

VALUE CHAIN ANALYSIS OF BEEF CATTLE PRODUCTION IN WOLAITA ZONE: THE CASE OF DAMOT GALE DISTRICT, WOLAITA SODO AND AREKA TOWN, SOUTHERN ETHIOPIA

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Beef cattle production and value addition practices are known as major income earning activities and economic stay of the farmers, brokers, traders, hotels and restaurants and also provide huge financial support town for administrative in Wolaita area, yet attention given to the sector is not comparable to the economic value the sector owns. This study, therefore, was initiated to identify value chain actors and their function in the chain, to investigate factors affecting value added in beef production and economic role beef value chain for districts. Both primary and secondary data were used for this study. Primary data were collected from 102 sampled farmers, 21 hotels and restaurants, 3 town administratives (Wolaiyta Sodo, Areka, Bodity) and 15 experts from different strata. Before the household survey, key informant interview and focus group discussions were conducted using 20 small scale farmers, 5 hotels and restaurants, 1 town administrative and 1 expert. Descriptive statistics and econometric data analysis techniques were employed to analyse socioeconomic information; extents of value added in meat production and identify determinants of value added in beef production. The study results indicated that farmers, hotels and restaurants, government, brokers, traders and consumers were the major beef value chain actors. The economic value of meat produced annually in Wolaita and Areka town exceeds 3.9 billion Ethiopian Birr (equivalent to 165.8 million USA dollars) and 52 million Ethiopian Birr (equivalent to 2.2 million USA dollars) respectively. The total number of beef cattle slaughtered in one fiscal year was more than 10000 and 2300 in Wolaita Sodo and Areka Town, respectively. The study confirmed that number of beef cattle slaughtered in towns varies across season in relation to informal institutions celebrated (Meskel and other festivals occurrences) and income earning capability of communities in the district. The major source of beef cattle of small scale farmer for beef value addition through fattening were beef cattle purchased from market (82.5%) and ox kept at home (32.5%). The study indicated that livestock plays vital role by supporting town administrative as revenue source that calculated to be more than one million Ethiopian Birr in Areka annually. The econometric regression result justified that extent of value added in beef production depends on total land owned, amount off-farm and agricultural income earned annually at household level, amount of brokers payment for market facilitation service, extent of costs incurred in informal institutional circumstances. From explanatory variables regressed over level of value added, amount of off-farm and agricultural income and extent of payment made to brokers positively affected the extent of value added in beef production, while amount cost incurred for informal institutional cases and total land owned negatively affected value added by producers in beef production. Hence, training and capacitating farmers, giving due attention and policy supporting to livestock sector in general and beef value chain in particular that is comparable to the role they play, optimizing the informal institutional cases linked positively with beef value chain, improving credit access, market infrastructure development, linking producers to market and its benefits and establishing in cooperatives believed play a significant role for maximization of the sector productivity.

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