

Preliminary results from the 2008 Ethiopia Agricultural Household Marketing Survey

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19 June 2008

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Objectives of the survey

- To generate information that can help better understand the changes in consumption behavior, cropping decisions, household storage patterns, and marketing behaviors of the rural households
- Specifically:
 - How much marketed surplus of cereals is there?
 - When and where are surpluses generated?
 - How have marketing patterns changed in recent years?
 - Do changes in marketing patterns help explain the high cereal prices?

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Background of the survey

- Project: Cereals Availability Study
- In collaboration with & funded by the EU Joint Research Centre
- Implementation by IFPRI, in collaboration with EDRI and EIAR, with support from CSA
- Timing: data collection in March-April 2008
- Parallel survey of traders implemented

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EAMH Survey sample

Stratified three-stage random sample

- 1st stage – Selection of woredas
- 2nd stage – Section of EAs and PAs
- 3rd stage – Selection of households from PA lists

Region	Number of woredas	Number of Peasant Associations	Number of farm households
Tigray	8	16	385
Amhara	18	18	433
Oromiya	17	17	408
SNNP	20	20	481
Total	63	71	1707

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EAHM Survey questionnaire

- 16 page questionnaire
- 2.5 hour interviews
- 13 modules:

A. Household members
B. Housing & assets
C. Land use
D. Crop production
E. Use of inputs
F. Crop marketing

G. Crop storage
H. Livestock
I. Non-farm income
J. Changes in sources of income
K. Credit
L. Consumption
M. Perceptions & views

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Preliminary results

- Results are preliminary in three ways
 - The data have been only partially cleaned
 - Not all sections of the survey have been fully analyzed
 - The sampling weights have not yet been applied (will be soon)
- As a result, please do not cite these figures
- They are presented to promote discussion and feedback regarding the analysis

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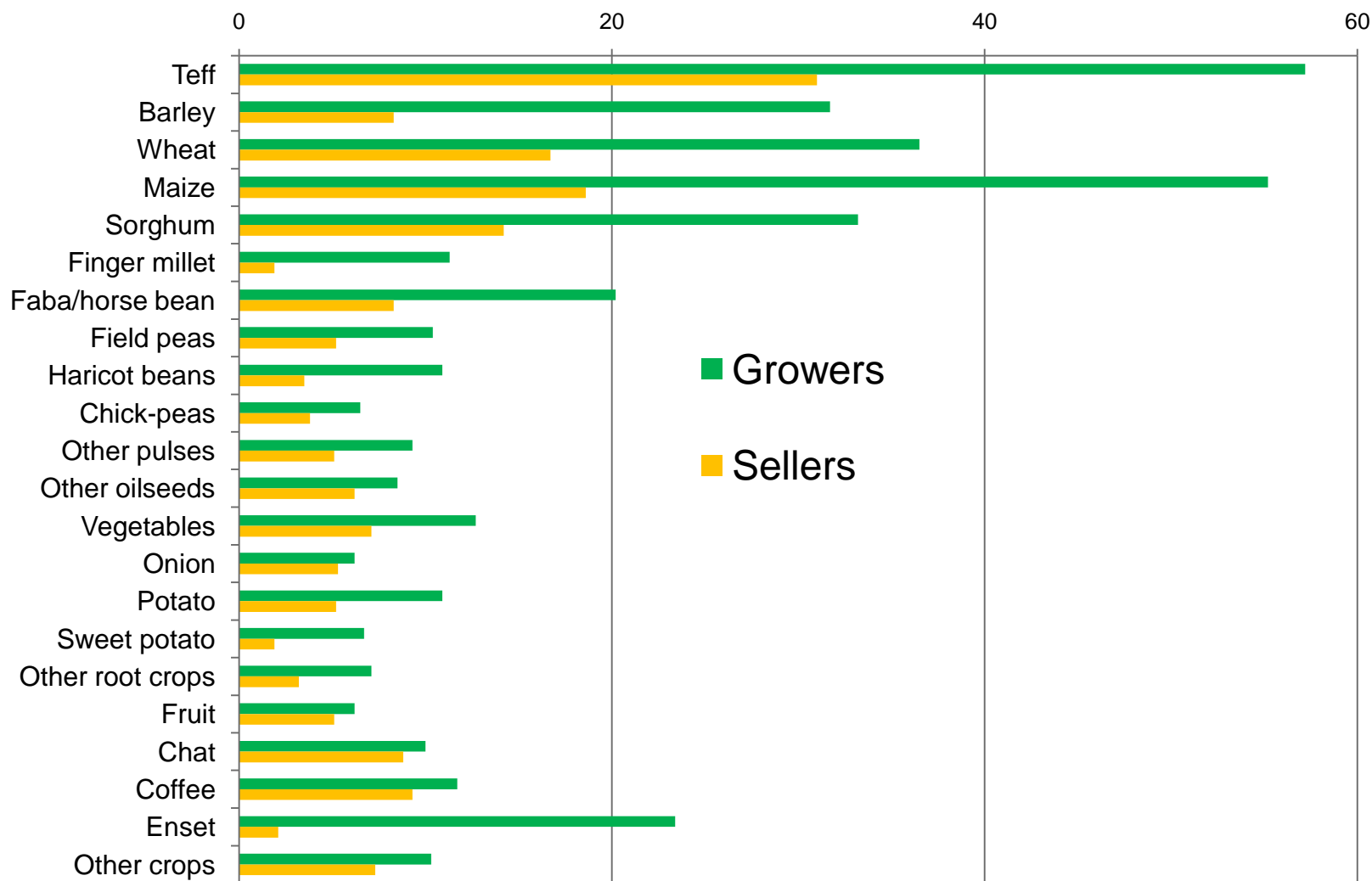
Characteristics of EAHM sample

