

**ADDIS ABABA UNIVERSITY
COLLEGE OF SOCIAL SCIENCES
DEPARTMENT OF GEOGRAPHY AND ENVIRONMENTAL STUDIES**

ARTICLE REVIEW

ON

**LIVELIHOOD DIVERSIFICATION STRATEGIES OF FARMING
HOUSEHOLDS IN THE AMHARA REGION: A CASE STUDY FROM
SIMADA WEREDA, ETHIOPIA**

BY

NIGUSIE TILAHUN TSEGAW

ADVISOR: TEBAREK LIKA (PhD)

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Abstract

The study was conducted up in Simada Wereda Ethiopia's. The research examined the variety of economic activities engaged in by agricultural communities, along with the customs they accepted in the process of obtaining foreign assistance. Findings revealed that a number of explanatory variables were involved in determining whether families engaged in different activities. In the cross-sectional study, significant relationships were found between financial capital, agricultural land size, access to credit, monthly income, dependence on foreign aid and daily working hours. The resolution also called for increasing resources to ensure easy credit, education and understanding of multiple income sources, and for promoting non-governmental organizations and the private sector as specific areas of employment. In the study area, households farm only through production activities such as traditional agriculture, and the population increases significantly with small businesses. Therefore, measures should be taken to engage in various profitable activities to improve their livelihood. In light of the many useful information obtained from this study, the problem of different livelihood strategies in the study area has not been fully resolved. Therefore, the study partners were asked to promote climate change agriculture in the study area and assist households in engaging farmers in implementing various social strategies to create a fast-paced economy.

Keywords: *Livelihood Diversification Strategies, Farming House Holds, NGOs.*

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Livelihood Diversification Strategies of Farming Households in the Amhara Region: A Case Study from Simada Wereda, Ethiopia.

CHAPTER ONE

1.1 INTRODUCTION

Bekalu et al., (2019): Ayana et al. (2021) found that livelihood diversification refers to an attempt by people or households to obtain new sources of income in order to survive. Livelihood diversification strategies are critical for farming households around the world to improve resilience, mitigate risks, and demonstrate overall well-being. Crop diversification, livestock and poultry agroforestry, off-farm jobs, agro processing, agricultural tourism, non- farm activities, access to financial services, and other similar livelihood diversification measures are commonly used by farming households worldwide.

However, food insecurity is widespread in Ethiopia, and agricultural productivity has declined (Gebremedhin et al., 2005). Although agriculture is a rain-dependent industry, the vast majority of the population lives in rural areas, leaving them unable to recover from unexpected shocks and strains. The majority of the wereda people in the study area do not engage in non-farm and off-farm livelihood diversification strategies as a secondary occupation to increase their income; instead, they receive assistance from various non-governmental organizations (NGOs) such as FHE (Food for the Hungry Ethiopia), Save the Children, CARE, Red Cross, and UNICEF. The primary goal of this study was to assess the livelihood diversification strategies of farming households in Simada wereda, three rural kebeles, using a case study. As a result, the article offers advice on how to diversify one's income sources, as well as policy ideas to help rural societies in non-farm and off-farm activities by leveraging existing human, economic, and financial resources to increase productivity and revenue.

1.2. Statement of the problem

The Amhara region of Ethiopia is heavily dependent on agriculture as the main source of livelihood for farming households. However, due to the impacts of climate change such as abnormal rainfall and prolonged drought, there is a need to explore various social strategies to enhance the resilience and sustainable development of farming communities in Simada Wereda. Although measures have been taken by local and national authorities to promote a diverse lifestyle, there is concrete evidence of the obstacles faced by farming households in pursuing other profit-generating activities other than farming. Every year, many households faced food

shortages of all kinds, especially between June and September when all crops are consumed. Social diversity faces many challenges in the field of research. According to Simada Wereda Food Security Office (2020), Wereda has two urban kebeles and 26 rural kebeles. 22 rural poor were identified as vulnerable to food insecurity and drought. Therefore, this study aimed to investigate the factors that hinder or facilitate social inequality and the issues that threaten social inequality in farmer households in Simada Wereda, Amhara Region.

1.3. Research objectives

The primary objective of this study was to assess livelihood diversification strategies of farming households in Simada Wereda, focusing on their effectiveness in improving income stability and households' resilience.

