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Market Linkage between Community-Based Goat Breeding Cooperatives in Konso Woreda and Export Abattoirs

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Editing, design and layout—(Organization Name) …….

Cover photo—Caption (photo credit: Organization Name/Name of photographer).

ISBN: ……

Citation: Getachew Legesse, Aynalem Haile and Tesfaye Getachew, 2020. Market Linkage between Community-Based Goat Breeding Cooperatives in Konso Woreda and Export Abattoirs. ICARDA, Research Report, Addis Ababa, Ethiopia, ICARDA.

Contents

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1. Introduction

Small ruminant population of Ethiopia, including expert estimates of the pastoral areas, is about 66 million heads of which about 35 million is sheep (Negassa et al., 2011). Small ruminants provide about 46% of the national meat consumption and 58% of the value of hide and skin production (Awgichew et al., 1991). Small ruminants have many advantages over large ruminants for most smallholder farmers, including among others: less feed costs, quicker turnover, easy management and appropriate size at slaughter (Wilson, 1991; Abegaz, 2002; Donkin, 2005). They also suffer far less in mortality during periods of drought than large ruminants (Galal, 1983; Wilson, 1991). In addition, subsistence farmers prefer small ruminants as the risk of large ruminants dying and leaving them with nothing is too great (Sölkner et al., 1998).

Goats are the major sources of income for pastoralists and farmers to meet the immediate cash needs of the household. They also provide important source of animal protein (milk and meat) in pastoral areas. With the increased drought cycle and environmental degradation because of the effects of climate change, the pastoral community is expanding goat production as a means of adaptation strategy.

Ethiopia is home to genetically diverse goat populations that are widely distributed across ago-ecologies (Hassen et al., 2012, Mekuria 2016).

Community based small ruminants breeding program that has conducted some successful works on local sheep breeds (Gutu et a., 2015) is expanding to the major goat producing areas of Ethiopia targeting genetic improvement of the various indigenous breeds. This breeding program is a collaborative initiative between ICARDA, ILRI and National Research Institutes. It was started after detailed characterization of the production and marketing system in different agro-ecologies of the country (Gizaw 2010, Hassen et al., 2012). According to Mueller et al (2015), community based breeding programs are promising tools for livestock genetic improvement under smallholder tropical conditions. Improving the production and marketing of livestock including goats offers rural producers with an opportunity to market high value products to urban consumers (Delgado et al, 1999) and to support the national economy through export of meat. The increase in national and international demand for meat in general and the high demand for goat meat in the Middle east countries is a very good incentive for

efforts in genetic improvement to support increased goat production in Ethiopia in order to satisfy both the domestic and international demands.

Efforts in improving genetic performance through community based breeding programs will be sustainable if and only if genetic improvement and increased production is supported with efficient marketing system. Producers will be encouraged to sustainably increase production if they get good price for their animals and off-take increases over time. This in turn requires identifying marketing bottlenecks and creating strong market linkages. The purpose of this study is thus to identify important challenges for goat marketing in Konso area and create market linkage between goat producers and major consumers.

Objective

The major objective of this study is to identify challenges in marketing of small ruminant and develop methodologies for linking producers to lucrative markets for Konso goat producers.

2. Methodology

Creating a feasible market linkage between producers and various consumers requires understanding the different factors affecting the nature of demand and supply of products. We tried to understand the characteristics and potential of goat producers in order to create market linkage between producers and export abattoirs. We made rapid assessment of the marketing situation to identify the major constrains in the marketing system. For this purpose, we used participatory rapid market assessment tools such as focus group discussions, key informant interviews, informal discussions and observation of community practices. Key informant interviews were made with government officials in the Meat and Dairy Industry Development Institute, woreda officials (administrators, office of livestock and fish, cooperatives promotion agency and offices of industry and trade promotion) export abattoirs, big and small traders supplying animals to export abattoirs, collectors, goat breeding cooperative leaders and members (goat producers). Focus group discussion was made with members of Baide Goat Breeding Cooperative. We observed the market infrastructure and goat marketing practices in Konso area. Informal discussion was made with different actors including collectors, transporters and tax collectors.

3. Results

3.1. Challenges Identified in Konso Goat Value Chain

3.1.1. Gap in understanding consumers behavior

There are variations in demand for goats due to difference in the characteristics of consumers and the purpose for which they need the animals. For instance, export abattoirs need young, uncastrated male goats with 13-25 kg live body weight. These animals should not be skinny and they need to be healthy and have good body condition. On the other hand, domestic consumers usually need fattened goats with larger body condition. Hotels on the other hand need ewes that have larger dressing percentage and are cheaper in price. Producers need young female goats for breeding purposes. There is also increasing demand for selected breeding bucks in different parts of the country. Understanding behavior of these different buyers enables producers to target their animals to different buyers at different times of the year.

