

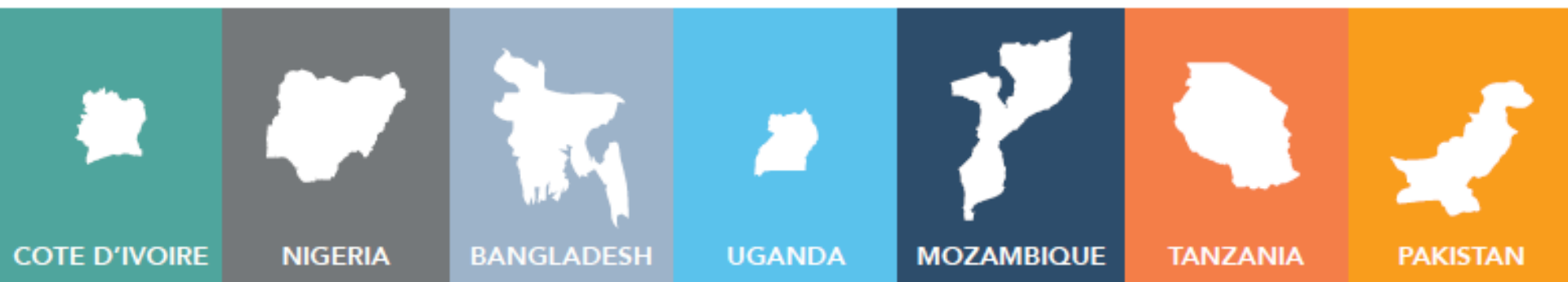
Insights on Smallholder Households from National Survey and Financial Diaries Data

SAFIN Workshop | 27 November 2017



Data sources

Six countries have data from
National Surveys of Smallholder Households

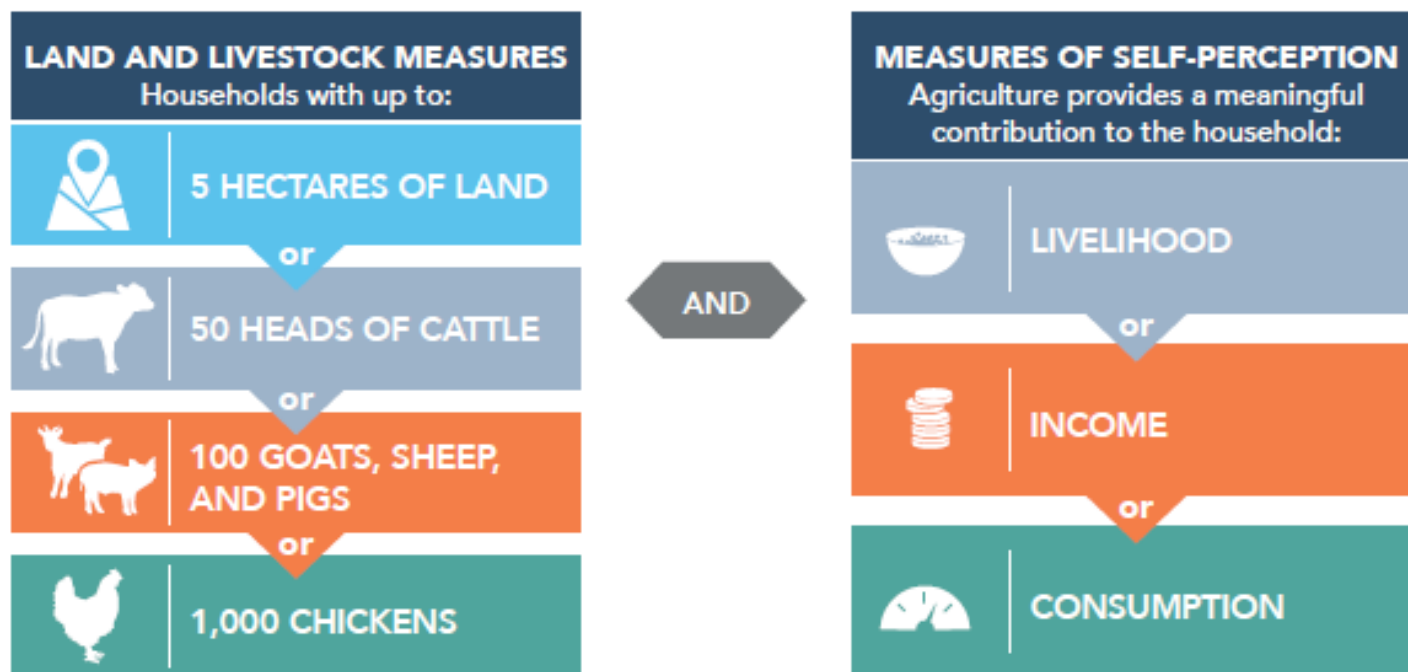


Mozambique, Tanzania, and Pakistan utilize
an additional data source: Financial Diaries

