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"Resilience of agricultural systems against crises"

A Transaction-Cost Framework for Analysing Institutional Arrangements for Providing Animal Health Services in Developing Countries

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Abstract

In the developing countries, the current policy environment is fragile and ineffective in guiding animal health services delivery. Most of the existing institutional arrangements are developed as responses to the crisis but not based on systematic and analytical theoretical frameworks. Analytical frameworks that guide the policy formulation for providing animal health services are needed in order to address growing animal disease risks in a sustainable manner. Existing analytical frameworks for analysing institutional arrangements for providing animal health services are based on market failure attributes with diminutive attention to governance attributes of animal health services and contextual factors that are unique to animal production system. Therefore, we present a framework of analysing institutional arrangements for providing animal health services based on market failures, governance issues and contextual factors. Williamson's discriminating alignment hypothesis is applied to assess cost effectiveness of the institutional arrangements and to generate testable hypothesises. Based on market failures attribute, governance attributes and contextual factors, we generate the following hypotheses:

H1: The community animal health worker system is transaction cost minimising under conditions of low economies of scale, transaction intensity, and low measurability in marginal areas.

H2: The para veterinary system is transaction cost minimising under conditions of low economies of scale, transaction intensity, and low measurability in productive areas.

H3: The government service delivery system is transaction costs minimising under externalities, free rider problem, and high economies of scale, asset specificity, and high measurability.

H4: An integrated livestock service delivery system is transaction cost minimising when a mix of attributes of hypotheses H1, H2 and H3 exists.

H5: The private veterinarian system cannot provide any real livestock service in marginal areas.

H6: Even in productive areas, the private veterinary system will not be cost effective in providing services.

Empirical methods for testing these hypotheses will be presented, along with conclusions.

Keywords: Animal health services, governance attributes, institutional arrangements, market failures

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