

**Linking Small-Ruminant Producers to Markets:
A Case Study from the Southern
Ethiopian Rangelands**

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Abstract

The Borana pastoralists of southern Ethiopia have been traditionally viewed as unwilling or unable to engage in large-scale, commercial livestock trade. Here we report on creation of a livestock marketing chain from the Borana Plateau to export outlets largely serving the Gulf States. Since 2003 various training and exchange tours were organized by collaborating agencies and GL-CRSP PARIMA to link pastoral producers with livestock exporters and policy makers. One goal was to enable pastoralists to acquire knowledge on how best to position themselves for profitability in the livestock marketing industry. This process occurred against a backdrop of growing export demand for small ruminants, rapid development of the private export industry in Ethiopia, formation of well-trained pastoral marketing groups, and provision of external funds to initially capitalize trading. Following these aggregated activities a positive market response has occurred and a new marketing chain has been created. Eleven pastoral marketing groups we have monitored sold 45,000 head of goats and sheep to two export firms during 2004-5, just part of a larger surge throughout the region. The eleven groups have been moderately profitable and income-generation opportunities have been created, although market involvement has proven risky in some situations. The groups procured animals for trade from a 57,000-km² catchment across northern Kenya and southern Ethiopia. Overall, our observations suggest that given high demand, careful investment in capacity building, and reduction of marketing risks via trust building and information sharing among market players, the Borana pastoralists can move aggressively to market small ruminants.

Background

Livestock production is a major livelihood in the pastoral areas of Ethiopia. In these dry lowland areas livestock are regarded as producers of milk and meat, income generators, and stores of wealth. Although herd building is a priority motivation for pastoral survival, pastoralists in Africa traditionally have sold animals and animal products to obtain modest amounts of cash income (Coppock, 1994). Such transactions often occur in dry seasons and other stress periods when milk yields decline and people need to purchase grain and other commodities for their sustenance.

The semi-arid Borana Plateau in southern Ethiopia is home to 325,000 Borana pastoralists and supports over one million head of cattle as well as large numbers of goats, sheep, and camels. The Borana pastoralists have been traditionally viewed by development experts as unwilling, or unable, to significantly engage in commercial livestock trade. It has been also observed in the last several decades that animal sales have little or no role in regulating the cattle population on the Borana Plateau (Desta and Coppock, 2002). Many social, economic, ecological, and policy factors have been cited as constraints that limit commercial livestock trade among the Borana pastoralists (Coppock, 1994). However, as human populations grow and per capita supply of milk declines in rangeland areas, it has been postulated that traditional pastoral production system will be increasingly be unable to fully support growing human populations, and hence pastoralists like the Boran will be forced to engage in more commercial livestock activity simply to increase human carrying capacity through the exchange of animals for grain via market transactions. With higher energy content per kilogram compared to milk or meat, grain is the main option to increase human carrying capacity in the arid lands (Desta and Coppock, 2004).

In the last few years several factors have altered the livestock-marketing landscape in Ethiopia. There has been considerable development in the private livestock export industry. The number of modern livestock export firms established in the Ethiopian highlands has been on the rise. There has also been a growing demand and expanding export market for livestock products, particularly goat meat, from Ethiopia. The primary destinations include Middle Eastern and Gulf State nations.

An applied research project entitled “Improving Pastoral Risk Management on East African Rangelands” (e.g., PARIMA) was established in 1997 and has operated in southern Ethiopia and northern Kenya under the auspices of the Global Livestock Collaborative Research Support Program (GL-CRSP). An outreach and action research unit of PARIMA was added for southern Ethiopia as funded by the Ethiopian USAID Mission starting in 2000. One goal of the outreach unit was to use a participatory approach to help pastoral communities more rapidly identify appropriate interventions that could improve pastoral risk management processes (i.e., income and asset diversification) and mitigate poverty. In this process, long-term partnerships were formed with PARIMA that included local communities, non-governmental agencies such as Action for Development (AFD), and government agencies such as the Oromia Rural and Pastoral Development Offices (RPDO) and the Cooperative Promotion Offices (CPO). The key role of PARIMA outreach became one of acting as a catalyst for positive change.