National Survey of Smallholder Households

Identification of relevant smallholder households to sample

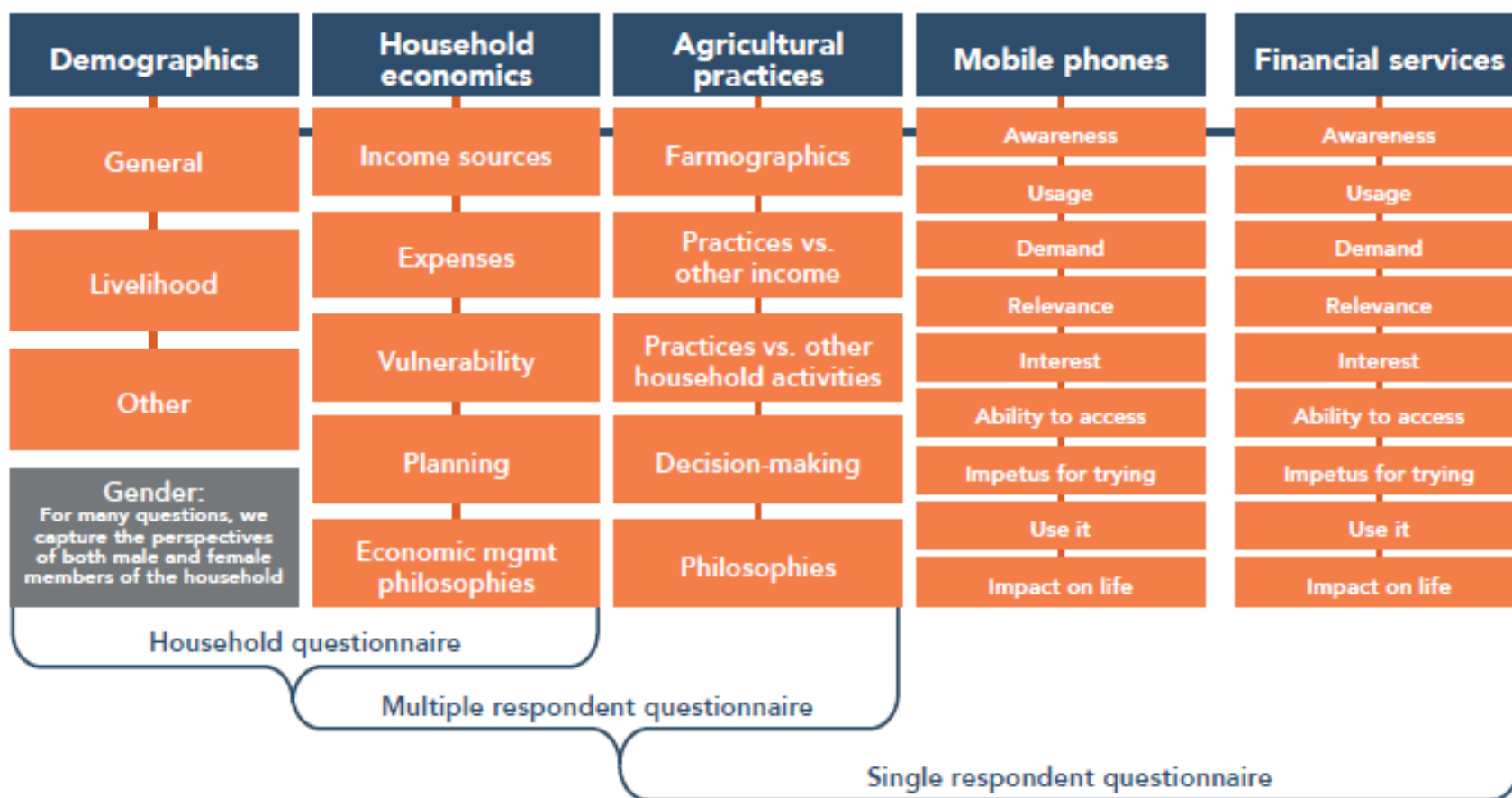
Listing criteria for the national surveys of smallholder households



CGAP conducted national surveys of smallholder households in Tanzania, Uganda, Mozambique, Côte d'Ivoire, Nigeria, and Bangladesh. Care was taken to use an approach in the listing exercise that would encompass the wide variety of smallholder families across all 6 countries.

National Survey of Smallholder Households

Three questionnaires to capture household information and perspectives



Financial diaries with smallholder families

Methodology

The Diaries methodology combines in-depth quantitative and qualitative research. Research teams met participating families about every two weeks to collect granular data on their cash flows in and out of the household, financial tools, assets, major life events, and attitudes toward agriculture and financial services.

Sample Design

The Financial Diaries, conducted between June 2014 and June 2015, captured the financial and in-kind transactions of about 270 total households in impoverished northern Mozambique, the fertile farmlands of western Tanzania, and the Punjab province, the breadbasket of Pakistan.

