Rural Livelihoods and Poverty Reduction Strategies in Four African Countries

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This paper compares and contrasts rural livelihoods in Uganda, Kenya, Tanzania and Malawi, with a view to informing rural poverty reduction policies within Poverty Reduction Strategy Plans (PRSPs). Low household incomes in rural areas of all countries are associated with low land and livestock holdings, high reliance on food crop agriculture, and low monetisation of the rural economy. These adverse factors are in some instances made more difficult by land sub-division at inheritance, declining civil security in rural areas, deteriorating access to proper agronomic advice and inputs, and predatory taxation by decentralised district councils. Better off households are distinguished by virtuous spirals of accumulation typically involving diverse livestock ownership, engagement in non-farm self-employment, and diversity of on-farm and non-farm income sources. Lessons for PRSPs centre on the creation of a facilitating, rather than blocking, public sector environment for the multiplication of non-farm enterprises; seeking creative solutions to the spread of technical advice to farmers; and examining critically the necessity for, and impact of, tax revenue collection by district councils on rural incomes and enterprise.

I. INTRODUCTION

This paper summarises the comparative results of research undertaken on rural livelihoods and poverty reduction in Uganda, Kenya, Tanzania and Malawi.[1] The research comprises two main components. The first is the investigation of the micro level circumstances of the rural poor utilising the sustainable livelihoods framework as a guide to the research methods

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deployed;[2] the second is making the micro–macro links between the experience of rural poverty and the strategic policies designed to tackle its causes and reduce its incidence. The two preeminent strategic policies addressed by the research are the Poverty Reduction Strategy Papers (PRSPs) and the decentralisation of government to elected district councils or assemblies.

There are good reasons for using micro level research as a reality check on the macro strategic policies currently in vogue. Despite the rhetoric of participation, empowerment and ownership that infuses the discourse on PRSPs, these are nevertheless fundamentally rather centralised processes following blueprints available on World Bank and IMF websites, and connected to central budget support and public expenditure management considerations that are to do with improving governance at high government levels.[3] While all PRSPs contain performance indicators and establish poverty monitoring institutions and instruments, indicators by themselves rarely result in critical examination of the often complicated relationships of cause and effect that produce particular outcomes.

Decentralisation represents particular challenges for the effectiveness of national poverty reduction agendas [*Watson, 2002*]. While on the face of it decentralisation is about devolving power to district levels, improving democracy and participation, and adapting service delivery to local priorities, decentralisation also creates political and bureaucratic entities that are able to pass and enforce by-laws and collect taxes in order to contribute to their budgets and running costs. Most of the literature on decentralisation views these powers almost entirely from the viewpoint of strengthening nascent district councils, and improving the revenue 'yield' that will enable them to function with increased autonomy from central government in the future [*Bird, 1990; Manor, 1999*]. Yet these powers may result in tax and license burdens that block and disable wealth generation in rural areas, and counteract other efforts to reduce rural poverty [*Francis and James, 2003*].

Livelihoods research can help to bridge the gap between the levers on rural poverty reduction that the PRSPs set out to strengthen, and the intermediating role of district councils or assemblies in the poverty reduction process.[4] The 'institutional context' of rural livelihoods is significantly altered, for better or worse, by decentralisation, and livelihoods precepts can help track the effects of these changes on the expansion or contraction of opportunities that permit the poor to build their own pathways out of poverty. The idea of an 'enabling environment' for poverty reduction is often alluded to in poverty documents, including PRSPs, but little attention is given to what this really means, nor to the changed behaviours on the part of the public sector, including the decentralised public sector, that this idea necessitates [*Kydd and Dorward, 2001*].

This paper thus utilises a framework that connects factors inhibiting the achievement of poverty reduction at village and sub-district levels, to revenue collection and service delivery attributes in decentralised district level local authorities, and upwards to priorities articulated in PRSPs. A central notion is that successful poverty reduction may be more to do with creating a local level public sector institutional environment that actively facilitates the multiplication of diverse and dynamic economic activities than to do with the sectoral expenditure targets in areas like education and road building that tend to preoccupy PRSPs. Institutional constraints and blockages are identified by livelihoods research, they reside in the way authority is interpreted in decentralised institutions, and they are addressed sketchily, if at all, in PRSPs as they are currently formulated.

The paper proceeds as follows. The next section sketches out a broad comparison between the four countries, as a backdrop to the research findings, and also provides an overview of the PRSP process across them. This is followed by a brief description of the research method, and a summary of comparative village and household level characteristics that emerged 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. A particular institutional feature, the implications for poverty reduction of rural taxation under fiscal decentralisation, is given special emphasis. The paper concludes by linking the micro level findings back to macro level poverty reduction strategies with a view to identifying gaps in these strategies that need to be addressed if real progress in rural poverty reduction is to be achieved.

II. COMPARATIVE OVERVIEW: FOUR COUNTRIES AND THEIR PRSPS

The four countries under consideration here have distinct political histories post-independence, yet turn out to have much in common in terms of the social and economic circumstances that prevail within them at the start of the twenty-first century.[5] They are all previous British colonies, and all attained independence between 1961 and 1964.[6] Kenya, Uganda and Tanzania were grouped together as East Africa for a number of administrative and infrastructural purposes during the colonial era, and this evolved after independence into the customs union of the East African Community which disintegrated in the 1970s and was revived a quarter of a century later in the late 1990s.[7] Malawi, formerly Nyasaland, was part of the colonial federation that included modern day Zimbabwe and Zambia. None of the countries have yet achieved sustained economic growth for a sufficient duration to lift them

from the low income and high poverty incidence that have characterised them for the past forty years; although among them Uganda has been making notable gains from a low base since the late 1980s.

In the current era, three of the four countries have a constitution allowing for multi-party democracy and elections every five years, with elected presidents only permitted two terms in office. Uganda is an exception, with political competition allowed within the broad-based Movement party that emerged from civil war in the 1980s, but not between separate parties.[8] However, in Uganda too, a constitutional amendment permits the president only two terms in office. In two cases, Kenya and Uganda, incumbent presidents had already been in power before the two terms rule was introduced, so that by the end of his period in office in December 2002, president Moi in Kenya had been in power for 24 years, while in Uganda the continuing presidency of Yoweri Museveni had lasted 17 years as of 2003.

The convergence in political systems across the region is of recent origin, dating from the mid-1990s. For most of the post-independence period, each country followed very much its own political trajectory and the ostensible philosophies pursued differed markedly between them. Under Nyerere, Tanzania was explicitly socialist in its approach to development, involving the relocation of the scattered rural population into nuclear villages, state ownership of enterprises across the sectors, and parastatal control of crop marketing. Under Kenyatta, then Moi, Kenya pursued an apparently private enterprise and market-oriented approach to development. Malawi, under 'President for Life' Dr Hastings Kamuzu Banda, differed yet again, with a bias towards land and wealth accumulation by a small minority, and reliance on labour migration to South Africa to provide remittance income to the low income rural customary sector. Until the late 1980s, Uganda had the most unstable post-independence political history, characterised by volatile electoral politics in some periods, the dictatorship of Idi Amin, and civil war.[9]

Past divergencies in political ideas tend to exaggerate true differences in the interplay of politics and economics in the four countries. In reality, quite a lot of important things were approached in much the same way everywhere, for example the marketing of strategic export and food crops was undertaken in all countries by monopoly marketing boards and parastatals. All countries have been beset by a central problem of political power and public office coming to represent leverage over private wealth, a problem exacerbated in the 1980s by steep declines in the real level of public sector salaries.[10] The side effects of the failure to maintain a separation between public office and private income generation are widely apparent: poor discharge of public functions, demotivation of lower level government employees, declining delivery of public services including utilities and infrastructure, and a difficult and unpredictable, even sometimes hostile, public sector disposition

towards those private sector enterprises not owned or part-owned by politicians and civil servants.

