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D. Layne Coppock
*Utah State University*

Solomon Desta

Getachew Gebru

Seyoum Tezera

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Solomon Desta, Getachew Gebru, Seyoum Tezera,
D. Layne Coppock, Utah State University
Pastoral Risk Management Project

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*The Boran of southern Ethiopia have been traditionally viewed as unwilling or unable to engage in large scale, commercialized livestock trade. Here we report on the creation of a new livestock marketing chain from the Borana Plateau to export outlets largely serving the Gulf States. Since 2003 various meetings and exchange tours were organized by collaborating agencies and PARIMA to directly link pastoral producers with livestock exporters and policy makers. This occurred against a backdrop of growing export demand for small ruminants, rapid development of private export industry, formation of well-trained pastoral marketing groups (often dominated by women), and provision of external funds to initially capitalize on trading. We document that a positive market response has occurred. Eleven pastoral marketing groups sold 25,640 head of goats and sheep to export firms during 2004-5, just part of a much larger surge throughout the region. The pastoral groups have been moderately profitable and income-generation opportunities have been created, although marketing involvement has proven to be very risky in some situations. The groups procured animals from a 57,000-km² catchment across northern Kenya and southern Ethiopia, resulting in a novel, northbound flow of stock in a cross-border region previously thought to be exclusively dominated by southbound flows of stock to terminal markets in Nairobi. Overall, our observations suggest that given high demand and careful investment in capacity building as well as reduction of marketing risks, pastoralists can move aggressively to market small ruminants here.*

## Background

Traditionally, the Borana pastoralists of southern Ethiopia have strived to build-up their livestock herds. Livestock serve multiple purposes in Borana society, including milk production, meat production, a form of investment, and provide cultural values. Occasionally, cattle or small ruminants could be sold to buy food grain, clothing, and other commodities. The need to buy food is most apparent during dry periods when milk production from cows—the key component of human diets—is in decline. Accordingly, off-take rates for livestock have been low. The accumulated evidence suggests that the Boran in decades past have been very reluctant to engage in commercial livestock marketing, and for good reasons. Many social, economic, ecological, and policy factors have been cited as contributing to this behavior. As human populations grow in rangeland areas, however, others have suggested that pastoralists like the Boran will be forced to engage in more commercial livestock activity simply to increase human carrying capacity—exchanging animals for more calories as grain could be one means to this end. Human population pressure and a declining per capita supply of milk (because herds cannot grow beyond ecological limits) is also postulated to encourage more grain cultivation and spur an increasing interest in the diversification of livestock holdings (Desta and Coppock, 2004).

In the last few years several factors have altered the livestock marketing landscape in Ethiopia. There has been considerable development in the private livestock export industry. There has also been a growing demand for livestock products from Middle East and Gulf State nations. Evidence for this trend is especially evident for goat meat (Table 1).

Starting in 2000, the outreach arm of the PARIMA project in Ethiopia started to use participatory methods and strategic injection of development funds to identify sustainable, community-based interventions to improve pastoral risk management and mitigate poverty. Several years have been invested in the careful training and mentoring of 59 pastoral community groups, founded on concepts of non-formal education, micro-finance, and micro-enterprise development. As an outcome of these efforts, pastoral groups soon expressed an interest in livestock marketing. The PARIMA project, in partnership with communities and a variety of governmental and non-governmental agencies, embarked on a process to help build a new livestock marketing chain starting from the southern rangelands that would take advantage of national and international opportunities mentioned above.

*Table 1. Volume (MT) of small ruminant meat exports from Ethiopia, 1993-2004*[1]

| YEAR | SMALL RUMINANT MEAT EXPORTS | | |
|---|---|---|---|
| | Mutton, Lamb | Goat Meat | Total |
| 1993 | 33 | 0 | 33 |
| 1994 | 124 | 69 | 193 |
| 1995 | 259 | 243 | 502 |
| 1996 | 259 | 243 | 502 |
| 1997 | 312 | 1,490 | 1,802 |
| 1998 | 155 | 2,302 | 2,457 |
| 1999 | 87 | 1,818 | 1,905 |
| 2000 | 13 | 1,149 | 1,162 |
| 2001 | 20 | 222 | 242 |
| 2002 | 184 | 879 | 1,063 |
| 2003 | 1,501 | 2,094 | 3,595 |
| 2004 | 354 | 6,024 | 6,378 |
| | | | |
| **Avg.** | **275** | **1,378** | **1,653** |

*Notes:*
*[1] Data for 1993-2003 are from FAO statistics. Data for 2004 are unpublished statistics from the Ethiopian Livestock and Fisheries Marketing Department.*

