

ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
COLLEGE OF DEVELOPMENT STUDIES

**An Assessment of the Contributions and Challenges of
Rural Non-Farm (RNF) Activities in Doba wereda,
W/Hararghe Zone.**

By: Mesfin Seyoum

Addis Ababa, Ethiopia

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By: Mesfin Seyoum

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By

Mesfin Seyoum

DEVELOPMENT STUDIES

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Abstract

The objective of this thesis was to assess, on a case study basis, the challenges and contributions of Rural Non-Farm activities (RNF) in the study wereda.

A blend of qualitative and quantitative methods was employed to gather data from sample households.

The result of these findings points out that the younger household members engage in non-farm income-earning opportunities and found out age is a factor to move into the non-farm sector more broadly. While there is no one that cannot read and write in the participants, the number of illiterate in non-participants is high and it increase, as agro-ecology is getting unfavorable. It is also observed that family size and structure affect the ability of a household to supply labor to the non-farm sector. Larger families supply more labor to the RNF sector, as sufficient family members remain in the home or on-the farm activities to meet labor needs on agriculture. Regarding gender distribution, majority of business operators in the study wereda are male households that shows the dominance of male over female in rural non-farm activities.

The study also revealed the non-availability of government supportive structures such as credit and training programs to start and expand RNF activities. Lack of capital and market, business awareness and poor infrastructure were also among the constraining factors. RNF diversification, while generally limited, was dominated by chat and fattening ox and selling with equib and own saving as initial source of capital.

The study also showed business participants in the study kebeles exceed the non-participants by their annual income, food security, type of food stuff consumed, housing condition and source of light, hence the study conclude RNF activities are important.

Generally, the main conclusion to be drawn is the importance of helping the poor to overcome the constraints and thus enable them to participate in RNF activities. This entails diagnosing the kinds of asset constraining the poor with respect to entrance into the more dynamic and remunerative RNF activities.

The policy implications forwarded are, promoting different RNF income generating activities, improving the asset bases of the poor and Social capital are important in addition to education, health and financial services that facilitate access to RNF income sources.

CHAPTER ONE: INTRODUCTION

1.1 General Background

Most sub-Saharan African (SSA) countries depend on the agricultural sector for their means of livelihoods. This holds true for Ethiopia where about 80% of the population depends on the agricultural income. However, the sector is typically characterized by its low productivity and non-harvest season. As stated by Mulat (1997), rapid population growth with the average farm size less than one hectare, landlessness, soil degradation, low level of technology utilization and increasingly unreliable and erratic rainfall have resulted in wide spread poverty and vulnerability.

Accordingly, households are frequently not able to support themselves from their farms income. In rural area of Ethiopia the number of poor people exceeds the capacity of agriculture to provide sustainable livelihood opportunities. Ellis (1999) noted that farming on its own is increasingly unable to provide a sufficient means of survival in rural areas.

Possible path ways out of these problems that are frequently suggested by policy maker and analysts are intensification and commercialization of smallholder agriculture and resettlement. With regard to the first option, recurrent drought and the small farm size is considered by many a problem to allow sustainable livelihood system. Concerns has also been raised about the viability of the second option i.e. resettlement strategy, on the grounds that it is an evasion of real problems and marred by bad implementation records in this country.

Although rural households, who are primarily agricultural, used to deploy their resources between farm and non-farm activities to diversify incomes and reduce the inherent risk embedded in the dependence of agricultural production, RNF activities as livelihood diversification strategy scarcely feature in agricultural development literature. There is little attention to diversification out of agriculture as a peasant survival strategy. While other aspects of rural welfare such as education, health service, water supplies and so on

are accorded some weight, there is relative neglect of diverse dimensions of rural non-farm activities.

In Ethiopia, RNF sector development has fallen into an “Institutional Vacuum”, since it has not belonged to the domain of Agricultural Ministries, with their mandate related to farming per se, or to that of Industry Ministries, which commonly focus on large-scale, formal sector companies (Tassew, 2000). The present review, however, has shown that this vacuum may have excluded one-third of the rural economy from the policy debate and related action.

Although RNF incomes are important as an off-season and part-time for households whose main activity is farming and employment for landless rural people, engagement in this activities have their own entry barriers for low income group.

Gordon et al (2001) indicated that RNF income in Africa tends to benefit the better-off disproportionately implying significant entry barriers for low income group. No single factor can guarantee participation in RNF activities, but several interrelated factors play important roles. Factor such as access to education and skills, infrastructure, financial capital, social capital and natural resource (particularly land) and others will be examined in relation to household’s participation in RNF activities in the study area.

Therefore, the study is aimed at assessing the contributions and challenges of RNF activities in Doba wereda, W/Harergeh Zone. In due course, it is expected to add new insight to the diversification practice and bring into light socio-economic reality of the study area to policy makers and practitioners.

1.2. Statement of the Problem

In Ethiopia, attempts to increase productivity of agriculture and bring about rural development have mostly focused on problems related to land tenure, lack of inputs, inadequate and fragmented land size, pricing and marketing policy for agricultural output (Mesfin:1991). Rural development policies often neglect the role of rural non-farm activities and their link with agriculture. In these regard, present Ethiopian government is

also criticized by some quarters for pursuing rural development policies that neglect the role of RNF sector. Tassew (2002:28) argues that "this might be because the role of RNF sector is the least understood component of the rural economy and its role in the broad development process is not well known."

The same author further notes that:

It has been and still is unclear which government organization is responsible for the promotion of non-farm activities in rural areas. The conventional sector based approach employed to analyze the Ethiopian economy, categorizing it as agriculture- industry have also contributed to the relative neglect of the rural non-farm economy. The links between farm and non farm activities are not fully recognized. There is social cost for not recognizing the importance of the rural non farm sector among which the study area is a victim, Tassew (2002:52).

This knowledge gap which might be the product of the sector's heterogeneity coupled with lack of empirical or theoretical attention has been reflected in the policies of developing countries including Ethiopia where there is no development policy that identifies and includes the rural non-farm economy. Agricultural ministries have instead focused on farming and industry ministries have focused on urban industry.

Economic development indicators show that Doba (the study area) is one of the poorest wereda in Ethiopia, about 85% the population lives below the absolute poverty line (MOFED, 2002). The people of Doba are mainly engaged in agricultural economic activities, 95% of the population is engaged in agriculture which includes both crop production and livestock rearing.

Despite such an immense importance of the sector, its performance is very low by any standard which is triggered by erratic and uneven distribution of rainfall, depletion of soil nutrients, repeated occurrence of crop pest, shortage of livestock feed, inadequate and poor rural infrastructures. Hence, given the ever -increasing rural agricultural difficulties of traditional production system to support the livelihood needs of the vulnerable people, diversification into RNF activities are becoming very important. Investigation into livelihood diversification strategies identifies RNF activities as one coping strategies for poor households in marginal environment (Ellis, 2005).

Its contribution in decreasing rural urban migration, employment creation, reduce rural poverty, increase income and improve household welfare absorbing the growing rural labor force and promoting a more equitable distribution of income are downplayed.

Among others, non-farm incomes provide the cash that enables a farm household to purchase food during a drought or after a harvest short fall. It is also a source of farm household savings, used for food purchase in difficult times. Growth in the RNF sector may reduce income inequality if income from such activities disproportionately favors the poor. Participation in the RNF sector allows poor people to smooth out or offset fluctuations in agricultural income that might occur on a seasonal basis or as a result of unexpected events. This is especially the case where savings, credit and insurance mechanisms are not available for this purpose, as is the case in many rural areas in Africa.

As cited in Reardon (1998) a large body of recent research indicates that at present the RNF sector is thought to be more dynamic and important than was previously believed.

Gordon and Craig (2001) observe the following major contribution of RNF activities:

- Help farm-based households spread risks
- Offer more remunerative activities to supplement or replace agricultural income
- Absorb surplus labor in rural areas
- Offer income potential during the agricultural off-season
- Provide a means to cope or survive when farming fails

However, diversification into RNF activities might be a challenging activity in the study Wereda due to several reasons that could be institutional, cultural, attitudinal, market and other capacity problems. On the other hand, there could be opportunities that can facilitate rural livelihood diversification.

The justification of the research problem is, therefore, the following: first the study area is often susceptible to man made and natural calamities, which in turn are manifested by vulnerability and food insecurity.

Second, livelihood diversification to rural non-farm activity might be the most challenging activity due to several reasons. Among others, high population growth, low yield per hectare due to erratic and insufficient amount of rain fall , poor quality of soil and small size of land have largely constrained the living conditions of the people in the study area.

Third, the study area is relatively known for its cash crops and other rural non farm activities.

Therefore, by assessing the contributions and challenges of RNF activities in Doba wereda, W/Harergeh Zone, the study is expected to add new insight to the diversification practice and bring into light socio-economic reality of the study area to policy makers and practitioners.

1.3. Objective of the Study

1.3.1 General Objective

The general objective of the research is to assess the contributions and challenges of Rural Non Farm activities in Doba Woreda, W/Hararghe Zone.

1.3.2. Specific Objectives

1. To examine the principal socio-economic variables determining rural non-farm activities in the study area.
2. To assess the empirical evidences concerning the extent and nature of the dominant patterns of rural non-farm activities.
3. To examine the proportion of households participating in RNA across three agro-ecological zone.
4. To assess the contribution of RNF activities in the study wereda.
5. To explore area-specific stresses and shocks from perspectives of livelihood diversification in to RNF activities.

6. To analyze what policy and program implications can be drawn from the findings.

1.4 Research Questions

An effort will be made to address the following specific research questions.

1. What are the principal socio-economic variables determining the development of RNF activities in the study area ?
2. What are the empirical evidences concerning the extent and nature of the dominant patterns of RNF activities?
3. What are the major area specific problems and constraints for the development and expansion of rural non-farm activities?
4. What is the contribution of RNF activities in the study area?
5. What proportion of the households are participated in RNF activities as livelihood diversification strategy.
6. What policy and program implications can be drawn from the findings?

1.5. Scope of the Study

The study has tried to assess the contributions and challenges of RNF activities in Doba woreda. From the woreda, 3 kebeles will be purposively selected (Dega, weyna Dega and Qola kebele administration).

1.6. Significance of the Study

Because of asset depletion and lack of other income earning opportunities, people in the study area are increasingly unable to gain sufficient means of survival and have become vulnerable to various forms of shocks and stresses. It is well recognized reality that agriculture provides only a limited portion of their livelihood, for quite a number of rural people in Ethiopia (Yared, 2001).

This research, therefore, may provide a modest contribution in identifying major factors and opportunities to participate in rural non farm activity as livelihood diversification strategy in the specific wereda.

In broader sense, the study aspires to offer basic information and analysis for the community and wereda level targeting and development project planning works. Directly or indirectly, the research study may also provide a useful contribution to formulating the macro and regional level short and long –term intervention measures.

In brief,

- The findings are expected to shed light on the nature of RNF livelihood problems in the area.
- The study may enable development actors to be cognizant of the challenges and contributions of RNF activities.
- The results of the study may initiate others for further study.

1.7 Limitation of the Study

The study has coverage problem (small sample size), which could lack complete representation of the area under study. It has faced time and financial constraints. There are also some difficulties difficult to find recorded data at wereda and kebele levels.

1.8 Structure of the paper

The research paper is composed of six chapters. Having the current introductory chapter that covers general background, statement of the problem, objectives, research questions, scope and limitation of the study, chapter two deals with the overview of the related literature that are relevant to the subject of the study. Chapter three deals with the different methodologies applied in the research. In this chapter, sampling techniques, data collection, analysis method and process followed during the course of the research were presented in some detail. Chapter four discusses the background information about the population and the environment of the study wereda and the three case study kebeles. Data analysis and the result of the study are presented in chapter five. Finally chapter six winds up the study with conclusion and policy recommendation.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

2.1. Operational Definition

Having clear and distinct framework for the major terminologies to be employed is crucial. Thus, the definitions given and employed in this study are given below.

Rural Non-Farm Activities (RNFA)

It is clear that there is no clear definition for the above stated term. However, operational definitions and frameworks were provided in different studies to achieve their stated objectives. In this study, non-farm refers to economic activities within the rural domain. Furthermore, the term "rural" is defined here to characterize residence or work place, mostly on farms. Combining both together, the rural non-farm could be defined as activities that are not included in the primary sector, such as agriculture or forestry, but includes trade based processing of agricultural products with varying degrees of magnitude. The term "non-farm" should not be confused with off-farm. The latter generally refers to activities undertaken away from the household's own farm and as (Ellis, 1998) uses it to refer exclusively to agricultural laboring on some one else's land. So, off-farm used in this sense would not fall within the normal definition of non-farm.

For the purpose of this study, the term rural non-farm activities refers to the heterogeneous set of economic activities formed in rural areas, but are in one way or another linked to agriculture.

Livelihood Diversification

Before defining what livelihood diversification is meant, it seems pertinent to define the term livelihood itself. A livelihood comprises the activities, the assets (Natural, Physical, human, financial and social capitals) and the access to this (mediated by institution and social relations) that jointly determine the living gained by individual or a household (Ellis, 1999).

On the other hand, diversification is defined as an increase in the number of sources of income and the balance among the different sources. Thus, a household with two source of income would be more diversified than a household with just one source, and a house hold with two income sources, each contributing fifty percent of the income would be more diversified than a house hold with one source accounting for ninety percent of income (IFPRI, 2004). Diversification is also a response to risks; especially those related to a trend towards smaller land holdings and increasing landlessness as population pressure increase, growing environmental risks like persistent drought and failing ground water, reducing input subsidies etc Hussein, et al (1998).

According to Ellis (2000), rural livelihood diversification is defined as, the process by which rural households construct on increasingly diverse portfolio of activities and assets in order to survive and to improve their standard of living. Livelihood diversification is often characterized as being driven by two processes: distress-push, where the poor are driven to seek non-farm opportunities; and demand pull, where rural people are able to respond to new opportunities. In the former situation, large numbers may be drawn into poorly remunerated low entry barrier activities, whilst the latter are more likely to often a route to improved livelihoods. This two-way categorization is undoubtedly an over simplification, but is a useful reminder that participation in RNF activities may drive from quite different circumstances and have quite different out comes.

2.2 Participation in Rural Non-Farm Economy and Rural Development

As far as the issue of rural development is concerned, it refers mainly to rural farm and non-farm sector development endeavors. Participation in the RNF sector allows poor people to smooth out or off set fluctuations in agricultural income that might occur on a seasonal basis or as a result of unexpected events. As per Hossain (1987:3), engagement in the non-farm economy is needed to:

- Smooth seasonal income and consumption patterns;
- Increase incomes;
- Reduce risk (by spreading income risk across several activities),and

- Improve their long-run income prospects.

In addition to the above specified reasons household decision to participate in non-farm rural activities depend on the incentives they face, as yield and risks, when carrying out the farming activities. The second reason resides on other factors such as education status, level of income, access to credit and assets (Reardon et al; 1998).

Based on the above explanations, one can infer that the level of participation in rural non-farm activities is determined by a combination of pull factors such as better returns in the non-farm sector relative to the farm sector and push factor which include in particular:

- an inadequate farm out put, resulting either from temporary events (e.g. a drought) or longer-term problems (e.g. land constraints);
- an absence of or incomplete crop insurance and consumption credit markets;
- the risks of farming, which induce households to manage income and consumption uncertainties by diversifying and undertaking activities with returns that have a low or negative correlation with those of farming;
- an absence or failure of farm input markets or input credit markets, compelling households to pay for farm inputs with their own cash resources.

According to Bewley (1986), the push factors emphasize the limited capacity of agriculture to absorb labor, given limited arable land. On the other hand, the pull factors are related to the availability of attractive and more profitable opportunities of work in the non-farm sector. Hence, one can argue that in the scenario of increasing population and its assumed consequences with the relative importance of the sector on state of economic development can be underlined for household's decision to participate in non-farm activities.

Davis and Pearce (2000) discuss the importance for policy-makers of making this distinction between distress push or demand-pull since they may require different policy responses. The former may require policy makers to develop appropriate social safety net and interventionist policies to mitigate the short-run negative effects that sometimes accompany this type of diversification. Where demand pull factors are driving the

process of diversification, policy-makers might seek to provide a suitable "enabling environment" to support the development of the RNF economy and sustainable rural livelihoods. However, deciding on whether demand-pull or distress push factors are at work may not be straight forward.

Access to non-farm income may enable a farm household to increase the area of land under cultivation, use more purchased inputs (owing to both increased liquidity and increased security in case of crop failures) and diversify farming into cash crops that raise farm incomes. In general, access to non-farm income may give a household the breathing room to undertake longer-term investments.

2.3. Linkages between Farm and Non-Farm Activities

The prevailing conception about agriculture and the non-farm economy is that agricultural development is critically important for creating an environment in which the non-farm sector can prosper, and that rural non-farm activities have close links with the agricultural sector. The rural non-farm economy is more active when and where the local farm economy is prosperous (Davis, 2004).

