

# Income Diversification

## Introduction

Income diversification is one of the sub-themes of RiPPLE's **Growth** Long-term Action Research Studies (LARS). This sub-LARS will examine the role of water investments (specifically irrigation) in increasing resilience of small-scale farmers through income diversification in different agro-ecological settings, and will seek to understand the constraints faced by households in generating income from productive water use. These constraints may lie at farm level (e.g. landholding is too small or skills are lacking), or at community level (e.g. no infrastructure to access markets, or no access to credit).

## Study sites

Three sites with irrigation schemes have been selected for study, in different agro-ecological zones in Goro Gutu wereda. The study aims to draw lessons on the role of irrigation in income diversification – and how this has affected household assets and resilience to stress and shocks – and to assess how these benefits are affected by different scheme technologies and management systems.

## Main Research Questions

- What has been the contribution of water-related interventions to income diversification in the study sites?
- What has been the effect of income diversification on the livelihoods of beneficiaries?
- What constraints do households face which prevent them from actively engaging in water-based income-generating activities, and how could these be addressed?
- What kind of support services do households have access to, and how do these support them to diversify incomes?
- What potential is there to enhance income diversification by poor rural households to selected higher value activities?

## Approach

This study will work at village level to identify income diversification options and the constraints faced by households, using interviews, focus group discussions and a survey. In addition, a market chain analysis will be conducted for two irrigation products with high potential for income-generation. This approach maps actors and functions in the chain from producer to consumer (including traders, transporters, processors and intermediaries). Critical areas will be identified along the chain which limit farmer's participation.

The findings will lead to recommendations for policy and practice at both community and market-chain level, to enhance the ability of poor households to diversify their incomes and increase their resilience to stress and shocks. Learning and Practice Alliances (LPA - see infosheet 4 on [www.rippleethiopia.org](http://www.rippleethiopia.org)) members are actively involved in the research.

## Links to action

Findings are expected to inform the work of a variety of agencies in Ethiopia, both those engaged in providing water services to rural communities and those involved in business support. Initial findings will be presented and discussed at LPA workshops in April 2009, and follow-up actions by policymakers and practitioners identified for piloting and further action research.

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**RiPPLE Office**  
c/o WaterAid Ethiopia,  
Kirkos Sub-city,  
Kebele 04, House no 620,  
Debrezeit Road,  
PO Box 4812,  
Addis Ababa, Ethiopia

## Contact

**Simret Yasabu,**  
RiPPLE Media and  
Communication Officer  
t: +251 11 416 0075  
f: +251 (0) 11 416 0081  
e: [info@rippleethiopia.org](mailto:info@rippleethiopia.org)  
w: [www.rippleethiopia.org](http://www.rippleethiopia.org)