Variable	Sample average
Size of household	6.3 members
Female-headed households	9%
Education of head of household	1.8 years
Literacy	34%
Cooperative membership	34%
Walking time to all-weather road	69 minutes
Average farm size	2.5 hectares
Irrigated plots	4%

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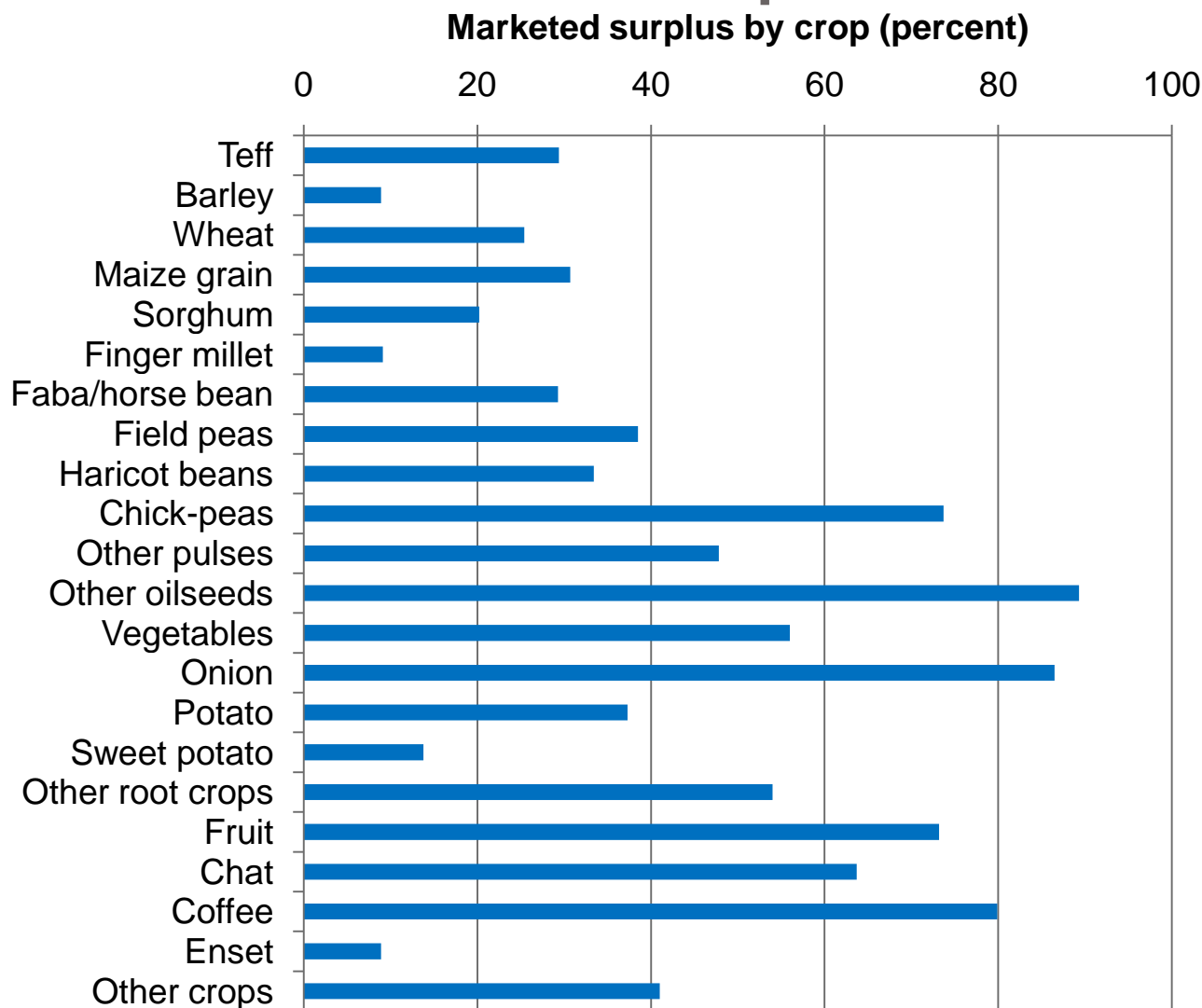
Crop production and sales

Percentage of farm households



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Marketed surplus



- Just 10-25% of cereals are marketed.
- Over 70% of chick-peas, other oilseeds, onions, fruit, and coffee are marketed
- 10% or less of barley, finger millet, and enset are marketed.