A focal point for the outreach activity has been the formation of sustainable, community-based, self-help groups. Community pilot projects were initiated based on problem diagnosis using participatory rural appraisal. The PRAs resulted in community action plans (CAPs) that

focused on interventions that communities were able and willing to undertake in partnership with a development agent, with a focus on limited external resources and local sustainability (Desta et al., 2004).

The CAPs revealed commonalities in that the communities fundamentally wanted to diversify their livelihoods to increase incomes. The main form of intervention for the CAPs has been community capacity-building, achieved through a combination of non-formal education to improve literacy and arithmetic skills to the first grade level (Tezera et al., 2003) as well as specialty training in the management of savings and credit associations, micro-enterprise development, and group leadership dynamics (Desta et al., 2004). Participants were then encouraged to create personal or group business plans and embark on small-scale entrepreneurial activities using loans from their newly formed savings and credit associations. Once a community pilot project was underway, a long-term monitoring system was employed whereby problems could be discovered and corrective measures taken. As of April 2005 there were 10 community pilot projects that incorporated 59 savings and credit groups with 1.7 million Ethiopian Birr (8.65 Birr equal US\$1.00) saved in financial capital. It is these savings and credit groups that have provided the core organizational unit for livestock marketing.

As the community pilot projects matured, they quickly expressed interest in livestock marketing and PARIMA helped them explore the most appropriate marketing options. As a result the PARIMA project, in partnership with communities and several governmental and non-governmental agencies, embarked on a process to build a new livestock marketing chain originating from the southern rangelands—700 km south of Addis Ababa—that would take advantage of national and international marketing opportunities.

Starting in 2003, therefore, pastoralists from the pilot projects, policy makers, and leaders of the livestock export industry were linked together in a series of field tours, workshops, and seminars. Our linkage activities were conducted in close collaboration with selected pastoral communities as well as with partners such as AFD, the African Union/Inter-African Bureau for Animal Resources (AU-IBAR), the Oromia Pastoral Area Development Commission (OPADC), the Ethiopian Livestock and Fisheries Marketing Department (LFMD), the Oromia Rural and Agricultural Development Bureau (ORADB), the Oromia Cooperative Promotion Commission (OCPC), and the Ethiopian Livestock Exporters Association (ELEA). Our observations suggested that the marketed number of small ruminants from southern Ethiopia markedly surged during 2004-5 in response to market chain development.

Research Objective and Key Questions

The main objective of this research was to provide preliminary documentation of the responses that occurred when a new livestock marketing chain was created in southern Ethiopia. It was also intended to observe effects of human capacity building for pastoralists to respond to new opportunities to improve their livelihoods. The key research questions included: (1) Would the pastoral marketing groups positively respond to meet demand?; (2) If the pastoral marketing groups positively responded, would this occur because the groups sold more animals that they owned, or because they sold animals that they obtained through trading activity?; and (3) What would be the major constraints that could undermine the creation and sustainability of the new marketing chain?

Findings

Educating Pastoralists about Livestock Export Marketing

We thought that pastoralists in southern Ethiopia, in general, had a very limited knowledge of emerging livestock export markets as well as an under-appreciation of the potential role that judicious livestock marketing could play in strengthening their livelihoods. Indicators of this situation included the remote location of the Borana Plateau, a pervasive lack of formal education among pastoralists, and very limited economic engagement of pastoralists with local urban centers (Desta and Coppock, 2004).

Thus, as an initial step, communication among pastoral groups and potential livestock buyers was facilitated. For example, a three-day educational tour sponsored by PARIMA was held during January 2003 for pastoral leaders (male and female) selected from among three of the pilot projects and the recently established cooperative. The tour members visited export abattoirs in Modjo and Debre Zeit towns, some 600 km north of the Borana Plateau in central Ethiopia. The pastoral leaders, for the most part, had never traveled outside the southern rangelands before. The tour was the first of its kind.