The specific objectives of this study were:

1. Identify livelihood diversification strategies of farming households in the study area.
2. Assess the main challenges for diversifying livelihoods
3. Examine the challenges faced by farming households and factors influencing the implementation of livelihood strategies.

1.4. Basic research questions

1. What were the diversification strategies used by the households in Simada wereda?
2. What were the main challenges to diversify livelihoods?
3. What was the impact of foreign aid on livelihoods diversification strategies?

1.5. Significance of the study

This topic aimed to examine different survival strategies in farming families by providing information on the positive role of social differentiation in sustaining household food. The study focused on identifying key factors affecting households' decisions to participate in agricultural activities. The study helped policy makers and experts to draw lessons on livelihood diversification strategies. The thesis also served as a baseline data for researchers to strengthen the application of the livelihood diversification strategies of farms in rural areas.

1.6. Research scope

Various survival measures in terms of the field are too broad a concept to be adequately addressed in this topic. Therefore, the study focuses on the evaluation of different social

strategies of farming communities in Simada Wereda, South Gonder Region, and Amhara Region, Ethiopia. Wereda consisted of 26 rural kebeles. However, the study could only cover three rural administrations. In addition, resources and resource options such as capital (human, natural, social, financial and physical), migration, diversification and agricultural intensification were also examined in the study.

CHAPTER TWO

2. REVIEW OF THE LITERATURE

According to Satterthwaite and Tacoli (2018), agriculture is the main source of income for the majority of the rural population. Unlike many poor countries, only 35% of Ethiopians surveyed in rural areas depend solely on agriculture and other sources of income. Which groups were more likely to engage in agriculture, non-agricultural activities, migration, or a combination of land- and capital-based activities? Only the wealthy and the elderly with access to land participate in agricultural production, but the wealthy, landless youth and young landowners support a variety of high-productivity industries. Similarly, landless people also work on small-scale farms. However, landless and unpaid men and women are employed only in unprofitable jobs. The second group is the sectors that include the transportation of agricultural products to cities and pre-urban areas and the products coming from industrial areas to rural area.

Sustainable livelihood strategies approach strengthens the structure of many good housing sectors and changes the activities of working households, including agriculture, off-farm and off-farm activities, to replace their sources of income and reduce their vulnerability to shocks and crises. Reduce stress in their struggle for survival and survival to improve the quality of life for themselves, households create various activities and activities with social competence through this process (Kabonga, 2023). According to Tambe (2022), he defined livelihood strategies as diverse and coordinated activities and decisions that people make to achieve their livelihood goals, including labor-intensive work, financial planning strategies, reproductive decisions, and others. Activities in which people participate in building their lives and consist of activities that enable them to support a household (Ayele and Senapathy, 2023).

Portfolio theory drawn from economics and finance, suggests that households, as investors, hold a diversified portfolio of assets and income markets to spread risk and achieve higher returns. In an effort to survive and improve their quality of life, household members build a variety of skills

and social care systems through coping strategies that help improve sustainability, reduce vulnerability, increase income, and improve well-being (Helmy, 2020). Social/Asset-based approach adapted from economic and finance suggests that households like investors hold a diverse portfolio of assets and income source to spread risk and maximize returns. In their attempt to survive and increase their standard of living, household members build a varied portfolio of skills and social support systems through the coping strategy that helps to increase sustainable livelihoods, reduce vulnerability, increase income, and improve well-being (Helmy, 2020). The asset based theory explained that households possess different kinds of assets such as physical, financial, human, social, natural capital that they can leverage to pursue diverse livelihood activities. For their part, Jezeer et al (2019), defined livelihood as anything that is closely linked to skills, assets (including both material and social resources), and activities needed for a means of subsistence. People need a variety of resources to accomplish their own determined goals; nevertheless, no one capital endowment was adequate to produce the necessary results on its own. These assets/resources for sustaining a living include financial, social, natural and physical capital.

The purpose of health activities is primarily focused on human needs. Therefore, in order to obtain an accurate and realistic picture of people's power (now called 'property' or 'capital'), it was important to examine how people try to transform their assets into power solutions (Bajwa, 2015).