As the largest employer in rural areas, the largest income generator and the largest source of raw materials, agriculture clearly plays a predominant role in influencing the size and structure of the rural non-farm economy.

The farm and non-farm sectors can be linked via production expenditure and investment linkages.

RNF production linkages with local agriculture takes place through sale of inputs to and purchase of out put from the farm sector, with the agricultural output being used as an input for RNF activities (such as agro processing and distribution). Hence, the type of local agriculture will play an important role in determining the incentives for these kinds of RNF activity, as its characteristics will affect the profitability of RNF products and services as well as the market outlets for them). On the side of farm implements, for example, the average farm size determines whether there is a profitable market for

tractors in addition to hand-tools. On the farm output side, the composition, timing and quality of output produced by local farms can influence the profitability of agro processing industries (Haggblade and Brown;1987. The type of technology used in cattle farming affects animal health and milk productivity which in turn, affects the profitability of non-farm activities such as cheese production and milk pasturing.

There are expenditure linkages between RNF and farm activities in that income generated from farm activities is spent on the output of non-farm enterprises and vice versa. Therefore, the profitability and market outlet for these are determined by local incomes and tastes. Small holders, the poor, and more likely to spend on local goods and services in the RNF sector, while richer households would tend to spend on items from the modern manufacturing sector located in cities. The implication of this is that technical change in agriculture that benefits small holders will have a greater impact on the local economy via expenditure linkages than would technical change that benefits large land holders (Kindness, 1994).

Where there are constraints on access to credit, investment linkages between RNF activities and the farm sector may also be very important. In such circumstances, non-farm income may be crucial for a farm household's capacity to make farm capital investments and purchase modern inputs. Vice versa, savings generated by farm activities may be at the basis of investments in non-farm activity.

2.4 Determinants to the Growth of RNF Activity

Many donors are changing their approach to rural poverty alleviation to one that emphasizes (Bryceson, 1999):-

- reducing vulnerability to increase resilience and improve livelihood sustainability;
- Participatory methods;
- Holistic analysis, focusing on multiple determinants of livelihood outcomes;

- the role of a broader range of assets (natural, physical, financial, human and social) over the narrower, traditional focus on farmers' means of production (land, labor and capital) ;
- Dynamism;
- Macro-Micro linkages.

Though, the livelihood diversification is very broad and comprises many determinants, this study focuses only on variables that have direct relation to the research objective.

2.4.1. Human Capital

Human capital comprises the skills, knowledge, and ability to labor and good health important to the ability to pursue different livelihood strategies.

The existence of an excessive labor supply can also be a stronger stimulus to the diversification in to RNF activities

Education

The existence of a positive link between access to, and level of education on one hand and involvement in the more remunerative non-farm activities on the other is undisputed in the literature. Lanjow (1999:27) States:

Breaking down the non-farm sector between casual non-agricultural wage employment and regular salaried employment typically reveals that the probability of employment in the latter sector rises as education levels rise. The opposite is often observed for employment in the casual non-agricultural wage sector. Involvement in self-employment is usually most likely for those with some basic education, but is lower for both the illiterate and those with high levels of education. Additional analysis, examining the returns to education within the non-farm sector confirms that earnings tend to rise sharply with higher education levels.

Reardon (1997) cites a number of authors who have addressed the importance of education and skills as determinants of business start-ups and wages earned in the non-farm sector. In Africa, better-educated members of rural population have better access to any non-farm employment and are highly likely to establish their own non-farm

businesses. Over time, this appears to lead to a dominance of the non-farm sector by a subset of local families. Women are identified as a specific group for which access to education is more limited. The effect of this, in combination with childcare responsibilities and other social expectations, is that there is greater involvement of women in the informal than the formal employment sector (Haggblade et al; 1987).

Islam (1997) argues that primary education enhances the productivity of the work force, whilst secondary education stimulates entrepreneurial activity.

Health

There is no doubt that the health status of household members has a significant bearing on their participation in income generating activities. Islam (1997) discusses the importance of investment in health more broadly, which results in reduction in morbidity and improved nutrition, and there-by increases labor productivity, in both farm and non-farm sectors. Families, who have limited access to health facilities, whether for reasons of location or affordability, inevitably suffer the consequences in loss of potentially productive time. Smith et al (2001) note that the RNF activities of the poor are often more demanding physically that are important to engage in and earn RNF income.

Personal vision

Very little has been written about personal vision as a possible determinant of participation in the non-farm sector. Personal vision can be constrained by the inability to see oneself in situations very different from those in which they currently live (Start, 2001).

Limitations of personal vision may also relate to the issue of confidence. Those individuals with little or no experience of the non-farm sector may not trust their ability to participate successfully, and may decide to settle for lower returns in agricultural activities in which they feel more confident.

Age

Several authors address the significance of household member's age in relation to their participation in the non-farm sector. Delil (2001) notes that it is generally the younger household members who engage in non-farm income-earning opportunities and points out that age is a factor synonymous with moving into the non-farm sector more broadly. Mbilinyi et al (1999b) note that as women mature they are more likely to take up business opportunities. This finding relates to a particular cultural context, in which traditionally women were in stable, long-term family situations, depending on their husbands for the households' cash needs.

However, with more break-up of marriages and non-married situations, more woman realize that they have only themselves on whom to depend and enter the non-farm sector later than they might otherwise. Women with childcare responsibilities are also somewhat confined to home-based activities, until their children can be left with others in the home. This means that women in their late twenties and older are more active in non-farm activities.

2.4.2 Social Capital

Social capital comprises the social resources (e.g. networks, membership of groups, relationships of trust, access to wider institutions of society) upon which people draw in pursuit of livelihoods. There is ample evidence of influence of social capital on access to different types of employment. According to Lanjouw (1999), other characteristics (aside from education) such as race, gender or caste, also play an important role in determining the probability of employment

Gender

Like age, gender is a dimension of human capital, but its effects are mediated through social institutions. There is general consensus in the literature that gender is a significant factor determining access to RNF opportunities. Griffith et al (1999) noted that the majority of the poor in Sub-Saharan Africa are women. They have, therefore, greater

need than most for the income that can be secured through involvement in the non-farm sector. Women have long been constrained in the activities in which they are permitted or able to participate, by tradition, religion, or other social norms.

Ellis (1998), Newman and Canagarajah (1999) point out the activities in which women are involved are more circumscribed than those for men. Women also tend to engage in businesses that require lower start-up capital than those in which men become involved. Their involvement in income-earning opportunities has greater significance than simply increasing their own or household income.

Islam (1997) states that RNF activities strengthen women decision-making power within the household, help to limit family size, and improve child nutrition and education. Women's household responsibilities are more likely to prevent them from spending extended periods away from the home.

Networks

Individuals and households with better social networks have greater opportunities in the non-farm sector. Gordon et al (2001) report that the ability to participate in RNF sector is influenced by social networks. Households can learn employment or business opportunities through friends or family who are already involved in the non-farm sector.

Fafchamps and Minten (1998) defined social capital in two ways: as a 'stock' of trust and an emotional attachment to a group or society at large that facilitates the provision of public goods, and as an individual asset that benefits a single individual or a firm. The latter is sometimes referred to as social network capital to emphasize that agents derive benefits from knowing others with whom they form networks. They demonstrate that social network capital raises total sales and gross margins. They identify several quantifiable dimensions of social capital including the number of friends and family who can help with RNF activities and the number of suppliers and clients that the respondent knows personally.

There are many examples that demonstrate how the development of useful networks can be promoted through deliberate government or aid project interventions. In this regard, an

initiative to develop community groups could yield a number of benefits (Block and Webb; 2001)

Including:

- Improvements in human capital through group literacy and numeracy training;
- Improved access to loans, through group lending mechanisms;
- Improved leverage with government through organization, representation at other fora and capacity to speak on issues of concern to the whole community.

The initiative helps to develop social capital with in the group, between the group and trader networks and between the group and other networks.

Family Size and Structure

The structure of rural families plays a significant part in determining access by individuals to non-farm opportunities. Reardon (1997) observes that family size and structure affect the ability of a household to supply labor to the non-farm sector. Larger families supply more labor to the RNF sector, as sufficient family members remain in the home or on the farm to meet labor needs for subsistence.

2.4.3 Physical Capital

Physical capital includes hard infrastructure (e.g. roads telecommunications, power and water), as well as production equipment and buildings that are more likely to be individually owned. There is a consensus in the literature on the critical role of infrastructure in the development of the RNF economy. Lanjow (1998; 9) notes:

Innumerable studies that document the constrained access of rural enterprise to power and telecommunications, and the high transaction costs caused by inadequate roads. Moreover, there is ample evidence to show that bank, marketing and service centers, training centers and other support activities tend to locate where infrastructure is adequate.

Reardon et al (1998) find that the availability of low entry barrier, labor intensive jobs, market densities and dynamic agriculture, tends to be associated with good infrastructure

ROADS

Ellis (1998) observes that in Africa, poverty can be largely explained in terms of location, and lack of access to facilities. Villagers most frequently cite road access when asked what improvements they like in their circumstances. The majority of African farmers currently head-load their produce to local markets.

Islam (1997) points out those infrastructure improvements not only increase the supply of competing products, they can also contribute to a change in rural tastes and preferences, towards more urban products.

Electricity is another critical component of infrastructure. It helps to create increased RNF opportunities in several ways among which releasing labor from time-consuming and low-productivity chores such as manual pounding of grain, enabling the development of RNF activities for which electricity is a prerequisite and reducing the costs of, for example, diesel-powered, small-scale millings to a viable level are the major ones.

Last but not least, an improvement in the cost and coverage of telecommunication reduces transaction costs by improving information flow.

2.4.4 Financial Capital

One of the principal problems for rural households and individuals wishing to start a business, whether in the farm or non-farm sector, are access to capital or credit. Without start-up funds or with only little cash available for investment, households are limited to a small number of activities that yield poor returns, partly because of the proliferation of similar low entry barrier enterprises. In the same way, individuals with little or no personal savings may find themselves unable to meet the start up costs of RNF activities.

Rearden (1997) states that own-cash sources are an important determinant of households' capacity to start non-farm businesses. Therefore, upper income strata households have much higher shares of non-farm income as a proportion of total income and have higher absolute non-farm earnings. Bryceson (1999) also comments on the growing divide

between those with and without sufficient financial capital to enter non agricultural activities with high returns to labor.

Islam (1997) cites where participants of RNF activities complained of poor access to credit next in importance to lack of infrastructure inputs and markets. Land is often required as loan collateral and this can exacerbate income inequality associated with RNF activity.

According to Islam, reasons for credit market failure include:

- the lender does not know the default risk of each potential borrower and to collect this information is costly; more over there is an associated moral hazard problem that rural credit programs may attract borrowers with no intention to repay;
- it is costly to ensure that the potential borrowers take those actions which make loan repayment more likely;
- it is difficult and costly to enforce repayment;
- the cost of providing services to the rural poor is high because they are located in remote areas, want to borrow small amounts, and illiteracy, lack of experience of banks and lack of collateral necessitate the development of tailored approaches.

Gorden (2000) notes that a further response to the failure in credit markets has been the development of micro-credit initiatives which is characterized by:

- Small, short-term loans and savings mechanisms;
- Simplified loan appraisal procedures;
- Innovative approaches to collateral;
- Savings and loan services provided at a location and time convenient to the poor;
- High repayment rates and repeat loans.

Thus, micro-credit schemes are often associated with group-lending and mobile banking arrangements. Whilst there is wide and growing experience with micro-credit, the vast majority of rural people do not have access to any such scheme. Many authors comment

on the consequent importance of informal source of credit. Gordon (2000) highlights the importance of funds available from friends and family in meeting unforeseen needs or in investing in non-farm activities. These are, however, inadequate, since household expenditure follows a similar seasonal pattern in rural areas, with every one's need arising at the same time, i.e. when food supplies are running low and the next crop is not yet ready for harvesting. Reardon (1997) observes that own-cash sources or financing from money lenders, are an important determinant of capacity to start non-farm businesses or to obtain employment.

2.4.5 Natural Capital

Natural Capital comprises the natural resources such as water, land and common property resources that are so central to rural livelihoods. These resources provide a foundation for farming and also for much of the RNF economy (Ellis; 1999). The influence of natural capital on non-farm activities is felt in several ways (Gordon et al; 2001):

- Through forward and backward linkages between agriculture, post harvest activities and agricultural inputs and services;
- Through linked labor markets for farm and non farm activities and hence, transmission of higher wages in one sector to the other;
- Through correlation between household access to land and other wealth enhancing assets such as education, contacts, finance;
- Through the knock-on effects of risk and vulnerability associated with certain natural resource based activities on the choice of RNF activities also pursued.

2.5 Transforming Structures and Processes

Transforming Structures and processes represent the **institutions, organizations, policies** and **legislation** that shape livelihoods. They are of central importance as they operate at all levels and effectively determine access, terms of exchange between different types of capital, and returns to any given livelihood strategy (North, 1990).

Structures can be described as the hardware (private and public organizations) “that set and implement policy and legislation, deliver services, purchase, trade and perform all manner of other functions that affect livelihoods” (DFID;1999).

An absence of well working structures often constitutes an obstacle to rural non farm activity and makes simple asset creation difficult in case of adverse structures impeding access to apply a certain livelihood strategy.

Complimentary to structures, **processes** constitute the “software” determining the way in which structures and individuals operate and interact. There are many types of overlapping and conflicting processes operating at a variety of levels-and like software, they are crucial and complex!. Important processes for livelihoods are for instance policies, legislations and institutions, but also culture and power relations. They may serve as incentives for people to make choices, they may be responsible for access to assets or they may enable stakeholders to transform and substitute one type of asset through another.

To conclude, the non-farm activities are found to be influenced by the above main factors in general and other unspecified mediating factors that promote or hinder the growth of non-farm activities.

Gordon et al (2001) pointed out that the overall macro-economic environment and the manner in which those policies are implemented are critical determinants of economic growth and employment opportunities in rural and urban areas.

2.6 Rural Development Policies, Strategies and Programs

A thorough understanding on macro level policies and strategies is an essential component of rural non-farm livelihood analysis as it helps to put the study in content. To this end, a very brief review of Ethiopian’s Rural Development Policies and strategies; Sustainable Development and Poverty Reduction Program (SDPRP), and the current five years development plan; a Pan for Accelerated and Sustained Development to End Poverty (PASDEP) shall be made.

2.6.1 Agricultural Development–Led Industrialization (ADLI) strategy

Ethiopia's existing reality reveals that there is an acute shortage of capital. In contrast, the country is endowed with large number of working age population and a potentially cultivable land although land is still relatively scarce in some parts of the country, particularly the northern and the central highlands (FDRE,2001).

Under the free market economy framework, the current Ethiopian government has shown strong commitment to promote rural-centered development programs. The main objective of Ethiopian government agricultural policy is to ensure adequate food security through increased agricultural production and employment (MoFED; 2005/6).

To this end, a broad based Agricultural Development –Led Industrialization (ADLI) strategy has been formulated on the bases of three priorities. Accelerated growth through the supply of fertilizer, improved seeds and other inputs, expanding small-scale industries to interact with agriculture and increasing exports to pay for the import of capital goods.

2.6.2 Sustainable Development and Poverty Reduction Program (SDPRP)

SDPRP is likely to be the first holistic development plan and poverty reduction program in Ethiopia. It is issued in 2002, and shows the government's commitment to work towards meeting the Millennium Development Goals (MDGs). It aims at reducing poverty by half through achieving annual growth at a rate of 5.7 percent until 2015. This program is believed to be a general framework for all sorts of development initiatives in the country, which was carried out in the recent past (MoFED; 2005/6).

The development strategy has built on four pillars-

- (a) Agricultural Development Led Industrialization (ADLI)
- (b) Reform of the justice system and the civil service
- (c) Decentralization and empowerment, and

- (d) Capacity building in public and private sectors. Though the importance of economic growth was explicitly recognized, the primary focus of SDPRP was poverty reduction and improving food security issues.

2.6.3 A Plan for Accelerated and Sustained Development to End Poverty (PASDEP)

PASDEP, the over-arching framework for program and policies, which signals broad direction of development, was issued in 2005. Efforts have been made to further consolidate and update the document until the second half of 2006. Apart from its focus on poverty reduction, PASDEP gives a particular emphasis on economic growth with 6-8 percent per annum (MoFED, 2005). In its five year envisaged plan (2005/6-2009/10). PASDEP consists of eight strategic elements, some of which are a renewed look at SDPRP while others are likely to be new. For instance, creating new jobs, focusing on youth and children as well as managing risks and volatility are among the new strategic elements included in PASDEP.

An important enhancement to capture the private initiative of farmers and to support the shift to diversification and commercialization of agriculture has also gained special attention in PASDEP. Besides, commercialization of agriculture and continued support to pro-poor basic agriculture has received continual emphasis so as to improve food security problems and reduce poverty.

