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*Commercialization, Livelihoods and Wealth Disparity
in Pastoralist Areas of Ethiopia*



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Abbreviations

DFID	Department for International Development, UK
EB	Ethiopian birr
FIC	Feinstein International Centre
LIU	Livelihood Integration Unit
MoARD	Ministry of Agriculture and Rural Development
NBE	National Bank of Ethiopia
NGO	Non Governmental Organisation
ONLF	Ogaden National Liberation Front
OPDC	Oromia Pastoral Development Commission
PLI	Pastoralist Livelihoods Initiative
SCUK	Save the Children UK
SNNPR	Southern Nations, Nationalities and People's Region
SORDU	Southern Rangelands Development Unit
SPS-LMM	Sanitary and Phytosanitary – Livestock and Meat Marketing Project
STI	Southern Tier Initiative
TLU	Tropical Livestock Unit
UAE	United Arab Emirates
USAID	United States Agency for International Development

Summary

The issue of pastoralist vulnerability in Ethiopia, and how best to respond to it, remains a key development challenge. Different actors have different perspectives, but in more recent development debates, pastoral destitution and poverty are often attributed to conflict, climate change and weak governance. This report uses an alternative entry point to analyze pastoralist vulnerability, being the longstanding trend of commercialization of pastoral production and marketing systems and especially, export-orientated commercialization. While exports are generally viewed as beneficial by government and donors in terms of promoting national economic growth, less well known are the impacts of commercialization in pastoral areas and the extent to which growing markets and trade contribute to vulnerability. The report tries to answer these questions by focusing on two pastoralist areas of Ethiopia which are described as 'high export' areas. First, Somali Region has a long history of livestock exports, especially live animals channeled into the cross-border trade to Somaliland and Puntland, and then onwards to the Middle East. Dating back to 1920s or before, this trade is both robust and growing as demand for meat increases with urbanization, population growth and affluence in the Gulf. More recently, and with government support to formal meat exports, Borana pastoralist areas have been supplying increasing numbers of livestock to export abattoirs.

But who benefits from these trends, *specifically*, in pastoralist areas? The answer lies partly in an understanding of wealth stratification among pastoralists, and the differing strategies used by poorer and richer households to build and maintain financial capital i.e. livestock. In general, poorer households must prioritize the building of herds if they are to acquire sufficient numbers of animals to withstand shocks and droughts. This strategy, despite its inherent economic logic, also limits the extent to which they can or should sell animals. In contrast, richer herders are the main suppliers for livestock export markets. These herders already have sufficient animals to better survive drought, and have excess animals to sell. Furthermore, as wealthier households benefit from sales they also have greater capacity to control key land and water resources which directly or indirectly, has negative impacts on poorer herders. This is most evident when hitherto communal resources are 'privatized'. The sum outcome is an increasing asset gap and a gradual redistribution of livestock from poor to rich. This trend explains why these pastoral areas can export increasing numbers of livestock, but are also characterized by increasing levels of destitution. The report estimates annual increases in the number of wealthy pastoral households of around 2.5% (in line with average population growth), but increases in poor households of 4.1%.

Looking further afield to other pastoral areas of the world which have already commercialized, history indicates that in common with agricultural development generally, pastoralist commercialization involves the absorption of smaller units (herds) by bigger units (herds). In some countries, this trend was driven by growing industries such as oil and consequently, some pastoral 'drop outs' found employment in these industries or in the growing towns and cities which emerged as economies grew. Few of these people stayed in pastoralist areas, because of the limited non-livestock economic opportunities. When applied to the high export pastoralist areas of Ethiopia, this analysis raises important questions, not least because other than livestock rearing, there are few long-term economic options in these areas. At the same time, populations continue to grow.

Commercialization raises the bar for poor pastoralists, making it more difficult for them to build or sustain herds, or withstand drought. While some poor or destitution households can return to pastoralism, the majority will remain on the margins and ultimately, fall out of the system. Furthermore, commercialization cannot really be controlled. The drivers are market demands outside the region, and, many of the market systems, mechanisms and behaviours are informal or occur in the context of weak government systems and complex political economies.

Locally, commercialization and related trends in the private acquisition of natural resources, contributes to conflict. However, the livestock export trade is characterized by livestock movements over considerable distances, and these movements require cooperation between neighbouring clans and ethnic groups, and across borders. At another level then, commercialization can be viewed as contributing to peace. In terms of international conflicts, there is limited evidence to show that commercialization is an important driver of such conflicts, which have deep historical roots and relate mainly to political objectives.

Despite the importance of commercialization as a trend which can cause and reinforce pastoral vulnerability, it is a trend which seems to be understated or even absent from the policy narratives and related strategies of many government and donor actors. Where livestock marketing and exports are mentioned, it is always from a position of universal benefits. However, a rapid review of donor, NGO and UN strategies for the development of pastoral areas in Ethiopia indicated a general absence of evidence-based strategy. Similarly, in the area of livelihoods-based programming there is limited evidence available to inform good practice, and in some cases, a tendency to continue or scale-up approaches in the absence of evidence. Generally, experiences are more positive in the area of service provision with greater attention to impact assessment and evaluation before scaling-up.

The policy and institutional environment around pastoralism in Ethiopia is complex, and for example, can include trade-offs between economic and security strategies. Economically, the five-year Growth and Transformation Plan of 2010 is a possible entry point for revisiting the contribution of pastoral livestock to Ethiopia's national economic growth, because pastoral areas currently provide most of the livestock for formal meat and live animal exports. If pastoral areas are to expand this role, livestock production efficiencies will need to be examined and here, extensive mobile production outperforms other systems, such as ranching. There is a logical economic link between pastoral mobility, efficient production and livestock exports. This link has been recognized by regional economic bodies such as COMESA and IGAD, and is supported in their emerging policy frameworks for pastoral areas. Similarly, the new African Union *Policy Framework for Pastoralism in Africa* states the need to support economic growth through policy support to pastoral mobility, and emphasizes the adaptive nature of pastoralism, and its ecological and economic logic. With these regional policy frameworks in mind, and given the inherent regional nature of pastoralism in much of Ethiopia – including high export areas – pastoral policy and programming in Ethiopia should be better integrated with the policies of African regional organizations.

The report concludes by suggesting that government and donor analysis of pastoralism and the development of long-term development strategies should be based on a far better understanding of pastoral livelihoods. Central to such understanding is the role of commercialization, and in the face of the growing export trade, the options for assisting poorer and destitute pastoralists. The 'Moving Up, Moving Out' scenario shows why it is increasingly difficult for poorer herders to reach a higher wealth group. This trend, together with the limited non-livestock economic opportunities in pastoral areas, indicates that outmigration is an important policy option. However, outmigration as policy contrasts with current safety net and asset-building strategies, which may encourage destitute and poor households to stay in pastoral areas despite the economic trends. The rapid acceleration of efforts to improve education seems central to support livelihoods both in and out of these areas.

1. Introduction

Recent debates and policy narratives around rising pastoral vulnerability and destitution in the Horn of Africa tend to focus on environmental, demographic and climatic trends, real or otherwise, and are often set against the backdrops of humanitarian crises, droughts, conflict and weak governance. Although all of these factors and trends may be important, this report focuses on a relatively understated trend in pastoralist areas, being a gradual commercialization of pastoral livestock production in some of the most marginalized pastoralist areas of Ethiopia. This trend is either overlooked, or, increasing livestock trade is viewed as a ‘pro-poor’ or ‘pro-growth’ strategy with benefits being distributed evenly across pastoral areas.

This report focuses on trends in pastoral livestock commercialization in Ethiopia and the ideas behind the study were influenced by:

- A substantial body of research on extensive livestock production and pastoralism globally, dating back to the 1960s, and which describes processes of commercialization and how pastoralists respond to market opportunities. This research is pertinent because commonly, it describes processes of impoverishment and isolation of poorer herders, or, predicts future ‘pauperization’ of pastoralists who fall out or are forced out of an increasingly market-orientated system. Pastoralism survives, but only for those who stay in the system.
- More recent research in Ethiopia, Kenya and Sudan which examined the benefits of livestock exports by pastoral wealth group, and which concluded that donor and government support to the pastoral livestock export trade was a questionable ‘pro-poor’ strategy for pastoral areas, and could even contribute to increasing pastoral destitution (Aklilu and Catley, 2009).

During the last ten years or so, the focus of livestock development interventions in the Horn has shifted towards promoting livestock exports from pastoral areas. Donors such as the World Bank, African Development Bank, EU and USAID have financed various regional and country-specific programs with emphasis on supporting: the formulation of enabling policies, and related improvements in sanitary standards; construction of livestock markets and quarantine facilities; and market assessments in potential importing countries. These efforts were influenced by two interconnected theories. The first is based on the notion that in addition to natural factors (e.g. drought) and manmade causes (e.g. conflict), pastoral poverty is intrinsically linked to low access to livestock markets, so that pastoralists cannot sell animals as and when they wish. The second theory relates to the first. If domestic markets cannot absorb excess supplies from pastoral areas, then the solution lies with export markets. Export markets are seen as guaranteed market outlets for pastoralists, and also have the potential to generate foreign revenue for the countries involved – and the latter is often a major driver of national policy.

Although it is difficult to determine the impacts of donor or government investments in the livestock export trade, there has been an increased volume of exports from the region during the last five to seven years. This is especially the case for Somaliland, Djibouti and Ethiopia. However, at the same time no substantial improvements were evident in the livelihoods of poorer pastoralists. Even in the face of two droughts during this period, livestock exports remained robust, further indicating that the main beneficiaries of the trade were wealthier pastoralists (Aklilu and Catley, 2009). Furthermore, poorer households endure more hardship in the face of shocks such as livestock export bans, as wealthier herders redirect their livestock to domestic markets. In this situation, poorer households are less able to sell the few animals they rely on for cash and food.

These findings pose another challenge. If wealthier households benefit directly and disproportionately from commercial exports and if poorer households are impacted indirectly in cases of export bans, *does the commercialization of livestock trade leads to increased wealth stratification of pastoralists, and thereby contribute to pastoral destitution?*

1.1 Objectives

This study was based on four main research questions.

- To what extent is commercialization and livestock redistribution, from poor to wealthier households, a reality in pastoral areas of Ethiopia? How do trends vary by region?
- Where such trends are evident and given the problem of pastoral destitution, how do community leaders, religious leaders and others see the future of pastoralism? What are the livelihoods diversification options?
- To what extent are these issues understood by policy actors at different levels, in different organizations?
- What are the implications in terms of policy process and the development of long-term strategies and plans for pastoralist areas?

1.2 Methodology

The framework of this research used four conceptual approaches that focused on wealth stratification of pastoralists; marketing behavior of pastoralists; emerging trends arising from enhanced livestock export trade; and the extent to which these trends are understood by relevant actors. These conceptual approaches were intended to provide information on:

- The extent of pastoral wealth group differentiation;
- Pastoralist's marketing behavior by wealth group; who sells what? Which wealth groups depend more on livestock for their annual household income and food?
- Emerging trends of individuals or groups as they try to maximize the benefits from livestock exports; are these behaviours further aggravating pastoral wealth differentiation? Do they provide livestock and non-livestock based diversification options?
- The policy implications of the above trends - are relevant actors well informed of these developments?

Data on wealth stratification of pastoralists was obtained from SCUK for Somali Region (2004-2005 data) and from the Livelihood Integration Unit for Borana (LIU, 2008, reference year data from 2006-2007). Secondary sources were used for analyzing the marketing behavior of pastoralists drawing heavily on detailed studies carried out in southern Ethiopia and northern Kenya (e.g. Osterloh et al, 2003), and from previous work involving the analysis of livestock export benefits by pastoral wealth groups (Aklilu and Catley, 2009).

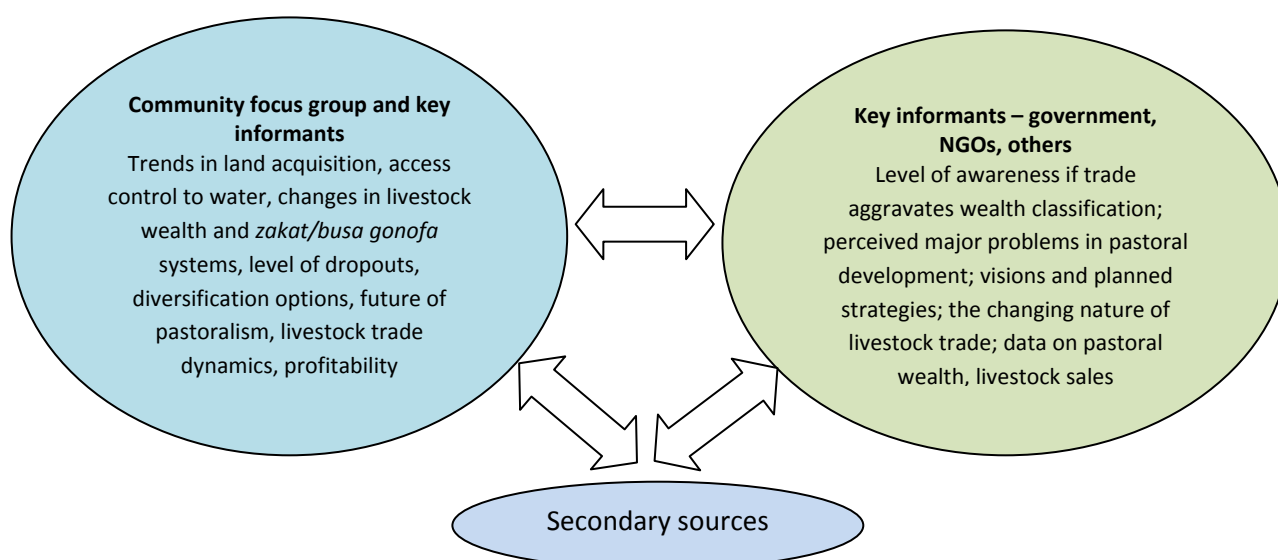
Primary data was collected through field trips to Borana (12 days in Borana and Guji zones) and the Somali Region (11 days in Jijiga, Harshin, Hartisheikh, Tog Wuchale, Babile and Shinile). Purposive sampling was used in selecting focus groups and key informants on the basis of historical knowledge (elder pastoralists focus groups) for recounting past and present trends; direct involvement in trade (livestock traders, middlemen, marketing cooperatives and unions, exporters' agents, livestock market administrators); and those closely associated with livestock market operations (market data collectors, regional agriculture/livestock bureaus, pastoral development offices).

Focus groups and key informant interviews were used to collect data on trends arising from exploiting the prevailing export market opportunities, their impacts on the future of pastoralism, and diversification options.

These informants included focus groups and key informants consisting of community elders, women trading groups, livestock marketing cooperatives and unions, livestock traders, market data collectors, a livestock market administrator, middlemen, an official in a livestock marketing company, exporters and their agents, and senior mosque sheiks. The second level of key informants included zonal and regional agricultural or livestock bureau staff, zonal and regional investment bureaus, relevant regional officials, senior MoARD and NGO staff in the field, academic institutions, a consulting company (involved in livestock trade) and private consultants (specializing in pastoral areas). These informants provided information *inter alia*, on livestock trade data, the changing nature of livestock trade, visions and strategies on pastoral area development including the extent to which they were aware of commercialization of livestock trade and related impacts. The findings from these two groups of informants were triangulated with relevant secondary sources (literature review) as needed.

