Value Chain Study

Livestock

(Especial Emphasis to Dhas Woreda of Borena Zone,

Oromia Regional State)

Action for Development

(Promoter)

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October , 2008

Addis Ababa, Ethiopia

Contents

Acronyms

ACDI/VOCA	Agricultural Cooperative Development International and Volunteers Overseas Cooperative Assistance
AFD	NGOs non-governmental organizations
AGDP	Agricultural Gross Domestic Product
CSA	Central Statistics Authority
ELFORA	ELFORA Agro-Industries
FAO	Food and Agriculture Organization of the United Nations
FFHC/AD	Freedom From Hunger Campaign/Action for development
GDP	Gross Domestic Product
GL/CRSP	Global Livestock Collaborative Research Support Program
HELIMEX	Hashim Ethiopian Livestock Meat Exporter
ILRI/IFPRI	International Livestock Research Institute/ International Food Policy Research Institute
LMIS	Livestock Market Information System
LMPS	Livestock Master Plan Study
LUNA	Luna Modern Slaughterhouse
LVIA	Live Volunteers International Association
MMEA	Modjo Modern Export Abattoir
MOARD	Ministry Of Agriculture and Rural Development
MFI	Microfinance Institution
NEPAD/ CAADP	New Partnership for Africa's Development Comprehensive African Agriculture Development Programme
NGOs	Non-governmental organizations
PARIMA	Pastoral Risk Management Project
SPS/LMM	Sanitary and Phyto-Sanitary–Livestock and Meat Marketing
SORDU	Southern Range Development Project

List of Tables

List of Figures

List of Annexes

1. INTRODUCTION

Action For Development is an indigenous NGO that evolved from the FAO operated Freedom From Hunger Campaign/Action for development (FFHC/AD) in 1997.As part of its organizational objectives to address its vision and mission, AFD strives to :-

- Secure rural/pastoral livelihoods;
- Build drought /disaster resistance capacity;
- Build capacity for development and good governance;
- Empower women, pastoralists & other marginalized groups.

Based on (In line with) the above objectives Action For Development(AFD) sponsored this Borena livestock marketing value chain study to increase its effectiveness in providing support for pastoral groups in the area of value chain empowerment recognizing that the fundamental challenges facing the pastoralists are their inability to access better market for their livestock .

The value chain analysis for Borena Zone of the Goro Roba livestock Marketing cooperative is therefore proposed by AFD because of its usefulness in identifying interventions to increase pastoralist's competitiveness in the Livestock Marketing value chain and to be used as a model to undertake similar studies for other livestock marketing cooperatives in the zone too. This study is also undertaken as a background report to support the preparation of Business Plans for the for Goro Roba livestock marketing cooperative of Gayo Keble of Borena zone.

This value chain analysis will identify actors, constraints, opportunities, and other factors that need to be tackled along the chain. This will not only enable the organization to target its action, but also give an indication of who the other players are and what type of are expected.

Value chain analysis is a tool which assesses the dynamics and potential for competitiveness of the livestock industry by examining three aspects of the transactions involved in moving the livestock from the producer to end user or final consumer:

1. Market participants (Direct Market Actors) and their linkages: - the players involved in value chain transactions and the nature and scale of their respective functions
2. Enabling business environment: - the external influences affecting the nature and terms of transactions along the value chain
3. Business and extension service providers (Supporting Markets)

This Value chain (VC) Analysis and mapping for livestock marketing channel for the Goro Roba livestock Marketing cooperative of Gayo Keble of Borena zone (Oromia Regional state) is proposed by Action for Development (AFD) to be prepared by Target Consultants Plc is intended to address the issues of the livestock marketing value chain challenges .

1.1. EXECUTIVE SUMMARY

The objective of this document is to review the value chain of livestock marketing from Borana up to export market and identifying the possible interventions and best channels to help the livestock marketing cooperatives to get the fair (better) share in the chain.

Borena zone covers 95,740.23 square kilometer with human population of over 2.1 million and consisting of 50.44% of the Ethiopia's livestock population.

The primary focus of this study is the Goro Roba Livestock marketing cooperatives, with 33 members, located in El Gayo (Gayo Kebele) in Dhas Woreda (formerly Dire Woreda) of Borena zone.

There are a number of actors of livestock traded from Borana, from local butchers, backyard fatteners, small scale fatteners, small traders, medium and big traders, commercial abattoirs, exporters, farmers (for farming) and urban butchers. There are other actors who are playing important role like brokers at secondary markets, transporters, slaughter houses, holding ground holders. More than 10 channels are identified. Among the channels, trading with exporters is identified as the best channel which will enhance the bargaining power of the cooperatives through the fulfillment of the needs and wants of the exporters.

The channels are currently weak and unstable for a number of reasons, including financial capacity limitation of exporters, the unfair trade terms of importers, drought, trade bans because of Rift Valley Favors.

These problems are addressed and incredible efforts are made by business support organizations, government and NGOs. The financial problem of exporter is addressed and it will shortly be resolved by the new credit scheme of Commercial Bank of Ethiopia. With the effort of Ethiopian Government and USAID, among the Gulf countries, United Arab Emirates lifted the ban on import of livestock and meat. Market centers are constructed in 25 pastoral areas; five of them are in Borena area.

Export value in the year 2007 was about 485 million Birr and it is estimated to be about Birr 525,000 in the year 2008 (estimated based on the 9 month data of 2008).

There are major challenges identified in this document in the efficiency of the livestock market chain. Among them are financial capacity limitation of exporters and traders at all levels, lack of sufficient marketing information, lesser interest of financial institutions on livestock marketing, lack of waiting grounds all the way the routes of the livestock trade, feeding shortages, absence of standard measurement, drought and ban imposed by some gulf countries.

Recommendations are identified which to be have implemented by all actors in the chain, and stakeholders and business support providers in the livestock marketing

1.2. BACKGROUND OF THE STUDY

Available evidences indicate that the sale of livestock at the producer level is often prompted by immediate cash needs rather than by a desire to make a profit. Profit becomes a motive at subsequent transaction stages after the animals have left the original owners (the only exception being those engaged in beef production, constituting 1% of the total livestock producers). This implies that both highlanders and pastoralists do not need to sell more animals than what is necessary to meet immediate cash needs. This practice is more pronounced in pastoral areas where stocks are generally regarded as a means to withstand future shocks (drought, disease, cattle rustling etc). But, an equally, if not more important, disincentive for both pastoralists and the highlanders is the low share of the retail price they receive in the value chain.

Some studies suggest that livestock may change hands up to four times before they reach the final market (exports) or major consumption centers. The cut taken by middlemen at each stage (without any added value) deprives the rightful share of the producer while adding inefficiency to the market chain (LMP Phase I, 2007).

Efficiency in the market value chain and service is the most frequently used measure of market performance. Improved market efficiency is a common goal of producers (pastoralists), marketing actors and final consumers or the society as a whole.

A Similar study by ACDI/VOCA, 2006, livestock marketing value chain analysis done for the Afar and northern Somali, a wider study done in Kenya and other similar studies done for other commodities has been also used as a background for this study.

Therefore, this value chain analysis is anticipated for its usefulness in identifying interventions to increase the competitiveness of the target cooperative by improving its efficiency and strong participation in the livestock marketing value chain.

1.3. OBJECTIVE OF THE STUDY

The objective of the study is the empowerment of the Goro Roba livestock marketing cooperative in the value chain process and its specific purposes are aimed at the following:-

- Contribute to the strengthening of the capacity of the focus cooperative, whereby enabling them to become competent market chain actors.

- Develop the required strategies, business plan, instrument, procedure, etc for active value chain management.
- Increase the effectiveness of AFD in providing support to the pastoral group in the area of value chain empowerment.

1.4. METHODOLOGY

This study mainly based on secondary data and rapid market appraisal methods.
More specifically the primary Data Collection, Interview, Observation, Secondary data collection, discussion made with service providers, discussion with actors, discussion with informants etc are addressed as follows.

- The secondary data, including documents available on the internet and specific studies on agricultural products and livestock marketing value chain in other localities , studies done related to livestock marketing for the Borena zone and reports specific and related to the livestock marketing by different institution in different countries are carefully reviewed.
- Informal interview were conducted with key informants of the livestock value chain actors and service providers from bottom up to the top of the value chain.
- Formal interview and discussion based on structured and semi-structured questioners and cheek lists has been conducted with target cooperative leader and members(Gayo), traders(Dubluk and Adama) and brokers(Dubluk and Addis) (in secondary and terminal markets) about their, involvement, constraints and challenges in the LS marketing activity.
- Also comprehensive discussion and interview has been done with GO and NGOs field staffs (AFD and Lvia), wereda (Moyale), zonal (Yabelo and Dila), cooperative (Yabelo) and municipality (Dila) officials supported with semi-structured formats or cheek lists.
- Moyale and Dubluk livestock markets were visited at the date of livestock markets and close observations has been done about the buying and selling activity in place.

- Market data gathered from different markets (primary, secondary and terminal) around Yabelo by LVIA and Dubluk livestock market and Addis Ababa "Kéra" livestock market raw data has been collected.

Furthermore, Interview and discussion also conducted with peoples/officials of live animal exporters(Adama), banking and insurance institutions(A.A), and pastorals commission officials (A.A) , and with the officials of Ethiopian SPS/LMM Program(which is under way by Texas A&M University and MOARD) with respect to their involvement and contribution in the livestock value chain effectiveness and their support with respect to the strengthening of livestock marketing cooperatives and other actors in the value chain supported with semi-structured formats or cheek lists.

1.5. LIMITATIONS

The limitation of time affected this work. The consultants would have wished to spend more time in the field, hence enabling them to visit more areas in the field. Also, the timing of the research brought in limitations. The deadline of the (draft) report influenced the planning of the mission. Moreover, the data could not be collected over a period of time and therefore variations and fluctuations in e.g. demand and prices could not physically be validated. Inadequate and to some extent unreliable livestock production and marketing data with respect to the value chain and cross border trade was some of the difficulties for the secondary information available. In spite of these limitations, the consultants were able to collect meaningful primary and secondary data/ information which sufficed for the analysis and the development of recommendations.

1.6. STRUCTURE OF THE REPORT

This document is classified in eight chapters. Chapter 1 describes on overall purpose and objective of the study, with highlight through the Executive summary. The introduction part tells on the methodology adopted during the conducting of the study and the limitations.

Chapter 2 gives an overview on the Ethiopian livestock market in General. In this section, livestock production, marketing, the marketing structure and channels are discussed.

Chapter 3 focuses on Borena Livestock market routes & Market Channels. It describes all the actors in the market routes and channels more graphically. It also addresses the official channel and the unofficial channel which are linked to the illegal border trades

Chapter 4 specifically deal with Borena Livestock Marketing Value Chain and Map. This chapters chapter gives a detail description of actors of all types, including inderct actors. The chapter addresses the required enabling environment for a successful market chain, and describes the business support organization in the value chain including supporters in the area of livestock production, marketing, Finance and finally, policies and regulations support from the government.

Chapter 5 describes the role of civil societies and other organizations in livestock marketing value chain. The objective and some of the achievements of these Professional associations, nongovernmental organizations, governmental offices are presented briefly.

Chapter 6 focuses on the transaction costs related to livestock marketing. The objective of the is chapter is to give a highlight on the distribution of profits among the value chain actors and the applicable costs in the chain. The transaction cost classified by producers, marketing cooperatives and traders.

Chapter 7 is focusing on the challenges in the Livestock marketing value chain, with in-depth emphasis to livestock marketing cooperatives.

Chapter 8, which is the last chapter is a recommendation on the possible intervention to enhance the efficiency of the market chain and resolve some of the challenges faced by the livestock cooperatives.

2. OVERVIEW OF LIVESTOCK PRODUCTION & MARKETING IN ETHIOPIA.

Ethiopia's economy is highly influenced by agriculture, which accounts for 45% of GDP and 85% of foreign exchange earnings. The livestock sub-sector contributes 12% to the total Gross Domestic Product (GDP) and 33% to the agricultural Gross Domestic Product (AGDP), and provides livelihood for 65% of the population (LMA, 2001). The sector also accounts for 12–15% of the total export earnings, the second in order of importance following coffee according to Daniel (citing NEPAD-CAADP, 2005).

The sub-sector constitutes a very important component of the national and regional economic development, mainly in pastoral and agro-pastoral areas. It has a contribution that goes beyond direct food production for multipurpose uses such as hides and skins, fertilizers and fuel as well as a means of capital accumulation (Livestock Master Plan Study Phase I, 2007).

2.1. LIVESTOCK PRODUCTION

Ethiopia is unique for its suitable and diverse agro-climatic conditions for different kinds of livestock production. Most of the livestock are produced by pastoralists, agro-pastoralists, and smallholder in the mixed crop–livestock farmers and sold to private entrepreneurs operating in the livestock marketing value chain involving collection, fattening and transportation up to terminal markets. There for the livestock production system can mainly categorized into two:

*A) The highland crop-livestock mixed farming system***:** This system covers nearly 40% of the country's land area and is located above 1500 m.a.s.l, where crop cultivation and livestock complementing each other. In this production system 80% of cattle, 75% of sheep and 25% of goats are found out of the total national livestock.

B) The lowland pastoral and agro-pastoral production system: This production system covers about 60% of the country's land area and is situated below 1500 meter above sea level These lowlands are situated in the Eastern, Southern, and Western part of the Central highlands (Afar, Somali, Borena, South Omo, some part of Gambela and Beneshangul), here about 20% of cattle, 25% of sheep and 75% of goats of the total national livestock population are found(LMP Phase I, 2007). According to the CSA 2007/08 agricultural sample survey report (it didn't include Addis Ababa) on livestock and livestock characteristics estimates , the livestock population is 47.57 million cattle, 26.12 million sheep, 21.71 million goats, and 1.01 million camels (Table 1).

Livestock in both production systems are kept for multiple purposes as sources of draft power, milk, meat, skin and hides. Livestock are the principal source of subsistence providing milk and cash income to cover family expenses for purchase of food grains and other essential household requirements (mostly consumer goods). They are also closely linked to the social and cultural lives of the pastoral community. The pastoral areas have been the traditional source of export animals according to Daniel (citing Mohammed et al., 2007 and Beruk and Taffese, 2000).

The number of livestock owned per household varies from location to location depending on the diverse agro-ecological conditions and factors like feed availability, disease condition and resource status of the farmers. In Ethiopia cattle, goats, sheep, camel and poultry, in order of magnitude, are used as resource base for meat production; however, the first three species are the most common (Getachew et al, 2007). The annual growth of livestock is estimated at 1.2 percent for cattle, 1 percent for sheep, 0.5 percent for goats and 1.14 percent for camels while annual off take is estimated at 10 percent for cattle, 35 percent for sheep, 38 percent for goats and 6.5 percent for camels (Belachew and Jemberu, 2003).

2.2. LIVESTOCK MARKETING

Functionally, livestock marketing can be categorized in three areas:

i) Exchange function (*assembly/buying, selling*),
ii) Physical function (storage/quarantine, Fattening/conditioning, transportation and slaughtering/processing) and

iii) Facilitating function (market requirements/standardization, financing, risk bearing and market Information/intelligence).

