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“Solidarity in a competing world —
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Income Risk and Coping Strategies of Small-Scale Vegetable Farmers in the Central Rift Valley, Ethiopia

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Abstract

Due to its relatively high income generating potential horticultural production offers opportunities for poverty alleviation in the developing world and can be an attractive business, particularly for small-scale farmers. Yet, compared to the production of staple crops it increases income risk due to the perishable nature of horticultural crops, considerable price volatility and higher production costs. An enabling environment which ensures reliable market conditions as well as the individual ability of farmers to cope with the increased income risk are crucial for small-scale farmers' realisation of the income generating potential of horticultural production. A field study based on literature research and semi-structured interviews was conducted in September 2015 with small-scale vegetable farmers and other stakeholders of the Vegetable Value Chain in the Ethiopian Central Rift Valley to analyse the impact of vegetable price volatility on small-scale farmers' income situation and potential coping strategies. The Ethiopian enabling environment of vegetable production fails to contribute to a dependable market situation. Traders and brokers, though providing a vital service linking producers and consumers, benefit from farmers' lack of access to reliable market information. Small-scale farmers perceive their income situation as fluctuating and unstable. They are aware of the need to develop coping strategies in order to decrease the risks associated with vegetable production. Therefore, the interviewed farmers engage in income diversifying activities, such as non-agricultural income generating activities, rely on subsistence farming and make use of financial services, i.e. credits and savings. However, present conditions do not allow all vegetable farmers to create a complex set of income-securing activities, leaving them vulnerable to price volatility and other effects of the existing information and knowledge asymmetry. Farmers generally attribute the risks of vegetable production to market failure and less to their individual shortcomings regarding production planning. Our research suggests that, given the weak enabling environment and underdeveloped market linkages, in the short term small-scale vegetable farmers should not rely on government institutions to solve their problems. Rather they are well advised to assume responsibility for their fates, e.g. by self-organising in local networks to reduce their individual income risk.

Keywords: Central Rift Valley, Ethiopia, income diversification, income risk, price volatility, small-scale farmers, vegetable production