, that were alienated from the smallholder sector between the 1960s and the 1990s, the presence of which in a sample would make land area a key correlate of relative income. The village and household sample described in this paper reflects the situation prevailing within the customary tenure sector in particular locations, and does not capture the variation in assets and incomes across into the estates sub-sector.

Figure 2: Selected Asset Levels by Income Tercile, Whole Sample



Source: sample survey conducted in 8 villages June-October 2001

Activities and incomes in rural Malawi

This section summarises findings concerning livelihood activity patterns and income levels as discovered in the case-study villages. Again this is done drawing on qualitative, village level, data as well as quantitative household level data. Some qualitative features are already

synthesised in Table 2 above which provides initial insights into how access to activities varies across different wealth groups. The picture is refined by reference to sample survey data.

Table 7: Land Use by Sample Households, by Study Location

Land Use	Dedza <i>n=210</i>		Zomba <i>n=70</i>		Total <i>n=280</i>	
	ha	%	ha	%	ha	%
Maize/mixtures	238.7	79.5	44.5	42.7	284.3	70.1
Rice	0.0	0.0	50.6	48.5	50.6	12.5
Root crops	13.5	4.5	0.0	0.0	13.5	3.3
Pulses/roots	8.3	2.8	0.0	0.0	8.3	2.0
Other	17.1	5.7	0.6	0.6	17.7	4.4
Unspecified	22.7	7.5	8.5	8.2	31.3	7.7
Totals	301.4	100.0	104.2	100.0	405.6	100.0

Source: Sample survey conducted in 8 villages June-October 2001

Note: Table describes aggregate land use data summed across sample households

Starting with farming and livestock activities, Table 7 shows agricultural land use by sample households across the two sample districts, and for the sample as a whole. Maize dominates crop agriculture across all villages; in total, 70 per cent of the farm area in the eight villages was sown to maize in either pure or mixed stands. This proportion is higher for the six Dedza villages (79 per cent); and lower for the two Lake Chilwa villages in Zomba district (43 per cent) where rice is an important alternative food and cash crop, corresponding to 48 per cent of cultivated area on its own. The huge reliance on maize and rice in these villages is notable. On the other hand, for maize the picture that they convey is a little misleading since maize is typically cultivated with other crops including beans, millet and cassava. It is interesting that crops like groundnuts, sweet potatoes and paprika that are widely seen as offering good opportunities to create more diversity in Malawian small-farm

Table 8: Output Share Selected Crops and Livestock Products Consumed by Households, by Study Area (%)

Agricultural Activities	Dedza <i>n=210</i>	Zomba <i>n=70</i>	Total <i>n=280</i>
<i>Crops</i>			
Maize	99.6	82.0	96.8
Sweet Potatoes	91.7	70.0	89.9
Groundnuts	87.8	100.0	88.0
Beans	79.8	35.0	79.2
Irish Potatoes	57.4	--	57.4
Rice	--	48.2	48.2
<i>Livestock</i>			
Chickens	76.3	73.1	75.3
Goats	47.5	8.3	43.5

Source: Sample survey conducted in 8 villages June-October 2001

agriculture show up little in this sample of 280 households; at best comprising about 10 per cent of the area cultivated by sample households.

The overall monetisation of the agrarian economy is a feature pertinent to poverty reduction efforts. If markets are working well, and trade and exchange are flourishing, then this increases the cash in circulation in rural areas and gives individuals broader opportunities to construct pathways out of poverty. Table 8 provides sample data by study area on the output share of principal crops consumed by the household rather than sold in the market. The mean subsistence share for maize is near enough 100 per cent in the Dedza villages, falling to 82 per cent in the Zomba villages where rice is an alternative subsistence crop. The subsistence shares for other crops, across all eight villages, were 90 per cent for sweet potatoes, 88 per cent for groundnuts, 79 per cent for beans, 57 per cent for potatoes and 48 per cent for rice. For livestock, 75 per cent of chickens were utilised for home consumption.

Further investigation of subsistence maize consumption reveals the precarious food security situation of rural Malawians. Across all 280 sample households, less than 5 per cent were fully self-sufficient in maize from own production. As shown in Table 9, 75 per cent of households were less than 25 per cent self-sufficient, 13 per cent between 25 and 50 per cent, 6 per cent between 50 and 75 per cent, and 7 per cent more than 75 per cent self-sufficient.¹² These figures are comparable to those cited by Orr & Orr (2001: p.17) in a study of 50 rural households done in the year 2000.