Some basic current economic and social comparisons between the four countries are summarised in Table 1. Their per capita income in the year 2000 ranged from US$190 (Malawi) to US$360 (Kenya). Kenya remains, as it always has been, the best-off country in this region, although the per capita income gap between Kenya and Uganda is narrowing fast due to zero growth in this indicator in Kenya compared with a sustained increase of nearly 4 per cent per year in Uganda. While three of the countries still obtain more than 40 per cent of their GDP from agriculture, in Kenya this proportion has fallen to 20 per cent due to the significance of services, tourism and industry in that economy.

All four countries still have relatively high rates of population growth, varying between 2.4 (Kenya) and 3.0 (Uganda) per cent during the 1990s, though this has come down from higher rates that prevailed in the 1970s and 1980s. The share of the population living in rural areas is estimated at around 85 per cent in Malawi and Uganda, and 67 per cent in Tanzania and Kenya.[11]

TABLE 1
BASIC ECONOMIC AND SOCIAL INDICATORS

Category	Units	Kenya	Uganda	Tanzania	Malawi
Economic data 2000					
GNI per capita	US$	360	310	280	170
Rank	rank	172	176	184	200
Growth rate 1988–2000	% p.a.	0.0	3.7	0.5	0.6
Agriculture GDP share	%	19.9	42.5	45.1	41.6
Population 2000					
Total Population	million	30.1	22.2	33.7	10.3
Growth rate 1990–2000	% p.a.	2.4	3.0	2.8	2.6
Rural	% total	66.6	85.8	67.7	85.3
Urban	% total	33.4	14.2	32.3	14.7
Social indicators 2000					
HDI index	index	0.513	0.444	0.440	0.400
Rank	rank	134	150	151	163
Life expectancy	years	47.0	42.1	44.4	38.8
Infant mortality	per '000	77.7	83.0	92.8	102.8
Adult literacy	%	82.4	67.1	75.1	60.1
Official aid flows 2000					
Total aid	US$m	512.3	819.4	1,044.6	445.3
Share of GDP	%	4.9	13.3	11.6	26.2
Aid per capita	US$	17.0	36.9	31.0	43.2

Sources: World Bank, World Development Report [*2002*]; World Bank, World Development Indicators [*2001*]; World Bank, African Development Indicators [*2002*]; UNDP, Human Development Report [*2002*].

The countries fall within a fairly narrow band with respect to human development indicators, being ranked between 134th (Kenya) and 163rd (Malawi) amongst countries for which the Human Development Index is compiled [*UNDP, 2002*]. Life expectancy at birth, ranging between 39 and 47 years, has been falling in the region due to the impact of the spread of HIV/AIDS and declining standards of public health in some countries. The high reliance of three out of the four countries on foreign aid is notable, net aid flows per capita ranging from US$31 for Tanzania to US$43 for Malawi, and corresponding to more than a quarter of GDP in Malawi.

Estimates of the prevalence of absolute poverty in the four countries come from household income and expenditure surveys that are national in scope, and aim to be representative of the country as a whole (Table 2). Malawi has by far the greatest proportion of its population living in poverty, with 65 per cent of the total population estimated to be in poverty, and a poverty incidence of 67 per cent in rural areas and 55 per cent in urban areas. Kenya, despite its highest per capita income level in this group of countries, has the next highest poverty proportions, estimated as 52 per cent overall, 53 per cent rural, and 49 per cent urban. Tanzania and Uganda display fairly similar poverty profiles according to recent evidence, both with 35 per cent of their total population designated as poor, 39 per cent poverty incidence in rural areas in both cases, and between 26 per cent (Tanzania) and 10 per cent (Uganda) poverty incidence in urban areas.

The differences between the comparative poverty profiles of each country and their comparative per capita GDP levels reflect, of course, income distribution considerations. Uganda and Tanzania have less unequal income distributions than Kenya or Malawi.[12] Poverty trends, where these are available, are also indicative of the success or failure of past policies and patterns of economic growth for reducing poverty. For Uganda, it has been estimated that overall poverty declined from 56 per cent in 1992 to 44 per cent in 1997 and 35 per cent in 2000 [*Appleton, 2001*]. This is quite an achievement. The estimated incidence of rural

TABLE 2
POVERTY ESTIMATES IN THE FOUR COUNTRIES

	Kenya	Uganda	Tanzania	Malawi
Year	1997	1999–2000	2000–01	1997–98
		poverty headcount %		
Total	52.3	35.2	35.7	65.3
Rural	52.9	39.1	38.7	66.5
Urban	49.2	10.3	17.6/25.8*	54.9

*The two poverty percentages given here refer to Dar es Salaam on its own, and all other urban areas, respectively. *Sources*: Appleton [*2001*]; Kenya [*2001*]; Malawi [*2000*]; Tanzania, [*2002*].

poverty fell by 20 percentage points, from 59 per cent to 39 per cent, in this eight-year period.

For Tanzania, small gains in reducing poverty between 1991/92 and 2000/01 are estimated, from 39 to 36 per cent of the total population and 41 to 39 per cent of the rural population [*Tanzania, 2002*]. For Kenya the incidence of poverty appears to have increased, between 1992 and 1997, from 46 to 52 per cent of the rural population, and 29 to 49 per cent of the urban population [*World Bank, 1995; Kenya, 2001*]. For Malawi, a lack of comparable data across time periods means that the direction of poverty trends cannot be verified. It seems likely, however, from indirect indicators, that poverty increased during the 1990s.

All four countries considered in this paper have Poverty Reduction Strategy Papers (PRSPs) or their equivalent. The Uganda PRSP is called the Poverty Eradication Action Plan (PEAP). In all countries the first moves towards an integrated approach to poverty occurred during the mid-1990s,[13] but it was the establishment of the PRSP framework as part of the Enhanced Highly Indebted Poor Countries initiative (HIPC), and as a replacement for structural adjustment lending by the IMF and World Bank that precipitated the preparation of interim and final PRSP documents.[14] The publication dates of first round PRSPs were March 2000 (Uganda), October 2000 (Tanzania), June 2001 (Kenya) and April 2002 (Malawi). Uganda and Tanzania reached the ‘completion point’ for enhanced HIPC debt relief in May 2000 and November 2001 respectively, while Malawi achieved ‘decision point’ in December 2000, and Kenya has yet to start the HIPC sequence.[15] A special feature of the Uganda approach is the so-called Plan for the Modernisation of Agriculture (PMA), which is closely integrated to the PEAP, and seeks amongst other things to implement radical change in the delivery of services to farmers [*Uganda, 2000a*].

PRSPs contain many strands and themes in common, and are similar, too, in that some elements of them are elaborated and costed in great detail, while others fall back on generic statements of intent. Their goals typically include sustainable growth, macroeconomic stability, good governance, human capital development, improving the quality of life of the poor, and increasing the ability of the poor to raise their own incomes, or, as stated in the Malawi PRSP ‘to create the conditions whereby the poor can reduce their own poverty’ [*Malawi, 2001: 9*]. This last objective is among the least well articulated in all PRSPs. While components such as school building targets, or safety net supports, are often quite precisely specified and costed, the changes in public roles and modes of conduct required in order to facilitate the poor to construct their own routes out of poverty are barely considered.

