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**ST.MARY’S UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**MARKET CHAIN ANALYSIS OF TOMATO: THE CASE OF DUGDA DISTRICT, EASTERN SHEWA ZONE, OROMIA NATIONAL REGIONAL STATE OF ETHIOPIA**

**BY**

**ASRAT LEMALEGN**

**JANUARY**

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**MARKET CHAIN ANALYSIS OF TOMATO: THE CASE OF DUGDA DISTRICT, EASTERN SHEWA ZONE, OROMIA NATIONAL REGIONAL STATE OF ETHIOPIA**

**A Thesis Submitted To School of Graduate Studies of St. Mary’s University in Partial Fulfillment of The Requirement of Masters of Science in Agricultural Economics**

 **JANUARY 2016**

 **Addis Ababa**

 **Ethiopia**

**BOARD OF EXAMINERS**

As member of the board of examiners of the master thesis open defense examination, we certify that we have read and evaluated the thesis prepared by **Asrat Lemalegn** and examined the candidate. We recommended that this thesis be accepted as fulfilling the thesis requirement for the degree of masters of Science in Agricultural Economics**.**

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**STATEMENT OF THE AUTHOR**

I, the undersigned, declare that this thesis is my bonafide work, prepared under the guidance of Asst. professor Maru Shete and that all sources of materials used for this thesis have been duly acknowledge. This thesis has been submitted in partial fulfillment of the requirements for an advanced M.Sc. degree at the St. Mary’s University and is deposited at the University Library to be made available to borrowers under rules of the library. I solemnly declare that this thesis is not submitted to any other institution anywhere for the award of any academic degree, diploma, or certificate.

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**ENDORSEMENT**

This thesis has been submitted to St. Mary’s University, School of Graduate Studies for examination with my approval as a University advisor.

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**BIOGRAPHICAL SKETCH**

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Until he joined St. Mary’s University for postgraduate studies in Agricultural Economics in February 2013, he was working as Senior Insurance Underwriter for Ethiopian Insurance Corporation (EIC).

**DEDICATION**

This thesis manuscript is dedicated to my mother Amelwork Kibret who had committed with strong prayer for the betterment and success of my life.

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# ACRONYMS AND ABBREVIATIONS

 CSA Central Statistics Agency

 0C Degree Celsius

DDARO Dugda District Agriculture and Rural Development Office

EC Ethiopian Calendar

EHDA Ethiopian Horticultural Development Agency

EIA Ethiopia Investment Agency

FAO Food and Agriculture Organization

GDP Gross Domestic Product

HH Household

ILRI International Livestock Research Institute

kms Kilometres

m.a.s.l meters above sea level

MT Metric Tone

MY Marketing Year

NGOs Non-Governmental Organizations

NMM Net marketing margin

OLS Ordinary Least Squares

PPS Probability Proportional to Size

SNNPR Southern Nation Nationalities and Peoples Regional State

SPSS Statistical Package for Social Sciences

TGMM Total Gross Marketing Margin

VIF Variance Inflation Factor

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**Abstract**

*This study analyzes the marketing chain of tomato in Dugda district of east Shewa zone, Oromia regional state of Ethiopia. The specific objectives of the study were to analyze the tomato market structure, conduct and performance; and to identify factors affecting farmers’ decision for participation in tomato market and the extent of their participation in the district. Factors affecting farmers’ decisions for participation in tomato market on how much quantity of sale were estimated using Heckman two stage econometrics models. Tomato market channels, and role and linkage of marketing actors were evaluated using structure, conduct and performance (SCP) approach. Traders survey result show that shortage of capital was the main barrier to entry into tomato marketing in the study area. Though the formation of price mainly depends on the buyer and brokers in the market and it is mainly influence by decision of brokers among markets actors. The result of marketing cost and margin shows marketing cost for urban wholesaler was found to be the highest while the marketing cost incurred by brokers was found to be the least. About six different market channels were identified with each channel having different marketing margin; for producer channel were found to be the more efficient.*

*Factor affecting farmers’ decision to participate in tomato market and supply of tomato to the market has been analyzed using Heckman two stage models. The model results show price of tomato, farming experience, and distance to nearest market center and number of oxen owned were found to have a significant contribution to producers’ participation to tomato marketing. Variables like use of improved seed, size of land holding, number of oxen owned, access to credit and household head got formal education were found to have a significant effect on supply of tomato market. Enhancing bargaining power of farmers in front of traders through capacitate cooperatives, necessary to provide better seed which can resist diseases in order to increase marketable surplus, and creating awareness on where to sell and at what price to sell by local extension workers are the major recommendations drawn from this study.*

Key words: Dugda district, marketing, tomato, determinants, structure, conduct and performance (S-C-P)