Two factors were the primary derived of livelihood diversification according to Anderson and Deshingkar (2004). These were the insurance- and asset-based justifications for diversification. The explanation for asset-based diversification was that a household's income portfolio's degree of diversity reflects the degree of diversity in the assets or factors of production it owns or had access to. As in the case of households that the combined driving forces and factors in Africa result in the diversification of livelihoods. On the other hand, research indicates that the diversification of livelihoods in sub-Saharan Africa was a result of the failure of agriculture to adequately support a significant section of the rural population (Matshe, 2009). The major causes for many households in Ethiopia to diversify their livelihoods, according to Woldemichael (2019), were food insecurity and the necessity for money to pay for other goods and services.

Opportunities for diversifying rural livelihoods, according to Gebretsadik et al (2020), there is no consensus on the factors that influence people's choice to participate in non-farm activities in Ethiopia. Demand for agricultural labor has decreased due to rising wages and non-farm opportunities. The challenges identified by (Weldebrhan, 2013), include shortage of land, technological, institutional, and infrastructural (poor quality and insufficient supply of roads, electrical power, and telephone lines), lack of initial capital, insufficient startup skills, a lack of raw materials, and the absence of market demand for products. Diversification of livelihood faces various obstacles in the study area.

Studies conducted by various authors have identified factors that influence the strategies of agricultural societies to differentiate their social origins. Nez-Cortés (2020) focuses on households' decision to diversify agricultural income markets and analyzes findings from Peru's diversified agricultural sector. They measure diversity using Count and Shannon criteria and empirically test different responses to household wealth variables and rural development in countries, including savings, asset ratio, net income share, access to credit, and market access. Agricultural productivity and other incomes are negatively affected by different consequences. study on the role of non-farm income in the ability to pay for agricultural products in rural Vietnam was conducted by Neglo et al., (2021) ; Akamo and e Fapojuwo (2019) ; Gebeyehu (2016): Adem et al., (2018) ; Barrett (2010): Chima & Rahman (2019) ; Sisay (2010) ; Solesbury (2003) ; Melkamu (2020) Baharu (2016) and Dessalegn (2016) examined and analyzed livelihood diversification strategies of farmers in Ethiopia's rural areas and other countries.

Research gaps, Adem et al. (2018) investigated food insecurity and livelihood diversification among farming households in Osun State, southwest Nigeria. They discovered that measures for encouraging livelihood diversification are vital in ensuring food security. In line with, Ethiopia, a Sub-Saharan African country with famine-prone agriculture, has a long history of food insecurity. The country's food insecurity rate rose from 5.6 million in 2016 to 8.5 million in 2017. As a result, Sisay (2010) conducted study to determine how smallholder farmers in Ethiopia's rural areas earn money outside the farm. He concluded that wealthy farmers choose to participate in off-farm activities, but poor farmers do so because of the "push factor."

Moreover, Debele and Desta (2016); Helmy, (2020); Jezeer (2019); (Riithi et al., 2015); Shameem et al., (2014); (Stringer et al. 2020) ; Helmy, (2020); Jezeer (2019); (Riithi et al.,

2015 Kassegn & Endris, (2021) Tezera, (2010); Birara et al., (2015); Asfaw et al. (2017); (Tegegne, (2017); Kena (2017); Worku and Senapathy (2020) were studied livelihood diversification strategies. Previous academics, however, did not look into how agricultural households could diversify their sources of income to improve their quality of life. However, livelihood diversification strategies of farming households in the Amhara Region, particularly Simada Wereda, were the least studied area in Ethiopia. Thus, the purpose of this study was to look into the issues of farming households' livelihood diversification strategies and how they affect the living conditions of local communities.

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1. Description of study area

Geographic area: Simada is one of the 13 rural districts in the South Gondar region. Wogeda, the administrative city of Wereda, is located 105 kilometers from Debre Tabor, 205 kilometers from the regional capital Bahir Dar and 770 kilometers from Addis Ababa. Simada Wereda is surrounded by Laygaynt areda in the north, Enebsiesarmidir areda in East Gojam in the south, Amhara Saint and Sedie Muja Wereda in the east, and in the west with Estie Wereda in the South Gondar Zone. The study area is located at 11°5'0" to 11°35'0" north longitude and 38°5'0" to 38°35'0" east longitude (CSA, 2020).