It is possible that the poverty reduction approach ushered in by PRSPs works best for big expenditures on services where targets are relatively

straightforward to specify, the costs of what is intended can be estimated fairly accurately, budgets can be tracked, compliance with accounting procedures can be monitored, and outcomes accurately measured. Education, health and roads comply in varying degrees with these aspects, exemplified by the universal primary education target of the millennium development goals. The elusive 'enabling environment' that is required in order to facilitate pro-poor growth and widen the asset and activity options of the poor is more difficult, as also is the delivery of 'soft' services such as appropriate advice on agricultural technologies to the rural poor. These do not require the same scale of donor funding as education or roads, but without progress happening in them, the outcomes for poverty reduction of the big expenditures may turn out to be a lot less impressive than is currently hoped. These are the policy considerations to which this paper returns after looking at the micro level of rural livelihoods and poverty in the four countries.

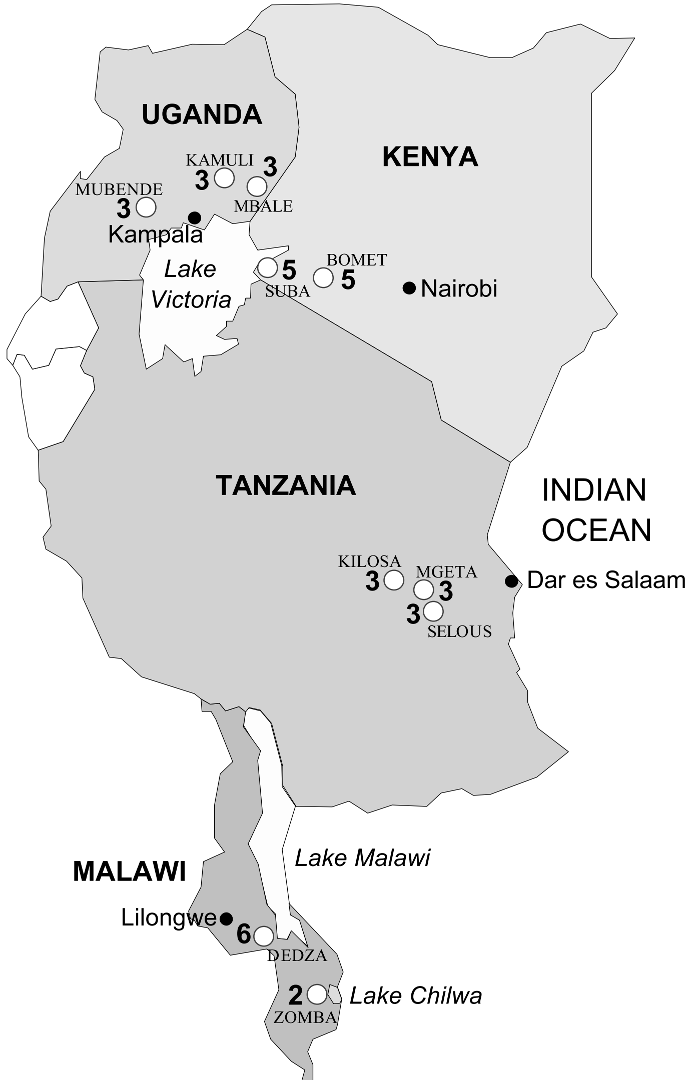
III. RESEARCH METHODS AND LOCATIONS[16]

Research on rural livelihoods must make difficult choices, because the encompassing character of the livelihoods concept means that almost any aspect of the way people go about gaining a living is potentially legitimate to investigate. In the event, it was decided to adopt a division of labour between qualitative, mainly group, investigatory methods and quantitative household surveys such that the qualitative component addressed the policy and institutional context of livelihoods and changing livelihood circumstances at community level, while the quantitative component addressed assets, activities, incomes, and vulnerability factors at household level. This mixture of qualitative and quantitative data collection has been gaining credence in the literature on development research methods [*Booth et al., 1998; Kanbur, 2001; White, 2002*].

Selection of districts and villages in each country was made on the basis of the twin criteria of, first, representativeness of rural livelihood patterns in a broad sense, and, second, ability to capture the effect of livelihood 'gradients' of various kinds. The key livelihood gradients that determined village selection were intensive vs extensive farming, small vs large farm size, variations in rainfall and other agro-ecological conditions, variations in extent of livestock keeping, proximity or remoteness from public infrastructure and services, and variations in access to non-farm activities. In addition, in each country one or more community natural resource management issue was used as a guide to village selection, for example, fisheries, forestry or farmer-managed irrigation.

The location of districts and villages studied in the research is shown in Figure 1. Overall, 1,345 households in 37 villages in nine districts across the

FIGURE 1
FIELD RESEARCH LOCATIONS 2001–2002
(showing district names and number of villages)



four countries were researched. Within each village, a PRA wealth-ranking exercise was conducted, resulting 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, ten 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. In some instances, this procedure was altered in order to create sub-samples comprising particular categories of village household, for example boat owners, crew members or migrant fishermen in fishing villages.

The effect of the wealth ranking, aside from the perceptions about poverty and wealth gained from the exercise itself, was to ensure that the household sample drawn per village represented the full range of livelihood circumstances to be found in villages, rather than being accidentally clustered around the mode of the range. It is important to note that the procedure described was not designed to make inferences about the larger populations from which the samples were drawn, whether at village, district 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 experiences of a substantial proportion of rural individuals and households in each country. Statistical analysis undertaken on the resulting dataset refers only to sample characteristics, and gains its interest from within-sample comparisons of livelihood indicators across different socio-economic groups, not from a claim to represent national patterns.

IV. THE ASSET STATUS OF RURAL LIVELIHOODS IN THE FOUR COUNTRIES

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, 2000a; IFAD, 2001*]. 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.[17] 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 the ability of people to climb out of poverty on their own initiative is severely curtailed.

Wealth-ranking exercises conducted in the 37 research villages described here revealed many patterns in common across countries in the attributes that

are considered by villagers themselves to define relative poverty and wealth. Households that are considered 'well-off' are typically defined by owning more than 2–3 ha land, more than five goats, more than two cattle (for pastoralist peoples, a lot more), a house with brick walls and a corrugated iron roof. Further, they are food secure all year round, hire labour seasonally, are educated up to primary level or higher, and engage in diverse non-farm activities (trading, milling, shop keeping, brick making, lodgings, bars) in addition to farming.

A middle category of households are defined by owning less of most or all these assets. Towards the lower wealth end of this category, households tend to be net sellers rather than buyers of labour, they are seasonally food insecure in most years, and they engage in few or no non-farm activities. Households regarded as poor tend to have less than 0.5 ha land or do not own land at all, do not own cattle or goats, have houses in poor repair constructed of mud and thatch, are food insecure for much of the year, and depend on selling labour or on safety net supports for survival. Social groups that are typically assigned to the poor category in wealth-ranking exercises are the elderly whose families live away from the village, divorced or widowed women, those with chronic health problems, the disabled, and those not possessing land.