Leaders of pastoral groups, policy makers, and leaders of the livestock export industry were thus linked together in a series of exchange tours, workshops, and seminars starting in 2003. The exchange tours allowed pastoral leaders to learn about the size and quality (health) requirements for a new export market involving small ruminants. They also learned about what an export marketing chain entails. Policy makers and leaders of export firms also learned about the pastoral production potential of the rangeland areas. Initial purchase agreements were forged among buyers and sellers, and four exporting firms quickly began to operate in the southern rangelands. One key constraint discovered early on was a lack of capital for pastoral groups to procure small ruminants to sell to the exporters. Therefore, the African Union/Inter-African Bureau for Animal Resources (AU/IBAR) provided a total of USD $36,000 in interest-free loans to 10 of the pastoral groups and one new pastoral livestock marketing cooperative as test cases.

Here we report preliminary results of these aggregated activities, summarized more fully elsewhere in Desta et al. (forthcoming). Overall, the core concept is human capacity building. Four years ago members of our pastoral groups had little or no rudimentary reading ability, could not do simple arithmetic, had no training in managing grass-roots savings and credit operations, and had no formal knowledge of how to run a small business. We wanted to document what would happen after these pieces of the puzzle were put together. It was fortuitous that the training of pastoral groups coincided with major change and development in the Ethiopian livestock export industry.

## Major Findings

Once things were set in motion, it did not take long for the market supply of small ruminants to dramatically surge in response to high export demand. For example, over 25,000 sheep and goats were sold by the 11 pastoral groups over 18 months to two of the exporters (Table 2). The marketing activity is on-going and the AU/IBAR loans are still in the process of being repaid. Three of the groups managed by women have been among the top performers overall. The cooperative has been the outstanding performer in terms of sales volume and profit, but the cooperative has had the longest period of marketing activity. Trading was a major factor in animal accumulation by the groups when compared to animal holdings. These pastoral households actually didn't own many sheep and goats themselves, as they tended to be poorer than average. The pastoral groups therefore searched extensively for suitable stock to sell to the exporters. Animals were collected from across the Borana Plateau and Guji lowlands in Ethiopia. They were also collected from deep into northern Kenya. We have estimated the size of the catchment overall to be at least 57,000 $km^2$.

The supply provided by the 11 pastoral marketing groups is only part of a larger picture for southern Ethiopia during the observation period. Statistics from the export firm called LUNA illustrate the situation—LUNA exported 49,800 dressed carcasses in 2003, growing to 241,209 dressed carcasses for 2004 and another 77,662 for the first quarter of 2005. The grand total for 27 months was 368,671 dressed carcasses. Importantly, from 85-90% of this supply was collected from the Borana Plateau, Guji lowlands, and northern Kenya. Prices in various markets in the area rose from Ethiopian Birr 3.50 to 5.50/kg live weight during this purchasing period. Buyers eventually collaborated and limited buying prices to Birr 4.00-4.50/kg live weight.

This large surge in marketed supply was also unusual in that the flow of stock headed northwards. Traditionally, Nairobi has been the southern destination for cattle, and to a lesser extent small ruminants, from southern Ethiopia. This observation of a northward market flow indicates that new market chains can form quickly under the right conditions. It has also been thought that the new flow of animals northwards must simply be subtracted from those that used to head south, and thus the overall market supply of animals has not increased. We recently interviewed traders at Kariobangi market in Nairobi to initially address this issue. The traders generally felt that the small ruminant market in the region was expanding; the new chain in Ethiopia was not thought to be affecting supply to Nairobi. In addition, the new export market for Ethiopia is demanding smaller, younger stock compared to that for Kenyan markets.

*Table 2. Summary statistics for small ruminant marketing by pastoralists as performed by 10 savings and credit groups and one cooperative in the southern Ethiopian rangelands for 2004-5*[1]

| PROJECT | NUMBER OF MEMBERS | AMOUNT OF LOAN[2] (BIRR) | HEAD SOLD BY MARCH 2005 | PURCHASING ENTERPRISE | PROFIT OBTAINED (BIRR)[3] | MONTH ACTIVITY STARTED |
|---|---|---|---|---|---|---|
| Groups A-E[4] | 107 | 172,500 | 1,247 | LUNA | NA[5] | October 2003 |
| Group F | 36 | 23,000 | 500 | ELFORA | 3,000 | March 2004 |
| Group G | 35 | 23,000 | 3,761 | LUNA | 3,000 | February 2004 |
| Group H | 20 | 23,000 | 931 | LUNA | NA[5] | February 2004 |
| Group I | 36 | 23,000 | 4,631 | ELFORA | 8,900 | February 2004 |
| Group J | 20 | 23,000 | 2,360 | ELFORA | 6,500 | February 2004 |
| Cooperative | 40 | 23,000 | 12,210 | LUNA | 10,000 | September 2003 |
| **Total** | **289** | **310,500** | **25,640** | --- | --- | -- |

