



**APRA COUNTRY BROCHURE
RICE COMMERCIALISATION,
AGRARIAN CHANGES, AND
LIVELIHOOD IMPACTS: THE CASE OF
FOGERA PLAIN IN ETHIOPIA**

The APRA programme

The Agricultural Policy Research in Africa (APRA) programme of the Future Agricultures Consortium (FAC) is a six-year research initiative (2016-2022) that is working to identify the most effective and inclusive pathways to agricultural commercialisation that empower women, reduce rural poverty, and improve food and nutrition security in sub-Saharan Africa

What is agricultural commercialisation?

We define commercialisation as a process that occurs when farmers increasingly engage with the market, either to procure inputs and resources (such as fertiliser, seeds, hired labour, formal credit, and rented land), or to prepare and sell their produce. Commercialisation may occur through either external investment or market specialisation and farm consolidation, or a combination of the two. Commercialisation is successful if more people are 'stepping up', 'stepping out', and 'stepping in', and fewer people are 'hanging in' or 'dropping out' of productive agriculture.

What is APRA doing?

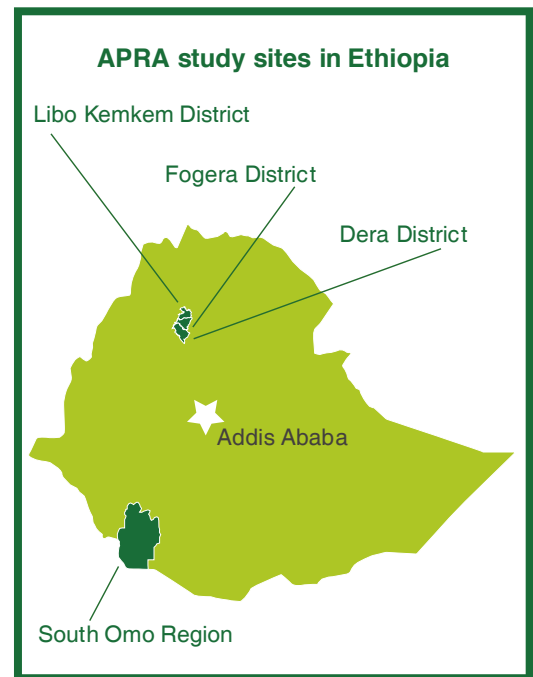
APRA researchers are examining how African farmers engage with four different types of commercial agriculture (estate/plantation, medium-scale commercial agriculture, contract farming, and smallholder commercialisation) and the effects this has on the livelihoods of rural people, particularly women and young people. The aim is to help inform future policy and investment decisions to promote inclusive forms of agricultural commercialisation in sub-Saharan Africa targeting six focal countries across east, west and southern Africa (Ethiopia, Ghana, Malawi, Nigeria, Tanzania, and Zimbabwe).

APRA in Ethiopia

APRA has been conducting quantitative and qualitative research to examine the trends in rice commercialisation and associated agrarian changes and livelihood trajectories of smallholder rice farmers.

APRA Ethiopia: research objective

This study aims to document the historical trends and dynamisms in the rice sector in relation to its commercialisation, livelihood options, and linkage in rural transformation. It provides insights around the transition of households into different livelihood trajectories – including the drivers, livelihood opportunities, and commercialisation impacts. The study argues that commercialisation of agriculture, in this case rice commercialisation, is important for improved livelihood opportunities. However, it is not an appropriate approach for all, as commercialisation can lead to diverse the livelihood pathways related to 'stepping in', 'stepping up', 'stepping out', 'hanging in', or 'dropping out'. The study uses mixed research methods and data sources,



for which primary and secondary data were generated. The primary data were generated from smallholder rice farmers, rice processors, rural labourers, and actors engaged in rice promotion in the Fogera plain of Ethiopia – an area which currently accounts for over 70% of domestic rice production. Meanwhile, secondary data were obtained from the Ethiopian Customs Authority, Central Statistical Authority, and national, regional, zonal, and Woreda offices of agriculture.

Study questions

- What have been the historical trends and dynamisms in the rice sector development, with a focus on: (i) overall context of the rice sector and agrarian changes; (ii) trends in area, production, and productivity, and the number of producers and processors engaged; (iii) trends in rice production and commercialisation process; and (iv) the contribution of rice commercialisation in women and youth empowerment.
- What have been the roles of the different intervention combinations on households' rice commercialisation, with emphasis on: (i) the different interventions made in the promotion of rice commercialisation (by the public, private, and development partners – cooperatives, extension); (ii) the different homogeneous groups of smallholder rice producers and their level of commercialisation; and (iii) the main factors that have contributed to the difference in commercialisation processes at household level.
- What has been the impact of rice commercialisation on agrarian changes and rural transformation, with focus on: (i) its role in the emergence of the rural non-farm sector, local jobs creation for youth, and empowering women; (ii) the contribution to rural-urban linkages; and (iii) import substitutions.