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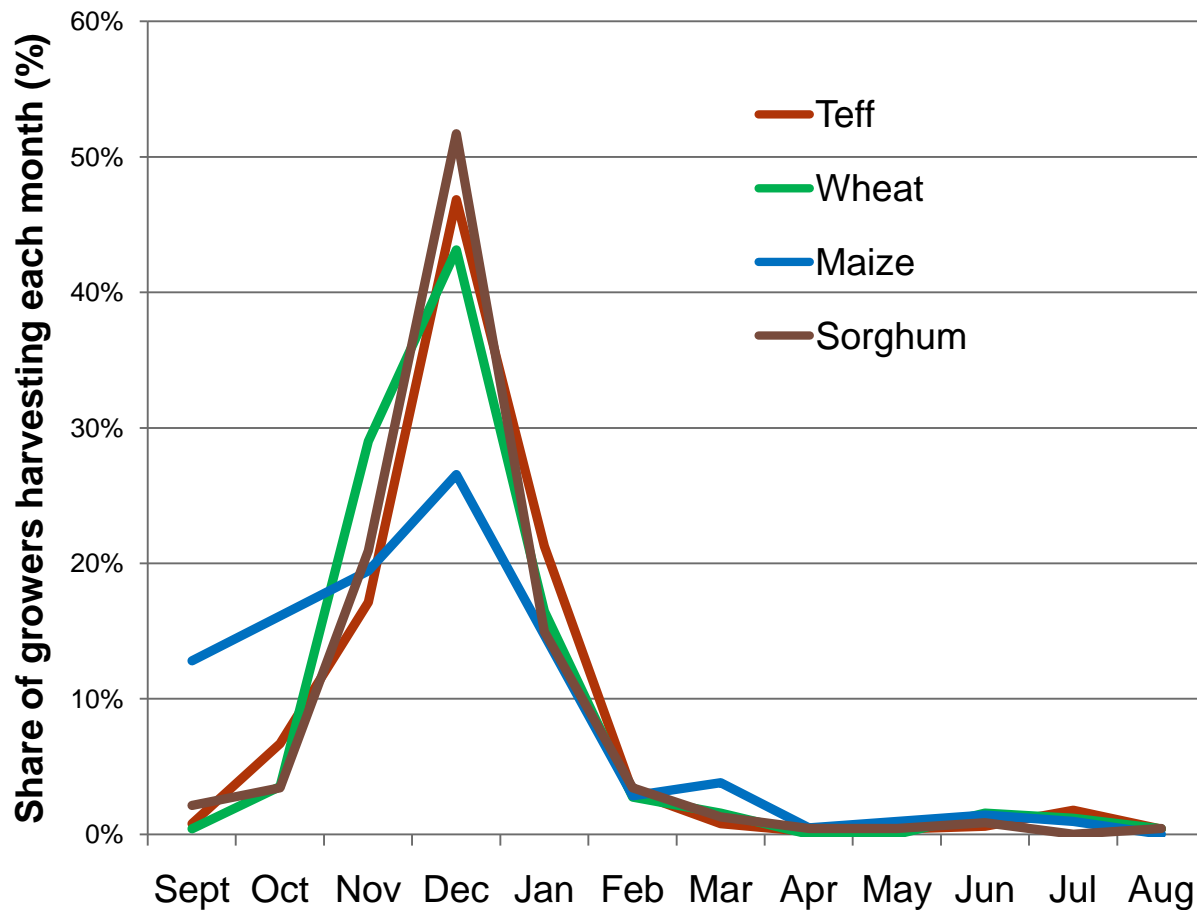
Marketed surplus

- Preliminary estimates of marketed surplus from the 2008 EAHM Survey are substantially higher than those of the 2005 IFPRI Commercialization Survey.
- EAHM Survey estimates are somewhat higher than the 1995 MSU estimates but remarkably close for wheat and sorghum.

Crop	MSU Grain Marketing Research Project (1995)	IFPRI Commercialization Survey (2005)	IFPRI EAHMS estimate (2008)
Maize	23%	8%	31%
Wheat	27%	17%	25%
Sorghum	21%	9%	20%

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Timing of cereal harvests



- The cereals harvest peaks in December
- Over 40% of growers harvest teff, wheat, and sorghum in December.
- Maize harvest starts earlier

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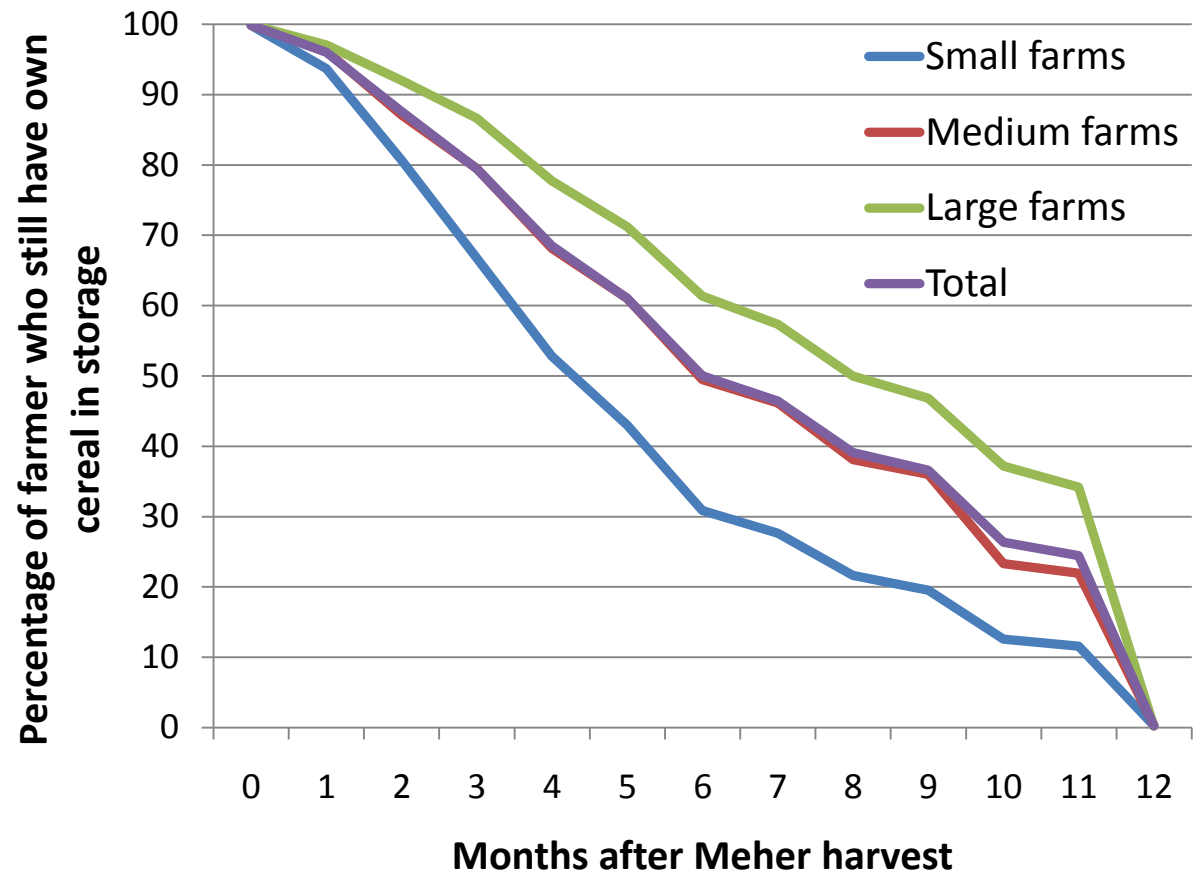
On-farm cereal storage