3.1.2. Seasonality of demand in the local market

Livestock marketing in Ethiopia is characterized by seasonality of both demand and supply of products (Legese et al, 2008; and Legese and Fadiga, 2014). There are seasonal variations in the demand for small ruminants in general and goats in particular. The demand for animals among domestic consumers increases during certain festival seasons (New-year, Christmas, Easter and Ramadan). This means producers have to wait for such seasonal pick demand seasons in order to get better prices. However, pastoralists, agro-pastoralists and farmers raise small ruminants to sell them to meet their immediate cash need and may not be able to wait for such pick demand seasons. In other words, producers need access to good market opportunities all over the year.

3.1.3. Shortage of export quality animals in the market

The number of export abattoirs has more than doubled (increased from 7 to 14) in the last five years. These abattoirs have an installed capacity to produce over 87,000 tones of meat a year but the maximum achieved production volume so far is only 18,000 tones a year mainly because of shortage of sufficient number of export quality animals. The government of Ethiopia is pushing hard the meat exporters to increase their export volume. This is a year round market opportunity for small ruminants producers.

3.1.4. Reliance of export abattoirs on low-land goats

As per our discussions with export abattoirs, 80-90% of their slaughter animals are goats that originate from lowlands. There is huge domestic demand for animals in the highland markets and export abattoirs cannot successfully compete with domestic consumers in the highlands due to high prices especially during festival seasons. As a result, they rely on low land markets.

3.1.5. Low level or no awareness about efforts of breed improvement

Efforts of community-based breeding programs to improve the performance of indigenous sheep and goat breeds is not widely known among non-producers. Promotion of the efforts made in genetic improvement may create a good opportunity for farmers engaged in community based breeding programs in terms of price and all year round market for their animals. Since obtaining good quality slaughter animals is a plus for exporters, this might create a win-win situation between producers and consumers.

3.1.6. Complaints of darkening color of Konso goats meat

According to our discussions with export abattoirs and traders supplying slaughter animals to export abattoirs, there are complaints of darkening of the meat color of animals sourced from Konso area. This needs focused interventions to do test slaughters and verify whether this allegation is true.

3.1.7. **Long marketing chain** between producers and final product consumers in live goat value chain and spread of the marketing margin among large number of actors along the value chain

Animals change over four hands until they reach the final consumer. When animals go through the different actors, each actor has to get margins and the final price that consumers pay for a given animal become high. This makes consumption of goat meat by the domestic consumers unaffordable and also escalates the price of slaughter animals to export abattoirs. This means, meat exporters become less competitive due to high domestic prices limiting the growth of export volume and eventually affecting demand for animals and income of producers.

3.1.8. Low level of experience of goat producers and their cooperatives in selling their animals to export abattoirs:

Goat producers often sell their animals to collectors after which the animal may change three hands to arrive the export abattoir. Selling animals to export abattoirs involves collecting animals (bulking) and transporting at least a truckload of animals to abattoirs, which may cause risks of body weight loss and mortality. Producers and their cooperatives have a problem in taking these risks and becoming successful to reap the benefits which they could have obtained from their products. In order to increase producer's margin, it is essential to build the capacity of producers not only in breeding animals but also linking them with actors in the upper end of the value chain (destination of their animals).

3.1.9. Focus on breeding program relying only on sales of the breeding bucks:

The breeding cooperatives in Konso area focus only on production of breeding bucks that fetch them premium prices. Marketing of non-breeding bucks is not given due attention. However, not all bucks are selected for breeding and culled animals from the breeding system need to be sold at better prices all over the year in order to encourage farmers in the breeding program.

3.1.10. Low price of the breeding bucks

As per the discussions held with members and management of Baide Community Based Goat Breeding Cooperative, breeding bucks are sold at premium prices. However, this price was no more an attractive price by the time we made rapid assessment. There is a need to revise prices of breeding bucks bi-annually or so. This is mainly because the price of non-breeding animals is rapidly increasing and it approaches the price of the breeding bucks. In order to keep the breeders motivated, the price difference between breeding and non-breeding animals should be large enough to encourage those involved in the breeding program.

3.1.11. Lack of minimum weight at which animals will be sold for breeding purposes

As indicated above, extra breeding bucks there are not required for service in the breeding cooperative/group are sold to outsiders at premium prices. However, the cooperatives do not have minimum weight below which the bucks will not be sold. Taking this as an advantage, buyers always go for smaller size bucks in order to get selected breeding bucks at lower prices. This is a loss for the breeding cooperative/group. Fixing the floor selling weight for selected breeding bucks increases the profitability of the breeding cooperatives and makes membership in such cooperatives attractive and rewarding.