The Productive Safety Net program, which is designed to address the need of about 4.8 million chronically food insecure people in 267 weredas at national level might be one sort of manifestation of governments renewed focus on addressing food security problems (MoFED, 2005).

Generally, from our view point, PASDEP is likely to say a second phase of poverty reduction program in conjunction with explicit renewed look at accelerated economic growth.

2.7 The Rural Non-Farm Activity in Ethiopia

In Ethiopia, policy makers excluded rural non-farm activities from much attention, thereby ignoring an important source of livelihood. During the reign of Derg, as noted by Tassew (2000) diversification has been actively discouraged and people were banned from having more than one occupation. "Farmers were not allowed to engage in off-farm activities, and hire of labor was restricted." The same author further notes that "it has been and still is unclear which government organization is responsible for the promotion of non-farm activities in rural areas. The links between farm and non-farm activities are not fully recognized. A bolder assertion is made by Ellis (2004:31) that "Ethiopia follows policies that trap people in agriculture"

Although more and more NGOs have become directly involved in farming communities, non-farm activities are accorded little importance as they focused on agricultural development, reforestation, soil and water conservation and rural water supply. The emphasis on rural non-farm activities is minimal (Carney; 1998). The conventional sector-based approach employed to analyze the Ethiopian economy, categorizing it as agriculture, industry, etc has also made its own contribution to the relative neglect of the rural non-farm economy.

As Ellis and Tassew (2005:42-43) observed "Ethiopia exhibits relatively few non-farm opportunities compared to other low income countries." The relative absence of rural non-farm enterprise is also a feature of the Ethiopian rural economy confirmed in the Participatory Poverty Assessment (PPA) authored by Ellis and Tassew (2005:42-43). Few households engage in non-farm activities and there seems to be various reasons why this is so, including lack of encouragement by district and kebele administrations, fear of sanctions such as loss of entitlement to land (even though such fear is not grounded in public policy), social sanction on mobility especially for women, and the low cash in circulation in rural areas. The report further notes that, it is probable that household livelihood portfolios in rural Ethiopia are amongst the least diversified in sub-Saharan African, and this means that little non-farm growth is occurring in small towns and by extension, little also occurring across the range of urban settlements up to regional level.

Future poverty reduction strategy thus requires a rebalancing of priorities so that promotion of agriculture is placed in a broader context of facilitating the transition from farm to non-farm occupations in Ethiopia. People have to be encouraged and assisted to move out of the agricultural sector at a faster rate and allowed to combine farm and non-farm occupations without real or imagined fears about losing their land rights.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology and procedure used in conducting the study. It is subdivided into the following sections: types and source of data, the sample and procedure for selecting the sample, method of data collection, and method of data analysis.

3.2 Data Types and Data Sources

The research attempted to use qualitative and quantitative method. Both primary and secondary data sources have been employed. Through such a mixed way of data generation the limitation of one was offsetted by the other. At household level, the collected data includes: demographic characteristics, households' total income, types of livelihood strategies, access status of households to different assets and their coping strategies in events of disasters, the most prevalent rural non farm activities, the available opportunities for the promotion and expansion of RNF, the major social, policy, cultural and economic problems and constraints for the expansion of RNF activities.

3.3 Sampling Procedures and Sample Size

Both probability and non-probability sampling techniques was used to collect data at different stages. First purposive sampling was used to select the study area (the region and the wereda). This was to select:

- An area where the researcher is well familiarized;
- An area which is relatively drought-prone and hence food insecure;
- An area where the land size is relatively too small to the farming population and also is inconvenient for farming.
- An area where relatively better livelihood diversification is practiced

To select the study kebele, out of a total of 40 kebele administrations found in rural area, 3 kebeles were selected based on purposive sampling techniques. This enabled to compare and contrast the situation of RNF activities in a relatively Dega, Weyna Dega and Kola kebeles in the wereda.

To reach to the intended target sample (using kebele roster that are based on local criteria), the households were stratified in to three wealth groups, rich, medium and poor. From each stratum, the determined number from each kebele (25% rich 30% medium, 45% poor) was selected based on simple random sampling technique.

The data from each income group was information on demographic characteristics, households' incomes, and types of livelihoods' strategies, access status of households to different assets and their coping strategies in events of disasters.

Table1: Income Strata and Selected Sample Households

No	Name of Sample Kebeles	Income Strata In each kebele	Number of House Holds In each Strata	Selected sample Households From each strata
1	Oda Jalela (Dega)	Rich	742	12.5
		Medium	1000	15
		Poor	3483	22.5
2	Lege Lencha (Weyna Dega)	Rich	500	12.5
		Medium	846	15
		Poor	2100	22.5
3	Mede Telila (Kola)	Rich	240	12.5
		Medium	270	15
		Poor	2124	22.5
	Total Sample	-----	11,305	150

Source: Doba Wereda Administration Biro, 2000E.c

3.4 Method of Data Collection

3.4.1 Primary Data

Primary data was collected through household survey using structured questionnaires. Moreover check list was prepared to guide the in-depth interview and the focus group discussions. These tools enabled the researcher to collect both quantitative and qualitative data.

3.4.2 Household Survey

To fill the structured questionnaires, the researcher selected six teachers from three junior secondary schools (two enumerators from each kebele) as enumerators. An organized one day training session was conducted to make them aware of the purpose of the study and to give them the detail explanation. Each question was explained to them with adequate clarity, and they have been given ample opportunities to make comments, to raise questions and also make any suggestion they might think useful to improve the questionnaire.

A person to supervise the enumerators' day to day work was also recruited from the wereda Agricultural Office, and oriented about the research objective and the questionnaire beforehand. The supervisor's role in facilitating contacts with various offices and institutions was very crucial for the success of the fieldwork. Although official support letter to interview households was obtained from the wereda administration, the supervisor's personal relationship with kebele chairman and other staff helped a lot in establishing trust and warm support from the very outset.

3.4.3 Focus Group Discussion (FGD)

Focus group discussion was conducted in each kebele. The group had 8 persons in each kebele. Participants of the FGD included mainly selected RNF activities operators, representatives of kebeles, youth and women Associations. The second focus group discussion was conducted at the wereda level with the following concerned staff:

Agriculture and Rural Development Office, Wereda Administration, Wereda Women and Youth Association and Ethiopian Rural Self Help Association (ERSHA) and other concerned organ was participated. This discussion was aimed to elicit different views and social perceptions of the participants. More importantly, focused group discussions was to initiate the identification of most prevalent rural non farm activity, what opportunities was available for the promotion and expansion of RNF activities and to identify the major social, policy, cultural and economic problems and constraints for the expansion of RNF activities, and access status of household to different assets in the study area.

3.4.4 In-depth Interview (II)

In-depth interview aimed at going beyond the structured interviews to receive explanations about the issue raised in the structured method. It was the major source of information to increase the quality and reliability of the data. Mainly the focus of in-depth interview was on rural non-farm activities development variables. Individuals who met the selection criteria for in-depth interviews were selected after structured interview was conducted and then the appointment was made to conduct the appropriate interview. The criteria for selection was, among other, who have basic education, have been in non farm business for more than 3 year, have growth potentials and their livelihood based on non farm business activities. Information on livelihood resources, annual income, challenges and households coping and adaptive strategies and actions taken so far by external actors was pointes of discussion.

3.4.5 Secondary Data

Published and unpublished documents including progress reports, previous research documents, and compiled data were reviewed to get background information about rural non-farm activities.

Information was collected from the wereda administration document, Agriculture and Rural Development Office, Cooperative Promotion office and Food Security Coordination Office. Non Governmental Organization contacted in the wereda was Ethiopian Rural Self Help Association (ERSHA) and CARE Ethiopia.

3.4.6 Method of Data Analysis

The various data gathered by both quantitative and qualitative methods were analyzed using different techniques. Triangulation was applied for cross checking and verification of the information collected from different sources.

Quantitative data was analyzed using descriptive statistics such as average, percentage, proportion. The analysis of the in-depth interview data and the information gathered from focus group discussion was started during data collection in order to focus the question and the study as a whole. Guided by research questions, each interview transcript was analyzed for concise of thoughts. Lists of key issues were prepared and findings were organized according to the list. During process of data analysis, the researcher made an effort to look for patterns, differences, variations, and contradictions.

CHAPTER FOUR: BACK GROUND OF THE STUDY AREA

This chapter is devoted to introduce the study wereda and the three case study kebeles.

Location of the study area in relation to the wereda is depicted using maps and narratives.

The necessary background information regarding topography, socio-economic characteristics of the people and livelihood activities will briefly be discussed.

4.1 Location and Description of Doba Wereda

Doba Wereda is located at W/Hararghe of Oromiya Regional State. Its main town is Doba town which is located at 382 Km from Addis Ababa. The wereda is divided in 40 kAs (kebele Administrations). According to Sanni Reshid, Head of Wereda administration, the wereda populations are 141,655. Regarding their religion about 90% of the populations are Muslim Oromo and the other 10% are orthodox, protestant and catholic Christians. Total area of the woreda is 730Km² where hill slopes, valley bottoms and plateau characterize its total topography. Its climatic conditions are 3.8% (2kAs) Dega, 41.6 %(17kAs) Weyna Dega and 54.6 %(22 kAs) Qola. The land use types across the area is 2184.5 hr for staple food (mainly Sorghum and Maize), 5545.75 hr of forest, 18500hr of bush and forage, 2920 hr of animal feed, 3973 hr of chat, 865 hr of coffee and 30hr of vegetables. 16533 hr of the area are in cultivable land. 23912 hr is potentially cultivable land. 7379 hr is used for social service such as school, health and religious building (service).

There are two rainy seasons in the wereda. These are the "Meher" the main rainy season and the "Belg" the minor rain season. The "Belg" crop sowing season is between mid February to the end of April. The "Meher" crop-sowing season starts from mid April to mid may. Many development stakeholders in the wereda agree that Doba (the wereda) is one of the poorest wereda in Ethiopia, about 85% of the population lives below the absolute poverty line.

The people of Doba are mainly engaged in agricultural economic activities; 95% of the population is engaged in agriculture, which includes both crop production and livestock rearing. Despite such an immense importance of the sector, its performance is very low

by any standards that are triggered by erratic and uneven distribution of rainfall, depletion of soil nutrients, and repeated occurrence of crop pest.

4.2 The Study Kebeles

Oda Jalela kebele administration, with Dega agro-ecology is located in the North-Eastern part of the major town (Doba) at a distance of 25 Kms from the town(See map). The total population of the kebele is 5,225, of which 2,793 are male and 2,432 female. The total area of the kebele is 1,644hrs. Farming being its major land use, area demarcated for forest protection is insignificant (See Table 2).

Table 2 Land use/cover in Oda Jalela

Land Use/ Cover in Oda Jalela		
Land Use	Area(hectar)	Percentage
Cultivated Land	577.5	35.1%
Open Grass Land	35	2.1%
Area Demarcated for Plantation/Forest	160	9.7%
Vilage/Homestead	276	16.8%
Other	645.5	39.3
Total	1644	100%

Source: own survey, 2009

Lege Lencha kebele administration, with Weyna Dega agro-ecology, is located in the South-Western part of the major town (Doba) at a distance of 20 kms from the town. The total population of this kebele is 3,446 of which 1,750 are male and 1,696 are female. The area demarcated for forest protection in this kebele is better than Oda Jalela and Mede

Telila kebeles. Its total area is about 1,099 hrs with the following types of land use(see Table 3).

Table 3 Land use/cover in Lege Lencha

Land Use/ Cover in Lege Lencha		
Land Use	Area (hectar)	Percentage
Cultivated Land	540	49.1%
Open Grass Land	14.9	1.4%
Area Demarcated for Plantation/Forest	262	23.8%
Vilage/Homestead	150	13.6%
Other	177.8	16.2%
Total	1099	100%

Source: own survey, 2009

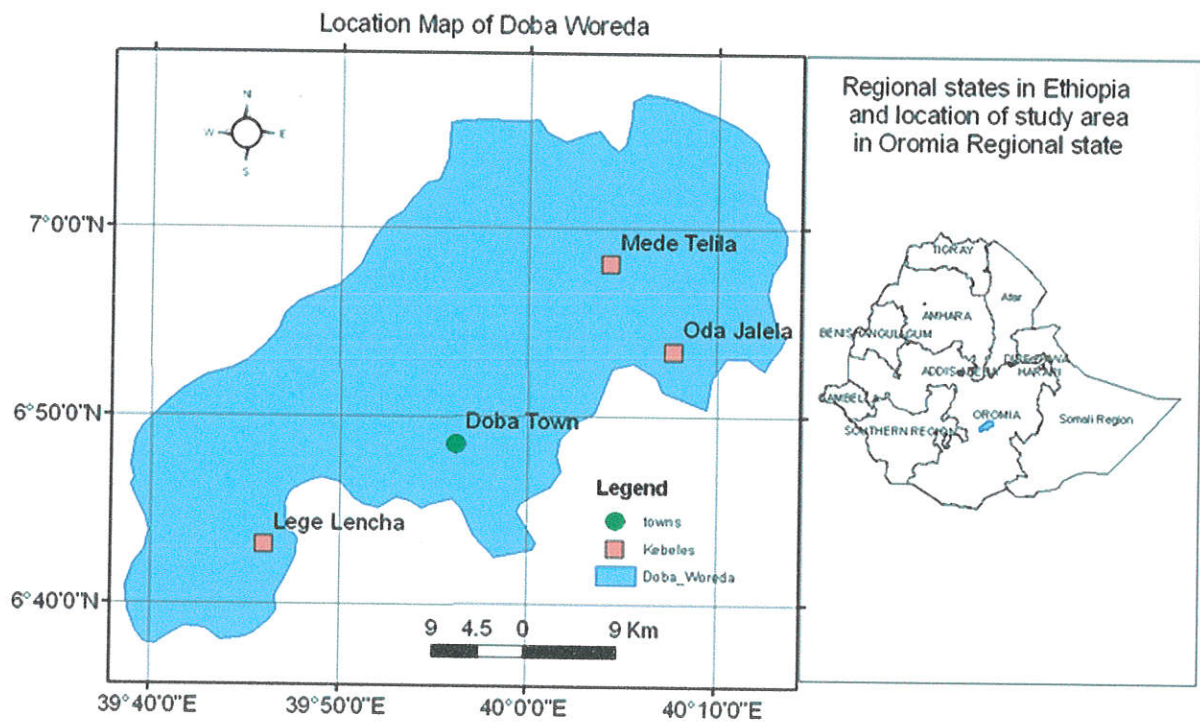
The most remote kebele, compared to Oda Jalela and Lege Lencha, is Mede Telila kebele administration. It has Qola agro-ecology and located in the North-Eastern part of the major town (Doba) at a distance of the 36 kms from the major town. The total population of the kebele is 2,634, of which 1,490 are male and 1,144 are female. The land is mainly used for grazing and farming. Area demarcated for forest protection is also insignificant(See Table 4).

Table 4 Land use/cover in Mede Telila

Land Use/ Cover in Lege Lencha		
Land Use	Area(hectar)	Percentage
Cultivated Land	400	26.9%
Open Grass Land	235	15.8%
Area Demarcated for Plantation/Forest	325	21.9%
Vilage/Homestead	144	9.6%
Other	383	25.8%
Total	1487	100%

Source: own survey, 2009

Generally, the study wereda and kebeles have faced difficulty to relay on agriculture as the major source of livelihood. The prevailing subsistence agricultural economy that are characterized by small land holdings, recurrent drought, crop pest, large family size and increasing number of landless young people become a factor to pursue RNF activities in the study area. Coffee, chat, goat and sheep trading are the most prominent types of business in the study kebeles.



(Source: Ethio_GIS)

CHAPTER FIVE: FINDINGS AND DISCUSSIONS

5.1 Demographic Characteristics of the Sample Households

Data on Various demographic and social attributes of the 150 sample households in the study kebeles were collected. In order to see variations among samples, the data is summarized by kebeles, sex, age, literacy (level of education) and family size of the sample households that are presented in the following Table 2

As to the gender of business participants, although RNF activity is believed to strengthen women decision-making power within the household, help to limit family size, and improve child nutrition and food security, women have long been constrained from RNF activities. Majority of business operator i.e, 19 (70%) households in Oda Jalela, 10 (71%) households in Lege Lencha and 12 (63%) households in Mede Telila are male households (See Table 5). This shows the dominance of male over female in rural non-farm activities.