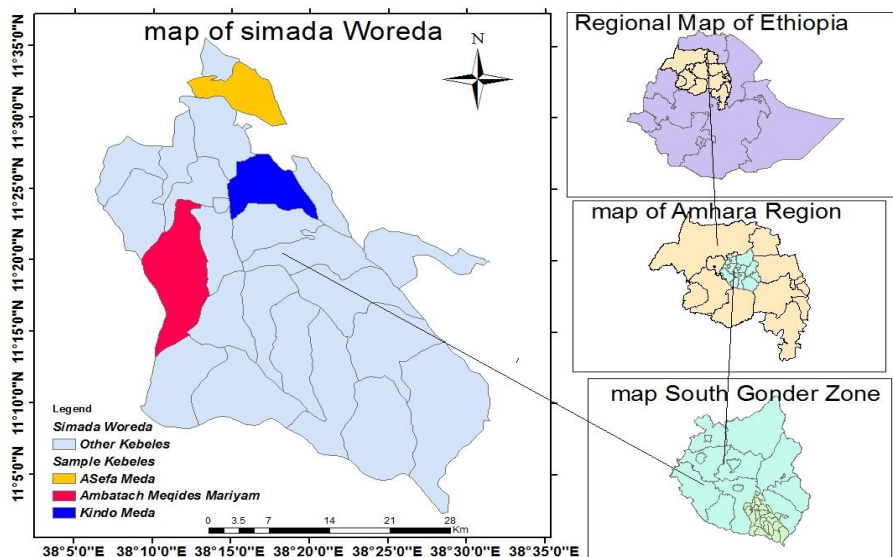


Figure 3.1. MAP of the study area

3.2. Research design

Descriptive survey research design was used as the best research approach to achieve the study's objective. Both quantitative and qualitative data were employed by the researcher. Primary data and secondary data were gathered from a variety of sources.

3.3. Sampling technique and sample size determination

In this study, a multi-stage sampling technique was employed by the researcher. In the first stage, the wereda was selected purposely, because it helped the researcher to have ease and accessible information about the problem and status of the study area based on ease of access data. In the second stage, 26 rural kebeles in Simada Wereda were clustered into three agro-ecological zones. Then, three rural kebeles, namely, Asfamieda from highland, Kindomieda from middle land and Ambatach mekdasamaryam from low land were selected using simple random sampling technique.

In the third stage, a total of 148 sample household heads were selected from sampling frame of three rural kebeles through a systematic random sampling technique. The randomly selected household heads were taken proportional to the size of the population to ensure representation and the researcher determined the total sample of household heads by using the sample size determination formula provided by Yamane(1967) at 92% confidence and level of precision= 8%

$$n = \frac{N}{1 + N(e^2)} \quad n = \frac{2873}{1 + 2873(0.08)^2} = 148 \text{ NHHS}$$

n=the required sample size

N=total farming house holds

e=level of precision (at 8%)

A total number of respondents were included in (Table 3.1).

3.4. Method of data collection:

Three basic techniques were employed by the researcher to collect the information needed for the purpose of the study. The instruments included interview, a focus-group discussion, and questionnaire.

3.5. Reliability and validity of the research process and the results

The two most essential and basic procedures in every measurement procedure are reliability and validity. Reliability and validity of the tools and methods used with the accuracy of the data and suitability of the techniques that were used.

CHAPTER FOUR

4. RESULTS AND DISCUSSION

4.1. Demographic profiles of the respondents

Age of the households ... (p.33_ 34) in this case the finding was consistent with Debele and Desta (2016), who claimed that the age of farming households had a positive and significant impact on the family's diversity of revenue sources since experience rises with age and helps to income diversification. Sex of the households ... (p.35), Yizengaw et al. (2015) concluded that the sex of sample respondents had a negative impact on farmers' efforts to diversify their sources of income. Female household heads were better diversifiers than male family heads because they engaged in non-farm jobs such as renting their land to sharecroppers. The marital status of household respondents The findings agreed with Kariuki and Place (2005). Agriculture and livestock raising are often activities that demand both the husband and wife's involvement. Agriculture and livestock rearing are common activities that require both husband and wife's participation. It helps diversify income sources. Married folks showed positive attitudes toward community development and management activities. Family size of household respondents, (p.36) the findings were consistent with the notion that family size has a positive impact on activities that diversify sources of income (Melesse, 2019).

4.2. Socio- economic characteristics of the respondents

Educational status of the household respondents, education level has a positive impact on the households' variety of sources of income (GETNET et al., 2021). (p.51) family Size of respondents, the results of this study are congruent with those of Asfir et al. (2016), who discovered that family size had a positive impact on livelihood diversification. This is because many large families perform a variety of domestic duties to diversify their income streams. Large household size does not imply that all members of the home are active workers.