These functions vary by commodity but in essence, it can be said that marketing is the "*complex pattern of institutions and physical facilities which relate to human beings and things in the transfer of goods and services*" which means it has to consider the product, price, people and place. In marketing livestock as a commodity, various inherent difficulties have to be considered: livestock as a commodity and capital is highly perishable, scattered supply, individual variability, multiplicity of uses, varied investment requirements, seasonality in trade, among others (Kenya Livestock Sector Study, August 2006)

Livestock marketing begins at the level of the individual smallholders in Ethiopia, as anywhere else in the world. Producers trek or truck their live animals and livestock products through all of the marketing steps. In general, because producers are also consumers, a significant portion of what is produced is marketed. Livestock owners/producers may be only marginally market oriented. However, because of traditional attitudes towards wealth in cattle, owners, mainly the pastoralists, may choose to hold large herds of livestock rather than market them. They usually hold many animals to the objective of buffering against drought and livestock diseases as a mitigation measure (LMP Phase I, 2007).

2.3. LIVESTOCK MARKETING STRUCTURE

Livestock markets in Ethiopia are categorized into primary market, secondary market and terminal market (figure-1). The basis of such classifications is mainly number of animals that attended the market per market day and the number of market participants in the market. In terms of number of animals, primary attend less than 500 heads per market day, secondary attend 500-1000 heads per market day and terminal attend greater than 1000 heads of animals per market day .

Figure 1. Livestock *market Structure* of Ethiopia

Farm Gate (Bush) Sales

Players:- Major sellers:-Pastoralists, Agro-pastoralists, farmers,
Main Buyers: - Assemblers (collectors), small local traders, other pastoralist traders
Animals:-Cattle, Sheep, Goat of different ages, Breeding (restocking), and purpose.
Volume:-Usually 1& 2, typically up to 5
Location:-Farm gate, rangeland (bush), and watering point

Local/Primary Market

Players: - Major sellers: - Pastoralists, Agro-pastoralists, farmers, Assemblers (Collectors), small local traders,
Main Buyers: -Small/medium traders, small scale fatteners, Pastoralists cooperatives, local consumers, farmers
Animals:-Cattle, Sheep, and Goat of different ages for resale, fattening, slaughter Breeding (restocking) and draft
Volume:-Usually up to 500animals/week
Location:-Rural Market center mainly around small towns

Secondary Market

Players: - Major sellers: - Assemblers (Collectors), Small/medium traders, small scale Fatteners, Pastoralists/agro-pastors cooperatives,
Main Buyers: - large/ small scale fatteners, big traders, export abattoir/ live animal exporters & their agents, butchers, local consumers, farmers
Animals:-Cattle, Sheep, and Goat of different ages for resale, fattening, slaughter Breeding (restocking), draft and live/meat export
Volume:-Usually 500 up to 1000animals/week
Location: - Mainly around zonal and regional towns of relatively better infrastructure.

Terminal Market

Players: - Major sellers: - large/ medium scale fatteners, medium/big traders, Pastoralist's cooperatives,
Main Buyers: -export abattoir/ live animal exporters & their agents, butchers, Consumers,
Animals:-Cattle, Sheep, and Goat of different ages for resale, fattening, slaughter and Live/meat export
Volume:-Usually above 1000animals/week
Location: - Mainly in major cities and regional big towns.

Source: -Adapted and modified form the approach of Ayele *et al*., 2003; ACDI/VOCA, 2006b; Avery, 2004

In terms of market participant's primary markets are those in which the main sellers are producers and the main buyer's local assemblers and secondary markets are those in which the main sellers are local assemblers and main buyers are big traders. In terminal market the main sellers are traders and main buyers are butcheries and restaurants (Getachew et al, 2007).

Livestock marketing structure in the pastoralist areas starts in the farm gate level or bush market. Bush markets are markets where animals are exchanged weekly between the pastoralists and small scale traders(collectors) for breeding purpose or sells in the primary markets according to Daniel (citing Ayele *et al*., 2003; ACDI/VOCA, 2006b; Avery, 2004).

2.4. LIVESTOCK MARKET CHANNELS

Market channels have contribution to efficient livestock marketing operations. The marketing channels may be mainly depends on the nature of product and technological level of the marketing system. In general there are marketing channels with three channel lengths. (i) Direct communication and transaction between the producers and consumers; (ii) the existence of limited intermediaries (local collectors, small traders) between the producers and consumers; (iii) operation of marketing with the existences of many intermediaries (collectors, small traders, large traders, whole sellers and retailers) between the producers and consumers.

The actors in Ethiopian livestock marketing channels are individuals or entities that engage in a transaction, that channels a product from point of production to the end users or consumers. The main actors are producers (pastoralists, agro-pastoralists and mixed farmers), small, medium, and large traders; abattoirs/retailers, fatteners, export abattoirs, live animal exporters, cooperatives, commission agents, brokers , feedlots, and service givers (restaurants, hotels and etc).

The livestock marketing cooperatives (when employing genuine ethics of marketing principles), can co-ordinate the production schedules of livestock producers so that sufficient supply of animals would reach market age at the same time and can provide truck transport services that will lower transport cost per unit of animals. Livestock Co-operatives/unions can also used as sources of marketing information to the producers, which will empower the bargaining power of the livestock producers (LMP Phase I, 2007).

2.5. LIVESTOCK SUPPLY AND DEMAND FOR DOMESTIC AND EXPORT MARKET

Based on CSA household consumption and expenditure survey, a recent study by ILRI estimated a per capita consumption level of 2.39 Kg for rural areas and 10.26 Kg for urban areas (of which beef constitutes 7.04 kg, mutton 2.41kg, and goats meat 0.81kg) (settlements consisting more than 2,000 people) in the year 1999/2000. Using this as a base year, ILRI estimated the total cattle, sheep and goats equivalents consumed in 2001/02 and 2005/6 as follows (LMP Phase I, 2007).

Table 1
The Level of Domestic Consumption in Years 20001/2002 and 2005/2006

Livestock (in Millions)	Years	
	2001/2002	2005/2006
Cattle	1.3	1.5
Sheep	4.0	4.6
Goats	2.3	2.7

LMP, 2007, Source: ILRI, 2006

The available supply for the export market is the balance between the total net livestock supply and the national domestic consumption. Based on the net commercial off-take rates obtained from ILRI/IFPRI data set for highland and sedentary lowland areas and that of GL-CRSP for pastoral areas, the total market supply of cattle, sheep and goats in 2005/2006 was estimated by Negassa and Jabar at 4.1, 5.4 and 3.7 million, respectively. The available supply for the export market was obtained by subtracting the total live animal equivalents for domestic consumption from the net total market supply. Thus, in 2005/2006, the available supply for the export market was estimated by ILRI at 2.6 million cattle, 0.8 million sheep and 1 million goats (LMP Phase I, 2007).

Table 2

Available supply for the export market

Category	Commodity	2002	2003	2004	2005	2006	2007
Annual off-take (000'heads)	Cattle	709	718	726	735	744	753
	Sheep	2229	2252	2275	2297	2319	2343
	Goat	5269	5316	5364	5412	Na	5510
	Camel	76	77	77	78	79	79
Domestic Consumption (demand) (000'heads)	Cattle	385	394	399	409	419	428
	Sheep	980	1008	1022	1050	1078	1106
	Goat	1,089	11200	1135	1167	1198	1229
	Camel	53	54	54	55	55	55
Available export Surplus (000'heads)	Cattle	324	324	327	326	325	325
	Sheep	1,249	1244	1253	1247	1241	1237
	Goat	4,180	4196	4229	4245	4263	4287
	Camel	23	23	23	23	24	24

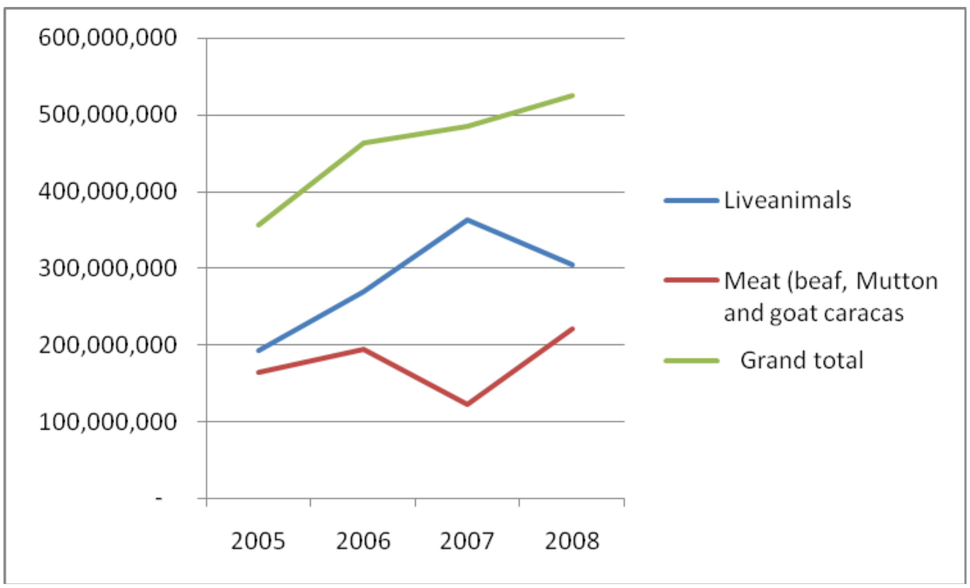
Source: -LMP, 2007

According to LMP study (2007) the above figures represent the quantity available for the cross-border market, legal live animal and meat exports. In other words, these three market channels have to compete for this resource. In reality, the bulk of the total market supply for national consumption comes from sedentary areas as compared to pastoral areas. However, as evidenced by various studies, the bulk of what is available for the export market (largely illegal and to a small extent legal) comes from pastoral areas due to distance and non-integration with the domestic markets, proximity and strong trade relations with neighbouring countries, ethnic affinity, security problems and the weak competitive position of the Ethiopian livestock export industry.

Based on the above data the LMP study suggested that the available supply of cattle for export (both legal and illegal) could be between 500,000 and 750,000 head and that of sheep somewhere between 500,000–800,000 per annum. Meanwhile, the available supply of goats for export (including cross-border imports) may reach between 1.25 and 1.5 million. The largest portion of the livestock population is exported meat products or live animals to the Gulf States and other regional African nations with the remaining consumed domestically.

According to the LMP study (2007), the estimated Ethiopian population of 70 million and keeping the annual domestic meat consumption rate steady at 7.04 kg per capita provides a rough estimate of 492,800 MT of meat consumed, or approximately 88 percent of the market share. Unofficial live animal exports follow with eight percent of the market share, or an estimated 45,204 MT per year, based on the following estimates of 30,625 MT flowing out through Somalia, 8,000 MT flowing out through Kenya and 6,579 MT flowing out through Djibouti annually. Official live animal exports are the next largest market channel, with three percent of the share, or 19,583 MT exported as reported by Ethiopian Customs. Chilled meat product export is the smallest market channel with 3,754 MT exported, or one percent of the overall value chain, as reported by Ethiopian Customs. The official Export of meat and live animals export at FOB value is shown in Figure 2 for the year 2005, 2006, 2007 and 2008*

Figure 2: Export of live animal and meat in FOB Value (Birr)



Source: based on data collected from Ethiopian Customs Authority, (live animals here include cattle, sheep, goat and camel)

Live animals and meat are exported with a total of Birr 485 million and estimated of Birr 525 million in (FOB price) in the year 2007 and 2008. The value of 2008 is based on extrapolation of the nine month data gathered from Ethiopian custom Authority.

3. BORENA LIVESTOCK MARKET ROUTES & MARKET CHANNELS

3.1. GENERAL DESCRIPTION

Borena zone is one of the twelve zones of the Oromia region and covers 95740.23 km2 to the south of the country. According to CSA estimates (CSA, 2008), its human population was over 2.1 millions consisting of equal proportion of male and female. Based on Agricultural Sample Survey estimates by CSA 2007/2008 Oromia region is the richest and first in livestock resources (50.44% of the country livestock population) and according to the same source Borena zone (5.43%) is also one of the rich zone from Oromia region (Table 2) and also one of the major source of live animal export and feedlot operations for the country.

Borana zone is predominantly characterized by a semi-arid climate. The area is thus characterized by a general scarcity of surface water. Annual mean temperatures vary from 19 to 24 ^{0}C with little seasonal variations. Average annual rainfall varies from 440 to 1100 mm. Rainfall is bimodal: 59% of the annual precipitation occurs from March to May and 27% from September to November. A “dry” year is defined as one in which annual rainfall is less than 75% of average and this may occur once in five years (PARIMA, 2007). The region is diverse in terms of natural resources, ecology and pastoral habitats dominated by savannah vegetation and containing mixtures of perennial herbaceous and woody vegetation with several native species of grasses and woody plants that are excellent for forage according to Livestock Master Plan study (Citing Coppock, 1994).

The Borana pastoralists are subsistence livestock producers. They mainly live on milk but increasingly supplemented by cereal grain. The annual livestock off-take is very low, and is mainly directed to finance pastoral household basic requirements. Dry land cultivation has substantially increased in the area over the last two decades.

Gross income of a pastoral household is the sum of subsistence plus marketed production. The annual gross income of an average Borana household in average rainfall year in the early 1980s was about EHB 2000. The Borana are largely (70%) pastoralists, rather than agro-pastoralists, and thus are heavily dependent on livestock as their basic source of livelihood (LMP Phase I, 2007).

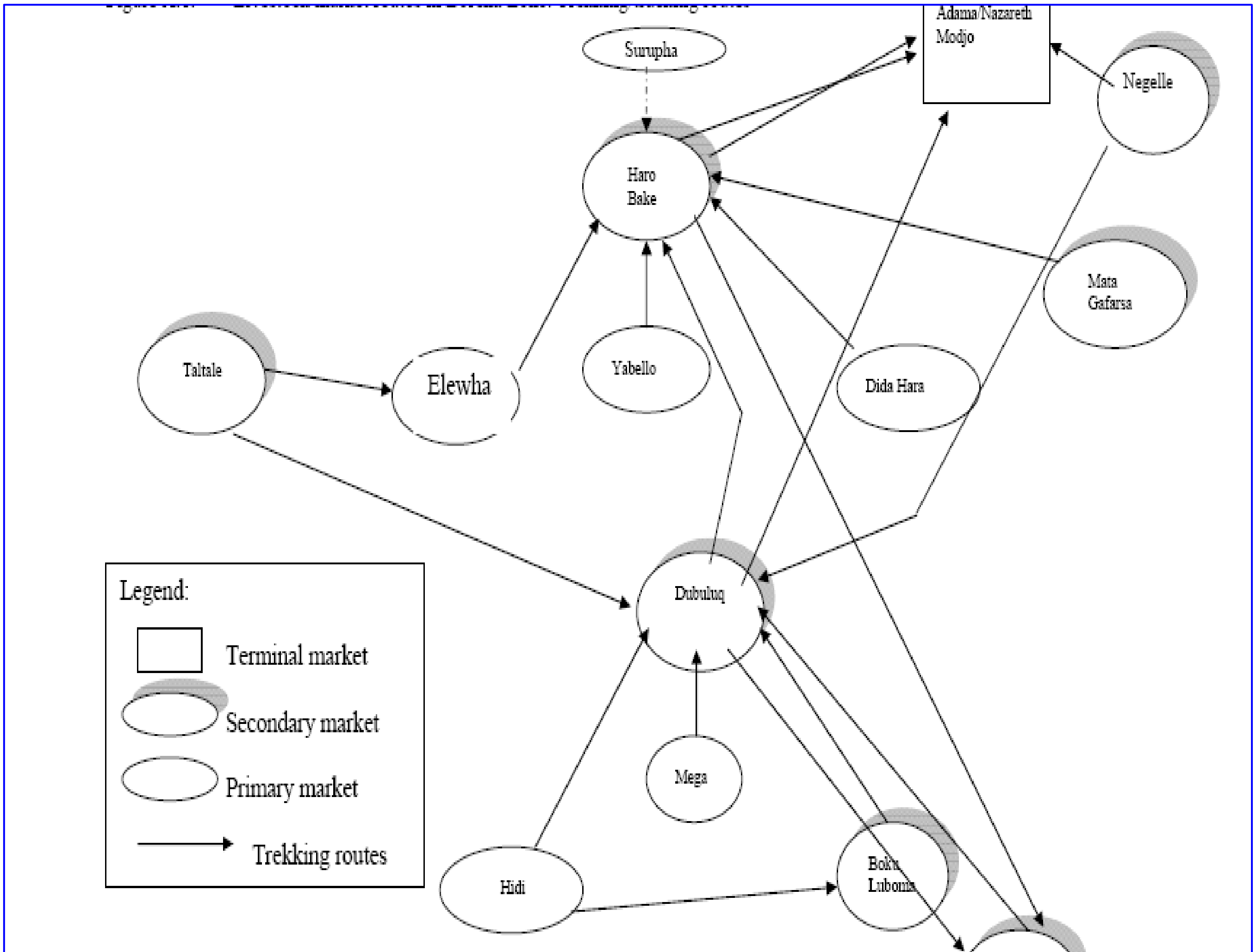
3.2. LIVESTOCK MARKETS ROUTES

In Ethiopia, the pastoralist and agro-pastoralist areas such as Borena, Afar and Somali are considered the traditional source of livestock, supplying 95 percent of livestock destined for export market (Belachew and Jemberu, 2003). Among these major supply areas, Borena Zone is the most important livestock supply area where almost all live animal and meat exporters are competing. Borena Zone is known for its high population of cattle, goat, camel and sheep, in their order of availability (Table A.2). In this zone, there are 13 livestock markets of different sizes, each connected with trucking or trekking routes (Figure -3). Refer annex 7 for the map which shows the main towns in the route.