Financial diaries with smallholder families

Sample locations and key characteristics



Sample households:
93

Monthly p.c. net income:
\$5.50

Major crops and livestock:
Cassava, beans, peanuts,
poultry



Sample households:
86

Monthly p.c. net income:
\$10

Major crops and livestock:
Maize, potatoes, rice,
beans, poultry



Sample households:
94

Monthly p.c. net income:
\$25.99

Major crops and livestock:
Wheat, rice, cotton,
buffalo, goats

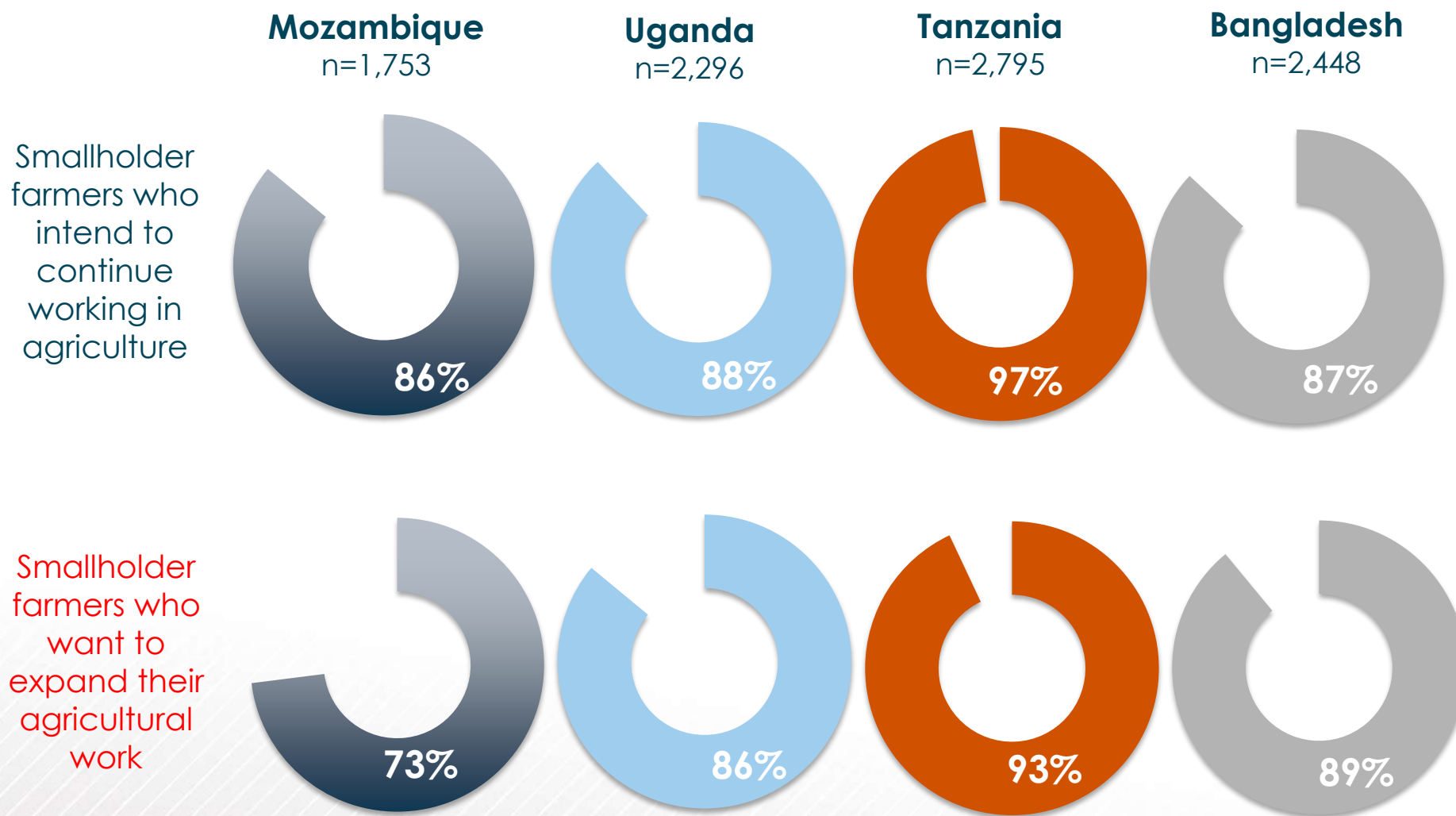
Agriculture and more

Smallholder households are engaged in agriculture and a lot more. They have a range of income-generating activities and priorities, both related to and apart from their agricultural production.

And their household activities are interconnected. Solutions focused on non-agricultural activities and priorities could ease pressure and facilitate agricultural activities.

Agriculture is central to smallholder identity and livelihoods

CGAP National Surveys of Smallholder Households



Very few sales on contract

CGAP National Surveys of Smallholder Households

Sample: Smallholder farmers who grow and sell crops

“Do you have a contract to sell any of your crops and livestock?”

YES answers

Mozambique

n=2,718



5%

Uganda

n=4,375



8%

Tanzania

n=3,803



3%

Cote d'Ivoire

n=4,948



10%

Nigeria

n=4,236



13%

Bangladesh

n=3,430



4%

Cash is king

CGAP National Surveys of Smallholder Households

Sample: Smallholder farmers who grow and sell crops
Multiple responses allowed

“How do you
usually get paid
for what you
sell?”

“Cash” answers

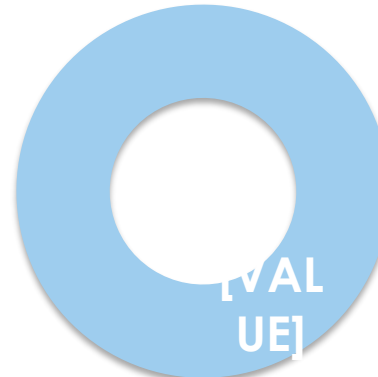
Mozambique

n=2,718



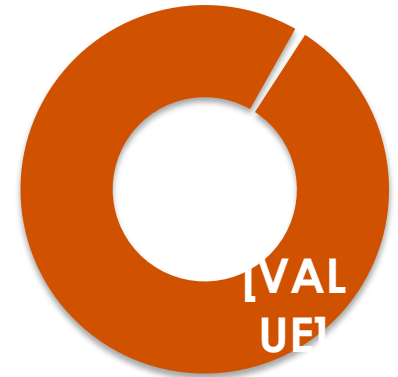
Uganda

n=4,375



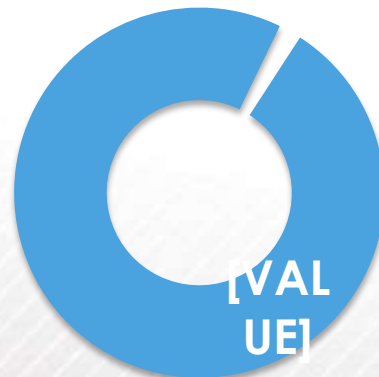
Tanzania

n=3,803



Cote d'Ivoire

n=4,948



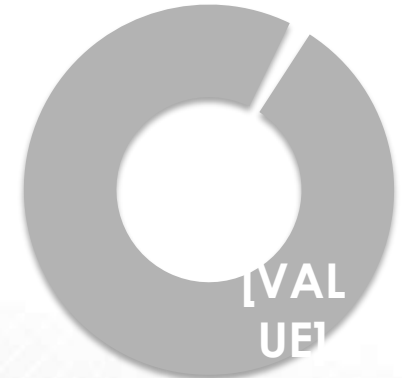
Nigeria

n=4,236



Bangladesh

n=3,430



Agriculture is perceived as the driver of household income

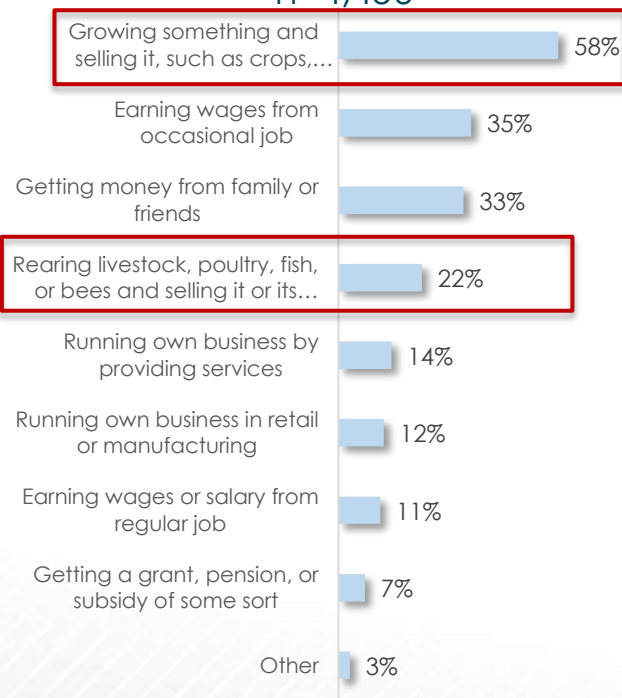
CGAP National Surveys of Smallholder Households

“Do you generate income from any of the following sources?”