The researcher concluded that the number of dependents in the home had a negative relationship with livelihood diversification, mostly based on the focus groups. The findings of this study are consistent with those of Kassegn and Endris (2021), who discovered that a large family size needs a high level of consumption at home..... (p.53) the study's findings were consistent with those of Asfir (2016), who discovered that farmers who have received training are more suited than untrained farmers to boost agricultural productivity and meet their families' requirements.

During the interview and focus group discussion, the majority of respondents stated that a high percentage of household heads did not have access to training.

4.3. Financial capital

The researcher concluded that there was a significantly negative relationship between income and livelihood diversification measures in the study area based on household monthly incomes. As a result, households with high cash incomes were less likely to diversify their livelihoods into non-farm activities in the study area. The results of the challenge show that total annual income has a beneficial effect on household livelihood diversification (Gecho, 2017).

Access to credit, the research findings are consistent with the findings of (Debele & Desta, 2016), that providing credit for resource poor farmers will increase livelihood diversification.

4.4. Physical Capital ... (p.58) livestock holding at 92% confidence level and 8% margin of error in the study area, the largest livestock holding was found to be less likely to engage in other forms of livelihood diversification. According to Debele and Desta (2016) and Gecho (2017), the Tropical livestock units (TLUs) had a negative impact on livelihood diversification.

4.5. Distance of market place... (p.60) As a result of the survey data, it was able to assume that the distance to the market influences the diversification of revenue sources. The ability to diversify one's source of income improves with proximity to the market, and vice versa. As a result, the distance to the market place has a major impact on livelihood diversification options in the research area.

4.6. The Social Capital

The survey found that 11.1% of homes were cooperative members, while 88.9% were not. As a result, 2.8% of households with wage workers and 2.8% of households with members who specialize in various hand crafts, as well as 5.6% of those who engage in trade, are most likely to participate in cooperatives.

4.7. Reasons for Diversification

According to the survey results, 36.1% of household heads stated that they needed to diversify their sources of income because their farms had limited land. The remaining respondents (27.8%, 22.2%, and 13.9%) stated that diversification into non-farm and off-farm industries is required owing to low productivity, poor soil fertility, and food scarcity, respectively.

Table 4.26. Reason for households' livelihood diversification (P.62)

Reason	NHH	Percent
Shortage of food	5	13.89
Shortage of farm land size	13	36.11
Low productivity and poor soil fertility	8	22.22
Provide additional income	10	27.78
Total	36	100.0

According to interview respondents and focus group participants, diversification into non-farm and off-farm activities is necessary due to low yield, poor soil fertility, and a lack of food. Furthermore, interview and focus group discussion informants stated that variety enhances tolerance to the area's high level of climate change uncertainty. Households are less susceptible to extreme weather and natural disasters. It provides income-generating options. As a result, it decreases dependency on a single source of income while simultaneously providing a safety net against financial shocks. Diversification also promotes sustainable resource management. It also encourages talent development and knowledge advancement within local communities. Furthermore, it encourages innovation and adaptability to changing socioeconomic circumstances.

4.8. Opportunities for households to diversify their livelihood.

The household stressed the following opportunities for livelihood diversification in their community: the families' willingness to participate in these activities, skill training, technical assistance, access to transportation, and credit. According to table 4.27, 66.7%, 13.9, 11.1%, and 8.3% of families have the opportunity to diversify their livelihoods into off-farm and non-farm domains, correspondingly, for which household heads have their own skills, technical assistance, transportation, and credit.

Table 4.27. Opportunities of the households for livelihood diversification (p.63)

Opportunities to diversification	NHH	Percent
Access to credit	3	8.3
Access of own skill to diversify	24	66.7
Access to transportation	4	11.1
Technical help	5	13.9
Total	36	100.0

Participants in the interview and focus group discussion stressed the various opportunities available to households for improving their livelihoods. Some said that agricultural diversification, which includes cultivating high-value crops alongside staple foods, could boost income and food security. Others stressed the benefits of raising livestock, such as goats, sheep, and cattle, as extra income streams. Participants also indicated that the increased demand for handcrafted products present a potential for household income diversification.