There are six *woredas* in the Borena Zone, five markets are found in Yabello *woreda*, four markets in Dire *woreda* and the remaining four markets belong to each of the remaining *woreda*. The distribution of these markets across the *woredas* does not conform to the size of livestock available in the *woreda*. For example, Liben *woreda* which has the largest livestock population in the zone has only one market. The options for this *woreda* are either to use the Negelle market in the *woreda* or trek to Dubluck market, the largest market in the Borena Zone which is about 290 km from Negelle or alternatively transport the animal directly to Modjo/Nazareth. Except the market at Moyale which meets every day but Sunday, the rest of the markets meet 1 to 2 days per week.

This is a good opportunity for all market participants particularly for traders to take advantage of all the markets the whole week and fulfill their requirements (Getachew, et al, 2007). A trader we interviewed at Dubluck has told us that he is buying at the three markets in Borena Zone in three days in a week and this creates him a breathing time to transport and repurchase the amount of stock he needs.

Figure-3 : Livestock Market route of Borana zone



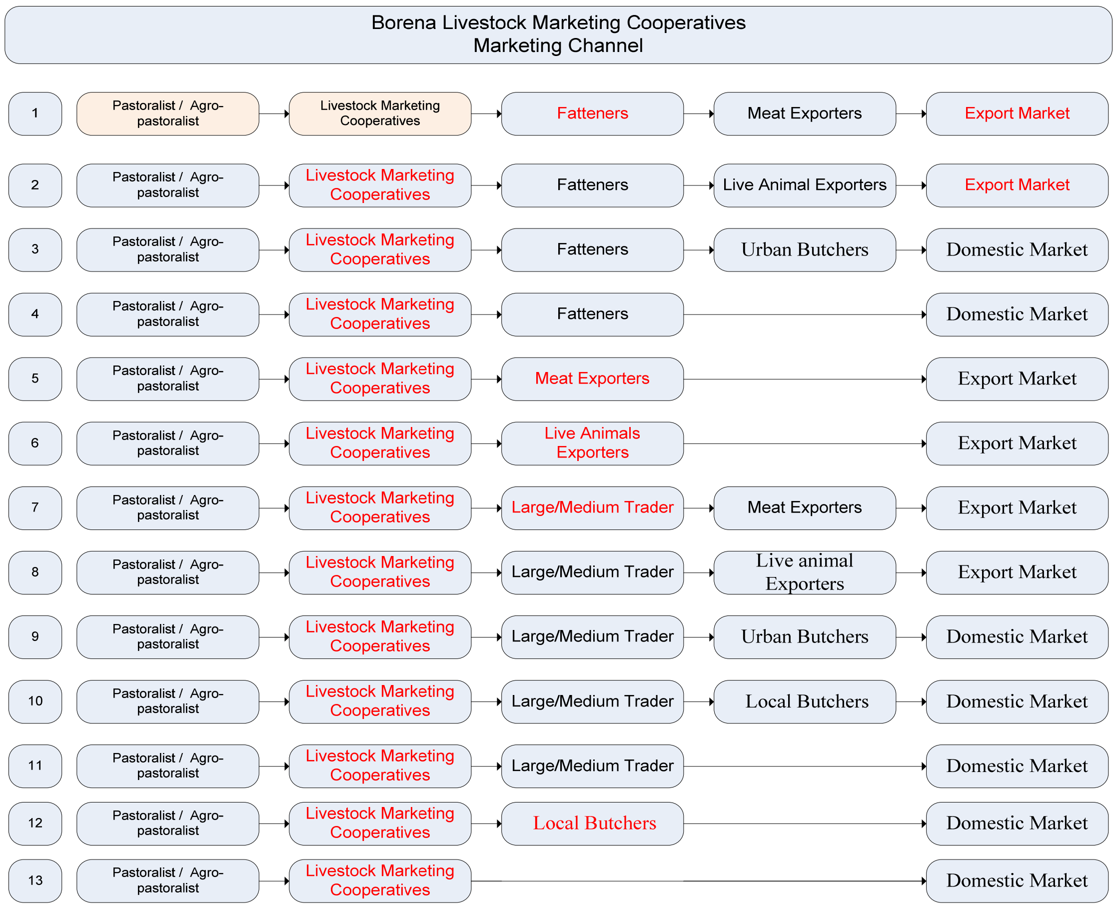
Source: PLI-LM Project: Baseline Report (Unpublished).

3.3. LIVESTOCK MARKETS CHANNEL

The marketing channels and systems are analyzed based on the directional flow of the live animals and meat products identifying the flow direction for both official and unofficial trade of the sector (LMP Phase I, 2007).

Figure 4 shows the 12 market channels which are more relevant to livestock cooperatives at Borena zone.

Figure-4: Possible Marketing Channels for Borena Livestock marketing cooperatives



Source: Target Business Consultants plc

From the above channels the major with respect to the livestock marketing cooperative are market channel 4, 5, 6, and 11 according to their importance to the above mentioned coops.

The above thirteen channels are generally categorized by LMP Phase I in to three major market channels that compete for available livestock resources are:-

1. Domestic Market Channels :-national domestic consumption
2. Official livestock and meat export Market Channels :- legal live animal and meat exports (trade)
3. Unofficial livestock export Market Channels :- the cross-border market(trade)

3.3.1. DOMESTIC MARKET CHANNELS

The Domestic Livestock Channels is a function of household consumption (through butchers, restaurants, hotels and own slaughtering), slaughter for institutional consumption and restocking purpose of breeding animals. Of the domestic market channels, the domestic consumption of cattle, sheep, goats and camels is the most significant. Based on market data collected by the Southern Rangeland Development Unit (SORDU, 2005), in Yabello, approximately 17 percent of animals (24,779 head) brought to rural secondary markets were sold to pastoralists and agro-pastoralists for restocking and to butchers for sale to rural consumers in the Borena Area in 2005. The remaining 83 percent (147,587 head) was purchased by export abattoirs or private traders; however, a smaller proportion of this amount of animals sold, join others from across the country and enter the domestic Ethiopian market at the major central market sites of Nazareth, Modjo, Mata Hara, Debre-Ziet and Addis Ababa. It is reported that the vast majority of goats, approximately 95 percent, offered in those market places are sold to restaurants, butcheries and household consumers. Smaller amounts of sheep and cattle, 20 percent and 25 percent respectively, are sold to the same domestic consumers (LMP Phase I, 2007).

In all market areas, pastoralists and agro-pastoralists purchase and sell livestock for restocking purposes. To maintain the herd size, pastoralists will often sell an animal that greatly exceeds their immediate cash needs, such as a large un-castrated bull, and with the remaining money purchase a smaller bull or heifer. The same principle applies to camels. The large adult males are typically sold to live camel exporters who export them unofficially through Kenya, while the young are sold for restocking purposes (LMP Phase I, 2007).

3.3.2. OFFICIAL EXPORT MARKET CHANNELS

Live Animal Export channel

The official export market channel for Borena zone is live animal trade through the Nazareth, Modjo, MetaHara, Debre-Ziet and Addis Ababa markets. Private traders of varying sizes, which represented 41.18 percent of the market sales as reported by SORDU for the August 2004 – May 2006 period, buy livestock not purchased by abattoir purchasing agents. Traders primarily purchase cattle, and to a far lesser extent goats and sheep from bush, primary and secondary markets. In addition, some traders purchase animals directly from pastoralists outside the formal market areas. Based on data provided by SORDU, private traders accounted for 96.60 percent (153,025 animals) of the cattle sales in the Teltele, Elwaya, Yabello, Haro Bake, and Dubluck markets, but only 10.36 percent (11,012 animals) of sheep and 17.18 percent (39,398 animals) goat sales for the same markets during August 2004 – May 2006 period. Mega and Hidi are primary markets that feed into the Moyale and Dubluck secondary markets. Also supplying the Dubluck secondary market are Teltele, Elwaya, Surupha, and Arero primary markets. Haro Bake is an additional secondary market in this chain that receives animals from the same markets that feed into Dubluck. After the cattle move through the markets mentioned above, Isuzu trucks to the Ethiopian central fattening units and markets in Nazareth, Modjo, Meta Hara, Debre Ziet and Addis Ababa transport them. The majority of cattle are then resold after fattening, or directly at the markets, to large live animal export traders who export the animals to Djibouti, the Gulf States and other regional African nations. Approximately 25 percent of cattle, 95 percent of goats and 20 percent of sheep entering the Nazareth, Modjo, Meta Hara, Debre Ziet and Addis Ababa markets do not enter the live animal export market, but instead flow into the domestic consumption sub-channel. Sheep and goats do not move through the fattening operations but go directly to markets or export abattoir-slaughtering facilities for processing according to LMP study (citing ACDI/VOCA, 2006).

According to the same document a smaller amount of live camel trade is transacted through the central Ethiopian markets. Live juvenile camels are sold to traders in the Surupha and Haro Bake markets who then trek the animals north and into the Afar Region for export.

Meat Export Market channel

The market channel with the largest amount of animals from the Borena Area, and the most significant based on volume, is the one in which livestock flows through traders and export abattoir purchasing agents to four main export abattoirs of Hashim Ethiopian

Livestock and Meat Exporter (HELIMEX), Modjo Modern Export Abattoir (MMEA), ELFORA Agro-Industries (ELFORA) and Luna Modern Slaughterhouse (LUNA) located in the central cities of Modjo and Debre-Ziet. Based on ACDI/VOCA, 1996), the export abattoirs are operating far below capacity – between 36 to 66 percent. Meat products in the form of chilled or frozen cattle, sheep and goat carcasses and cuts are then exported to Saudi Arabia (64.85 percent), the United Arab Emirates (28.24 percent) and other regional countries such as Yemen, Egypt, Congo-Brazzaville, Djibouti and Côte d'Ivoire (6.91 percent) (ACDI/VOCA, 2006). Currently, efforts are being made by various export abattoirs to expand into other international market channels to increase their operations. However, long-term success will depend on the ability of the exporting companies to cope with the fluctuations in both end market demand and producer supply (LMP Phase I, 2007).

The same study indicates that cattle, sheep and goats are purchased by ELFORA and LUNA abattoir purchasing agents located in strategic areas throughout the region. Large traders also act as animal collectors for MMEA and HELIMEX export abattoirs as they do not have their own purchasing agents in the regional areas. These purchasing agents and traders visit larger secondary markets and buy directly from medium to large-scale traders, cooperatives and individual pastoralists. The purchasing agents will also work with medium to large-scale traders collecting animals from smaller primary and bush markets further from the agents' base of operations. The livestock sourced from smaller primary markets are held until either the purchasing agent is able to send an Isuzu truck to transport the animals to the slaughterhouse facility, or they are trekked at the traders' expense to a secondary market collection site. The abattoir purchasing agents arrange for transportation of collected animals, usually by company-owned Isuzu or livestock trucks, to company-owned fattening grounds or slaughtering facilities near the cities of Nazareth, Modjo and Debre-Ziet. A small proportion of cattle flow from private traders at secondary markets to private fattening operations located near the central cities before being sold to export abattoirs for slaughter (LMP Phase I, 2007).

The same study indicates that the requirements for cattle in this market channel are un-castrated male animals between four and six years of age and at least 280 kilograms in weight. Sheep and goat average weight requirements are 22–35 kilograms for sheep and 15–22 kilograms for goats. Abattoir purchasing agents obtain animals strictly on a weight basis, and some have installed company-owned cattle scales at major market areas for this purpose. Cattle traders, however, purchase animals on a sight estimate basis, which increases the chance for underweight animals being rejected by the abattoir facilities or purchasing agents. The traders also purchase sheep and goat on a weight basis using the above mentioned weight requirements to ensure final purchase by export abattoirs.

3.3.3. UNOFFICIAL EXPORT MARKET CHANNEL TO KENYA

The Status of this market channel for cattle and shoats has dramatically decreased in the last two years with direction towards Ethiopia, unlike the previous years. Based on various livestock marketing actors in the Ethiopia Moyale livestock market, the amount of official and unofficial cattle, sheep and goat livestock flowing into Kenya near the Moyale area from the Borena Area is none or minimal(only breeding stocks). The Ethiopia Moyale livestock market buyers purchase animals in both Ethiopian Birr (ETB) and Kenyan Shillings (KES) and offer higher prices in both currencies than the corresponding formal and informal markets in Kenya Moyale, thereby encouraging Kenyan pastoralists, agro-pastoralists and traders to cross into Ethiopia to sell livestock.

But recently during our field visit to the area in mid august 2008, some local traders and moyale town dwellers told us that, the smuggling of livestock started to regain its previous condition due to the discontinuation of animals purchasing from Ethiopian livestock traders side (may be due to the ban on livestock export by Saudi Arabia).

Unlike the cattle and shoat trade, live camel trade into Kenya still exists. In the Borena Area, large adult male camels are trekked from surrounding market regions into Ethiopia Moyale by pastoralists and some medium-scale traders for sale. Camels sold by traders primarily flow from the Surupha, Haro Bake and Dubluck markets into Moyale. Pastoralists in the region will often bring their animals directly to Moyale if cash requirement are not urgent, as they are able to obtain higher margins over selling to traders in primary markets. Once in the Moyale market, the animals are purchased by large-scale camel traders and trekked into Kenya, where they will be further trekked or trucked to Nairobi for slaughter or further export. Animals may also be moved through Kenya into Somalia with a final destination of Mogadishu for slaughter or further export (LMP Phase I, 2007).

