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Non-agricultural Activities in Selected Rural Areas of Syria

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Introduction

Recently, the importance of studying various economic activities in rural areas has arisen due to the fact that a significant contribution of various sectors to the process of comprehensive development in this context. The interaction of different economic sectors and the realization of the functional integration of these sectors will ensure the improvement of rural households' livelihood. Therefore, the role of decision makers is to establish development policies that focus on these different sectors and to increase and investments in rural areas, which most of them are distributed near the main city centers, in order to create job opportunities to meet the increased demand of employment.

In last decade, rural-urban migration has been one of the most negatively influential phenomena in the rural economy of Syria. However, it was to some degree balanced by temporal adverse migration (urban-rural) due to some policy initiatives and infrastructural improvements in the countryside. These changes led to an increase in the profitability of agricultural products because of the strong governmental support for prices, especially in strategic crops. Nevertheless, the prevalent trend remains the migration towards cities. This migration has two main forms, namely external and internal. As many negative effects, (particularly internal migration) came out from this phenomenon. From the economic side, internal migration led to increases in the population density in the urban areas, which in turn, led to an increase in the demand on services, constructional expansion and on the expense of agricultural lands. On the other hand, there were negative effects in the rural areas because of the lack of labor and disuse of agricultural lands.

Since then the state started to pay attention and to set out development programs funded by international organizations, which concern the improvement of rural areas to control this phenomenon, and reduce negative effects of migration. Many development projects have been launched throughout the country (such as Southern Region Agricultural Development Project, Coastal and Midland Development Project, Badia Rangeland Development Project, Green Belt project, Jebal Al-Hoss Development Project). Recently, Northeastern Rural Areas Development Programme has been established as a complement to these projects. In addition, the Commission for Operation and Development of Small enterprises¹ provides loans to finance small enterprises, aiming at promoting agricultural and non-agricultural activities in the rural areas to improve the living standard of rural households.

Study Justifications and methodology

The study of Non-agricultural activities in rural areas and its impact on agriculture has been conducted by the National Agricultural Policy Center (NAPC). The study was carried out in response to the trends of comprehensive development strategy for methodological scientific analysis. Furthermore it sought to analyze the impact of these activities on the rural household's strategies and their livelihood. Consequently, the expected results and recommendations might provide decision-makers to draw up more effectively policies which affect these areas. This study is considered as a pilot study to be applied at a future date to the whole country.

The study began with the selection of two different areas in relation to geographical and demographical characteristics, natural resources, and cropping patterns. These areas are Al-Rasstan (Homs governorate) and Drakish (Tartous governorate). The Assets-Based Approach (ABA) was employed to analyze the potential of

¹ It was called Agency for Combating Unemployment.

household's assets and its impact on household's income generation as well as household's strategies.

Based on the ABA, the context in which households operate was described by conducting a 100 household sample in two selected areas. The survey was conducted by teamwork from Rural Development Division (RDD) in cooperation with the concerned authorities in selected villages² such as extension units, municipalities, and different economic activities.

Primary data was gathered by randomly selecting 100 households as a representative sample using a Rapid Rural Appraisal. Household questionnaires included three main components concerning data collection:

A - Household assets including physical assets, human assets, natural and financial assets, and social assets.

B - Rural household activities (strategies) including agricultural and non-agricultural activities throughout deduction of sector activity (nature of functional sector) and spatial (work place: local, migration).

C - Income resources that include: agricultural income (on-farm and off-farm), non-farm income (self-employment and waged employment), and unearned income.

In addition, one important component focused on the realization of the dynamic relation between different sectors in those areas and what are the leading forces that push the rural households to join different types of activities or stop working in special activity.

Main finding

The household sample has been classified into two groups, poor and non-poor. To do so, household wealth ranking was estimated according to the estimated value of the household physical assets (e.g. house, machineries and vehicles, agricultural production factor: land, trees, well, tractor, livestock ...etc) on the bases of local current market prices of that assets. The corresponding income of ranked household, based on individual wealth index, was compared to the results of poverty line which was measured in the UNDP poverty study in Syria. Table 1 shows the household classification based on the wealth index and poverty line indicators.

Table 1: the household classification based on wealth index

Region	Total sample	Poor HH	Non-poor HH
Homs	50	13	37
Tartous	50	20	30

Source: NARA study, forthcoming.

Descriptive Results

The field results show the importance of the non-agricultural activities sector as important income source and provide job opportunities in rural areas. The consequential income of these activities is used to provide for necessary inputs for agriculture (such as raw materials and modern technology), which is reflected positively on agricultural production. This in turn gives the chance once again to

² Two representative villages in each region had been chosen after definition the district according to the indicators mentioned above in methodology of the study , so Al Ghanto and Al Makrameh villages which follow Talbisseh district – Al Rasstan area Homs governorate had been chosen, and Habbabeh and Joret Al jwamiss which follow Hemmin district – Darkish area Tartous governorate

activate non-agricultural activities, which depend on agricultural production such as agricultural processing, agricultural trade of inputs and outputs, activating the other required sector services.

Based on the household participation in different activities, five main income sources were observed according to survey data, namely on-farm, off-farm, non-farm self employment and waged employment, and transfer income (Table 2).