Table 9: Proportion of Maize Consumption Met by Production
(per cent of households based on count data)

Production as % Consumption	Dedza <i>n</i> =210	Zomba <i>n</i> =70	Total <i>n</i> =280
Up to 25%	71.6	84.1	74.5
25% to 50%	14.9	6.3	12.9
50% to 75%	6.3	3.2	5.5
More than 75%	7.2	6.3	7.0
<i>Total Households</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>

Source: Sample survey conducted in 8 villages June-October 2001

The role of subsistence in the rural livelihoods of the case-study villages in Malawi can be further refined by looking at the overall share of own consumption by value in household income across different income levels. The relevant data is shown in Table 10. In general, reliance on subsistence falls steeply from around 45 per cent for the bottom two quartiles to 30 per cent for the third quartile and 18 per cent for the top quartile. The Dedza villages display a substantially higher subsistence share for the lower income groups than the Zomba villages, where the presence of fishing as an occupation has a notable effect in lowering this proportion overall.

It is important for poverty policies to have a robust understanding of the role that non-farm activities and income sources can play in rising incomes in rural areas. This could help to determine, for example, the balance of public resource utilisation between promoting increases in agricultural productivity on the one hand, and providing support and services to

Table 10: Share of Subsistence Consumption in Total Income by Income Quartiles, by Study Area (%)

Study Areas	Income Quartiles				Total <i>n</i> =280
	I	II	III	IV	
Dedza	47.6	46.4	38.1	24.6	31.7
Zomba	29.5	19.6	18.1	16.1	17.9
All Locations	44.4	47.5	30.3	18.4	25.3

Source: Sample survey conducted in 8 villages June-October 2001

non-farm rural activities on the other. As shown in Table 11, across the six sample villages in Dedza district, just under 50 per cent of household incomes were derived from own production of crops and livestock, and just over 50 per cent, therefore, from other sources comprising *ganyu*, non-farm self-employment, remittance income or safety net transfers. This 50:50 split between own farm income and nonfarm income is consistent with other findings on rural income portfolios across Sub-Saharan Africa (Bryceson & Jamal, 1997; Reardon, 1997; Ellis & Bahigwa, 2001; Ellis & Mdoe, 2002).

Table 11: Income Portfolios by Income Quartile, Dedza

- composition of household incomes % -

Income Sources	Income Quartile				Total <i>n</i> =210
	I <i>n</i> =52	II <i>n</i> =53	III <i>n</i> =53	IV <i>n</i> =52	
Maize	17.2	21.1	17.4	8.2	12.4
Other Crops	24.1	22.5	18.4	20.6	20.5
Livestock	15.1	10.4	13.0	19.1	16.4
<i>Sub-Total Agric</i>	<i>56.4</i>	<i>54.0</i>	<i>48.8</i>	<i>48.4</i>	<i>49.3</i>
Wages	17.3	18.5	12.9	11.8	13.2
Self-employment	11.2	17.1	34.5	32.5	29.8
Transfers	15.1	10.4	3.8	7.9	7.7
<i>Total</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>

Source: Sample survey conducted in 8 villages June-October 2001

Table 11 reveals some key differences in income composition across the income quartiles, and these are illustrated in Figure 3 which compares the lowest and highest income quartiles for the Dedza villages. The share of maize, other crops, wage income and transfers declines across the income ranges, while that of livestock increases slightly and the share of self-employment income is three times higher between the highest and lowest income quartiles. The implication is that participation in non-farm business activities is a critical component of becoming better off in rural Dedza, and, indeed, the same finding has been confirmed in other studies in Malawi, as well as in other countries of the region.

The villages in Zomba district represent a different situation to Dedza due to village selection on the shoreline of Lake Chilwa. As shown in Table 12, the chief food crop in these villages is rice rather than maize; other crops are of negligible importance in total incomes, and agriculture (crops and livestock) averages only 25 per cent of the mean income portfolio

Figure 3: Income Portfolio Comparisons, Dedza Villages



Source: Sample survey conducted in 8 villages June-October 2001

across all households. On the other hand, income from fishing plays a most important role in the overall livelihood strategies of these fishing and farming households, and especially so for the top income quartile. As shown in the table the better-off in the Zomba fishing villages are characterised by a combination of success in fishing and in self-employment activities. In lakeside communities in Malawi, the latter are often closely related to fishing (fish drying, trading, transport).