Research findings

Rice commercialisation has played an important role in improving livelihood opportunities for smallholder rice farmers and the emergence of the rice processing industry. In turn, these have contributed to the development of strong rural-urban linkages, and the creation of non-farm economic activities – thereby increasing public and private investment in nearby urban areas, primarily in the service sector. However, this increased commercialisation has not been enough to meet national demand, resulting in the continued decline of rice self-sufficiency.

Key takeaways

1. Trends and welfare

- Rice commercialisation has played important role in contributing to food security and agrarian change in Ethiopia's Fogera plain; an area that was previously known for its food insecurity. Furthermore, rice used to be a very minor crop in Ethiopia – but, today, it is considered one of the most important commercial crops at a national level.
- In terms of household livelihood trajectories, rice production and commercialisation has resulted in: (i) the stepping up of 66% of rice farmers through specialisation and diversification; (ii) the stepping out of 16% of rice farmers through engagement in non-farm activities in addition to rice production; and (iii) the hanging in of 18% of rice farmers who did not manage to increase rice production, diversify, or engage in non-farm activities.
- Rice commercialisation in Fogera plain has led to the emergence and expansion of new urban centres and rice processing industries in the region. It has also improved urban and rural linkages, increased incomes for rice farmers and processors, expanded businesses (such as hotels, wholesalers, retailers, and banks), ensured food security, and boosted domestic rice supply in the area. As a result, Woreta, the main town in Fogera plain, was recently declared a city administration, largely thanks to the success of rice commercialisation.

2. Drivers

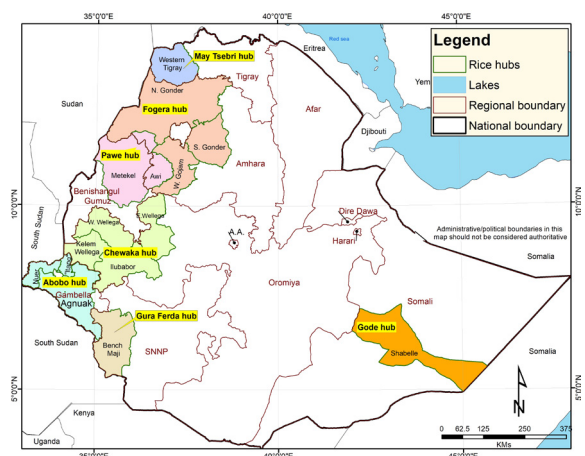
- The benefits arising from rice commercialisation have been driven by the agro-ecological suitability of rice, the compatibility of rice with local farming systems, and the timely emergence of service providers such as processors, labourers, and others such as bankers.
- The emergence of rural labour market: rice production is a labour-intensive enterprise, which demands availability of labour at the required time. Surplus labour, caused by migration from the Fogera plain and its surroundings, has ensured the

supply of required labour – comprising 60% hired labour, 30% family labour, and 10% exchange labour, with variability across farms.

3. Challenges

- Rice has contributed to the expansion of land used for agricultural commercialisation in the Fogera plain and increased rice production. However, at national level, the increase in demand for rice is higher than the increase in production; causing a significant decline in the level of rice self-sufficiency from 76% in 2010 to 24% in 2020.
- The expansion of rice production to ensure self-sufficiency has been slowed by: i) restrictive land policies; ii) limited competitiveness of local rice in terms of price and quality compared to imported rice; iii) few incentives for farmers and agro-processors to produce quality rice; and iv) a lack of proper marketing systems – not only for rice, but also for crops such as vegetables, which contribute to the incomes of smallholder rice farmers.
- In the lowland rice zones, rice commercialisation has caused a decline in the production of livestock and crops such as pulses. For example, there has been a considerable reduction in the population of a unique Fogera cattle breed, because grazing areas have been used for rice production.

National rice research and development hubs in Ethiopia



Source: APRA Ethiopia

4. Policy and development

- The success of rice commercialisation in the Fogera plain leads to important policy and development questions: “Why are other areas in Ethiopia not as successful in this endeavour?” and “Why are the levels of self-sufficiency continuously declining?” The answer lies in the requirement to establish policies and associated funding for rice sector development.
- To ensure competitiveness and improve incomes for smallholder rice farmers, there is a need to:
 - a. Address the challenges which arise from restrictive land policy.
 - b. Ensure the competitiveness of local rice, both in terms of price and quality, compared to imported rice, through adequate research and development efforts.
 - c. Develop incentive mechanisms for farmers and agro-processors to produce quality rice.
 - d. Modernise and build the capacity of rice processors and standardise the key requirements for the licensing of rice processing facilities.
 - e. Improve the performance of marketing systems – not only for rice, but also for other crops (such as vegetables), which are the main contributors to smallholder rice farmers’ incomes.

Conclusion

The results clearly indicate that rice offers great opportunities for Ethiopian agricultural transformation, as it significantly contributes to food security – creating livelihood options and agrarian changes and enhancing import substitution. They also support the need to address the main challenges facing the rice sector in areas such as Fogera plain and to expand production to other potential areas that have been identified as national rice research and development hubs (including Pawe, Chewaka, Abebo, Gura Fereda, Gode, and May Tsebri).

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