A similar, but larger and more extensive tour co-sponsored by AU-IBAR and PARIMA, was carried out over six days in September 2003 as a follow-up. Twenty-seven pastoral leaders participated, this time including elders and local development agents in addition to representatives from the pilot projects and the cooperative. The pastoral participants, overall, were selected based on their potential to serve as community mentors and role models to increase the chance they could pass knowledge on to others. Sites visited in the second tour included abattoirs at Modjo and Debre Zeit, the Shoa Tannery, the LFMD main office in Addis Ababa, and even Bole International Airport from where livestock products are commonly shipped by air.

In sum, the two tours allowed the pastoralists to better grasp what an export market network entails and exposed them to various events along a marketing chain from production and processing to final sale of a wide variety of products. The tour members learned about required quality, size, and health criteria that export markets demand, associations between grading and pricing, and the growing demand for specific grades of small ruminants for export. Following the tour the participants held meeting with export enterprise owners and managers to discuss on marketing opportunities and constraints to mobiles supplies from the rangelands. The pastoralists, ELEA, LFMD, OPADC, AFD, and PARIMA attended the meeting. The discussion focused on issues affecting efficiency in the flow of livestock from the Ethiopian rangelands to processing centers in the Ethiopian highlands. The discussion also focused on mutually agreeable means to create a sustainable marketing chain. All parties expressed their views and explained the problems they have had for many years. The major concerns of the pastoralists revolved around basic issues such as the long distances to markets, the lack of competitive market outlets other than the Moyale market in Kenya, their lack of knowledge and skills in marketing, the lack of access to market information, and the lack of funds to capitalize livestock trading. On the other hand, the exporters complained about inadequacy of supply in terms of the low numbers of animals from pastoral areas, the poor quality and health of these animals, and the great irregularity in animals marketed that have undermined competitiveness of Ethiopia in export markets. The exporters also mentioned that all five major abattoirs in Ethiopia were operating far below processing

capacity, although demand for their products abroad (particularly for small ruminants) was growing. The group concluded overall that one missing entity has been a working intermediary or linkage that could help enhance livestock marketing functions. Linking producers and buyers directly in a marketing chain, and enabling pastoralists to eventually manage some marketing functions themselves, could put all parties in a stronger position. Unless pastoralists are organized to handle some of the market functions in the value chain, however, a large proportion of the profit will continue to primarily benefit middlemen, who tend to be urban-based traders. The tours and the meetings gave pastoralists ideas on how best to position themselves with respect to the livestock marketing industry and how to sustain themselves in terms of business performance.

Educating Policy Makers and Livestock Exporters about Pastoralism

As a follow-up to the tours and meetings described above, partners coordinated the first tour for policy makers and owners/managers of livestock export enterprises to the Borana Plateau, also co-sponsored by AU-IBAR and PARIMA. This occurred during September 2003. This tour involved 20 participants including a top federal decision-maker as well as leaders of major trade corporations and animal industry from both the private and public sectors. The field tour was conducted over a week and was immediately followed by local meetings with pastoral community representatives in the town of Yabelo. During this tour the political and business leaders traveled extensively and visited various sites. They held discussions with local government officials, members of the pilot projects and the cooperative, and other interested parties. This tour helped the political and business leaders better understand pastoral livelihoods as well as the livestock production potential of the southern rangelands.

The political and business leaders acknowledged the livestock production potential of the rangelands, but reiterated major concerns focused on the poor quality and ill-health of animals in relation to international market standards. The need to invest in extension to help pastoralists improve animal quality and health was considered to be an urgent matter, and this was seen as a joint responsibility of the private and public sectors. It was also noted that marketing enterprises must work to assist pastoralists with voluntary animal off-take to help mitigate large capital losses of stock associated with drought.

