

## **ANALYSIS OF HOUSEHOLD SPECIFIC TRANSACTION COST FACTORS IN LIVESTOCK INPUT MARKETS IN ETHIOPIA**

*Berhanu Gebremedhin<sup>†</sup>, Moti Jaleta, Samson Jemaneh and Aklilu Bogale*

IPMS, International Livestock research Institute

### **ABSTRACT**

Livestock in Ethiopia perform important functions in the livelihoods of farmers, pastoralists and agro-pastoralists. However, livestock productivity in the country is low, due to low input intensity and diseases. The sector remains predominantly subsistence oriented. Recent indications show that smallholder market oriented livestock enterprises are emerging. Efficient input markets are essential to promote market oriented livestock enterprises. This paper is aimed at analyzing the institutional characteristics of livestock input markets in Ethiopia, based on a survey data of 1192 households in 10 districts of Ethiopia, using analysis of descriptive information and econometric estimations. Not all farmers have access to input markets. About 86% of sample farmers reported availability of fodder markets (green and dry forage and straw). Similarly, about 19%, 48% and 57% reported availability of concentrate, oil cakes, and bran markets, respectively. While 30% of households participate in fodder markets as buyers, 6%, 18% and 24% participate in concentrate, oil cakes and bran markets, respectively. About 80% of farmers purchase veterinary services and drugs. Fodder is purchased primarily at farm gate mainly from farmers, while concentrates, oil cakes and bran are purchased either at local markets or district markets mainly from traders. Farmers get veterinary services at farm gate, local market and district markets, but drugs are purchased mainly at local and district markets. Major supplier of veterinary services is the district Office of Agriculture and Rural Development (OoARD) and drugs are purchased from the OoARDs and traders. The OoARD is almost the exclusive source of AI services, while farmers are the major suppliers of bull services. Those farmers who reported availability of feed markets seem to be generally content with the timeliness, adequacy and quality of the supply. Buyers of feed seem to trust farmer suppliers more than traders or the OoARD. In the feed market, buyers think that they have moderate bargaining power when they buy from farmers or traders, but low bargaining power when they buy from OoARD and cooperatives. However, buyers appear to perceive that they have low bargaining power in the veterinary service, drug, AI and bull service markets, irrespective of whether they buy from traders, OoARD, or cooperatives. Analysis of econometric estimations show the determinants of institutional characteristics of livestock input markets (timeliness, adequacy and quality of supply; information asymmetry, bargaining position of buyers, and contract enforcement). Implications for enhancing the development and efficiency of the livestock input markets are drawn.

**Keywords:** *livestock; input market; institutions; smallholders; Ethiopia.*

<sup>†</sup> Corresponding Author: [b.gebremedhin@cgiar.org](mailto:b.gebremedhin@cgiar.org)