To conduct a rapid review of donor, NGO and UN strategies for pastoral development in Ethiopia, we purposively selected 10 organizations with experience in Ethiopia pastoral areas and requested copies of their strategy documents or equivalent. Some agencies had been operational in these areas since the 1970s.

Schematic representation of methodology



1.3 Structure of the report

The report is structured into three main sections.

Section 2 provides general background information on cross-border livestock trade from Ethiopia, including cross-border exports from Somali and Borana areas, followed by indicative trends on formal exports from the country. This section also explains how demand is becoming the main driving factor for cross-border exports rather than ethnic affinity, trust or proximity. The section concludes by assessing the paradox of the apparent problems with pastoral livestock marketing systems as perceived by outsiders, compared to the realities on the ground that supports the efficiency of the system under the prevailing circumstances.

Section 3 begins by providing a simple account of the processes of change in demand driven livestock commercialization systems, followed by some detailed accounts of direct and indirect implications of commercialization on livestock trade. This section draws heavily from actual experiences unfolding in the

Somali Region and in Borana, with specific focus on land acquisition, control of water sources (e.g. through *birkeds*¹), and increased consumption of alcohol and chat. This section also provides:

- Insights into how wealth transfers from poorer to wealthier households take place through the control of critical resources.
- Data on livestock assets of different wealth groups of pastoralists to illustrate the level of disparity between poorer and wealthier households.
- A description of the perspectives of communities on asset depletion and future options, including perceived major risks and capacities in traditional support systems.
- A summary of the marketing behavior of pastoralists by their wealth status, thereby explaining why specific wealth groups benefit from livestock markets in different ways.

Section 4 describes perceived links between commercialization and destitution among policy actors, concluding with visions from regional officials for the future development of the pastoral community in the two study areas. This section also presents a rapid review of donor, NGO and UN strategies for pastoral development, and discusses the extent to which commercialization and related processes are considered.

Section 5 offers conclusions, and deals with policy and programming implications. The section explains how an initial entry point of commercialization leads to an understanding of increasing wealth gaps in pastoral areas and in turn, a need to revisit safety net and asset-building strategies.

2. Livestock exports from pastoral areas of Ethiopia: recent trends and issues

A physical proximity to neighbouring states with a high demand for livestock, and the non-engagement of the country in formal export markets for almost 30 years², positioned Ethiopia as the major cross-border livestock exporting country, unparalleled anywhere in Africa. Ethiopia's cross-border livestock exports are now directed to all its neighbours, principally to Somalia, Djibouti and Kenya, and more recently, to Sudan.³ While cross-border exports from Ethiopia into Kenya and Sudan are destined mainly for the domestic markets in those countries, Ethiopian exports to Djibouti, Somaliland and Puntland are mostly re-exported to the Middle East. The main cross-border livestock trade routes from Ethiopia are as follows:

- Sudan - cross-border livestock exports to Sudan originate mainly from Amhara Region, but also from Benishangul Region⁴ of Ethiopia;
- Djibouti - receives livestock mainly from Somali Region and to some extent, from Afar Region;

¹ *Birkeds* are locally-constructed water storage facilities, common in Somali pastoralist areas. Typically, they consist of an excavated area, often lined with concrete – a kind of in-ground cistern; they are filled by natural run-off of ground surface water following rainfall.

² This is roughly defined as the period from 1975-2005.

³ The Ethiopian cross-border trade to Sudan is becomingly increasingly important following the Darfur conflict, as the conflict reduced livestock supplies from Darfur for the domestic and export markets against a rising meat demand e.g. domestically, due to the oil industry in Sudan and growing affluence of Khartoum. For details see Young et al. (2004) and Aklilu (2006). The trade from Amhara Region is relatively formalized via the 'Metema-Gondar corridor', and livestock quarantine facilities at the border.

⁴ Some camels originating from Afar are also traded across the border into Sudan through Tigray.

- Somaliland and Puntland - Somali Region is the sole supplier of livestock to these areas;
- Kenya - supplies to Kenya originate mainly from Somali Region, Borana areas of Oromiya Region, and to a limited extent from SNNPR.

Clearly, the Somali Region of Ethiopia remains the major supply area for cross-border livestock exports, both in terms of volume and in the number of countries it serves. Borana is a distant second. This report focuses on these two pastoral groups because of their involvement in vibrant livestock trade, both past and present.

2.1 The growing trade: economic gains outweigh ethnicity and trust

The well-established cross-border livestock trade from Somali and Borana areas of Ethiopia is often explained by reference to ethnic affinity, proximity, trust, and the need to access essential commodities (e.g. Ahrens, 1998; PCI, 2005; Devereux, 2006). In addition - and despite evidence to the contrary - better prices in Kenya are also cited as the impetus for cross-border exports from Ethiopia to Kenya (Mahmoud, 2003). However, much of the cross-border livestock trade to Djibouti, Somalia and Kenya has been due to the absence of alternative markets in Ethiopia. Until recently, both Somali and Boran herders had little choice but to sell their livestock at the more accessible markets across the borders. Typically, the various driving factors for cross-border trade listed by many research papers are simply the extended functions of interdependency amongst market actors (as in all operational livestock markets) and as such, are subject to change accordingly to circumstance. Essentially, prices, profit-margins and demands outweigh issues of trust and proximity, and Somali and Boran pastoralists and herders have a history of exploiting new market opportunities. For example,

- In the 1980s the Ethiopian government livestock export agency purchased around half a million sheep and goats per year from Somali Region, through purchase arrangements that included partial payments with sugar – a precious local commodity at the time (Aklilu, 2006).
- Somalis currently supply most of the camels for the Ethiopian formal camel export trade, amounting to some 74,000 animals in 2009-2010.⁵ Around 80% of the camels sold at Babile market (in Oromia region) originate from Liban, Afder, Fik, Kebridehar and Gode in Somali Region, because of better market opportunities than in southern Somalia. Similarly, most of the camels sold in Moyale and to some extent in Negele markets, originate from northern Kenya and southern Somalia.
- Babile market has also become a major secondary market for sheep and goats originating from Somali Region, for formal Haj exports from Ethiopia. Similarly, in recent years, the Borans have been supplying the bulk of the sheep, goats and cattle to Ethiopia's export abattoirs and feedlot operators, for later formal export from Ethiopia.

These trends show that cross-border markets are increasingly driven by business interests, with ethnic factors becoming less important. Locally, producers may have some choice in terms of where they sell although their options can be limited in more remote areas e.g. due to issues of physical access and security. The most accessible local markets tend to be within clan areas. However, after animals have been sold in these local markets, our research indicates that pastoral producers do not really have much influence on the final destination of traded stock. The flow of trade of animals after purchase is determined by demand by market actors, after the animals have left their original owners. In the past, these actors directed the flow of animals towards Somalia and Kenya because there was no significant demand in Ethiopia for lowland livestock. As the demand has increased in Ethiopia, the flow of livestock is being reversed substantially from Borana and to a lesser extent from Somali Region, including from northern Kenya and southern Somalia (mainly camels, but

⁵ There is a common misperception that all camels exported formally from Ethiopia originate from Borana.

also includes smaller sheep and goats for abattoirs, from Kenya). The unprecedented level of export revenue collected from live animal and meat exports in Ethiopia in 2009-2010, amounting to US\$125 million, supports the notion that trade flows are changing. Again, these trends indicate that although ethnic affinity, trust and proximity have an influence on markets, market demands and prices are becoming more critical factors as the exports increase.⁶ Furthermore, new camel markets have emerged in Jig and Abosha along the road to Fik (Somali Region) and in Midega, Burka and Mayu Buluke of Western Hararghe (Oromia), in response to the growing demand for camels in Babile. Traders are the main actors in these markets both as buyers and sellers, whereas producers are conspicuously absent having sold their camels at the village level. Similarly, exporters or their agents buying camels at Babile determine the final routes for exports – formally through Dire Dawa and Djibouti, or informally through Hargeisa and Djibouti, or Hargeisa and Berbera.

Emerging livestock marketing trends in Borana also indicate a major shift in the direction of the flow of trade herds. The growing demand for Boran cattle, sheep, goats and camels by traders and exporters in Ethiopia is redirecting the flow towards the centre of the country, for subsequent exports. Nearly all the animal feedlots (now numbering over 200 in central parts of the country) source their supplies from Borana, and to some extent, from the lowlands of Bale. More than half of the million sheep and goats slaughtered for chilled meat exports in 2009-2010 were sourced from Borana.⁷

Recent developments also show that Boran traders are now bringing livestock up to secondary markets (to Adama, for example), while locally, they are venturing deep into the bush to collect supplies. New bush markets such as El Waya and Surupa in Borana are growing in importance, partly due to new road and telephone networks (PLI Policy Project 2010). As in Somali Region, Boran traders sell cattle and camels to feedlot operators and exporters on credit, although they are not ethnically affiliated (payment is immediate for sheep and goats sold to export abattoirs). Despite these trends, if the formal Ethiopian livestock export business declines for some reason, Boran traders will probably revert back to the Kenya market.

These findings, and past research, indicate that that livestock trade in the region is a dynamic process dictated by demands and accessibility (often defined by security factors) at any given time. The trade flows are fluid and can take almost any direction, as influenced by the prevailing business opportunities, and security issues. Ethnic affiliations and proximity are secondary factors.

2.2 The cross-border trade from Somali Region and Borana

Estimates of the volume and value of cross-border livestock exports vary by source. For example, estimates from 2009 for the annual cross-border livestock exports from Ethiopia to Djibouti, Somaliland, Somalia and Kenya are 350,000 cattle, 1,100,000 small ruminants and 125,000 camels, with an estimated value of between US\$250 million and US\$300 million (SPS-LMM, 2009). Most of these exports were directed to Somaliland, and were sourced entirely from the Somali Region of Ethiopia. The region is also the major supplier of livestock to Djibouti, while contributing less to the cross-border trade into Kenya compared to the Borans (particularly for cattle).

⁶ Obviously, trust plays a role in livestock transactions between producers and itinerant village traders or middlemen (usually kinsmen). Similarly, local traders or middlemen also extend the same trust to traders of other ethnic groups when selling animals to them on credit. Non-Somali or non-Boran exporters purchase and export animals from local traders on credit in the same way as traders of the same ethnic origins as the producers. For example, local Somali traders stated that they were owed EB6 million by an Ethiopian exporter, during an interview in Babile market. Proximity could be important to producers in terms of disposing of animals in the nearest outlets, but not for the chain of market actors beyond that level since distance relates to profit. For example, traders operating at the level of Babile market bring supplies from remote areas such as Chireti, Liban, and Afder in Somali Region, Elkere (Bale) and the Western Hararghe area of Oromia.

⁷ 10,000 MT of sheep and goat carcasses exported in 2009-2010 equates to one million live animals. The authors assume that at least half of these, if not more, came from Borana, as this region is the major supplier for export abattoirs.

The Somalia civil war from the late 1980s led to the rise of Berbera as the major Somali port for livestock exports, at the expense of Mogadishu and Kismayo ports which were more affected by the conflict. However, following the Saudi livestock export ban in 2000 to late 2009, Bossaso in Puntland became the main port after introducing astute incentives, such as a tax reduction for traders, and by directing exports to Saudi through a third country. Of late, Berbera livestock exports have been recovering, and the lifting of the Saudi ban in late 2009 boosted the level of exports further (Tables 1 and 2).

Table 1: Exports from Somaliland, 2008 and 2009

Year	Camels	Cattle	Sheep and goats	Chilled sheep and goat carcasses (tons)
2008	18,517	59,519	940,976	-
2009	34,274	121,845	1,640,065	193
Total	52,791	181,364	2,581,041	193

Source: Somaliland Chamber of Commerce.

On average, Berbera and Bossaso now export about 1.2 million sheep and goats per year (Majid, 2010), over a hundred thousand cattle, and tens of thousands of camels (Somaliland Chamber of Commerce, 2008/9).⁸ In addition, the Burao meat facility in Somaliland has been exporting the equivalent of about 5,000 sheep and goats per month, although the operations of similar facilities at Galkayo, Beled Weyn and Mogadishu have been less consistent (Majid, 2010).

Various reports assume that approximately 50% of the small ruminants which are exported through Berbera originate from the Somali Region of Ethiopia (Ahrens, 2008; Stephens, 1998; Majid, 2010), with similar estimates for Ethiopia-derived livestock routed via Bossaso (Holleman, 2002). According to Majid (2010), Ethiopia is also the main source of cattle exports through Berbera and Bossaso. Not only are these estimates difficult to verify, but there is probably a substantial domestic consumption of Ethio-Somali livestock in Somaliland and Puntland – not all livestock exported informally from Somali Region is of export quality. If this domestic consumption could be quantified, then the volume of livestock traded from the Somali Region of Ethiopia to Somaliland and Puntland would be substantially higher than current estimates of export volumes.

Table 2: Livestock exported from Somaliland by destination, 2009

Destination	Sheep and goats	Cattle	Camels
Saudi Arabia	566,391	995	0
Yemen	561,992	76,260	1,857
Djibouti	351,235	8,549	2,472
Egypt	57,483	0	14,664
Dubai	10,556	0	0
Oman	2,897	2,418	54
Bahrain	0	588	0

Source: Somaliland Port Authority.

Livestock from Berbera and Bossaso are principally exported to Yemen, Saudi Arabia, Djibouti, Egypt, Dubai, Oman and Bahrain. The 2009 figures for Somaliland indicate the volume of exports to each of these countries (Table 2). The figures indicate that within months of the lifting of the Saudi Arabia export ban in late 2009, the volume of small ruminants exported to Saudi Arabia from Somaliland exceeded the exports to Yemen (which was the main export destination from 2002). The volume of exports to Saudi Arabia in 2010 is likely to increase

⁸ www.somalilandchamber.com

even further. Also, the volume of official exports from Somaliland to Djibouti signifies the emerging prominence of Djibouti as an important livestock trading hub in the region. The data does take account of the additional livestock traded cross-border from Somaliland to Djibouti, or through the official Lowye-Caddo border in Somaliland.

Djibouti's recent prominence also extends to official and unofficial cross-border exports from Ethiopia. Ethiopian formal live animal exports pass through the quarantine centre in Djibouti, and so are re-exported. In 2008-2009, Ethiopia's formal exports to or through Djibouti consisted of 103,010 cattle, 137,576 sheep, 79,349 camels and 11,319 goats. The informal trade volume from Ethiopia to Djibouti could be similar or higher, except for camels. Not surprisingly, Djibouti has become a significant livestock exporter in the region, while having not enough animals to meet its own domestic meat requirements. According to Majid (2010), '*... exports of sheep and goats (from Djibouti), for example, jumped from just a few thousand head before 2006 to around 1.5 million in 2007 and 2008.*' Although export levels are likely to fall following the lifting of the Saudi ban on Berbera, Djibouti will remain an important outlet for both formal and informal livestock exports from Ethiopia, unless for example, the latter establishes a quarantine centre that is acceptable to importing countries.