Table 5 Distribution of respondents by sex

Sample kebeles	Gender Characteristics					
	Participants(N=60)			Non participants(N=90)		
	M	F	Total	M	F	Total
Oda Jalela	19(70)	8(30)	27(100)	13(56)	10(44)	23(100)
Lege Lencha	12(63)	7(37)	19(100)	25(80)	6(20)	31(100)
Mede Telila	10(71)	4(29)	14(100)	22(61)	14(39)	36(100)
Total	41(68)	19(31)	60(100)	60(66)	30(33)	90(100)

* The Number in the bracket indicate Percentages out of hundred
Source: own survey, 2009

Further, several authors address the significance of household’s age in relation to their participation in the non-farm sector. Generally the results of this findings points out that the younger household members engage in non-farm income-earning opportunities and found out age is a factor to move into the non-farm sector more broadly. The mean age for the whole sample participant was 30 years. The modal age when all kebeles considered together was 28. The maximum age 35and the minimum 21.

Table 6 Distribution of Sample households by age

Sample Kebeles	Sample Households by age category							
	Participant households (N=60)				Non- Participants households (N=90)			
	15-29	30-49	50-64	65+	15-29	30-49	50-64	65+
Oda Jalela	9(33.3)	18(66.7)	-	-	5(21.7)	9(39.1)	8(34.8)	1(4.3)
Lege Lencha	7(36.8)	12(62.2)	-	-	14(45.2)	5(16.1)	9(29)	3(9.7)
Mede Telila	4(28.6)	10(71.4)	-	-	13(36.1)	11(30.6)	10(27.8)	2(5.6)
Total	20(33)	40(66)			32(35)	25(27.7)	27(30)	6(6)

*Total % age is taken from all participants (N=60) or non-participants (N=90) while others are from the respective kebele participants or non-participants.

Source: own survey, 2009

Regarding education, the existence of a positive link between access to, and level of education on one hand and involvement in the more remunerative non-farm activities on the other is undisputed in the literature. Reardon (1997) cites a number of authors who have addressed the importance of education and skills as determinants of business start-ups and wages earned in the non-farm sector. Better-educated members of rural population have better access to any non-farm employment and are highly likely to establish their own non-farm businesses.

In Table 7, the importance of education as determinants of RNF business success is depicted. Where education is poorly distributed non-farm sub-sectors or activities that require an educated labor force are highly limited. This illustrate, rural education has grater effect in starting and expanding rural non-farm activities. In the study area all participants to RNF activities can read and write. From these,16 (32%) households in Oda Jalela are those that have completed grade 1-6, while 6 (12%) households are those that have completed grade 7-9 and 5 (10%) households are those that have completed grade 10-12.

In Lege Lencha, where 19 (38%) sample households are participants of RNF activities, 12 (24%) households have completed grade 1-6 while 4 (8%) households are grade 7- 9. Those that have completed grade 10-12 are only 3 (6%) households. Among 14 (28%) business participants of Mede Telila kebele, those that have completed grade 1-6 accounts to 9 (18%) households while those that have completed grade 7-9 are 3 (6%) households and those that have completed grade10-12 are 2 (4%) households.

As revealed in the table, while there is no one that cannot read and write in the participants, the number of illiterate in non-participants is high and it increase as agro-ecology is getting unfavorable.

Table 7 Educational Status of Sample Households

Sample kebeles	Education level of Sample Households							
	Participants (N=60)				Non-Participants(N=90)			
	Illiterate	1-6	7-9	10-12.	Illiterate	1-6	7-9	10-12.
Oda Jalela	-	16(32)	6(12)	5(10)	16(32)	6(12)	1(2)	-
LegeLencha	-	12(24)	4(8)	3(6)	26(52)	5(10)	-	-
Mede Telila	-	9(18)	3(6)	2(4)	30(60)	5(10)	1(2)	-
Total	-	37(61)	13(21)	10(16)	72(80)	16(17)	2(2)	-

*Total % age is taken from all participants (N=60) or non-participants (N=90) while others are from the respective kebele participants or non-participants.

Source: own survey, 2009

An assessment was also made to the family size of the sample households. The structures of rural family play a significant part in determining access to non-farm opportunities. It is observed that family size and structure affect the ability of a household to supply labor to the non-farm sector. Larger families supply more labor to the RNF sector, as sufficient family members remain in the home or on-the farm activities to meet labor needs on agriculture. As depicted in the following table, the mean family size of Oda Jalela is 6 and that of Lege Lencha and Mede Telila is 4 and 2 family members respectively. It

seems that the more family size, the more probability of participating in non-farm activity.

Table 8 Family Size of Sample Households

Sample kebeles	Family Size					
	Participants(N=60)			Non-Participants(N=90)		
	Mean	Minimum	Maximum	Mean	Minimum	Maximum
Oda Jalela	6	4	4	4	3	6
LegeLencha	4	3	6	3	2	5
MedeTelila	2	1	4	1	0	2

Source: own survey, 2009

5.2 Wealth Status of the Sample Households

During the focus group discussions, peasants were asked to set wealth differentiation criteria and to categorize all households according to their wealth status based on their own criteria. In the study area, cattle possession in general and farm oxen and land possessions in particular are the major wealth differentiation criteria. The possession of farm oxen and farm land, since they are the major livelihood assets, are considered as the main parameters for wealth differentiation by the community. Housing condition is also considered as criteria. Accordingly, households were grouped in three wealth categories: poor, medium and rich (See Table 9).

Table 9 Households' Wealth Categories and Differentiating Criteria

Wealth category	Households' Wealth Differentiating Criteria
Rich	Households with more than two oxen Have cows, donkey, sheep/goat etc Possess farm land more than three hector Roof with corrugated iron sheet Can feed his family through out the year with out external assistance
Medium	Households who have a pair of oxen Have either sheep/goat/cow Have two hector of farm land Roof with grass thatched and with good quality
Poor	House holds with 1 ox or 1 cow Have one or two sheep/goat Have less than a hector farm land Roof with grass thatched but with poor quality

Source: FGD, 2009

Based on this set criteria (Table 9) above, households were classified in three wealth categories in each kebele.

From the total 150 surveyed households, only 60 (40%) households reported that they pursue non-farm activities to boost their income, from these, 27 (18%) households are in Oda Jalela and 19 (12.7%) households are in Lege Lencha and 14 (9.3%) households are in Mede Telila kebele administration. From this one can infer that majority of the sample households are not participants of RNF business that could be due to different determinant factors mentioned above.

As the data shows, majority of the participant households, 49 (81.7%) depicted as rich. From these 25 (92.6%) are in Oda Jalela, 13 (68.4%) are in Lege Lencha and the rest 11 (78.6%) are in Mede Telila. Relatively rich populations are high in Oda Jalela as compared to Lege Lencha and Mede Telila, which is more or less in line with the degree of livelihood diversity pursued in the respective kebeles and households. On the other

hand, majority of the non-participant 55 (61.1%) are in the ranges of poor as depicted in the table. When we look at each kebele administration , the numbers of rich participants are in a descending order from Oda Jalela, Lege Lencha and Mede Telila kebele administrations (See Table 10). This might be densely populated kebeles are pursuing rural non-farm activities than the other relatively scattered populations in Lege Lencha and Mede Telila kebele.

Table 10 Distribution of Households by Three Wealth Categories

Wealth category	Participants and Non- Participants by Wealth Category							
	Participants(N=60)				Non- Participants(N=90)			
	Rich	Medium	Poor	Total	Rich	Medium	Poor	Total
Oda Jalela (Dega)	25(92.6)	2(7.4)	-	27(100)	2(8.7)	11(47.8)	10(43.5)	23(100)
Lege Lencha (W.Dega)	13(68.4)	5(26.3)	1(5.3)	19(100)	4(12.9)	7 (22.5)	20(90.3)	31(100)
Mede Telila (Qola)	11(78.6)	3(21.4)	-	14(100)	5(13.9)	6(16.7)	25(69.4)	36(100)
Total	49(81.7)	10(16.7)	1(1.7)	60(100)	11(12.2)	24(26.7)	55(61.1)	90(100)

* The Number in the bracket indicates Percentages out of hundred
Source: own survey, 2009

5.3 Main Source of Livelihood and Farmland Ownership Status

As can be seen from the following table, of the total business operators in the respective kebeles, i.e 20 (74.1%) households in Oda Jalela, 15 (78.9%) households in Lege Lencha and 12 (85.7%) households in Mede Telila reported that they own farm land. From these, 17 (85%) households in Oda Jalela, 12(80%) households in Lege Lencha and 10 (83.3%) households in Mede Telila replied that their main sources of livelihood are farming. Only 3 (15%) households in Oda Jalela, 3 (20%) households in Lege Lencha and 2(16.7%) households in Mede Telila responded that their main source of livelihood is RNF activities. Generally, those that made farming as the main sources of livelihoods are 39(65%) while those that made RNF activities as their main source of livelihood are

21(35%). The above result might probably exhibit that participants decision to participate in the RNF business is to generate additional income and/or to reduce seasonal and inter annual consumption risks of farming.

An in-depth interview was also done to substantiate or triangulate the survey result. Participants of the in-depth interview were asked to identify major entry factors into RNF activities. In supporting the survey findings, the most cited push factors for entry in to RNF economy were lack of access to farm land, the risk inherited in agriculture such as drought, flood, pest and other were among responses of focus group discussant. Moreover, the relative influence of these factors was different in the three agro-ecological zones. In Oda Jalela, lack of enough land was the major factor while in Lege Lencha, risk of farming such as drought, pest and low productivity of land were among the major factors.

The inevitable differences between the three kebeles for entry actions might be influenced by geographical location of the places that can be attributed by several characteristics.

The major and equally important entry factors cited by interviewees from all kebeles were diversifying income sources. For this, possible reason could be farm activities were not generating enough income for a living.

Table 11 Distributions of Sample Households by Landownership Status and Main Source of Livelihood

Sample Kebeles	Land ownership status		Farming (main source)	Non-farm (main source)
Oda Galela	With land	20(74.1)	17(85)	3(15)
	Without Land	7(25.9)	-	7(25.9)
Lege Lencha	With land	15(78.9)	12(80)	3(20)
	Without Land	4(21.1)	-	4(21.1)
Mede Telila	With land	12(85.7)	10(83.3)	2(16.7)
	Without Land	2(14.3)	-	2(14.3)
Total	With land	47(78.3)	39(65)	21(35)
	Without Land	13(21.7)	-	-

*Total % age are taken from all participants (N=60) while others are from the respective kebele participants

Source: own survey, 2009

The implication is that engagement in the RNF activity could reduce rural under development problems and high dependency on farming which is not reliable sources of livelihood in the areas. Moreover, households diversify their activities so as to minimize income shocks from agriculture.

The survey and the in-depth interview results were also crosschecked with the FGD participants' responses. According to the participants of the FGD, the major reasons for starting non-farm activities is to supplement household income as very low productivity of land, land fragmentation and lack of land have been the main limiting factors to earn adequate income from agriculture. Hence, it is possible to conclude that households were pushed by explicit consequences of such occasions and are motivated to reduce their livelihood insecurity by involving themselves in non-farm activities along with agriculture.

5.4 Major Types of Non-farm Activities and Sample Household's

Participation

With respect to the types of RNF activities, participants in the surveyed areas are engaged in different activities. Of all types of RNF activities in the study area, chat, goat and sheep trading were dominant where each accounts to 13 (21.7%) households(See Table 12). These are followed by 8 (13.3%) oxen fattening and selling and 7 (11.6%) small shop trading. Moreover, the distributions in the types of business taken up in the three kebeles show marked variation. These show that the potentials of the study kebeles to pursue RNF activities are different.

Table 12 Non-Farm Activities and Participant households by Sample Kebeles

Number	Non-farm activity	Sample Kebeles and Participant households			
		Oda Jalela	Lege Lencha	Mede Telila	Total
1	Local drink sale	2(7.4)	1(5.3)	-	3(5)
2	Small shop	3(11.1)	2(10)	2(14.3)	7(11.6)
3	Fruit and vegetables trading	1(3.7)	1(5.3)	-	2(3.3)
4	Grain trading	4(14.8)	-	2(14.3)	6(10)
5	Carpentry	1(3.7)	1(5.3)	1(7.1)	3(5)
6	Chat trading	6(22.2)	4(21.1)	3(21.4)	13(21.7)
7	Coffee trading	3(11.1)	2(10.5)	-	5(8.3)
8	oxen fattening and selling	3(11.1)	3(15.8)	2(14.3)	8(13)
9	Goat & sheep Trading	4(14.8)	5(26.3)	4(28.6)	13(21.7)
Total		27	19	14	60

* The Number in the bracket indicates Percentages out of hundred
Source: Own survey, 2009

5.5 Participation of Sample Households in RNF Activities

With regard to the participation of sample households in different activitie, 17 (63%) households in Oda Jalela, 12 (63.2%) households in Lege Lencha and 10 (71.4%) households in Mede Telila have participated only in one activity. Among the remaining business participants, while 5 (18.5%) households in Oda Jalela, 4 (21.1%) households in Lege Lencha, and 3 (21.4%) households in Mede Telila have participated in two different activities, Only 1 (7.1%) households in Mede Telila, 3 (15.8%) households in Lege Lencha and 5 (18.5%) households in Oda Jalela have participated in three different activities(See Table 13).

Generally, while 27 households in Oda Jalela have participated in different business activities, only 19 households in Lege Lencha and 14 households in Mede Telila have participated in RNF activities. The implication is that, where there is population pressure and land fragmentation, households tend to pursue multiple RNF activities as coping

strategies. When we consider all kebeles in general, there was low participation in RNF activities implying that there are some socio-economic barriers to pursue different non-farm activities.

Table 13 Households Participation in Non-farm Activities

Sample Kebeles	Households rates of participations in non-farm activities			Total
	One activities	Two activities	Three activities	
Oda Jalela	17(63)	5(18.5)	5(18.5)	27(100)
Lege Lencha	12(63.2)	4(21.1)	3(15.8)	19(100)
Mede Telila	10(71.4)	3(21.4)	1(7.1)	14(100)
Total	39(65)	12(20)	9(15)	60(100)

* The Number in the bracket indicates Percentages out of hundred

Source: Own survey, 2009

5.6 Sources of Initial Capital and Skill

5.6.1 Sources of Initial Capital

A household's prior wealth is an important determinant of the degree and nature of RNF participation. Given the underdevelopment of credit markets for financing RNF business, own cash sources are important to start non-farm activities and pay the transaction costs to obtain non-farm employment.

With respect to the sources of start-up capital, the results of this analysis indicate that out of the total business operators surveyed, 34 (56.7%) of them use equib and their own savings and 14 (23.3%) received money as a gift from relatives as their initial sources of capital. Only 12 (20%) business operators have used credit from NGOs as their initial sources of capital for their business. Generally, equib, own savings, and gifts from relatives are found to be the main sources that are followed by NGOs (See Table 14). The assumption was credits from government-financed institution play a very important role in financing business at initial stage but the result of this survey shows that credit from government is not a major source of initial capital. It seems that employment creation schemes in PASDEP are an urban issue as little is echoed of RNF economy.

Table 14 Sources of Initial Capital by Kebele Administration

Sample Kebeles	Sources of initial capital				
	Equib and own saving	Gift from relatives	From NGOs	Micro finance institutions	Total
Oda Jala	15(55.6)	7(25.9)	5(18.6)	-	27(100)
Lage Lencha	11(57.9)	4(21)	4(21)	-	19(100)
Mede Telila	8(57.1)	3(21.4)	3(21.4)	-	14(100)
Total	34(56.7)	14(23.3)	12(20)		60(100)

* The Number in the bracket indicates Percentages out of hundred

Source: Own survey, 2009

5.6.2 Major Sources of Skill and Training to Run RNF

Literatures give evidence that training is positively associated with RNF activities development. To examine the access and role of training in developing RNF in the study areas, the issue was investigated using the quantitative and qualitative analysis.

The following Table depicts the result of the analysis on the sources of skills enabled the business operators to be engaged in the types of business that they are undertaking. Of the total business operators surveyed, 8 (13.3%) households have mentioned that they traditionally learnt the skill from parents (family) and 32 (53.3%) households have reported that they learnt on own effort. Surprisingly the survey results show that there is no one that benefited from government formal training centers. Rather those that are benefited from NGOs funded training programs accounts to 10 (16.7%) households.

Table 15 Major Sources of Skill and Training

Sample Kebeles	Source of Skill used by the participant households					
	From parents (family tradition)	From friends	From government financed training programs	Own effort	From NGOs Funded Training programs	Total
Oda Jalela	5(18.5)	3(11.1)	-	14(51.9)	5(18.5)	27(100)
Lege Lencha	2(10.5)	4(21.5)	-	10(52.6)	3(15)	19(100)
Mede Telila	1(7.1)	3(21.4)	-	8(57.1)	2(14.3)	14(100)
Total	8(13.3)	10(16.7)	-	32(53.3)	10(16.7)	60(100)

* The Number in the bracket indicates Percentages out of hundred

Source: own survey, 2009

The focus group participants also confirmed that operators of local drink sale, small shops and other businesses in all study areas are mostly inherited the technical skill from their parents and family members. With regard to the question towards the availability of government business development system (BDS) to start non-farm business, 12 out of the 24 FGD participants (6 in Oda Jalela, 4 in Lege Lencha and 2 in Mede Telila) reported that there was an advisory service to motivate them start and run their business. Therefore, unlike the survey results, the in-depth interview revealed that there was an advisory services from government financed institutions that motivate people to save and take credit among other things.