*Notes:*

[1]*Names of groups and the cooperative have been withheld to promote confidentiality.*

[2]*Loans from AU-IBAR are interest-free and used to establish revolving funds. The exchange rate is 8.65 Ethiopian Birr per US dollar.*

[3]*Figures are only estimates because written records are probably incomplete. Some groups were also reluctant to provide exact figures. Loans have not yet been repaid. Marketing activity is on-going.*

[4]*Five groups merged activities at one site.*

[5]*Figures unavailable.*

Despite successes achieved in building the new marketing chain, there have been some significant problems. The problems have mostly occurred in the local transfers of animals and money between pastoral producers and field agents who buy stock for the exporters. Failures of local transactions undermine trust on both sides. More problems seem to occur when flocks collected by pastoral groups are not picked up on time by the buyers and this can contribute to animal deaths and losses of condition. Delays in processing payments through local banks have occurred. Buying price can suddenly drop, turning profit into loss. In some cases local traders have disrupted marketing activity by newly formed pastoral groups. Other blockages have occurred when animals procured in Kenya were intercepted at the border and prohibited from entering into Ethiopia. The risks of marketing for pastoral groups are therefore high, and our groups have learned many valuable, but painful, lessons. Contracts are being developed between pastoral groups and buyers to help alleviate such problems. The process requires continual surveillance and pastoral groups still need mentoring. Conditions are now being created where market information and animal quality have heightened value. This can open the door for the application of new technology related to market information and animal heath.

## Practical Implications

Helping pastoralists enter a new marketing chain is difficult and time-consuming. It requires perseverance, planning, and provision of long-term, high-quality technical support. Many pastoralists have deep-rooted suspicions towards outsiders and this inhibits formation of marketing partnerships. Some long-standing negative attitudes among livestock buyers towards pastoral areas and pastoralists are other hurdles to be overcome.

The results observed so far from this initiative with small ruminants have been encouraging. Pastoral marketing groups have responded to increased market demand for small ruminants. A new market chain has been created. Opportunities for income generation have spread in southern Ethiopia, and this prominently includes women as beneficiaries. Efforts to build human capital through education and mentoring are vital. Connecting buyers and sellers in forums to build trust and provide information to reduce market risks is fruitful, but contracts with legal protections for all parties are needed. Encouraging stakeholders to fully participate from the start enhances empowerment and shared ownership of a process.

The livestock export industry should help reduce business risks for pastoral producers, at least initially. Windows may be opening for information technology and animal health interventions to suddenly have greater applicability and value in the eyes of pastoral producers; more investment in these areas is essential. There is also a need to liberalize cross-border livestock trade and the movement of people between southern Ethiopia and northern Kenya. This would allow for more opportunistic market participation. Graduation of pastoral community groups into legally recognized cooperatives, and later scaling these up into cooperative unions, is essential to gain bargaining power for pastoral livestock suppliers.


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## Further Readings


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*About the authors:* Drs. Solomon Desta and Getachew Gebru are research associates with the Dept. of Environment & Society (EnvS) at Utah State University (USU). They are based at the International Livestock Research Institute (ILRI) in Nairobi and Addis Ababa, respectively. They can be reached at S.Desta@cgiar.org and G.Gebru@cgiar.org. Mr. Seyoum Tezera is the outreach field coordinator for PARIMA in Ethiopia. He is also based at ILRI Ethiopia and can be contacted at S.Tezerra@cgiar.org . Dr. Layne Coppock is an Associate Professor in EnvS at USU, Logan, Utah, USA: lcoppock@cc.usu.edu.


The GL-CRSP Pastoral Risk Management Project (PARIMA) was established in 1997 and conducts research, training, and outreach in an effort to improve welfare of pastoral and agro-pastoral peoples with a focus on northern Kenya and southern Ethiopia. The project is led by Dr. D. Layne Coppock, Utah State University, Email contact: Lcoppock@cc.usu.edu.

The Global Livestock CRSP is comprised of multidisciplinary, collaborative projects focused on human nutrition, economic growth, environment and policy related to animal agriculture and linked by a global theme of risk in a changing environment. The program is active in East Africa, Central Asia and Latin America.


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