The poor as thus defined by qualitative methods are a sub-set of the poor as would be defined by the consumption criterion used by economists to measure poverty. For villagers, poverty is defined mainly by reference to attributes of social exclusion (hence, elderly, divorced, widowed, disabled), while for the economist it is defined by failure to reach a minimum acceptable consumption level of food and basic needs.[18] In the circumstances that prevail in rural Malawi, for example, a substantially larger proportion of rural households would be defined as poor according to the economic measure than by reference to the qualitative perceptions articulated during wealth ranking in villages.

Distinctions of rural assets status are explored further here by reference to household level data collected in nine districts across the four countries. Taking land as an asset first, Table 3 shows how mean land ownership changes across different household income levels, divided into quartiles from the lowest income 25 per cent up to the highest income 25 per cent of sample households. The typical pattern, as expected, is for a steady rise in mean land owned across the income quartiles, that is, more land is associated with greater income; however, in the Malawi sample this effect does not kick in until the highest income quartile.

A reason for this finding is discovered by comparing the proportion of sample households that own land of varying amounts, across the country samples (Table 4). In both the Uganda and Tanzania samples, most of those with low income had little or no land. In the Malawi and Kenya samples, by

TABLE 3
MEAN LAND OWNERSHIP BY INCOME QUARTILE, BY COUNTRY

	Income Quartile				Total
Sample	I	II	III	IV	*n = 1295*
Land owned (ha)					
Uganda (*n = 315*)	0.59	1.05	1.96	2.15	1.43
Tanzania (*n = 350*)	0.94	1.39	1.70	2.13	1.54
Malawi (*n = 280*)	1.34	1.32	1.22	1.69	1.39
Kenya (*n = 350*)	1.43	1.81	2.02	2.16	1.86

Source: sample surveys carried out in 37 villages, 2001–02.

TABLE 4
LAND OWNERSHIP DISTRIBUTION ACROSS SAMPLE HOUSEHOLDS

Proportion of Sample HHs Owning	Uganda *n* = 315 %	Tanzania *n* = 350 %	Malawi *n* = 280 %	Kenya *n* = 350 %
No land	23.2	22.3	2.1	1.1
Less than 0.5 ha.	41.3	33.4	11.0	19.4
Less than 2 ha.	76.9	74.0	79.9	67.7
Between 2 & 5 ha	17.7	19.4	19.4	26.9
More than 5 ha	5.4	6.6	0.7	5.4
Total:	100.0	100.0	100.0	100.0

Source: sample surveys carried out in 37 villages, 2001–02.

contrast, almost everyone was found to own some land, and therefore variations in income levels within the lower income groups are more strongly to do with factors other than area of land owned. A notable feature shown in Table 4 is that in all countries except Kenya, about three-quarters of sample households owned less than 2 ha of land.

Similar findings occur with respect to livestock holdings across different income levels, as shown in Tables 5 and 6. For this purpose, all livestock possessed by households was aggregated into the single measure of cattle equivalent units (CEUs). In this instance there are only minor inter-country departures from the general trend that livestock ownership increases steadily across the income ranges (Table 5). The trend is steepest for Tanzania and Uganda, and is less marked, although for differing reasons, in the Malawi and Kenya samples. Again, information on extent of ownership of different types of livestock can help to explain variations in these findings (Table 6). In the Tanzania and Malawi samples most households possess neither cattle nor goats, Uganda lies in an intermediate position, and ownership of these livestock types is most widespread in the Kenya sample.

TABLE 5
MEAN LIVESTOCK OWNERSHIP BY INCOME QUARTILE, BY COUNTRY

	Income quartile				Total
Sample	I	II	III	IV	*n* = 1295
*Livestock CEUs**					
Uganda (*n = 315*)	0.77	1.92	2.01	3.15	1.96
Tanzania (*n = 350*)	0.28	0.94	0.48	1.92	0.89
Malawi (*n = 280*)	0.28	0.24	0.54	0.93	0.50
Kenya (*n = 350*)	2.85	4.31	5.16	5.95	4.57

Source: sample surveys carried out in 37 villages, 2001–02.*Cattle Equivalent Units (CEUs) add up household livestock holdings by counting each head of cattle as 1 and other livestock according to their market price level compared to cattle; for example, if goats are worth 1/6th the value of cattle, then a goat would count as 0.17 CEU.

TABLE 6
PROPORTIONS OF SAMPLE HOUSEHOLDS LACKING LIVESTOCK ASSETS

Proportion of sample HHs owning	Uganda *n* = 315 %	Tanzania *n* = 350 %	Malawi *n* = 280 %	Kenya *n* = 350 %
No cattle	71.1	94.8	93.2	28.3
No goats	55.6	84.6	74.3	52.6
No chickens	35.2	47.4	39.3	19.7

Source: sample surveys carried out in 37 villages, 2001–02.

In addition to land and livestock, the key assets of rural families in the case-study countries are their own labour (active adults in the household), their educational attainment (measured here by years of education accomplished), and their ownership of productive implements and tools (measured as the aggregate value owned). The mean levels of all five of these assets as found in the country samples are shown in Table 7.

Figure 2 takes just one of these cases, the Uganda sample, and displays the comparative level of holdings of the five assets, or asset categories, for the whole sample divided into per capita income terciles, in the form of a radial graph. The interesting features revealed by this graph are, first, that the top and middle income thirds of households do not differ hugely in their average possession of the five key assets; and second, that the lowest third of households are shown to be deficit particularly with respect to land, livestock and ‘tools of the trade’ and much less so with respect to human capital, that is, the number of working adults and their average level of education.

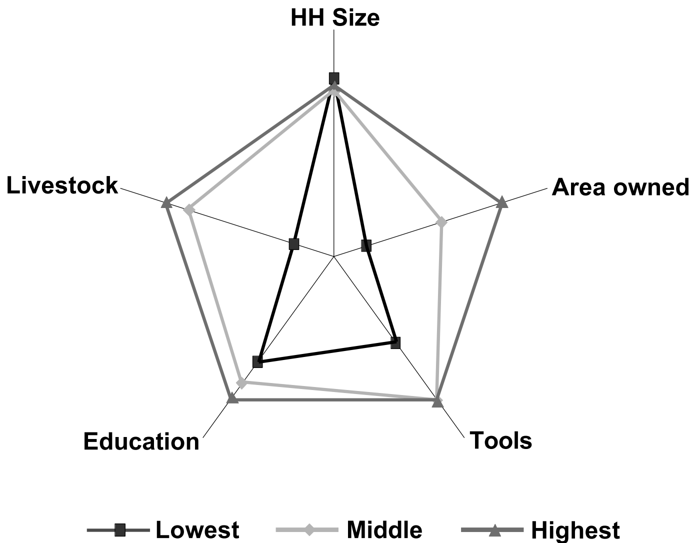
This basic pattern recurs across countries, although with minor variations between them [*Ellis and Mdoe, 2003; Ellis, Kutengule and Nyasulu, 2003*].

TABLE 7
MEAN LEVEL OF SELECTED ASSETS IN COUNTRY SAMPLES

Asset variable	Units	Uganda $n = 315$	Tanzania $n = 350$	Malawi $n = 280$	Kenya $n = 350$
HH Size	EAAs				
Land	ha	1.43	1.47	1.39	1.86
Tools	value	10.31	12.72	4.12	6.75
Education	years	9.62	9.60	8.13	14.59
Livestock	CEUs	1.96	0.89	0.50	4.57

Source: sample surveys carried out in 37 villages, 2001–02.