The study has also assessed the types of training offered by NGOs (See Table 16). In these regard, the results have shown that out of the 60 business operators surveyed, only 10 (16.7%) have got training on business skills, and of these 5 (50%) of them are from Oda Jalela kebele,3(30%) households are in Lege Lencha and 2(20%) households are in Mede Telila kebeles. The main area of training includes, saving, costing, pricing and marketing. This shows that from the total 60 business operators, 50 (83, 3%) did not get the opportunity to participate in any kind of training programs, this may be due to less emphasis given to RNF activities by government institution. But scholars in most literatures suggested that training is the most important determinants of non-farm earnings.

Table 16 Types of Training the RNF Operators Participated.

Sample Kebeles	Areas of Training (N=10)			Total
	Marketing and buying	Saving	Costing and pricing	
Oda Jalela	1(20)	3(60)	1(20)	5(100)
Lege Lencha	-	2(66.7)	1(33.3)	3(100)
Mede Telila	1(50)	1(50)	-	2(100)
Total	2(20)	6(60)	2(20)	10(100)

* The Number in the bracket indicates Percentages out of hundred
Source: Own survey, 2009

5.7 Sources of Market Information to Business Operators

The results of the study have shown that, of the total business operators, 38 (63.3%) households have responded that friends and relatives are served as the main sources of information that are followed by 13 (21.7%) NGOs beneficiary. However, 2 (3.3%) of the business operators replied that they undertook their business with out any market information due to either low level of awareness about the importance of marketing information, or lack of access to marketing information or both (See Table17).

Table 17 Major Source of Market Information

Sample Kebeles	Source of Market Information				Total
	Friends & Relatives	Associations & NGOs	No Source	Government Institution	
Oda Jalela	15(55.6)	7(25.9)	2(7.4)	3(11.1)	27(100)
Lege Lencha	14(73.7)	3(15.8)	-	2(10.5)	19(100)
Mede Telila	9(64.3)	3(21.4)	-	2(14.3)	14(100)
Total	38(63.3)	13(21.7)	2(3.3)	7(11.7)	60(100)

* The Number in the bracket indicates Percentages out of hundred

Source: Own survey, 2009

5.8 Entry Barriers and Constraints to Sample Households

5.8.1 Entry Barriers to Non-Participant Households

The other issue analyzed from the survey data was related to the major entry barriers encountered by the non-participant households. In this respect, lack of initial capital, lack of business awareness, lack of technical skill and lack of inputs are cited as the major entry barriers. On the other hand, as far as kebele distribution of entry barriers, it shows some variation. Non-participant households from Mede Telila kebele have ranked lack of business awareness, lack of technical skill and lack of initial capital in descending order as the major entry barriers. Respondents from Oda Jalela kebele ranked lack of initial capital, lack of inputs and lack of technical skill and business awareness in the descending order. Generally, lack of initial capital was repeatedly mentioned in almost all kebeles.

As the data is described in the first section of this chapter, illiteracy rate in the study population is high, i.e. 72 (80%) and majority of the households i.e. 90 (60%), heavily depend on traditional agricultural practices. As a result of this high illiteracy rate, most households do not have information, knowledge and skills on the existing non-farm income generating activities and are not clear with what to start and how to start non-farm income generating activities. Furthermore, they are not also able to think which non-farm income generating activities is a viable income source. Therefore, sensitizing and offering peasants with various RNF activities is essential for the better livelihood of the community at large.

Regarding credit, farmers in the study area are familiar to take credit for the purchase of fertilizers, seeds and small ruminants hoping that these activities are profitable and enable them cover their livelihood expenses but not with RNF activities as most credit providing rural institutions need collateral. Generally, 37 (41.1%) of non-participant households replied that their major entry barriers was lack of initial capital while 28 (31.1%) of them mentioned lack of business awareness as their major problem. The rest, 16 (17.8%) households replied that Lack of technical skill and 9(10 %) households replied lack of inputs as their major barriers (See Table 18). From these, one can conclude that the major entry barriers to RNF activities are lack of initial capital and lack of business awareness.

The survey result was also supported by the in-depth interviews. Unlike the Oda Jalela group that responded diversely for the requirement extended from initial capital, business awareness, market infrastructure and inputs, almost majority of the Lege Lencha interviewee group underline on the need of all the above requirements to start RNF activities. However, Mede Telila group emphasized on access to infrastructure, finance, business awareness and market.

Generally, no differences have been observed among the three-interviewee groups in specifying initial capital as the requirements to start or run non-farm business. The implication is that access to finance; business awareness, market and infrastructure might

be among the major factors, which determine the entry to the non-farm business. Moreover, almost all FGD participants reported that availability of all weather roads and access to transport facilities play a major role in minimizing transaction costs and in saving working time.

From the above discussions, it is clear that, even though peasants do have extra time, which enables them to be involved in non-farm income generating activities, and there are push factors i.e (unable to satisfy their food requirement from own production) their involvement in non-farm income generating activities is limited/minimal.

Table 18 Major Entry Barriers to Non-participant Households

Sample	Entry Barriers to Non-participant Households (N=90)				
Kebeles	Lack of Initial capital	Lack of Business awareness	Lack of Technical Skill	Lack of inputs	Total
Oda Jalela	10(43.5)	7(30.4)	4(17.4)	2(8.7)	23(100)
Lege Lencha	12(38.7)	9(29.3)	6(19.4)	4(12.9)	31(100)
Mede Telila	15(41.7)	12(33.3)	6(16.7)	3(8.3)	36(100)
Total	37(41.1)	28(31.1)	16(17.8)	9(10)	90(100)

* The Number in the bracket indicates Percentages out of hundred
Source: Own survey, 2009

5.8.2 Constraints of Participant Households

With regard to the participant households, 33 (55%) of them mentioned lack of capital, 18 (30%) of them replied lack of market and 9 (15%) of them responded that poor infrastructure was their major entry barriers (See Table 19). This implies that there is a need to facilitate credit institution, market access and other infrastructure to the rural people so that they diversify their income. Focus group discussants also indicate that the mentioned constraints are negatively affecting the participations of most people in different non-farm income generating activities.

Table 19 Major Constraints to Participant Households

Sample Kebeles	Major Constraints to Participant Households(N=60)			
	Lack of Capital	Lack of Market	Poor Infrastructure	Total
Oda Jalela	18(66.7)	4(14.8)	5(18.5)	27(100)
Lege Lench	8(42.1)	9(47.3)	2(10.5)	19(100)
Mede Telila	7(50)	5(35.7)	2(14.3)	14(100)
Total	33(55)(46.7)	18(30)(5)	9(15)	60(100)

*The Number in the bracket indicates Percentages out of hundred
Source: Own survey, 2009

5.9 Contributions (Benefits) of RNF Activities

It is already mentioned that non- farm income compensates for a bad harvest or insufficient land. In other words, for a given household with a given level of farm income, an increase in non-farm income clearly raises total income enriching the household and smoothing income by compensating a drop in agricultural production.

a) Annual Income of Business Operators by Types of Business

Table 20 depicts annual income of business operators engaged in different business venture. Accordingly the highest annual average income is earned by fatten ox trading (annual mean income Birr 4125.00) followed by chat traders who earn annual average income of Birr 2500.00. The lowest annual income business operators engaged in local drink sale obtain i.e Birr 200.00. These indicate that the better-off households (in terms of capital) are those that engaged in a relatively more capital-intensive business.

Table 20 Annual Income of business Operators by the Type of Business

Types of engagement	Number	average income	Minimum	Maximum
Local drink sale	3	500.00	200.00	1000.00
Small shop	7	2000.00	144.00	5,000.00
Fruit and vegetable trading	2	900.00	156.00	2,300.00
Grain trade	6	1861.00	430.00	3000.00
Carpentry	3	1283.00	1000.00	2500.00
Chat trading	13	2500.00	1500.00	4000.00
Coffee trading	5	3200.00	2100.00	4,800.00
Fatten ox trading	8	4125.00	3500.00	6000.00
Goat and sheep trading	13	1500.00	350.00	3000.00
Total	60	17869.00	9380.00	31600.00

Source: Own survey, 2009

In addition to this, annual income comparison has been made on the basis of kebele administration (See Table 21). The annual income of RNF participants not only exceed the non participants by their non farm income, but also by income from farm, as income from non- farm business increases farm households' capacity to buy modern inputs. Thus, non-farm activity is potentially important for long-term food security because it can increase the use of farm inputs and hence farm productivity and the ability to intensify production.

Given the underdevelopment of credit markets, access to non-farm income is crucial for purchasing farm inputs, for e.g. selected seed, fertilizer and pesticides. This can create a dynamic effect, as cash from the non-farm sector is reinvented in farm inputes.

Access to non-farm income may enable farm households to increase the area of land under cultivation, use more purchased inputs and diversify farming into cash crops that

raise farm incomes. Accordingly, the annual mean income of business operators from Oda Jalela kebele is found to be birr 3,980.00 which is almost three fold of the annual mean income of business operators in Meda Telila kebele i.e birr 1740.00. This difference appears to be the impacts of poor infrastructure, ecological stress and poor transportation facilities in Mede Telila compared to Oda Jalela kebele, which is near to the main road to Dire Dawa from Addis Ababa.

Table 21. Annual Income of Sample Households

Sample Kebeles	Income					
	Participant Households (N=60)			Non-participant Households(N=90)		
	Mean income	Minimum Income	Maximum income	Mean income	Minimum Income	Maximum income
Oda Jalela	3,980.62	1,275.00	8,272.00	1,480.00	496.00	2035.00
Lege Lencha	2,189.00	1,560.00	4,565.00	900.00	320.00	2,118.00
Mede Telila	1,740.	875.00	3475.00	800.00	400.00	1800.00

Source: Own survey, 2009

Further, the benefits of the business income in the respective kebeles are also analyzed. In Oda Jalela, 17 (62.9%) of the participants have used the benefits of their business to cover food deficits, while 10 (52.6%) and 8 (57.1%) have used for this purpose in Lege Lencha and Mede Telila respectively (See Table 22). Next to this, the majority of the business operators have reported that they have saved their money to use when they need. The results were also investigated through the in-depth interviews and FGD. The mass of the Lege Lencha, Oda Jalela and Mede Telila interviewees claimed that the benefits were stretched from covering household expenses to getting social acceptance in their community.

Table 22 Participants' Income Utilization across Kebele Administration

Sample Kebeles	Income utilization					Total
	Purchase farm Inputs	Buy food	Saving	Build house	Purchase non-Farm working tools	
Oda Jalela	3(11.1)	17(62.9)	4(14.8)	2(7.4)	1(3.7)	27(100)
Lege Lencha	2(10.5)	10(52.6)	4(21)	2(10.5)	1(5.3)	19(100)
Mede Telila	2(14.3)	8(57.1)	3(21.4)	1(7.1)	-	14(100)
Total	7(11.7)	35(58.3)	11(18.3)	5(8)	2(3)	60(100)

* The Number in the bracket indicates Percentages out of hundred

Source: own survey, 2009

b) Roofing Material of the Sample Households

Shelter is one of the basic necessities for human beings. It provides them not only with shelter but also satisfies their economic, social and psychological needs. When asked the material from which the roof of the main dwelling unit predominantly constructed, 40 (66.7%) households of the total business operators, i.e 18 (66.7%) households in Oda Jalela, 12 (63.2%) households in Lege Lencha, and 10 (71.4%) households in Mede Telila reported that they have constructed their house from corrugated iron sheet while 9 (15%) households, i.e 3 (11.1%) households in Oda Jalela, 4 (21.1%) households in Lege Lencha and 2 (14.3%) households in Mede Telila replied that they have constructed their house from grass thatched and the rest 11 (18.3%) households, i.e 6 (22.2%) households in Oda Jalela 3 (15.8%) households in Lega Lencha and 2 (14.3%) households in Mede Telila reported that they have constructed their house from both grass thatched and corrugated iron sheet (See Table23).

Table 23 Types of Roofing Material by kebele Administration

Sample kebele	Types of roofing material					
	Participants (N=60)			Non-Participants (N=90)		
	Grass thatched	Corrugated Iron sheet	Both grass thatched and corrugated iron sheet	Grass thatched	Corrugated iron sheet	Both grass thatched and corrugated iron sheet
Oda Jalela	3(11.1)	18(66.7)	6(22.2)	20(87)	2(8.7)	1(4.3)
Lege Lencha	4(21.1)	12(63.2)	3(15.8)	24(77.4)	5(16.1)	2(6.5)
Mede Telila	2(14.3)	10(71.4)	2(14.3)	28(77.8)	7(19.4)	1(2.8)
Total	9(15)	40(66.7)	11(18.3)	72(80)	14(15.6)	4(4.4)

*Total % age are taken from all participants (N=60) or non-participants (N=90) while others are from the respective kebele participants or non participants.

Source: own survey, 2009

Generally, while 72 (80%) of the non-participant households replied that they have constructed their dwelling unit from grass thatched, only 9 (15%) of the business participants reported that they have constructed their home from grass thatched. Again, when 40 (66.7%) of the business participants replied that they have constructed their home from corrugated iron sheet, only 14 (15.6%) of the non-participants reported that they have constructed their dwelling unit from corrugated iron sheet. From these, one can infer that business operators in rural area have used their business income to improve their housing condition.

c) The Main Sources of Light

Source of light is the major indicator of the wealth status in the rural communities. In this regard, the majority of the non-participant households are accustomed to firewood, animal dung and residue that are the cause of high asthmatic, eye and respiratory infections. While 75 (83.3%) of the non-participants use firewood as source of light, only 11(18.3%) of the business participants use firewood as the source of light. Again, while 48 (80%) of the business participants reported that they use kerosene as the source of light, only 15 (16.7%) of the non-participants found out to use it as the source of light.

Further there is no one in the non-participants that use private electricity for light while there are 3 (5%) business participants that use it as light in their home.

When we look at each kebeles’ source of light, 20(74.1%) participant households in Oda Jalela, 15(78.9%) participant households in Lege Lencha and 11(78.6%) participant households in Mede Telila reported that they have used kerosene as source of light. While there is no one that has used private electricity in Lege Lencha, 2(7.4%) households in Oda Jealela and 1(7.1%) households in MedeTelila replied that they have used private electricity (See Table 24).

Table 24 The Main Sources of Light for Total Sample Households.

Sample Kebele	Sources of light					
	Participant Households(N=60)			Non-Participant Households (N=90)		
	Kerosene	Firewood	Electricity (private)	Kerosene	Firewood	Electricity (private)
Oda Jalela	20(74.1)	5(18.5)	2(7.4)	4(17.4)	19(82.6)	-
Lege Lencha	15(78.9)	4(21.1)	-	5(16.1)	26(83.9)	-
Mede Telila	11(78.6)	2(14.3)	1(7.1)	6(16.7)	30(83.3)	-
Total	46(76.7)	11(18.3)	3(5)	15(16.7)	75(83.3)	-

*Total% ages are taken from all participants (N=60) or non-participants (N=90) while others are from the respective kebele participants or non-participants.

Source: Own survey, 2009

d) Source of cooking fuel

Regarding source of cooking fuel, while 75 (83.3%) of the non-participants reported that they have used firewood for cooking, only 11 (18.3%) of the participant households replied that they have used firewood. Further, 3 (3.3%) non- participant households reported that they have used charcoal while 10 (16.7%) participant households replied that they have used charcoal as a source of cooking fuel(See Table 25).

Table 25. The Main Sources of cooking fuel for Sample Households.

Sample Kebeles	Source of cooking fuel							
	Participant Households (N=60)				Non-Participant Households (N=90)			
	Collected fire wood	Charcoal	Butane gas	Electricity (private)	Collected fire wood	Charcoal	Butane gas	Electricity (private)
Oda Jalela	4(14.8)	3(11.1)	20(74.1)	-	21(91.3)	-	2(8.7)	-
Lege Lencha	4(21.1)	5(26.3)	10(52.6)	-	25(80.6)	2(5.6)	4(12.9)	-
Mede Telila	3(21.4)	2(14.3)	9(64.3)	-	29(80.6)	1(2.8)	6(16.7)	-
Total	11(18.3)	10(16.7)	39(65)	-	75(83.3)	3(3.3)	12(13.3)	-

*Total% ages are taken from all participants (N=60) or non-participants (N=90) while others are from the respective kebele participants or non-participants.