Revolving Funds to Capitalize Livestock Trading

Lack of access to funds to capitalize trading and insufficient connections with livestock buyers had both been mentioned by pastoralists as key bottlenecks limiting more active involvement by pastoralists in livestock markets. To increase the access to capital, AFD—in collaboration with LFMD and PARIMA—developed a livestock-marketing proposal and submitted it to AU-IBAR for funding consideration in 2003. It was eventually funded.

The AU-IBAR provided about US\$ 36,000 for ten of the 59 savings and credit groups as well as the cooperative. Funds were provided as interest-free loans to establish 11 revolving funds. Funds would allow these groups to purchase stock to be sold to the exporters. Note that these funds are not to be confused with the 1.7 million Birr associated with different savings and credit activities that were previously described.

Outcomes of Intervention

Livestock supply. Following the various meetings, drafting of provisional agreements among pastoral groups, government, and private exporters, as well as loan disbursement from AU-IBAR, the 10 savings and credit groups, as well as members of the cooperative, actively engaged in small-ruminant sales to exporters. Four exporters began to operate in southern Ethiopia by late 2003, namely firms known as ELFORA, LUNA, MODJO, and SAFI.

All of the 10 pastoral groups and the cooperative appear to have been capable managers of their small-ruminant trading activities. Over 45,000 head of goats and sheep were sold by the 11 entities over 12-24 months to two of the exporters. Summary statistics are shown in Table 1. Three of the savings and credit groups managed largely by women were among the top performers overall. The cooperative, however, has been the outstanding performer to-date in terms of sales volume and profit. This may be partially due to the fact that the cooperative has had the longest period of marketing activity.

Table 1. Summary statistics for small ruminant marketing by pastoralists in the southern Ethiopian rangelands for 2004-5¹.

Project	Number of Members	Amount of Loan (Birr)	Head Sold as of June 2005	Purchasing Enterprise	Month Trade Started
Groups A-E ²	107	172,500	1,300	LUNA	October 2003
Group F	35	23,000	500	LUNA	March 2004
Group G	21	23,000	8,776	LUNA	February 2004
Group H	36	23,000	1,041	ELFORA	February 2004
Group I	35	23,000	9,648	ELFORA	February 2004
Group J	21	23,000	2,360	ELFORA	February 2004
Cooperative	40	23,000	21,905	LUNA	September 2003
Total	295	310,500	45,530	LUNA/ELFORA	September 2003

¹Figures are only estimates because written records are probably incomplete. Some groups were also reluctant to provide exact figures. Marketing activity is still on-going.

²Names of groups and the cooperative have been withheld for confidentiality.

The members of the savings and credit groups tend to be poorer than the average pastoral household in terms of livestock assets (S. Tezera, unpublished data). Group members confirmed in interviews that they searched extensively in northern Kenya and southern Ethiopia for suitable stock to sell to the exporters. Our calculations suggest that the overall market catchment area to date has been about 57,000 km². The overall pattern clearly indicates that trading has been the major factor in the livestock marketing.

The market response from the 10 groups and the cooperative is only a small part of a larger picture for livestock marketing in southern Ethiopia during the past few years. Statistics from LUNA (Ato Tesfaledet Hagos, owner/manager of LUNA, personal communication) illustrate the dynamic nature of small ruminant export—the figures he provided were for dressed and chilled carcasses of sheep and goats combined. For example, LUNA exported 49,800 dressed carcasses in 2003, and this grew to 241,209 dressed carcasses for 2004. The first quarter of 2005 exhibited a similar magnitude to that for 2004

with 77,662 dressed carcasses shipped. The grand total for the 27 months has been 368,671 dressed carcasses. From 85 to 90 percent of this supply was collected from the Borana Plateau and Guji lowlands (Ato Tesfaledet Hagos, personal communication).