A livestock trade route map (Figure 1) indicates the complex pathways from the Somali Region of Ethiopia to the three ports of Djibouti, Berbera and Bossaso, and also, to Kenya. As explained above, these trade routes are dynamic and the direction of flow can change subject to demand and security factors. In addition:

- formal Ethiopian cattle exports sourced mainly from Borana have to travel a distance of between 1,500 and 1,700 kilometers to reach Djibouti;
- camels sourced from Liban and Afder in the south of Somali Region are trekked to Babile for 15 to 20 days, and may require another week to reach Berbera or Djibouti;⁹
- formal Ethiopian camel exports to Djibouti attract supplies from as far as southern Somalia and northern Kenya (although not represented in Figure 1), extending over a distance of 2,000 kilometers.¹⁰

In short, livestock sources and supply routes for the three main ports in Somaliland and Djibouti extend over a vast area – from Afar in the north east of Ethiopia, to southern Somalia, northern Kenya and southern Ethiopia. Assuming that all actors involved in this trade are making some financial gains, proximity is secondary to profitability given the long distances over which livestock are trekked or trucked to reach terminal markets.

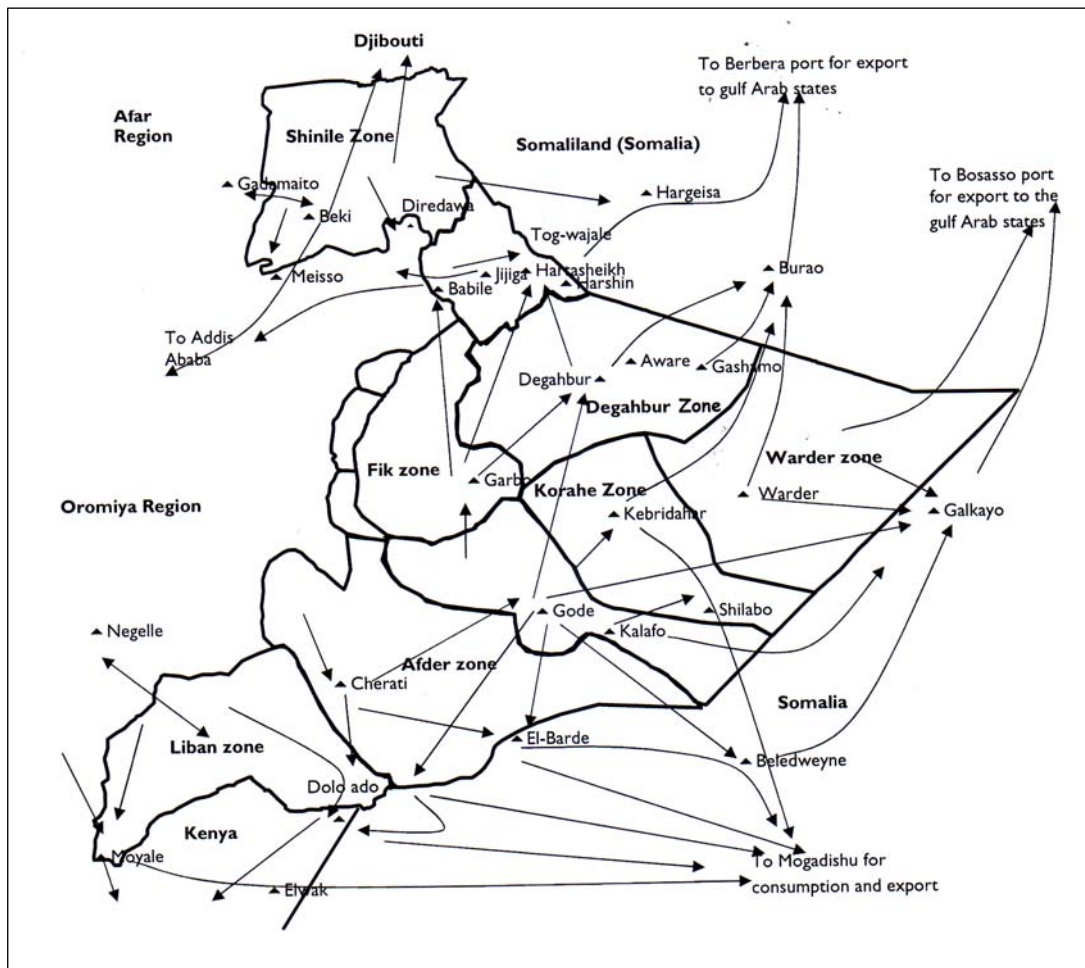
While supply routes to Somaliland and Puntland are relatively safe, access to the southern Somali ports of Mogadisho and Kisimayu is very limited due to conflict and animosity with Al Shabab.¹¹ As a result, camels sourced from Liban, Afder and Chireti in the southern Somali Region of Ethiopia are now re-directed to Babile market. Significant numbers of cattle and camels are also directed from southern Somalia to Garissa in Kenya. Recently, traders from southern Somalia and northern Kenya are increasingly bringing camels to the Moyale market (in Ethiopia), attracted by higher prices on the Ethiopia side. Since camel buyers in Moyale are neither ethnic Somalis nor Borans, this implies that local traders give priority to the highest bidder. The fact that most transactions in this market are carried out on credit also suggests that trust is not limited to clan members only, once familiarization with traders of other ethnic groups takes place.

⁹ Interviews with Sudi Maalim and Abdi Igal, two camel traders in Babile.

¹⁰ Interview with Mohammed Maalim Hassan, Moyale livestock market administrator.

¹¹ Interview with Mohamed Jama, a livestock trader in Babile.

Figure 1: Main livestock supply routes from the Somali Region of Ethiopia



Source: SCUk (2008)

Note: Although the map shows livestock flows from Afder and Liban zones in the Somali Region of Ethiopia to Mogadishu, traders explained that these routes had become non-operational because of security problems with Al Shabab. As a result, livestock, particularly camels, were being redirected from Liban zone to Negelle, and from Afder to Babile.

Relatively, livestock trade routes from Somali Region to Berbera, and to some extent to Bossaso, are relatively short. For these routes, the safe delivery of animals to the final ports is guaranteed through clan arrangements, including movement through different clan territories. In general, trade promotes peace because it benefits numerous actors in one or another way (although it can also be a cause for conflict in some cases).¹² For example, the trekking of camels from south eastern Somali Region to Babile (in Oromia Region) involves movement through different clan or ethnic areas. This movement has not deterred traders of different Somali and Oromo clans, spanning from Chireti, Afder, Liban, Gode and Elkere in Somali Region and western Hararghe, and Fedis in Oromia Region, from operating in the Babile market. Similarly, although most of Fik zone is inaccessible in a formal sense due to security reasons, the emergence of new livestock markets in this zone has attracted traders from various clan groups - this shows that safe passage can be arranged and guaranteed across different clan and ethnic groups as the situation requires.

These experiences demonstrate that in the business of pastoral livestock trade, new alliances can readily be formed across ethnic and clan groups if each group has a stake in the business. Notably, despite the volatile history of the Horn, livestock trading continues due to factors such as new alliances evolving with varying clan

¹² For example, in southern Somalia the control of ports has been a cause of conflict between competing warlords, and in part, this control relates to livestock trade.

and ethnic groups, and the use of alternative markets with related changes in trade flows. This view concurs with Mahmoud (2010) who states that since the fall of the Barre regime in Somalia,

‘..the newly emerging border trading regimes point to the fading importance of clan relations in these border areas (southeastern Ethiopia)’ and according to one trader, Mahmoud quotes, ‘...traders are friends, no clan issues arise between them....as a result, a Kenyan Somali trading across borders will often have contacts in Ethiopia and Somalia who facilitate his stay, livestock procurement and trekking but do not necessarily belong to his clan.’

Abdi Igal and Sudi Malim, two camel traders interviewed in Babile, also stated that,

‘Profit is what makes a passage safe since many along such routes get something in return – from selling water, herding, trekking or directly involving in trade. If there is no business (profit), no one uses the routes and such unused routes become unsafe, out of desperation when people have nothing to do.’

Cross-border exports to Kenya from Borana largely involve cattle. The main entry points are Moyale (for cattle) and Mandera, through Dolo and Suftu (from Somali Region). The latter supplies mainly sheep and goats. Of the two points of entry, the trade through Moyale is substantial; in 2001, more than 58,000 cattle were moved to Nairobi through this point (Mahmoud, 2003).¹³ However, the importance of this route is being compromised following the growth in formal livestock exports from Ethiopia. For example, nearly all of the cattle formally exported from central Ethiopia are sourced from Borana, plus, over 50% of the sheep and goats for export abattoirs. This has led to price competition over cattle, camels and small ruminants. As a result, cattle are largely sold across the border in Kenya only when there is a lull in export demand from the Ethiopia side. Camels are also brought from Kenya into Ethiopia, as are smaller sheep and goats required by Ethiopia’s export abattoirs. Larger sheep and goats are traded in the reverse direction, into Kenya. As previously noted, despite the clear trend in trade flows from the Ethiopia-Kenya border areas and Borana to the central Ethiopian feedlots and abattoirs, the cross-border market into Kenya will still be important for Boran herders.

2.3 Trends in formal exports from Ethiopia

Despite having the largest livestock population in Africa, Ethiopia’s formal live animal and meat exports were almost negligible compared to neighbouring Somalia and Sudan, for about three decades following the revolution in 1974 (Aklilu, 2006). However, the last seven years has seen a revival of the livestock export trade, and this began with exports of chilled goat meat and mutton, followed by increasing numbers of live animals. A recent announcement by the Ministry of Agriculture and Rural Development (MoARD)¹⁴ in Ethiopia revealed export revenue earnings of US\$125 million from meat and live animal exports for 2009-2010¹⁵, of which US\$34 million was raised from chilled sheep and goat carcasses, and US\$91 million from live animal exports. This level of export earnings from the livestock sector (excluding exports of hides and skins) is unprecedented, and represents 36% and 28% increases in volume and value terms respectively for chilled meat, and 55% and 15% increases for live animals respectively, compared to 2008-2009 (SPS-LMM, 2010). The 2009-2010 livestock export earnings exhibit a three-fold increase compared to 2005-2006.

¹³ This may represent only the official figure in Moyale destined for Nairobi. Cattle supplies from Borana through the porous border include those destined for Mombassa, and from SNNPR to Turkana (formerly to Lokichogio and also to Lodwar).

¹⁴ Reported by the SPS-LMM Trade Bulletin 2, 22nd September, 2010.

¹⁵ The Ethiopian financial calendar begins in July and ends in June, and so falls in two European calendar years.

Table 3: Volume and value of livestock exports from Ethiopia

Year	Live animals	Value (US\$1,000)	Meat (tons)	Value (US\$1,000)
2005-6	163,000	27,259	7,717	15,598
2006-7	234,000	36,507	7,917	18,448
2007-8	298,000	40,865	5,875	15,471
2008-9	150,000	77,350	6,400	24,480
2009-10	334,000	91,000	10,000	34,000

Source: National Bank of Ethiopia/SPS-LMM

Critically, nearly all the supplies for Ethiopian formal livestock exports are sourced from pastoral areas. Key supply areas are Borana (mainly for cattle and chilled sheep and goat carcasses, and to some extent, camels), and the Somali Region (mainly for live camels, and sheep and goat exports). Others supply areas include the lowlands of Bale (for camels and cattle), SNNPR, Afar and mid-altitude agro-pastoral zones of Oromia (for sheep and goats channeled to export abattoirs). As with the cross-border trade, Borana and the Somali Region also dominate the formal export trade in terms of supply.

Formal live animal and chilled meat exports from Ethiopia follow two different channels and processes.

Live animals - cattle and camels are generally exported live, as are just over 100,000 sheep. Cattle are usually re-conditioned for up to six months in feedlots before they are exported. Therefore the cattle export market is stratified due to this value-addition process (high end domestic markets also follow the same stratification process). Camels, sheep and goats destined for live exports are not fed in feedlots but are left to graze or browse on rangeland until they are bulked for transportation purposes, en-route to exit points. Live animal exports do not usually reach their final destinations directly from Ethiopia, but instead, exporters sell the animals to Arab importers who reside in, or visit Ethiopia, for this purpose. Alternatively, Ethiopian exporters may sell to traders in Djibouti or Yemen, from where the livestock are usually re-exported to the final destinations. These arrangements exist for two main reasons. First, live animals exported from Ethiopia have to go through a quarantine process in Djibouti, the costs of which are difficult to bear for Ethiopian exporters (especially those new to the business). This enables Djibouti-based exporters to exploit the situation.¹⁶ Second, after a long absence Ethiopian exporters are still familiarizing themselves with the main business actors in the Middle East markets. Apparent efforts are being made in this regard including plans to set up quarantine centres within Ethiopia.¹⁷ Regardless, the live animal export trade from Ethiopia is a debt ridden channel (as in Sudan and Somalia), where most transactions take place on credit, both at source and at the export end. Under this arrangement, the producer is nearly always owed something by the whole chain viz. middlemen or traders, feedlot operators, or the final exporter.

Chilled meat – refers mainly to goats and to some extent sheep, which are exported as chilled carcasses (about 1 million from Ethiopia in 2009-2010). No value addition is used for these animals before slaughter, which takes place following a 24-hour inspection process in lairages after arrival at the abattoirs. Carcasses are exported by air, primarily to the United Arab Emirates (UAE) and Saudi Arabia, but also to Yemen, and direct payments are effected through letters of credit. Export abattoirs also pay directly to their domestic suppliers, who are mainly local traders, co-operatives and in some cases, individual producers.

¹⁶ The Djibouti quarantine centre is owned and regulated by a private livestock exporter, so a process of self-certification seems to take place which contradicts international standards.

¹⁷ The MoARD is setting up two quarantine stations in Ethiopia from where direct live animal exports may materialize to final destinations. MoARD and SPS-LMM have been organizing familiarization tours for Middle East importers to Ethiopia, in addition to supporting Ethiopian exporters to attend trade fairs in the Middle East.

2.4 A boom in prices and the growth of bush markets

2.4.1 The Borana trade

In Borana, the major pastoral livestock markets which supply the formal export trade are located in Harobake, Dubluk, Negele, Teltele and Finchowa along the main roads, and the bush markets of Surupa and El Waya. These markets have grown in prominence in the past few years due to increasing demand for live animal and meat exports from Ethiopia. A recent study showed average price increases between 2009 and 2010 of 34% for cattle, a staggering 86% for camels, and about 32% for small ruminants. These changes were explained by growing demand, which far outweighed inflationary trends (PLI Policy Project, 2010).

In Borana, increased competition between local traders and outsiders has also resulted in the growing importance of some bush markets, at the expense of markets along the main roads. Better mobile phones and road networks are intensifying the competition, by enabling local traders to venture further into remote areas, with their own Isuzu trucks. In some areas, pastoralists have started to provide services for trade herds, such as the provision of holding grounds (in enclosed *kallos*), loading ramps, and watering services (PLI Policy Project, 2010). Some years ago the increase in camel ownership in Borana was associated with the high drought tolerance of this species relative to cattle. Now, the rapidly escalating price of camels is a further incentive to rear more of these animals. The number of camels sold in Harobake, Negele, Surupa and Finchowa markets is increasing, and pastoral producers who can afford to do so (i.e. those in the high wealth groups) are switching more to camel sales instead of cattle. Service provision around these markets includes the construction of a hotel at Harobake, about 7km away from Yabello town.

Table 4: Livestock supplies and sales in Borana markets, Ethiopia

Market	Cattle		Shoats		Camels		Time period
	Supplied	Sold	Supplied	Sold	Supplied	Sold	
Negele	14698	7374	24551	15528	3540	2295	January-September, 2010
Haro Bake	19806	18105	13865	12920	7075	6722	January-October, 2010
Dublik	39755	34470	21260	19823	3420	3053	January-October, 2010

Source: Zonal and woreda agriculture offices.