Source: Own survey, 2009

e) Food Security and Self-sufficiency of the Sample Households

Usually food security is measured by comparing food availability against food requirement. However, measuring food security by using the caloric availability and food requirement has various drawbacks: first quantity in the caloric content of each crop is the estimate of the analyst (crop caloric content may vary from one area to other due to the variation of nutrients available in the soil, level of maturity of the harvest, varieties of the crops, etc)

Second, even if calculating the one-year food equation (SS&DD) indicates that year's food potential (food self- sufficiency), it may not ensure the food security status. Annual food self- sufficiency does not ensure households food security. Food security should encompass the issue of sustainability besides availability, access and consumption/ utilization). Therefore, the shift from objective (measured) indicators to subjective perceptions (cultural food preferences) in the assessments of food security is important to ensure food security (Devereux & Maxwell, 2001). Hence, *food security entails the household's feelings of being secure about the food they possess or require*. Feeling secure in food is more of behavioral in its character.

During the orientation given to data enumerators, the difference between food self-sufficiency and food security were clearly discussed and communicated to them so that

they can clearly brief the households. Accordingly, for food security consideration household’s self-perception was considered.

RNF activity makes a significant contribution to food security and food self-sufficiency. A given household copes with a drought or other cause of harvest shortfall by, among other things, pursuing non-farm activities and raising the cash to fill the food deficit. In the study wereda, households with a greater income diversification were able to buy food and also tended to have higher over all incomes than those that were not able to supplement their farm incomes with RNF incomes. Moreover, RNF income is often a major source of savings that farm households use to purchase food in difficult times.

When we see households’ self-perception in the respective sample kebeles, 26 (96.3%) participant households in Oda Jalela, 15 (78.9%) participant households in Lege Lencha and 9 (64.3%) participant households in Mede Telila replied that they are food secured while 1(3.7%) participant households in Oda Jalela, 4 (21.1%) participant households in Lege Lencha and 5(35.7%) participant households in Mede Telila reported that they are not food secured (See Table 26). This difference might be due to household’s considerations of assets at their hand that might be accumulated by pursuing different RNF activities.

Generally, 50 (83.3%) participant households reported that they are food secured, while 10 (16.7%) of them replied that they are not food secured. With regard to the non-participant households, only 13 (14.4%) households replied they have food security while 77(85.6%) of them reported that they are not food secured.

Table 26 Self-Perception of Food Security by the Sample Households

Sample Kebele	Are you food Secure?			
	Participant Households (N=60)		Non-participant Households (N=90)	
	Yes	No	Yes	No
Oda Jalela	26(96.3)	1(3.7)	3(13)	20(87)
Lege Lench	15(78.9)	4(21.1)	4(12.9)	27(87.1)
Mede Telila	9(64.3)	5(35.7.4)	6(16.7)	30(83.3)
Total	50(83.3)	10(16.7)	13(14.4)	77(85.6)

*Total % age are taken from all participants (N=60) or non-participants (N=90) while others are from the respective kebele participants or non participants.

Source: Own survey, 2009

F) Food Self Sufficiency

Food self-sufficiency, under the context of Doba Wereda, indicates the household's annual food availability situation either from own production or purchase from the market. The other issue assessed in relation to annual food availability (food self-sufficiency) is for how many months they can cover their food requirement? This issues were assessed through the sample survey; and the result shows that majority of RNF participants, 51(85%) are able to cover their food requirement for all year round while 7 (11.7%) of the participant households are able to cover their food requirement for 10-11 months and the rest 2 (3.3%) of the participant households are able to cover their food requirement for 7-9 months. This means during food deficit months, only few participant households are in need of external assistance that can be changed to food self sufficiency with minimum support. With regard to the food-self sufficiency of the non-participants, 62 (68.9%) of them reported that they can cover their food requirement only for below 3 months while there is no one that can cover their food requirement for all year round. Only 9 (10%) of them were able to cover their food requirement for 7-9 months (See Table 27).

As noted from group discussion and survey result, the number of food self-sufficient households from own production and by purchasing is relatively high in Oda Galela as compared to Lege Lencha and Mede Telila. They have noted that (as described in the previous discussion) this spatial variation in food self-sufficiency is attributed to the variation in the possession of oxen, farm holding size, quality of land, possession of livestock and diversification of income through RNF activities.

Table 27 Number of Months Households Cover Their Food Requirement

Sample Kebele	For how many months do the households able to feed the family from own production and purchase									
	Participant Households (N=60)					Non- Participant Households(N=90)				
	All year round	10-11 Mon.	7-9 Mon.	4-6 Mon.	≤ 3 Mon.	All year round	10-11 Mon.	7-9 Mon.	4-6 Mon.	≤ 3 Mon.
Oda Jalela	25(92.6)	2(7.4)	-	-	-	-	-	4(17.40)	5(21.7)	14(60.9)
Lege Lencha	14(73.7)	4(17.4)	1(4.3)	-	-	-	2(6.5)	2(6.5)	6(19.4)	21(67.7)
Mede Telila	12(85.7)	1(7.1)	1(7.1)	-	-	-	1(2.8)	3(8.3)	5(13.9)	27(75)
Total	51(85)	7(11.7)	2(3.3)	-	-	-	3(3.3)	9(10)	16(17.8)	62(68.9)

*Total % age is taken from all participants (N=60) or non-participants (N=90) while others are from the respective kebele participants or non-participants.

Source: Own survey, 2009

f) Food Stuff consumed by Sample Households

Household's food consumption varies from one another due to the variation in the level of food security status. What people consume and the number of meals depends on the level of income they have. In the sample kebeles, relatively medium and rich households were able to consume nutritionally rich food items; similarly the number of meals consumed per day by different households varied across the wealth group. Households were asked about the type of foodstuffs that their families are consuming. Accordingly, the data revealed that major food items that the participant households consume daily are Injera (Prepared from Sorghoum, Maize, Teff). According to the information obtained from participants of the FGD. Eating 'kolo' and /or 'Nifro' made from sorghum and /or maize is accustomed by those households with low income. It is also pointed out that milk; cheese and butter are available at only those households who have diversified source of income. Non-participant households, even those who have cows, do not

regularly consume milk; cheese and butter since they use to sell these products to meet their cash need for other basic food items.

Data obtained from the questionnaires also confirmed that foodstuffs such as meat, chicken/eggs, milk/ cheese/butter are accustomed by majority of participant households. It is pointed out that only 17 (18.9%) of non-participant use to eat meat, chicken and eggs while 38 (63.3%) of the participant households frequently eat the afro-mentioned food items. The non-participant households frequently eat food items such as Nifro and Kolo. Only 8(13.3%) of the participant households use these food items as basic meals (See Table 28).

Table 28 Food Stuff consumed by Sample Households

Sample Kebele	Types of Food stuff							
	Participant Households (N=60)				Non- Participant Households(N=90)			
	Meat, Chicken, Eggs	Milk Cheese Butter	Nifro	kollo	Meat, Chicken, eggs	Milk Cheese Butter	Nifro	kollo
Oda Jalela	18(66.7)	6(22.2)	3(11.1)	-	4(17.4)	3(13)	10(43.5)	6(29)
Lege Lencha	12(63.2)	4(21.1)	3(15.7)	-	7(22.6)	5(16.1)	12(38.7)	7(22.6)
Mede Telila	8(57.1)	4(28.6)	2(14.3)	-	6(16.7)	7(19.4)	15(41.7)	8(22.2)
Total	38(63.3)	14(23.3)	8(13.3)	-	17(18.9)	15(16.7)	37(41.1)	21(23.3)

*Total % age is taken from all participants (N=60) or non-participants (N=90) while others are from the respective kebele participants or non-participants.

Source: Own survey, 2009

g) Livestock possession

Livestock are used for feeling secure for the rural peasants and they are one of the most important insurance/collateral to get loan (money, etc...) from the other peasants. They are also used as a source of food, cash and as a means of coping mechanism during drought related disasters or stress, etc. Sample households were asked about their ownership status of oxen. While 11(18.3%) of the participant households possess more than three oxen, there is no one among the non-participants that has three oxen. The

survey results also revealed (as shown in the Table 26) all participant households have at least one ox, while 20 (22.2%) of non-participant are with out any ox.

When we look at each kebele, i.e, 6(22.2%) participant households in Oda Jalela, 3(15.8%) in Lege Lencha and 2(14.3%) participant households in Mede Telila reported that they have more than three oxen (See Table 29). As discussed through FGD, the existences of these variations are explained as the relatively rich participants buy oxen as much they can to sell after some time for profit.

Table 29 Oxen Possession by Sample Households

Number of Oxen	Sample kebeles and Sample households						Total	
	Oda Jalela		Lege Lencha		Mede Telila			
	Part. (n=27)	Non Part. (n=23)	Part. (n=19)	Non Part. (n=31)	Part. (n=14)	Non Part. (n=36)	Part. (n=60)	Non Part. (n=90)
Own more than three oxen	6(22.2)	-	3(15.8)	-	2(14.3)	-	11(18.3)	-
Own three ox	7(25.9)	-	4(21.1)	-	3(21.4)	-	14(23.3)	-
Own two ox	13(48.1)	1(4.3)	8(42.1)	3(9.7)	5(35.7)	4(11.1)	26(43.3)	8(8.9)
Own one ox	1(3)	17(73.9)	4(21.1)	19(61.3)	4(28.6)	26(72.2)	9(15)	62(68.9)
None	-	5(21.7)	-	9(29)	-	6(16.7)	-	20(22.2)

* The Number in the bracket indicates Percentages out of hundred

Source: Own survey, 2009

5.10 Households' Perception about Farming and Diversification

When asked, do you believe you will be food secure and self-sufficient if you do farming alone? 24 (88%) participant household heads in Oda Jalela and 19 (100%) in Lege Lencha and 14 (100%) in Mede Telila have responded, no.

However, when the question, do you think you can survive with out farming was posed, 51 (85%) of the total business operators was also, answered no. When also asked whether they consider farming as essential for their survival 55 (91.7%) of the total business operator have responded, yes.

In the words of one elderly participant in the FGD conducted in Lege Lencha kebele.

The mainstay of life for the majority of community members is farming. Recently, however, more and more people are engaging in daily labor. I estimate 75% of the people in the kebele earn their living from farming, 20% from daily labor, and 5% from petty trade.

Another participant remarked:

Had it not been for land constraint and recurrent drought, farming is the most preferred occupation in this kebele. Any one who farms diligently can subsist very well. Crop farming, vegetable farming and cattle fattening are the most viable occupations. Trade is a must given there is acute land shortage and recurrent drought.

Still another participant said:

In former times, farming was enough for livelihood. Now, however, the land' Productivity has declined. Grazing land is vanishing since it is being farmed. We feed our cattle with Purchased foliage. It is increasingly difficult to subsist by Farming alone. Yet, most people still pursue farming only.

When asked whether their income from farming has increased, remained the same or decreased in last 3 years, 45 (75%) participant, i.e, 23 (85.2%) households in Oda Jalela, 14(73.7%) households in Lega Lencha and 8 (57.1%) in Meda Telila, responded that their agricultural income has increased (SeeTable 30). Only 8(13.3%) participant i.e 1 (3.7%) in Oda Jalela, 3 (15.8%) in Lega Lencha and 4 (28.6%) in Meda Telila, responded that their income has decreased. Those who responded that no change has occurred are 7 (11.7%) households, i.e, 3 (11.1%) in Odda Jalela, 2 (10.5%) in Lega Lencha and 2 (14.3%) in Meda Telila.

Generally, while 45 (75%) participant households responded that their income has increased in the last three years, only 14 (15.6%) of non-participants responded in the same manner. Again, when 62 (68.9%) of non-participants answered that their income decreased in the last three years, only 8 (13.3%) of the participant households replied that their income decreased (See Table 30). These variations occurred because RNF income increases household's capacity to buy modern inputs and hence increases farm productivity and to intensify production.

Table 30 Sample Household's Perception about Agricultural Income Trend

Sample Kebeles	Agricultural Income Trend in the Last Three Years					
	Participant Households(N=60)			Non- Participant Households (N=90)		
	Increased	Remained the Same	Decreased	Increased	Same	Decreased
Oda Jalela	23(85.2)	3(11.1)	1(3.7)	4(17.4)	1(4.3)	18(78.3)
LegeLencha	14(73.7)	2(10.5)	3(15.8)	3(9.7)	8(25.8)	20(64.5)
Mede Telila	8(57.1)	2(14.3)	4(28.6)	7(19.4)	5(13.9)	24(66.7)
Total	45(75)	7(11.7)	8(13.3)	14(15.6)	14(15.6)	62(68.9)

*Total % age are taken from all participants (N=60) or non-participants (N=90) while others are from the respective kebele participants or non participants.

Source: Own survey, 2009

5.11 Sample Households' Plan for the Next Five Years

Personal vision (plan) can be constrained by the inability to see oneself in situations very different from those in which they currently live (Horn et al; 2000). Limitations of personal vision may also relate to the issue of confidence. Those individuals with little or no experience of the non-farm sector may not trust their ability to participate successfully, and may decide to settle in agricultural activities in which they feel more confident.

In the study wereda, sample households were also asked what they would like to do most in the next five years. From total business participants, 6 (10%) households responded that they would prefer to do farming only while 40 (66.7%) of them said that they would like to do both farming and non-farming activities. The rest 14 (23.3%) participant households responded that they would prefer to do non-farm business only. With regard to non-participants, 49 (54.4%) of them want to remain in farm only while 40 (44.4%) of them want to do both farming and non-farming business. Only 1(1.1%) of them want to do non-farm business which shows that they have little awareness about RNF activities.

With regard to participant households vision in each kebele, while 3(21.4%) participant households in Mede Telila, and 2(10.5%) participant households in Lege Lencha want to remain in farm, only 1(3.7%) participant households in Oda Jalela reported that they want to remain in farm. These reveal that as rural kebeles are getting remote, the degree of households' awareness to RNF activities decreases and rural infrastructure and market might also be not favorable to pursue RNF activities.

Generally, while 49 (54.4%) the non-participant households reported that they want to remain in farm, only 6 (10%) of the business participant responded that they want to remain in farm. Again, when 40 (63.3%) of the business participant reported that they want to do both farming and non-farming, only 40(44.4%) of the non-participant households reported in the same manner (See Table 31). These show that non-participant households have less awareness compared to participant households which calls for government and other development agents' intervention.

Table 31 Sample Households Plan for the Next Five Years

Sample Kebeles	Household heads livelihood vision in the coming five years					
	Participant Households (N=60)			Non- Participant Households (N=90)		
	Remain in farm only	Do both farming and non-farming business	Do only non-farm business	Remain in farm only	Do both farming and non-farming business	Do only non-farm business
Oda Jalela	1(3.7)	19(70)	7(25.9)	15(65.2)	8(34.8)	-
Lege Lencha	2(10.5)	13(57.9)	4(26.3)	20(64.5)	10(32.3)	1(3.2)
Mede Telila	3(21.4)	8(57.1)	3(21.4)	14(38.9)	22(61.1)	-
Total	6(10)	40(63.3)	14(23.3)	49(54.4)	40(44.4)	1(1.1)

*Total % age is taken from all participants (N=60) or non-participants (N=90) while others are from the respective kebele participants or non-participants.

Source: Own survey, 2009

5.12 Investment Preferences of Sample Households

When asked if you have a big amount of money today how would you invest it? 10 (37%) of business participants responded that their first choice of investment would be buying livestock and 32(53.3%) responded that their first choice of investment would be to expand business. About 8 (13.3%) responded that they would like to keep the cash in bank while about 10 (16.7%) primarily want to invest on buying modern agricultural inputs (See Table29). Regarding non-participants households, while only 21 (23.3%) want to start trade, the rest 36 (40%) want to invest in livestock, buy modern agricultural inputs 31 (34.4%) and keep the cash in bank 2 (2.2%) (See Table 32). This reveals that the non-participants have low level of awareness and test for RNF activities.

Concerning each kebele administration, while 19(70.3%) participant households in Oda Jalela and 8(42.1%) participant households in Lege Lencha want to expand their trade, only 5(35.7%) households in Mede Telila want to expand their trade. These reveal the difference in awareness that could occur due to proximity to town and education level among other things.

Table 32 Investment Preferences of Household heads

Sample Kebele	Household's most preferred investment if offered a large amount of money							
	Participant Households (N=60)				Non- Participant Households (N=90)			
	Buy live stock	Expand/ Start trade	Keep the cash in bank	Buy modern agri. inputs	Buy live stock	Expand/ Start trade	Keep the cash in bank	Buy modern agri. inputs
Oda Jalela	3(11.1)	19(70.3)	2(7.4)	3(11.1)	8(34.8)	3(13)	2(8.7)	10(43.5)
Lege Lencha	3(15.8)	8(42.1)	4(14.3)	4(21.1)	13(41.9)	7(22.6)	-	11(35.5)
Mede Telila	4(28.6)	5(35.7)	2(14.3)	3(21.4)	15(41.70)	11(30.6)	-	10(27.8)
Total	10(37)	32(53.3)	8(13.3)	10(16.7)	36(40)	21(23.3)	2(2.2)	31(34.4)

*Total % age is taken from all participants (N=60) or non-participants (N=90) while others are from the respective kebele participants or non-participants.