- **Types of storage** – most common are gotera (40% of households) and containers in house (36%)
- **Storage capacity** – average is 1.5 tons, median is 1.0 tons
- **Reasons for storing**: later consumption 89%, for sale at better price (7%)
- **Quantity of cereals in storage**: One month after meher harvest farmers have 994 kg average, 700 kg median
- **National volume**: At national level, this implies farmers hold 6-8 million tons of cereals one month after harvest

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Duration of on-farm cereal stocks

- About half of farmers still have stocks 6 months after harvest
- Cereal stocks last longer for large farmers than small.



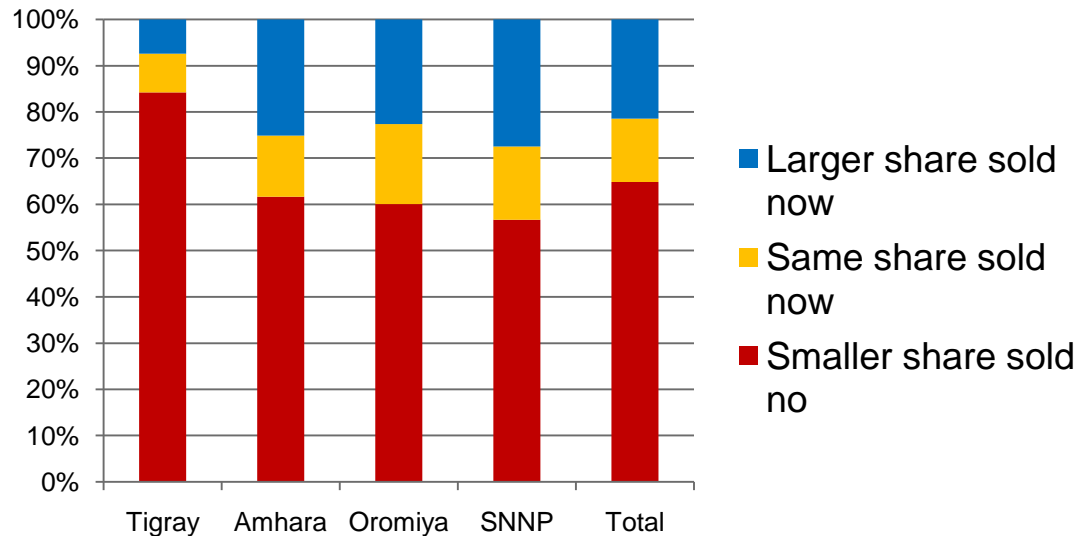
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Change in cereal production

- Question: “How does your harvest of [each crop] in 2007 compare to the 2004 harvest?”
- Answer: For the cereals, 71-80% said the 2007 harvest was “A little lower” or “A lot lower”
- Most common reason: rainfall (73%)
- Is this finding credible?
 - Arguments against:
 - Contradicts estimates of crop production
 - Farmers have a tendency to under-declare production
 - Arguments for:
 - Consistent with high cereal prices
 - Consistent with finding that cereals are becoming less important as a source of income (Section J)
 - Consistent with finding that the marketed share of cereals has declined (Sections J and M)

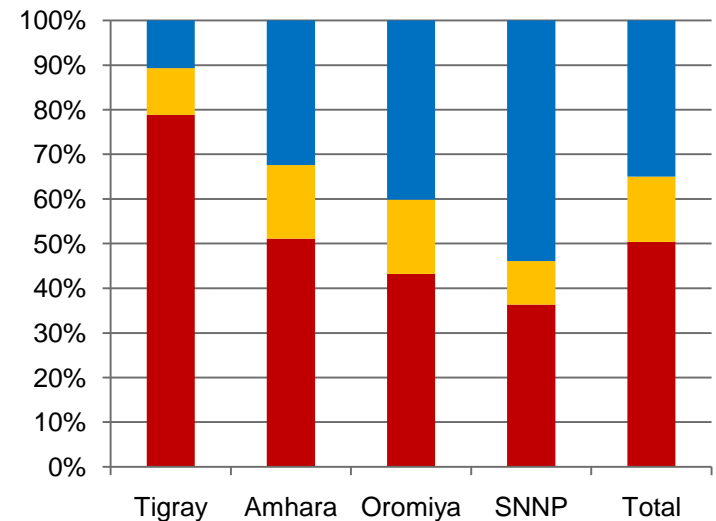
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Change in share of cereals sold



Percentage of households

Over 60% of households report selling a smaller share of cereal production. Even more in Tigray.