Sample: Smallholder farmers, multiple responses allowed

Mozambique

n=4,456



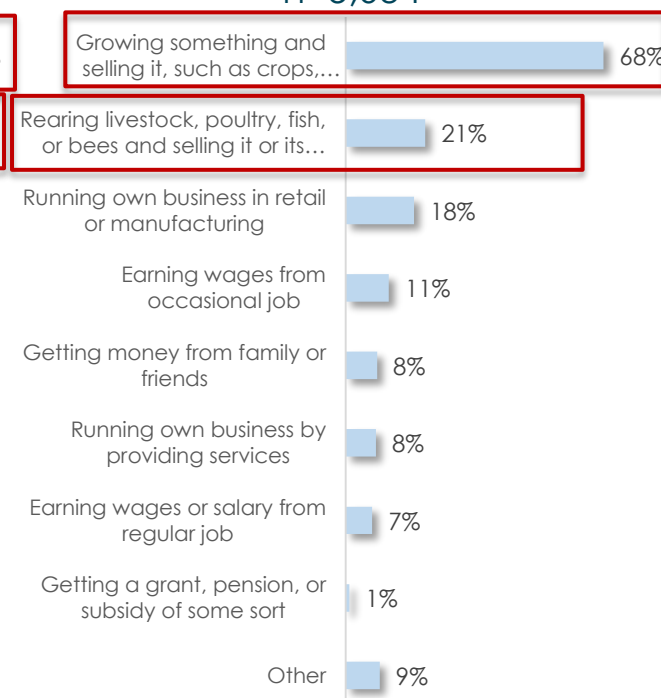
Uganda

n=5,517



Tanzania

n=5,034



“What is your primary job?”

Sample: Smallholder farmers

Agriculture: 80%

Agriculture: 79%

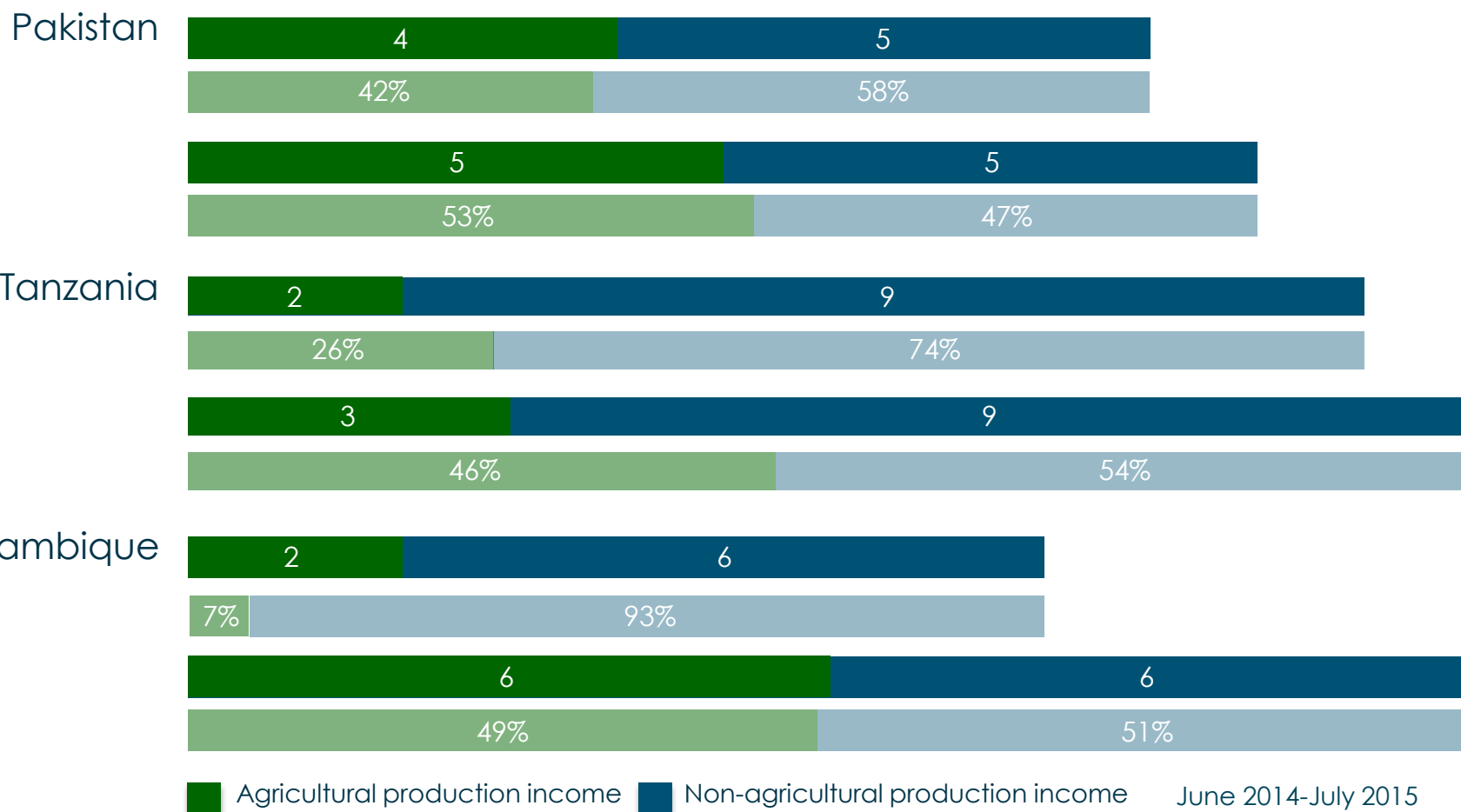
Agriculture: 81%

But agriculture may not generate most cash income

CGAP Financial Diaries with Smallholder Households

Household income from agricultural and non-agricultural sources:

- (1) Median number of household cash income sources
- (2) Median proportion of total household cash income
- (3) Median number of household income sources, with in-kind consumption
- (4) Median proportion of total household income, with in-kind consumption



Segment and tailor

Smallholder households are a large and heterogenous group. **Segment** this diverse population, **understand** its distinct profiles, and **tailor** solutions to each segment of interest.