2.4.2 The Somali trade

In Somali Region, the livestock markets south of Jijiga mainly serve as feeder markets to Somaliland and Puntland, rather than to formal export markets from Ethiopia. Major markets in the region include Jijiga, Deghabur, Gode, Hartisheik and Tog Wachale. Devereux (2006), citing Baulch and Umar (2005), reports a total daily revenue from four of these markets (excluding Deghabur) averaging EB1,306,830, with average daily sales of 569 bulls, 124 cows, 496 goats, 550 sheep and 66 camels during a three-month observation in 2005. However, these figures may have been computed when sales were depressed due to the market ban by Saudi Arabia on both Somaliland and Puntland. The same report adds, *'During the three months of daily market monitoring in 2005, more animals were offered than purchased every day, in all four markets monitored.'* This is typical in all pastoral markets, but perhaps with the ban leading to further reductions in sales at that time; the activity of most of the livestock markets in the Somali Region is closely tied to the performance of markets in Somaliland and Puntland.

There are also a number of bush markets in the far southern parts of Somali Region, visited by agents of cross-border traders. Sheep and goats make up the bulk of the livestock sold in Somali Region markets, as they are the major export species from Somaliland and Puntland (see Table 5).

Table 5: Supplies and sales volume in selected markets in Somali Region, December 2009 to July 2010

Market	Cattle		Camels		Shoats	
	Supplied	Sold	Supplied	Sold	Supplied	Sold
Jijiga	21,162	8,970	5,739	1,464	26,404	11,485
Deghabur	723	501	4,446	3,657	44,931	32,302
Harshin	7,345	2,991	2,419	1,029	44,514	22,685

Source: compiled from data collected by the regional Agriculture Marketing Department.

Attempts by some Ethiopian export companies (e.g. Elfora) to penetrate the markets in Somali Region have been affected by the higher prices in the informal cross-border markets. Even the construction of new livestock markets has failed to attract more animals for sale (PLI Policy Project, 2010). However, three markets do attract livestock from Somali Region and contribute directly to formal Ethiopian exports.

Moyale market - in southern Somali Region, is a predominantly camel market that attracts supplies from neighbouring areas of Ethiopia, northern Kenya and southern Somalia. According to Mohamed Maalim Hassan, the livestock market administrator, the Moyale market on the Somali side operates six days per week, and 200 to 300 camels are offered for sale every day. The main buyers are exporters of Arab and Ethiopian origins. Transactions are carried out by *dilals* representing either the seller or the buyer, the former being itinerant bush traders or small-scale local traders. These also include three Moyale-based livestock marketing groups which purchase camels from the bush in Ethiopia or northern Kenya. Transactions are carried out mostly on credit, and sometimes through partial cash payments and credit. Only one Arab exporter has been known to provide full cash payments immediately after purchase, and only on a single occasion.

Babile market - the other market that partially contributes to formal camel exports from Ethiopia is Babile, in Oromia Region. About 80% of the camels brought to this market are said to be sourced from Somali Region.¹⁸ Babile is a twice-weekly market with supply and sales volumes of about 10,000 and 5,000 camels per month respectively; prices ranged from EB3,000 (US\$213) to EB12,000 (US\$923) per head. Most of the camels sold in this market were destined for Berbera, but some were exported formally to Djibouti through Dire Dawa. Sheep and goats were also purchased from this market for formal live exports.

Negele market – also in Oromia Region, Negele is the third market that attracts supplies of camels and to some extent cattle from Liban zone of the Somali Region. Some 2,295 camels were sold in the first nine months of 2010 in this market.

Of the three markets listed above, Moyale caters for most of the formal camel market exports from Ethiopia as these animals enter the formal channel immediately, as they are trucked to the interior of the country. In contrast, camels sold at Babile are often trekked to Somaliland. Camels brought to Moyale are larger in size (particularly those from southern Somalia) compared to those in Babile, and attract prices as high as EB18,000 (US\$1,385). This has pushed up the price of camels in the nearby markets of Borana as well. Moyale, Babile and four markets in Borana (Harobake, Finchowa, Negele and Surupa) are all contributing to the phenomenal growth of camel exports from Ethiopia. Of the 334,000 live animals exported from Ethiopia in 2008-2009, 79,439 were camels, equivalent to 24% of formal live animal exports. In comparison, this is nearly twice the number of camels exported from Somaliland in 2009. In terms of income, this would be proportionally higher because camels are more valuable than cattle or small ruminants. The Ethiopian camel export trade – based entirely on camels sourced from pastoral areas - is likely to continue to grow, and will exceed other countries in the region.

¹⁸ According to the region's Agricultural Marketing Department via the livestock market data collector in Babile, and, Mohammed Jama, a livestock trader.

2.5 The paradox of livestock marketing systems in pastoral areas

African pastoral livestock marketing systems have long been associated with two persistent misperceptions. The first is that marketing is inefficient because there are too many intermediaries in the chain to facilitate direct and immediate transactions between producers/sellers and buyers. The second perception is that pastoralists lack regular access to livestock markets and it is this limited access that keeps them in perpetual poverty, in addition to the impacts of natural shocks. These views are important because they influence policy, leading to policy narratives which assume that pastoral poverty can be alleviated with improved access and efficiency of livestock marketing systems. However, although these narratives have dominated pastoral livestock marketing policies and programmes for decades, few successes are evident.¹⁹ This is because much of the diagnosis on pastoral livestock marketing has been flawed.

In terms of market access, baseline early warning surveys in pastoral areas show that most pastoral livelihoods in the region require the exchange of livestock for cereals, with the latter making substantial contributions to annual food energy intakes. It follows that at some time in any given year, virtually all pastoralists in the region access markets either directly or indirectly. When compared with basic service provision (e.g. health, education), pastoralist access to markets far exceeds their access to basic services, and this explains why, in our experience, pastoralists rarely complain about market access other than in times of drought. This implies that in general, pastoralists have reasonable access to bush markets, or primary or secondary markets. Although the physical distances between herders and markets can be substantial, these distances do not seem to prevent access to markets in normal, non-drought periods.

The apparent inefficiency of the marketing system, as diagnosed by outsiders, is also questionable if viewed from the perspectives of pastoralists whose motive when selling animals, in many cases, is aimed at meeting immediate household needs. The task of delivering animals to terminal markets falls to traders and trekkers, and increasingly, truckers. Studies as far back as 1969 indicate that traditional marketing systems, although complex, perform well in terms of distributing livestock and meat products at reasonably low costs (Jahnke, 1982, quoting Herman, 1979 and Sedes, 1969).

‘Existing traditional livestock marketing systems are perceived to suffer from inefficiencies, abuses in market conduct and technical imperfections the relief of which would benefit the pastoral system. But, studies of traditional marketing systems show that, in spite of being complex and traditionally based, they generally perform well their function of distributing livestock and meat products at reasonably low costs. Efforts to develop pastoral production systems via marketing therefore have to take into account

- *that the structure and performance of existing traditional marketing is generally satisfactory;*
- *that the existing system does not appear to discourage production and supply of livestock from the dry areas’ (Jahnke, 1982).*

Furthermore, such traditional markets exhibit,

‘... a high degree of competition at most stages of the marketing circuit with trade herd flows being responsive to changes in relative prices and that trekking costs are much cheaper than trucking or rail or air transport’ (Staat, 1979).

¹⁹ A recent example is the construction of new livestock markets in pastoral regions of Ethiopia by the US nonprofit organization, ACDI/VOCA. An impact assessment conducted in 2010 reported very limited or no increases in trade that were attributable to the new markets (PLI Policy Project, 2010).

Unfortunately, many livestock marketing projects in pastoralist areas have overlooked this research.

‘Marketing projects do not generally venture into the sphere of pastoral behavior and stay clear of the complexities of production, operating on the doorstep of the system rather than getting involved in it’ (Jahnke, 1982).²⁰

For example, the much maligned intermediaries or middlemen provide useful services to both producers and traders in traditional markets (Jahnke, 1982, Bekele and Aklilu, 2008). Market information also seems to be readily available to producers through traditional networks, despite the assumed lack of information being used to justify new marketing projects (Jahnke, 1982; Aklilu and Catley, 2009; PLI Policy Project, 2010)²¹ by outsiders. Amazed by the range of locally-available market information to all actors, Osterloh et al. (2003) concluded that,

‘One needs to ask precisely what source of price information seems to be missing from the local market in order to justify significant new expenditures in support of additional market price information generation and dissemination activities’.

In addition, rural roads and mobile telephone network expansions are further simplifying the flow of market information. To summarize, traditional livestock markets serve a desired function at reasonably lower costs and within the realms of the complex pastoral production system. This system is characterized by recurrent, severe shocks and droughts, and therefore balances the need to protect and grow livestock herds against the need to sell animals. The combined pastoral livestock exports of Somalia, Somaliland, Puntland, Sudan and Ethiopia combined total around five million sheep and goats per year, and hundreds of thousands of camels and cattle, in addition to meeting domestic meat demands exclusively in Somalia and Sudan, and to some extent in Ethiopia. These export figures far exceed other regions of Africa.

As with other types of livelihood, poverty in pastoral areas is associated with limited or diminishing assets (being mainly livestock in the pastoralist case) among specific households, rather than the inefficiency of livestock marketing systems or limited access to markets²². As we discuss later in this report, the key issue around pastoral poverty is less to do with declining per capita livestock holdings in pastoral areas, but trends in asset ownership by wealth group. As more poor pastoral households own fewer livestock, markets are ‘financially inaccessible’ to the poor because the poor do not have assets that can be exchanged.

Looking specifically at livestock export markets and the notion that increased exports help poor pastoralists, this association is unlikely or weak at best (Aklilu and Catley, 2009). Increasingly, poorer pastoral households struggle from year to year to re-build and acquire the minimum herd size they need to sustain the household against a host of shocks and droughts, and therefore, have fewer surplus animals to sell. Also, most of the direct benefits from enhanced livestock marketing opportunities are captured by relatively wealthier herders, which in turn, increases the capacity of these herders to ‘buy up’ animals from those who are struggling to acquire or maintain minimum herd sizes i.e. the poor. Therefore, the growth of domestic and export livestock markets, and increased commercialization in pastoral areas, can explain – at least in part - the widening gap

²⁰ One example is the 25 new livestock markets constructed by ACIDI-VOCA in Boran, Somali and Afar pastoral areas of Ethiopia since 2006. In 10 of the operational markets assessed in 2008, only 20% of the facilities were used. The other 15 markets could not attract enough supplies to be fully operational (PLI Policy Project, 2010).

²¹ For example, the GTZ and the Southern Tier Initiative (USAID) projects set out to collect market information in southern Ethiopia have neither been sustainable in providing information on continuous basis nor provided any tangible benefit to the intended beneficiaries - producers before the projects were phased out.

²² For example, few analysts suggest that poverty is absent in urban areas because people have readily accessible markets, which are relatively streamlined and efficient, and where there is no limitation to accessing markets in the physical sense.

between pastoral wealth groups in the region (Bonfiglioli, 1992; Aklilu and Catley, 2009). Section 3 of the report discusses this trend in more detail, and focuses on Somali Region and Borana in Ethiopia.

Section 2 - Key Points

- Although pastoralists are often described as non-commercial and conservative by governments and development agencies, the export of pastoral livestock from the Horn of Africa is a substantial economic activity in the region. For Somali areas, this trade has existed for decades whereas for Borana areas, it has increased significantly in the last few years.
- In Ethiopia, both Somali and Borana pastoral areas can be described as ‘high export areas’. Although informal cross-border trade still dominates, increasing policy support to meat exports, and to a lesser extent, live animal exports, has resulted in a growing formal export of meat and animals from Ethiopia. This trend has also been driven by high demands in the Middle East, Egypt and Sudan. Camel exports are becoming increasingly important for Ethiopia.
- The livestock export trade in Ethiopia sources animals from simple, but efficient local markets in pastoral areas. Improvements in secondary roads and mobile phone networks have enabled the trade, whereas efforts to enhance the trade with new livestock market infrastructure have met with very limited impact and seem to be less of a priority.
- Demands, prices and profits determine how the trade evolves and changes over time. The movement of trade animals over considerable distances illustrates the economic inter-dependency of different clans and ethnic groups, and has implications in terms of peace and security.
- Poverty in pastoral areas relates to limited or declining financial assets i.e. livestock, among specific households rather than inaccessibility to markets. An understanding of trends in wealth differentiation in pastoral areas should be central to analysis of pastoral livelihoods, and policy and programming responses.

3. Commercialization, wealth and destitution

In late 2009 a regional study started to explain two apparently contradictory trends in pastoralist area of the Horn of Africa (Aklilu and Catley, 2009). One trend was increasing pastoralist destitution, as reported by various early warning systems, humanitarian bulletins, and the funding proposals of UN agencies and NGOs. This was the high-profile trend, with a media prominence – the overall message was ‘*pastoralism in crisis*’. Less obvious to many actors was another trend, being the rising export of livestock from the region, especially from Sudan, Ethiopia, Somaliland and Puntland. When these trends were compared, an obvious question was ‘*If pastoralists are in crisis, how do they manage to export so many animals and why are people becoming destitute?*’ The report offered a relatively simple answer viz. that ‘high export’ pastoralist areas see a gradual redistribution of livestock from poorer to richer households, with the latter engaging more in the export trade, and the former dropping out of pastoralism, especially as human population rises.²³ While humanitarian actors report declining per capita livestock ownership in pastoralist areas and this trend is probably true, what really matters is the distribution of livestock assets across households by wealth group. As studies in Kenya and Ethiopia demonstrate, measures of wealth and poverty among pastoralists need to focus on livestock assets by

²³ The absorption of smaller units by larger units is typical of agricultural development globally, but seems to be less well-known or reported for pastoralist areas of Africa.

wealth group, rather than, for example, the more conventional measures of cash income (Little et al., 2008; Tache and Sjaastad, 2010).

3.1 Can history help to predict the future?

When describing pastoral livelihoods in Ethiopia and neighbouring areas, analysis of market trends and behaviours is not new. Similarly, commercialization processes have long been associated with poverty in pastoralist areas, either in reports which describes actual trends, or in reports which predict future problems. These older reports may use language which differs from the livelihoods terminology of today, but the concepts are very similar. For example, after seven years of project implementation and research by GTZ in the central rangelands of Somalia (an area which borders the Somali Region of Ethiopia) from the early to late 1980s, the economic analysis concluded that:

'Economic parameters, calculated for differently sized (Somali) pastoral herds, support the evidence that herders with undersized herds are subjected to a displacement process: a household's income increases with the number of animals owned ... It is shown that households organize and utilize their resources to achieve not only subsistence but also a surplus for commercial use; the latter however is only possible for pastoral households with large herds' (Abdullahi, 1993, our emphasis).

Driving this 'displacement process' was commercialization. Somali's were responding to a growing demand for live animals in the Middle East, and the export of sheep and goats was growing. Contributing to the displacement of poorer households were other trends, such as the private enclosure of rangeland by wealthier livestock owners, and private ownership of water points. In Ethiopia, although commercialization has rarely been cited as the main cause of pastoral destitution, it has been noted as an important contributing factor. Here the long-term research studies in Borana were prophetic.

'Human population growth, drought, inappropriate water development, land appropriation, peri-urban influences and even livestock commercialization have reportedly contributed to an increased pauperization, wealth stratification and the cultural alienation of pastoralists' (Coppock, 1994).

