

ABSTRACT

Multiple sources of income are important strategies for reducing smallholder farmer liquidity constraints and over dependency on single income source. However, farmers in Southern Mali, especially Malian high agricultural potential region are still faced with liquidity constraints resulting from low income from cash crop (cotton) production. Therefore, this study was carried out to understand the factors that motivate farmers' decision to engage in several income - generating activities. Cross-sectional data were collected from 134 randomly sampled smallholder farmers from three villages in different agro-ecological zones in Southern Mali. Multivariate probit (MVP) regression model was used to estimate the effect of socioeconomic and institutional factors on farmer participation in different sources of farm income. Correlation analysis showed that there is a significant correlation between the different income sources. Results from the econometric model revealed that the age of the family head determines the probability of farmers' participating in multiple sources of incomes, family size, dependency ratio, land tenure, education level, access to agricultural credit and extension services, cash crop income, off-farm income, input prices, agricultural output prices, and rural infrastructure. These results imply that policymakers and agricultural development programs should target strengthening of institutions as well as enhancement of farmers' access to productive resources.

Keywords: Drivers, Multiple sources, Income, Multivariate probit (MVP), Southern Mali