

## Livestock Marketing in Kenya and Ethiopia: A Review of Policies and Practice



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## Acronyms

ADB	African Development Bank
ADC	Agricultural Development Corporation
ALLPRO	ASAL Based Livestock and Rural Livelihoods Support Project
ALRMP	Arid Lands Resource Management Programme (Kenya)
APHRD	Animal and Plant Health Regulatory Department (Ethiopia)
ASAL	Arid and Semi Arid Lands
CAADP	Comprehensive Africa Agriculture Development Programme
CAHW	Community based Animal Health Workers
CBO	Community Based Organisation
COMESA	Common Market for Eastern and Southern Africa
DFZ	Disease Free Zone
DVS	Department of Veterinary Services
EU	European Union
FAO	Food and Agriculture Organisation
FMD	Foot and mouth disease
GDP	Gross Domestic Product
HACCP	Hazard Analysis Critical Control Points
IBAR	Interafrican Bureau for Animal Resources
IGAD	Inter Governmental Authority for Development
KLMC	Kenya Livestock Marketing Council
KMC	Kenya Meat Commission
LMA	Livestock Marketing Authority (Ethiopia)
MoARD	Ministry of Agriculture and Rural Development (Ethiopia)
MoFED	Ministry of Finance and Economic Development (Ethiopia)
MoLFD	Ministry of Livestock and Fisheries Development (Kenya)
MT	Metric Tonne
NAHDIC	National Animal Health Diagnostic and Investigation Center
NGO	Non Governmental Organization
OIE	Office international des epizootics
PACAPS	Pastoral Coordination, Analysis and Policy Support (Project)
PLI	Pastoral Livelihood Initiative (Ethiopia)
PPG	Pastoral Producer Groups
RELPA	Regional Enhanced Livelihood for Pastoral Areas
RVF	Rift Valley fever
SAT	South African Type
SPS-LMM	Sanitary and Phyto Sanitary – Livestock and Meat Marketing (Project)
TAD	Transboundary Animal Disease
USAID	United States Agency for International Development
VOCA	Voluntary Organization of Cooperatives in America

## 1. INTRODUCTION

The last few years have witnessed a renewed interest in the export of live animals and meat from Kenya and Ethiopia. In both cases, the private sector has taken the lead in initiating or advocating for the revival of the export business, prompting the respective governments to pay attention to the potentials of livestock trade.

In Kenya, this move was enhanced by the formation of a new Ministry for Livestock and Fisheries. This has led to the re-operationalization of the Kenya Meat Commission (KMC), new plans to set up satellite abattoirs in strategic locations along the northern corridor, innovative approaches to improve dilapidated market infrastructure and a continued interest in addressing sanitary requirements related to livestock and meat trade. Kenya has also incorporated a livestock marketing policy in the national livestock policy document (still in draft). Prior to this, interested groups such as the Kenya Livestock Marketing Council (KLMC), initially supported by Arid Land Resource Management Project (ALRMP), had set up various district-based livestock marketing groups and played a major role in raising awareness and establishing linkages between producers and potential importers.

During the last ten years in Ethiopia, the private sector has been active in setting up export abattoirs and also in the exporting of live animals. Government support to this sector was provided through the Livestock Marketing Authority (LMA)<sup>1</sup>, under the Ministry of Agriculture and Rural Development (MoARD) at the time, forming exporter's associations, identifying potential export markets, facilitating export procedures and so on. Bilateral programs specifically designed to address sanitary issues are also on the fore.

An increasing number of donors (USAID and EU in particular), FAO and NGOs are also engaged in supporting livestock marketing from pastoral areas either through national, regional, cross-border or area-based programs. Some of these programs have been or are being implemented through regional organizations such as the Africa Union/Interafrican Bureau for Animal Resources (AU/IBAR), Common Market for Eastern and Southern Africa (COMESA) and the Intergovernmental Authority for Development (IGAD), and some through national based institutions or as stand-alone projects. Many of the NGOs operate at the local level with a few exceptions that operate at the national level.

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<sup>1</sup> The LMA was dissolved some three years ago. Livestock marketing issues are now handled by the State Minister for agricultural inputs and marketing. Livestock is now considered as one of the various agricultural commodities which the Ministry handles.

Considering the size of the human population that depends on livestock production in both countries, the development of domestic and export markets is critical to alleviating poverty, raising revenues and continuing the trend towards more market-orientation. In realization of this potential, both governments are taking some encouraging measures towards promoting the marketing of livestock, specifically from pastoral areas. However, livestock and meat marketing, especially exports, is a complex process. The subsistence production systems in Ethiopia and Kenya cannot compete with commercial producers in Brazil or Australia. International trade barriers (SPS, tariff and non-tariff) impose huge limitations on both countries. Export marketing and promotional strategies in destination countries are almost non-existent. There is no economy of scale to offset costs. In short, the livestock and meat marketing systems are not as efficient nor as streamlined as those of their competitors.

Yet, these problems are not insurmountable in the long term. Some require substantial investments, for example, in animal health and SPS systems, infrastructure and processing facilities. Others may require a combination of investment and attitudinal changes such as shifting the mode of production to meet what the market demands. Competing in the international market entails acquiring and practicing savvy marketing strategies along with availing the right product on time. Obviously, a public and private sector partnership is crucial to achieving long-term objectives. More importantly, an appropriate policy framework is the pre-requisite for providing an enabling environment for all actors. This paper will look into some policy and operational issues.

## **Objective**

The objective of this paper is to provide insights on livestock marketing policy issues for the COMESA Secretariat under the PACAPS/RELPA programme. The paper constitutes part of the in-house capacity building program on pastoral policy issues for the Secretariat in conjunction with the training courses provided by PACAPS to COMESA staff and CAADP country focal points. It is anticipated that the overall capacity building effort will translate into the pro-active engagement of the pastoral sector in the CAADP process.

## **Structure**

The paper reviews *selected* livestock marketing policy and some operational issues in both Kenya and Ethiopia. It is structured to provide some details on nine pertinent issues that are critical for the development of pastoral livestock markets in order that COMESA may focus on priority areas. Issues discussed

will focus on general policy outlines, animal health services and infrastructure; the status of meat and live animal exports, market stratification and feeds, commercial production and the provision of financial services. The discussion on each topic incorporates analysis and suggestions for improvement.

## **Methodology**

Relevant documents were reviewed in both countries; these include policy drafts/documents, sessional papers, commissioned or non-commissioned specific studies, project appraisals, mid-term or terminal evaluations, progress reports and various articles in journals and newspapers. The findings from these reviews were further refined through interviews held with various key informants in the Department of Veterinary Services (DVS) in each country, other relevant government and private financial institutions, meat and live animal exporters and specialized groups such as livestock marketing cooperatives and the KLMC.

## **2. GENERAL POLICY OUTLINES**

Ethiopia ranks first in livestock resources in Africa with the potential to export substantial numbers of live animals and meat products. However, various constraints continue to hinder international trade to destinations of choice turning the country into a major supplier of live cattle, camels and shoats to its neighboring countries - at a level unparalleled elsewhere in Africa. Kenya, theoretically, is a meat deficit country, but its shortfall is covered through cross-border imports from Tanzania, Ethiopia and Somalia and, to some extent, from South Sudan. Kenya's export potential emanates primarily from such cross-border live animal imports, although significant livestock resources exist in its North-eastern and Northern provinces as well as in some of the commercial ranches.

Both countries are keen to promote the export of live animals and meat with a growing interest in value addition by maximizing export revenues, creating jobs and offsetting the limitations arising from SPS requirements for live animal exports. In recent years, the respective governments have taken some encouraging initiatives to facilitate and promote livestock trade. By and large, these include establishing relevant government departments/ministries, policy initiatives to promote agricultural development, poverty reduction, accelerated economic growth policy frameworks and the setting up of bilateral or multilateral programs focusing specifically on livestock or pastoral development. Some of these programs incorporate livestock and meat marketing components, albeit with very mixed impacts.

In Kenya, the importance of livestock marketing and value addition is highlighted in the MoLFD 's sessional paper on livestock policy (in draft, at the timing of writing this report). The draft policy paper acknowledges that the marketing of livestock and livestock products should be a major economic enterprise, handled largely by the private sector, 'with the government only offering regulatory and facilitation services'. It concedes that its access to European and Middle East markets<sup>2</sup> has been hampered due to the country's inability to meet SPS standards and that the distribution system of livestock products has been poorly developed in the country.

Future policy directions include the institutionalization of emergency livestock off-take (from pastoral areas) as a drought mitigation measure by setting up a robust drought early warning and response system; rehabilitation of dilapidated infrastructure (roads, holding grounds and stock routes) along with protecting holding grounds from acquisition by private developers. One interesting development, in this regard, is the idea to plough back some of the *cess* revenue collected by local councils towards the development and maintenance of market infrastructure. Due importance is also given to setting up an efficient market information system to minimize distortions and enhance choices for both producers and buyers. In recognition of the adverse impacts of insecurity on livestock marketing (particularly in pastoral areas), the policy paper aims to promote peace in collaboration with the pastoral communities which might then, for example, allow the trekking (rather than the more expensive trucking) of trade herds.

Emphasis is also placed on promoting the processing and consumption of camel products, including camel milk<sup>3</sup>, in local and export markets, and fostering an enabling environment for the marketing of 'emerging livestock' products (mainly of wildlife resources) by harmonizing existing laws (e.g. the Wildlife Act) that otherwise contradict such initiatives. Furthermore, Kenya aims to improve the standards of meat and milk products to ensure 'the competitiveness of local products by installing the necessary mechanisms that are acceptable to regional and international markets'; this policy includes honey products as well.

Value addition is recommended for milk, meat, hides, skins, wool, honey, bones, blood, feathers, hooves and horns because of their current low value chain that results in low earnings. The policy envisages a role for the MoLFD in developing incentives for value addition enterprises involving cottage and

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<sup>2</sup> Although this is stated in the draft policy document, Kenya is now accessing the Middle East market.