3.2. Efforts made to create market linkage between community-based goat breeding cooperatives and export abattoirs

3.2.1. Discussions with EMDIDI

The Ethiopia Meat and Dairy Industry Development Institute is working closely with the export abattoirs and livestock traders. The institute is working on alleviation of the marketing bottlenecks along the value chain in order to increase the meat export performance of the country. With the recent increase in the number of export abattoirs and the problem of supply shortage of slaughter animals, EMDIDIDI has made rapid market assessment in the source markets and tried to take measures to resolve the problems observed during the rapid assessment. The institute made a visit to Konso markets and understood their supply potential. According to the discussions we made with a senior official of EMDIDI, the new abattoirs such as Alana showed interest to establish goat ranches in Konso area and they also have purchasing agents in these markets. In this regard, EMDIDI has been supporting Alana and other abattoirs to set up strong market linkages with suppliers in Konso markets and was considering supporting them in establishing ranches in these areas. The institute initiated carcass based marketing between live goat suppliers and export abattoirs in order to overcome problems of over feeding and watering animals at the time of handing over to the abattoir and transform the marketing system into more transparent system that benefits both buyers and sellers.

3.2.2. Market assessment

Rapid market assessment was made in Konso market in order to understand the characteristics of goat market in Konso area. Accordingly, we understood that producers sell their animals to collectors that wait them on their way to the market. Such collectors sell to small traders that keep the animal for a number of days expecting weight gain and hand them over to big traders that supply animals to export abattoirs. Goats supplied to export abattoirs from this area are collected from Konso woreda and markets far from Konso. The major markets supplying goats to Konso traders are: Key Afer, Turmi, Weyto, Dimaka, Erbore, Ale, Fasha, Kolome, Kalaya, Gato, Turo, Dimago, Teltele, Segen and South Omo. The big traders that supply animals to export abattoirs indicated that goats supplied from Konso markets are considered as second grade animals next to those supplied from Borena markets. The price for Konso goats is also lower than the price of Borena goats. When supply is plenty, export abattoirs give priority to Borena goats.

3.2.3. Market linkage

Based on information obtained from EMDIDI and traders, we made extensive discussions with Alana export abattoir. This was with the intention to making their huge demand for slaughter animals and their increasing market share. As expected, the Alana management showed us the interest to absorb animals collected from community based goat breeding cooperatives in Konso woreda. They were very happy with the efforts of community based goat breeding program and they agreed to dedicate their live animal transportation trucks to collect animals from Konso markets. The Alana management also explained the problem of darkening meat of Konso goats and they agreed to make test slaughters to identify if this is really the problem with Konso goats. They also expressed their willingness and determination to develop 'premium Konso goat meat' after making test slaughters and introducing meat produced from Konso goats to their customers in different countries. Taking these as background and communicating with experts in Konso district livestock development agency and cooperative leaders, we agreed with Alana export abattoir to work towards supply of at least one truckload of animals every other week from community-based goat breeding cooperatives.

The first attempt in supply of animals from community-based breeding programs was through collection of animals by the cooperative leaders and handing over the animals to the agents of the abattoir at Konso market. This was not possible because the agent for the export abattoir was not willing to cooperate with this initiative. He rather considered the initiative as something we were doing against the live animal business in the area. We also understood that collecting animals at farm gate from farmers and sending them the sells proceeds to farmers after the animal is slaughtered (because transaction with the abattoir is on carcass weight basis) is accompanied with other complications. This is mainly associated with problem of accounting the weight loss and mortality during transportation. Each farmer expects the value of her/his animal based on the live weight taken at the farm gate and it is extremely difficult to convince the weight loss and mortality issue. As a result, it was necessary either to enable the cooperative to buy animals from its members and do the business with the abattoir taking all the risks involved in the process. However, the breeding cooperatives were not in a position to jump into such a business at the time of our intervention. The other option was to link the cooperatives with selected big traders that buy-in the idea of product development and cooperate with the initiative. Accordingly, we convinced one trader and he agreed to buy animals from the breeding cooperatives and supply these animals to the abattoir without mixing them with animals from other locations. The idea was communicated to the cooperatives,

woreda officials and the export abattoir. According to the agreement, the cooperative leaders and enumerators will help in collecting animals and the trader buys the animals going to the cooperative site. However, this could not happen because of lack of coordination between the researchers involved in the breeding program, the cooperative leadership and the enumerators. The first excuse was that timely selection of breeding animals was not carried out and it was not possible to identify and sell non-breeding male goats to traders. We pushed the researchers to speed up the process and selection was carried out after some delays. However, the transaction did not happen to realize even after selection was done. In order to understand the real problem, we organized a consultation forum involving the cooperative members and leaders, the trader, researchers and woreda officials. After thorough discussion on the consultation forum, we realized that there was a conflict between the cooperative leaders and the enumerators due to issues related to mismanagement of the cooperative finance. The woreda cooperative promotion experts and all concerned bodies involved in the discussion tried to resolve the issue and all parties agreed to proceed with the intended market linkage (supply of animals). We identified next action points and expected the kickoff of the transaction between the cooperatives and the traders. Despite all the efforts and our expectation, there was no transaction between the two parties. As a result, we tried the linkage between the trader another cooperative. This time, the transaction started after some dialogue with the trader. However, the trader reported that animals supplied to him were collected from the market and this does not meet the intended objective of test slaughter at Alana. We had to sort out the problem and proceed with next solutions.