Table 2 provides annual export statistics for Ethiopia concerning all chilled meats and meat by-products for 2004. Chilled goat meat heavily dominated these exports. Five countries imported chilled goat meat and mutton, with the Gulf States of Saudi Arabia and United Arab Emirates being the largest recipients. The annual chilled meat export total from small ruminants was 6,378.82 MT, and thus LUNA supplied about 30 percent of this volume assuming an average dressed carcass weight of 8 kg (Ato Belachew Hurrissa; Head, LFMD; personal communication). This annual meat export figure for 2004 is 3.3-times the four-year average for Ethiopian exports of chilled goat meat and mutton during 1996 to 2000 (Aklilu et al., 2002). This illustrates the dynamic nature of export flows.

Table 2. Summary statistics (metric tons) for volume of export marketing of chilled meats and offal (meat by-products) for Ethiopia for calendar 2004¹.

Type of Meat	Export Destination						Statistics	
	Saudi Arabia	U.A.E.	Yemen	Qatar	Cote d'Ivoire	Congo-Brazzaville	Total	%
Chilled Mutton	251.81	77.95	23.27	--	--	1.20	354.23	5.4
Chilled Goat Meat	2,822.82	3,120.65	75.12	--	24.00	--	6,024.59	91.6
Chilled Beef/Veal	7.90	80.82	24.12	1.10	--	5.90	119.84	1.8
Chilled Camel Meat	61.80	--	--	--	--	--	61.8	0.9
Red Offal	7.91	9.03	4.67	--	--	0.34	21.95	0.3
Total	3,152.24	3,288.45	127.18	1.10	24.00	7.44	6,600.41	--
%	47.8	49.8	1.9	--	0.4	0.1	--	100.00

¹Source: Ethiopian Livestock and Fisheries Marketing Department, unpublished data.

Table 3 provides export statistics for small ruminant meat from Ethiopia according to compilations by FAO (1993-2003) and LFMD (2004). These figures illustrate the very high degree of inter-annual variation in traded volume, both within and across species. High annual volumes in recent years are especially apparent for mutton and lamb (2003) and goat meat (2003-4), confirming that export market options for Ethiopia have recently expanded. It is also important to note, however, that these figures do not include "unofficial" transactions. Large numbers of Ethiopian animals are unofficially traded to Gulf States via Somaliland and Djibouti, for example. This complicates making accurate inter-annual comparisons and depicting actual trends.

Table 3. Volume (MT) of small ruminant meat exports from Ethiopia, 1993-2004.¹

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

¹ Data for 1993-2003 are from FAO statistics. Data for 2004 are unpublished statistics from the Ethiopian LFMD.

Competition among buyers and need for contractual agreements. Competition among livestock buyers occurred in southern Ethiopia during 2004. Observations made in the towns of Yabello, Negele, and Moyale-Ethiopia indicate that prices briefly went from Eth. Birr 3.50 to Eth. Birr 5.50 per kg live weight during mid-year (Desta et al., unpubl. data). Buyers appeared quick, however, to react to ascending prices. They collaborated through the ELEA and set a price ceiling. The price subsequently dropped to Eth. Birr 4.50 per kg live weight for the next few months and then descended to Eth. Birr 4.00 per kg live weight. The ending price for September 2005 was Eth. Birr 4.00 per kilogram live weight (Desta et al., unpubl. data).

The pastoral savings and credit groups and the cooperative were weak in bargaining for higher prices and they had to accept what the major buyers offered. The need for local traders and pastoral groups to organize themselves into a larger marketing association or cooperative union is evident. This move could give them a better negotiating position.

As the marketing involvements (and risks) have recently grown, there is also a need for legally binding contracts among pastoral groups and exporters. There have been recent complaints on the failure of one or the other to meet verbal commitments. A contractual agreement between pastoral suppliers and buyers such as ELFORA and LUNA was recently prepared and signed by concerned parties. The contractual agreement has clearly stipulated the responsibilities of each party as well as procedures to settle disputes.

