Introduction

Pastoral systems in Africa are characterized by increasing instability, food insecurity, poverty and environmental degradation. Increases in human and livestock populations, decreases in the availability of grazing lands, recurrent drought, and inappropriate development policies have been forwarded by many as causes of the negative trend in most pastoral systems in Africa. The stark reality in Ethiopian pastoral areas is not different from others in Africa in that the systems are under constant pressure and endure perturbations which result in increased poverty and food insecurity. The situation is exacerbated by a lack of economic development in rural Ethiopia, as Borana pastoralists and agro-pastoralists remain heavily dependent on an increasingly unstable base of traditional livestock production for their survival. This means that during drought shocks livestock die more regularly, and in larger numbers, compared to what was experienced in previous generations. Much of this dilemma is due to slow, steady growth in the human population and a decline in the ratio of milk cows per person.

Empirical evidence from the Borana Plateau (Desta and Coppock, 2002) indicates a massive wealth loss in a form of “wasteful” livestock mortality due to drought in combination with high stocking rates. Cattle mortality is 10 to 15 times higher than net sales, which implies that livestock population dynamics are governed by deaths due to starvation and not by market off-take. A steady decline in per capita inventory with a capital loss of over USD 300 million was calculated for the period 1981 to 1997. When this situation is combined with inefficient marketing and inaccessible rural finance systems, it translates into frequent and catastrophic livestock mortality events involving collapses of livelihoods and large losses of capital assets.

Given that local and export market opportunities for livestock have traditionally been very limited and pastoralists are said to be less willing to sell and respond poorly to commercial livestock market demand, efforts were undertaken to raise marketing awareness and build capacity among key players in a new livestock marketing chain that originates from the southern Ethiopian rangelands.

An “intervention package” was developed in southern Ethiopia by the outreach arm of the Pastoral Risk Management (PARIMA) project of the Global Livestock Collaborative Research Support Program (GL-CRSP). It grew out of a process of participatory problem identification, setting up community action plans, exposing local people to innovative peers from Kenya; provision of non-formal education (NFE) in the form of upgrading skills in literacy and numeracy; training in grass-roots savings and credit operations; training in micro-enterprise/cooperative management principles; and capacity building for local governmental and non-governmental (NGO) institutions that assist local communities. The package of interventions led to the formation of community based “savings and credit groups” that serve as informal rural microfinance institutions for pastoralists. Pastoral group formation and the initiation of market linkages is thus a first stage in a process of economic diversification to mitigate capital losses that occur as a result of periodic livestock mortality during drought shocks. The NFE centers were attached to each saving and credit group to enable the group members, as well as members of their households, to learn to read and write at an elementary level. The NFE also served as vehicle to transfer information on vital issues like drought mitigation and natural resources management. Finally, a loan from the African Union/Inter-African Bureau for Animal Resources (AU-IBAR) to ten of our pastoral groups helped the groups initially capitalize their sheep and goat trade and enter the marketing chain. Had groups remained functionally illiterate, incapable of using simple arithmetic, or totally unaware of how to run a small business, they would not have been able to make use of such loans. Finally, building the capacities of the pastoral saving and credit groups also involved innovative approaches such as peer-to-peer extension mediated through tours and experience sharing, as well as specially tailored courses such as small-scale business development and workshops.

This paper will focus on the component of the intervention package that deals with the linkage of pastoral producers to a newly emerging export market for sheep and goats. As we will show, there has been a large market supply response to this demand over the past two years. However, it is our contention that the capacity building we have provided for 59 pastoral groups has facilitated their sustained participation in the marketing chain.

The pastoral livestock marketing activity was initiated with ten of our 59 savings and credit groups that were initially created in 2001. Many partners have also assisted. These partners include the NGO Action for Development (AFD), AU-IBAR, the Oromia Pastoral Area Development Commission (OPADC), the Ethiopian Livestock and Fisheries Marketing Department (LFMD), the Oromia Rural and Agricultural Development Bureau (ORADB), the Oromia Cooperative Promotion Commission (OCPC), and the Ethiopian Livestock Exporters Association (ELEA).

Results and Discussion

The development of an export strategy in the Ethiopian livestock sub-sector from live animals to chilled/frozen red meat has been dominated by the shipments of goat and sheep products to the Gulf States. This opened a new opportunity for innovative pastoral groups in southern Ethiopia; the PARIMA project and its partners worked closely with pastoral communities and owners of major export abattoirs in central Ethiopia to forge trade linkages.
The market linkage intervention has shown impact locally through increases in (1) numbers of exporting firms operating in the southern rangelands; (2) prices offered to producers; (3) numbers of marketing groups and local traders; (4) price awareness among producers; and (5) small ruminant off-take. The economics of the supply of sheep and goats to export abattoirs has yet to be fully determined. In addition, the innovative ways that pastoral groups use or re-invest income received from sales of small ruminants are in the process of being documented. Results presented here are therefore very preliminary; more details can be found in Desta et al. (forthcoming).

The new market chains have stimulated a northerly flow of stock from the Ethio-Kenya border to Addis Ababa, a marked contrast to previous flows that headed southwards to Nairobi. Since 2003 about 300,000 sheep and goats have been sold from southern Ethiopia to the export abattoirs. Ten of our pastoral groups that we are carefully monitoring have supplied about 25,000 of these animals. Animals have been procured from across southern Ethiopia and deep into northern Kenya, involving a catchment of about 57,000 km² (Desta et al., forthcoming).