<sup>3</sup> Packed camel milk is now available in Kenyan supermarkets through a private initiative



large-scale value adding industries. To overcome limitations of technological advancement, skills development is incorporated as an integral part of the value addition process. To buttress the value addition chain, the Ministry plans to set up an in-house agri-business and value addition office to coordinate activities.

The MoLFD acknowledges that over the past decade the livestock sector has been allocated only a small proportion of the annual national budget. While the Ministry envisions a corresponding budgetary increase to execute its new mandate, it is also advocating for increased credit provision for small or large-scale producers, traders and the like in the sector.

In a bid to revamp the livestock sector development, MoLFD has developed a number of policies and bills incorporating dairy, livestock feed, animal breeding, poultry and apiculture. These have been approved by cabinet and forwarded to parliament for approval.

The ALRMP policy document for arid and semi-arid areas of Kenya is aimed at fostering sustainable development for pastoral and agro-pastoral communities in which livestock marketing features as one of the priority areas. Basically, the document canvasses a wide range of issues affecting pastoral and agro-pastoral communities (land, water, education, health, youth, governance, mining, alternative livelihoods, tourism etc.), but it also acknowledges the critical role livestock marketing can play in enhancing the livelihoods of pastoralists and agro-pastoralists. The existing bottlenecks affecting livestock marketing listed in the ALRMP policy document and the visions for the future are similar to those of MoLFD. The 10-year policy document (2017-2016) envisages the construction of road networks, the setting up of market information systems, the establishment of DFZs and abattoirs in key strategic sites, investment in appropriate disease control and surveillance, the promotion of camel production and the enhancement of the market for agricultural products. Two key components of the policy document include widening and deepening financial services in ASAL areas (for small-scale traders, co-operatives, associations, small producers, etc) and reducing transaction costs for cross-border operations through infrastructure development.

Despite having the largest livestock resources in Africa and unlike Sudan, Kenya or Tanzania, Ethiopia does not have a separate central ministry for the livestock sector. The MoARD, which oversees livestock-related activities and policies, is itself divided into four State ministries—natural resources, agricultural inputs and marketing, crop and animal husbandry, and the early warning and response sector. Thus, while animal production and the DVS fall

under one State Ministry, livestock and meat marketing activities fall under another, although both state ministries report to MoARD. Furthermore, the federal structure of the government allows a significant level of autonomy to regional governments empowering the latter to formulate regional policies on issues of a wide-ranging nature including livestock marketing, taxation, budgetary allocations etc. Those regions with significant pastoralist and agro-pastoralist populations also have their own pastoral departments/commissions<sup>4</sup> and a pastoral unit in the Ministry of Federal Affairs, at federal level, assumes a similar role to the ALRMP in Kenya. In addition, a Pastoral Coordination Unit was recently set up within the Deputy Prime Minister's office in a bid to provide additional support to 'emerging regions' mainly consisting of pastoral areas.

In effect, there is no specific livestock marketing policy at the central level in Ethiopia. This is partly because meat and live animal trade constitutes only one of the many agricultural products the specific State Ministry responsible for the marketing of agricultural produces and inputs handles. Priority is also given to products that currently generate more substantial export revenues than meat and live animals (coffee and horticultural crops, for example). Even if the specific state ministry is intent on developing a livestock marketing policy, this may not be comprehensive as veterinary services and animal production are each housed in a different state ministry. As a result, policies related to livestock marketing and animal health are scattered in various policy documents such as in the investment policy, the Ministry of Finance and Economic Development (MoFED) 2005/06 to 2009/10 *Plan for Accelerated and Sustained Development Plan to End Poverty (PASDEP)*, trade policy and specific programs related to livestock marketing (such as the SPS-LMM project). The relevance of such policies to livestock marketing applies in the general sense whereas they could be specific in the case of animal health services<sup>5</sup> and other designated programmes.

For example, the general investment policy allows investors in the livestock sector to enjoy the following privileges:

- income tax holiday from two to six years and up to eight years for special circumstances;
- exemption from any export tax and other taxes levied on exports; full exemption from payment of import custom duties and other taxes levied on imports for the investment;

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<sup>4</sup> For example, Afar, Oromia, Somali and Southern Nations have set up pastoral departments or commissions.

<sup>5</sup> In the absence of a comprehensive policy document, specific national, bilateral and multi-lateral livestock/pastoral related programs serve as proxy indicators of policies on livestock marketing, animal health and other related sectors.

- guarantee to foreign investors to remit in convertible currency the profits and dividends accruing from the investment as well as principal and interest on external loans.

Additional policy incentives since June 2005 include support for the creation of industry associations to provide a consultation forum between the private sector and the government. This has resulted in the formation of two associations related to meat and livestock trade viz. the Ethiopian Meat Exporters Association and Ethiopian Live Animal Exporters Association; deregulation of domestic prices; liberalization of foreign trade; institutional support for the export sector; promulgation of a liberal investment law and issuance of a new labor law.

The MoFED five-year all-sector economic development plan is short on background analysis having made the assumption that the relevant analytical components are already documented with the relevant ministries. Policies and strategies for the livestock sub-sector focus on genetic improvement for sheep and cattle (local and exotic breeds) and improving animal feed production (forage feed production/forage banks, natural pasture improvement, maximizing crop-residue feed etc.). The livestock and meat marketing component of the document envisage the construction of about a dozen new export abattoirs, the establishment of new and the upgrading of existing cold storage and packing facilities, and importation of Thermo-king trucks for transportation. In contrast to Kenya, the MoFED five-year plan and policy document gives emphasis to identifying and penetrating export markets (through trade missions or in-depth studies of foreign markets) and marketable commodities transfer studies. Promotional activities include trade fairs, documentary films and the development of websites on profiles of private organizations and cooperatives for facilitating the export market.

Of the three major pastoral regions of Ethiopia, the Oromia Region has taken the lead in setting up a separate Livestock Resources Development and marketing Agency following a study tour to Sudan organized by the PLI programme. This move would enable the Agency to focus primarily on livestock related issues in contrast to other Regions where priority is given to crops. There is also hope that this precedence would prompt the other two major pastoral Regions, Somali and Afar, to follow suit.

### 3. ANIMAL HEALTH

Poor animal health services coupled with the sporadic outbreak of economically important diseases (RVF, FMD etc.) remain major constraints for the marketing of livestock and meat from the Horn in general. Over the last thirty years, available evidence indicates that the allocation of resources for the livestock sub-sector (and principally for the DVS) has been decreasing both in absolute and proportional terms (Tambi and Maina, 2002). The need to strengthen veterinary services (through public and private goods) is becoming more apparent in light of the recurring bans being imposed by importing countries despite initiatives to revive livestock and meat exports from Ethiopia and Kenya. In reality, both countries have a long way to go to bring the status of their veterinary services to internationally acceptable standards given the ever-increasing stringent rules and regulations being formulated by actors such as the OIE and EU. At this stage, both countries are formulating policy initiatives to address the issue using different approaches. Interestingly, these policy initiatives are not buttressed by proportional increases in resource allocation and instead, rely on bilateral and multilateral funding<sup>6</sup>. Tambi and Maina (2002) suggest that some governments even reduce allocated resources when donor funding becomes available. The commitment of both governments to improving veterinary services remains an issue of concern until their intent can be proven through resource allocation.

#### 3.1 Marketing and Animal Health in Kenya

Various legal statutes empower the DVS in Kenya to control animal diseases and pests – such as the Animal Diseases Act, Cattle Cleansing Act, Rabies Control Act, Branding Act, the Crop and Livestock Production Act, Veterinary and Surgeons Act, Meat Control Act, Livestock Movement Act, etc. These acts are legally binding – although some of them may be outdated<sup>7</sup> and their enforcement is questionable<sup>8</sup>. In recognition of these facts, the Kenyan Veterinary Board is pushing for changes and is currently reviewing some of these acts including the drafting of new ones involving avian flu and DFZs. Policy review is a lengthy process in Kenya since it has to pass first through cabinet and then through parliament for approval. Therefore, it may take up

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<sup>6</sup> ADB in Kenya and USAID in Ethiopia

<sup>7</sup> For example, the provision governing the inspection of livestock for 100 days (for three CBPP tests) prior to exports could be unrealistic in today's highly competitive world market.

<sup>8</sup> The issuance of 'movement permits' is the most widely practiced aspect of this Act and without which livestock are not permitted to travel from high-risk areas to the terminal markets. The application of other aspects of the Act is subject to the available means.

to two to three years for the review process to materialize. Nevertheless, the initiative has been set in motion.

Meanwhile, despite the training of thousands of CAHWs, the key role they played in eradicating/controlling rinderpest and their undisputed position as the main providers of animal health services to the pastoral population, the DVS does not officially recognize CAHWs except as 'the devil they have to work with'<sup>9</sup>. Whatever the case was in the past, the exclusion of CAHWs from recognition in the review process will be another missed opportunity for the livestock sector in Kenya. In fact, the existing Animal Diseases Act (CAP 364) gives too much weight and power to veterinarians, and one only hopes that the review process will lead to more appropriate support to the full range of veterinary para-professionals (diplomates, technicians and CAHWs). In the past, the contracting out of some public services to the private sector was not endorsed in government circles, although OIE rules stipulate that certain activities (some types of surveillance, testing, manning, etc) can be performed by the private sector. Reversing this concept, the draft policy document proposes a stronger private sector partnership by facilitating and encouraging 'self-employment and deployment of professionals and technically qualified personnel to sustainably serve the sub-sector'. This move will obviously bring in a host of advantages if the policy gains approval. It will ease the financial burden on the government, introduce payments for performance-based services, improve quality control through competition and pave the way for efficiency and imagination.