No one segmentation can do everything.
Different objectives call for different views of this massive and diverse client group.

Segmentation of smallholder households

Christen and Anderson (2013)

SOURCE

- Desk review of data and literature

VARIABLES

- **Crops:** Staple crops and high-value cash crops
- **Markets:** None, spot market, high-value export markets

Noncommercial smallholders

- Landless, or up to 1 hectare
- Staple crops
- Production consumed by the household
- Little market engagement
- Very limited access to financial tools, informal if at all

Commercial smallholders in loose value chains

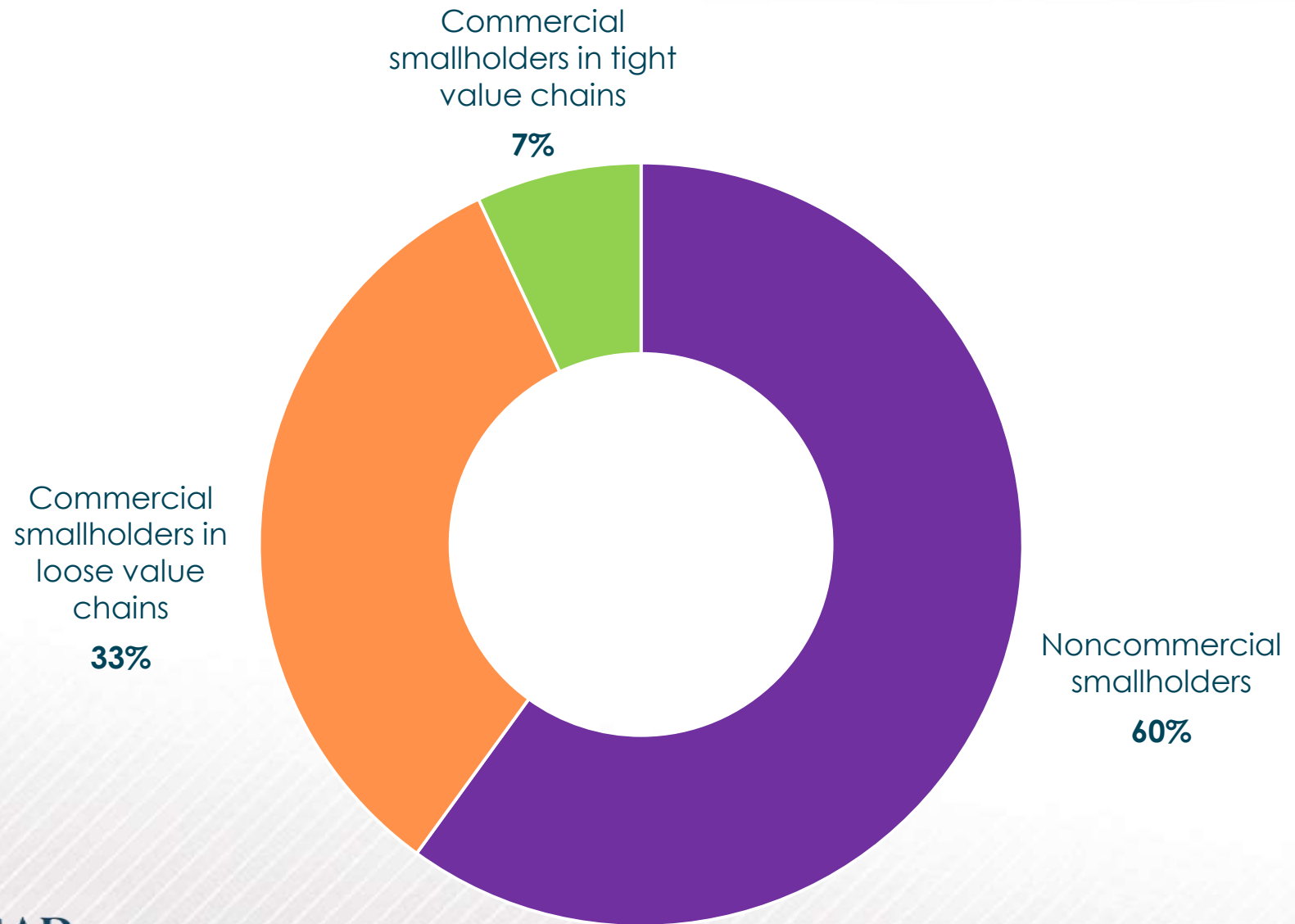
- 1-2 hectares
- Staple crops and some cash crops
- Some production consumed by the household
- Reliable surplus of staple crops sold informally
- Limited access to financial tools, largely informal

Commercial smallholders in tight value chains

- At least 2 hectares
- Reliable surplus of staple crops sold informally, some consumed by HH
- Cash crops sold through contract farming
- Access to formal and informal financial tools, some via buyers

Segmentation of smallholder households

Christen and Anderson (2013)



Six variables drive five segments to financial inclusion

CGAP National Surveys of Smallholder Households

SOURCE

- Nationally-representative smallholder household survey data

DEPENDENT VARIABLE

- Financial inclusion

VARIABLES

- Educational attainment** of head of household
- Socioeconomic status** above or below USD 2.50 day poverty line
- Access to emergency funds:** Equivalent of 5% of GNI per capita in local currency within a month
- Mobile phone ownership:** At least one phone in the household
- Attitude toward the future:** "The future will take care of itself"
- Unexpected event** (e.g. severe illness, accident) in last 12 months