FIGURE 2
SELECTED ASSETS BY INCOME TERCILE, UGANDA SAMPLE



Source: sample survey carried out in nine villages, January to March 2001.

The lower one third of the income distribution is invariably both livestock and land poor compared to all other households, but the position with respect to other assets is narrower and less clearcut. At the same time, the level of livestock holdings in all cases sharply distinguishes the top income one third of households from other households. It is interesting that education levels reached by household members do not display these marked differences between income groups, despite education being identified in a number of

studies as a critical variable explaining rural income differences [*World Bank, 2000a*]. It is also worth noting that in lakeside villages where fishing is combined with farming, the ownership level of fishing assets was found to be an additional factor clearly distinguishing the top income one third of households [*Allison and Mvula, 2002; Ellis and Bahiigwa, 2003*].

The multiple roles of livestock in contributing to successful livelihood strategies emerge clearly from the country studies. High livestock ownership not only denotes high wealth associated with livestock as a store of value, but also implies high income, always placing livestock owners in the upper per capita income ranges. Notably, however, it is not livestock itself that is the major contributor to these higher incomes. As is shown later in this analysis, the income composition of the top income quartile is dominated by non-farm self-employment income in all countries. This illustrates the interlocking nature of relative livelihood success in rural areas. Livestock is a substitutable asset that can be sold in order to invest in land or small businesses, and *vice versa*, non-farm income can be used to build up herds; the ordering of these sequences depends on the personal and market opportunities that prevail in different time periods.

V. RURAL ACTIVITIES AND INCOMES IN THE FOUR COUNTRIES

Starting with farming and livestock activities, data for agricultural land use by sample households across the nine case-study villages emphasises the dominant position of maize within farming systems in the region. The mean proportion of maize in total land use was 44 per cent, while in Malawi this rose to 70 per cent. Only in Uganda, where cooking bananas (*matooke*) are the staple food crop in the case-study districts, does maize fall in significance, although, even there, maize and maize mixtures remained the largest single land use category. Rice is also a popular crop in those places with sufficient water for its cultivation, corresponding to 12 and 14 per cent of sample land use in Tanzania and Malawi respectively.

Qualitative research revealed significant changes in patterns of crop production during the ten years preceding the research, in many study locations. A repeated finding was the decline of traditional cash crops like coffee and cotton and the rise of new ones. For example, in the Tanzania study sites, cotton, coffee, sunflower, and castor disappeared during the 1990s from villages that formerly grew them as significant cash crops. This was attributed by villagers to the disintegration or dissolution of the cooperatives and parastatals that formerly supported those crops. As sources of cash income they had been replaced by rice, playing a dual role as food and cash crop, and also by sesame seed, tomatoes and vegetables.[19]

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 country on the output share of principal crops consumed by the household rather than sold in the market. The continued reliance within livelihood strategies on subsistence consumption for household food security is revealed. In Uganda, 73 per cent of the food staple, *matooke*, is retained for home consumption. In Kenya, Tanzania and Malawi the share of the maize harvest consumed by the household was 90, 78 and 97 per cent respectively. As will be discussed in due course, one reason for this is a trading environment where market risk is artificially increased by multiple taxation and rent-seeking by public agencies and officials.

The role of subsistence in rural livelihoods is further examined by reference to the overall share of own consumption by value in household income across different income levels.[20] The relevant data are shown in Table 9. In general, reliance on subsistence falls steadily across the income quartiles, the rate of this decline varying across the country samples. Thus in Uganda, the decline is from 33 per cent to 23 per cent between the bottom and top income quartile; while in Kenya it is from 47 per cent to 9 per cent. Differences in the pattern of these shares between villages within each study location suggest that relative remoteness from markets and services tends to be associated with continued high reliance on self-provisioning, even at

TABLE 8
OUTPUT SHARE CONSUMED BY HOUSEHOLDS, SELECTED CROPS AND LIVESTOCK

Subsistence Share %	Kenya *n = 350*	Uganda *n = 315*	Tanzania *n = 350*	Malawi *n = 280*
Crops				
Bananas	–	73.2	–	–
Maize	90.0	57.9	77.8	96.8
Rice	–	–	60.5	48.2
Millet	95.1	82.4	–	–
Sorghum	89.1	–	60.1	–
Beans	81.8	65.7	59.2	79.2
Groundnuts	–	68.1	–	88.0
Cassava	–	87.4	59.5	–
Sweet Potatoes	–	95.5	–	89.9
Irish Potatoes	–	59.1	–	57.4
Livestock				
Milk	75.3	50.6	- -	- -
Chickens	65.6	62.9	53.2	75.3
Goats	17.5	27.2	11.9	44.4

Source: sample surveys carried out in 37 villages, 2001–02.

higher income levels overall. In particular, proximity to an urban area such as a district capital both lowers this subsistence share in general, and results in its steep decline towards the upper end of the income distribution. Richer rural folk own businesses in nearby towns.

The composition of household total incomes provides relevant insights into the way that asset differences result in different patterns of income earning across income levels. Overall, in the research, it was found that household total income divided almost equally between farm activities (crop and livestock production) and non-farm activities (wages, self-employment and remittances). The Tanzania sample, used here as an illustration (Table 10), fits this division exactly. The basic pattern reproduced in all country samples is for farming to decline in importance as incomes rise while non-farm activity rises. However, within these aggregate categories important

TABLE 9
SHARE OF SUBSISTENCE CONSUMPTION IN TOTAL INCOME, BY INCOME QUARTILE

	Income quartile				
Country	I	II	III	IV	Total
Uganda (*n* = *315*)	33.4	32.6	29.4	23.2	25.9
Tanzania (*n* = *350*)	39.1	28.7	22.1	14.0	18.5
Malawi (*n* = *280*)	44.4	47.5	30.3	18.4	25.3
Kenya (*n* = *350*)	47.0	31.3	19.2	8.8	15.1

Source: sample surveys carried out in 37 villages, 2001–02.

TABLE 10
INCOME PORTFOLIOS BY INCOME QUARTILE, TANZANIA SAMPLE

Composition of household incomes %					
	Income quartile				
Income sources	I *n* = *87*	II *n* = *88*	III *n* = *88*	IV *n* = *81*	Total *n* = *344*
Maize	27.1	21.5	15.1	7.9	12.4
Rice	12.3	14.2	10.3	8.8	10.0
Other crops	23.3	19.9	23.8	11.8	16.3
Livestock	5.0	7.7	6.5	14.1	11.0
Sub-total agric	67.7	63.3	55.7	42.6	49.7
Wages	14.6	8.9	9.3	11.0	10.5
Non-farm	11.5	23.7	29.3	44.0	36.1
Transfers	6.3	4.2	5.7	2.5	3.7
Total	100.0	100.0	100.0	100.0	100.0

Source: sample survey conducted in ten sub-villages, May–August 2001.

subsidiary patterns are revealed. In the Tanzania case, crop income falls across the quartiles, but livestock income rises sharply for the top income quartile. In the non-farm category both wages and transfers fall as income rises; while non-farm self-employment rises dramatically, from 11 per cent to 44 per cent of total income between the bottom and top income quartile.