Perhaps, the single most prominent but questionable measure under consideration in Kenya is the establishment of DFZs for increased exports of live animals and beef. In this connection, a Ministerial Committee has proposed the following three areas for establishment of DFZs: North Rift; Laikipia/Timau/Kieni and the Galana-Kilifi-Kwale-Taita-Taveta Ranches (Coast region). Of these, some activities have been initiated through ADB financing for the Coast region DFZ<sup>10</sup>. Apparently, the DFZs have been planned to serve as the last holding points for cattle that have been vaccinated and quarantined en-route. The DFZs will be equipped with dips, water and feeding facilities and will be fully fenced. In addition, financial support has been provided through the ADB project for rehabilitating two quarantine centers at Mirtini and Bachuma. The DFZs are intended to serve cattle coming from the North and North Eastern provinces of Kenya, Somalia and Ethiopia.

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<sup>9</sup> Personal communication (name withheld).

<sup>10</sup> DFZ is conspicuously not mentioned in the MoLFD draft policy document, although the MoLFD implements the ADB funded project covering 22 ASAL districts. Apparently, the DVS has some reservations that others are getting the money in the name of activities that belong to the DVS. The DVS advice in this regard is to focus on exporting meat rather than live animals.

There are a number of issues that need to be considered when determining if DFZs are the right solution to problems that are inherent in the system. Historically, Southern African nations (Namibia, Botswana and South Africa)<sup>11</sup> have been exporting beef on the basis of zones free from FMD without vaccination. According to Dr. Gavin Thompson<sup>12</sup> of SADC, obtaining recognition of zones free from FMD is 'logistically difficult, very expensive<sup>13</sup> and socially disruptive with displacement and exclusion of local populations and livestock'. The practicalities and technical constraints are frequently underestimated by Sub-Saharan countries. However, 70 to 80 percent of the national livestock populations owned by smallholders in Namibia and Botswana are excluded from the DFZs in those countries, with no access to international markets for the excluded farmers. In other words, the DFZs in both countries are meant for white-owned ranches (with a few black elite groups). Dr. Thomson adds, 'Although freedom from FMD with vaccination is possible, this approach is so far not used in Sub-Saharan Africa but applied in South America. However, technical difficulties related to the purity of SAT strains in the region and the sensitivity of diagnostic tests for SAT type viruses may make the effort difficult.' Even in the absence of a DFZ, Kenya has simply demonstrated that it can export healthy live animals to Mauritius. What is required is to strengthen this system by setting up appropriate quarantine facilities without the need to invest in a DFZ that may not even be recognized by international authorities. The recurrence of RVF also poses a specific challenge as mosquitoes cannot be controlled by fencing an area.<sup>14</sup>

The relatively new concept of *compartmentalization* as a complement or an alternative to the DFZ concept is based on integrated bio-security systems which are likely to benefit vertically integrated (sophisticated) business enterprises preferentially. However, the OIE's Scientific Commission decision that compartmentalization should not be applicable in the case of FMD makes the effort daunting, at least in the short-run.

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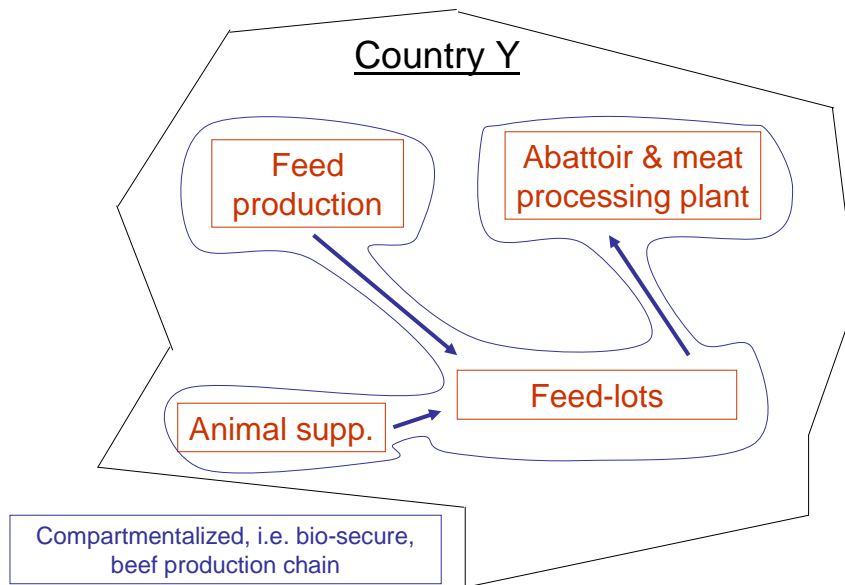
<sup>11</sup> Zimbabwe is no longer in that category

<sup>12</sup> A world expert on FMD and former Chairman of the OIE FMD and Other Epizootics Commission

<sup>13</sup> For example, between 1992 and 2005 Namibia invested N\$134 million for infrastructure and additional N\$2 million p.a. for cattle registration while Botswana invested P166 million between 2000-2004 for the introduction of LITS and an additional P15 million p.a for maintenance/upgrading to comply with EU standards.

<sup>14</sup> In theory, a DFZ could be established in areas where RVF outbreaks may not likely occur. However, the fact that RVF outbreaks occur within the country's borders by itself poses a serious challenge for international authorities to recognize the DFZ.

# Compartmentalization



Source: Gavin Thompson

If the intention to create DFZs in Kenya<sup>15</sup> is solely for the export of more live animals (mainly cattle), one is tempted to ask if the market justifies the investment. The volume of live animal export to Mauritius is not that significant, and promises made by Egypt can be reversed at any time (as happened with Ethiopia). As agreed by those in the industry, Kenya can benefit more through value addition and by exporting meat products<sup>16</sup>. However, attempts to export meat to high-end markets (such as Europe) by reviving the Kenyan quota from the previous Lome Convention may not be possible due to complications arising from the replacement of the latter by the EU Economic Partnership Agreement. This agreement may not include Kenya for meat commodities. Kenya would be well advised to focus on exporting meat or live animals to Mauritius, Egypt, the Middle East, Malaysia and other less demanding destinations where a movement control system following vaccination and quarantine might suffice.

In terms of commitment to DFZs, Kenya will need to consider factors such as:

- social exclusion - displacements and exclusion of the local population
- economic conflicts - the tourist industry, wildlife and in particular buffalo

<sup>15</sup> In fact, at the time of writing this paper, it was announced that the GoK has allocated KSh. 3B (US\$37,500,000) for the development of the first two DFZs. The first 2 will be Samburu/Laikipia/Isilo Complex and the Coastal Complex (Galana and other organized commercial ranches).

<sup>16</sup> Including, the MoLFD policy document which strongly argues for value addition.

- epidemiological factors – related to wildlife and tourism e.g. buffalo acting as a natural reservoir for FMD,
- financial and logistical difficulties – which are various and inherent in the proposed DFZ system
- supply issues – such as an inconsistent supply of livestock and dependence on external supply sources, which could potentially dry up at any time<sup>17</sup>

This combination of complex factors indicates that the creation of DFZs is not warranted in the short to medium term. Traceability could also be a challenge for animals originating from neighboring countries. The alternative to this would be in upgrading and strengthening veterinary services and animal disease surveillance, reporting and control - key elements. These need to be addressed in the short to medium term with a view to perhaps establishing DFZs in the long run<sup>18</sup>. A recent study by GTZ on DFZs (Aiello–Gout, et al, 2007), commissioned by AU/IBAR, also concurs with this conclusion.

According to the Kenya DVS, 'Effective control of livestock movement is the key to finding disease-free animals<sup>19</sup>'. On the other hand, the on-going campaigns for a Commodity Based Certification System and freedom from FMD through compartmentalization are gathering momentum. Taking into account shortages in meat supply forecasts in the world market (Delgado, 2000), it may not be too long before countries are able to export meat products through a robust veterinary system that need not necessarily include DFZs.

The ADB-funded ALLPRO project in Kenya supports various livestock marketing related activities:

- rehabilitation of quarantine stations;
- installment of mobile laboratories including equipment and consumables;
- procurement of vaccines;
- stakeholders workshops on disease control and disease surveillance in districts;
- training of meat inspectors and CAHWs;
- rehabilitation of meat training institutes;

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<sup>17</sup> There is a commonly-accepted misperception in Kenya that it attracts livestock supplies from Ethiopia because of price differentials. The reality is meat prices are twice as high in Ethiopia compared to Kenya. The domestic market in Ethiopia is supplied largely by highland cattle, due to proximity, to the exclusion of the pastoral areas - the main reason for the flow of trade herds from pastoral areas of Ethiopia to Kenya. However, this trend can change at any time, when and if Ethiopia starts exporting beef, as was the case with shoats. Also note that there are more cattle in the highland areas of Ethiopia than in the pastoral areas

<sup>18</sup> The mid-term review of the ADB-financed ALLPRO project states that, 'The creation of a coastal DFZ is a major challenge and well outside the budgetary scope of ALLPRO'.

<sup>19</sup> Personal communication with Dr Peter Ithodenka, head of the DVS in Kenya, 25/02/2008



- building the capacity of diagnostic staff.

While these initiatives are commendable, it should be noted that the system can only work in the long run through the commitment of the government and all stakeholders in the post project phase. For example, the sustainability of the mobile labs is already in doubt. A strategy has to be put in place to sustain the system in the post-project phase through full cost recovery and/or cost sharing.

Other pertinent issues contained in the Kenya MoLFD draft policy document include the following:

- establishing the necessary mechanisms to deal with emerging diseases (e.g. avian flu) plus fires, floods and drought;
- enlisting the private sector and community participation in disease and pest control and surveillance;
- promoting and facilitating community and private sector participation in environmentally safe vector and vector-borne disease control programmes;
- devising necessary strategies and initiating programmes to eradicate tsetse flies;
- measuring disease control measures for other livestock species in addition to cattle by harnessing public and private resources;
- separating the management and control of veterinary drugs from that of human drugs for control and regulation by MoLFD; enforcing existing regulations to effectively control the movement of livestock and livestock products<sup>20</sup>;
- upgrading the infrastructure of the existing laboratories (two national, six regional labs) and enhancing their capacity building to international standards.