Looking more closely at human population growth and drought, these factors seem not to affect pastoral wealth groups equally. Desta (1999) reported drought-related livestock mortalities in Borana between 1980-1997 at 67 cattle per household on average, while net losses per household were 34 cattle (or 37%). However, poor households experienced net losses of 60% while middle-class and wealthy households had losses of only 25%.²⁴

'Although the wealthy suffer larger absolute losses compared to their poorer counterparts, they usually retained a sufficiently large nucleus herd to rebound in an efficient manner while the poor may lose enough to be pushed out' (Coppock, 1994, our emphasis).

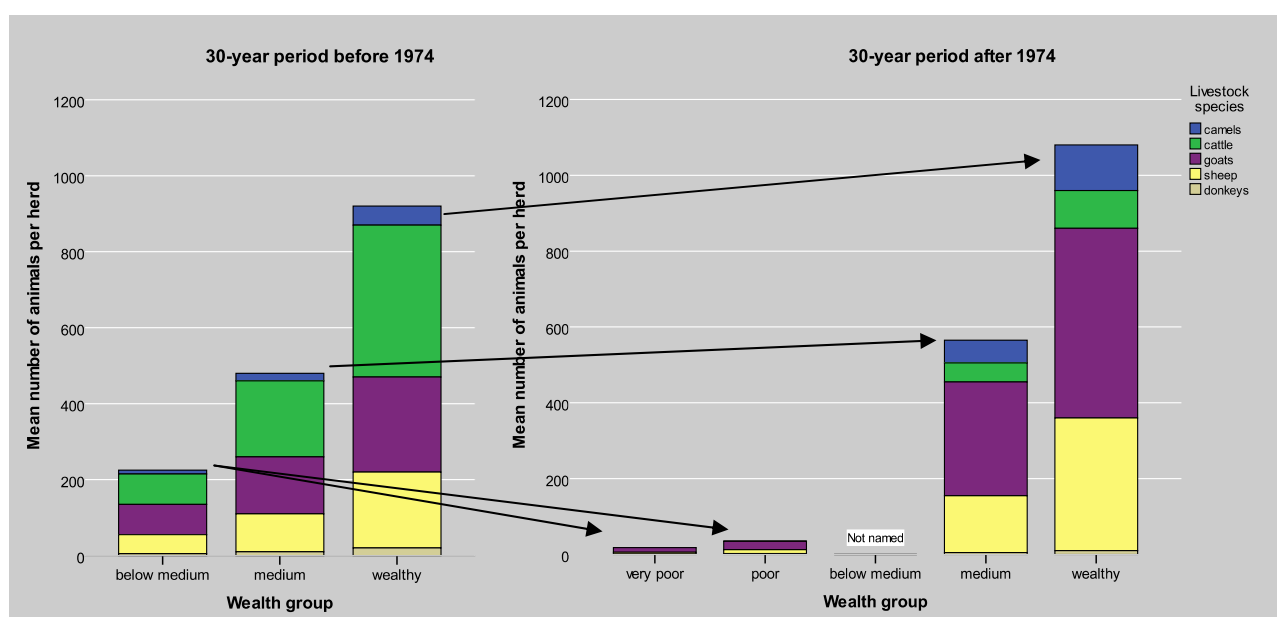
Assuming a 2% to 3% annual human population growth rate in pastoralist areas, since the start of the research studies mentioned above the number of people has almost doubled in Borana. As livestock holdings decline among an increasing number of poorer households, the impact of drought worsens in terms of rising numbers of poorer households who are unable to withstand drought. This partly explains the widely-reported problem of 'increasing drought' in these areas. If measured using rainfall data, there are no long-term trends in annual rainfall in pastoral areas of Ethiopia and so drought is not becoming more frequent from a rainfall

²⁴ The categorization of wealth groups were as follows: wealthy households were classified as having a ratio of cattle to people of 14:1, middle class households with a ratio of around 6:1, and poor households with a ratio of around 2:1.

perspective.²⁵ However, the impacts of drought are more evident as more households are affected, and especially, poorer households. Drought exacerbates wealth differentiation and forces increasing numbers of households out of the system as production levels swing between the 'boom and bust' cycle (Hogg, 1980; Desta and Coppock, 2002; Bekure et al., 1991). This helps to explain why pastoralists keep large herds as a cushion against drought and shocks.

More recently in Ethiopia, the combination of demographics, drought, commercialization and changing access to productive rangeland was used to explain a 'Moving Up, Moving Out' trend in Shinile zone in Somali Region (Catley and Iyasu, 2010). Part of this analysis used data on livestock ownership covering a 60-year period (Figure 2), presented as a 30-year period before 1974, and a 30-year period after 1974.

Figure 2: The 'Moving up, Moving Out' scenario - trends in livestock ownership by wealth group over 60 years (1944-2004), Shinile zone, Somali Region



Source: adapted from Kassahun et al. (2008).

Notes: data based on interviews with 300 households. The year 1974 separates the two time periods as this was a year of particularly bad drought and famine among the Issa pastoralists in Shinile zone, and therefore, easy to recall as a point of reference among informants. The 'very poor' and 'poor' wealth groups were not identified in the period before 1974, whereas the 'below medium' wealth group was not identified in the period after 1974. Changing herd composition by livestock species relates to changes in pasture, especially bush encroachment, and changing market demands.

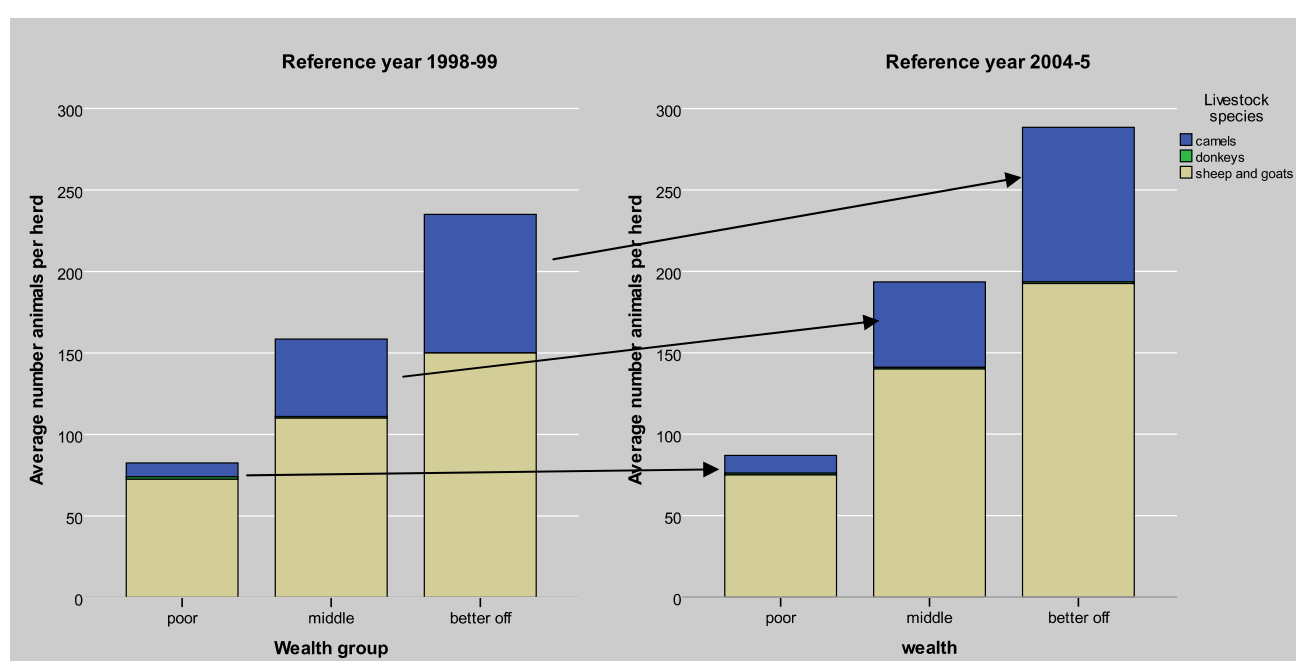
- After 1974, two new wealth groups were named by local informants in Shinile viz. the 'poor' and 'very poor' wealth groups, which had not existed before 1974. For both of these new wealth groups, the level of livestock holdings fell below a pastoral minimum herd size, especially for very poor households. This indicated that these people were on the verge of dropping out of pastoralism (poor wealth group) or, were not living as pastoralists (very poor wealth group).
- The possession of high livestock holdings by medium and wealthy groups was evident throughout the 60-year period, despite droughts and conflict.

²⁵ Based on our analysis of rainfall data from six locations of northern Kenya (earliest records from 1926), six locations in southern and eastern Ethiopia (earliest records from 1966), and six locations in Somalia (earliest records from 1921).

A shift in the species composition of herds among the medium and wealthy groups was also evident, with less preference for cattle and donkeys over time, and a greater preference for camels, goats and sheep. This was attributed to environmental conditions such as reduced grasslands and greater tree cover, and hence the preference for browsers (e.g. camels) over grazers (e.g. cattle). However, other factors may also have been at play, such as market demand for different livestock species (wealthier herders tend to sell more animals than poorer herders, and are more strategic in terms of their selling behaviour), and the potential for income generation from pack camels.

Data from other parts of Somali Region over a much shorter time period shows comparable trends. For example, data from SCUK can be used to compare 1998-1999 with 2004-2005 for the lowland Hawd area (Figure 3), and shows the wealthier and middle-wealth groups increasing their livestock assets over time, whereas the assets of the poor remained constant.

Figure 3: Short-term trends in livestock ownership by wealth group, lowland Hawd area, Somali Region



Source: adapted from SCUK (1998, 2005).

Trend analysis not only needs to consider livestock ownership by wealth group over time, but also, the *absolute number* of people moving between wealth groups. Again, SCUK data provides some insights by comparing the proportion of households in each wealth category between reference years. We combined this proportional data for 10 livelihood zones in Somali Region, with a 'start' reference year of either 1996-1997 (for five locations) or 1998-1999 (for five locations), and all locations with an 'end' reference year of 2004-2005.²⁶ The results indicate, across the 10 livelihoods zones and over an eight-year period: a 5% increase in the proportion of people categorized as poor, with a corresponding 5% decrease in proportion of people categorized as middle-wealth; and, no change in the proportion of people categorized as better off.

However, these proportional changes do not show the impact of human population growth. If we assume a 2.5% annual human population growth in Somali Region across all wealth groups, then absolute trends can be estimated. Over a 10-year period from 1996-2005, the estimated trends were:

²⁶ The livelihoods zones were Hawd pastoral, Fik pastoral, Shinile agropastoral, Shinile pastoral, Degahabur agropastoral, Afdher pastoral, Gode agropastoral, Liban pastoral, Filtu-Dolow pastoral and Moyale Wayamo pastoral.

- 2.5% annual increase in the number of wealthy households;
- 0.8% annual increase in the number of middle-wealth households;
- 4.1% annual increase in the number of poor households.

In other words, the number of poor households increased at around 5 times the rate of middle-wealth households, and 1.6 times the rate of wealthy households. For DFID, this kind of analysis indicates that poverty levels are indeed rising rapidly in 'high export' pastoralist areas of Ethiopia. If the trend continues, within 20 years the number of poor households will double; whereas the number of wealthy households will increase by about 50%.

3.2 Pastoral livestock marketing behavior by wealth group

Research findings indicate two common marketing behaviours of pastoralists.

- To sell livestock they must be pressed by immediate cash needs and, if possible, must attain sufficiently large herd sizes to allow them a comfortable margin to liquidate their animals in the market (Aklilu and Catley, 2009). In other words, *'Pastoralists appear generally unwilling to liquidate animals to the point that their herd size may prove insufficient to ensure household food security in the face of unknown conditions in the future'* (Barrett et al., 2006). This is because livestock offer the best rate of return compared to alternative investments, if any, in the region, and that livestock prices may improve with improvements in forage and fodder availability (Barrett et al., 2006, quoting McPeak, 2005).
- Pastoralists may be forced to sell animals during crises such as drought, when the decimation of livestock becomes imminent (Aklilu and Wekessa, 2002). This inherent behavior of pastoralists, dictated largely by the uncertainty of the environment they live in, partly determines the numbers of animals they sell in a given year subject to the livestock wealth status of the household.

Livestock wealth status, in turn, influences household income sources. Better-off groups depend entirely on livestock, since they can afford to sell enough livestock to meet their entire cash and food needs. In contrast, poorer households, despite having fewer needs than the better-off (as they have smaller families), sell fewer livestock because they have less to sell – they rely far more on non-livestock sources of income. Table 6 provides a clear picture of the wealth disparity between poorer and wealthier households.

In Somali Region, better-off households own up to five times more sheep and goats, five times more cattle and 16 times more camels than the poor. However, the difference in livestock assets between the poor and better-off is even more pronounced in Borana, especially if the 'very poor' are compared to the better off. This apparent wealth difference, more importantly, determines the level of market participation by households. Studies in northern Kenya and southern Ethiopia conducted from 2000-2002 reported that over 90% of all pastoral households participated in marketing activity at least once (Osterloh et al., 2003) but also, that market engagement was associated with the level of livestock holdings (Table 7).

Table 6: Livestock assets owned by pastoral wealth groups

Zone	Very poor	Poor	Middle income	Better off	Reference year	Source
Fik (Somali)		30-50 shoats 4-6 cattle 4-6 camels	60-90 shoats 5-15 cattle 25-35 camels	150-200 shoats 10-20 cattle 45-70 camels	2004-5	SCUK
Shinile pastoral (Somali)		30-60 shoats 3-5 cattle 3-5 camels	70-100 shoats 8-10 cattle 10-16 camels	130-170 shoats 15-25 cattle 20-40 camels	2004-5	SCUK
Hawd pastoral (Somali)		65-85 shoats 9-13 camels	115-165 shoats 45-60 camels	150-235 shoats 85-105 camels	2004-5	SCUK
Afder pastoral (Somali)		20-38 shoats 6-10 cattle 3-5 camel	55-95 shoats 10-20 cattle 30-40 camels	100-200 shoats 30-50 cattle 60-80 camel	2004-5	SCUK
Teltele, Dilo and Dier (Borana)	7-9 goats 0-4 cattle	12-14 goats 5-8 cattle	75-95 goats 65-85 cattle 5 camels	150-190 goats 130-170 cattle 10 camels	2006-7	LIU
Moyale pastoral (Borana)	1-3 shoats 1-3 cattle	4-8 shoats 5-7 cattle 0-2 camels	17-29 shoats 15-25 cattle 6-8 camels	35-47 shoats 35-45 cattle 15-20 camels	2006-7	LIU
Borana-Guji pastoral (Borana)	3-5 goats 5-7 cattle	7-10 goats 8-10 cattle	20-30 goats 60-80 cattle 5-7 camels	40-60 goats 110-130 cattle 10-15 camels	2006-7	LIU

Note: SCUK uses three wealth categories; the LIU uses four wealth categories.

Whereas camels are relatively new to Borana, other areas of Oromia have reared camels for many years e.g. the Kerreyu and Ittu areas.

The same study also showed that greater livestock holdings influenced not only the frequency of market attendance, but also the numbers of livestock marketed and the capacity and willingness to sell animals. Yet, it was poorer households who relied on market purchases for restocking and the authors concluded, *'... as they do not have sufficient herd size for breeding whereas wealthier households rely almost exclusively on natural reproduction, perhaps purchasing livestock to diversify risk by investing in alternate types of species of livestock'*.