4.9. Main challenges that prevent households from diversifying their livelihoods

Table 4.1. Main Challenges of the Household to Diversify Livelihoods (p.65)

Main challenges of livelihood diversification	NHH	Percent
Dependent on foreign aid	8	22.2
lack of financial capital	13	36.1
lack of access to credit and extension services	6	16.7
Lack of market access	2	5.6
poor infrastructure	3	8.3
Low average working time	4	11.1
Total	36	100

Table 4.28 above shows the primary diversity challenges that were commonly mentioned by sample respondents in the study area. (p.65)Weldebrhan (2013) noted several obstacles, including a shortage of land, technological, institutional, and infrastructure quality and (poor quality and insufficient supply of roads, electrical power, and telephone lines), a lack of early finance, inadequate startup skills, a scarcity of raw materials, and a lack of market demand for products. Diversification of livelihood presents several obstacles in the study field. The primary constraints were limited financial access, dependency on foreign aid, limited credit and hence market access, and limited average daily labor hours. Furthermore, data collected from the majority of interview respondents and focus group discussion participants supported these findings. They stated that households faced a lack of funds to diversify their sources of income. They were dependent on foreign aid experienced problems in diversifying their livelihoods due to a lack of access to loans and extension services, insufficient infrastructure, and inaccessible markets.

4.10. Effect of foreign aid for livelihood diversification strategies in the study area

(p.66)... the fact that the households were seeking for alternate ways to generate cash has its own set of drawbacks. Every farm household in the Simada district receives remittances from outside. FHE (food for the hungry) provides 52% of the assistance, with contributions from UNICEF, CARE, and Save the Children totaling 21.6%, 17.6%, and 8.8%, respectively. Foreign donors provided various sorts of support to rural households in Simada wereda to help them survive. Consumption items make for the majority of total assistance, or approximately 70.3%, followed by educational and infrastructure-building projects (18.9%), medical services (7.4%), and other sources (3.4%).

4.11. Trends in household support from 1995 to 2014.

Figure 4.1 (p.67) shows that the number of families receiving foreign help increases over time as the human population in the study area grows. Additional information from interviewees and group focus discussions revealed that the number of households receiving foreign help increases over time.

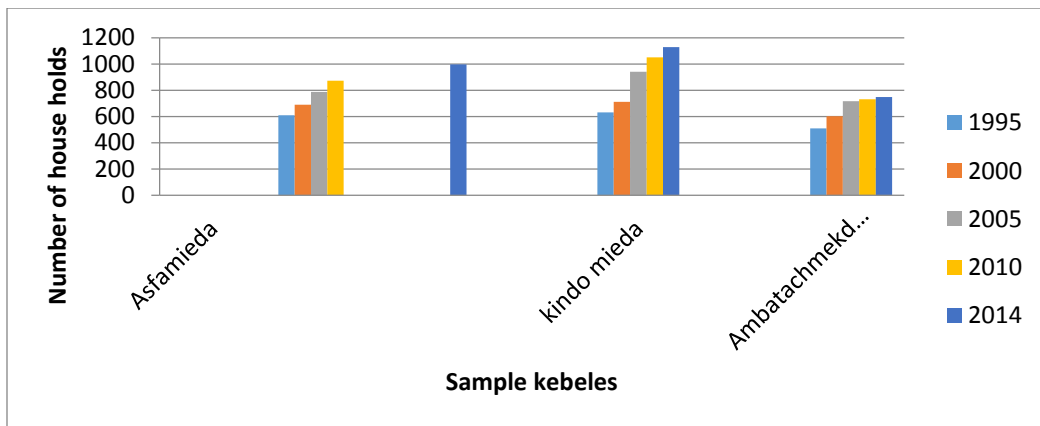


Figure 4.7. Number of households who got foreign aid from 1995-2014

Additional information from interviewees and group focus discussions revealed that the number of households receiving foreign help increases over time. Foreign help in Simada wereda has steadily increased as households' perceptions have shifted. The community in the study region prioritized immediate relief activities, such as food. However, in recent years, there has been a considerable movement toward sustainable development activities aimed at improving livelihoods. Participants proposed long-term action rather than short-term alleviation. As a result,

the research conclusion in fig 4.7 demonstrated that the number of households who get foreign help increases over time as the human population in the study area grows.