### **3.2 Animal Health and Marketing in Ethiopia**

In Ethiopia, a new Animal and Plant Health Regulatory Directorate (APHRD)<sup>21</sup>, under the MoARD, has been mandated to regulate, monitor and control SPS standards for plants, animals and their derivatives at the federal level. The new Directorate will have two separate divisions/departments to handle animals and plants. The organizational structure of the Directorate is currently under formation. Whether this structure will be replicated at regional levels is not known yet. Regardless, owing to the federal structure of the government, the regional veterinary departments remain autonomous,

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<sup>20</sup> On the other hand, the ALRMP policy document calls for a review of the livestock movement control rather than reinforcing it.

<sup>21</sup> Modeled on the USA system.

with their own budget allocations from the respective regional governments. The federal APHRD mandate extends only to TADs, SPS certifications and meat inspections as well as coordinating vaccination campaigns in times of disaster. The regional veterinary departments do not necessarily report on their activities to APHRD with the exception of disease reporting for monitoring purposes and on other issues as and when requested. The loose working relationship between the federal and the regional structures could be an impediment to setting up a credible SPS structure. However, there is hope that APHRD will come up with new Acts and Regulations that bind the federal and regional veterinary systems to a common vertical structure regarding SPS standards, disease surveillance, monitoring and reporting and disease control systems.

Meanwhile, the MoFED five-year plan on policies, strategies and programmes envisages an ambitious goal regarding the development of veterinary services in the country. These include:

- strengthening field veterinary services by doubling the number of veterinary clinics to 3,600 along with mobile service delivery units;
- improving the supply and quality of 16 types of vaccines through significant expansion;
- controlling and preventing five economically important TADs;
- establishing a livestock early warning system;
- Expanding basic animal health service training from the current level of 5% to 50%;
- producing significant doses for seven types of vaccines that are not produced in the country currently;
- investigating and controlling newly emerging diseases (such as avian flu);
- establishing three DFZs;
- investigating and controlling the new camel disease.

Other planned interventions include strengthening the quarantine and inspection service with plans to build eight new quarantine stations and increasing the number of domestic abattoirs from the current 140 to 321. There is a plan to build one quality control laboratory for animal products and an additional five animal health posts to enforce control on animal product standards. In addition, the plan envisages strengthening diagnostic and surveillance capacity of laboratories by increasing the number of diseases surveyed to six with a substantial increase in the number of samples tested per annum. Coverage of disease reporting rate is to be increased to 80 percent.

Regarding human resource development, the five-year plan foresees increasing the number of animal health professionals as follows: animal

health assistants to 6,000; meat inspectors to 684; assistant meat inspectors to 519; and graduate veterinarians to 500<sup>22</sup>.

The plan provides limited information on public–private partnerships and on the sustainability of all these activities over the long run. There are also doubts if adequate resources have been allocated (except for manpower development) to undertake the tasks outlined in the five-year plan. It is unrealistic to think that the proposed DFZs will be implemented within the planned five years, as there are no initiatives to date indicating commitment. Whether there is a need for DFZs and, if so, their eventual materialization is highly doubtful. A pragmatic approach involving a two-phase quarantine system (at purchase sites and feedlots) proposed by the USAID funded SPS-LMM program appears to be more appropriate for the present status of the country. This system could be put in practice once the cost elements are known through a test-run<sup>23</sup>.

The planned increase in vaccine production (for both new and old types) can only be achieved through substantial upgrading of the vaccine production center at Debre Zeit. Joint venturing could be necessary for capital investment, technology transfer and marketing purposes. Some initiatives were undertaken through the USAID funded SPS-LMM program for possible joint venturing with foreign pharmaceutical companies. The results are mixed, but not yet finalized.

There is one national referral laboratory and thirteen regional laboratories in Ethiopia. A baseline survey carried out on the status of these laboratories by SPS-LMM found the labs to be reasonably equipped. However, their operational capacity is constrained by a lack of resources resulting in an irregular supply of consumables, limited field activities and high staff turnover. A lack of technical skills has also rendered some equipment idle. Certain tests are not being carried out due to capacity constraints. In addition, the assessment identified weak functional linkages between the regional laboratories and the National Animal Health Diagnostic and Investigation Center. Through the SPS-LMM program, support was provided to decision makers to redirect the mandate of NAHDIC to lead/assist the regional labs in the provision of diagnostic services, the investigation of disease outbreaks and the instigation of systematic surveillance in an effort to improve the national diagnostic capacity levels. Essential lab consumables were supplied to regional labs through NAHDIC. Training was provided to federal staff on

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<sup>22</sup> Six universities in the country run veterinary faculties and a number of colleges train animal health assistants and meat inspectors.

<sup>23</sup> ILRI's cost-benefit analysis of this system suggests that the system may not be financially feasible (Rich, *et al*, 2007). But, a test-run is necessary to confirm/reject the findings.

Molecular Diagnostic Tests and on HACCP and SPS requirements for MoARD meat inspectors and exporters. Support was also provided to NAHDIC staff for developing a Quality Systems Manual. However, a system has to be put in place to sustain these activities in the post-project phase.

The existing quarantine stations in Ethiopia are small in size and without adequate facilities and some of these are inappropriately located for live animal exports except for meat processing. There is also a plan to set up two new quarantine stations of international standard to bypass the Djibouti facility that is increasingly charging exorbitant fees to a level that makes live animal exports almost impossible. The certification of animals in Djibouti by veterinarians hired by the owner of the quarantine facility also contravenes the international norm.

The Djibouti quarantine facility, built with USAID funding and originally planned to be owned by the regional livestock traders' association, now belongs to a private company called Abu Yaser International. The company has lobbied for all animals from Ethiopia to pass through the facility but its creation, to some extent, has put Ethiopian live animal exporters at a disadvantage as it costs them an average of \$50 per head to keep cattle in the facility. Ethiopia's determination to build its own international quarantine center is, therefore, justifiable from a number of points. This move will hopefully resolve the predicament of live animal exporters.

Compared to Kenya, Ethiopia's Animal Disease Control Proclamation No 267/2002 is limited to a few sections incorporating provisions (legal terminologies), Prevention and Control of Animal Diseases, Movement of Animals<sup>24</sup>, Animal Products and by-Products and Registration of Animal Health Professionals and Delivery of Services. The proclamation does not cover other pertinent issues such as breeding, a branding/cattle identification system, the movement of livestock to terminal markets etc. No amount of effort will come to fruition in the absence of such crucial Acts and Bills and more importantly without a mechanism to enforce the Acts and Bills. APHRD, therefore, should focus on working with other stakeholders (with Ethiopian Veterinary Association/ or the emerging Veterinary Board, Ethiopian Society of Animal Production, etc.) to originate Acts that are crucial for enhancing veterinary services, livestock and meat trade<sup>25</sup>.

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<sup>24</sup> In times of disease outbreak only

<sup>25</sup> In realization of these short comings, guidelines and acts covering some of these pertinent issues, but not all, have been drafted by MoARD and sent to parliament for approval.

### **3.3 Inadequacy of Resource Allocations**

In Kenya, the livestock sector contributes about 10% of the entire GDP and about 42% of the agricultural GDP. It accounts for about 30% of marketed agricultural products. Yet, the total agricultural sector used to receive 10% of the total government budget in the 1960s, was reduced to 7.5% in the 1980s and to a trifling 3% in the 1990s. In 2002/03, livestock accounted for only 1% of the proportion (or 0.25% of the national GDP). In Ethiopia, the livestock sector contributes about 20% of the total GDP. It is not possible to tally the total resource allocation in Ethiopia as the sub-sector resource allocation for the regions is determined by the respective regional governments. However, circumstantial evidence indicates that the resource allocation may not be better than in Kenya (Tambi and Maina, 2002). The failure of both governments in allocating proportionally adequate resources for such a vital sub-sector remains puzzling. What is more worrisome is that both Ethiopia and Kenya rely on external funding (loans or grants) for revamping or upgrading their veterinary services despite the respective governments' wish to export more live animals and meat in order to collect export revenues. While the need for external technical assistance is apparent, running the veterinary service delivery systems through short-term financial grants or loans is a questionable approach. Dependence on external funding emanates partly from the age-old adherence to running everything through the public sector and, at the same time, from the non-committal attitude of the respective governments due to 'other' priorities. Public-private partnership is critical not only to relieve the financial burden on governments but also to bring in efficiency and quality service into the system. At the same time, governments should know better than to try to collect local taxes and export revenues from the sector without investing in it.

## **4. INFRASTRUCTURE**

Inadequate infrastructure has been cited in many papers and presentations as contributing to the inefficiency of livestock marketing. In fact, some form of infrastructure did exist in both countries in the past (holding grounds, stock routes, water points, quarantine stations etc.) mainly due to World Bank and ADB loans. But, most of the infrastructure is dilapidated or non-existent because no system was put in place to make them self-financing for maintenance or upgrading. In some cases, their demise was caused by regional instability (the Ethio-Somali war of 1977, for example) or was due to internal ethnic conflicts or communities that did not see any benefit in caring for them.