Table 12: Income Portfolios by Income Quartile, Zomba

- composition of household incomes % -

Income Sources	Income Quartile				Total
	I	II	III	IV	
	<i>n=17</i>	<i>n=18</i>	<i>n=18</i>	<i>n=17</i>	<i>n=70</i>
Maize	0.9	8.0	1.9	0.0	1.5
Rice	25.9	35.3	16.3	12.1	17.0
Other Crops	0.5	0.5	0.8	0.0	0.2
Livestock	7.1	7.5	6.5	5.3	6.0
<i>Sub-Total Agric</i>	<i>34.4</i>	<i>51.3</i>	<i>25.5</i>	<i>17.4</i>	<i>24.7</i>
Fish	22.6	19.2	24.3	36.8	30.3
Wages	11.0	11.5	9.5	6.3	8.1
Self-employment	28.2	8.7	33.3	37.9	32.4
Transfers	3.8	9.4	7.5	1.8	4.4
<i>Total</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>

Source: Sample survey conducted in 8 villages June-October 2001

A final feature related to the role of agriculture in livelihoods considered here is whether agricultural productivity differs across the per capita income ranges. This is measured by the mean value of agricultural output per hectare in each income class.¹³ As shown in Table 13, this indicator increases substantially across the income ranges; indeed for the six Dedza villages it more or less doubles across each income quartile. There are many reasons that explain this including, *inter alia*, the tendency for poor farmers to work on other farms at critical periods in the cultivation cycle (Alwang, 1999); conversely, the use by less poor households of hired labour in order to achieve timely cultivation practices; and the ability of better off farmers to utilize non-farm sources of cash income to fund purchases of farm cash inputs.

Table 13: Agricultural Output Value per Ha (MK/ha)

Study Areas	Income Quartiles				Total <i>n=280</i>
	I	II	III	IV	
Dedza	1,090	2,422	4,031	8,978	4,261
Zomba	2,638	6,149	4,337	7,565	5,314
All Locations	1,247	2,994	5,719	7,443	4,529

Source: Sample survey conducted in 8 villages June-October 2001

Institutions and rural poverty reduction

Notwithstanding the participation and empowerment rhetoric of the past fifteen years the lives of ordinary people in villages are affected more by deeply established institutions and the way they function than by superficial events imported from outside. The term institutions is used here to describe customs, rules, regulations, laws, public agencies, and the way these habitually, and from precedence, go about doing what they do. It is well known that institutions change much more slowly than the structures in which they are contained (North, 1990). An example of this is the prevalence in many African countries 40 years after independence of modes of taxing rural citizens that originated in colonial times. Similarly decentralisation will not rapidly change habitual relationships between public officials and rural citizens.

Qualitative research in eight villages revealed a number of useful insights about the institutional context within which individuals and households attempt to construct viable livelihood strategies. Some key points that emerged are as follows:

- (a) Land access is everywhere an acute problem, there is no longer any scope for village headmen to allocate new land to families, and farm size declines with each successive sub-division at inheritance. Several emerging trends are apparent. One is for the poor to rent their small parcels of land to the better-off, therefore effectively becoming landless in return for at least obtaining some secure income from land rent. Another is for matrilineal traditions of land inheritance to be replaced by patrilineal forms, with implications for the future livelihood security of women, especially those widowed or divorced who already feature disproportionately in the poorest category in rural communities.
- (b) In general, village headmen and related hierarchies of traditional authority are highly regarded in villages, notwithstanding plentiful examples provided in group discussions of the ineffectiveness of such leaders in solving critical problems that on the face of it are susceptible to solution (such as, for example, getting a minor fault in a communal water supply repaired), and the propensity of such leaders to require “gratifications” in order to grant access to various resources or permission to engage in certain activities (woodlots, fishing, beer brewing). The traditional authority system clearly plays a significant, and often effective, role in matters of social cohesion and conflict resolution; but it is seldom mentioned in a developmental capacity i.e. as the instigator of processes or events that would materially improve the lives of rural citizens.
- (c) Formal religious institutions (churches and mosques) play an important role in most communities, and often provide services that the public sector fails to do satisfactorily, for example in relation to schools, preventive medicine and health clinics. Such institutions may also provide direct support for the poor, by organising alms giving, or in other ways mobilising resources to assist those in desperate need.
- (d) Villages generally seem to have beneficial experiences with direct assistance that they receive from donors and NGOs; indeed often major differences have been made to people’s lives by provision of piped water, wells, agricultural extension advice, input supplies, food-for-work schemes, credit provision, and formation of village groups with specified objectives, by organisations such as Concern Universal, CARE International, and the World Bank-funded Malawi Social Action Fund (MASAF). In general, in group discussions, these were amongst the most highly rated of all institutions.