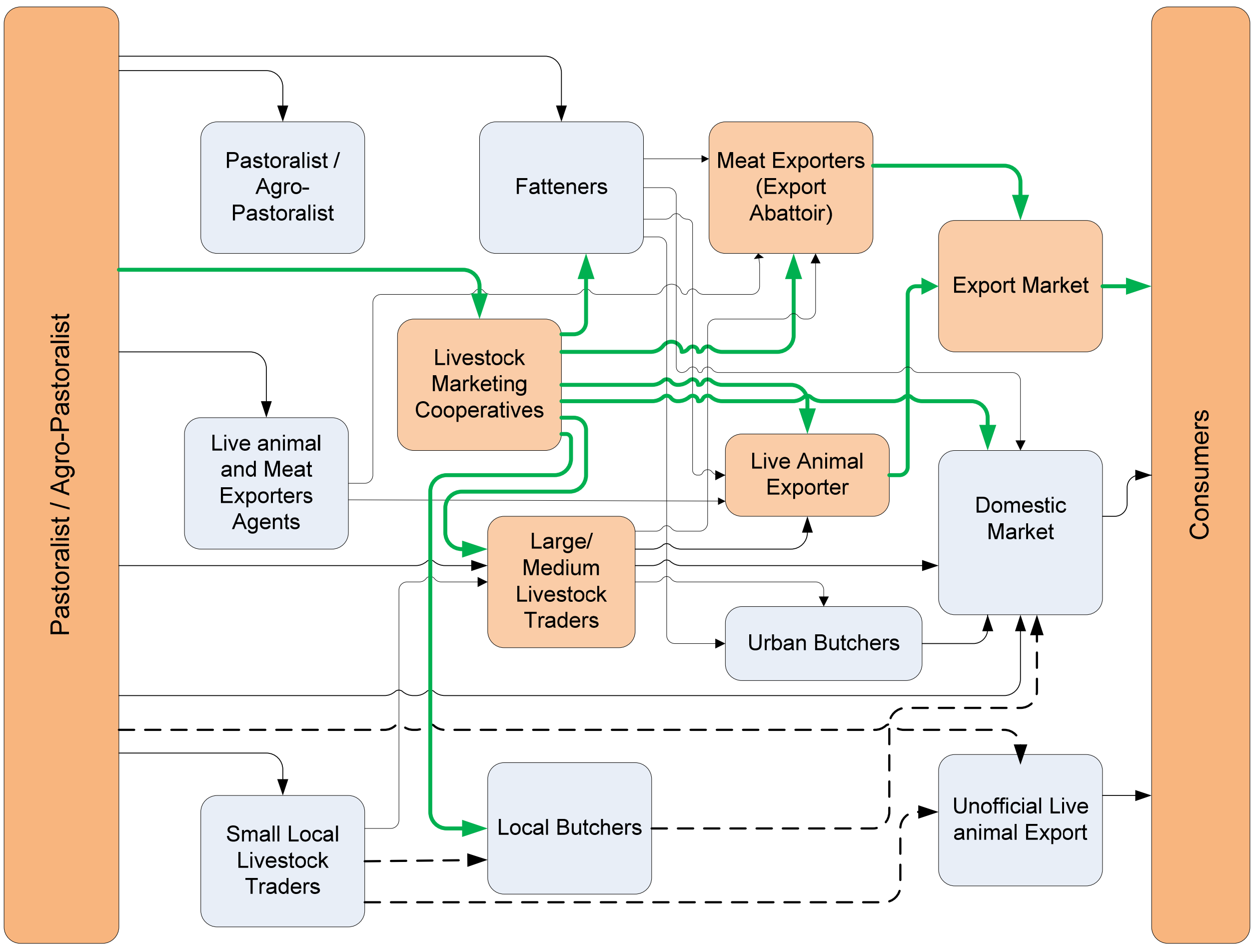
4. BORENA LIVESTOCK MARKETING VALUE CHAIN AND MAP

Basically, a value chain describes the range of activities from the producer to the consumer. In its analysis, it is broken into networks of activities controlled by categories of functionaries and distinguishes the stages in the supply process and support services to accomplish the tasks (figure----bellow). Various dimensions are analyzed in the chain:

- Input-output structure and geographical coverage and by analyzing the value-added in the chain. In livestock marketing, the chains have a wide geographical coverage and margins vary by region.
- Institutional framework which identifies key players in the livestock sub sector. These include producers, assemblers, middlemen, traders, brokers, transporters, providers of services (regional/local authorities, veterinary and quarantine services /departments, other government agencies and NGOs), and consumers.
- Governance structures which influence barriers to entry. In livestock, the value chains are buyer driven as production is labour intensive and entry in the trade by producers is relatively easy but at higher levels of the chain investment can be a barrier to entry. Due to the relative weaknesses of scattered producers, their only chance to get higher benefits is by forming into groups to influence the trade (Kenya Livestock Sector Study, August 2006)

The livestock marketing chain actors for cattle, sheep, goats and camels are those who transact a particular product as it moves along the chain from the primary producers to the end users(consumer): producers, livestock marketing cooperatives , middlemen(agents of live animal and meat exporters), facilitators (brokers, transporters, barn owners), fatteners, traders(small, medium and large scale), live animal and meat exporters. The enabling factors livestock market business environment are the critical factors and trends that are shaping the market chain environment and operating conditions which are generated by structures and institutions (policies and regulations) that are beyond the direct control of the market participants(direct market actors). Inputs and other services from other enterprises or service provider organizations are provided for all the participants in the chain which will allow the actors to grow and maintain their competitiveness in the supply chain.

Figure--5:-Borena zone livestock markets value chain.

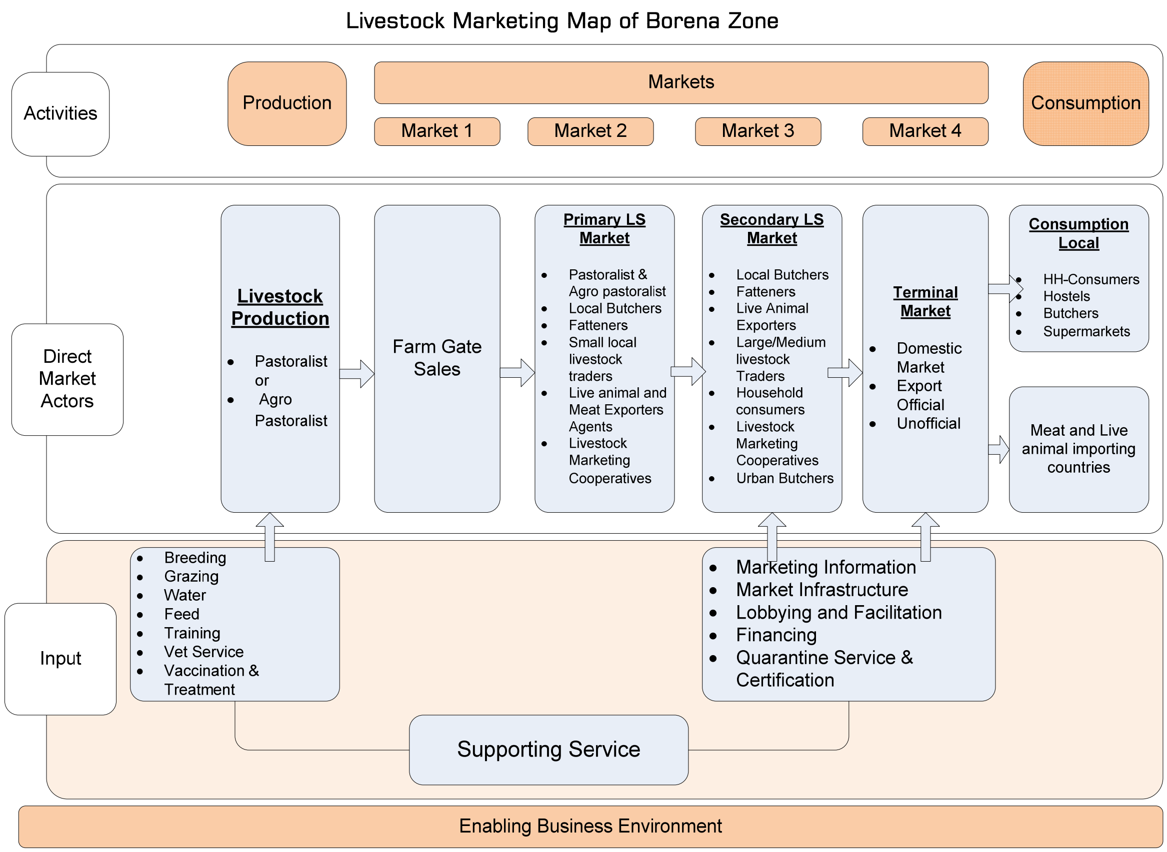


Source: Target Business consultants Plc

Most of the export abattoirs live animal exporters and domestic market suppliers collect animals either through their own purchasing agent assigned in major livestock markets or through other small and large scale traders. Some times livestock trading cooperatives are also directly supplying animals to the exporters. Exporters ‘purchasing agents in turn collect animals either from collectors, small traders, livestock trading cooperatives, farmer groups or directly from producers. Producers have the option of selling their animals to the collectors in their village, small traders, and livestock trading cooperatives or directly to the exporters. Some farmers also form groups and supply animals to the market (Refer figure above and bellow)

Similar studies had identified various livestock marketing flows and value chain maps for Borena zone livestock marketing by Daniel 2007, LMP 2007 and Getachew 2006, which are annexed for further reference (Annex __).

Figure-6:-Borena zone livestock marketing map.



Source: Target Business consultants Plc

The roles of each livestock marketing chain participants and a description of their relationship and transactions with other participants in the map are described below.

1. Market Actors (Market participants) and their linkages

2. Enabling business environment,
3. Market Supporting services (Business and extension service providers)

4.1. MARKET ACTORS

Similar to other livestock value chains in the country, the main actors in Borena are producers (pastoralists and agro-pastoralists), collectors, small, medium, and large traders; municipal abattoirs, major and small fattening units(feedlots), export abattoirs, live animal exporters, cooperatives, and service givers (butchers/ meat retailers/, restaurants, hotels and etc). Based on the available data major actors are discussed bellows.

4.1.1. DIRECT ACTORS

i. Producers (pastoralists and agro-pastoralists)

Pastoralists and agro-pastoralists are the main source of marketed livestock; they are located in the rural areas where access to the market is very difficult. Pastoralists consider larger herd size as symbols of prestige. Sales of live animals are taken as a last resort and animals are generally sold when the producers face financial shortage and drought.

The producers sell their live animals at farm gate mainly to fellow producers, marketing cooperatives and small scale fatteners. They also sell at primary and secondary markets mainly to medium and large scale traders, live animal and meat export abattoirs agents. The producers choose the sales point depending on market accessibility, market price and urgency of sales. Attempts have been made to organize producers into groups by different non-governmental and cooperative offices to form live stock marketing cooperatives.

Considering the shift from traditional to market oriented livestock production system, some development initiatives that address some critical problems of livestock producers like water, health and similar social problems are taking place in some areas in Borena.

ii. Livestock Marketing Cooperatives

Livestock trading cooperatives are organized in pastoralist and agro-pastoralist areas based on the good will of their members who are residents in specific market areas. They work using operating capital obtained from members' contribution.

They buy animals from farm gate (from both members and nonmembers), from primary markets and secondary markets and sell at secondary markets to medium and large scale traders, meat export abattoirs. They rarely make sales to live animal exporters with a formal sales agreement with the intervention of cooperative office and with the support of local NGOs.

One of the livestock Marketing cooperative is Goro Roba, which is organized in 2005 by 33 pastoralists with support of AFD. The primary data collected from this cooperative to be used for the proposed value chain study and business plan formulation for the cooperative is attached with report at Annex one.

As cooperative members are lacking the exposure in business, they have serious difficulties in managing the business mainly in the area of marketing. They are working in a competitive environment and complex market chain where many of the actors are a better marketing skill than them.

iii. Livestock Traders

Medium scale traders: These are those market participants permanently operating in the live animal and meat value chain usually known by purchasing large number of animals at primary and secondary markets and supplying to live animal exporters and export abattoirs. These traders are also acting as agents to live animal and meat exporters. These traders are charging a commission from the traders they are representing based on the number of animals they bought with predetermined agreement. They are also selling to fatteners and local and urban butchers.

Although medium traders are large in number relative to big traders, the volume of their purchases is smaller than that of big traders. Since they buy smaller number of animals at a time, they have very limited number of collectors from the primary markets.

These traders face liquidity problems on settling the credit purchase they have made from small traders, especially when they are buying as agent large traders, usually live animal exporters. Live animal exporters do not often directly involve in the secondary market so that their appearance will not inflate the market price.

Small scale traders: These traders are mostly collecting animals from farm gates and watering points. They sell at primary and secondary markets. They handle small number of animals mainly shoats. These traders are local residents around the market areas.

iv. Fatteners

Small scale fatteners : These are farmers purchasing cattle from farm gate, primary markets and secondary markets. These fatteners are mostly residing in and around Wonago Zone of SNNPR. These fatteners select Borena breeds for their best conversion efficiency and body conformation. They keep these animals for about three to four months feeding locally available crop by products and backyard forages. They have a problem to access industrial byproducts due to price and location factors. The Dila market is one of the major market place for these fatteners.

Medium and large scale fatteners (feedlots operators): Most of the feedlot operators are available at Nazareth and Dila areas with their main role of fattening cattle for different markets. As part of SPS requirements and according to the rules and regulations of animal quarantine, fattening is operated after providing the cattle with necessary vaccines and medication. They use cattle of different age groups and breed types according to the demands and the type of their customers. Older animals (more than four years old) and some times of highland origin are fattened for domestic market (slaughterhouses) while young bulls (three to four years old) and usually of lowland origin are kept for export market. At times of high demand, some exporters buy young bulls that have finished their quarantine requirements from feedlot operators at Nazareth or Dila. The feedlot operators are collecting cattle either from Borena and Adama/Nazareth markets. They use Borena markets as the main source market because of accessible transportation, relative lower cattle prices and their preference for cattle sourced from these areas due to fast growing, large body size, efficiency in feed conversion and adaptation to harsh environments. According to the discussion with some traders at Dubluck market, Borena breed is generally preferred for fattening and have superior quality than those coming from other areas such as Bale lowlands.

v. Brokers

These are those market actors that serve as mediators between buyers and sellers in the livestock market. They usually link buyers with sellers and moderate negotiations and enforce the terms of exchange by paying buyers money to sellers. Buyers have to pay Birr 10 to 20 per head of cattle as a brokerage fee whether they are mediated. For shoats, the brokerage fee ranges from Birr 1–2 /head in most of the cases. Since the price per kg live weight is fixed, brokers do not deal with prices. As per the discussion we made some brokers at Dubluk Market, they earn up to Birr 300 per market at good times.

Brokers taking the opportunity of being well familiar in the area, and a speaker of a local language and some of the broker enjoys a trust from some sellers who belong to same tribes. It is up to the buyer to provide a certain amount of premium payment above the weight based price. Buyers most of the time pay 5–10 birr in addition to the calculated weight based payment to attract more sellers. Market search, negotiating and selling is facilitated by brokers.

According to the study made by Parima, out of the total traders 77.5% of them used brokers. The most often used mode of payment for brokerage is fixed charge by the type of livestock irrespective of the quality of animal transacted. The role of brokers is normally to match buyers and sellers and to ensure the legitimacy of the sale.

vi. Live animal Exporters

These are exporters of live animals to different countries mainly to Yemen, Djibouti, Sudan, Saudi Arabia, Somalia, Egypt, United Arab Emirates and Jordan. However, the major importers of cattle are Yemen , United Arab Emirates and Sudan. Most of live animal exporters which are sourcing from Borena are mainly concentrated at Adama.