Once again, both the MoLFD and ALRMP policy papers in Kenya consider the development of infrastructure (roads, stock routes, holding grounds, communications) as one of the priority areas. Obviously, surfaced roads could increase efficiency while decreasing transportation costs. Communication facilities could simplify and facilitate transactions. Livestock market yards could grade stock, monitor volume of trade, price, etc. although they could also simplify things for council tax collectors, bringing an unintended burden to pastoralists. Holding grounds and stock routes are critical for the movement of livestock to their final destinations and for tracking purposes. In Kenya, the ALLPRO project infrastructural activities include the rehabilitation of ten rural markets and stock routes, renovation of the leather tannery at Kabete, construction of four slaughterhouses, rehabilitation of quarantine stations and the Meat Training Institute. These activities are under various stages of implementation with slight changes in some of their activities following the mid-term review. However useful these are for livestock development and marketing efficiency, a system should be devised to operate them profitably or at least on a cost-recovery basis in order to sustain the services they provide. In fact, the MoLFD policy document recommends that part of the *cess*<sup>26</sup> collected by local councils from rural markets should be set aside for maintenance and upgrading purposes. This approach should be extended to quarantine stations, holding grounds, mobile laboratories and other service providing infrastructure facilities.

Infrastructure development in Ethiopia is planned and executed by the relevant federal and regional authorities (roads, telecommunications, water etc). Such activities take place as part of the national development plan and are not specifically tied to livestock development although the sub-sector benefits from the whole development process. The MoFED five-year plan on infrastructure related activities for the livestock sub-sector envisages increasing quarantine posts from three to eight<sup>27</sup>, check posts from three to 12 and domestic abattoirs from 140 to 321. One hopes that this infrastructure will operate profitably or at least on a cost-recovery basis.

Another development that took place during the last three years was the construction of 25 market yards in pastoral areas through the USAID-funded PLI program. Although the market yards include some facilities such as loading ramps and watering points, they lack some crucial attributes such as holding grounds for purchased animals. It seems possible that building fewer market yards with complete facilities in vibrant secondary markets might have been more effective than building to the same standard in less

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<sup>26</sup> Local council tax.

<sup>27</sup> In view of the decision taken to build two international quarantine centers, the original plan of building three to eight quarantine centers in different locations of the country could be put on hold.

important, and in some cases, non-functional markets. More importantly, insufficient thought went into planning the management of the market yards. This effectively placed them under the ownership of the local councils, without provision to use some of the revenue for maintaining and/or upgrading the yards. This casts doubt about the functionality of the yards over a long period of time unless this status is revised by the concerned stakeholders.

The privately-owned Djibouti quarantine center remains a challenge to Ethiopia and Somalia. Owned by Abu Yaser International, it proclaims itself to be a regional quarantine center covering such countries as Ethiopia, Somalia and even Kenya, and lobbies actively to persuade major importing countries and international agencies that it is the only quarantine center of acceptable standard in the region. More positively, the facility may have triggered the setting up of similar quarantine facilities by two competing Saudi companies in Bosaso and Berbera. This move has in turn prompted Somali livestock exporters to put their own quarantine facilities in both ports to counteract the threat posed by the Saudi companies to monopolize the export trade. With Ethiopia planning to build two new quarantine centers within its borders, the region is heading for a fierce competition in persuading importers that one establishment fulfills the requirements better than another, and that the private Djibouti facility does not represent the region. Perhaps, one unintended effect of the Djibouti quarantine center has been to persuade Ethiopia, Somaliland and Puntland to set up their own quarantine centers which should have been in place a long time ago. However, setting up the quarantine center in Djibouti in the first place, against the wishes of the principal stakeholder countries (Ethiopia and Somalia), remains the cause of much of the controversy that followed. Its likely impact, in view of the new initiatives in Ethiopia, Puntland and Somaliland, remains to be seen.

## **5. MEAT EXPORTS**

### **5.1 Issues in Kenya**

There are three export-standard abattoirs in Kenya (KMC, Farmers Choice and Hurlingham), and there are plans to build four more through the ALLPRO project, of which two have been tendered for Garissa and Isiolo. The recently refurbished KMC, the oldest and the largest abattoir in Kenya, has the capacity to throughput 1,000 head of cattle and some 2,000 shoats a day. KMC's supply sources include the Northeastern and Northern provinces, the same source areas being targeted by the planned abattoirs in Garisa and Isiolo.

KMC faces four major problems in running its operation:

- erratic or seasonally bound supplies (even before the Garissa and Isiolo abattoirs become operational), particularly between August and December when there is enough pasture in pastoral areas;
- the supply problem is exacerbated by security problems, including recent post-election conflicts;
- a pricing policy based on grades, putting KMC at a disadvantage compared to other local abattoirs;
- financial limitations due to excessive focus on rehabilitating the plant at Athi and its subsidiary in Mombasa, without providing for operational costs.

At the time of the author's visit in March 2008, KMC was slaughtering only 200 head of cattle per day and about 400 goats every two days i.e. it was running at only around 20% capacity.

KMC uses five types of grades for cattle with a fixed price ceiling for each grade:

- prime grade (15 mm fat) and not more than 3 years of age at 165 KSh/Kg (USD \$ 2.05) carcass weight;
- choice grade (20 mm fat) at 155 KSh/Kg (USD \$ 1.94) carcass weight
- fair average quality, no age limit, with good fat cover at 142.56KSh/carcass weight (USD \$ 1.78);
- standard grade at 135 Ksh/Kg (USD \$ 1.68) carcass weight (mainly from pastoral areas);
- commercial grade or cull cows at 95 KSh/Kg (USD \$ 1.19) carcass weight; some 25% of the livestock coming from pastoral areas of Wajir and Moyale fall into this group.

KMC effects payments five days after purchase. Each trader is required to bring a minimum of five animals; individuals bring a minimum of 22 animals; and farmers or ranchers a minimum of 40 head. Most ranchers (such as those in Lakipia) do not sell to KMC because of the low price. Other ranches close to Athi occasionally sell cattle to KMC at a price of 70-85 KSh/Kg (USD \$ 0.87 – 1.05) live weight.

KMC's major competitors are privately-owned abattoirs supplying the supermarkets and the big hotels. Many of these privately-owned abattoirs pay immediately to traders whereas KMC has to follow a process. KMC states that the pricing policy must change and that the Grade Act needs to be revised as it is not easy for ordinary Kenyans to attain the grade under the Act. Unfortunately, the Board does not meet to make timely decisions as frequently as the market dynamics change. Most animals coming from the



Northeast and Moyale also suffer from the poor conditions of the road and arrive at the plant in bad shape. Traders also complain of high transport costs and roadblocks en route to the Athi plant. The meat from such areas is rejected in some cases. Nonetheless, KMC states that it is contributing to the welfare of pastoralists.

KMC's main market is Nairobi. It has licensed four franchises in Nairobi although they don't stock the franchises on a regular basis due to erratic supplies. This has constrained them from opening similar franchises in other big cities. KMC produces corned beef for the Kenyan army in a 300 gm can (due to shortages of the standard 340 gm can) at a price of 115 KSh (USD \$ 1.43) per can and also supplies the Ugandan Army with 190–200 gm corned beef. KMC plans to produce burgers, sausages and ox tongue for the local market.

KMC exports whole carcasses to Dubai at a price of 165KSh/Kg (USD \$2.06<sup>28</sup>). They have also exported some beef to South Sudan. Negotiations have started with Egypt, and Malaysia has agreed to import meat by air. KMC also plans to export goat carcasses to Dubai although the type of goat carcasses required in Dubai (small ones) are not available in bulk.

Supply problems and world meat market prices (unless they go up sharply due to the global food shortage) will affect the performance of KMC. The two abattoirs at Isiolo and Garissa are likely to affect the supply of cattle (however seasonal) to KMC from Moyale and the Northeastern province leaving KMC to rely on Taita, the Tanzanian border, and some ranches along the Mombasa road, usually rented by Somalis. Coupled with this is the little or no margin KMC is obtaining from its exports to Dubai. An FOB price of KSh 165/Kg (USD \$2.06) to Dubai is equivalent to what KMC pays for prime grade cattle locally, and this is without adding the overhead costs at the plant. KMC should look into the feasibility of making a profit by exporting meat cuts rather than whole carcasses and should also investigate the possibility of exporting meat to Mauritius. As a parastatal agency, KMC is besieged by financial and management problems.

The private company Farmers Choice is mainly involved in pork processing (a non-pastoral product) for the local market with limited exports to the Middle East and Mauritius. The main market for Hurlingham butcheries is also the local market. There are rumors that Farmers Choice and Alpha Fine Foods plan to build their own abattoirs (the latter is thinking instead of

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<sup>28</sup> This is less than the meat price in Nairobi.

renting the new abattoirs in Garissa and Isiolo)<sup>29</sup>. Whatever the case, the companies should take stock of the supply situation, the local and world meat market prices (unless they get premium prices for ranch animals around Lakipia) before investing in a new abattoir. Obviously, renting out the Garissa and Isiolo abattoirs would be the better option rather than running them as government entities.

## **5.2 Issues in Ethiopia**

There are some nine privately-owned export abattoirs in Ethiopia<sup>30</sup>. Five of these have been operating for the last six or seven years, exporting a weekly average of 150 MT of goat and sheep carcasses to the Middle East. These abattoirs are small in size with a daily throughput capacity of between 1,500 and 2000 shoats. One or two of them also have some capacity for slaughtering cattle and occasionally they export beef to some African countries by air. These abattoirs also face seasonal supply shortages. High transport costs and inaccessibility to some surplus areas in the country also contribute to shortages of supplies.

There are three new abattoirs under construction (one is near completion) with capacities to slaughter both cattle and shoats, and they include facilities for vacuum packaging. One of these anticipates exporting beef to Dubai shortly. It will take a year or two for the other two abattoirs to start operation.

Whether these abattoirs will be competitive to export beef carcasses remains to be seen given the ever-escalating price of meat in the local market. In Addis, the price of meat varies between \$4/kg and \$6/kg, which is far above the world market price and is likely to impact the performance of these abattoirs. Whether this price hike is due to supply shortages or is the result of a cartel-type control needs to be assessed in view of the abundant livestock resources in the country. Meanwhile, the abattoirs may benefit by switching to sea freight (for vacuum packed meat) given they meet the stringent logistical requirements. On the other hand, the currently operational abattoirs (plus the ones under construction) are capable of catering for the current volume of livestock supplies except in the Eastern parts of the country, where an abattoir in Jigjiga could provide a market for supplies from the Somali region.