Source: Own survey, 2009

5.13. Motives for Starting RNF Business

Households are motivated to undertake RNF activity by either 'pull or push' factors.

Pull factors include lower risk to rural non-farm activity than those from farm activities.

Push factors that include in particular:

- I. An inadequate farm output resulting either from temporary events(e.g a drought) or longer-term problems(e.g land constraints);
- II. An absence of or incomplete crop insurance and consumption credit markets;
- III. The risks of farming;
- IV. An absence of farm input credit that compels household to pay for farm inputs with their own cash resources.

Surveyed households were asked to identify their motives for starting RNF so as to diversify beyond farming. Both factors seem to play a role in the study area. About 22 (36.7%) participant households, i.e, 10 (37%) of them in Oda Jalala, 7 (36.8%) of them in Lega Lencha and 5(35.7%) of them in Meda Telila responded that small size of land holding is the main factor that motivated them to diversify. Another 9 (15%) participant households, i.e, 3 (11.1%) of them in Oda Jalala, 4 (21.1%) of them in Lega Lencha and 2 (14.3%) of them in Meda Telila reported that lack of access to agricultural land is the primary factor that motivated them to diversify their income sources (See Table 33).

Market opportunity is identified as sources of motivation by 1(3.7%) participant household (all are from Oda Jalela kebele). For about 14 (23.3%) of participant respondents, i.e 6 (22.2%) of them in Oda Jalela, 5 (26.3%) of them in Lega Lencha and 3 (21.4%) of them in Mede Telila) the motive of starting business is to compensate for low agricultural income. The rest 11 (18.3%) participant respondents, i.e, 5 (18.5%) of them in Oda Jalela, 2 (10.5%) of them in Lege Lencha and 4 (28.6%) of them in Mede Telila are motivated to diversify by the support they received from cooperatives and NGOs (pull factor).

However, one can observe that the major factor to start RNF activities in the study area is push factor as it accounts to 45(75%) participant households compared to 15(25%) of them that are motivated by pull factors.

Table 33 Participant Households' Motive to diversify in to Non- farm Activities

Most important motive for starting RNF	Sample Kebele Administration			Total
	Oda Jalela	LegeLencha	Mede Telila	
Small size of land holding	10(37)	7(36.8)	5(35.7)	22(36.7)
No access to agricultural land	3(11.1)	4(21.1)	2(14.3)	9(15)
Low agricultural income	6(22.2)	5(26.3)	3(21.4)	14(23.3)
Market Opportunity	1(3.7)	-	-	1(1.7)
Support from cooperatives	2(7.4)	1(5.3)	2(14.3)	5(5)
Advice from relatives/friends	2(7.4)	1(5.3)	-	3(5)
Support from NGO	3(11.1)	1(5.3)	2(14.3)	6(10)
Total	27(100)	19(100)	14(100)	60(100)

* The Number in the bracket indicates Percentages out of hundred

Source: Own survey, 2009

5.14 Households' Perception about Total Income Trend

When asked about their total income situation in the last 3 years, 43 (71.7%) participants, i.e, 23 (85.1%) of them in Oda Jalela, 12(63.1%) of them in Lege Lencha and 8 (57.1%) of them in Mede Telila reported that their income has increased while 4 (6%) participants, i.e, 2(10.5%) of them in Lege Lench and 2 (14.3%) of them in Mede Telila replied that their income was worse.

Generally, while 43 (71.7%) participants responded that their income improved in the last 3 years, only 17 (18.9%) non-participants responded as there income increased in the last 3 years. Further, Only 4 (6%)) participants replied that their income was getting worse while 52 (57.8%) of non-participants responded to this question (See Table 34). This clearly shows the contribution of RNF in rural kebeles.

Table 34 Household's Perception about Total Income Trend

Sample Kebele	Income Trend					
	Participant Households (N=60)			Non- Participant Households (N=90)		
	Improved	Same	Worse	Improved	Same	Worse
Oda Jalela	23(85.1)	4(14.8)	-	4(17.4)	8(34.8)	11(47.8)
Laga Lencha	12(63.1)	5(26.3)	2(10.5)	5(16.1)	7(22.6)	19(61.3)
Meda Telila	8(57.1)	4(28.6)	2(14.3)	8(22.2)	6(6)	22(61.1)
Total	43(71.7)	13(21.7)	4(6)	17(18.9)	21(23.3)	52(57.8)

*Total % age is taken from all participants (N=60) or non-participants (N=90) while others are from the respective kebele participants or non-participants.

Source: Own survey, 2009

5.15 Current Situations of RNF Activities

To assess the current situations of the non-farm business, an in-depth interview was conducted. Respondents in all kebeles replied that their business has faced many challenges that hindered the extent of diversification they desire. However, the inhabiting factors for the groups are varying across kebele administrations. For example, majority of respondents in Mede Telila kebele are concerned about business awareness and poor infrastructure while Oda Jalela and Lege Lencha participants reported that their problems are lack off market and technical skills.

5.16 Availability of Net Works

Results of the study, from the in-depth interview, on existing business network availability reveals that majority of participant households in Oda Jalela and Lege Lencha replied that they do not have any network at all. In Mede Telila all respondents have replied that they have no any business network. Keeping in mind the location differences to all kebeles, one can conclude that the role required to be played by relevant bodies in Mede Telila kebele seems to be weak and insignificant.

Generally, the existence of business network that was considered as a ground in literatures seems vacant in the places under issue.

5.17 Assessment of Government and Non Government Supports

The study also assessed the services that governmental or non-governmental organization provided and the level of efficiency in their service provision (See table32). Of the total

business operators surveyed, only 12 (20%) respondents confirmed the availability of service giving organization in their localities i.e, 6 (22%) in Oda Jalela, 4 (21%) in Lege Lencha and the rest 2 (14%) are in Mede Telila kebele. They also replied that the service they have got related with loan and saving service, business awareness and technical training. Concerning types of services given by organization, majority of the beneficiaries, i.e 5 (41.7%) of them replied that business awareness training was given by NGOs while only 2 (16.7%) of them responded that this services have been given by government organizations. While 4 (33.3%) of them responded that loan and saving services were given by NGOs, no one have benefited from government organization in this regard.

During focus group discussion, attempts was made to see whether favorable policy exists for non-farm activities in the locality, for instance, to find out the existence of business development service providers (BDS) at kebele level. The response was almost negative.

Generally, while 10 (83.3%) of the beneficiary replied that they have got different types of services from NGOs, only 2 (16.7%) of them responded that they have got limited services from government institutions (See Table35).

Table 35 Institutions (Organizations) Supporting RNF Business

Sample Kebele	Types of services						
	Non-governmental Organization			Governmental Organization			
	Business awareness training	loan & saving service	Technical training	Business awareness training	loan & saving service	Technical training	Total
Oda Jalela	2(33.3)	2(33.3)	1(16.7)	1(16.7)	-	-	6(100)
Lege Lencha	2(50)	1(25)	-	1(25)	-	-	4(100)
Mede Telila	1(50)	1(50)	-	-	-	-	2(100)
Total	5(41.7)	4(33.3)	1(8)	2(16.7)	-	-	12(100)

* The Number in the bracket indicates Percentages out of hundred

Source: Own survey, 2009

Finally, the beneficiaries were asked to describe the quality of the limited services provided by the organizations. Accordingly, 1 (50%) beneficiary mentioned that the service provisions by government organization had lengthy process, and the other 1(50%) replied that in most case the officials are not available in office. In this regard, there is no one that replied negatively to the NGO's service provision.

Table 36 Efficiency of Service Giving Organizations

Sample Kebele	Quality of services (Efficiency)						
	Non-governmental Organization			Governmental Organization			
	Lengthy process	In most case they are not available in their office	They do not Know how to give support to RNF business operators	Lengthy process	In most case they are not available in their office	They do not Know how to give support to RNF business operators	Total
Oda Jalela	-	-	-	1(100)	-	-	1(100)
Lege Lencha	-	-	-		1(100)	-	1(100)
Mede Telila	-	-	-	-	-	-	-
Total	-	-		1(50)	1(50)	-	2(100)

* The Number in the bracket indicates Percentages out of hundred

Source: Own survey, 2009

The survey result is also justified by the FGD, which was conducted with representatives of government organization and NGOs. One of the major issues raised in relation to rural non-farm activities to the focus group was about the role of government organizations in promoting the sector. Almost all participants responded that the role played by government to support rural non-farm activities was not worth mentioning. This indicates that policy instruments are not designed specifically for non-farm activities in the rural areas like the ones under study. Almost similar responses were obtained about the role of NGOs in promoting rural non-farm activities. It seems that both governmental and non governmental organizations have little role in promoting the rural non-farm activities.

In general, the FGD pinpointed the following major problems.

- Limitations in road and communication facilities, access to finance, and training were among the major barriers for the establishment and the expansion of RNF activities. Among these, poor transportation facilities, lack of access to finance

and high costs for the limitedly available finance (high interest rate) come out as very crucial.

- Lack of market information and business awareness is also mentioned by the participants of FGD.

One can conclude that if these constraints in the rural areas are solved, the growths of business are likely to improve and more non- farm activities are likely to emerge.

5.18 Policy and Strategy Analysis

The expansion of RNF activities may be constrained by government policies and strategies. To assess the possible constraints at macro-level, the researcher has referred all relevant government policies and strategy documents and the summary is presented as follows:

PASDEP aims at massive employment creation for a measurably sustainable economic growth in the country. It appears, however, that employment creation schemes seem an urban issue. While little is echoed of RNF economy, independently or as crosscutting issues, many of the rural development strategies seem to be agriculture focused.

The Industrial Development Strategy can be literally pro-entrepreneurial when it conveys on the entrepreneurial machine as of gravitational core. However it seems to overlook the important development roles the RNF economy can have. In fact, the strategy is heavily skewed towards the medium and large companies with the presumption that these sectors would absorb more labor and hence increase employment opportunities. With respect to the account of rural employment creation through RNF economy, quite little is said. Another well articulated issue on the strategy is that incentive packages are to be administered for the sector with a strategic importance. It obviously refers to the big ones. This is also another discouragement for the RNF sector. The implications of this strategy to the development of RNF economy are not duly considered.

The Micro Finance proclamation is one which emerges with the idea of facilitating the development of micro finance institutions in the country in a more sustainable manner. The micro finance institutions are currently providing different credit services both to the urban and rural areas with emphasis placed on the rural areas around agriculture. The

loans are mainly short term. The short-term nature of the credit is by large prohibitive as the financial/ capital base of the poor is very weak and vulnerable to shocks. Hence the long-term effects of the credit may be questionable and the development of the RNF economy is likely to fall behind.

5.19 Prospects of RNF activities

With regard to the prospects of RNF activities, the focus group and key informants highlighted the following major pointes:

- In general rural development is as a key focus area in the development policy of Ethiopia. The Government gave due attention to expand infrastructural facilities to rural communities. New road construction and expansion of the existing roads, rural electrification and telephone service dissemination are among encouraging activities that have been underway by the government. The real happening of these has a positive impact on the growth and expansion of rural non-farm activities.
- Some NGOs like Ethiopian Rural Self Help Association (ERSHA) have already started supporting the sector by availing multifaceted services (credit, training, creating access to market, participating in constructing rural road, etc...) even if there is a problem to provide their services at large scale and up to standards.

CHAPTER SIX: CONCLUSIONS AND POLICY IMPLICATIONS

6.1 CONCLUSIONS

While 27 households in Oda Jalela have participated in different business activities, only 19 households in Lege Lencha and 14 households in Mede Telila have participated in RNF activities. The implication is that, where there is population pressure and land fragmentation, households tend to pursue multiple RNF activities as coping strategies. When we consider all kebeles in general, there was low participation in RNF activities implying that there are some socio-economic barriers to pursue different non-farm activities.

With regard to the data on various demographic and social attributes of the 150 sample households, women have long been constrained from this activities. It is also pointed out that the younger household members engage in non-farm income-earning opportunities than the elderly one and it is found out age is a factor to move into the non-farm sector.

Where education is poorly distributed non- farm activities that require an educated labor force are highly limited. This illustrates the importance of education as determinants of RNF business success. It is also found out that family size and structure affect the ability of a household to supply labor to the non-farm sector. Larger families supply more labor to the RNF sector, as sufficient family members remain in the home or on-the farm activities to meet labor needs on agriculture.

Regarding wealth categorization of sample households, based on peasants' criteria, relatively rich populations are found in Oda Jalela as compared to Lege Lencha and Mede Telila which is more or less in line with the degree of livelihood diversity in the respective kebeles and households. From the total of 150 surveyed households, only 60 (40%) have reported that they pursue non-farm activities to boost their income. From this one can infer that majority of the sample households are not participants of RNF business that could be due to different determinant factors such as education, infrastructure, credit availability and level of awarness.

As to the main source of livelihood for participant households, of the total 60 RNF business operators, 47 (78.3%) of them own farm land. This exhibits that participants decision to participate in the RNF business is to generate additional income and/or to reduce seasonal and inter annual consumption risks of farming.

With respect to the types of RNF activities, participant households are engaged in different activities from which Goat and sheep trading, fatten ox trading and chat trading are the major one.

Concerning participation of sample households in RNF activities, rural non-farm diversification is more pronounced in Oda Galela than in Mede Telila and Lege Lencha kebele. The implication is that, where there is population pressure and land fragmentation, households tend to pursue multiple RNF activities as coping strategies.

With respect to the sources of start-up capital, the result of this analysis indicates that equib and own savings, and gifts from relative are found to be the main sources of start up capital. The assumption was credit from government-financed institution played a very important role in financing business at initial stage but the result of this analysis shows that credit from government is not a major source of initial capital.

Regarding major source of skill and training parents (family) and own efforts are the major one. Surprisingly the survey result shows that there is no one that benefit from government formal training centers. Rather there are some households that are benefiting from NGOs funded training programs.

The study has also assessed the type of training offered by NGOs. In this regard, the main area of training includes, saving, costing, pricing and marketing.

Regarding to the Sources of market information to business operators, it has been found out that friends and relatives served as the main sources of information followed by NGO.

As to that of entry barriers to non-participant households, lack of initial capital, lack of business awareness, lack of technical skill and lack of inputs are cited as the major entry barriers. On the other hand, as far as kebele distribution of entry barriers, it shows some variations. Non-farm business operators from Mede Telila kebele have ranked lack of business awareness, lack of technical skill and lack of initial capital in descending order. Respondents from Oda Jalela kebele also ranked lack of initial capital, lack of inputs and lack of technical skill and business awareness in the same order.

With regard to participant's constraint to expand RNF activities, the majority of them reported that lack of capital, lack of market and poor infrastructure as their major constraints which imply that there is a need to facilitate market and credit institution to the rural people so that they upgrade their business.

As to contributions of RNF activities, an increase in non-farm income clearly raised total income enriching the participant household and smoothing their income by compensating a drop in agricultural production. The annual incomes of RNF participants not only exceed the non-participants by their non-farm income, but also by income from farm as income from non-farm business increase farm households' capacity to buy modern inputs. As reported, the participant households have used their non-farm income, among other things, to cover food deficits, purchase farm inputs and build houses.

Regarding Roofing Material, while a large part of the business participants have constructed their home from corrugated iron sheet, few of the non-participants have constructed their dwelling unit from corrugated iron sheet. From this, one can infer that RNF activities have also contributions to rural housing conditions.

Concerning the main sources of light and cooking fuel, while 75 (83.3%) of the non-participants use firewood as the source of light, only 11(18.3%) of the business participants use firewood as the source of light. In the same manner, while 46 (76.7%) of the business participants use kerosene as the source of light, only 15 (16.7%) of the non-participants use it as the source of light. Further there is no one among the non-participants that uses

private electricity for light while there is 3 (5%) of business participants that use it as light in their home.

For food security consideration, the majority of participant households reported that they have food secured while few of non-participant households reported that they are food secured.

As for foodstuff consumed by sample households, data obtained from the survey questionnaire confirmed that food stuffs such as meat, chicken/eggs, milk/ cheese/butter are consumed by those households with better income.

Generally, the main conclusion to be drawn is the importance of helping the poor to overcome the constraints and thus enable them to participate in RNF activities. This entails diagnosing the kinds of asset constraining the poor with respect to entrance into the more dynamic and remunerative RNF activities and using policies and programs to address those asset constraints.

6.1 POLICY IMPLICATIONS

- ❖ Promoting different RNF income generating activities: - different RNF income generating activities are believed to contribute to significant proportion of total households' income and food security. In the study woreda the involvement of households in RNF income generating activities is very minimal. Therefore, to exploit the benefit that could be obtained from RNF activities and thereby improve food security in the woreda, proper attention should be given to enhance different RNF activities. Expansions of such schemes are a necessary condition for the gradual reduction of agricultural labor force. Change in the occupational composition of the labor force through diversification of non-farm employment opportunity would also reduce population over crowding on the farm lands.
- ❖ An important key to success lies in helping the poor to participate in RNF activities. Also important for facilitating such participation are institutional and infrastructural development policies that level the playing field for smaller operators and raise the skills of the poor.