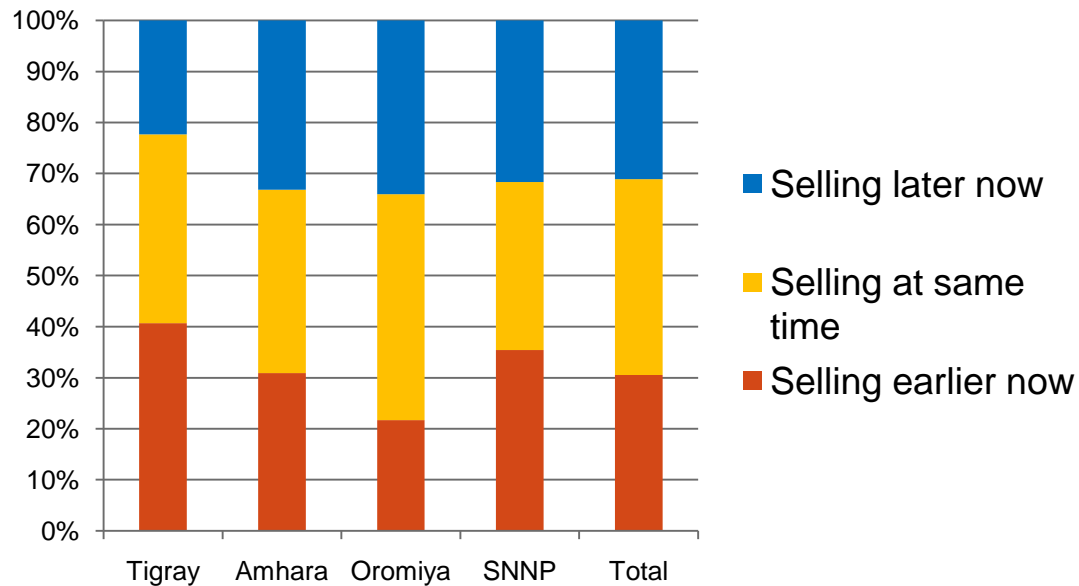


Percentage of production.

Trend is weaker when looking at the percentage of production from farms saying they sell a smaller share.

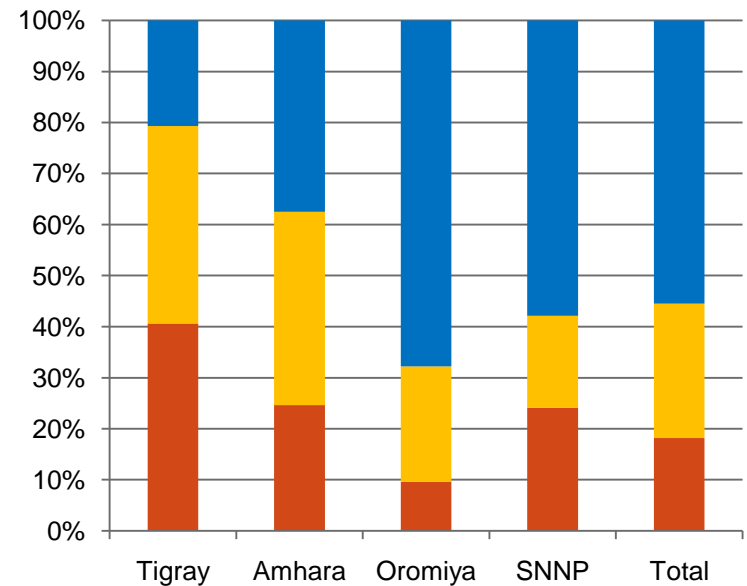
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Change in timing of cereal sales



Percentage of households

Same percentage report earlier sales as report later sales. But larger farmers report later sales.



Percentage of volume of sales

Because large farmers are selling later, a majority of the cereal volume is being sold later.

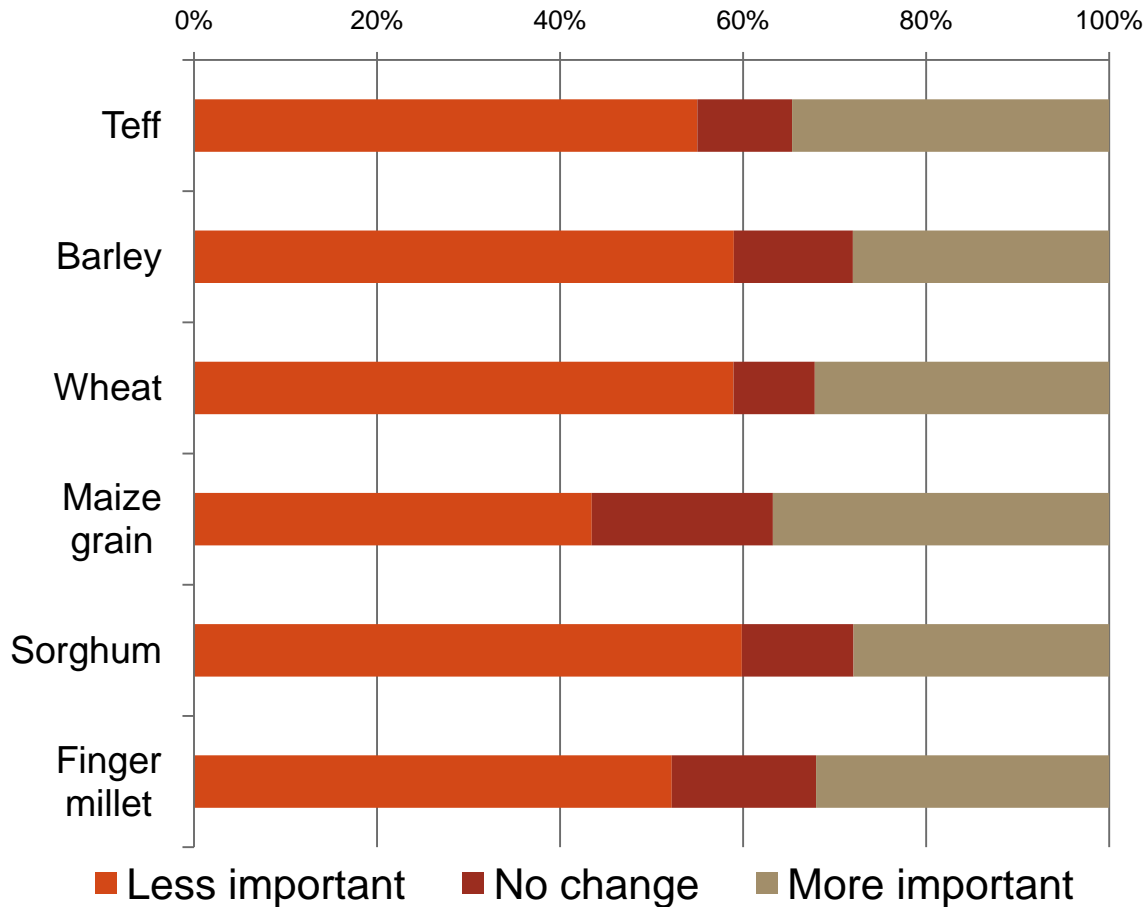
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Why the changes in marketing?