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<sup>29</sup> Personal communication with Alpha Fine Foods manager.

<sup>30</sup> Excluding the old government-owned four industrial abattoirs sold to the Midroc Group, which are more or less obsolete.



Carcasses for export from one of the private abattoirs in Ethiopia

## 6. LIVE ANIMAL EXPORTS

Kenya exported live animals to the Middle East in the 1980s<sup>31</sup>. However, beginning in the 1990's, its live animal export business declined significantly. About five or six years ago, some camels were exported to Egypt and recent trends include an irregular export of small numbers of cattle (uncastrated) to Mauritius<sup>32</sup>. Mauritius also imports beef and lamb carcasses from other sources, and this provides an opportunity for Kenya to diversify into that meat market as well.

In relative terms, Ethiopia has been exporting large numbers of animals (about 150,000 per annum) consisting of camels, cattle and shoats to Yemen, Jordan, Egypt and other destinations through Djibouti. The official export figure is insignificant compared to the volume of informal exports that take place through cross-border trade to Sudan, Kenya, Somalia and Djibouti.<sup>33</sup>

In any case, the potential to increase live animal exports from Ethiopia or Kenya is constrained by a number of internal weaknesses varying from poor infrastructure to SPS standards and the recurrent ban imposed by the importing countries of the Middle East. On the other hand, both countries need to realize that, for a number of reasons, their future potential lies in expanding meat exports. First, live animal trade is by and large limited to one species – sheep (during the Haj season, which is time-bound), and the market potential for other species (cattle, camel, goats) is limited. Second, the

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<sup>31</sup> Largely due to the effort of one exporter, Idrisii.

<sup>32</sup> About 8,000 head of cattle in 2006/7.

<sup>33</sup> The cross-border trade deprives Ethiopia from accessing export revenues – the reason why Ethiopian authorities are not keen on cross-border trade.

increasingly stringent SPS requirements for live animal exports go way beyond the prevailing standards in Ethiopia and Kenya to access lucrative markets. Third, less stringent meat export requirements can be met easily with the added benefits of value adding and employment creation. There is also a remote possibility of entering into lucrative export markets as and when the 'commodity-based certification system' is ratified by the OIE sometime in the future. The bottom line is that although the export of live animals can be continued as the situation permits, the strategic focus should be on expanding meat exports, notwithstanding the prevailing logistical difficulties and SPS standards, for better economic and financial returns.



Kenyan bulls in a feedlot in Mauritius, mainly fed on *baggas*

## 7. MARKET STRATIFICATION

Kenya's market stratification system is largely ranch-based. According to the Range Management Division of the MoARD, there were 454 ranches in Kenya as of December 2000. Of these:

- 321 were group ranches;
- 84 were private company ranches;
- 27 were district agricultural company ranches;
- 17 were cooperative ranches;
- while three and two were Agricultural Development Corporation (ADC) and Public Company ranches respectively.

Of the above, in 2000:

- 77 were dormant;
- 84 were operational;
- 2 were newly proposed;
- 106 were sub-divided;
- 109 were to be sub-divided;

- 76 were of unidentified status.

Most of the sub-divided ranches belong to the category of group ranches. A good proportion of company and cooperative ranches are still functional albeit with varying degrees of success. Many of the company and some of the cooperative ranches have diversified into eco-tourism as well. Company ranches use, own or purchase stocks from pastoral areas for value adding and usually sell the animals to high-end local markets (high class butcheries, big hotels etc.). Cooperative ranches usually rent out the ranches to livestock traders (mainly Somalis) who move in immature male animals at 120–150 kg live weight and finish them at about 300 to 320 Kg live weight in a period of some six months. These traders graze their animals on free range in the ranches while company ranches and dairy farmers rely on concentrates and other feed formulae. Feedlot operations are rare in Kenya.

By contrast, market stratification in Ethiopia is largely feedlot-based. There are some 200 feedlots scattered within a radius of 250 km of Addis which manage between 100 and 500 head of cattle at a given time. Feedlot operators source cattle mainly from pastoral areas and feed them on concentrate and roughage for a period of three to four months, recording an average weight gain of 1 Kg or more per day. Finished animals are sold largely to live animal exporters and in some cases to high-end local markets. Quite recently, feedlot operators became involved in commercial de-stocking in times of drought in pastoral areas, attracted by the high profit margins that can be made in a relatively short time by feeding drought stricken animals. PLI played a pivotal role in initiating this approach which is now endorsed by the government (Abebe *et al.*, 2008). Unlike Kenya, Ethiopia has fewer ranches that remain dormant. Some of these are sub-divided for other uses.

Escalating feed costs, in view of rising fuel and grain prices, remain major impediments to value adding for livestock. In Ethiopia, the average cost of feed (fattening ration) has risen from Birr 8 to Birr 20/day (USD \$0.93 – 2.08) per head in the feedlots, and transport costs from Central Ethiopia to Moyale have recently exceeded actual feed costs by some 45%. A study on livestock feed also shows that 80% of the traditional feed provided to cattle at the smallholder level (in farming communities) is used for body maintenance only (Tolera, 2007). In Kenya, the MoARD estimates that between 60% and 80% of the costs associated with animal production go to the purchase of feeds.

Most of the processed feed types in Kenya and Ethiopia depend largely on food crop grains and residues that are primarily produced for human consumption, thereby resulting in increases in feed prices as food prices rise.

The absence of large-scale fodder production, despite the potential in both countries (through irrigation schemes, for example), has contributed to the perpetual dependency on food crops for livestock use. In addition, the export of oil crops (particularly from Ethiopia) and the use of crop residues for other purposes (for construction of huts, fences etc) hinders the full exploitation of available resources at hand. The problem is compounded by shrinkage of communal grazing areas in mixed farming systems and the lack of tradition by smallholders to grow fodder alongside food crops.

Under the current mode of production, livestock cannot easily be fattened in pastoral areas, at least to a level required by some high-end markets. However, riverine areas along the Tana, Dawa, Ganale, Shebelle, Awash and Omo Rivers are capable of supporting irrigated fodder production not only to enhance feed availability but also to encourage a more extensive shift towards market orientation. Because supplementary or alternative types of feed (except natural pasture) are not available in pastoral areas, NGOs have increasingly begun to transport feed (hay bales, concentrates, pellets etc) to pastoral areas to save core breeding herds in times of drought. Such interventions have, inadvertently, exposed pastoralists to alternative types of feeds other than natural pasture and many have been noted as willing to buy such feeds— at least in times of drought (Bekele and Tsehay, 2008). This exposure may ultimately lead them to providing supplementary feeds to their livestock even in normal times creating the possibility that they may, in time, switch to a more market driven mode of production.

Given the current status of feed availability, value adding may not be that feasible in pastoral areas in the short-term. However, there is a great opportunity for stratification wherein immatures or young steers from pastoral areas could be finished by small farmers in high potential areas. This could be done through stall feeding/zero grazing only or in combination with natural grazing where the situation permits<sup>34</sup>. Small farmers in both the highlands of Hararghe and Wolayta in Ethiopia and in the Central highlands of Kenya are used to this practice. Financial constraints limit the number of immatures and/or the amount of supplementary feed that they can buy. Therefore, they operate under limited capacity, in most cases handling one head of cattle at a time. Complementing the income of small farmers through livestock value adding while providing market opportunities for pastoralists (through the purchase of steers) could contribute immensely to poverty alleviation goals. Many small farmers in Ethiopia were beneficiaries of such a scheme under the Third Livestock Development Project where steers

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<sup>34</sup> Potential feed sources in smallholder areas include grain stalks, cane tops, sweet potato and other root crop vines, vegetables, alfalfa and fodder beet (if cultivated) in addition to supplementary feed.

purchased from lowland areas were distributed on loan to highland farmers for finishing. The loan and the interest were repaid to the project upon selling the finished animals<sup>35</sup>. Unfortunately, the programme was phased out with the project despite the success of the scheme.



Farmer taking stall fed bulls to market in Western Ethiopia

The significance of developing the feeds industry can not be over-emphasized in light of the recent drive to maximize returns from the livestock sector through export revenues and/or domestic marketing. Given the genetic make up of the livestock species found in both countries, noted for enduring hardship but not for productivity, competing in international markets without adequate feed and health provisions is not likely to pay off. Not surprisingly, the authorities in both countries understand the limitations imposed on livestock productivity arising from feed shortages and rising costs.

The Kenyan policy document goes into some detail in assessing the situation of feed quality, availability and affordability in the country. It states that 'the greatest proportion of diet for ruminants is roughages that includes grass and browse...with minimal supplementation of concentrates and minerals in low rainfall areas, where extensive livestock keeping is practiced, whereas concentrates make a significant proportion of the livestock diet in high rainfall areas.' It acknowledges that feed quality and quantity is affected by the 'seasonality of raw material supplies (maize, wheat, barley, millet, legumes etc.) coupled with an inconsistent supply of imported ingredients such as oilseed cakes, meals and minerals plus sub-standard processing, handling and

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<sup>35</sup> The 'stalker-feeder' programme, as it was known then, provided steers on loan to thousands of small farmers in the then Sidamo, Bale and Hararghe provinces for finishing. Farmers were insured for cattle deaths occurring due to causes beyond their control, which had to be substantiated.

storage of mixed feeds'. The high cost of ingredients, lack of standardization and poor training of feed manufacturers also contributes to the low quality of feed. It is reported that 'Napier grass, the fodder crop of choice in high and medium potential areas, is threatened with Napier Smut and Napier stunting'.