Farming for sustenance

Lowest HH income, generating very little ag income

Very limited access to financial tools and very vulnerable to shocks

Battling the elements

Low HH income, more from ag and other sources

More financial tools, still very vulnerable to shocks

Diversified and pragmatic

Growing, selling, and earning more

More income streams and financial tools

More likely to leave ag if given the choice

Options for growth

Rely on ag income, most likely to have other stable income sources

Could pivot into or out of farming depending on opportunities

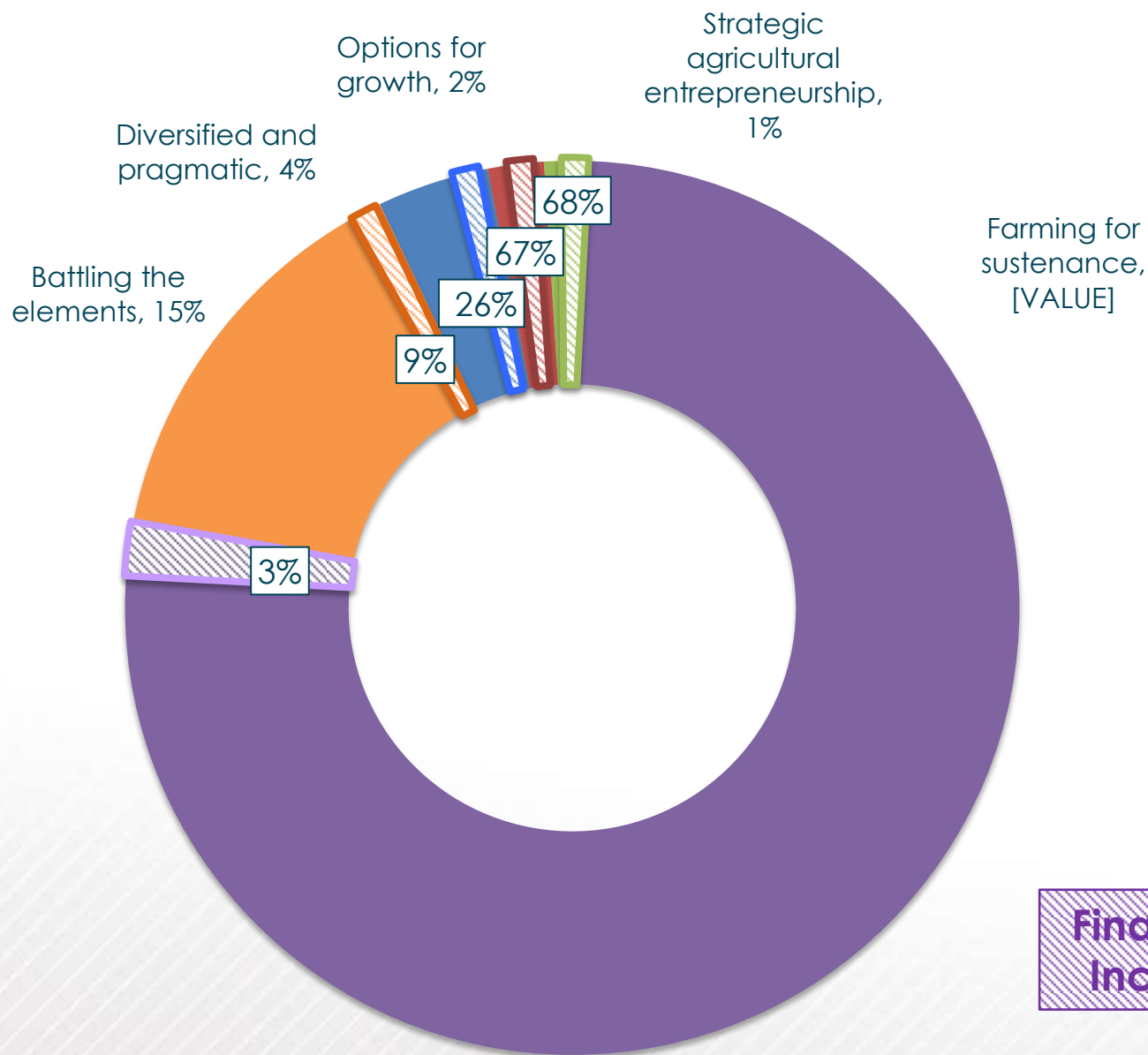
Strategic agricultural entrepreneurship

Successful in ag

Relatively highest income, most resilient, and most access to financial mechanisms