- **Reasons for the change in timing of cereal sales:**
 - Of those selling later, 75% report that the reason is a change (increase) in cash income, which affects their need for cash
 - Other reasons include change (increase) in credit availability (6%)
- **Reasons for the change in the share sold:**
 - Of those selling a smaller share, 76% report that the reason is a change (decrease) in cereal production

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Income diversification - crops



Crops that have become less important as a source of income:

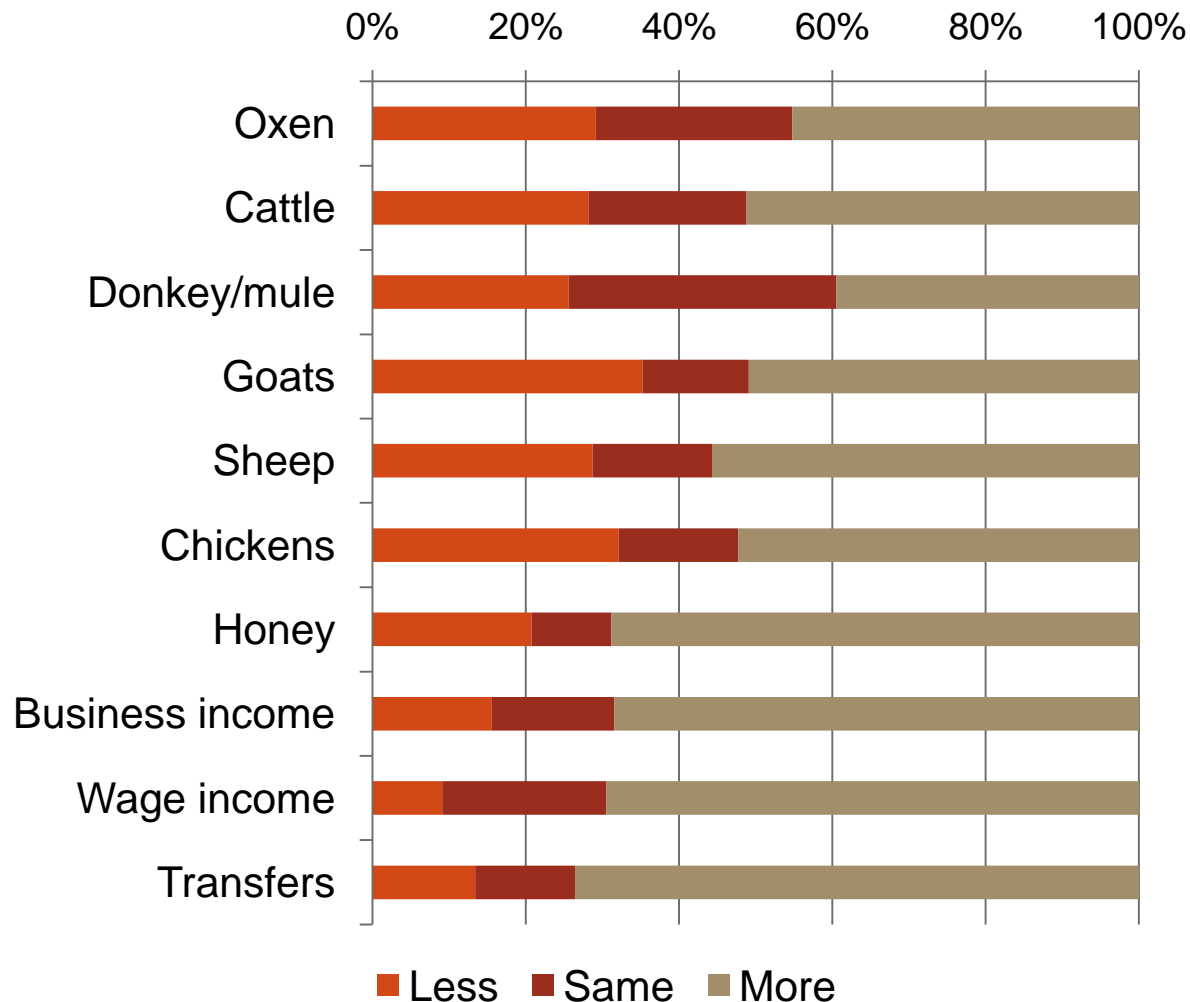
- All cereals
- Most pulses & oilseeds
- Some fruits and vegetables

Crops that have become more important:

- Onions
- Potatoes
- Coffee
- Chat
- Enset

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Income diversification - other