The MoLFD policy document aims at improving feed quality, quantity and availability through a series of measures. These include:

- diversification of the feed base through the use of alternative sources of both energy and protein requirements;
- encouraging cooperatives and similar societies to establish feed mills;
- taking the necessary measures to standardize feed ingredients and feeds for all classes of livestock;
- putting in place the necessary institutional framework to ensure the production and marketing of quality feeds through a review of the existing Fertilizer and Animal Foodstuffs Act to allow for a separate Animal Foodstuffs Act;
- establishing an Animal Feed Inspectorate Service to ensure that standards are met and to safeguard consumers from hazardous/poor quality feeds;
- identifying a wide range of forage types for various agro-ecological zones; and,
- fodder and pasture conservation in the rangelands including promoting sound range management practices with ASAL communities.

The Ethiopian five-year plan foresees increased forage production through the distribution of seeds, forage plants and cuts, improvement of natural pasture through bush clearing, construction of molasses depots in strategic locations and the establishment of forage banks. As a five-year plan, the document does not give a detailed assessment of the current shortcomings affecting feed quality, availability and affordability. More importantly, it does not address issues related to institutional framework as regards standardization, quality control and inspections, perhaps, this being the mandate of MoARD.

However, a comprehensive assessment was made by the Texas SPS-LMM program regarding feed quality, quantity and availability in Ethiopia (Tolera, 2007). The assessment findings are similar to those of Kenya – such as the seasonality of supplies, high cost of raw materials, the use of natural pasture in traditional production systems and more use of concentrates in feedlots and high potential areas. Specific factors contributing to feed supply shortages in Ethiopia include the export of oil crops (without value adding –



reducing a huge potential to produce oil seed cakes) and livestock feed (which has been recently banned). Meanwhile, the SPS-LMM program has formulated a cost-effective ration system for feedlots. On the other hand, Ethiopia needs to learn from Kenya when setting up the institutional framework that promotes, guides and regulates the feed industry. In conclusion, both countries need to attract and support potential investors in feed production and processing while providing support to small holders to produce quality feed.

## 8. COMMERCIAL PRODUCTION AND BREEDING ISSUES

Both countries rely largely on surplus pastoral areas for meat and live animal exports despite the inherent low productivity of livestock breeds found in such areas. For example, it usually takes five to seven years to reach a live weight of 300–350 kg (even for the much coveted Boran bull) if fed on natural pasture under normal conditions. If it were not for the pastoral production system that does not necessarily take into account the production costs of labor, pasture and water, the competitiveness (profitability) of such animals (or their products) in international markets would become questionable. Basically, both countries aim to compete in international markets against sophisticated commercial producers (of Brazil, Argentina and the like) while relying on a subsistent production system and cattle breeds that are not so productive. This is not to understate the specific merits of drought and disease tolerance inherent in such breeds. It is rather to suggest the possibilities of combining such merits with productivity. The ‘improved Boran’ bull, bred in Kenyan ranches, is not common in the pastoral areas of Kenya or Ethiopia whereas it is common in Australian and Texas ranches. The ‘Beef Master’ breed introduced from Texas to Southern Africa close to a hundred years ago is already indigenized and capable of reaching a live weight of 700-800 Kg in a space of four years on natural pasture alone<sup>36</sup>. This breed performs well even under the harshest conditions in Botswana and Namibia and provides most of the meat exported to Europe. If it performs well in a relatively shorter time in Botswana and Namibia under less favourable conditions than Kenya or Ethiopia, then the introduction of such breeds is worth considering. For that matter, the Baggara cattle and Saharawi sheep of Western Sudan are much more productive, even under extreme conditions, compared to their equivalents in the Horn.

Basically, the concern for genetic conservation is understandable, but it makes sense if the conservation process is aimed at keeping the desired characteristics/traits of indigenous animals while increasing their

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<sup>36</sup> Interview with Botswana ranchers.

productivity. Genetic preservation for the sake of preservation alone may be important for maintaining biodiversity but does not necessarily guarantee profitability. Regardless, the preservation process can be maintained *in situ* with the collaboration of government and communities. However, this should not preclude the importation of improved breeds even for the pastoral production system if they are capable of performing under the prevailing local situations. Such breeds can be managed in isolation to preserve local genetic resources. Competing in international markets necessitates improving outputs per whatever unit of measurement for cost effectiveness. Lessons should be drawn from Botswana and Namibia.

Of note, export abattoirs are facing supply shortages (especially of shoats) from time to time. This is understandable, given the current pastoral mode of production where the motive for selling livestock is prompted by immediate cash needs rather than profit, and where the flow of livestock to terminal abattoirs is constrained by the lengthy process of purchasing, collecting and assembling livestock from individuals. Besides market inefficiency and the reluctance of herders to sell marketable animals in one go, supply levels are affected by a high level of abortion and mortality rates in the pastoral production system. Bekele's (2006) findings in the Dolo area (close to the Mandera border on the Ethiopian side) establishes an abortion rate of 12.5% for camels, 8.5% for cattle, 27% for goats and 9% for sheep. Mortality rates for the same area were found to be 12% for camels, 14.5% for cattle, 10% for goats and 20% for sheep. Coupled with supply anomalies caused by drought, floods, RVF, FMD and the like under the existing production system, it is perhaps time to consider ways of increasing productivity per livestock unit through the importation of appropriate and adaptable breeds. However, given the lower disease resistance of such breeds, there is the need for simultaneous strengthening of preventive and clinical services. After all, this has been achieved, through public and private veterinary service providers, for the vibrant dairy industry in Kenya, consisting of some 3 million dairy animals. Extending similar services to pastoral areas should therefore be possible with a little extra effort.

The Kenyan policy document puts emphasis on preserving genetic resources while recognizing the fact that valuable genes contained in local breeds have neither been identified nor have their characteristics been documented. The document cites past efforts in which the focus has been on up-grading indigenous animals towards exotic western breeds resulting in the loss of original genetic material, particularly in the poultry sector. As a result, the policy objective states that it is necessary to formulate superior breeding programs for indigenous animals. The MoLFD believes in the necessity of a regulatory framework for a centrally managed and coordinated breeding

strategy. At the moment, decisions on 'what animals are to parent future animals' are taken by many actors (farmers, pastoralists, CBOs, NGOs, Breed Associations and the government). This regulatory framework will allow a 'central organization to formulate appropriate policy and legal framework, encourage others to invest in breeding services, support the Kenya livestock breeders associations, encourage farmers in progeny testing and serve as the national focal point to co-ordinate animal genetic resources'. However, this stance on preserving domestic genetic resources understates the immense benefits Kenya gained as a major producer of surplus milk in the region through the cross-breeding of dairy herds. A balance has to be kept between preserving genetic resources and making economic gains through the introduction of productive breeds. Ethiopia's breeding program is limited to dairy herds and poultry and the preservation of Boran breeds. There are no indications with regard to improving beef breeds either from local sources or through imports from abroad.

## **9. PROVISION OF FINANCIAL SERVICES TO PASTORAL AREAS**

Poor financial services, including the provision of credit, are commonly regarded as a major impediment both to the development of pastoral areas in general and livestock marketing in particular. This assertion is usually made on the assumption that pastoral communities have no access to credit or other forms of financial services. While this remains a fact, it is unlikely that pastoral communities (i.e. full time herders) are keen to access such services. To begin with, pastoralists operate on a moving capital base (livestock) and returns from livestock reproduction are far greater than bank interest rates (except in drought and other hazardous times). Put simply, it does not make sense for a pastoral household to save cash in a bank and less so to take a loan with interest attached. The fact that full time herders rely entirely on brokers (kinsmen in towns) even in simple transactions involving the sale of animals indicates that they are not yet ready to use the complicated services of financial institutions. The mode of their production system, which relies on mobility away from major settlement centers, also does not make them accessible to use such services for most parts of the year.

This is not to say that credit provision is not at all necessary in pastoral areas. There are those who can benefit from the provision of such services, but they are not necessarily full time herders. Making a distinction between the two groups is necessary before devising an appropriate strategy. Those who have moved out of pastoralism, and now reside in major settlements or who require alternative or complementary livelihoods, may require cash provisions to set up petty trades involving service provisions, commodity trade, value adding or other income generating activities. Women-headed

households, unemployed youth and other specific groups residing in or close to major settlements may require this type of support. Even in such cases, the apparent differences within and between different pastoral areas and groups in terms of business opportunities and local business acumen should be taken into account. For example, the prospect of setting up viable and diversified small businesses is better in Somali inhabited areas than, for example, in Turkana or Afar.

So far, credit provisions in the ASAL areas of both countries have been limited to savings and credit groups mainly through NGOs and micro-credit institutions such as K-REP (which pulled out recently from Northern Kenya). Apparently, there exist limited opportunities for setting up diversified small-scale businesses in pastoral areas because of low purchasing power, limited 'wants' of the pastoral population that adheres to a simple way of life and the general lack of development. As a result, NGOs involved in micro-credit programs disburse loans for too many groups engaged in the same kind of business activities within the same locality or market shed. For example, too many livestock marketing groups or cooperatives were formed in the same market shed in Southern Ethiopia resulting in diminished profit levels and causing many of these groups to move out of livestock marketing business altogether. Part of the problem stems from the NGO staff having no business skills themselves to guide such groups and partly from too many NGOs jumping on the band wagon with little or no cooperation between them. Businesses can only be viable if they reach a volume of transaction that enables them to generate profits, regardless of their market share. Where the business volume is high, firms can stay in business even with smaller market shares. Where the volume is low, as in pastoral areas, a firm needs to capture a higher market share to stay in business. Too many firms providing similar services to a limited number of clientele will not survive. Where business opportunities are limited for diversification, lending institutions or NGOs should limit their support to fewer groups to enable them to stay in business. In the end, it is the number of viable businesses that should count rather than the number of loanees or business entities to whom loans have been disbursed.

