

This study has tried to examine the effect of poverty on access to land in Ethiopia. Order probit and censored tobit model were run on balanced panel data set and pooled random households. The transfer of land via the rental market is an important mechanism to allow the poor and land less to access land for agriculture, and obtain cash for landlords.

This study suggests that land market participation and degree of participation is found to be highly associated to land and non-land asset endowments, household characteristics and poverty status. The variations of these variables have derived rural households to enter into land rental market in order to adjust their operational holdings. Poverty does have significant effect on household's participation and intensity in both sides of the rental market. Rural poor including landless, use farming as main livelihood options and focused on rented-in land. More households participate as a landlord than as the tenant. It gives an opportunity for the landless to climb up the agricultural ladder.

The demand for land increases for households owning more non-land assets and change in poverty status while renting out of land may be a response to short-term stress when other alternative resources have been depleted. Family health shocks make land more important because the illness tends to narrow other possible livelihood base and ultimately make land the only source to depend on. It has been the means for the landlords to overcome urgent cash needs particularly at the time of shocks that is spent on non-farm input purchases.

It is imperative to recognize and develop land rental market as way out sustainable livelihood for rural poor household including landless and female headed households. Therefore, policy makers should give due consideration to the development of rural off-farm and non-farm enterprise as an alternative livelihood options in the rural area to reduce the burden of farming.