Future plans. The experience that the pastoral savings and credit groups and the cooperative have gained in the past year has inspired them to also engage in cattle and camel trading. They desire to widen their business horizons outside of livestock as well. Community leaders have asked the exporters to help them find domestic and export markets for cattle and camels.

Most of our informants indicate that they regret that they had not engaged themselves in more effective livestock marketing in the past; many say they now want to “work hard to

catch up.” Almost all of these community groups reportedly invest a portion of the profits they earn from sales of small livestock into their marketing business so that they can try to remain competitive against local, urban-based traders. Another portion of the profits is reportedly channeled back into their savings (S. Tezera, unpublished data). All community groups have plans to use their revenues to establish new, non-livestock enterprises that can allow them to further diversify their livelihoods. Various savings and credit groups have ambitious plans to construct offices, shops, grain stores, and lodging facilities. Others hope to be able to purchase a lorry and supply livestock directly to export abattoirs in the highlands. They say they would carry grain, consumer goods, and passengers on the return trip. All of the savings and credit groups want to graduate into formally recognized livestock marketing cooperatives, and later into a cooperative union, so they can expand their market share and be a formidable force in the value chain in the domestic as well as export market.

The major exporters, in turn, have raised their profile in the southern rangelands. They continue to regularly buy animals and have established local purchasing offices. Some have shown a tendency to try and improve the awareness and capacity of pastoral communities so they can supply higher quality and healthier animals in a more reliable manner. There have been cases where exporters have recently extended working capital to promising groups and provided cash incentives to those who meet supply targets. For example, LUNA advanced Ethiopian Birr 10,000, along with a cash award of Ethiopian Birr 5,000, to the cooperative in appreciation of its outstanding performance.

Discussion

Creation of sustainable marketing chains linking pastoralists with major livestock buyers and processors are full of challenges. The effective integration of pastoral producers into the loop requires perseverance and provision of high-quality technical support and long-term mentoring. Many pastoralists have deep-rooted suspicions towards outsiders and this inhibits formation of marketing partnerships. Livestock exporters also commonly have negative attitudes towards pastoral areas and pastoralists. We believe that a pro-active approach focused on linking buyers and sellers in workshops and field tours has helped to change some of the negative attitudes and reduce a few risks of market involvement that were based on a lack of mutual awareness and mistrust. Establishing and maintaining trust among various actors is a major component of effective market development.

Despite the general progress that has been made in forging linkages among pastoral leaders, heads of exporting firms, and policy makers, the most serious obstacles for sustainable market development seem to occur at the “farm gate” level between pastoral producers and the field agents who purchase animals for the exporters. These problems are numerous. For example, many field agents prefer to make business deals with local, urban-based traders rather than with pastoral groups, as the latter tend to be less accessible or visible. Even if deals are agreed upon between field agents and pastoralists, the field agents have sometimes failed to make cash payments when animals are collected. Delay in the transfer of funds through local banks has also been a factor in this bottleneck—in some cases payments occurred over two weeks late (Aklilu, 2004). We have observed situations when sudden and unexpected downturns in purchase prices occurred, or an entire procurement was cancelled all together. This is often driven by export market dynamics and can quickly erode trust at the local level. Differential access of exporters and pastoral groups to market

information can leave the latter in a highly vulnerable situation. We have observed pastoral groups being left with unsold flocks that become vulnerable to rapid declines in body condition and an increased chance of mortality. The largest death loss in the past year was 36 per cent for a flock awaiting delivery near Yabelo (AFD, 2004). There have been still other instances where goats and sheep collected in Kenya were confiscated at the border when they tried to enter Ethiopia, with no apparent warning. In summary, these are all instances where pastoral groups are at a profound disadvantage compared to local, urban-based traders. Pastoral groups do not have the information access or financial connections to endure high-risk transactions and be effective competitors. Recent establishment of specific supply contracts between pastoral groups and some exporters may improve this situation, but these arrangements must be legally binding and actively enforced. This requires that pastoralists be able to tap into current market information to level the playing field between themselves and exporters and reduce risk.