Table 7: Market engagement by wealth group, northern Kenya and southern Ethiopia, 2000-2002

Mean livestock holdings per household	Number of quarters when market activity recorded
10.8 TLU	0
16.0 TLU	1
45.9 TLU	7
48.3 TLU	8

TLU – Tropical Livestock Unit

3.3 Varying dependency on livestock for income by pastoral wealth group

As livestock assets influence the marketing behavior of pastoralists, it follows that the reliance on livestock sales for income also varies by wealth group. The general pattern is that poorer households sell fewer animals and depend on more diverse sources of income, largely out of necessity. For example, Aklilu and Catley (2009) reported that in Borana/Guji areas, the very poor earned their cash income from livestock (58%), labour (12%), firewood (8%) and safety net (22%), while almost all cash income was generated from the sale of livestock for middle and better-off groups.

- In Teltele, Dillo and Dier in Borana, the middle and better-off income groups sold respectively six and 18 times more small ruminants than the very poor (LIU 2006-2007 reference year data);
- In Borana-Guji, the middle and better-off income groups also sold respectively six and 12 times more sheep and goats than the very poor (LIU 2006-2007 reference year data).

In Somali Region, similar patterns were evident. For example, in Fik the middle and better-off households generated all their cash income from the sale of livestock and livestock products in the 2004-2005 reference year, whereas poorer households had to rely on additional income from *zakat* and selling bush products. In the Shinile pastoral zone, poorer groups acquired cash through livestock, labour, *zakat* and remittances whereas in the Afder pastoral zone, poorer households acquired about 50% of their income from selling bush products and also through remittances, while middle income and better-off groups depended for all their cash income on selling livestock and livestock products. This data shows the income gaps between wealthier and poorer households, and the extent to which different households depend on livestock markets for their annual cash incomes.

3.4 Commercialization in practice

The commercialization of livestock trade in pastoral areas of the Horn is usually stimulated by increased export demand (in Sudan, Somalia and recently in Ethiopia and Djibouti). As demand increases the search for additional livestock supply extends initially into more accessible locations, and then into less accessible and remote areas, including cross-border sourcing. Trucking and trekking arrangements facilitate the delivery of all available supplies to primary, secondary and terminal markets within the country or to cross-border destinations. The further the supply source is from the end market or the nearest accessible point, the longer the market chain and vice-versa. Export-driven livestock trade provides new source of income for various actors, including local livestock traders, middlemen, local authorities or self-appointed officials, tax collectors, movement permit issuers, veterinary personnel, trekkers, truckers, watchmen, market attendants, and even armed guards in some cases. Traditional power relations shift in favour of those controlling the markets (or who are financially more powerful), and new rules and norms may be established as defined by the new power brokers.

Service providers are attracted into areas as livestock trade expands, including livestock drug vendors, restaurant and bar owners, commodity sellers, chat traders, holding ground and loading ramp providers, and water vendors (e.g. from *birkeds* or trucks). Permanent settlements can emerge around new markets, and influential people such as major traders, local officials, wealthy pastoral groups and others, will start investing in livestock production. Related trends include the conversion of communally-owned resources for private use, and more individualistic behavior, as discussed in section 3.7.

3.5 Community perspectives on current trends

'In these days, there are more people with no livestock than with'.

Boran elders in El Waya, July 2010

During the study, elders in Somali Region and Borana emphasized the increasing destitution of pastoralists and the decline in household herd size. In Borana, elders were asked to compare the herd size of wealthy households in *gada* Jilo Waka's reign, 40 years ago, and now.²⁷ Their responses were as follows:

'During gada Jilo Waka, wealthy households owned between 700-800 cattle (expressed as 7-8 ules in Borana terms). Now such household may own 30-50 cattle and sell 5 cattle per year. Those owning 20 head of cattle may sell three and those with 10 sell only one'

Dubluk elders focus group

'Wealthy households owned about 500 head of cattle (or 5 ules) during gada Jilo Waka. Now they own about 50-60 head of cattle and some 10 camels. These households may sell 4-6 cattle per year and one camel every two years'.

Did Hara elders focus group, Yabelo

'Four to six hundred cattle were owned during gada Jilo Waka by wealthy households, and currently in the region of 40-60 plus five or so camels are owned. These households may sell about 5 cattle per year but may not sell any camel until they have a minimum of ten'.

El Waya elders focus group

'We remember our fathers talking about households who owned five to seven ules (500-700 head) during the reign of Gada Jilo Waka. Now we consider households owning above 40 head as better-off and for every 10 cattle they own, these groups may sell one every year. Such households may also own up to 10 camels'

Roda Oba Pastoral Union, Moyale

Despite the different locations of these communities, they seemed to concur on a number of points.

- A substantial reduction in the household herd size over a period of 40 years, even if the size of the decline may be exaggerated – according to LIU data, better-off households currently own substantially more livestock than reported above.
- The inclusion of camels in the herd structure, initially as a coping mechanism but increasingly as an asset building strategy (as previously reported by Desta, 1999; Desta and Coppock, 2004).
- A disposal rate of about 10% of cattle by wealthier households per year.

Although these figures are not intended to be statistically representative, they indicate a general trend and indirectly, support the notion of increasing numbers of less fortunate pastoralists who have exited the system since *gada* Jilo Waka's reign.

²⁷ The figures suggested by community members for the better-off groups at the time of the study were much lower than LIU data. This could be due to community members making comparisons relative to what they own. LIU, on the other hand, uses four wealth classifications from the very poor to the better-off.

In Somali Region, SCUK livelihood profile data indicated:

- Between 1996-1997 and 2004-2005 (over about eight years) in the Fik pastoral livelihoods zone, a decline in the proportion of middle-wealth households from 50 to 45% and an increase in the proportion of poor households by 5%.
- Between 1998-1999 and 2004-2005 (over about six years) in the Shinile pastoral livelihoods zone, an increase in the proportion of poor pastoralists by 5% and a decline by middle wealth and better-off pastoral households each by 3%; the proportion of poor agro-pastoral households increased by 5% and the middle-wealth group declined by 5% between the same reference years.
- Between 1998-1999 and 2004-2005 (over about six years) in the lowland Hawd pastoral livelihoods zone, an increase in the proportion of the poor by 7.5% and a decline in middle-wealth and better-off households by 7% and 0.5%.
- No proportional changes were observed in any wealth groups in the Afder pastoral zone between 1998-1999 and 2004-2005.

3.6 Impacts on traditional social support systems

According to informants in Borana, Harshin and Shinile, a direct impact of increasing pastoral destitution is a substantial decrease in the level of support provided to the poor through the traditional social support systems.

3.6.1 Borana

According to Boran elders, the traditional *busa gonofa* support system has declined so that the amount of support given to families in need is about one-fifth of what it used to be, and, it takes years before a household receives this support due to a long list of intended beneficiaries. *Busa gonofa* meetings are held once a year, in which eligible applicants that have lost animals due to conflict, drought or disease are approved. Those who have lost animals due to mismanagement and similar reasons are not considered. The number of animals given to potential recipients also varies depending on the number of friends and relatives, or the generosity of the person before they lost their animals. Previously, generous people received more animals than they originally owned, while more frugal people did not get any support. Richer people who fell on hard times, for justifiable reasons, also had the right to collect the animals they had previously donated or lent, before claiming *busa gonofa*. The poor could also ask for loan animals.

However, informants reported that the number of people who can contribute to this system is in the decline, while those who seek support are increasing. The queue for support is lengthening, although some can 'jump the queue' through influence and friends. A person with five cows was expected to donate one cow in the old days since he is assumed to have calves and immature cattle (Desta et al., 2008), and *busa gonofa* involved the donations of female animals. These days, however, donations can be given either in the form of livestock or cash, because those who cannot afford to contribute in livestock can donate a little cash to meet their obligations. While *busa gonofa* remains a compulsory social obligation under customary law, the means to practice it are fading with increasing poverty.

Although increasing destitution is probably the main reason for the decline of traditional support systems, commercialization is also contributing to behavioral changes around *zakat* and *busa gonofa*, as individualism creeps in. As stated by the Jiren Dikale women's group in Borana, '*The poor have no one to turn to these days,*

except firewood and safety net'. In some areas, even community leaders seem resigned to the fact that a critical point had been reached, at which the poor can no longer be helped. For example, the directive issued by the 1996 General Assembly of Borans (*Gumi Gaayo*) that wealthy Borans have to diversify in urban businesses (reported by Desta and Coppock, 2004) could serve as a tacit acknowledgment by the highest traditional body that only the rich can consolidate wealth under the current pastoral system. The options for this body to directly assist poorer households seemed to be running out. Desta (2008) reported that Borana communities used to have positive attitudes about 'dropouts', since they provided labour as hired herders (notably, for the wealthy). However, such people are increasingly seen as a nuisance as their numbers have grown in excess of the labour needs of the communities they live in, and they require assistance in the form of food, milk, loans and so on.

3.6.2 Somali Region

Traditional social support, through *zakat* and gifts, is also decreasing in Somali Region and according to senior sheiks at a mosque in Shinile, were becoming a '*thing of the past*'. These views are supported by SCUK income data for the Shinile agropastoral zone. In 1998-1999, gifts of food and cash accounted of up to 15% of the income of poor households, whereas in 2004-2005 this figure was only 5%. In addition, no food gifts were recorded since 1998-1999 in the lowland Hawd pastoral livelihood zones, and since 1999-2000 in the Shabale riverine livelihood zones; no cash gifts were recorded for Harshin and Degahbur East pastoral livelihood zones.

Similar trends were observed in the other Somali livelihood zones. For example a survey carried out by SCUK (2009) on 'dropouts' in Jijiga, Fik, Shinile and Hamaro zones also looked at the adequacy of the support provided through traditional restocking for needy households. Findings indicate that out of 16.7% respondents in Babile, 12% said the support they received was adequate; all respondents in Fik and Hamaro stated that the support was inadequate while no support was given to needy households in Shinile. However, *zakat* contributions could be higher in some rural areas, and Devereux (2006) reported that *zakat* contributions were important for Somali pastoralists between 1995-2005, after drought and livestock disease outbreaks. In common with the problems of estimating livestock holdings, questions about *zakat* can result in exaggeration of donations to fellow clan members, and, a tendency to understate the level of support received.

3.7 Commercialization: other impacts on resources and behaviours

Many of the factors that contribute to increased pastoral wealth stratification, as livestock trade intensifies, are not necessarily intended or direct - in many cases, they occur as almost inevitable aspects of the commercialization process. For example, drought has a disproportionate, negative impact on poorer households and this impact seems to be aggravated by commercialization. Other outcomes of commercialization are, however, intentional and driven by individual or group interests. Commercialization provides new opportunities for maximizing income for some individuals or groups against a background of diminishing resources. The objective of maximizing income, in turn, leads to controlling such resources which in turn, widens the gaps between richer and poorer herders.

3.7.1 Borana - *kallos* and consumption behaviours

Elders in Borana ranked the major causes of pastoral destitution in order of importance, as follows:²⁸

- Drought
- Conflict
- Water shortage
- Bush encroachment

²⁸ Discussions were held with these focus groups in Did Hara, El Waya and Dubluk.

- *Kallos* (private land enclosures)
- Population growth
- Alcohol and chat

Notably, three of the problems listed above relate directly to commercialization viz. *kallos*, and alcohol and chat consumption. As explained in section 3.1, the process of commercialization and the impacts of drought are inter-connected, with drought affecting poorer households most severely and therefore, contributing to livestock transfers from poor to wealthier households.

a. Private enclosure - *kallos*

A *kallo* is a fenced area for the regeneration and conservation of pasture for private, or specific group use (including the sale of pasture) - to the total exclusion of others. Enclosed or fenced *kallos* are common in highland agro-pastoral settings (for example, in Guji zone) because land is individually controlled in such areas, as opposed to the pastoral system of communal ownership. According to field interviews in Borana the increased use of *kallos* is associated with the expansion of livestock trade in the area. These views agree with the findings of an impact assessment of new livestock market infrastructure in Borana, which showed a growing trend in fenced *kallos* for purposes that ranged from conservation of pasture for private use or sale, to holding grounds for trade herds (PLI Policy Project, 2010).

The emergence of *kallos* for groups such as associations, cooperatives, unions, and so on was also apparent during this study, in addition to the increase in private, individual *kallos*. For example, 250 hectares was allocated for the Oda Roba Pastoral Union in Oromia Moyale (the union was mainly composed of livestock marketing cooperatives). Similarly, the Utuba Gumi Livestock Marketing Share Company in Yabello has applied for 1,000 hectares for enclosure.²⁹ A number of smaller cooperatives in various locations own *kallos*, ranging from between one and five hectares, and for the sole purpose of raising livestock for the market. A 300 hectare plot allocated to a Sudanese investor by the investment bureau in Yabelo was also open to grabbing by other investors (after the Sudanese failed to appear).³⁰ Other reports note that the Dire community has set aside 500 hectares for *kallo* (this area is demarcated, not fenced)(Beruk Yemane, personal communication).

Better-off households are also fencing *kallos* on their own initiative, and with increasing frequency.³¹ In general, it is relatively elite groups who fence *kallos* for commercial use, and further isolate poorer pastoral households from important grazing resources. Therefore, *kallos* represent the potential fragmentation of communal land for private and select group use, changing the pastoral way of life and production system as commercialization intensifies. The continuation of this trend may also pose an important risk to the collective security of Boran. According to the Commissioner of the Oromia Pastoral Development Commission (OPDC), the new *Aba Gada* is opposed to the concept of *kallos* and has given instructions for their dismantling. However, the practicality of this instruction remains to be seen.³²

Of note, most *kallo* enclosures are located on prime pasture land and close to major roads, suggesting importance to market access. Most of the associations, cooperatives and unions are also set up close to town centres and in the majority of cases, members are not pastoralists. These groups buy young animals and feed them on the open range and in the *kallos* for about seven to eight months, and sell for profit. Profit is derived from the natural growth of the animals on protected pasture, rather than for example, value-adding through

²⁹ Interview with the secretary of Utuba Gumi Livestock Trading plc., Yabello.

³⁰ Interview with Borana Zone investment officer, Yabello.

³¹ According to focus group members and the commissioner of OPDC, Ato Abebe.

³² It is worth noting here that some of the root causes of the Darfur conflict were embedded in the combined effects of intensive commercialization that led to the subsequent fencing of large swaths of common pasture land by various interest groups, among other things (Young et al., 2005).

supplementary feed provision – hence the attraction of *kallos*. The groups are also involved in grain and commodity trading, but most of their profit is gained from raising animals. Profit margins for the various groups ranged from EB200 to EB1,000 per head of cattle, depending on the length of time animals were fed on natural pasture. If savings and credit associations are included, the number of these groups runs into several hundred in Borana. Group and privately-owned *kallos* charge fees from individuals to graze their animals.

b. Chat and alcohol

About 40 years ago, the Borans were viewed as totally alcohol-free communities, according to women's trading association focus groups³³ interviewed during this study. However, as more cash became available with the booming livestock trade and expansion of road networks, there was a proliferation of local *araq* brewing houses. Women complained bitterly about the emerging issue of addiction induced-poverty, as men reportedly squandered household money on alcohol and chat. The women also complained about young people becoming idle on chat, instead of herding, thereby overstressing the active household labour force³⁴. They added that the sale of livestock for meeting immediate household needs, including for the purchase of replacement stock, was being squandered due to these addictions. Ironically, in most rural areas the local bars are owned by women-headed households, much to the chagrin of married women. One apparent impact of commercialization was the tendency for some herders to sell more animals than was really necessary, to acquire cash for alcohol or chat. Poorer households live close to major towns and settlement centres because they need to search for alternative employment opportunities (Desta and Coppock, 2003; Little et al., 2002), but, they are affected both from the expansion of *kallos* and the proximity to alcohol and chat. Livestock traders, middlemen and wealthy pastoral households, on the other hand, could potentially invest in the chat and alcohol trade to further diversify their incomes.

