Crop-Level Supply Response by Agro-Climatic Region in Ethiopia (Abstract)

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Using farm-level survey data from Ethiopia, this paper estimates a quadratic restricted profit function to assess the supply response of smallholder farmers. All major crops are identified in the analysis and variations in agro-climatic and farming systems are accounted for. Peasant farmers, at least in the more commercial Central and Southern zones, do respond positively and significantly to price incentives. Farmers in the Northern zone are least commercial and least responsive to prices, and in fact the model based on profit maximisation does not adequately capture their behaviour. In general, non-price factors, especially rainfall and market access, are more important than prices in affecting production, and which factors are most important varies depending on the crop and region in question. We conclude with suggestions regarding which crops appear most suitable to each agro-climatic region, and identify the most relevant policy interventions in each case.

Descriptors: Ethiopia, Farmers, farming, Crops, Agriculture

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