These exporters are buying from fatteners (feedlot operators) and directly at secondary and terminal markets. When they are buying from non-fatteners(from cooperatives, cattle traders, at secondary markets and terminal markets) they hold the animal at their own feedlot for about three months before export.

They prefer cattle at the age of 2 up to 4 years old a weight range of 150 to 170 kg to purchase. The current exportable minimum weight per cattle is 320kg, which was 280kg during the previous years before the new minimum threshold is set by Ministry of Agriculture and Rural Development. The increment of the minimum weight threshold is to maximize the value addition through fattening.

The purchasing capacity of each exporter is varied. Some of the exporter we had contacted during our survey are buying 400 to 500 per week and hold two to three batches in their feedlot.

vii. Meat Exporters

Ethiopia has a comparative advantage in exporting chilled meat to the Middle East because of its geographical proximity to the region and the cheaper air transportation from Addis Ababa to these countries compared to the transportation cost from other countries like India and Australia. Exporters are few in number compared to traders in the market. They collect export animals from secondary markets (from big and small traders, livestock trading cooperatives, collectors and producers).

The only significant size of cattle meat exported was in the year 2005/06 to Egypt by Elfora. The cattle were collected from different regions and conditioned for about three months. Of these, those with a better body condition were exported live, and those with inferior body condition were being slaughtered and exported. Since then, no significant cattle meat exported from Ethiopia. According to the 2008 meat export data obtained from Ethiopian Custom Authority, more than 99% of meat export is from shoats.

viii. Butchers

Two types of butchers are identified; which are local butchers and urban butchers.

Local butchers: local butchers are operating in the vicinity of primary and secondary markets who do not have organized slaughtering house. They are slaughtering at their backyard. Local butchers are slaughtering without value addition, i..e, without fattening. Such butchers are found in the towns and villages around Dubluk, Mega, Yabelo and Hegeremariam. During market day, the level of slaughtering estimated up to 20 cattle according to the information gathered from the municipalities' officials.

Urban Butchers: Urban butchers are those who are using the municipalities slaughter houses and supply meat to urban consumers through their butcher house and restaurants. Illegal slaughtering (backyard slaughtering) is also common for urban butchers though there are stringent rules on the practice. These are found mainly in major towns like Dila, Awassa, Shashemene, Nazareth and Addis Ababa. These butchers mainly slaughter fattened animals which are initially sourced from Borena and fattened mostly around different locations and by different fatteners described above. Butchers are charging from Birr 30 (in small towns to Birr 70 (in Addis Ababa) per Kilogram of meat. Urban butchers are providing extended services like roasting the meat and serving raw meat ('Kurt' in Amharic) with traditional spices.

4.1.2. INDIRECT ACTORS

i. Abattoirs

Abattoirs are slaughtering houses operating in major towns and owned by municipalities. They are charging a service fee ranging from Birr 70 (in small towns) up to Birr 120 (in Addis Ababa) per cattle. The service charge includes delivery. These abattoirs are empowered by law to monitor illegal slaughtering though their effort to stop is not yet achieved. They played an important role in protecting the public from health hazards which are resulted from meat born diseases. The Abattoirs perform the inspection process by veterinary professionals who are assigned by the relevant agricultural offices.

ii. Transporters

The role of live animal transporters is very important in the live animal value chain. The most common transport trucks are mid size trucks which have a capacity of loading from 12 to 36 cattle per shipment. Transporters are operating to transport cattle from secondary markets like Dubluk, Haro Beke, and Meyo to Dila, Nazareth, and other areas. The mid size trucks (commonly Issuzu) with load capacity of 12 to 18 cattle. These trucks are also used to transport fattened cattle to various directions. Exporters are using big size truck with loading capacity of 36 cattle.

Transporters are charging up to Birr 2100 to 2300 to transport 12 cattle like from Dubluk to Adama. The average transportation fee during the survey was about 30 to 33 cents per cattle per KM. Due to the bad condition of the road; the transportation fee is actually a bit higher in Borena area than other places.

Transporters are contacted to their clients through brokers, for which they pay Birr 150 on average per truck.

iii. Holding ground owners

Small traders from secondary markets are hiring waiting grounds until market day. It is the responsibility of the small trader to feed the cattle. The traders are paying Birr 3 per cattle per day to keep the cattle in the holding ground. They spend about Birr 20 per cattle for about a week. These holding ground owners are mostly rural dwellers living around town of Modjo and Adama.

iv. Others

There are a lot of indirect actors other than those mentioned above. These include daily laborers, truck brokers, feed and water suppliers around the market and holding grounds.

4.2. ENABLING BUSINESS ENVIRONMENT & BUSINESS SERVICE PROVIDERS

In this section the business environment which has great contribution to the livestock marketing and production will be assessed. The assessment is emphasizing on those issues which are relevant to Borena.

4.2.1. INFRASTRUCTURE

4.2.1.1. ROAD INFRASTRUCTURE

Road is one of a very important infrastructure in the livestock marketing system. The type of road connecting an area determines the type of buyers that can get access to its market. It also affects the profitability of most of the participants in the livestock market. The Borena area is connected to the center/terminal markets with asphalt road passing from Addis Ababa via Awassa and Yabello to Moyale. The most significant secondary livestock markets like Dubluck, Mega, and Yabello are located on this asphalt road. There are also a number of primary and secondary markets located in 25 km radius from this road. This enables exporters to easily transport animals to their quarantines or abattoirs at relatively lower cost of transportation and very minimum level of weight loss and mortality rates relative to inaccessible areas(Getachew and et al, 2007).

However, recently the truck drivers and livestock traders are complaining due to deterioration of the road between Dila and Yabelo become a serious problem in the transport of livestock from Borena by truck. There are incidents of accidents of trucks loading cattle, and the transportation rate is increased apart from the effect of fuel price.

4.2.1.2. MARKET CENTERS

VOCA has constructed 25 pastoral livestock market centers in the pastoralist area of Oromia, Somali and Afar regions. Among these, Dubluk, Haro Beke, Teltele and Bokuluboma are found in Borena zone. This market centers were constructed with the objective of improving marketing transactions and helping to maintain the condition of the animals until they reach the terminal markets, all the while boosting pastoralists bargaining power. The market centers have facilities such as Tax collection Office, Veterinary office, Animal crush, detention pens, Inspection points, Tax check points, Water supply, watering trough, Feeding trough, loading and unloading ramps, Public toilets and Information board. The survey team of this study witnessed that many of the facilities are available except that information boards are not properly utilized as up to date market information are not posted on a timely basis.

The team also witnessed that the traders and pastoralists undertake most of their sales transaction outside the market compound and entered in to it only to pay the tax. Even though a veterinary office is there in the market center, no veterinary officer is assigned at Dubluk during the survey.

4.2.1.3. COMMUNICATION SYSTEM

Telephone communication is very essential for the timely exchange of information mainly on marketing. Mobile service is operational in the main road areas of Borena Zone. The quality of the network is poor and is not dependable at the time of the survey. The main source of information, as described in some part of this study, is *odde fetcha*, which is the traditional information exchange system. Government should pay attention to the importance of sorting out the network problem to contribute the efficiency of the livestock market.

4.2.2. PRODUCTION SUPPORT

4.2.2.1. RANGELAND (GRAZING LAND) CONDITION.

According to the discussion with the pastoralist at Gayo kebele and the survey team observation, the range land has been deteriorated as a result of recurrent drought and over population of livestock. The increase encroachment of acacia trees to the grazing land aggravated the problem. The pastoralist are claiming also that, the grass will not regenerate regardless of the size of rainfall.

According to the study done by PARIMA:

"The grazing systems of the Borana Plateau have become increasingly unsustainable in recent decades, however, because of human population growth, expansion of maize farming in dry-season grazing areas, and range degradation in the form of woody encroachment. Heavy grazing by livestock, reduced mobility of pastoralists, and lack of fire have contributed to conversion of open, mixed savanna communities to dense woodlands and bush lands. Herbaceous forage production for cattle and sheep can then be reduced via competition with woody plants for water and light. Residual grass can be subjected to intense grazing pressure, further exacerbating the downward spiral. Prescribed fire is the most cost-effective means of manipulating vegetation in savanna ecosystems of eastern Africa. An apparent blanket national ban on the use of fire compelled the pastoralists to stop this traditional practice in the 1970s (Coppock, 1994). This was intended to protect croplands and other natural resources across the nation from indiscriminant burning, but one unintended consequence of this policy has been a weakening of traditional forms of range management that depended, in part, on the regulated use of fire to control undesirable woody plants, promote herbaceous forage production, and reduce populations of disease-carrying ticks (Getachew Gebru and et al, 2007).

The ecological data have been supplemented with qualitative impressions from local pastoralists via use of focus groups. In these discussions the Boran noted that fire resulted in: (1) An improved condition of the herbaceous layer; (2) a good kill of noxious bush species; (3) increased site visitation by wild grazing animals; (4) increased availability of key grasses used for housing thatch and other building materials; (5) less tick burdens on livestock; (6) Fewer instances of predatory animals; and (7) less teat damage on cow udders as related to cuts from *Acacia drepanolobium* thorns.

A wise and sustainable strategy should therefore involve the pastoral community in the planning and implementation of the intervention. Sustaining the positive impacts of the rangeland restoration effort will require buy-in from pastoralists in terms of improved grazing management. The ability to manage grazing is related, in part, to the ability to sell livestock at certain times for fair prices. Livestock marketing is thus also linked to the success of a fire program in the bigger picture (Getachew Gebru and et al, 2007)."

4.2.2.2. VETERINARY SERVICE

The veterinary service in the pastoral area of Borena is not comparable with available livestock resource of the area, rather is weak. Most of the treatment of livestock is done by the community Animal Heath workers (CAHW), which were trained by different NGOs (GTZ, CARE, AFD) long time ago. According to the information from AFD field workers there are four CAHW in each Kebele of the zone, which give service to the community livestock based on the percentage rate of the medicine used to treat the animal, it ranges from 10% up to 20% of the cost of medicine. The drug and medicines the CAHW used is purchased and made available by the pastoralist cooperatives.

According to the information given from borena zone agricultural office animal production desk, annual animal vaccination campaign has been done for the major common animal diseases in the country in the past years by the coordination of the woreda stationed vet. team and the zone vet. team.

4.2.3. MARKETING & BUSINESS SUPPORT

4.2.3.1. MARKET INFORMATION SYSTEM

There is market information system gap all the way through the Livestock value chain. Most of the exporters do not have sufficient information about the export market in terms of demand size, price forecasts and detail information about their buyers. For example, there is no strong information dissemination mechanism for the livestock market like we have for coffee. By this mechanism, coffee farmers and all traders in the chain are well informed through radio about daily market price and quantity transacted.

At the level of traders and cooperatives, the information gap is more serious as they do not know exactly when and at what price they could sell their cattle. As a result of this, traders are tending to decide to purchase cattle after having the confidence that they could sell it at a better price. The lack of market information is highly demonstrated when prices are inflated when a major buyer is shown in the market. Traders' disappearance in the market also will have an impact in lowering the price of cattle. As a result of these effects, major traders prefer to purchase cattle mainly at secondary markets through their agents and from small traders.

As per Parima study, market information on livestock prices is normally extracted from different sources. A large proportion gets price information only on market days, from friends, families and other members of the community, from neighbors (*olla)*. Although information on weather forecast, supply situation and demand in the nearest livestock market is quite invaluable to guide production and marketing decisions, the present system is devoid of such market extension services to support pastoralists' choice decisions (Parima/Enable, 2007).

The survey team has also confirmed this fact from the discussion made with pastoralist and local traders. The pastoralists name this information system as '*odefecha*'; literally mean exchange of information. The information mainly addresses the market price on the previous market day. It doesn't tell why the price is up or down or as it was other than symptom (appearance or disappearance of traders, low or high supply size).

In spite of the above condition, there is a new good start observed in the Dubluk and Moyale market, which provide information of the previous market price posted on the notes board of the newly constructed livestock market by VOCA.
But this information was not up to date and is not accessible for the uneducated pastoralists and other market participants. In addition, there is no means where the pastoralist could be communicated about the market before their village. The Mega woreda agricultural office collect and report weekly livestock market information for Dubluk market, which is good market information that gives incite to the livestock trading and price trend.

4.2.3.2. STANDARDIZED UNIT OF TRANSACTION IN THE MARKETS

The acceptance of weight as a common unit of measures for the sales of shoats facilitates the transactions. The sales efficiency shown on shoat market is not yet achieved for cattle marketing as there is no a determined standards.

A number of pastoralists indicated lack of grades and standardization as major problems in primary livestock markets. Livestock are generally traded by “eye ball” pricing, and weighing livestock is totally unknown. Moreover, there is no institutionalized standard setting and grade specification mechanism that facilitates the livestock marketing business. Prices are fixed through bargaining process and prevailing supply and demand conditions. Lack of standardization makes the market search more complex and much time is wasted both by the seller and buyer before exchange.

There are no institutionalized livestock market specifications of grades and standards that define criteria required by all agents in the market. Different buyers have different quality considerations: pastoralists buying for replacement attach more weights to qualities such as sex, age and breed type while butchers value age and weight in order to maximize the quality and quantity of palatable cuts. The use of specifications will provide the producer with the information used for production and marketing plan, basically to identify the type of products, when and where they are most needed (PARIMA/ENABLE, APRIL 2007).

4.2.3.3. WAITING CENTERS/HOLDING GROUND

Holding grounds are essential at all levels from the livestock marketing cooperatives to the final exporters. In this regard, the problem is serious to the livestock traders which purchase cattle from the different markets and supplying to the terminal markets.

Currently cooperatives are holding their purchased cattle until sales by distributing to their members; which in the long-run might not be feasible as the number of cattle transaction increases.

The absence of holding ground nearer to the market centers is a serious problems to the cooperatives, especially when they wish to return their stock back to their place when the market is not favorable. They normally attempt the next market day for a better price or sales. However, due to the inconvenience of returning back the cattle for a long distance is deteriorating their bargaining power and sometimes forced to sell at lower prices. Similarly, the absence of such holding ground is also a challenge to traders until they collect the required number and ready for loading. The survey team has learnt from the brokers and local traders that there is no uniform supply of cattle as the marketing situations of a single day will affect the supply on the subsequent market day. Had there been waiting grounds around the market centers, the supply would have been uniform.
Similar observation in other regions of Oromia are identified as the presence of waiting grounds could be a basis for a sustainable and uniform supply in the market (Getachew and et al, 2007).

On individual basis, farmers around major marketing centers, like Modjo, Nazareth are serving to hold cattle of traders until the next market day with a limited service (which is excluding feeds).

4.2.3.4. LIVESTOCK MARKET EXTENSION SERVICE

In most areas where major livestock markets are available, the agricultural extension system is not well informed about the export market. In fact the extension system is not as such active to provide appropriate support to producers about production of livestock for export markets. The changes brought in the marketing behavior of farmers/pastoralists is therefore, attributed to the market. Better market price has attracted producers and forced them to provide animals of required quality so far. Market focused livestock extension service is needed in order to assist production of better quality livestock required in the market. The extension system can also help in improving the marketing behavior of farmers. Creating linkage between the extension system and livestock supply chains for the export market and building the capacity of the system is the most important step in the effort to boost the sustainable quantity and quality of livestock supplied to the market. Extension agents need to get market based training in order to provide well informed advices to the producers (Getachew and et al, 2007).