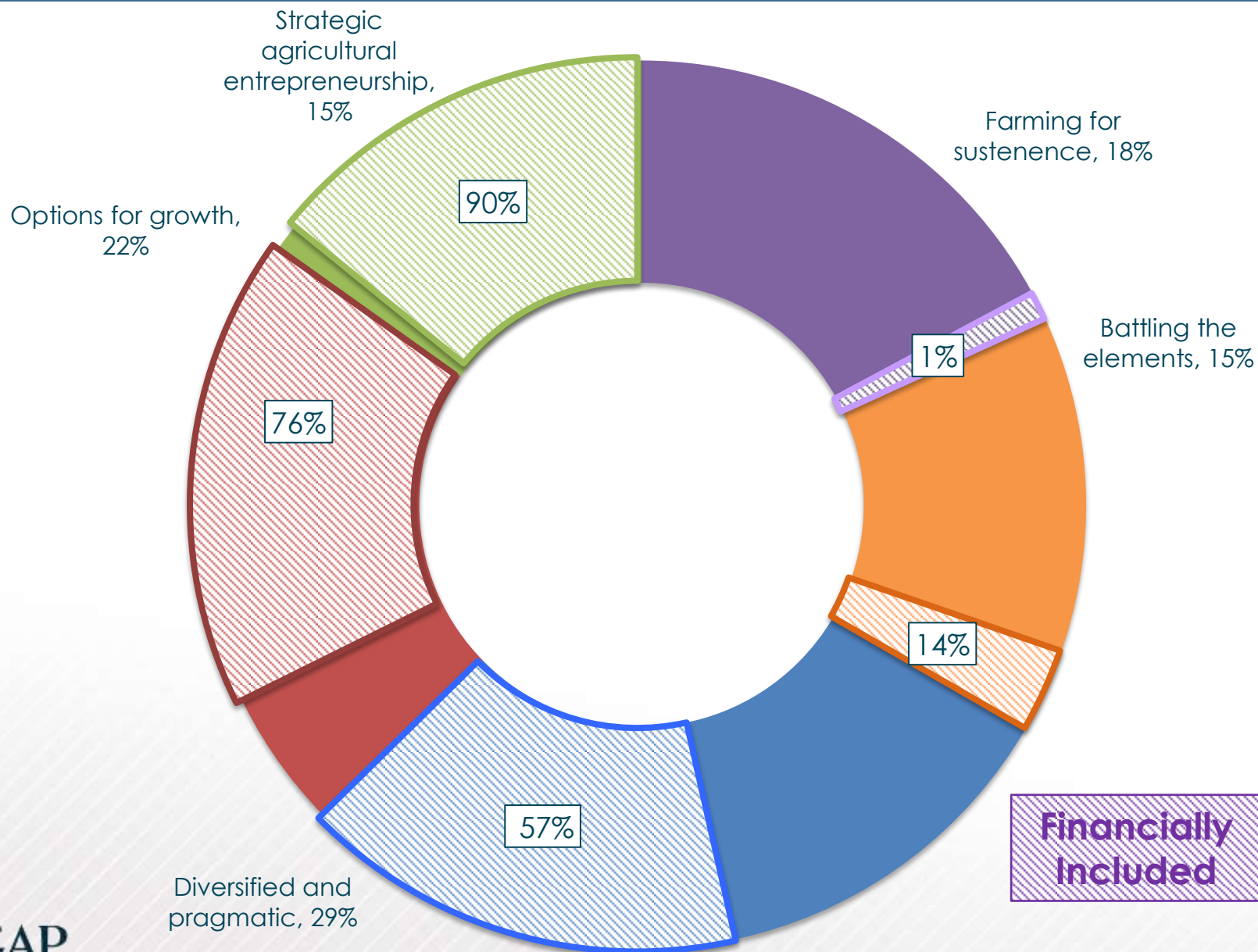
Five segments of smallholder households: **Mozambique**

CGAP National Surveys of Smallholder Households



Five segments of smallholder households: Tanzania

CGAP National Surveys of Smallholder Households



Six variables differentiate smallholder households

CGAP and Nathan Associates (2017)

SOURCE

- Nationally-representative smallholder household survey data

VARIABLES

- Farm size
- Sources of income
- Perception of farming as a business
- Markets for agricultural outputs
- Contract with sellers
- Types of on-farm labor

Commercializing smallholder households

- Rural
- Larger smallholdings
- **Higher income:** Mainly agricultural income
- Cash crops for sale
- **Often a formal contract:** Sales to wholesalers or processors

- Informal and formal financial tools

Small-scale households

- Rural
- Small to med-size smallholdings
- **Low income:** Ag and casual employment income
- Consumption, with some surplus for sale
- **No contracts:** Sales to public or through a co-op or middleman

