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**Determinants of Income Generation Activities of Rural Households  
in Central Sulawesi, Indonesia**

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**Abstract**

The Lore Lindu National Park (LLNP) in Central Sulawesi, Indonesia, hosts some of the world's most unique plant and animal species, but logging as well as agricultural activities threaten its integrity. Around the national park land, which is suitable for cultivation is already scarce and the extension of commercial tree crops and slash and burn agriculture is increasingly taken place inside the LLNP. It is not a disregard for the environment that drives rural households into the forest margins, but rather the lack of other income possibilities.

Therefore alternative income sources to reduce the pressure on the national park are needed. Such an income diversification has also direct benefits for the households. It reduces risk and fluctuations and may also lead to an increase in total household income. This paper seeks to analyse the determinants of the composition of the total household income in order to better understand the constraints of higher non-agricultural income as well as the diversification of income sources.

Income from agriculture accounts for 62% of the total household income with 96% of all households participating. Important income sources outside agriculture are non-agricultural wage labour and self-employed income, which account for 15% and 17% of the total household income, but with only one-third of the households participating. By using econometric models (ordinary least squares and 2-stage least squares) the determinants of the total household income as well as the shares of different income sources will be analysed.

Data was collected in 2000 and 2001 through standardised, formal questionnaires from 292 randomly selected households out of 12 villages around the LLNP. It is part of the Collaborative Research Centre 552 “Stability of Rainforest Margins”.

**Keywords:** Income generation, Indonesia, peasant households, regression models