Becoming less reliant on agriculture is part of the process of climbing out of poverty in Tanzania, as well as elsewhere, but this is not the end of the story. A further notable feature is that land productivity also increases steeply with rising income, as shown for all countries in Table 11. This is measured by mean net agricultural output per hectare in each income class, converted in Table 11 to US$ at the exchange rates prevailing at the time the research was conducted.[21] This finding reinforces the cumulative nature of becoming better off in rural areas of the case-study countries, a process that has been identified by many other researchers.[22] The direction of causality is that non-farm income enables the household to hire labour to undertake timely cultivation practices, and helps to fund the purchase of farm cash inputs; conversely, hiring out labour by poor households causes their own farm productivity to stagnate or fall. Livestock ownership plays a reinforcing role in virtuous spirals of accumulation, just as its absence contributes to the inability of poorer households to climb onto the first rung of the 'ladder' leading out of poverty.

VI. INSTITUTIONS AND RURAL POVERTY REDUCTION

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. Institutions as so defined change much more slowly than the structures in which they are contained [*North, 1990*]. The creation of structures ushering in democratic decentralisation does not in practice quickly change habitual relationships between public officials and rural citizens [*Crook and Manor, 1998*].

TABLE 11
NET AGRICULTURAL OUTPUT PER HA, BY INCOME QUARTILE (US$/HA)

	Income quartile				Ratio
Country	I	II	III	IV	IV:I
Uganda	131	215	295	487	3.7
Tanzania	81	108	156	381	4.7
Malawi	18	44	84	109	6.0
Kenya	135	266	358	430	3.2

Source: sample surveys carried out in 37 villages, 2001–02.

Qualitative research conducted in 37 villages provided a number of useful insights into the institutional context within which individuals and households attempt to construct viable livelihood strategies. Some key points that emerged are as follows:

(a) The past decade has seen a multiplication of community-based organisations (CBOs) in rural communities, some instigated by NGOs, others responding to new pressures that reciprocal help between community members can help to alleviate. The most prevalent groups are burial groups (present nowadays in most villages), women's groups, and credit groups created for particular purposes. Many of these groups take the form of rotating savings and credit associations (ROSCAs) whereby members pay in an agreed regular contribution and take it in turns to utilise the collected fund of the group.

(b) Villages across the case-study countries generally seem to have beneficial experiences with direct assistance that they receive from NGOs; indeed often major differences have been made in people's lives by provision of piped water, wells, latrines, agricultural extension advice, input supplies, food-for-work schemes, microcredit schemes, and formation of village groups with specified development objectives. International NGOs such as Oxfam, CARE, ActionAid, and Concern Universal are most frequently encountered as providing support of these kinds, although more specialist NGOs that focus on one thing like upgrading dairy cattle also feature. As always with NGOs, issues of haphazard coverage, failure to scale up, and sustainability of what is accomplished after project completion are weaknesses [*ODI, 1996*]. Nevertheless, it is plain that more useful things are accomplished and left behind to the future benefit of village citizens by NGOs, than by governments. In some instances, for example agricultural advice, the collapse of government delivery over the past ten years means that it is often only NGOs that have provided this type of service to villages.

(c) Market liberalisation has had variable effects, and it is difficult at this stage to reach firm conclusions as to its net long run impact on rural livelihoods.[23] Farm sales prices are now unstable, whereas under crop boards and parastatals they were set and predictable; on the other hand, farmers often failed to get paid under the former arrangements, or fixed prices were lower than their market equivalents. Fertiliser prices seem to have risen in real terms everywhere resulting in less use of purchased farm inputs than in the past [*Kherallah et al., 2000*]. The effectiveness of private trading is variable; remote locations are often poorly served, and perceptions of weights-and-measures 'cheating' by traders are widespread. The introduction of user fees for health and education is

deeply resented, not so much due to the fees themselves, but to the low, and sometimes deteriorating, quality of service provided. On the other hand, in some instances, liberalisation has substantially improved the scope of individuals to construct diverse livelihood strategies involving non-farm activities [for Tanzania, see *Booth et al., 1993; Bagachwa, 1997*].

(d) Land rights and ownership are a significant institutional policy issue throughout the region [*Cross, 2003*]. While customary tenure still prevails in most locations, this is often giving way in a haphazard way to *de facto* private ownership. In some places, tenancy is a particular problem, especially regarding rights of tenants and security of tenure (for example, some parts of Uganda). New land legislation passed in several of the countries over the past five years tends to be timid, opening the door to private ownership just enough to benefit entrepreneurs intent on aggregating land for commercial purposes, while seeking at the same time to preserve state or customary ownership and the patterns of patronage associated with its allocation. The right of women to own land independently of men is not provided in recent legislation. A distinct set of policy questions are posed by land sub-division at inheritance which is resulting in the multiplication of sub-optimal farm sizes in high population density locations, so that only a proportion of the next generation in such places will have access to an amount of land that makes farming viable as the primary source of livelihood.

(e) Experiences and views of public services and officialdom tend to be mixed or negative across all countries and locations. A number of reasons are commonly cited for this. Public education and health services are seen to have deteriorated in quality despite charges being levied for access to them. Not a single one of the 37 research villages had been visited by a public agricultural extension officer in the previous ten years, according to group discussions. Rural citizens pay a wide variety of different taxes and levies in the course of trying to make a living (on which more below), but rarely experience any improvement in services that can be connected to those taxes. Elected public representatives such as MPs and ward councillors are often placed by villagers at the very bottom of their ranking of useful institutions.

The qualitative research suggests that the institutional environment facing rural citizens in the different countries rarely actively fosters the flourishing of diverse activities that are required in order to achieve rapid poverty reduction in rural areas. The norm tends to be in an opposing direction; with access to enterprise and opportunity being discouraged or blocked by formal

and informal gatekeepers including 'gratifications' to traditional leaders, onerous licensing requirements, multiple taxes on crops and livestock, official and unofficial roadblocks and so on. A small minority of individuals with the requisite personal networks and contacts in the local or national public sector are able to avoid or rise above the legal or informal restrictions with which most rural citizens must comply.

VII. RURAL TAXATION

Rural taxation is selected as a policy issue to consider further here because the tax raising powers granted to local councils under decentralisation potentially create conflicts with poverty reduction goals. The underlying premises are understood (i) that elected district councils need budgets to deliver local services, and (ii) that a proportion of these budgets should be locally raised so that a connection is made in the minds of taxpayers between council performance in the delivery of services and taxes paid.[24] On the other hand, tax collection methods and levels need also to consider the severity of their incidence on the rural poor, the disincentive effects that they may have on enterprise and exchange in the rural economy, and the effect that they have on the broader relations between government and governed [*Fjeldstad, 2001a; 2002*]

All four research countries possess rural taxation systems that pre-date current moves towards fiscal decentralisation, indeed many tax types can be traced back to rural revenue raising in colonial times. Prior to contemporary decentralisation processes, these taxes were mainly collected by local administrations on behalf of central government (for example, poll taxes), by district level branches of central departments (for example, fisheries taxes), or by parastatal authorities (for example, crop cesses, movement permits). As demonstrated for Tanzania by Fjeldstad [*2001b*] and Fjeldstad and Semboja [*2000*], even without full tax raising powers being granted to elected local governments, these taxes have tended to be multiple, complicated, pervasive, bear no relation to service delivery, create numerous rent seeking opportunities, and accentuate relations of mistrust and subordination between ordinary citizens and those who possess these revenue generating powers over them.

