ABSTRACT

The effect of proximity to markets on dairy farming intensity and market participation traditionally has been viewed as a market quality effect stemming from distance to end-markets with resultant travel time. This study departs from this by distinguishing three travel time components: travel time to local service center for inputs and services, to dairy delivery point, and to end-markets. Dairy farms in nine villages each in Ethiopia and Kenya were sampled and interviewed along a double proximity gradient. Effects on many production and marketing parameters were measured and compared using regression analysis, to test the hypothesis that intensity of dairy farming and degree of market participation increase with proximity to end-markets and with proximity to local service centers. Findings prove the hypothesis for proximity to local service center, which causes better market quality for inputs and outputs, smaller farms with less available labor, use of more purchased feeds and services, higher stocking rates, higher yields, and higher margins per hectare. Findings only partly prove the hypothesis for proximity to end-markets, mainly due to unexpected land scarcity in the most remote locations. Low productivity and low dairy farming intensity and market participation for remote farms in Ethiopia are attributed to limited and volatile market demand, a coarse milk-collection grid, and low quality of input and service markets, which are largely publicly organized. Implication of this study is that the common typology of dairy farms in '(peri-) urban' and 'rural' farms needs adjustment by outlining local market access and connectivity. 'Remote' rural farms need to be connected to milk collection infrastructure, input shops and services to even have the choice to increase participation in dairy- or other markets.