- (e) The same is certainly not true of public services and formal state or district functions and officials. Here, the priority attached by people to education and health services needs to be distinguished from their views concerning how these services function in practice. In this regard, many flaws in public health services were identified, including waiting times, quality of diagnosis, lack of drugs, and rare visits by public Health Surveillance Assistants. Public agricultural extension services and the remnant activities of the crop parastatal, ADMARC, were widely reproached for either being non-existent or ineffective. Elected public representatives such as MPs and ward councillors were almost universally placed by villagers at the very bottom of their ranking of useful institutions.
- (f) A recent institutional innovation in the Zomba fishing villages was the creation of Beach Village Committees (BVCs) as community institutions with the main function, delegated from the Fisheries Department, of managing access to fishing resources including regulating fishing gears and closed seasons. However, it was alleged in group discussions that members of the BVCs colluded with Fisheries Department officials in closing off zones on the lake to all but committee members, requiring gratuities for access to normal fishing areas, and confiscating gears with no good reason or requiring bribes in order not to confiscate gears.
- (g) It is apparent that rural citizens in Malawi pay all sorts of formal and informal taxes and levies to various persons in authority in the routine course of trying to make a living. “Gratifications” to village headmen and other traditional leaders are one such form of taxation or tithe, that may take the form of a basket of grain, or a bucket of fish, or a container of local brew. There are also a wide variety of “market place” taxes that are levied on produce when it is taken to local markets to be sold; and there are transit “fees” that must be paid to the police when produce is taken through roadblocks.

Qualitative research suggests that the institutional environment facing rural citizens in Malawi does not actively foster the flourishing of diverse activities that numerous observers have identified as the only practical way forward for poverty reduction in rural areas (World Bank, 1995; Devereux, 1997; Orr & Orr, 2001). Multiple official and hidden payments and restrictions mean that the little opportunity to generate cash wealth in villages is either discouraged by institutional blockages, or syphoned off by those in authority, making it incredibly difficult to generate resources that could be used for investment in new branches of activity.

Synthesis and policy inferences

This paper set out to make the links between macro level endeavours to develop a comprehensive approach to poverty reduction in Malawi and a micro level understanding of the circumstances and prospects of the rural poor. At the macro level the approach to poverty reduction is set out in the Poverty Reduction Strategy Plan (PRSP) published in October 2001, and the question that needs to be posed is whether this document formulates the poverty reduction problem in a way that addresses the real barriers that rural citizens confront in their efforts to construct pathways out of poverty. At the micro level, the sustainable livelihood framework is utilised to gain a more accurate picture of the asset and activity patterns that characterise the poor in particular, and the institutional context that either blocks or enables rural citizens in their pursuit of more secure livelihoods over time.

The PRSP in Malawi, as in other countries, is competent at identifying large scale factors that are viewed by rural citizens everywhere as constraints on their ability to improve their circumstances. These factors include poor schools, health services and rural roads, as well as unevenly working markets, lack of credit, and high costs of farm inputs. Some of these factors, principally schools, clinics and roads are amenable to improvement through programme funding by donors and conditional grants to district councils allocated under strict accounting and governance procedures. Others are less susceptible or cannot be addressed at all by such an approach, and the PRSP is able to do little more than make hopeful statements of intent with respect to them.

The research described in this paper reinforces the precariousness of rural survival in Malawi that has been emphasised by previous researchers. The majority of rural families confront such severe constraints that they have no room to manoeuvre, and the occurrence of shocks such as floods or poor rainfall quickly push them into requiring emergency food relief. The multiple constraints include small and declining farm sizes, lack of livestock as a substitutable asset, deteriorating civil security in villages, prevalence even in normal years of food deficit from own production, low monetisation of the rural economy, little cash in circulation, and institutional blockages to breaking out of established livelihood patterns.