4.2.3.5. QUARANTINE AND CERTIFICATION SERVICE

The MOARD is providing ante-mortem and post-mortem inspection of the live animals and carcasses in the export abattoir industry and live animals exporter traders.
Quarantine and Certification Service for the borena livestock export is found in Adama town. These services do not have its own quarantine site but it give service for the animals kept in the barn of the livestock traders. According to the information given from the officials of the Adama quarantine, the traders do what ever required according to the procedure of the office to get the export certificate. The office charges 10 birr for certification and 50 birr for the service given for 50 cattle and keeping the service charge constant (10 birr) the service charge increase at decreasing rate for the additional number of cattle exported. For example fir number of cattle from 501 up to 550 the charge is 60 birr and for cattle number from 1000 up to1050 the charge is 110 birr.

This quarantine service has taken a land around upper awash valley for this purpose in the month of July from the Oromia regional government.

4.2.4. FINANCIAL SUPPORT

Financial institutions are poorly developed in the area and the existing few ones are less motivated to finance the rural poor due to lack of collateral. There is a need to establish saving and credit institutions appropriate for pastoral areas as a component of marketing management (Parima / Enable, 2007).

There is more interest in credit for expansion and upgrading among, cooperatives, traders and fattening unit owners, although they still exhibit risk aversion. With this respect some NGOs such as AFD were providing seed fund for livestock marketing cooperatives for example AFD has proved 45,000 birr for Goro Roba Livestock Marketing cooperative. And other projects which are targeted in the pastoral area such as Pastoral Community Development Program (PCDP) are also expected to provide finance for the pastoral cooperatives. According to PCDP project coordinator their program have a project component called Community Investment Fund (CIF),which able to provide seed fund for the livestock marketing cooperatives. However, with respect to livestock traders finance is very serious problem of the livestock marketing, which requires an attention of every stack holders working in the pastoral area particularly government institution and NGOs.

Traders purchase animals from pastoralists or smaller traders on a cash basis at the time of sale. These traders are then forced to wait for periods of two weeks up to several months until they receive payment from the sales of animals, as the lengthy transport time to final markets in the Gulf States delays the payment.

According to a discussion held on August 24, 2008 with livestock export trader in Adama, the traders told the team that they were promised by the government officials to get a financial support to purchase animals from Borena region a month ago but they do not get anything until the date of discussion date.

4.2.4.1. BANK

Banks are the major source of finance in our country. As it is well known, there is no capital market which will serve as a source of capital for businesses. Because of their experience in the business, banks are tending to provide credits against the dependable collateral, that is something to be easily sellable at the amount it has been valued. Livestock is one of the major stock items for the business people involved in the livestock market. Countries like Sudan have banks exclusively operating for livestock businesses. Where as banks in Ethiopia are often not happy to consider livestock as a collateral as its management is not easier and the risk associated are normally higher than other businesses, and top of all banks lack of experience in managing such loans.

Commercial Bank of Ethiopia has now reached to a conclusion to extend a loan to exporters against collateral of livestock. CBE is not demanding insurance as a precondition (unlike to most of its credit system) for granting the loan. The main purpose of the loan is not business, rather it is the interest of the government to promote commercial destocking by the pastoralist because of the extended drought since the last two years. Accordingly CBE is now in a position to grant a loan of Birr 2 million to 18 million per single customer at a lower rate[1] of interest which is 8.5%.

4.2.4.2. INSURANCE

Some of the insurance companies have providing insurance services for livestock. These insurance policies are mainly for exporters and are not extended to the rest of actors throughout the value chain. Some of the exporters are complaining due to the fact that the insurance premium is expensive (which is Birr 60 per cattle). The survey team has discussed with one of the insurance company, Ethiopian Insurance Corporation, on the possibilities of extending the insurance coverage to the level of cooperatives. The team has provided them the description of the actors, the average stockholdings both in terms of time and number of livestock. The Insurance corporation will assess the possibilities and will develop a revised rate in accordance with the nature of the risk (specimen livestock insurance policy of Ethiopian Insurance Corporation is annexed).

4.2.5. POLICY REFORM, REGULATION, INCENTIVES & COORDINATION

4.2.5.1. PEACE & SECURITY

Though there is no apparent clan conflict in the area of Gayo Kebele, which the primary focus of this study, the team has been informed by other pastoralist of the same Woreda has faced such problem. The competition for the available scare resource is the main reason for the conflict.

[1] It is lower as compared with the risk associated with to the loan

According to the study by Getachew and et al 2007; the problems in such pastoralist areas are directly manifested in the livestock markets. Whenever there is clan conflict in the area, the market is disrupted and the number of animals brought to markets decreases. Buyers on the other side feel insecure and consider the market as unreliable supply sources. In this particular case, there was a substantial supply shortage, reaching as low as 50 percent compared to the normal period.

4.2.5.2. CONSULTATION & COORDINATION

Market is an institution involving different actors (agents) at several levels with different roles. Every market agent has its important role that justifies its presence in the system. Coordinated and smooth functioning of the market enhances the volume of trade and the benefit that different participants and the economy can drive from the market. In a market where there is high level of mistrust among the participants, i.e. where every body wants to make exorbitant profit at the expense of others, producers will never be encouraged to produce more since they will be the ones worst affected. Unstable and non-ethical market environment will deter an effort to increase supply of exportable animals from the source areas.(PARIMA). For instance, the long overdue of unpaid credit balances by one exporter to cooperatives was one of the incidences, which deteriorate the confidence and trust of the cooperatives. Thus, in livestock market where different actors including pastoralists interact, there is a need to create forums of consultation and establishing a team work to bring together producers, traders, abattoirs, and the public sector, so that every body in the domain would have a clear understanding and contribute to the smooth functioning of the supply chains.

Some stakeholders like PARIMA, AFD, and USAID SPS-LMM have organized different stakeholders meeting in collaboration with regional government offices and forum to facilitate the interaction of the market actors.

4.2.5.3. LAND UTILIZATION

Government should play a vital role in the development of range land regeneration and policies and regulations should be considered and administered properly mainly from the point of view of deforestation and reservation of natural resources, as range land development could involve clearing and fire of bushes and woody plants which are encroaching the grazing land.

Communal ownership is one of the assets and values of the Borena. The establishment of marketing cooperatives are however demanding of private ownership of cooperatives for the development of forage and establishment of waiting grounds.

4.2.5.4. FINANCIAL SERVICES

Commercial Banks: Commercial banks are not often engaged in granting of loan to cooperatives and pastoralists. CBE recently has started credit facilities to livestock exporters mainly for social objective than profitability to assist the commercial destocking. Sustainability, could not be guaranteed for such type of ad hoc loans.

Microfinance Institutions (MFIs): According to Wolday Amha (Dr.) There were 26 financial institutions in Ethiopia in 2006 with an estimated client size of 1.5 million with outstanding loan of More than 2 billion. Their number is now 29. Despite the encouraging growth and efficiency by the MFIs operating in Addis Ababa, Tigray, Oromia, Amhara, Southern Region and Benishangul-Gumuz, there are no MFIs which deliver financial services to the pastoralist community (Wolday Amha 2006).

Credit and Saving Cooperatives: PARIMA has attempt to introduced credit and saving cooperatives which was successful in certain woredas like Moyale, Dogda BoraThere are a number of financial service provider in the country.

Credit and saving units under the marketing cooperatives: As the cooperatives of livestock marketing at it the initial stage, they do not have as such big capitals to extend a loan facilities, though, during their formation, has established a credit and saving committee.

4.2.5.5. INCENTIVES:

Tax Free: Ethiopian products and services destined for export are exempted from the payment of any export tax and other taxes levied on exports. That means there is no sales and excise tax for all export commodities, there is no export tax, in whatever form, on products destined for export markets, and there is no ex ante export price controls by the National Bank of Ethiopia.

Export Credit Guarantee Scheme: Directive No.SBB/38/2006: The scheme provides non-coffee exporters access to pre-shipment and post-shipment export credit guarantee: up to 100% of export proceeds actually received through financing banks from export in the 12 months preceding the date of application for existing exporters, up to 2.5 times the estimated value of the pledged collateral for new producer exporters, and up to 2 times the value of the pledged collateral for other new exporters.

Franco Valuta Scheme */in Directive to Transfer National Bank of Ethiopia's Foreign Exchange Functions to Commercial Banks - Directive NO. FXD/07/1998 & its Amendment No. FXD/20/2002/:* The Franco Valuta scheme enable exporters to acquire raw materials and intermediate inputs from their foreign partners who may be working on international sub-contracting basis, technical and marketing arrangements, FDI or joint venture.

Foreign Exchange Retention Scheme: The Retention and Utilization of Export Earnings and Inward Remittances: Directive No.FXD/11/1998/: In an effort to encourage exports, the government has allowed exporters to retain the foreign exchange they themselves earn in two types of foreign exchange accounts. In account “A” exporters are allowed to retain 10% of the proceed from their exporting for an indefinite period of time and the remaining 90% in an account “B” for about 28 days to transact business related to current payment for the import of goods and related services, export promotion payment of advertising and marketing expenses, training fee and educational expenses, etc.

TAX free for cooperatives: Cooperatives are free from business taxes, unlike traders of any type. No obligation for VAT registration and no profit taxes.

5. THE ROLE OF CIVIL SOCIETIES AND OTHER ORGANIZATIONS IN THE LIVESTOCK VALUE CHAIN

Civil societies and other organizations are playing a vital role in the growth of livestock marketing and enhancing the livelihood of pastoralists. In this regard, the study team highlights the organizations who are playing such roles. The inclusion of societies and organizations listed hereunder are based on the data brought to the study team during the survey. The team would like to apologize if any society or organization with an important role in the value chain, is omitted.

5.1. PROFESSIONAL ASSOCIATIONS

Advocates are interested stakeholders who are influencing the production and marketing of livestock in one or another way. Most of the associations are founded by professionals related to livestock. They have contributed to the sector through research, policy proposal, facilitation and coordination of seminars and workshops and addressing of pressing current issues in the sector. Their main source of income is of their members contribution and financial support from donor organizations. Summary of their profile and achievements they made so far is annexed to this report (Annex ___)

5.2. NON GOVERNMENTAL ORGANIZATIONS

A number of nongovernmental organizations have contributed a lot for the enhancement of the livestock market in a number of ways. Action for Development (AFD), the promoter of this study has provided training for Para Vet, support cooperatives for establishment and provided seed funds, and construct information centers. CARE Ethiopia has provided emergency animal feed and provided first aid veterinary trainings to Para Vets. GTZ has also provided training for Para Vets Live Volunteers International Association (LVIA) has contributed in market information exchange and dissemination, and provision of trainings to cooperatives in Moyale area.

5.3. GOVERNMENTAL OFFICES

- **Ministry of Agriculture:** The primary stakeholders at the level of Ministry is Ministry of Agriculture. The ministry is responsible for major national level policies in relation to livestock and a key player at national or regional level livestock related projects. The Livestock master plan is one of the major recent output of the Ministry.

  Agricultural bureaus and offices at all levels are providing support and intervention in the livestock market. The are however, certain Woreda with limited organization and effort they are doing just below the expectation of the survey team.

- **Cooperative Offices:** Cooperative offices play a vital role in the establishment of livestock cooperatives and facilitation services, management supports (auditing, organizing, etc) provision of trainings, coordinating for marketing possibilities.

5.4. LIVESTOCK RELATED PROJECTS

- **USAID/SPS-LMM Program:** The project assist the government and private economic operators to resolve five principal constraints limiting expansion of Ethiopian meat and livestock exports which are; import restrictions based on SPS requirements imposed by importing countries, insufficient and inconsistent supply of price competitive, export quality meat and livestock, lack of capacity for cattle slaughter and for cold chain processing and packaging export quality beef products, lack of capability for cost effective, cold chain transport of meat products by road and sea for delivery to MENA and other international markets and limited knowledge of market preferences for type and quality of meat products and lack of established and profitable contracts with meat importers in international markets.

This program has also assisted in coordination with the relevant government offices in convincing United Arab Emirates to lift its ban on Ethiopian meat products (that has been band since January 2007). Some of the ongoing programs which are undergoing are

- Strengthen regional and federal capacities for surveillance, monitoring, diagnosis and control of trade limiting diseases, such as FMD, and rapid response to HPAI outbreaks.
- Strengthen federal meat inspection and SPS regulatory capabilities to meet international meat trade requirements
- Strengthen federal animal and health regulatory authority in MoARD to serve national and international regulatory requirements
- Increase capacity for cattle slaughter and cold chain processing and packaging beef in private operations which meet international standards

- **PARIMA**

  The GL-CRSP Pastoral Risk Management Project or PARIMA project 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. Foundation concepts include the exploration of opportunities to better diversify incomes and assets and how to improve access to natural resources, information, and various public services.

- **VOCA:** as mentioned above has constructed 25 market centers in the pastoral areas which are now contributed for the enhancement of the livestock market.

- **PCDP (Pastoral community Development Projects):** Is a huge project financed by IDA and the Government of Ethiopia, working in community investment fund, rural livelihood, pastoral risk management and local knowledge management in the pastoral areas of Ethiopia. I supports pastoral community investments to the extent of 85% contribution. It is a good opportunities, mainly for cooperatives who are facing capital shortage and other facilities.

- **LMIS (Livestock Marketing Information system)** Has introduced a market information website though the data available are not complete and up to date.

- **Action for Development:** initiate and support for the establishment of livestock marketing cooperatives and assist them by providing seed funds. Action for development involved in setting up of information centers, in addition to water related projects it has been doing for the last 10 years in the area.

6. LIVESTOCK MARKETING AND TRANSACTION COSTS

6.1. LIVESTOCK PRODUCER

It is difficult to measure the cost of raising cattle at the level of producers as there is no standard acceptable cost of labor and other inputs at farm level. No financial payment is made for major inputs like feedings and water. In addition, the primary goal of the pastoralist of holding livestock is not purely market oriented.

6.2. LIVESTOCK MARKETING COOPERATIVES

According to the study on a cooperative at Gayo kebele (the primary focus of this study), labor costs are not fully accounted as it is a free service of membership in accordance with the principle of cooperatives. In addition, the cooperative do not incur feeding and cattle holding costs for the holding period (from purchase to sales). However, there is a per diem payment of Birr 30 on average per cattle during purchasing and selling of the cattle. The per diem is however paid Birr 50 per person per operation (purchase or sales) regardless of the duration (may be 2 to 3 days). The other additional transaction cost for cooperative is a broker fee, which is Birr 20 on average, per cattle. The cooperative in focus, is earning a profit margin of 5 to 8 percent (which is an average of Birr 160 per cattle) (see table 3) depending on the type of animal. See Table 4 for the Net profit per cattle for sales made by cooperatives at Dubluk market.

Table 3- Average Cost of purchasing and average gross profit per cattle.