Rural taxation in Uganda is described briefly here as an illustration of the conflict that can arise between poverty reduction strategies, on the one hand, and local revenue generation, on the other. Uganda happens to have gone furthest amongst the case-study countries in implementing democratic decentralisation, and in granting taxation and licensing powers to district councils. However, the problems described here for Uganda are widely prevalent in the countries of the region irrespective of the stage they have

reached in implementing decentralisation.[25] The real question raised by the Uganda example is not whether one country has a better or worse current record with respect to the policy contradictions of local taxation, but whether decentralisation creates signals and pressures that are likely to diminish rather than exacerbate such contradictions in the future.

Rural Ugandans pay an immense array of taxes [*Ellis and Bahiigwa, 2003*]. There is a graduated personal tax (GPT) payable annually by all adult males which, since 2001, has been pegged at a flat rate of UShs 3,000 per person.[26] In addition there are business licence fees, sales taxes, markets taxes, transit taxes, taxes particular to livestock movement and taxes particular to fishing as an occupation. In one district visited in early 2003, the district revenue office set 136 separate flat rate market dues, 81 separate flat rate business licences, and, in theory at least, there were 22 different graduated tax bands.[27] These taxes are variable in their incidence on individual transactions, and directly and indirectly on rural incomes. They also tend to be regressive in character, the tax incidence being higher on small rather than large transaction types (Table 12), and on small rather than large enterprises.[28]

Various difficulties for rural poverty reduction arise from the tax regime observed in rural Uganda. These difficulties have been emphasised in a qualitative way in two successive rounds of the Uganda Participatory Poverty Assessment Process (known as UPPAP1 and UPPAP2) [*Muhumuza and Ehrhart, 2000; Uganda, 2002*]. A flat rate income or poll tax is observably regressive to ordinary taxpayers and to those lacking cash resources in particular, variable rate market taxes distort relative prices and reduce economic efficiency and growth, variable rate business licences distort enterprise start-up decisions and discourage investment, the pervasiveness of transaction taxes reinforces a subsistence orientation in

TABLE 12
SELECTED FLAT RATE MARKET DUES AS A PERCENTAGE OF FARM GATE PRICES; KAMULI DISTRICT, UGANDA, MARCH 2003

	Transaction type			
Commodity	Small (poor)		Large (better off)	
Crops	Millet (tin)	8%	Millet (bag)	2%
	Sweet potato (tin)	30%	Sweet Potato (bag)	10%
	Maize (tin)	5%	Maize (bag)	4%
	Bananas (bunch)	15%	Bananas (bunch)	15%
Livestock	Goat	4%	Cow	3.5%
Milk	5 litres	10%	10 litres	5%
Fish	1 Tilapia	50%	Bundle Tilapia	30%

Source: Kamuli District Revenue Office, March 2003.

rural production, and, overall, cash generation and monetisation in the rural economy is discouraged (Table 12).

The methods used for tax collection also raise issues for poverty policy in Uganda. Many Ugandan rural districts have adopted a private tendering system for the collection of different types of taxes. This could, potentially, be a successful idea, depending on how it is implemented, since private collection may result in lower costs and more effective revenue collection than utilising local government employees for the same purpose [*Kiser and Baker, 1994; Livingstone and Charlton, 2001*]. Taxation literature recognises, however, that overzealous collection can occur under privatised tax collection systems [*Stella, 1993*]. Under the tendering system, private individuals tender to the district council to collect taxes in specified market places, fish landing sites, or parishes. A reserve level of taxation receipts for those locations is first fixed by the council based on estimated levels of taxable transactions occurring at them. There is much potential for malfeasance in this system: collusion between members of the tender board and tax collectors, collection of unreceipted taxes, or differences between coupon and actual taxes paid. Two tax contracts followed up in detail during field research revealed a substantial gap between revenues collected and revenue delivered: in one example an estimated UShs 300,000 was collected compared to a delivery contract of UShs 30,000 per month [*James, Francis and Pereza, 2001*]; in another UShs 200,000 was collected compared to a delivery contract of UShs 40,000 per month.[29]

VIII. 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 Uganda, Kenya, Tanzania and Malawi and a micro level understanding of the circumstances and prospects of the rural poor. At the macro level, approaches to poverty reduction are set out in Poverty Reduction Strategy Papers or equivalent documents written between 1999 and 2001, and the question that needs to be posed is whether these documents formulate 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 livelihoods 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.

In this context, decentralisation interposes itself between rural livelihoods and PRSPs because it is decentralised institutions that become responsible for implementing PRSP goals at district level and below, and the same

institutions constitute the interface between the public realm and the citizen at local levels. Except in the case of economic variables that transmit themselves widely across national space (prices, interest rates, exchange rates), macro–micro links are filtered through the functions and behaviours of decentralised institutions. The critical consideration raised by this paper is the degree to which it is safe from a poverty reduction perspective to grant local councils wide ranging legislative, taxation and licensing powers independent of national poverty reduction priorities. The advocacy of such powers is based, certainly on the part of donors, on an idealised projection of democratic processes in communities enforcing good governance and effective service delivery by public agents at local levels. However, when these ideal conditions fail to materialise, decentralised government can become part of the problem of rural poverty, not part of the solution.

PRSPs are typically 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 budget support by donors and conditional grants to district councils allocated under strict governance and accounting procedures. Others are less susceptible or cannot be addressed at all by such an approach, and PRSPs are able to do little more than make hopeful statements of intent with respect to them.

A particularly unresolved policy arena is that surrounding the future delivery of agricultural and livestock services to farmers and herders [*Omamo, 2003*]. Uganda is making bold moves to break out of previous orthodoxies regarding the provision of these services, and the approaches that emerge there will be worth following closely.[30] A related challenge is making output markets work for the rural poor in a liberalised market environment. Institutional innovations such as contracting and out-grower schemes can work for commercial or high value crops but not for low value food crops grown by the majority of resource poor farmers [*Delgado, 1999*]. Innovative public–private partnerships based on collective action by farmers and effective rural collection points hold some promise for these types of farmers [*Freeman and Silim, 2002*].

The research described in this paper emphasises features of rural poverty that are commonplace throughout the region. These features include small and declining farm sizes, lack of livestock as a substitutable asset, prevalence even in normal years of food deficit from own production, low monetisation of the local economy, and consequently little cash in circulation to act as a stimulus to multiplying rural activities. In addition, in some locations, deteriorating civil security in villages adds to the difficulties of improving

household asset status. Moreover, individuals and households confront numerous institutional gatekeepers and blockages that paralyse all but the most energetic from taking additional risks or exploring new avenues for gaining a viable livelihood. These blockages reside primarily in the way district level licensing and taxation systems work, although they can also be associated with traditional authority systems at sub-district level, and with 'invisible' levies and tithes and permissions that are haphazard in their incidence, and variable in the discouragement they represent.

At the level of the family or household, securing better living standards is a cumulative process that requires an ability to build assets and diversify across farm and non-farm activities. 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 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 should be the centrepiece of rural poverty reduction thinking. It is, of course, possible to devise technical alternatives to inefficient, ineffective and inequitable local taxation regimes. Some alternatives worth considering are property (land and building) taxes rather than poll and commodity taxes; simplification, so that a multiplicity of poorly designed taxes are replaced by a few, transparent, ones; and more use of tax and licence thresholds so that poor individuals and small or start-up businesses are excluded from the tax net altogether.

