

Rural Income Generating Activities: A Cross Country Comparison

Abstract:

This paper uses a newly constructed cross country database (the RIGA dataset) composed of comparable income aggregates and other variables from 28 nationally representative household surveys of developing and transition countries to examine the full range of income generating activities carried out by rural households in order to determine: 1) the relative importance of the gamut of income generating activities in general and across wealth categories; 2), the relative importance of diversification versus specialization at the household level; and 3) the influence of rural income generating activities on poverty and inequality. Analysis of the RIGA cross country dataset paints a clear picture of multiple activities across rural space and diversification across rural households. This is true across countries in all four continents, though less so in the African countries included in the dataset. For most countries the largest share of income stems from off farm activities, and the largest share of households have diversified sources of income. Diversification, not specialization, is the norm, although most countries show significant levels of household specialization in non-agricultural activities as well. Nevertheless, agricultural based sources of income remain critically important for rural livelihoods in all countries, both in terms of the overall share of agriculture in rural incomes as well as the large share of households that still specialize in agricultural sources of income.

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