

Commercialization of Smallholder Rice Producers and Its Determinants in Ethiopia

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Abstract : Rice is considered as a strategic agricultural commodity targeting national food security and import substitution in Ethiopia and diverse measures are put in place a number of initiatives to ensure the growth and development of rice sector in the country. This study assessed factors that influence smallholder farmers' level of rice commercialization in Ethiopia. The required data were generated from 594 randomly sampled rice producers using multi-stage sampling techniques from four major rice-producing regional states. Both descriptive and econometric methods were used to analyze the data. We adopted the ordered probit model to analyze factors determining output commercialization in the rice market. The ordered probit model result showed that the sex of the household head, educational status of the household head, credit use, proportion of irrigated land cultivated, membership in social groups, and land dedicated to rice production were found to influence significantly and positively the probability of being commercial-oriented. Conversely, the age of the household, total cultivated land, and distance to the main market were found to influence negatively. These findings suggest that promoting productivity-increasing technologies, development of irrigation facilities, strengthening of social institutions, and facilitating access to credit are crucial for enhancing the commercialization of rice in the study area. Since agricultural lands are limited, intensified farming through promoting improved rice technologies and mechanized farming could be an option to enhance marketable surplus and increase level of rice market participation.

Keywords : rice, commercialization, Tobit, ordered probit, Ethiopia

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