However, as emphasised by Fjeldstad [*2001b*], resistance to reform arises from those individuals and groups who benefit from current regimes and who would be disadvantaged by the alternatives. Demonstrating the flaws in current practice is not enough. Reform requires building coalitions for change, starting at central government level, since the parameters of legitimate types and scales of local taxation are usually determined in central legislation (local government reform acts) before being interpreted within those parameters by local councils. It might be more appropriate for donors to contribute to building some political momentum for a change of thinking in this area than to continue naively, as currently, to 'capacity build' local councils to extract more tax. The appropriate place for doing this lies in the donor–government processes surrounding the evolution of PRSPs; it is after all here that the intention is so frequently articulated to create the

enabling conditions under which the rural poor can devise their own routes out of poverty.

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NOTES

1. The research programme is entitled LADDER, standing for Livelihoods and Diversification Directions Explored by Research, an acronym devised to evoke the notion of 'climbing out of poverty'. The programme is funded principally by the Policy Research Programme of the UK Department for International Development (DFID), with a contribution to work in Kenya made by the United Nations Development Program (UNDP). The findings and views expressed here are solely the responsibility of the authors and are not attributable to DFID or UNDP. This cross-country overview draws on and synthesises material published in individual country papers [*Ellis and Bahiigwa, 2003; Ellis and Mdoe, 2003; Ellis, Kutengule and Nyasulu; 2003; Freeman, Ellis and Allison, 2004*].
2. The sustainable livelihoods framework can be represented in a variety of ways, but typically comprises the interacting components of assets, activities, vulnerability context, institutional context, and outcomes [*Carney, 1998; Scoones, 1998; Ellis, 2000: Ch.1*].
3. The World Bank defines PRSPs as follows: 'Poverty Reduction Strategy Papers (PRSP) describe a country's macroeconomic, structural and social policies and programs to promote growth and reduce poverty, as well as associated external financing needs. PRSPs are prepared by governments through a participatory process involving civil society and development partners, including the World Bank and the International Monetary Fund'. This as well as other details of the PRSP approach can be found on the World Bank website at: http://www.worldbank.org/ poverty/strategies.
4. See Norton and Foster [*2000*] for a useful discussion of the links between livelihoods approaches and PRSPs.
5. The similarities in rural livelihood circumstances found across these four countries as detailed later in this paper is in itself an interesting finding of the research, given their disparate political and economic strategy histories post-independence.
6. The independence dates of the four countries were Tanzania [*1961*], Uganda [*1962*], Kenya [*1963*], Malawi [*1964*].
7. The original East African Community lasted from 1967 to 1977, but with decreasing effectiveness through that period. The Community was re-established by the heads of state of the three countries in November 1999.
8. A national referendum was held in Uganda in 2000 to determine whether to move to multi-party politics, and this option was rejected by the majority of voters.
9. These are brief generalisations, and there exists, of course, an enormous literature on the post-independence politics and economics of each of these four countries.
10. For perceptive accounts of politics and the state in post-colonial African countries see Sandbrook [*1986; 2000*]. See also Cross and Kutengule [*2001*]. The decline in real public sector salaries is detailed in Jamal and Weeks [*1993*].
11. The proportion of the population defined as rural is notoriously sensitive to the cut-off point at which larger settlements are treated as urban areas, so these inter-country differences may be somewhat artificial.
12. Available income distribution estimates are rather fragmentary, but Kenya had an estimated Gini coefficient of 0.445 in 1994 compared to Uganda (0.374 in 1996) and Tanzania (0.382 in 1993) [*World Bank, 2002c*]. In one World Bank source Malawi is cited as exhibiting a Gini coefficient of 0.620 [*World Bank, 1998*].
13. The first draft of Uganda's PEAP was published in 1997; Tanzania's National Poverty Eradication Strategy (NPES) in 1998 [*Tanzania, 1998*]; Malawi's Poverty Action Plan (PAP) in 1997.

14. A useful account of PRSP background and processes is provided in Warnock [*2002*]. For the PRSPs of the four countries see Tanzania [*2000*], Uganda [2001], Malawi [*2001*], Kenya [*2001*].
15. Debt relief under HIPC has a number of sequential stages, involving, *inter alia*, endorsement of the PRSP by the IMF and World Bank (decision point) and evidence of one year's successful implementation before the agreed amount of debt is cancelled (completion point). Kenya has so far engaged minimally in the HIPC process in part due to having a per capita income that places it just above the ceiling range of the priority HIPC countries, but possibly more relevantly due to policy lapses as viewed by donors [*see World Bank, 2000b*].
16. This section draws on similar descriptions contained in the separate country studies [*Ellis and Bahiigwa, 2003; Ellis and Mdoe, 2003; Ellis, Kutengule and Nyasulu, 2003; Freeman, Ellis and Allison, 2004*].
17. 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, 1988; Devereux, 1993*].
18. The economic definition of the poverty line is the level of per capita consumption that just permits the individual to satisfy basic nutritional requirements expressed in calories, given the measured share of food in the per capita expenditure of the poor [*see, for example, Lipton and Ravallion, 1995*].
19. The longer term impact of these changes on rural incomes depends on factors that fell outside the scope of this research. These include world price trends of the traditional export commodities replaced by new cash crops, exchange rates, and the character of private trading systems that replaced former parastatal marketing bodies.
20. For this purpose, subsistence consumption of crops and livestock products is valued at the average farm gate prices cited in the completed household survey forms.
21. Net agricultural output refers to gross output (quantities produced multiplied by farm gate sales prices) minus purchased inputs into the production process, where hired labour is treated as a purchased input, but family labour is not costed in the calculation. The exchange rates prevailing at the time of the research in each country were (local currency per US$): Uganda (1772.5 Ushs), Kenya (78.93 Kshs), Tanzania (890.18 Tshs), Malawi (68.12 Mk).
22. For example, World Bank [*2000a*], IFAD [*2001*] and Barrett *et al.*, [*2001*], publications that themselves draw on considerable bodies of poverty research. For similar findings on rising farm productivity across income levels see Evans and Ngau [*1991*].
23. Liberalisation is often debated as if it were a *fait accompli* and all that were now required is strengthening of private trading systems; however the reality is much more complex than this with rural areas of the four countries being littered with semi-moribund remnants of state organisations some of which have powerful effects in restricting the space within which private operators can manoeuvre [*Cooksey, 2003*].
24. The link between taxation and public service delivery has been argued to constitute a cornerstone of the relationship between government and governed in democratic societies [*Moore, 1998; Moore and Rakner, 2002*].
25. In addition to items by Fjeldstad, already cited in the text, see James, Mdoe and Mishili [*2002*] and Ellis and Mdoe [*2003*] for Tanzania; and Freeman, Ellis and Allison [*2004*] on Kenya.
26. The graduated personal tax was previously applied at a minimum rate of UShs 11,000 (the gradations above this that legislation makes provision for are seldom, if ever, applied); however, at the time of national elections in 2001, the tax was rebated by presidential decree to the flat rate UShs 3,000 level.
27. The district that this data refers to is Kamuli district and the effective tax rates were those prevailing in March 2003.
28. For example, in Kamuli district in 2003, the licence fee for a hawker was UShs 12,000, the same as a radio repairer, a tailor or a hairdresser; that for a shoemaker was UShs 20,000 as compared to UShs 100,000 for a petrol station.
29. The private tax tendering system, as other aspects of rural taxation in rural Uganda, is the subject of ongoing research at the time of writing in mid-2003.

30. The principles and design of the Uganda approach are set out in a government document produced in October 2000 [*Uganda, 2000b*].

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