4.12. Kinds of support for the households 1995-2014

Two types of help for households from 1995 to 2014, figure 4.8 below (p.68) shows that the sorts of help provided in the research sector decreased between 1995 and 2014. Households in the study area receive financial support, including from neighboring countries. Wheat, oil, and pea grits were the primary foreign aid goods. However, the amount of supports in kg varies. Wheat consumption decreased from 17kg per household member in 1995 and 2000 to 15kg in 2005, 13kg in 2010, and 10kg in 2014. Oil usage per household member decreased from 5 kg (5 L) in 1995 to 4 kg (4 L) in 2000, 3 kg (2 L) in 2005, 2 kg in 2010, and 1 kg in 2014. The pea was delivered in 5kg. Levels in 1995 and 2000 were reduced to 4kg in 2005, followed by 3kg and 2kg steps in 2010 and 2014, respectively. According to the focus group discussion and in-depth interview, foreign aid always causes a difficulty for households that are not engaged in other forms of livelihood diversification activities. The study's conclusions suggest that no one should trust or relay aid from other countries. This may eventually come to an end. Individuals must establish alternate sources of support rather than relying on them. Foreign aid hampered developing countries' growth and development. Over-reliance on foreign aid has hampered developing countries' capacity to build necessary skills.

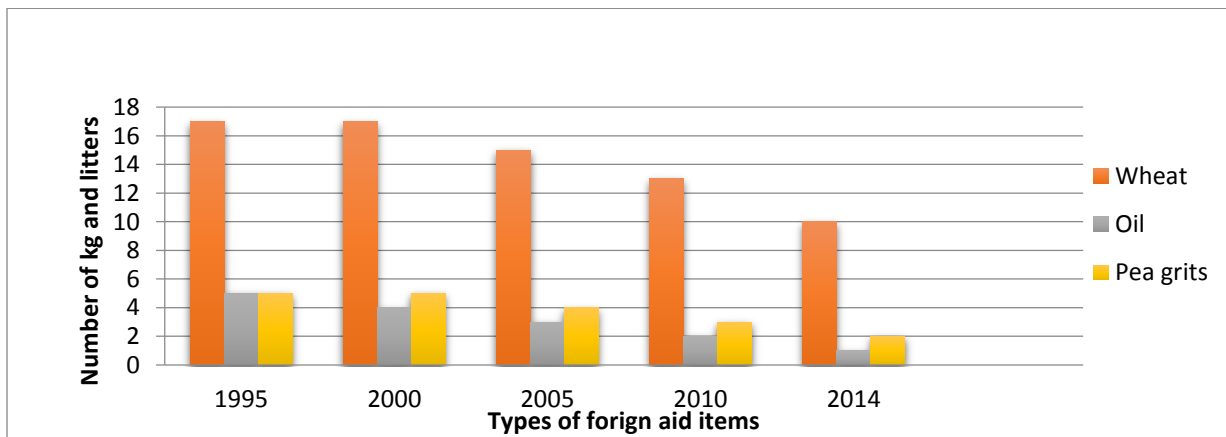


Figure 4.8. The kind of support from 1995-2014

4.13. Reasons households supported by foreign countries

According to the study's observations of households supported by NGOs between June 15, 2022, and September 24, 2022, these households received support for a variety of reasons, including a lack of other sources of livelihood diversification (47.3%), the need to sustain the household's existence (24.3%), the desire to live to a higher standard (11.5%), and a dislike of working (16.9%).

Table 4.2. Reasons households supported by foreign countries (p.69)

Reasons getting Aid	Number of House holds	Percent
sustaining the household's existence	36	24.3
living to a higher standard	17	11.5
not wanting to work	25	16.9
not seeing other sources of livelihood diversification	70	47.3
Total	148	100.0

Source: Own survey, 2023

Based on interview and focus group responses, homes may be helped by other countries due to economic interests, which can assist families with financial issues and humanitarian cases, such as when a man-made or natural disaster occurs. Drought and conflicts can be used to fund community development initiatives. Foreign aid improves households' access to education, health care, and technology.

4.14. Average working time in farming households

The average daily working time is a critical component of livelihood diversification strategies in the studied area. Work results percentages were 49.3%, 39.2%, and 11.5% for 2-4 hours, 5-8 hours, and 9-11 hours per day, respectively.