3.7.2 Somali Region

a. The expansion of *birkeds*

Unlike boreholes and wells³⁵, *birkeds* are water sources which are individually owned in Somali Region (and in neighbouring Somaliland and Somalia). Sugule and Walker (1998) conducted an environmental impact study in the five districts of Aware, Gashamo, Warder, Boh and Geladi. They described the origins of *birkeds* from the 1950s, with a steady increase in numbers in the 1960s, followed by a sharp increase in the 1970s in response to the 1974 drought. *Birkeds* are usually built in clusters of up to a thousand units. During or after construction, an individual may open a commodity or a small tea shop for pastoralists, initiating a settlement. Other pastoralists build *birkeds* in the same area, attracting additional settlers in the new village, and further increasing the number of *birkeds* and the size of the settlement over time.

Although initially, the construction of *birkeds* was a logical response to alleviating water shortage, the numbers have increased to a point that *birked*-related problems now often exceed the earlier problem of water shortage. For example, in terms of *birked* expansion, Sugule and Walker (1998), citing Farah (1997), suggest that there were 12,000 *birkeds* in Gashamo district alone, arranged in 126 clusters which corresponded to the number of permanent and semi-permanent settlements in the district. In 2010, increases were reported in the number of clusters, and the number of *birkeds* in each cluster e.g. from three *birkeds* in Shimbiralle in 1974 to 48 today, with the number of *birkeds* in each settlement varying from less than 50 to several hundred. Large numbers of *birkeds* were also constructed in Warder as local wells could not supply increasing livestock

³³ These include Roba Nagaya, Jiren Dukale, Cheri and Bati women trading associations in Yabello and Moyale.

³⁴ Afar pastoral communities in Middle Awash also ranked chat, used by young people, as risk number four to their collective security. The other three risks were the Somali Issa, *Prosopis* expansion, and harassment by the military (Rettinger, 2010).

³⁵ Few wells are individually owned.

numbers. Similarly, despite the sinking of new wells in Boh and Geladin from the 1950s onwards, the number of *birkeds* also increased substantially in these areas since the 1970s, with 65 villages having *birkeds* in Boh and 55 villages in Geladin district. While the other villages have as few as 20 *birkeds*, the highest concentration was recorded in Qualo'an village with 3,000 *birkeds*. In Aware, more *birkeds* were constructed in the area controlled by the Isaac clan (southwards from the border) compared to the Ogadeni-controlled area, which has more permanent water.

Birkeds are associated with the wide-scale environmental degradation that has followed their construction and use in the region. Specifically, *birkeds* initiate problems such as:

- Encouraging settlements that result in large-scale deforestation through firewood and charcoal production for home use, and trade, including cross-border exports.
- The concentration of livestock in confined and *birked*-bound areas in both wet and dry seasons.
- Mobility restriction through private ownership of the grazing resources around *birkeds*.
- According to Devereux (2006), '*... being a common cause of conflict due to access restrictions*'.

b. Land and *birkeds* in Harshin

In common with the dynamic nature of livestock marketing in Somali Region, the key resources of land and water are also changing and in some cases, commercializing. For example, the re-distribution of all communal land for private use in Harshin and Gashamo took place about five years ago. The Isaac who inhabited these areas used to be pastoralists, with seasonal migrations into the Ogaden with their livestock. However, due to the conflict between the Ogaden National Liberation Front (ONLF) and the government, movement to the Ogaden was severely restricted (according to discussions with focus group members in Harshin). Communal land was then, reportedly, subdivided for individual households to prevent Ogadenis from coming to the area in search of pasture. Here, conflict – or an attempt at conflict prevention – appeared to be the main reason for the land management system. However, this explanation is open to question, not least because if the Isaac were unable to move to the Ogaden rangelands because of conflict, automatically, the Ogadenis would have restricted access to Isaac areas. It is possible the major issue was conflict between the Ogadenis and the Issacs, rather than the reported government counter-insurgency against the ONLF. Alternatively, the land changes could have been driven more by business interests, as this zone lies on a major trade route for livestock to Somaliland.

What made this history particularly interesting was the open and positive support expressed by focus group members (i.e. land owners and cooperative members) to the arrangement of private land use. In their words,

'Our previous way of life (pastoralism) was better in terms of livestock numbers but the quality of life is better under this arrangement. We used to migrate long distances – cattle get weak and we used to suffer. But, now, we can permanently stay here because the birked water is available the whole year round and children can get milk'.

This implies that the community – or at least certain elites within the community - had already decided on a settled way of life because of the *birkeds* rather than conflict.

Whatever the real reasons behind settlement, these communities have moved out of pastoralism in the traditional sense, and those landless pastoralists with fewer animals cannot return to the system since grazing

their animals on free range is no longer much of an option. The landless have become contract herders and *biyoles*³⁶. Meanwhile, current landowners sell pasture at around EB1,000 per hectare for trade herds passing through, or for people living in towns who raise livestock 'on the side', as an alternative investment. These people include some marketing cooperatives, supported by Oxfam GB, and numerous individuals in other occupations.

The establishment of large numbers of water *birkeds* in the area, by individual investors, perhaps also explains the sub-division of land to individual households. According to Lautze et al. (2003),

'Encouraged by the income from selling water to livestock traders, the people of Harshin have built around 4,000 birkeds in the woreda. For a population of 72,000 this amounts to one birked being owned by 2.5 families. The impact of these birkeds is visible from the denuded grazing areas and lack of any substantial shrub coverage, particularly between Kebribeyah and Harshin.'

As implied by local informants, the year-round availability of water through *birkeds*, and probably, the subsequent additional income generated by selling water to livestock traders and pastoralists explained the settlement and land allocations. The commercialization of water through the *birked* system means that in addition to livestock, *birkeds* are increasingly being used as an investment, a source of income, and a measure of wealth. In the SCUK baseline surveys for 2004-05 in Warder, Gashamo and Aware, *birkeds* are listed below livestock as part of the wealth group descriptors. In terms of livestock commercialization and wealth stratification,

'Berkads are invariably owned by wealthier people, who earn substantial amounts of income from selling water for domestic use and livestock. Conversely, poorer people spend significant amounts on buying water' (Devereux, 2006).³⁷

The commercialization of water means payment-based access to water, and therefore a '*... new source of vulnerability*' for poorer households (Devereux, 2006).

The sale of water from *birkeds*, and the sale of pasture from individually owned land (as in Harshin and Gashamo) is evidence of a transformation of the traditional pastoral production system in these areas. The change is from free access to basic resources through mobility and communal management, to private control, payment, and permanent or semi-permanent settlements. But crucially, the commercialization of water and pasture has been made possible largely due to the vibrant livestock trade in the region. *Birkeds*, and to some extent, privately owned pasture, are a way to consolidate more wealth in cash and livestock for better-off households. In contrast, poorer households have no choice but to sell their livestock to pay for water and grazing resources, further depleting their asset base in the process.

Birkeds are not yet common in Borana. However, the discovery of underground water in some parts of Borana has led to the development of a government scheme that intends to provide piped water to villages through a network some 2,000 km in length. This scheme is designed with good intentions as a solution to alleviate the serious water shortage in some parts of Borana. The risk of such a scheme is that it could encourage permanent and semi-permanent settlements, with similar environment and social outcomes to those witnessed in Somali Region.

³⁶ *Biyoles* are people who sell water using donkey carts.

³⁷ A 200 litre barrel of water cost between EB 10 to 50 during the rainy months in Gashamo, and EB 30 to 60 in the dry months; in the exceptionally drier period of 2004, prices reportedly peaked at up to EB 150. *Birked* owners also request advance payments in anticipation of dry months (Devereux, 2006).

3.8 Local solutions

During discussions with local informants on the various issues described above, they were asked to propose suggestions for alternative livelihood opportunities. In both Borana and Somali areas, education was regarded as the best means of pursuing an alternative livelihood. By education, informants meant access to paid employment. It was explained how employed family members could help by sending remittances home, and in helping younger siblings to attend school and become employed. A Sheikh in Shinile commented that a single employed family member is '*... worth 30 head of camels that do not perish away in a drought.*'

The increasing recognition of employment as a means of generating alternative income for the household seems to be driven by two factors. The first is based on close observation of how families with a fully employed member are faring better than others. The second is based on the level of support provided through remittances by family members employed elsewhere, including abroad in the case of Somalis. Here it can also be noted that education is certainly not new to Somalis, nor is the concept of distant, family members providing remittances. Although Somalis in Ethiopia may not have direct access to the sea, Somalia-Somaliland-Puntland possesses the longest coastline of any country in Africa, and since the 1830s Somalis have travelled overseas to find work and send money home to relatives (Geshekte, 1993). Due to links with Arab traders and merchants, Somalis regularly traveled to the Gulf States and during the colonial period, they were employed as sailors and other kinds of workers. Pilgrimages to Islamic centres also helped to ensure that Somalis were not isolated from news and experiences from other countries. Economic prosperity in the oil-producing countries of the Gulf has attracted Somalis since the 1970s, and by 1986 there were an estimated 300,000 Somalis in the UAE and Saudi Arabia (Janzen, 1986).³⁸ Similarly, during the colonial period in Somaliland pastoral households might select a child with particular attributes to attend school, while keeping most of the other children at home to herd livestock.

Perhaps due to this history, the focus groups in Somali Region were more assertive in suggesting alternative livelihoods than the Borans. Somali women's groups had wide-ranging suggestions, all of which were based on trade involving small ruminants, chat, coffee, grains, tea shops, milk, fruits, soft drinks, frankincense, restaurants, veterinary drugs, clothes and other commodities. Boran women, on the other hand, suggested trading in cattle, shops, soft drinks and alcohol. In both areas, the limitation was seed financing.

Community leaders (mainly men) in Harshin saw the construction of yet more *birkeds* as the gateway not only to an alternative livelihood, but also to 'riches'. When asked if they had the technical capacity to construct *birkeds*, they quickly added that they also needed to be trained in masonry and carpentry, and as blacksmiths. Additional suggestions included working as *biyoles* (if they could get donkeys or water trucks) to sell water, and involvement in cross-border trade. In Shinile, suggestions included use of camels for transporting goods (wood, charcoal and contraband goods)³⁹ and selling livestock feed for trade herds (as a result of exposure to concentrate feed in Dire Dawa and Shinile, for animals to be exported).

Boran elders were keen on trading livestock to terminal markets, '*... since traders make more profit in a month on animals we raise and look after for seven to eight years.*' Farming was suggested as a second option, perhaps inspired by the good rains received this year. Gold mining was another option suggested by the

³⁸ International mobility has provided many Somalis with economic alternatives beyond what is available within Ethiopia, Kenya or Somalia. More than 20 years ago, in 1987, the International Labour Organization estimated remittances sent to Somalia at US\$280 million (Geshekte, 1993). The International Labour Organization characterized Somali families as, '*... multi-occupational, multi-national production units; a family grazing their livestock on the Ethiopian border could receive significant support from relatives abroad via the clan system and 'several hands that stretched from overseas'*'. By 2006 the Somali diaspora was estimated at over one million people and remittances had reached between US\$825 million per year, or around 60% of GDP (Economist Intelligence Unit, 2006) to US\$1 billion per year (Lindley, 2005).

³⁹ See Catley and Iyasu (2010) for more information on the renting of pack camels by Issa pastoralists in Shinile.

Borans, with the caveat that conflict was making it difficult to work in potential mining areas. Pastoral dropouts who were involved in gold mining had returned home because of the conflict with the Gujis and Burjis.

Section 3 - Key Points

- Although not widely acknowledged in recent analyses of pastoralism and pastoral vulnerability, the commercialization of livestock production in 'high export' pastoral areas of Ethiopia is a key driver of increasing disparities in wealth in these areas.
- Commercialization in pastoral areas follows a similar trend to commercialization of agriculture in general – smaller units are absorbed by larger units. In Ethiopia the gradual shift of livestock assets from poorer/smaller to richer/larger herds explains the apparent contradiction between increasing livestock/meat exports from Ethiopia and the region, and increasing pastoralist destitution, especially when viewed against human population growth.
- A combination of commercialization, natural resource access, human population growth and drought explains the Moving Up-Moving scenario in pastoral areas. In Somali Region of Ethiopia, the number of poor households is increasing at a rate of 4.1%, compared to a 0.8% increase in the number of medium wealth households and 2.5% for wealth households. Research indicates that it is extremely difficult for poor household to 'move up' to medium wealth status.
- Commercialization drives the appropriation of hitherto communal natural resources for private use. In Borana this trend is evident through the private enclosure of rangeland, in contradiction to customary law. In parts of Somali Region, commercialization has influenced the privatization of water. Greater control over key natural resources further enhances the growth of larger herds – and sales from those herds – while also hindering the capacity of smaller herds to grow or recover from drought.
- Increasingly, traditional social support systems in pastoral areas are unable to cope with the rising number of poor and destitute households. Commercialization is a cause of increasing destitution, and leads to more individualistic behavior among wealthier herders.
- Locally, the private acquisition of natural resources such as rangeland and water is a cause of conflict between and within clans and ethnic groups. When resource control is driven by commercialization, it follows that commercialization and local, resource-based conflicts are linked. At other levels, commercialization requires the movement of livestock across large areas controlled by different groups and therefore, needs a level of peace between groups to ensure the safe passage of livestock. There is limited evidence to show that the control of livestock resources in pastoral areas of Ethiopia is a cause of higher forms of conflict, within Ethiopia or between Ethiopia and neighbouring states.

4. Policy perspectives on commercialization

4.1 Local actors

In the course of this research, discussions were held with four NGOs (one local, three international), two academic institutions, one consulting company, two private consultants, two relevant regional bureaus and two officials in the MoARD (names are withheld). The purpose of these discussions was to assess the extent to which issues linked to the commercialization of trade and related to pastoral poverty, were understood. From our interviews, the following findings were evident:

- Almost all informants saw the increased commercialization of livestock trade as benefitting all groups of pastoralists, with the exception of one private consultant⁴⁰ and an employee⁴¹ of one of the NGOs.
- The implications of commercial livestock trade on aggravating poverty were not immediately understood, except by the private consultant and NGO employee mentioned above. The two regional government staff stated that they have some ideas but not the details. The academic institutions responded that they have done some studies on pastoral poverty, but not related to trade.
- The issue became clearer to all informants following some explanation, and the responses that then followed were interesting. For example,
 - A regional government official blamed middlemen in the marketing chain for taking excessive proceeds that should have benefited producers, and suggested the removal of middlemen from livestock markets and replacing them with pastoral cooperatives. The other regional official also blamed middlemen for taking a share of the rightful income of producers. The federal officials promised to look into the issue further and requested relevant documents on the subject.
 - The consulting company, in retrospect, described its observations on the increasing consumption of chat and beer in Borana, and concurred that this behavior could potentially aggravate poverty. Further discussion was conducted with this group about the expansion of *kallos* in Borana, the private allocation of communal land in Harshin and Gashamo, and the increased use of *birkeds* aggravating poverty for poor households. This group had a clearer idea about the linkage at the end of the discussion, helped by the involvement of the aforementioned private consultant who participated in this group. But, these informants also emphasized on inevitable outcomes of the widening gap between the poor and the rich, as trade flourishes, citing examples of billionaires and poor people in America, Russia and elsewhere, and bordering on a conclusion that this is unavoidable process.
 - The other three NGOs understood the implications in broader terms – such as the expansion of *kallos*, but were defensive about their roles in providing financial and technical support to the construction of *birkeds* in Somali region, and the financial and training support to livestock marketing groups elsewhere. As explained earlier in this report, some groups are involved in land acquisition in pastoral areas for commercial livestock production, further aggravating the situation of poorer pastoralists.
- All NGOs, the two regional government bureaus and one private consultant were familiar with the problem of increasing numbers of pastoral dropouts.