Table 2: Rural Household's income resources (% of total income)

region	HH type	Income resources						
		Agricultural			Non-agricultural			transfer
		On farm	Off farm	Total	Self-employment	waged	Total	
Homs	poor	26	11	37	--	61	61	2
	Non-poor	45	7	52	13	34	47	1
	Total	40	9	49	9	41	50	1
Tartous	Poor	23	1	24	11	60	71	5
	Non-poor	25	0	25	19	53	72	3
	Total	24	1	25	15	55	72	3

Source: NARA field survey, 2006

It is noticeable that waged non-agricultural income contributes to more than 50 % out of the total annual income. Agricultural income seems to be more important in Homs than Tartous regardless of the household category. The picture differs regarding non-agricultural waged income. In Tartous, waged non-agricultural income is 1.4 times more than in Homs. Given the poor household endowment, this category are either small land-owners or landless. Therefore seeking non-agricultural opportunities out of farming seems to be the main alternative activity in their livelihood strategies.

Considering the individual contribution of waged non-agricultural income sources (which include manufacturing, construction, commerce and services), it can be seen that governmental employment serves the highest share of total income of poor household. Nevertheless, in Homs, the share of services and governmental income show slightly the contribution to the total income.

Table 3: The Share of NFA Income in Each Activity to Total NF Income

		Manufacturing	Construction	Commerce	Services	Governmental
Homs	Poor	0%	21%	7%	35%	36%
	Non-poor	5%	17%	12%	33%	32%
	Total	4%	18%	11%	34%	33%
Tartous	Poor	1%	8%	7%	11%	73%
	Non-poor	2%	8%	9%	17%	63%
	Total	2%	8%	8%	15%	67%

Source, NARA field survey, 2006

Analytical Results

The analytical study included analytical description of the most important strategies of households' by using Cluster Analysis and SPSS technique. In addition,

income distribution inequality was estimated based on Gini coefficient decomposition.

Based on the Clustering technique, two main livelihood strategies were observable (table 4). The first strategy (Cluster 1) corresponds to households engaged in construction and services sub-sector. Households of this category are characterized by lower education levels and skills. Their average annual income adds up to approximately SP 60,000 (SP 5000/month). The second strategy (Cluster 2) includes household who participate in mixed livelihood strategies covering crop, perennials (trees) and livestock production, and commerce combined with governmental employment. The first sub-group pursues a livelihood that involves field crop production coupled with livestock husbandry; while the second sub-group is in full-time governmental employment this is combined with part time working in tree farming (mostly olive trees). The later sub-group represents workers who characterized by high education level and improved skills.

Table 4: Livelihood Cluster Groups

Livelihoods cluster group	Main livelihood strategy	Number of HH in cluster	% of HH
Cluster 1	Construction and services	21	21.4
Cluster 2	Crop and livestock producer and commerce, and trees combined with governmental employment	77	78.6

Source: Moussaoui, forthcoming

The Gini coefficient based decomposition of overall income is reported in Table 5. Two main elements, namely relative concentration coefficients (g_i) and to the factor inequality weights ($w_i g_i$), were employed to assess: a) to what extent an income source increase or a decrease overall income inequality and b) individual income source contribution to overall income inequality.

Based on reported results, Gini coefficients of overall income reported a value of 0.35. However, those of individual sources are higher, and of those especially self employment and unearned sources are much higher (more than 0.8). We can conclude therefore that non-farm sources represent relative concentration coefficients (g_i) that are greater than unity, and, therefore, increase overall income inequality. Self employment and unearned sources induce the largest increase of income inequality, while self employment source does in the non-poor case. Besides, agriculture sources play a middling role in decreasing overall income inequality. Waged employment source tends to be neutral.

Taking into account respective individual shares in total income, waged employment sources present the highest factor inequality weights ($w_i g_i$), denoting a greater contribution to the inequality of overall income.

Table 5: Gini Coefficient analysis on Income Inequality

	Total income	agricultural	Non-farm self-employment	Non-farm (waged)	unearned
Wi	1	0.323	0.147	0.506	0.024
Gi		0.533	0.833	0.539	0.941
G	0.350				
Ri(CO V ratio)		0.540	0.571	0.654	0.401
gi		0.821	1.357	1.006	1.078
Wi*gi		0.265	0.200	0.510	0.026

Source: NARA Field survey.

Wi contribution of each income resources to the total income.

G Gini Coefficient of the total income.

Gi Gini Coefficient of each income resources.

gi Comparative Concentration Coefficient.

Wi*gi Weight Inequality Coefficient

Conclusion

In the end, available evidence suggests that despite the importance of agricultural income for the rural households, rural non-farm growth will improve the standard living of rural population. Nevertheless, as far the poor households are concerned, those better endowed with financial, human and political capital, prove better equipped to take advantage of growth in the high-productivity segments of the rural nonfarm economy.

The impact of non-farm rural income on overall income distribution has the highest income inequality. This result highlights that by engaging in non farm activities inequality of income distribution among households increases, while a higher prevalence of agricultural activities reduces inequalities in income distribution.

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