Table 4.31. The typical working hours of rural farm households (p.70)

The average working time	Number of House holds	%
2-4 hours(flexible)	73	49.3
5-8 hours(flexible)	58	39.2
9-11 hours(flexible)	17	11.5
Total	148	100.0

NB. The working time was highly flexible

The research findings revealed that the typical daily working time in the studied area was flexible. What was the difference from the national average of eight hours? Standard working hours are eight hours per day and forty-eight hours weekly. The Labor Proclamation defines normal hours of work as the times when an employee works or makes himself available for work in accordance with the law, a wage agreement, or workplace norms. The Labor Proclamation (2019) allows for a reduction in working hours without a corresponding decrease in earnings. Furthermore, interviewees and focus group discussion participants who described the average working hour per day found a strong negative correlation with livelihood diversification approaches in the study area. Overall, the study's findings suggested that the average working hour per day was flexible and had a significantly negative relationship with livelihood diversification strategies in the study area.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1. Conclusions

Out of the 148 sample households, around 132 HHS (89.2%) used agriculture as their principal economic activity, whereas 16 HHS (10.8%) did not have access to land or animals and relied on off-farm and non-farm sources of income. Only 36 HHS (24.3%) in the research region used off-farm and non-farm livelihood activities as a secondary occupation to supplement their income, which primarily included minor commerce, wage job, and specialization in a variety of crafts. The results were used to identify factors impacting the diversification of sustainable livelihoods in the study area. There was a substantial negative correlation in the research area between financial capital, farm land size, limited credit access, total monthly income, dependency on foreign assistance, and average daily working hours. As a result, the findings recommend that effective resources be directed toward the provision of credit with easy access, education and awareness about diverse sources of income, and the development of NGOs and the private sector as designated fields of work. The conclusions thus demand for effective resources committed to the supply of credit with easy access, education and information about the different sources of income, and support of NGOs and the private sector as specific fields of job opportunities.

Thus, the study's findings revealed a strong negative association between transportation options and the diversity of income sources in the studied area. As a result of the survey data, it was able to deduce that the distance to the market influences the diversification of revenue sources. As a result, the distance to the market place has a major impact on livelihood diversification options in the research area. At 92% confidence level and 8% margin of error in the study area, the largest livestock holding was found to be less likely to engage in other forms of livelihood diversification. The study found that engagement in livelihood diversification techniques rose with family size. The linkage between large family sizes and household work, as well as the subsequent rise in food demand, could explain the positive relationship between household size and diversification.

Cooperative involvement boosted households' knowledge, expertise, and access to credit, allowing them to diversify their revenue streams into off-farm and non-farm enterprises. Furthermore, the study's findings revealed that the average working hour per day was variable and had a substantial negative link with livelihood diversification measures in the studied area. Overall, the topic of livelihood diversification techniques in the research area has not been properly addressed. Consequently, farming households in Simada have implemented livelihood diversification measures.

5.2 .Recommendations

The study's findings show that the majority of farming households do not have secondary employment. As a result, the Amhara region agriculture bureau and the Simada wereda agriculture office must encourage local farmers to pursue off-farm income-generating methods like as beekeeping, hand crafts, small-scale business, agro tourism, and other associated services in a short and long period.

Wereda Finance institutes must make loans more accessible to farm households in order to help them diversify their income and increase their overall economic health. To protect the environment and increase income, agricultural office experts and farmer training centers should provide instruction on sustainable agriculture techniques. Encourage the use of climate-smart agricultural practices such small-scale irrigation, rainwater harvesting, agro ecology, and sustainable land management to boost resilience.

Local governments, non-governmental organizations (NGOs), and other stakeholders should improve market linkages for farmers so that they can sell their agricultural products and buy items for consumption and production. They must build local processing facilities to allow farmers to add value to their products while also encouraging cooperatives to gain access to large markets.

Before engaging in wage labor or petty trade, farming households must first establish an effective and efficient infrastructure. As a result, local government officials, specialists, and non-governmental organizations (NGOs) must work together to improve local infrastructure. The report strongly advocated for NGOs to adopt a long-term strategy rather than a transitory one. According to the findings, one of the disadvantages of foreign aid was that it prohibited households from pursuing other possibilities for diversifying their sources of income, leaving them dependent for the rest of their lives.

The study strongly urged agricultural extension experts to encourage local farmers to plant trees on their farms for a variety of benefits including shade, soil conservation, and extra sources of revenue. For example, to diversify revenue sources and promote nutrition, farmers should be engaged in horticultural methods such as vegetable

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