Preliminary studies (Aklilu, 2004) into the economics of the new market chain has shown that the total monthly income for producers from livestock sales amounts to Eth. Birr 1956,704 (USD $227,441.00). This takes into consideration a monthly supply of 12,000 shoats at 20 kg live weight and 4 Eth. Birr per kg live weight. Average monthly income for the pastoral livestock marketing groups and private traders from trading in small ruminants at a selling price of Eth. Birr 4.25/kg amounts to Eth. Birr 84,000 (or US $9,767.00). The gross monthly income for transporters at Birr 13 per head is Eth. Birr 312,000 (or US $36,279.00).

Almost all of our monitored community groups plough back a portion of profit they earn from sheep and goat sales into their marketing business so that they can try to remain competitive against local, urban-based traders. Another portion of the profits is channeled back into their savings. All community groups have plans to use other portions of their profits to begin new non-livestock enterprises to diversify their livelihoods; these include constructing buildings for offices, grain stores, and tea shops; purchasing a lorry to supply livestock directly to export abattoirs and carrying grain and consumer goods back to their home areas from the central highlands. Members of the pastoral groups are also engaged in petty trade activities, and part of the profit so derived goes to health care of family members as well as to support the attendance of children in schools as well as in building non-livestock asset bases.

Livestock and livestock products are subject to meet hygienic, sanitary, and disease-free requirements for export trade. The requirements are different from country to country, but all hinge on international requirements such as those laid down by the World Trade Organization (WTO) sanitary and phytosanitary (SPS) agreements. There are also preferences due to breed, type, sex, weight, and age for the export trade. The current major importers of sheep and goat meat are Middle Eastern countries and, in general, they require the product to be free from certain diseases like Foot and Mouth Disease (FMD), Rinderpest (RP), Contagious Bovine Pleuro-pneumonia (CBPP for cattle), and Rift Valley Fever (RVF), and Brucellosis (for small ruminants). All animals exported live or as carcasses should pass through quarantine and be also free of any external and internal parasites. Presence of different livestock diseases in Ethiopia is therefore a major trade barrier.
Sometimes markets are also influenced by cultural and political features that exist between countries; hence continuous trade negation involving pertinent partners becomes necessary. As the pressure of stiff import regulations intensifies on the Ethiopian export abattoirs it will also put more demand on the government and pastoral producers to meet animal health requirements. To this effect there are proactive steps being taken to mitigate the disease constraints through establishment of “disease-free zones” and “export zones” in the southern rangelands. Commodity-based trade is also being promoted, and this carries a concept of “value addition” by exporting highly processed products; this can avoid many of the disease concerns that occur when live animals or carcasses are exported. The PARIMA project and its partners are promoting the idea of having exporters focus more on commodity-based trade to override animal health challenges in stock supplied from Ethiopian pastoral areas.

Overall, some of the most prominent constraints that hinder sustainable market involvement by pastoral groups in southern Ethiopia occur at the interface between the sellers and field agents (buyers) for exporters. Problems in timely delivery and pick-up of stock, as well as difficulty in effecting payments soon after transactions, can create conflicts and reduce trust that has been built up from years of capacity building. Collusions among buyers and urban-based traders also put pastoralists at a tactical disadvantage. One possible solution to these problems is the development and enforcement of legally binding contracts between buyers and sellers at the local level (Desta et al. forthcoming).

Conclusions

Sales of livestock are not something new to pastoral communities in southern Ethiopia. However, they used to sell when they were in desperate need of cash to buy grain or other household necessities. Because they sold a very limited number of livestock to meet their basic needs, pastoralists in southern Ethiopia (as elsewhere) have been viewed by experts as unresponsive to commercial market demands. However, situations are changing. In response to a declining per capita milk yield, pastoralists in southern Ethiopia appear willing (and in some cases forced) to engage more in livestock marketing. Development of effective livestock and grain markets may be one means to increase the human carrying capacity of rangeland areas.

The emergence of the new export outlet for small ruminants in Ethiopia has stimulated pastoral communities in southern Ethiopia to aggressively engage the market. This has local, regional, and international implications.

There is a stiff standard set for animals and meat destined for international markets. There will be more strict rules and regulations as far as export standards are concerned as well as higher standards for local consumption. As the demands for stricter animal health and safety requirements increase there is a need to build the capacity of the producers in terms of raising awareness as well as provision of veterinary services and information on how to comply with export requirements.

Overall, our groups are demonstrating that despite the limitations of the risky environment, there are opportunities to promote pastoral development via livestock markets. This can help diversify livelihoods and build human capital.
We also advocate that non-traditional research, as well as outreach involving long-term, careful mentoring of pastoralists, has been very important in this process. True participation between “experts,” pastoral producers, and others in the marketing chain has been essential for us to create an environment of positive change.

References


Acknowledgements

We appreciate assistance of numerous partners in these activities. This publication was made possible through support provided in part by US universities, host country institutions, and the Office of Agriculture and Food Security, Global Bureau, United States Agency for International Development (USAID), under grant no. PCE-G-00-98-00036-00. Funding support for much of the fieldwork in capacity building for market chain development was provided under the auspices of the Southern Tier Initiative (STI) of the USAID Mission to Ethiopia. The opinions expressed are those of the authors and do not necessarily reflect the views of USAID. Partial funding to attending this conference was provided by the League for Pastoral People, Germany.