There has been conflict between some of the established traders and the pastoral marketing groups. Some Borana traders perceived that the emerging pastoral groups were a competitive threat to their business. These traders reacted by sabotaging transactions between pastoral groups and exporters. The traders would collude with purchasing agents to disrupt payments, reject supplied animals, and delay animal collections. There were even efforts to create internal dissention and disinformation within the pastoral groups. These interactions constituted a critical challenge at the start of this initiative in 2003, but the pastoral groups have persevered.

Conclusions and Recommendations

The results observed to date from this initiative have been encouraging. Pastoral savings and credit groups have responded to the increased market demand for small ruminants and, in general, appear to have done a satisfactory job of managing their end of the process despite numerous challenges. We believe that efforts to provide some basic education and better information, as well as help to forge new relationships among buyers and sellers, have been beneficial to jump-start formation of this marketing chain. New opportunities have been created for income generation among pastoralists in southern Ethiopia as a result and pastoralists were quick to utilize the opportunity.

The pastoral groups may not have responded as effectively to market opportunity if major components of our “development package” had been missing. We expect that the observed response is related to investments in education, including training in basic literacy, arithmetic, small-business practices, and grass-roots savings and credit operations. Livestock trading is probably also facilitated by the provision of seed capital from AU-IBAR. The most successful groups seem to be led by people who display mutual trust and self-confidence, vital elements in any successful community project. We believe that building of human capacity and local institutions is critical to improve pastoral welfare via livestock marketing.

There has been a re-vitalization of the livestock export industry in Ethiopia. A decade of economic liberalization has gradually led to establishment of a private livestock processing and export capacity. New firms have aggressively exploited export market niches in recent years and made local investments in remote rangeland areas to promote pastoral involvement.

With this new export market there now may be an incentive for pastoralists to invest in improved animal productivity and health. Then there would be a greater need for extension to disseminate appropriate information to herders. The export industry could play a key role by rewarding pastoral groups that supply higher-quality animals with higher prices and by investing in improved pastoral production systems.

Establishing relationships based on trust and mutual benefit is essential to promote the long-term sustainability of marketing systems. Reliable partnerships among exporters and pastoralists could promote a more sustainable livestock supply over the longer term. We see the promotion of enforceable contracts as the most effective and transparent means to move forward and strengthen business relations. The export industry could also provide pastoral groups with appropriate technical and operational assistance to reduce some of the business risks, at least initially. This is because pastoral groups generally lack the financial reserves and business acumen to effectively compete with established traders. Another important and broader dimension of livestock market development is the proposed aggregation of pastoral savings and credit groups into legally recognized livestock marketing cooperatives, and then further consolidation of cooperatives into cooperative unions. Capacity building for the development of marketing cooperatives and cooperative unions could be a joint endeavor among pastoral communities, government, NGOs, and the livestock export industry. Traders can also be included in this mix. Finally, it is important to consolidate our diverse observations into a concise list of policy implications. These are as follows.

- First, investment in the education, training, and careful mentoring of (typically illiterate) pastoralists in rural finance and small business operations is essential;
- Second, seed capital is very important to stimulate larger-scale trading by pastoral groups;
- Third, trust must be built and maintained among livestock buyers and sellers. Enforceable contracts and other legal protections need to be provided;
- Fourth, provision of timely, accurate market information and facilitation of rapid cash payments could have large effects on reducing financial risks for pastoral producers, and this requires investment in improved telecommunication and banking systems;
- Fifth, international borders must be managed in a way to facilitate legitimate livestock trade; and
- Sixth, longer-term investment must be made in applied research, extension, and infrastructure to enhance the sustainable production of animals from rangelands that more reliably meet international export standards for carcass quality and health.

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