Within pastoral areas, the group that seeks relatively significant loan provision is live animal (and other major commodity) traders. With few exceptions, small and big-scale live animal traders operate generally without access to credit provisions. The trust-based livestock transaction system, common in the ASAL regions of both countries, in which immediate cash payment is deferred until animals are sold in terminal markets, stems mainly from the shortage of working capital although the savvy nature of livestock traders in passing the risk to the primary producer or the middleman can't be

ruled out. In such a system, it is the herder who finances the big trader through intermediaries where no interest is charged for delayed payments. More importantly, there are times when primary producers and the middlemen in the chain fail to receive payments because the big traders have gone bankrupt or defaulted for any number of reasons.

Conventional banks do not regard livestock as equitable assets. This necessitates a non-conventional banking system for pastoral areas with a proviso for accommodation to those requiring relatively larger amounts of loans (such as livestock traders, feedlot operators, ranchers etc). In Sudan, the 'Livestock Resources Bank' caters specifically to livestock traders and exporters by providing them with short-term working capital loans on a 'profit sharing' basis – a system that has not been tried in Kenya or Ethiopia but which can be explored.

Perhaps, the biggest obstacle for expanding credit provisions in pastoral areas is the lack of collateral. The lifestyle of the population residing or trading in pastoral systems does not provide the kind of conventional collateral (such as properties) lending institutions are used to (save for few exceptions in major settlement areas). However, this does not mean that all trade, and in particular livestock trade, is transacted on strictly cash terms. Most livestock transactions take place in a clan or kinship-based trust system. As is the case with conventional banks, defaults also occur in the 'trust lending' system for various reasons. Despite such occasional hiccups, however, the system is routinely practiced which implies that the system functions more or less well since the kinship or clan-based guarantee serves as collateral. A proper understanding of this system is critical when designing a kinship or clan-based banking system for pastoral areas as an option to the conventional system.

Alternatively, financial institutions that insist on conventional collateral could employ the 'reverse value chain approach'. This approach entails providing loans to operators at the higher end of the value chain – such as live animal and meat exporters, processors, ranchers, feedlot operators, wholesalers etc., who would in turn disburse the loans to their suppliers in pastoral areas. The advantage in this system is that borrowers at this level of the value chain are capable of providing the required collateral for the banks and are responsible for the loans they disburse to their suppliers (whether on kinship or purely business relationships). The disadvantages lie in the control that high value operators could exert on small-scale suppliers and the possibility of diverting loans to businesses not related to pastoral areas. This may necessitate having a proper control mechanism in place. Regardless, this option is worth considering as an alternative to the current impasse.

The CARE–Equity Bank partnership in Kenya, in this regard, is an attempt to provide a non-conventional banking service for pastoral areas following which the latter has set up a branch office in Garissa. The Bank provides three kinds of services:

- a savings component in which no minimum balance is required to open an account, no limit is placed on withdrawals and no overhead costs and ledger fees are applied in order to encourage the culture of saving among the pastoral population;
- a credit component, for pastoral producer groups (PPGs) engaged in livestock fattening or in an export business provides loans to a maximum amount of 5 million (USD \$62,500) at a 1% commission per month (the term commission is used to comply with Sharia Law), repayable within a year. The bank is also exploring a combination of non-conventional collateral in which local Sheiks and community leaders could serve as guarantors, using the trade herd as collateral and evaluating the customer's reputation through word of mouth and other means. KMC's invoices will also enable PPGs to get loans from the Bank;
- the third component of the service is aimed at improving and strengthening the value chain, in which CARE, as a partner, will play a role in identifying Pastoral Producers Groups (PPGs), training them in financial management and animal husbandry and linking the PPGs to the KMC and other exporters through the KLMC.

The Bank's seemingly risky venture is cushioned by the guarantee provided by CARE to counter any losses incurred. Regardless, this initiative could serve as a 'lesson learning' experience to refine methodologies in the future, not only in Kenya but also in Ethiopia. The Bank should also explore the possibility of operating on a 'profit sharing' basis as Muslim communities do not endorse interest on loans (even with the euphemism 'commission'). One hopes that the credit scheme also covers livestock traders in addition to PPGs.

No similar scheme exists in Ethiopia for pastoral areas. Agencies like VOCA have been forming pastoral livestock marketing groups in some areas but without the proviso to support them financially through credit provision, assuming that such cooperatives should qualify for loans from mainstream banks. The few banks that operate in pastoral areas apply conventional conditions of lending and, therefore, are not in a position to provide financial services to pastoral marketing groups. Efforts in the past include the provision of grants to pastoral livestock marketing groups by other agencies (AU-IBAR, PARIMA) and linking these groups with exporters – an initiative that prompted meat exporters to open purchasing offices in pastoral areas.

The initial success of the pastoral marketing groups was later compromised by the formation of additional marketing cooperatives by other agencies in the same market sheds.

## **10. CROSS-BORDER TRADE**

The flow of livestock through cross-border trade between the two countries is one dimensional i.e. from Ethiopia to Kenya, although small shoats (weighing less than 30 kgs) are traded in the reverse direction in limited cases. Many expect this trade to flourish on the basis of better price offers in Kenya. Although this could have been the case in the past, livestock and meat prices have been substantially higher in Ethiopia during the last three years, and yet the cross-border trade continues to favor Kenya. This happens because most of the domestic beef demand in Ethiopia is met with supplies from the highlands; therefore, due to the absence of large-scale beef exports from the country, pastoral livestock are sold across the border. Of note, full-time herders do not choose between markets on the basis of better price offers. What influences their decision is market proximity and the reliance on brokers they know (due to kinship). Similarly, the availability of essential commodities, including grain, also leverages decisions concerning where to sell animals. For example, a recent study shows that the cross-border importation of maize for the first time from Kenya to Southern Ethiopia has increased the level of livestock flow towards Kenya<sup>37</sup>. The choice of markets on the basis of price is done by livestock traders and, to some extent, at the broker level (those operating across borders).

Apparently, the governments of Kenya and Ethiopia have differing views regarding the cross-border livestock trade. Kenya views it as an essential trade for obvious reasons: it helps meet the local meat demand, allows the importation of animals with no foreign exchange payments, and generates local revenue and possibly foreign exchange as well through exports. Ethiopia's differing position comes from the loss of local and foreign exchange revenues given the fact that all imports from Kenya are transacted through hard currency. This stance has prompted border officials, on rare occasions, to control the flow of trade herds across the border but not on the scale exaggerated by some advocacy groups and NGOs (of continuous harassment of pastoralists). That the trade is going on smoothly for most of the year indicates that the border control measures are temporary in nature. Yet, livestock traders are even more harassed in Kenya when obtaining

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<sup>37</sup> Bekele and Aklilu (2007) Participatory Impact Assessment of New Livestock Markets in Oromia, Somali and Afar Regions, Feinstein International Center (draft).

essential movement permits and at numerous police manned checkpoints en route to terminal markets.

So far, the cross-border trade has been functioning without major interruption. In view of the parallel stance, however, a formal agreement between the two countries is necessary to ensure its continuity and eliminate potential disruptions in the future. Such an agreement is also necessary for collaboration on animal health related issues, for instance, in terms of conducting joint vaccination operations across the border, without which, efforts taken by only one country may not materialize. One case, in this regard, is Kenya's decision to vaccinate against RVF whereas Ethiopia engages in active surveillance. Such differing positions in a porous common border area are incompatible and undermine unilateral efforts. This is also true for the disease Peste des petis ruminants, as vaccination campaigns in both countries take place without any coordination and at different times. Having a long common border necessitates tackling cross-border issues through joint efforts and in this regard COMESA, IGAD or AU/IBAR could play a significant coordinating role. Alternatively, either Ethiopia or Kenya could take the initiative to expand the mandate of the Ethio-Kenya Border Commission to incorporate such pertinent livelihood issues.

## **11. CONCLUSIONS**

Compared to the 1990s both Governments are increasingly realizing the potentials of pastoral livestock resources. To some extent, this is reflected in new allocations of resources (e.g. DFZs in Kenya and quarantine stations in Ethiopia) and in the restructuring of relevant government institutions as each country sees fit (e.g. MoLFD in Kenya and APHRD in Ethiopia). Initiatives for new (or amendment of existing) Acts and Guidelines also indicate the growing interest in livestock marketing. Private investments in feedlots, ranches, abattoirs and live animal trade signify the confidence of investors in the sector.

The strategies designed to achieve set objectives are more or less similar in both countries, although there are apparent differences owing to variations in natural and physical resources, value adding modalities, priority setting, etc. The ultimate goal of both countries, however, remains in increasing value added exports (mainly meat products) rather than live animals. This is an appropriate direction that should ultimately result in the strengthening of the livestock sector in both countries.

The tasks required to achieve the ultimate objective are varied but could be summarized into two main categories. The first involves establishing and



maintaining a credible SPS system through robust veterinary systems consisting of both public and private service providers. However, setting up such a system not only requires additional resources but also the enabling policy environment for the practical application of all rules and regulations that need to be observed. It should be noted that neither can work in isolation. The second category involves streamlining the efficiency of the marketing system from production to consumption and / or export levels. The tasks to be carried out in this category are numerous: market oriented production; infrastructure and communications; finance provision; market information and intelligence; availing appropriate products in a timely fashion; packaging, labeling; market promotion, and so on. Obviously, all these tasks can not be met in one go but rather through phases and/or stages. This should, however, begin with an understanding of what the market demands and working in the 'reverse value chain' order to improve efficiency through a top down approach. Of note, this strategy is the precursor for economy of scale.

On the surface, it may appear that the two countries are competing against each other. To an extent, this could be true given the similarity of products in question, target export destinations, and the sourcing of livestock from a common porous border. In reality, both countries have not yet scratched the surface of their potential capacities. In any case, the volume of the meat demand in the Middle East and Africa is adequate to accommodate more than the combined exports of both countries. At this particular stage they have stronger commonalities when it comes to controlling transboundary diseases, streamlining cross-border livestock trade, and preventing cattle theft and banditry. This fact underlines the need for collaborative efforts for solving the common problems along the border areas of the two countries.

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