Superimposed on this state of affairs comes the advent of decentralised local government with its idealised projection of participatory processes in communities enforcing good governance on the part of district assemblies, and effective service delivery by public agents at local levels. In pursuit of these ideals, district assemblies are to be granted powers to pass bye-laws, including licensing regulations for small businesses and tax raising powers, so that over time their budgets become less dependent on central grant distributions, and more reliant on their own revenue generation. In the Malawi context, it is difficult to see how this can do anything other than make things more difficult for rural poverty reduction. District assemblies will wish to increase their own sources of revenue in order to achieve a degree of autonomy over resource allocation from central government. A cautionary example is provided by Uganda which is several years ahead of Malawi in the decentralisation process, and where not only does local tax revenue impose punitive burdens on monetised activity in rural areas, it is also almost wholly utilised on sitting allowances for councillors and other functionaries rather than providing locally specific services to rural citizens. Under these conditions, decentralised government becomes part of the problem of rural poverty not part of the solution.

At the level of the family or household, securing better living standard is a cumulative process that requires an ability to build assets and diversify across farm and non-farm activities (Kutengule, 2000). In this process, cash generation is critical, since it confers the capability to invest either in improved farm practices or in non-farm assets, or some combination of both, according to the options that arise to reduce risk and increase income generation. Multiple commodity and enterprise taxes levied at village level suppress cash generation at the very point where it can make the most difference to the livelihoods of the poor. More than this, the uneven, haphazard and sometimes dishonest levying of such taxes that tends to be observed in many different rural settings adds to risk, and further inhibits the multiplication of economic activities in rural areas.

In the light of the micro evidence, therefore, the creation of a facilitating environment that encourages the flourishing of diverse monetised rural activities in Malawi should be the

centrepiece of rural poverty reduction thinking. For this to happen, the future PRSP process cannot continue to distance itself from the implications for rural governance of decentralisation, and especially fiscal decentralisation. The PRSP needs to identify, evaluate, and seek to diminish those factors in the institutional and fiscal environment at local levels that are hostile and discouraging to trade, investment, risk-taking and enterprise in rural areas. And this means giving the PRSP some sort of coordinating or integrating influence over processes put in motion by quite different branches of government. If this does not occur then no amount of school or road building in rural areas will result in the results for poverty reduction that the PRSP process seeks to achieve.

Footnotes

- ¹ The new local government system in Malawi comprises 27 district, eight town, three city and one municipal assembly
- ² An excellent account of World Bank policy positions, confusions and reversals during three decades of economic development in Malawi is provided by Harrigan (2001)
- ³ Hybrid maize development in Malawi has had a mixed history, earlier work focussing on dent varieties that are not preferred in consumption, while recent more successful uptake involves semi-flint varieties.
- ⁴ This sequencing of asset accumulation mirrors the sequencing of asset disposal that occurs in crises such as famines, and can result in the deterioration of the asset position of families to the point that they are no longer able to construct a viable livelihood (Corbett, 1989; Devereux, 1993).
- ⁵ Wealth ranking tended to identify between 3 and 5 groups in different villages, however the most prevalent was 4 groups
- ⁶ The expression *ganyu* in Malawi refers to casual labour on other people's farms that may be paid in cash or in kind.
- ⁷ Old age and illness were factors frequently mentioned in relation to the poorest wealth group in all locations; also widowhood and divorce for women.
- ⁸ In parallel studies in Uganda and Tanzania, much greater differences were observed between ownership and farming patterns of land distribution. See Ellis & Bahigwa (2001) and Ellis & Mdoe (2002).
- ⁹ Tested using the null hypothesis that all means were equal.
- ¹⁰ The CEUs are based on mean price ratios between different livestock types, and are cattle=1, goats=0.14, sheep=0.10, pigs=0.28, chickens=0.02, turkeys=0.04, others=actual price/mean cattle price.
- ¹¹ Statistically, this is true for the whole sample and for Dedza villages, but for the Zomba sample, significant differences only apply to the differences between the fourth quartile, and the first and second quartiles.
- ¹² Maize self-sufficiency rates for each household were estimated from output data converted to the maize flour equivalent and daily family maize consumption converted to an annual amount. Many different conversion rates were required due to the wide variety of reporting units for both maize and maize flour.
- ¹³ These quartile means are calculated by taking the sum of net output values across sample households in each quartile, and dividing by the aggregate area cultivated in each quartile.

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