Average purchasing price of cattle by age:	**Purchase Cost**	**Margin**	**Selling Price**	**Weight**	
a. Three years of old	1300	100	1400	7.14%	20%
b. Four years old	1,600	150	1750	8.57%	60%
c. From 5-7 years	4500	250	4750	5.26%	20%
Weighted Average		**160.00**		**7.62%**	

Table 4: Net profit of cooperative for sales made at Dubluk

	No of members	**Total rate**	**Average no of cattle**	**cost per cattle**	**Profit Margin**
Average Markup price per cattle					160
Per diem per cattle					
Per diem for purchase	5	50	10	25	
Per diem for sales	5	50	50	5	
Broker fee on sales				20	
Total Cost					**50**
	Net profit for sales at Dubluck				110

A weight loss during trekking the cattle from the pastoral village to the secondary market (it is a daylong trekking by the focused cooperatives) is not accounted in the cost computation. Study made by Parima also confirms that of remoteness from terminal markets, long distance trekking with all its difficulties of lack of adequate feeding and watering services has always involved considerable weight loss and eventual death of animals(Parima/Enable,2007). As per review of the cost structure, cooperative could get additional contribution margin of Birr 140 per cattle if they manage to sell at Adama, directly to the buyers, than selling at secondary market like Dubluk, without valuing of course the free service of the members.

6.3. LIVESTOCK TRADERS

There are different types of expenses incurred by traders starting from secondary market up to the point of delivery (for instance Adama). This expenses are include brokerage fee (at the market), sales tax(at secondary market) at the market, municipality taxes, checkpoint taxes, loading, trucking (including brokerage fee for vehicle broker), holding ground rent, feed, sales tax (at terminal market), traveling and subsistence expenses of the trader, wage to assistant. Based on the team study, these marketing transaction costs are accounted to 9.4% of the purchasing cost of the animal. See table 5).

Table 5: Cost structure of traders, who buy from secondary markets (Dubluck) and sell to Terminal market (Adama)

	Purchase cost (Average)	**Per no of cattle**	**Price**	**Average Qty**	**Pre Cattle**	**Remark**
	Cow	1	1200	1	1,200.00	20%
	Young Bull(Korma)	1	4000	1	4,000.00	80%
1	Average Price (Weighted 20% cow and 80% Bull)				**3,440.00**	
2	Tax	1	10	1	10.00	
3	Municipality	1	30	1	30.00	
4	check Points	1	20	1	20.00	
5	Loading	12	120	1	10.00	
6	Unloading	0	0	1	-	
7	Holding	1	3	4.5	13.50	
8	Feed	1	20	1	20.00	
9	Market fee (Nazareth)	1	10	1	10.00	
10	Broker	1	25	1	25.00	
11	Personal expenses	12	20	2	3.33	
12	Transportation (Trucking)	12	2100	1	175.00	5.1%
13	Assistant(Cattle guard)	12	100	2	8.33	Dubluk to Adama
	Additional Transaction Costs				325.17	9.45%
	Total Cost				**3,765.17**	
	Profit Margin (Average)	1	**75**	1	100.00	
	Total Selling Price				**3,865.17**	3%

Other costs, like labor cost of the trader himself, cost of finance (for the capital tied up on the stock between purchase and sales), allowances for death and weight loss of cattle during trucking, medicine costs, loss of animal by other claimants (rare incidence) and other incidental expenses.

Study made by Parima also confirms that marketing and transaction costs are usually high due to poorly developed physical and institutional facilities and absence of marketing facilities. In the livestock trade, traders incur marketing and transactions costs which include transport costs, feed and water, losses due to animal diseases and theft, and market fees by government at different places, brokerage fees, opportunity costs of capital and labor involved (Parima/Enable, 2007).

Transportation is the most important element of marketing costs in livestock marketing in pastoral areas. According to the survey team, the transportation expenses amounting to 5.1% of the purchasing cost of the cattle, which almost similar with the study made by PARIMA which is 5.4%.

As per the review of the study team, the average return of traders who buy at secondary markets like Dubluk and sales at terminal markets (Adama) are earning an average net profit margin of 3% (of the selling price at Adama).

6.4. EXPORTERS

Exporters are normally incurring major cost to recondition the animals (feed) veterinary costs, quarantine fees, rental fees, wages, cost of capital (interest expenses), transportation cost to Djibouti port. Because of the confidentiality we could not access information to the detail cost of fattening to exporters, and of their selling prices per transaction cycle.

The working capital cycle (stock holding and receipt of payments) is about five to six months. In addition, the value of the stock involves huge amount of money (as the price of cattle is in thousands). For an average batch size of 400 and three batches at a time, the average value of the stockholding estimated to be Birr 2.4 million. This amount is excluding other working capital requirements. The cost of capital at a rate of 10% for the period of five months, for the above average size of exporters holding is then Birr 240,000.

Sometimes the sales price of the domestic market is higher than the export price. Hence, a small and medium traders engaged in animal fattening tends to prefer in the domestic market.

7. CHALLENGES

Challenges which affect the predictability and efficiency of the marketing process identified by the survey team are presented as follows:

- **Overdue Credit sales:** Cooperatives, small and medium traders are suffering from overdue credit sales. Cooperatives have lost their confidence or trust to transact sales of cattle on credit to exporters due to the delay of settlement beyond a year. The cooperatives could not able to undertake more sales transaction as their working capital was tied up on the overdue receivables. Agents and traders who are buying at secondary market on account are disappearing at the market when they are unable to repay their debt. This in turn affects the market prices as the demand level decreases.

  As per the assessment of the study team, the root cause of the problems starts with the exporters weak financial positions coupled with the mode of payments (trade terms) they entered with their foreign buyers. Payments are effected after two and three months from the date of shipment. The team also learned that the buyers delay intentionally the payment even after they receive the stock.

- **Financial Capacity of Exporters:**

Until recently, exporters were unable to get access to finance their livestock business. This is largely due to the size of the money involved and the risk envisaged by banks. Banks are requiring a marketable collateral, where most of the exporters do not have attractive collaterals (like building) other than the livestock themselves. Commercial Bank of Ethiopia is currently considering for the granting of loan to exporter using the livestock as collateral (merchandise stock).

- **Lack of sufficient Marketing Information:** The lack of market information at all levels is the major challenges of all actors from pastoralist to exporters. This issue is well addressed in section __ of this document.

- **Lack of business exposure by cooperative management and its members**: Livestock marketing cooperatives like Goro Roba, are managed by their members who are mainly pastoralist with little knowledge of business and marketing. As cooperatives are competing with a lot of traders, including with those small traders who are collecting livestock at farm gate and primary markets, they need to know how to win such competition, how to manage resources, how to search for financing, and maintaining of relationship with potential customers and other important stakeholders. As per the review of the survey team, no proper accounting was in place at Goro Roba livestock marketing cooperatives. Hence it is difficult to measure the success of the cooperative and to ensure internal control and accountability to the system as a whole. The cooperative does not have working manuals (at least those designed for cooperatives by cooperative office) on marketing, property administration, finance etc.

- Lack of experienced and qualified manager and accountant for cooperatives: The survey team identified the importance of manager and finance officer, as the managerial activities should not be done on a part time basis (as cooperative management members have their own personal responsibilities of taking care of their own livestock and other issues). Members could not achieve the required managerial skill at this stage and it is advisable to employ a qualified personel who could work with the management committee of the cooperatives.

The survey team also identified that the financial management system in place is not efficient and the personnel assigned to work as accountant is not qualified and do not know how to prepare books of accounts and recoding of at least routine inflow and outflow of cash resources.

- **Sustainability of Facilities at the market centers:** Market centers constructed by VOCA are currently functional. The study team has worries that some the already constructed offices and facilities are not operating at fully and issues of sustainability is under risk.

- **Lack of waiting ground:** Currently, cooperatives are holding their stock under the custodian of their members. When the size of average livestock holding is exceeding like 50 cattle, it is not possible or practical to depend on members to hold the cattle until date of sales.

  The other challenge is for everybody at the secondary market. Traders and cooperatives should re-trek the unsold cattle back to home and will attempt for a second market day (may be after a week). The stress and weight loss of the cattle due to long distance trekking is discouraging for the cooperatives and the pastoralist to attempt for a second try. In addition, the inconvenience weakens the bargaining power of the sellers.

- **Shortage of feeding:** Because of overgrazing and repeated drought, there is a chronic shortage of grass. The pastoralists are claiming that grass is not growing even after sufficient rainfall. This has an impact on the cost of cattle breeding and the supply of cattle.

  - **Lack of flexible livestock Insurance Policies:** Traders are suffering from loss of livestock in the marketing process, which is sometimes unaffordable, especially at the level of small and medium traders. The existing livestock policies are more rigid and may be applicable to a certain type of traders.

- **Absence of Standard:** the absence of standard in the trading of cattle is one of the bottlenecks in efficiency of the market. The selling and buying process is conducted on visual measurements which are more or less subjective. Individuals convincing power and ability more matters than the real livestock item under consideration.

- **Ban on export because of the so called Rift Valley Fever (RVF):** An outbreak of RVF in southern Saudi Arabia and Yemen (the first reported outside Africa) in September and October 2000 has left dozens of people dead and hundreds infected. As a consequence six Gulf States - Saudi Arabia, Bahrain, Oman, Qatar, Yemen and the United Arab Emirates - have banned livestock imports from nine African countries (including Ethiopia), principally in the Horn. Although RVF is endemic in the affected countries none has reported a recent RVF epidemic. (FAO) Although they are therefore not experiencing the direct impacts of the disease, the livestock trade embargo affected the export volume, price and bargaining power of the exporters from these countries.

  In the contrary however, the current major export of live animals is goes to Yemen. The survey team couldn't able to verify whether the Yemenis are re-exporting to neighboring Arab countries or for their internal consumption.

  Repeated drought: The shortage of rainfall for that last two years has impacted in the loss of livestock in the pastoralist area. This is among the major challenges faced by the pastoralist mainly when there is a short or no rain during the expected seasons.

8. RECOMMENDATION

1. Addressing Financial problems

i) Utilizing and maintaining the available credit opportunities created by Commercial Bank of Ethiopia

(1) Exporters:

(a) Should comply with the rules and regulations of the bank in the usage of the loan and should never divert the loan to other purposes.

(b) Exporters should speed up in the settlement of their credit purchases so that traders and cooperatives will not face similar problems that they have been facing so far. If exporters are tending to have more stock level and keeping the past long overdue credit purchase practices, the challenges will remain unresolved.

(2) Banks must scrutinize the financial statements of the exporters and make sure that they are not diverting or piling excessive stocks at the expense of traders and cooperatives.

(3) NGOs and Business Support organizations: They should create the environment to bring together actors and stakeholders so that all could contribute to work for the betterment of all.

ii) Support exporters by providing training in getting access to more markets so that they will not depend on few Yemenis importers which trade with extremely unfair trade terms. The late payment critically affected the financial position of the exporters. The effort made on lifting the ban because of the Rift Valley Fever, will open the door for accessing more buyers in the Gulf countries.

iii) Increasing the membership size at the level of cooperatives to increase their working capital.

iv) Cooperatives need to organize themselves with a sound financial and governance system which is dependable by lending institutions even commercial banks.

v) Cooperative should search of options where they could find support from various available projects like, PCDP.

2. **We recommend for the improvement of market information system:**

As the current information boards are the market place s are not up to date, and in some cases are never reported since long time, it is essential to reactivate the practice. However, as most of the pastoralists are not literate, market information should be disseminated orally using the Megaphone (Hand megaphone exists in the market center).

The information should also focus on today's market and future forecasts and possible events happened or will happened that will affect the pricing for the coming few weeks.

Community radios and regional radios could play in dissemination of the market information in local languages like we have for coffee on a daily basis at the national radio (in specific time during the day). This will help pastoralist to decide at home before coming at the market place whether to go for marketing or not.

Government offices like Agriculture offices, pastoral commission could play an important role in and could take sustainability of the process by actual data gathering, analysis and forecasting. Currently, as per the review of the survey team, agricultural offices are not strong in compiling market information, let alone forecasting.

Union could play important role in the marketing information system. Cooperative can form unions in accordance with the cooperative law of Ethiopia. Union has a better role than cooperatives in facilitating the dissemination of the market information to its member cooperatives. Cooperatives are then could convey the information to their members.

NGOs and Development support organizations could participate in funding of the establishment of a better information channel, sponsoring of market survey and forecasts, sponsoring of air time on regional and local radios for market information dissemination, organizing of workshop which includes all stakeholders and actors in the sharing of market information.

3. **Business Management Skills:** The cooperative management and members should be equipped with business management skill which is vital for their success. They need to have the skills on how to respond to potential competition from traders and enhancing of their bargaining power. NGOs and Cooperative offices could provide them trainings on cooperative management, marketing, financial management, overall business management and property administration.

4. **Staffing:** Cooperative members should employ at least a manager and a finance officer to run the cooperative day to day operation as the job demands a day to day follow-up and managerial skills.

   NGOs and Development organization could assist cooperatives by employing such personnel until such time that they gain the financial capability to employ by themselves.

5. **Sustainability of Facilities**: VOCA has constructed and done great job. The project is phase-out. Some of the facilities are not operational Sustainability. Those who formally received the facilities from VOCA should have to ensure the maintained of the facilities so that they can serve the intended purposes. Municipalities are charging a service fee per transaction for the service they are providing. They should take the primary initiation in maintaining the facilities at the market centers, of course in addition to other relevant government offices.

   NGOs and development organization could fund rehabilitation of and maintenance of facilities in such market centers

6. **Lack of waiting ground:** Unlike other parts of the country, the land usage at pastoralist area including Borena is communal. Hence it is difficult to claim private ownership of a certain plot of land to develop as a waiting ground. Hence,

Cooperative need to maximize their member base (for instance Goro Robba livestock marketing cooperative has 33 members) to justify owning of holding grounds in their Keble. Support organizations could fund unions or town administration for the formation of the holding grounds.

Holding grounds nearer to the market centers could be owned and managed by town municipalities or by a union. Though it requires further assessment, inviting of investors to develop a holding ground could be an alternative solution.

7. **Shortage of feeding:**

Rangeland (Grazing Land) Condition.

To rehabilitate the grazing land sawing of grass seed, as it has been done long time a go, is among the suggested solution.

Recommendation given by other researches on the application of fire to reduced the encroachment of woody plants which compete for water and light to be endorsed and applied. As per the research made by Getachew and et al, the application of fire will result the following benefits**:** : (1) An improved condition of the herbaceous layer; (2) a good kill of noxious bush species; (3) increased site visitation by wild grazing animals; (4) increased availability of key grasses used for housing thatch and other building materials; (5) less tick burdens on livestock; (6) Fewer instances of predatory animals; and (7) less teat damage on cow udders as related to cuts from *Acacia drepanolobium* thorns(Getachew and et el).

The application of fire however, should not affect other natural resources like gum and resin trees, as this are important source of income for the pastoralists.

NGOs could fund the conduct of workshop on this issue to reach a consus among all stakeholders (pastoralists, environmentalists, natural resources offices, pastoral commission, agricultural offices, etc)

8. Lack of flexible livestock Insurance Policies:

It is a huge source of income for insurance company as the transaction involved in livestock market is so huge. The initial effort started by the survey team in proposing variants of policies on livestock insurance so that it can suit various actors in the livestock value chain.

9. **Absence of Standard:**

The initiation started by USAID on the standardization of animal meat, should extended to live animals. The official responsible body in the country of the design and introduction of standards is Ethiopian Standard Authority. The authority should own the project and may involve interested parties, development organizations and projects dedicated for livestock marketing.

10. **Drought:** Long term solution in terms of modern range land development should be designed as a strategy to minimize the impact of drought.

