

6 Economic analysis of the sweetpotato enterprise

Background

Many farmers perceive sweetpotato as an unreliable crop when it comes to profit expectations. They believe that the market price is the major profit determining factor, and since prices may fluctuate drastically over the course of a season, they never know how much they will make at harvest day. Farmers rarely take into consideration the other factors determining their profit, and do not know exactly how their expenditures relate to their income. A simple economic analysis of the sweetpotato enterprise may help farmers economize on expenditures and give them better insights on how to exploit factors that broaden their profit margins.



Objective

The objective of this activity is to enhance the participants' skills in making an economic analysis of the sweetpotato enterprise, as a tool for crop cultivation decision-making.

Materials

- “Sweetpotato Cultivation Record” cards, copied from the example form in Appendix II-D on buffalo paper (double-sided), as many as the number of participants plus one extra for recording the management data of the FFS field.
- Newsprint paper.
- Felt-tip markers.

Activity steps

- A *The pluses and minuses of the sweetpotato enterprise*
- A.1 The facilitator explains the purpose of this activity, i.e. to understand the factors determining the profit of the sweetpotato enterprise, and to present a method for economic record keeping and analysis.
- A.2 A discussion is initiated by probing the participants about how much they think their net income per hectare (or any local area unit) from sweetpotato will be. What are the reasons for different profits obtained by different farmers?
- A.3 The participants are asked to mention all activities throughout a sweetpotato growing season, from soil preparation to marketing, which are listed by the facilitator on a newsprint. For each activity a cost is determined by the group, including both inputs and labor. Household labor should also be converted to wages. Gross and net income are calculated. The net income is the gross income minus the total expenditures.
- A.4 Building on the economic picture created together, a discussion is held, focusing around the following questions:
- What is the most important factor that determines the net income from sweetpotato?
 - Which expenditures can be reduced and how?
 - In order to obtain a reasonable income, what should the price of sweetpotato per kg be?

- What is the farmers' daily wage, based on the analysis made?
How much should it be for sweetpotato cultivation to become an attractive enterprise?

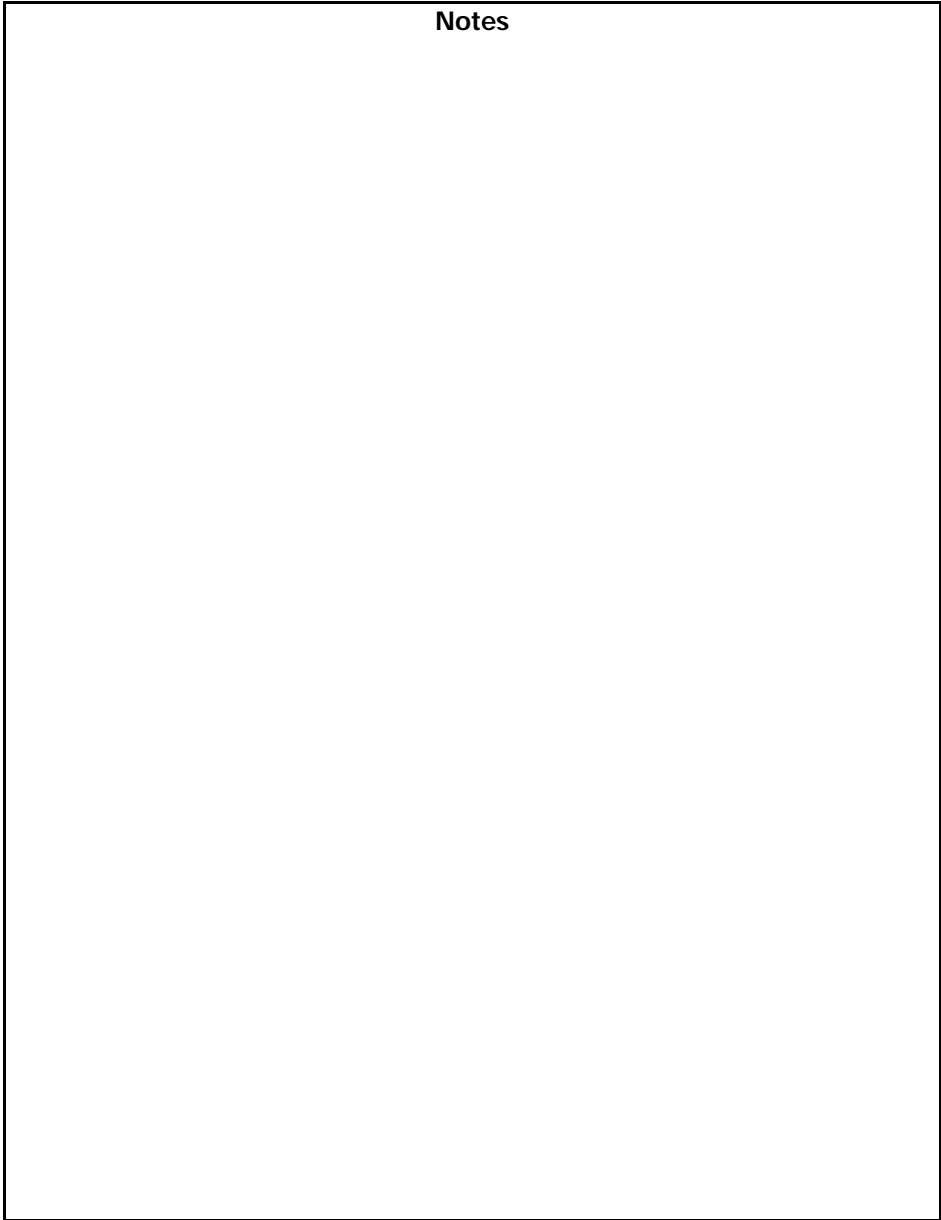
B *Sweetpotato cultivation record keeping*

- B.1 The facilitator distributes the Sweetpotato Cultivation Record cards to the participants. One participant is asked to volunteer for keeping a seasonal record of the FFS field.
- B.2 The facilitator explains what the columns and rows on the card mean and how the record should be kept.
- B.3 It is recommended that during each FFS session several minutes are spent on jointly determining what has to be filled in on the record for the FFS field by the volunteer participant, and to check whether the participants have problems keeping their private records.
- B.4 During the evaluation session at the end of the season, the economic analysis of the FFS field is made in the group, and profit determining factors are discussed. It would be an interesting exercise to compare the economic analysis of the FFS field with that of one of the participants who has already harvested.

For more information see:

- Economic analysis of the sweetpotato enterprise (Part III, Section 6.4)

Notes

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