4. Continued effort to kick start the market linkage operation

With the intention of re-initiating the market linkage effort, a meeting was held with Allana General manger in February 2021. The purpose of the meeting was to discuss on the challenges encountered throughout the last efforts made to create market linkage between Allana export abattoir and members of Kunso community-based goat breeding program. In this meeting, the manager of Allana group in Ethiopia, Mr. Kelifa indicated the continued commitment of Allana group in promoting Konso goat meat and suggested focusing on the following issues:

i. Identify pick demand seasons in the destination markets: Since there is very high demand in destination markets for meat during Ramadan and Arafa seasons demand for live animals also rises during this season. Linking the producer cooperatives to the

traders that supply to export abattoirs will not be a problem in such seasons. The dark meat color becomes an issue only when export abattoirs do not have large order from their buyers and competition is very low in domestic markets for live animals.

ii. Think of the days of the month when you plan for market linkage. The first two weeks of the month are times when consumers have money in pocket and are able to buy meat. This means, export abattoirs get big orders from their buyers and they will be in high demand for live goats. Since similar trends are observed with all export abattoirs, there will be higher competition for animals in such times.

iii. Work with some traders in the local market. Establishment of direct market linkages between cooperatives and slaughter houses is not necessarily the best way. In most cases, links through traders/ middlemen is mandatory as the market may not properly function without such influential people.

iv. Think of credit schemes for goat producers that want to sell their animals for immediate cash need at times when demand is low.

v. Work on awareness creation and training of actors in the supply chain.

vi. Think of some incentives for local traders that can buy goats from breeding cooperative members and separately supply them to Allana. Incentives will be indirect support to cooperative members that supply non-breeding bucks of their own to traders. This initiative should not encourage collection of animals from the market since the objective is to test the quality of animals supplied from the breeding program.

5. Conclusion and way forward

In general, the process of market linkage took a long time and was not finalized. We understood that there is lack of awareness on the operation of the export market chain. There is also lack of trust among the cooperative members and their leaders, the cooperative leaders and the enumerators, the cooperatives and the traders, and the researchers and traders. We also observed that enumerators themselves want to act as collects. There is a need to work on awareness/training on the market operation. This may also help in developing trust among the different actors. ICARDA and Allana have agreed to start test marketing as soon as possible to see how the whole operation works.

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Annex 1: Persons contacted for the market assessment and linkage

S.N.	Name	Affiliation
1	Ato Kelifa Hussein	Deputy Director for investment and technology support, EMDIDI
2	Ato Soke Gelabo	Collector
3	Ato Ayele Kensite	Collector
4	Ato Awoke Dinote	Collector
5	Ato Worku	Collector
6	Ato Alemayehu Admasu	Big trader supplying animals to abattoirs
7	Ato Kumlachew Hudeldo	Head, cooperative promotion office
8	Ato Yehualashet Gudeya	Head, office of trade and industry
9	Ato Oda Atoma	Expert, office of trade and industry
10	Ato Simeon	Expert, office of trade and industry
11	Ato Geremew Ayano	Woreda administrator
12	Mesele Megersa	Enumerator, Baide cooperative
13	Kudado Degefu	Chairman, Baide cooperative
14	Kudado Gudelo	Deputy Cahirman, Baide cooperative
15	Hayote Hale	Secretary, Baide cooperative
16	Shagode Guita	Treasurer, Baide cooperative
17	Beyene Berisha	Member of Baide cooperative
18	Megersa Harmeta	Member of Baide cooperative
19	Kudado Binana	Member of Baide cooperative
20	Regassa Tukuro	Member of Baide cooperative
21	Shegote Finjao	Member of Baide cooperative

22	Bizunesh Kaltaito	Member of Baide cooperative
23	Sisay Dubeno	Member of Baide cooperative
24	Dr. Shirsh	Director, Alana export abattoir
25	Ato Gidey	Advisor, Alana
27	Dr. Nanda Kumar	Manager, Alana
29	Alemayehu Kusse	Big trader
30	Gehano soka	Expert, office of livestock and fish resource development
31	Dereje Jeni	Researcher, Arbaminch agri. Research center
32	Sidrak sintayehu	Researcher, Arbaminch agri. Research center
33	Dires Mulugeta	Expert, office of livestock and fish resource development
34	Gumataw Godele	Expert, office of livestock and fish resource development