ANNEXES

Annex 1, Ethiopia livestock population distribution

Region	Livestock Population							
	Cattle	Sheep	Goat	Horses	Donkeys	Mules	Camel	Total
Ethiopia	47,570,675	26,117,272	21,709,428	1,775,794	5,572,931	376,,682	1,009,040	84,131,822
Tigray	3,119,407	1,388,104	3,005,463	-	462,497	6,665	34,448	8,016,584
Afar	401,167	353,418	903,196	-	32,897	-	142,357	1,833,035
Amhara	11,757,295	9,469,746	5,468,624	304,004	1,804,408	135,908	47,026	28,987,011
Oromia	21,410,978	9,401,844	7,685,529	1,111,943	2,197,828	180,364	447,688	42,436,174
Somale	640,357	1,306,061	1,703,290	-	-	-	330,563	3,980,271
Ben-gumuz	363,590	85,274	371,500	280	50,738	682	-	872,064
SNNP	9,574,677	4,000,053	2,624,588	346,335	364,985	52,456	-	14,338,506
Harari	40,775	5,035	41,266	-	8,328	-	-	95,404
Dire Dawa	49,838	59,623	154,743	-	14,083	-	5,060	283,347
Total								

Source: CSA, 2007/08

Annex 2, Oromia –Zones livestock population distribution

Region / zone	Livestock Population							
	Cattle	Sheep	Goat	Horses	Donkeys	Mules	Camel	Total
Oromia	**21,410,978**	**9,401,844**	**7,685,529**	**1,111,943**	**2,197,828**	**180,364**	**447,688**	42,436,174
West Wellega	898,055	289,569	115,354	*	101,998	5,676	*	
East Wellega	834,163	271,817	157,806	*	75,463	2,954	*	
Illubabor	893,207	441,313	188,724	41,725	18,362	10,587	*	
Jimma	2,006,467	894,719	248,049	85,192	52,663	33,093	*	
West Shewa	1,641,785	940,417	320,114	158,697	117,955	11,335	*	
North Shewa	1,410,831	1,097,102	252,947	96,748	193,810	9,145	*	
East Shewa	1,204,478	702,544	733,537	13,922	254,834	9,641	*	
Arsi	2,510,936	1,651,661	718,810	238,094	300,601	25,280	*	
West Hareghe	1,247,429	214,017	980,004	*	183,068	3,364	22,047	
East Harerghe	1,443,614	365,252	1,292,484	*	214,940	*	*	
Bale	1,294,744	264,470	794,277	32,334	188,114	18,179	36,036	
Borena	1,224,163	241,584	676,890	2,023	55,411	5,456	97,131	2,302,658
South West Shewa	821,641	238,945	200,461	40,996	125,612	9,386		
Guji	1,164,073	395,423	427,338	140,720	55,816	17,234	48,662	
West Arsi	1,861,402	967,126	341,134	211,731	179,831	5,439	*	
Kelem Wellega	350,838	217,697	131,823	*	29,282	9,911	*	
Horoguduru Wellega	603,154	208,189	105,775	27,810	50,067	3,634	*	
	21410980							

Source: CSA, 2007/08

Annex Three- Marketing and transactions cost/head, in Ethiopian Birr, (for Cattle, shoats and Camel) of Pastoralist (producer)

Cost items	**Cattle**	% cost	**Shoats**	% cost	**Camel**	% cost	
Sales/head (Eth Birr)	832.51		110.60		1248.90		
Trekking cost	120		19.96		56.68		
Feeding and watering fee	20						
Loss: Shrinkage loss (Eth Birr) Death (Eth Birr)	23.00		2.86		18.00		
Searching, negotiating and selling (Eth Birr)	18.60		14.04		21.60		
Transport cost	6.50		1.50		10.00		
Food and lodging	20		1.50		11.00		
Council fees	40						
Brokerage fee	25		1.00		7.00		
Miscellaneous costs	4.76		2.10		6.00		
Total marketing and transactions cost	99.96		42.96		130.28		
Percentage of costs	12.00%		38.84%		10.43%		
Percentage share of pastoralist	88.00%		61.16%		89.57%		

Source: - Parina/Enable, 2007 and adopted (adjust) by current Available Cost/price

Annex four: Marketing and transactions cost/head, in Ethiopian Birr, (for Cattle, Shoats and camel) of trader

Cost items	Cattle	% cost	Shoats	% cost	Camel	% cost	
Sales/head (Eth Birr)	1666.00		129.92		3070.00		
Cost of buying	1234.00		100.80		2600.00		
Transport and trekking cost	36.62		4.00		74.00		
Feeding and watering fee	36.62		4.00		74.00		
Loss: Shrinkage loss (Eth Birr) Death (Eth Birr)	- 14.46		- 1.50		- -		
Brokerage fee	10.00		3.00		11.00		
Searching, negotiating and selling (Eth Birr)	6.40		2.20		12.00		
Opportunity cost of capital tied during search	2.94		0.80		3.50		
Transport cost of trader	12.00		1.40		13.23		
Food and lodging	7.00		1.80		18.00		
Council fees	9.00		2.76		12.13		
Miscellaneous costs	16.79		4.23		26.00		
Total marketing and transactions cost	1352.61		122.89		2774.00		
Percentage of costs	81.19%		94.58%		90.36%		
Percentage share of pastoralist	18.81%		5.42%		9.64%		

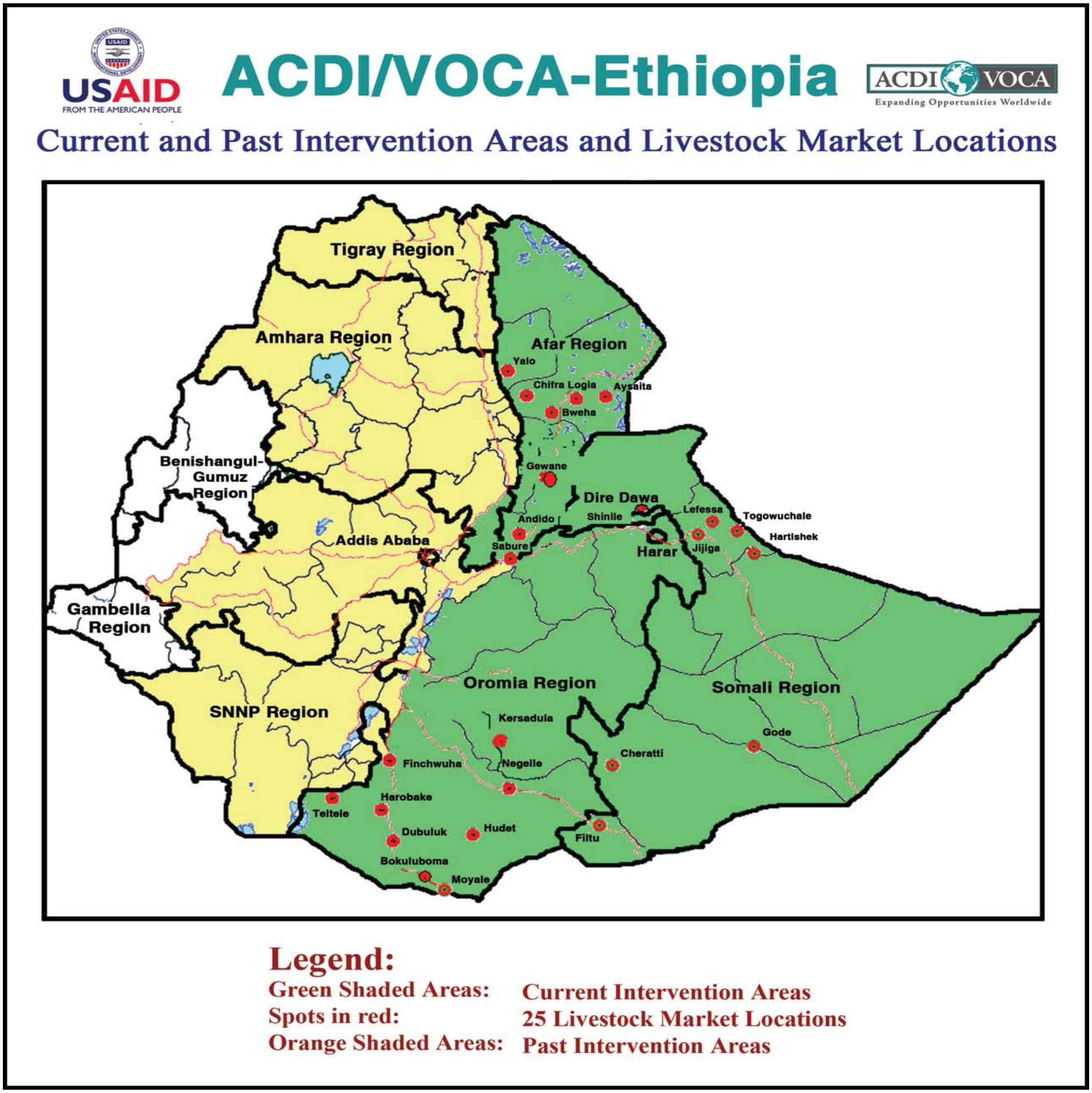
Source: - Parina/Enable, 2007 and adopted (adjust) by current Available Cost/price/

Annex 5

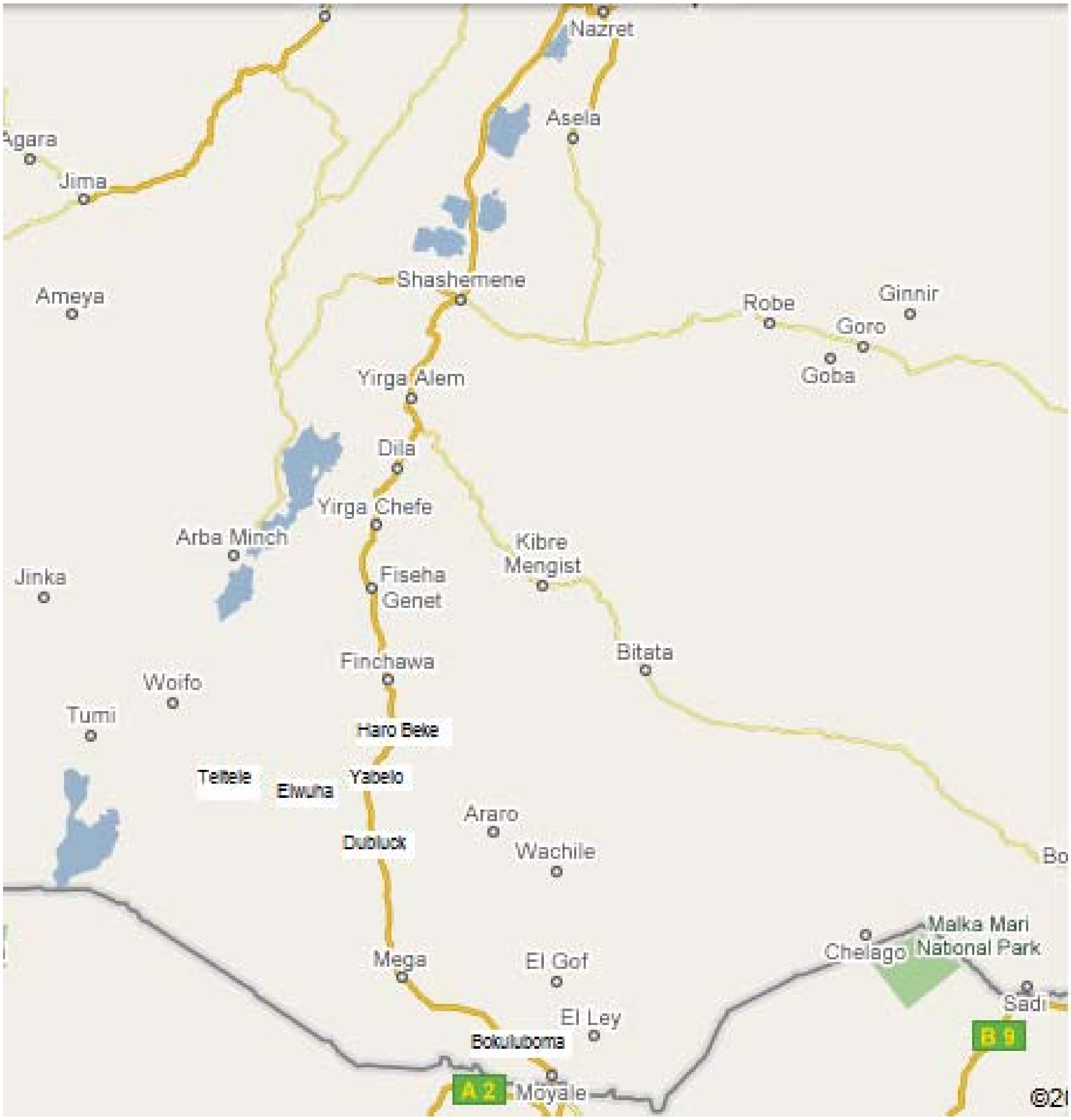
Export of Live animals from Ethiopia
Sum of FOB Value (ETB)

DESTINATION	2007	2008	Remark
Yemen	96,426,514.99	76,846,601.07	98% cattle and 2% of shoats and camels
United Arab Emirates	19,611,521.81	52,867,532.14	54% cattle, 40% camel and 6%Shoats
Egypt	21,066,305.00	31,911,560.34	More than 90% camels and below 10% are goats
Djibouti	64,759,936.01	23,162,049.61	72% Camels, 17% Cattle and 11% shoats
Sudan	64,746,262.51	22,227,056.67	80% Cattle and 20% camels
Saudi Arabia	57,391,321.95	19,477,471.72	67% shoats, 19% camels and 13% cattle
Somalia	28,850,623.66	1,068,562.10	Mainly cattle and few shoats
Jordan	5,699,965.44	239,852.21	cattle in 2007 and Sheep in 2008
Libyan Arab Jamahiriya	2,972,567.20		Camels
Lebanon	465,353.20		Camels
Australia	462,889.78		sheep
Spain	82,898.73		Reptiles
United States	18,616.03	11,291.48	Reptiles
Philippines	4,018.63		Reptiles
Germany		4,339.03	Reptiles
Netherlands		4,339.03	Reptiles
	362,560,801.94	**227,822,663.40**	

Annex 6: Livestock Market Centers Map (Market Centers constructed by VOCA)



Annex 7: Market Route Map (From Borena to Adama



Soruce: Google Map

Annex 6: List of Associations and summary of their profile

- **Ethiopian Veterinary Association**

  Established in 1974 with the following objectives:
  - To provide a forum for exchange of ideas and experience among veterinarians
  - To safeguard the interest and welfare of its members
  - To maintain the honor and dignity of the profession
  - To participate in the research and development activities
  - To collaborate with concerned institutions to keep the quality of veterinary science education in the country

  Currently the association has 150 members. The association has achieved the followings:

- **Ethiopian Assistant Veterinary Associations**

  Established in 1995 with the following objectives:
  - To strengthen the Ethiopian veterinary services
  - To disseminate new scientific information on the subject area to members
  - To provide a forum for exchange of ideas and experience among members

  This association is also a member of the Ethiopian Veterinary Association and Ethiopian Society of Animal Production

- **Ethiopian Livestock Traders Professional Association (ELTPA)**

  The association is founded in _____ with the following objectives:
  - Policy imitation and advocacy
  - Market research and development
  - Trade information generation and dissemination system
  - Export skills development

- Trade promotion services

- **Ethiopian society of Animal Production**

  The society is established in August 1990 with the following objectives:

  - To promote the advancement of animal production with the goal of increasing its usefulness through sustained scientific research and development
  - To provide a common forum for the periodical exchange of ideas and also to liaison with national and international societies
  - To foster interest in the development of animal production
  - To safeguard the professional quality and academic standards in the field
  - To collect and disseminate research findings

  The society was founded by 250 members and currently it has about 400 members.

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