- ❖ Improving the asset bases of the poor is crucial. Improvements in infrastructure (the expansion of roads, transport and communication) lead to specialization and division of labor by rural households. It promotes a trade, marketing and distribution networks.
- ❖ Education, health and financial services help to facilitate access to RNF income sources. Some of the more subtle components (such as certain skills, confidence and contacts) may be some of the constraints to be addressed.
- ❖ Social capital is important. Consideration should be given to ways to promote useful networks. In return, this will often require investments in general education and specific skill building to RNF activities and in market and technology information center in rural areas for the purpose of identifying promising opportunities. It will also mean promoting RNF employment and strengthening agricultural linkages in areas poorly served by infrastructure. These involve public investments aimed at allowing the poorer hinterlands to benefit from and participate in RNF activities.

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Annex

SURVEY QUESTIONNAIRE

Addis Ababa University, College of Development Studies, Institutes of Rural livelihood and Development (Questionnaire developed to assess the contributions and challenges of Rural non-farm activities in Doba wereda Oromia Regional State)

Part I Area Identification

1. Kebele Administration _____
2. Household selection number _____
3. Name of interviewer _____
4. Date of interview _____

Part II Demographic and socio- economic information (for heads of house hold)

1. Name of the respondent _____
2. age _____
3. Sex _____
 - a. Male b. Female
4. Marital Status
 - a. Married
 - b. Never married
 - c. Divorced/separated
 - d. Widowed
5. Education Status
 - a. Illiterate (unable to read & write)
 - b. Literate (able to read & write)
 - c. Primary (grade 1-5)
 - d. Middle level (grade 6-8)

- e. Secondary school (grade9-12)
 - f. Other(Specify)
6. Number of household members
- a. Number of children_____
 - b. Number of other dependents_____
7. Identify the household access to the following asset (multiple answers Possible)
- a. Human Capital(education, health, personal vision, age)
 - b. Social Capital (networks, association, reciprocity)
 - c. Physical Capital (roads, telecommunications etc...)
 - d. Financial Capital (saving, credit, livestock estimate in birr)
 - e. Natural Capital (land, water etc...)
8. What is the main source of livelihood for the household?
- a. Farming
 - b. Non farm businesses
 - c. Remittance
 - d. Other (specify)
 - e. Total _____
9. Do you have the livestock?
- a. yes
 - b. No
10. If “yes” to Q.8 write the number of livestock that the household has
- a. Cattle_____
 - b. Sheep_____
 - c. goat_____
 - d. Donkey_____
 - e. Other Specify_____
11. If you engage in farming (including animal rearing) what is the amount of income you possess?(estimate in birr)
- a. crop: Birr_____

- b. Sale of fattened animals: Birr_____
 - c. Total_____
- 12. Do you engage in any work for income generation in the last 12 months?
 - a. yes I worked in some one's non-farm business
 - b. yes I worked in my own non-farm business
 - c. I do not participated , **go to Q. 13**
- 13. What was the main reason for not participating?
 - a. I didn't need it
 - b. Household responsibilities
 - c. Busy with Farming
 - d. Lack of initial capital
 - e. Lack of market information
 - f. lack of business skill/didn't have business idea
 - g. Located in far from market
 - h. Other (specify)

Part III. Engaged in Non Farm Activities

- 1. Which type of non farm business have you undertaken in the twelve months?
 - a. Self employed(owner and operator)
 - b. Unpaid family worker
 - c. Employee
 - d. Cooperative member and worker
- 2. How many years of experience do you have in operating non-farm businesses?
 - a. 0-1
 - b. 1-3
 - c. 3-4
 - d. 4-5
 - e. - > 5

3. Who are involved, other than you, in non-farm activity among your family members?
 - a. I myself(head of house hold)
 - b. My wife/husband
 - c. My son
 - d. My daughter
 - e. Other(specify)
4. In what type of business are you engaged currently?
 - a. petty trading
 - b. local drink making
 - c. Flour milling services
 - d. Producing household utensils
 - e. Pottery
 - f. Weaving
 - g. Carpentry
 - h. Constructing house
 - i. Other(specify)
5. Why are you engaged in non-farm activities?
 - a. to supplement household income
 - b. Expecting good return from non-farm activities
 - c. Low productivities in farming
 - d. Due to the risk of farming
 - e. For the purpose of accumulation
 - f. Due to parents background
 - g. Lack of land for cultivation
 - h. Other(specify)
6. How did you learn the skill you used for your business?
 - a. From parents(family tradition)
 - b. From friends (through contacts with others)
 - c. From government financed training programs

- d. Owen effort
 - e. From NGOs funded training programs
 - f. Other(specify)
7. Would you indicate the source of your initial capital?
- a. Iquib
 - b. Individual money lenders
 - c. Gift from relatives/friend
 - d. Borrowed from relatives& friends
 - e. Grant from NGOs
 - f. Microfinance institution
 - g. Own saving
 - h. Other(specify)_____
8. What are the major requirements to participate in non farm business? Please prioritize according to their importance(based on the perception of the non- farm activities operators) (Rank it from 1-3)
- a. access to finance
 - b. Market availability
 - c. Access to work
 - d. Availability of business information
 - e. Availability of all weather road
 - f. Availability of transport facilities
 - g. Access to business management skill
 - h. Access to technical skill(new way of doing things)
9. Have you got training in business development?
- a. Yes Skip to Q.10
 - b. No
10. If “yes” to question part II, Q.9,what is the type of business and skills training?
- 10.1 Basic business skills
- a. Marketing& buying

- b. Saving
- c. Costing& pricing
- d. Other (specify)

10.2 Technical training

- a. Matt making
- b. Pottery
- c. Weaving
- d. Black smith
- e. Petty trading
- f. Other(specify)

11. Are you applying the lesson you have learnt in the training to your work?
- a. Yes
 - b. No skip to Q.12
12. If no to Q. 11 what is the main reason for not applying the training you took to your work
- a. Need more skill or advise
 - b. No place for work
 - c. Shortage Of money
 - d. Lack of cooperation from others
 - e. Lack of market information
 - f. Lack of confidence
 - g. Other (specify)
13. What was the amount of income the household generated from the non farm activities last yea?(in birr)
- a. petty trading; birr_____
 - b. Sales of local drink; birr_____
 - c. Handcraft (pottery, weaving,...etc) birr_____
 - d. Firewood, charcoal, birr_____
 - e. Other (specify), birr_____
 - f. Total, birr_____(to be calculated by enumerator)

14. Income generated/gained from non farm activities used for:(
multiple answer possible)
- a. Purchase farm inputs
 - b. Buy food
 - c. Saving
 - d. Build house
 - e. Purchase non farm working tools
15. What area the major entry barriers to the non farm activities?
- a. lack of initial capitals
 - b. Lack of business awareness
 - c. Lack of technical skills
 - d. Lack of working place
 - e. Lack of market
 - f. Poor infrastructure
 - g. Other(specify)
16. What are your problems in relation to finance?
- a. Lack of access to finance
 - b. Cost of finance(interest rate)
 - c. Timing of loan distribution
 - d. Loan procedure
 - e. Money management(proper usage of the money)
 - f. Other(specify)
17. Do you think the transportation problem in the area (if any) affect your non farm activity?
- a. Yes skip to Q.18
 - b. No

18. How did it affect your business?
- a. Delay to reach on time to buy goods for resell
 - b. Perishable goods (fruits and vegetables) spoiled before delivered to customers
 - c. We can not be reliable suppliers in the eyes of our customers
 - d. Other (specify)
19. What Would You Like To Do Most In The Next Five Years?
- a. Remain in farming only
 - b. Do both farming and non farm business
 - c. Do only non-farm business
 - d. Migrate
 - e Other (Specify)-----
20. If you had a big amount of money today, how would you invest it?
- a. Buy live-stock
 - b. Rent land
 - c Start trade
 - d. Keep the cash in bank
 - e .Other (Specify)-----
21. Do you believe you will be food secure and self-sufficient if you do farming alone
- a. Yes
 - b. No
23. Do you think you can survive with out farming ?
- a. Yes
 - b No
24. Is any member this household planning to open a non-farm activities in the next 12 months?
- a. Yes
 - b. No

25. What are the main sources of start –up capital for this activity (business)?
- a. Crop sale
 - b. Livestock sale
 - c. Wage of salary income
 - d. Remittance
 - e. Micro-finance
 - f. Cooperative
 - g. Commercial bank loan
 - h. Family or friends
 - i Money lenders
 - j. Other (Specify)-----
26. Do you consider farming as essential for your survival?
- a. Yes
 - b. No
27. What were the main motives for starting this activity /business?
- a. Small size of land holding
 - b. No access to agricultural land
 - c. Low agricultural income
 - d. Market opportunity
 - e. Availability of surplus labor in the household
 - f. Support from NGOs
 - g. Support from cooperatives
 - h. Advise from relatives
 - i. Other (Specify)-----
28. How has household income from agriculture changed in the last 3 years ?
- a. Increased
 - b. Same
 - c. Decreased

29. What were the main sources of start -up capital for this activity /business?
- a. Crop sale
 - b. Livestock sale
 - c. Non -Farm employment Income
 - d. Wage or salary income
 - e. Remittance
 - f. Micro -finance
 - g. Cooperative
 - h. Commercial bank loan
 - i. Family (friends located in this community)
 - j. Private money lenders
30. Compared to non participants of rnf activity how your living condition changed over the past 3 years ?
- a. Improved
 - b. Same
 - c. Worse
31. Have you suffered from food shortage in the past 3 years?
- a. Yes
 - b. No
32. What material are the walls of the main dwelling unit predominantly constructed of?
- a. Wood and mud
 - b. Wood and grass
 - c. Mud and stone
 - d. Cement and stone
33. What material is the roof of the main dwelling unit predominantly contracted?
- a. Corrugated iron sheet
 - b. Thatch and grass
 - c. Wood and mud

34. What is a main source of cooking fuel used by this household?
- Collected fire wood
 - Charcoal
 - Butane gas
 - Electricity (shared)
 - Electricity (private)
 - Plant (animal residue)
35. What is the main sources of light for this house hold ?
- Kerosene
 - Electricity (private)
 - Fire Wood
 - Electricity (shared)
36. Has any one in this house hold benefited over the past 3 years from aid programs (governments, NGOs, church /mosques?)
- Yes
 - No

Food Security

1. Would you please tell us the staples consumed by your Household among the following during the last 3 years?
- | | | | | |
|----------------------|-------------|-----------|-----------|------------|
| 1. Sorghum | 2.Maize | 3. Teff | 4. Barely | 5. Wheat |
| 6 Pulses | 7. Oilseeds | 8. Papaya | 9. Potato | 10. Tomato |
| 11. Others (Specify) | | | | |
2. Would youn please tell us the three most important food crops consumed by your household members during the last 3 years?
- | | | | |
|------------|----------|-------------|-----------|
| 1. Sorghum | 2.Maize | 3. Teff | 4. Barely |
| 5. Wheat | 6.Pulses | 7. Oilseeds | |

3. How many times does your family eat per day?
 1. Three Times 2. Two Times 3. One Times
 4. There are cases when the family does not eat any thing in a day

4. Which of the following are consumed at your home during the last seven days?
 1. Ingera (Sorghum, Maize, Teff, Wheat)
 2. Bread 3. Wat (Pulses) 4. Oil 5. Meat
 6. Chicken Legg 7. Butter 8. Milk (Cheese)
 9. Potatos 10. Vegetable, Carrot, Tomato)
 11. Fruits (Papaya ,Banana, Mango)

5. Do you meet the all year round food requirements of your household members from own production? 1. Yes 2. No

6. If you are not self sufficient, for how many months do your own production cover the food requirements?
 1. 10-11 Month 2. 7-9m 3. 4-6m 4., 1-3m 5. None

7. If you earn income from non farm activities does the income you earn enable you to buy food for bridging the deficiency?
 1. Yes 2. No 3. The family do not obtain none farm income

8. According to your own self assessment is your household:
 1. Food secured 2. Food insecure
 3. Varies from one year to another 4. Do not know

IV Policy related issues

1. Is there any organization that coordinates non farm activities in your localities?
 - a. Yes skip to Q.26
 - b. No

2. What type of services you get from this organization?
 - a. Trade license
 - b. Advisory services
 - c. Market information
 - d. Facilitates access to working place
 - e. Business awareness training
 - f. Collect taxes
 - g. Other (specify)
3. How do you describe the efficiency of the services given by these institutions to rural non farm activities?
 - a. Lengthy process
 - b. In most case they are not available in their offices
 - c. They don't know to give support to rural non farm activities
 - d. Other(specify)
4. What is your source of information regarding your business affaires?
 - a. Friends and relatives
 - b. Government institutions
 - c. Associations, cooperatives& NGOs
 - d. No source
 - e. Other(specify)
5. Have you ever been visited by development agents?
 - a. Yes skip to q. 30
 - b. No
6. How many times in he last 12 months?
 - a. Ones
 - b. Twice
 - c. Three times
 - d. Other(specify)
7. What kind of support have you get from them?
 - a. Providing technical support
 - b. Providing management assistance
 - c. Creating business linkage
 - d. Linking to finance institutions
 - e. Other(specify)
8. List the potentials of non farm activities in your locality

In-DEPTH INTERVIEW GUIDE

The purpose of this in-depth interview is to get deeper insight into issues that will be raised in the survey. In this part of the data gathering, the researcher will encourage the interviewees to freely talk about the issue.9 people will be interviewed from each kebele.

1. How did you decide to start non-farm businesses? Or what pushed you to participate in non-farm activity?
Response given by interviewees:
2. Did you get advise from some body/where before you start your non farm business?
3. Did your family support your plan of staring non-farm business?
If there was some problem, please describe how you face it
4. How did you find the non- farm business after you started?
 - a. Smoothly going or Frustrating:
 - b. If frustrating, explain the reason
5. How do you manage the income and expenditure of your non- farm business?
6. Is there any relation between the success and failure of non-farm businesses with the availability or non availability of transport facilities? Please describe it.
7. What strategies (if any) do you use to control your daily business transaction?
8. What benefit do you get from your non-farm activities, please focus on both financial and non-financial benefits?

9. Do you have any business network? If so please indicate the name of the association/network.
10. Have you engaged in both farm and non-farm activities at the same time? Describe and compare your daily work load and the income generated from the two activities?
11. What are the major requirements to start and run non-farm business?
12. Please describe the major constraints of non-farm activities.

CHECK LIST FOR FCUS GROUP DISCUSSION (FGD)

No.	Name of Discussant	Age	Sex	Activities	Education level
1					
2					
3					
4					
5					
6					
7					
8					

1. What are the roles of non-farm activities in the livelihood system of Population
2. What is the potential role of rural non-farm activities in poverty alleviation?
3. What are the major problems and trend of the livelihood of the population in the locality?
4. Why do people enter to the non-farm business?
5. What is the linkage between farm and non-farm activities in the area?

6. How are people participating in non-farm business? Do they undertake it parallel to their farming activities? Or as a sole activity in income generating business?
7. What are the mechanisms of coping/survival strategies in the area, in the face of development or other activities?
8. Which way people prefer to participate in the non-farm activities?(e.g. as wage employees or as owner operators)
9. What are the main types of non-farm business in the area/(Craft making, petty trading, service providing, construction, sewing etc....)
10. Are there any social and cultural problems faced by rural non-farm activities operators, because of their participation in the non-farm sector? What?
 - how about working culture of the people in the area? Is working in traditional crafts making has considered as income generating activities or as taboo in the area?
11. Is there a national policy in the pursuit of encouraging micro business particularly rural non-farm activities?
12. What kind of support is given to rural non-farm operators?
13. How does government promote non-farm activities?
14. Is there governmental structure at a kebele level that intends to give support to non-farm business operators in the area?
15. prospects (outlook) of non-farm activities
 - I. What are the important factors enabling growth of non-farm business in the area?
 - II. What motivates people to diversify their livelihood?
 - III. What potentials has the area that enables to facilitate the development of non-farm activities?
 - IV. What are the prospects of non-farm activities that operate in the area?

- V. What are expected from government, non government and private organizations regarding the development of non-farm sector?
- VI. What makes the area different regarding to non-farm business?
What are the factors that could enable the growth of the non-farm activities?
16. What is the local socio-cultural practice of people in non-farm activities?
17. What do you think should the role of the government be in the promotion of non-farm business?
18. Are there advisory services provided to non-farm activities to start and improve their business?
19. Finally
- Discussion on the major problems of non-farm activities development (e.g. problems such as social, financial, market, infrastructure...etc will be discussed in detail)

Declaration

I, the undersigned, declare that the thesis is my original work, has not been presented for a degree in any other university and that all sources of material used for the thesis have been duly acknowledged.

Declared by:

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my

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Advisor