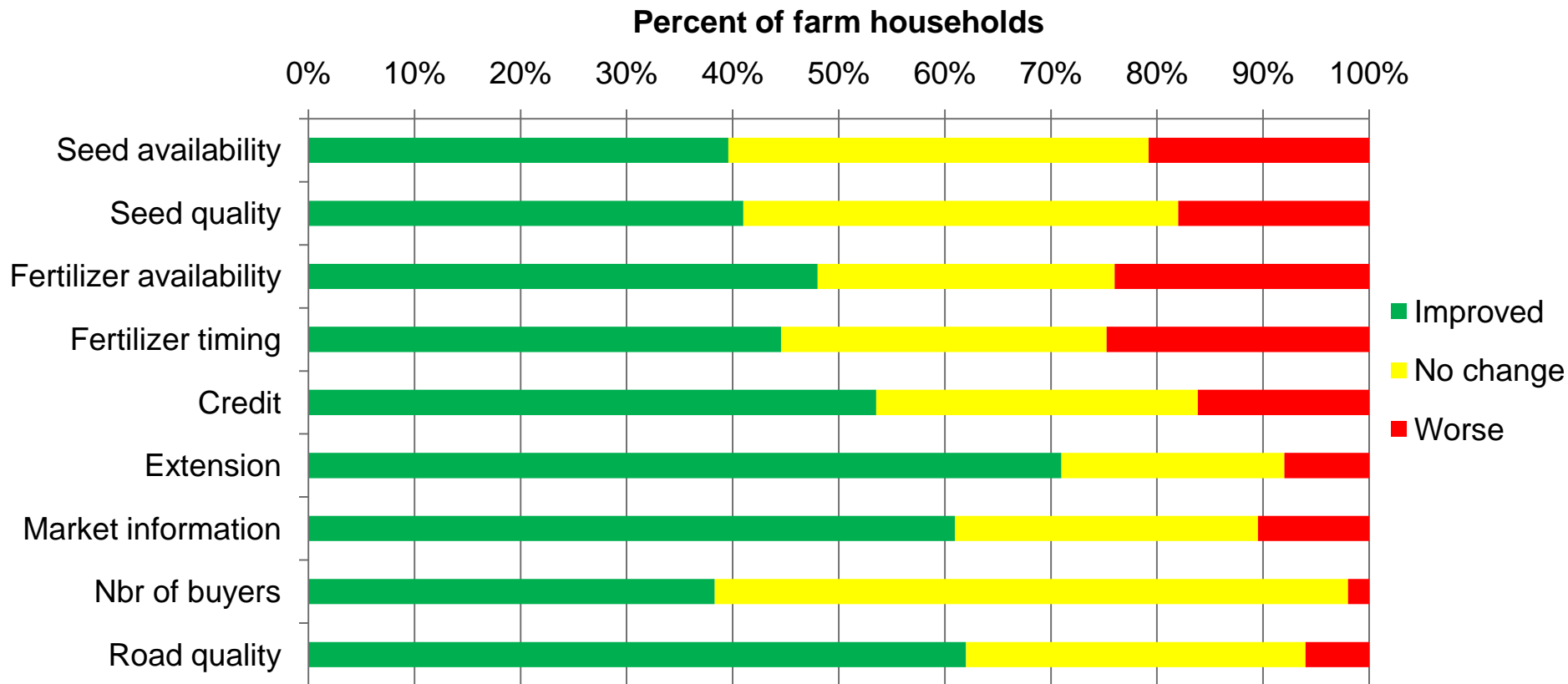


Livestock, non-farm self-employment, wage income, and transfers have become more important as a source of income over the past three years

These trends are stronger among large farmers than small farmers.

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Perceived changes in public services



- Improvement in all areas, though may be biased upward
- Greatest improvement in roads, extension, market information, and credit.
- Least improvement in seed and fertilizer markets.

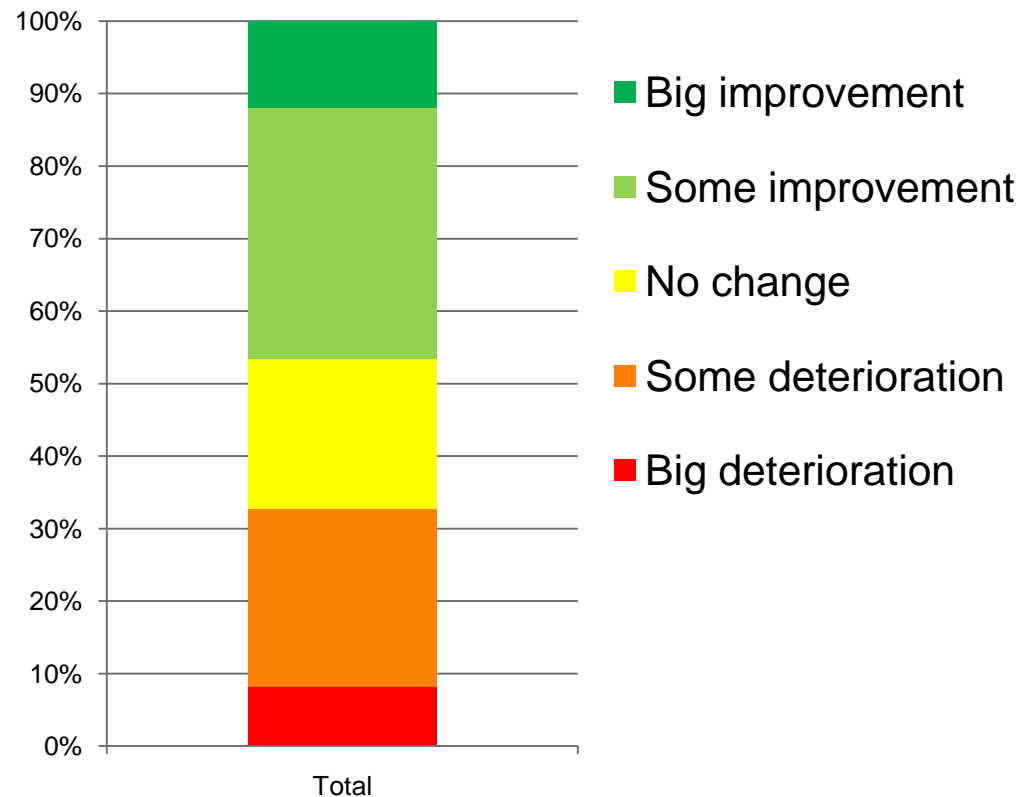
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Change in standard of living

Respondents were asked “Has the well-being of your household changed since 2003-04?” and asked to select one of four responses.

