

**Farmers' Response to New Income Generating Opportunities and Its Impact on
poverty Alleviation Initiatives
Lessons from Selected Villages in Ludewa District
By**

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Abstract

This study has tried to analyze the fanners' response to new potential income generating opportunity (coffee production) in Ludewa district and see whether the enterprise has had a significant impact on the fanners' initiatives to alleviate poverty. Five villages were surveyed and 40 farmers were interviewed. In addition, data were obtained from the village executive secretaries, the seedling growers and the primary society that buy coffee in the area.

The findings are that fanners' response has been poor as only 5% of the fanners are growing coffee in the surveyed villages and acreage has not reasonably expanded over time (101 %). In addition, farmers are operating very small farm units of an average of 1.43 acres per household, per unit output is very small and some of them are actually decreasing acreage under the crop. Farmers are mainly discouraged by the price fall that has made them operate at negative gross margins giving them no added advantage in their poverty alleviation initiatives. In addition, they have no good source of inputs and input prices are high; and extension services are not reliable. It has been observed also that coffee taxes are a burden to the fanner as they make fanners receive only 40% share of export price. If the government is still determined to proceed with its promotional objectives, it should deal with these problems first. Otherwise, fanners should be left to take their own course in selecting an income generating activity that is suitable to their own farming and marketing environment.