- Some informal financial tools

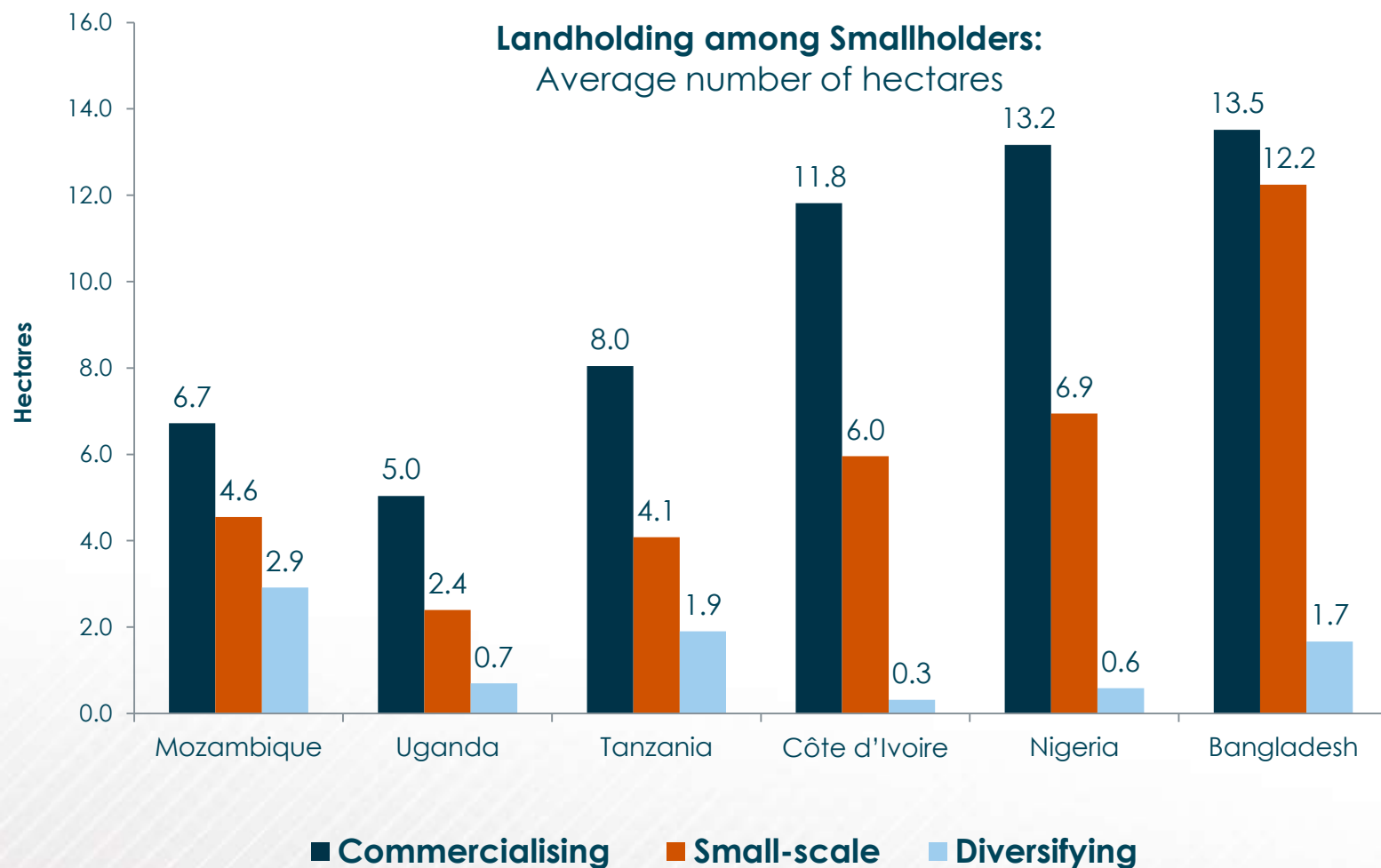
Diversifying smallholder households

- Urban, peri-urban, and rural
- Smallest smallholdings
- **Higher income:** Regular or casual employment, their own business, and some ag activities
- Consumption crops
- **No contracts:** Crops sometimes sold locally

- Mostly formal financial tools

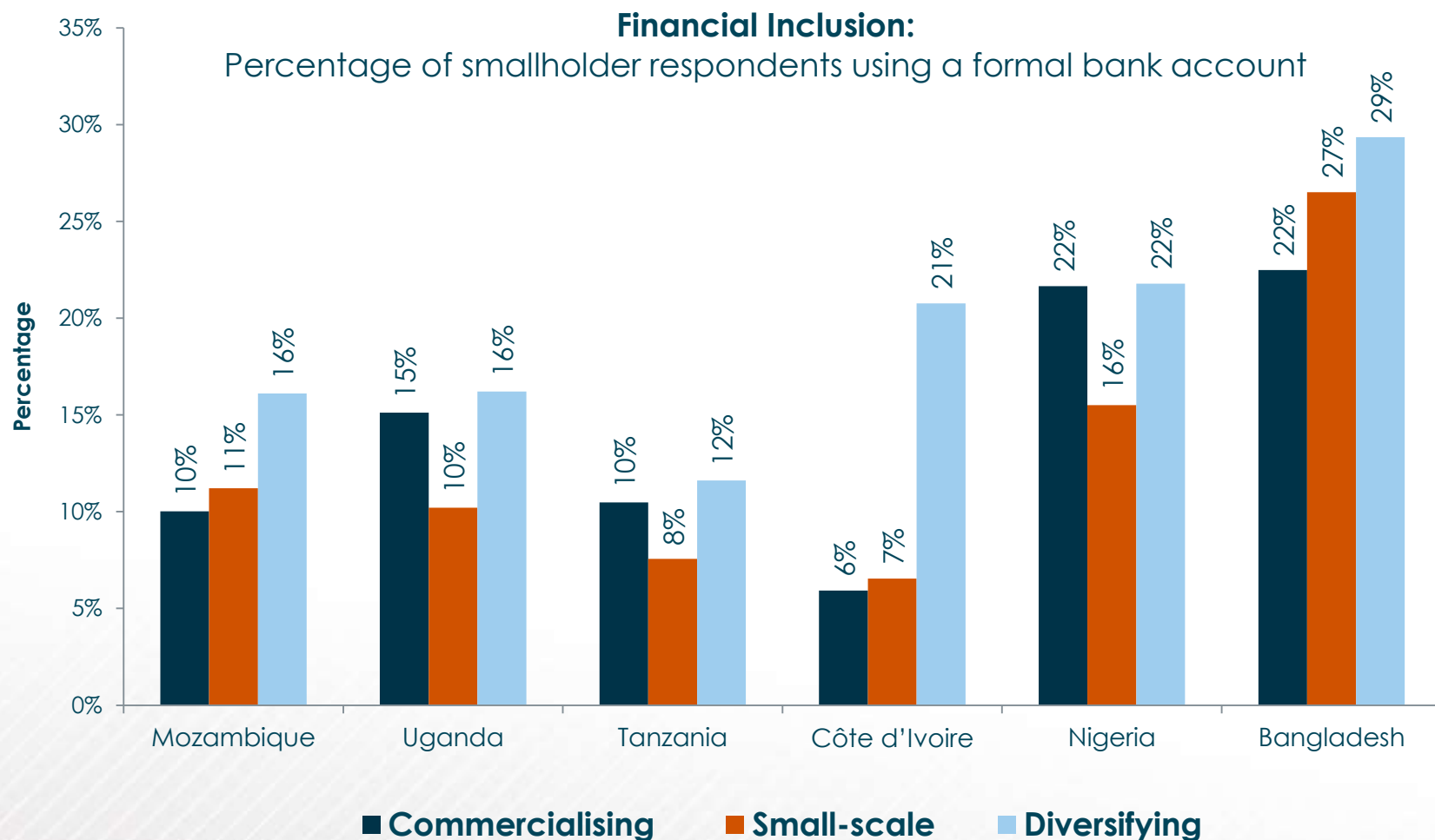
Cleavages between the segments: Average landholding

CGAP National Surveys of Smallholder Households



Cleavages between the segments: Formal accounts

CGAP National Surveys of Smallholder Households



RESOURCES



Financial Diaries with Smallholder Families

- [Executive summary](#) | [Full paper](#)
- Mozambique: [Data](#)
- Tanzania : [Data](#)
- Pakistan: [Data](#)

National Surveys and Segmentations of Smallholder Households

- Mozambique: [Paper](#) | [Data](#)
- Uganda: [Paper](#) | [Data](#)
- Tanzania: [Paper](#) | [Data](#)
- Bangladesh: [Paper](#) | [Data](#)
- Cote d'Ivoire: [Paper](#) | [Data](#)
- Nigeria: [Paper](#) | [Data](#)

Digitizing Value Chain Finance for Smallholder Farmers [Paper](#)

Designing Digital Financial Services for Smallholder Families: Lessons from Zimbabwe, Senegal, Rwanda, and Cambodia [Paper](#)

Segmentation of Smallholder Households [Paper](#)

Thank you

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