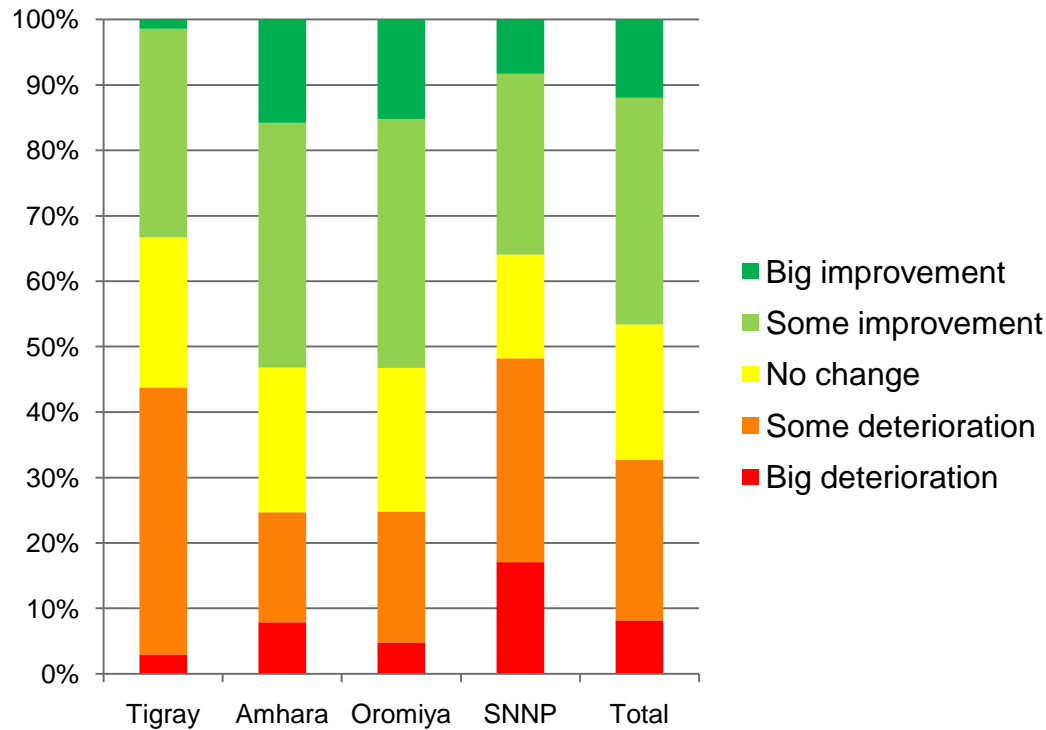
About 47% report improved standard of living compared to four years ago.

33% report lower standard of living.

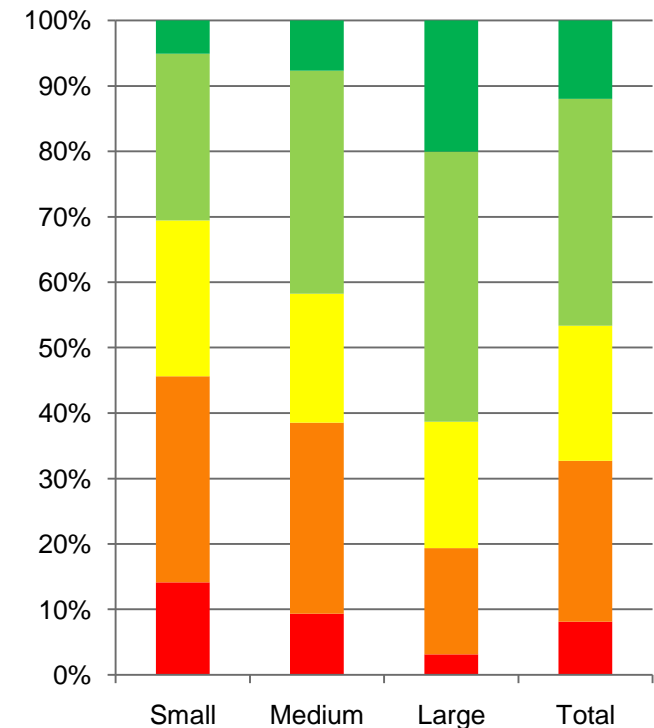


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Change in standard of living



Farm households in Amhara and Oromiya perceive more gains than those in Tigray and SNNP



Almost half of larger farms report improvement, but just 30% of small farms do.

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Why did well-being change?

- Reasons given for improved well-being:
 - 81% cite change in crop prices
 - 54% cite higher livestock income
 - >40% cited higher yields and improved health
- Reasons given for lower well-being
 - 81% cite lower crop yields
 - 48% cite changes in crop prices
 - 41% cite changes in crops grown

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Summary & conclusions

Hypothesis regarding high food prices	Findings from the 2008 EAHMS
Stagnation in cereal production	Farmers report lower cereal production (?) and diversification away from cereal crops
Smaller share of production being sold	Farmer report lower share compared to 3 years ago, but shares are similar to 1995 estimates
Farmers are storing longer and selling later	Evidence of later sales, mainly by large farmers, but this affects seasonality of prices, not level
Income diversification allows longer storage of cereals	Evidence of diversification from cereals to livestock & non-farm activities
Increased rural demand for food	Farmers report being somewhat better off, but do not report increased food consumption

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Summary & conclusions

- Cereals are widely grown, but just 10-25% of production is marketed
- Storage is largely for consumption rather than later sale
- On-farm storage dwarfs holdings by traders and government
- Evidence of diversification from food crops to cash crops, livestock, and non-farm activities
- Farmers are generally pleased with improvements in public services, particularly roads, credit, and extension
- More farmers feel better off than worse off, but most of the gains are among those with “large” farms (more than 1.6 ha)