⁴⁰ The private consultant was previously working with an academic institution that was primarily engaged in research in pastoral areas.

⁴¹ This specific employee was engaged in tasks that involve assessing pastoral household assets and early warning forecasts.

- The private consultant strongly suggested out-migration and engagement in alternative livelihoods as a means to reduce the burden of dropouts on the community, while engaging them in meaningful employment.
- The regional governments have plans to support pastoral communities and dropouts (see below).
- The NGOs saw the support they provide to livestock marketing cooperatives/ associations, and women and savings and credit schemes as a response to reduce pastoral poverty and engage dropouts in alternative livelihoods. But, they were not able to determine the number of dropouts in the groups they support, or provide evidence of livelihoods impact⁴².

Looking more closely at the perspectives of regional governments, in Somali Region,

'The problem in livestock marketing is there are too many middlemen. How do transactions take place? How many times do livestock change hands? Middlemen buy animals without paying anything. The solution is to cut out middlemen. We need to set up pastoral coops and traders coops. In riverine basins, poor farmers may serve rich farmers. This can't happen in pastoral systems, unless in the near future close to town centres. Jijiga is agricultural land. Land was divided on a sub-clan basis in Harshin. But this can't happen in other pastoral areas because land is owned on a clan basis. Even farmers have to negotiate with the clan to farm in such areas. Birkeds are common in Harshin, Jijiga, Warder and Deghabur but not common in Afder. Water is expensive and if you don't have a birked, you have to buy water. There are some pastoralists with no livestock, about 30% for example. They get support from others who provide them with milk, employ them as herders and they also get income from frankincense collection and charcoal production. The outcome of our strategy will determine the future of pastoralism. Our plan is to set up irrigated pastoralism through irrigated pasture which will lead to settled pastoralism for fattening, dairying, integration of crop and fodder production. They are pastoralists as long as they get more than 50% of their income from livestock.'

In Borana,

'We follow the area-based development approach. We are using water as an entry point for development by laying down a network of 2,000 km of pipeline. This will not solve the water problem in all Borana but it could serve a sizable population. SORDU's⁴³ structure will be modified to cater for the upkeep and maintenance of the water network. Future interventions will depend on the land use study being conducted currently in which 18 sectoral offices are bound to be members. The land use study will recommend property rights for private and communal use. Borana is largely recommended for livestock production but specific areas will be assigned for forestry, agriculture, grazing and browsing. Other areas will be demarcated for mining, infrastructure (schools, health centres, etc). We are now engaged in bush clearing in pilot areas, close to Adi Gatche. The clearing has resulted in wild animals coming back to the area, perhaps from Kenya. But, we estimate that there are about 450,000 hectares requiring bush clearing. That is a challenge financially and logistically. Those who enclose kallos are wealthy people. Community kallos charge private individuals to graze their animals. However, the new Aba Gada has issued a directive to close down all private kallos. Brokers are the main problems in livestock marketing. They are acting like shiftas. Obviously, the availability of water will persuade people to settle. The main challenge is how to scale up the bush clearing and the water network.'

⁴² Support to various types of groups is not new in pastoral areas of Ethiopia. Impact assessments of women's saving and credit groups point to some impact on social capital, but limited if any impact on financial capital.

⁴³ The Southern Rangelands Development Unit.

4.2 Government policy narratives

Although it was beyond the scope of this study to review government policies related to pastoralism in detail, the views expressed above fit some general government narratives around pastoral development, with water development being prominent and a strategy for encouraging settlement.

However, of particular relevance to commercialization trends in pastoralist areas is the emphasis on exports in the government's five-year Growth and Transformation Plan, released in mid 2010, and specifically, the recognition that livestock exports could contribute more to national economic growth. At one level this narrative is consistent with the trend towards greater formal exports of meat and livestock, sourced mainly from pastoralist areas. However, less clear is the extent to which the contribution of pastoral livestock to the growing export trade is recognized or valued. Similarly, if pastoral areas are to continue to supply most of the livestock for Ethiopia's exports, or expand this supply, there is an argument for supporting extensive, mobile pastoral production systems. Again, it is unclear whether at a policy level there is recognition that in dryland areas, pastoral systems tend to out-perform other approaches such as ranches (COMESA/CAADP, 2008; 2009), with the latter often wrongly perceived by policy makers as being more efficient.⁴⁴ The Growth and Transformation Plan's emphasis on livestock exports represents a possible entry point for policy dialogue on pastoralism in Ethiopia, with the potential to increase meat and livestock exports through policy support to pastoralism e.g. by avoiding disruption of traditional pastoralist systems through inappropriate water development, settlement, or misappropriation of land. While there seem to be fairly clear economic arguments for supporting pastoral mobility, policy dialogue also needs to recognize other government priorities, such as internal security and the management of conflict with neighbouring countries, especially Somalia.

4.3 Donor and NGO strategies and programs for pastoral development in Ethiopia

Many development aid donors and international NGOs have been supporting or implementing programmes in pastoralist areas of Ethiopia for decades. In order to take a snap shot of current thinking on pastoralist livelihoods, and how commercialization was perceived, in early December 2010 we asked a group of donors, UN agencies and international NGOs in Addis Ababa for copies of their pastoral development strategies, with an emphasis on long-term perspectives; 10 organizations were selected. We purposively selected this group based on their long-term presence in, or support to, pastoral areas of Ethiopia. Only one organization (a donor) had a strategy that was specific for pastoralist areas, but the document could not be made publically-available (we were unable to view the document). One NGO had a brief strategy based on a set of global organizational objectives, and another NGO had drafted a strategy but again, this was not made available.

Although further research is needed to probe beneath these findings, if documented strategies are indicative of current donor and NGO analysis and understanding of pastoralist livelihoods in Ethiopia, then this is currently minimal. If this view is correct, not only is commercialization in pastoral areas poorly understood, but it is unclear if and how aid actors strategize in the face of external factors driving commercialization trends. At present, written and unwritten strategies imply a dual approach: pastoralism is supported by various natural resource management, water, veterinary, marketing, and other projects; whereas poor and destitute households are specifically targeted with safety nets, saving and credit projects, and support to 'alternative livelihoods'. In some areas, various service provision projects also exist, e.g. in education and health. The intention of these approaches is primarily to support improved livelihoods for people *in* pastoralist areas.

⁴⁴ At the COMESA Council of Ministers of Agriculture and Environment Meeting in Victoria, Zimbabwe, September 2009, the Ministers specifically recommended support to pastoralist mobility in the region, and in relation to livestock production. In October 2010 the African Union *Policy Framework for Pastoralism in Africa* was endorsed by Africa Agriculture Ministers in Lilongwe, Malawi. This framework explains the ecological and economic basis for pastoralism, and promotes policy and legislative reform to support traditional pastoral institutions and mobile livestock production systems.

However, the analysis in this report indicates that in high export areas, there are declining spaces for poorer herders to ‘move up’ to a higher wealth status, and even fewer opportunities for destitute pastoralists to return to pastoralism. In addition, other than livestock-related livelihoods, there are limited economic options in pastoralist areas and historically, pastoralists themselves have tended to push people *out* of these areas as commercialization and population trends advance. If so, the safety net concept in high export pastoralist areas is flawed if the assumption is that substantial numbers of poor households can move up to a more commercialized livestock-based economy, or, that similar numbers of destitute households can resume pastoralism. We further discuss safety nets in section 4 in relation to trends in commercialization and growing disparities in wealth.

Section 4 - Key Points

- Few donors, NGOs or UN agencies have developed long-term strategies to guide their work in pastoralist areas. When commercialization is included in analysis and strategies, it tends to be viewed as universally beneficial. This view overlooks the rising trend in livestock exports – often viewed as a key poverty reduction strategy – but, increasing levels of poverty.
- In recent years in Ethiopia, government policy has supported the formal export of meat, and to a lesser extent, live animals. The growth in livestock exports is largely attributable to this policy, together with increasing demands for meat in the Middle East and elsewhere; pastoral areas are the main suppliers of meat and livestock for export.
- The inclusion of livestock exports in the Ethiopian five-year Growth and Transformation Plan provides an opportunity for policy dialogue on options for further sourcing of livestock from pastoral areas. As extensive, mobile livestock production systems outperform other approaches e.g. ranching, it follows that livestock export growth requires policy support to pastoral mobility. The emerging regional policy frameworks of COMESA, IGAD and the AU recognize the linkages between mobile pastoral production and economic growth, and there are opportunities to better align policies in Ethiopia to the regional frameworks.

5. Discussion

5.1 The future of pastoralism in high-export areas

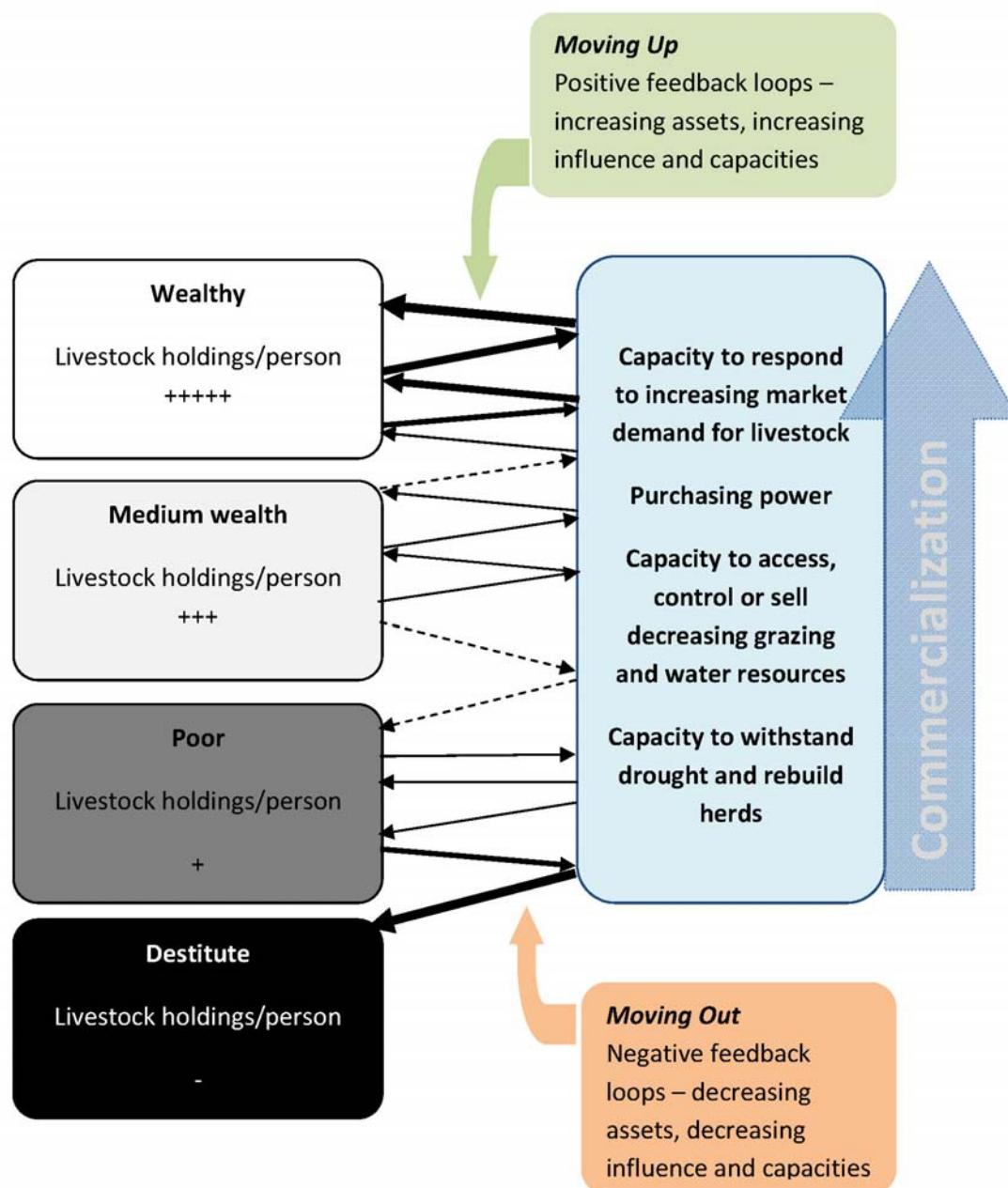
If we stand back from Ethiopia and look at pastoralism in other parts of the world, some common trends are evident. As commercialization advances, there is nearly always a redistribution of livestock from smaller to larger herds. In some ways, this is the history of global agricultural development and for example, is not that dissimilar to family-owned dairy farms in the UK being acquired by transnational retailers. Commercialization of agriculture is characterized by the absorption of smaller units by larger units. In Libya and some Middle East countries, pastoral commercialization was driven by growing demand for meat in urban centres, which in turn, grew due to ‘boom industries’ around oil. In these areas, the same industries absorbed some potential pastoral ‘drop outs’ as the commercialization of pastoralism took place. The end state, roughly speaking, was the continuation of pastoralism in a commercially-orientated form, and employment in new industries for some of those who opted out, or who were forced out of pastoralism.⁴⁵

At the same time, social mechanisms within some pastoralist societies acted to alienate those who lacked the wherewithal to acquire or maintain sufficient livestock to stay in the system. Socially, such people were ostracized and forced out – a very different dynamic to the more widely reported traditional safety nets in pastoral areas. Being ‘forced out’ not only refers to a disengagement from pastoralism, but also, a physical

⁴⁵ See Evans-Pritchard (1949) for Libya, and Barth (1961) for south Persia.

separation because non-livestock related economic opportunities in these areas were so limited. Hence the trends in seeking work in cities and other countries.

Figure 4: Commercialization, moving up, and moving out



If these experiences are applied to Ethiopia, a future of pastoralism in high-export areas can be outlined. The demand for livestock in the Middle East, Egypt and Sudan will continue and probably grow, with increasing urbanization in these areas and economies driven by oil and other industries. The Ethiopian government will most likely continue to support meat exports (e.g. see the five-year Growth and Transformation Plan) and to a lesser extent, live animal exports, with most of these commodities being derived from pastoral areas. The formal livestock trade is a growing earner of foreign currency. Some donors will continue to support these

strategies, rightly equating exports with macro-economic growth. In addition, the informal cross-border livestock trade will continue. Attempts to control this trade using conventional approaches such as quarantines and border posts will most likely fail, given the physical realities of the borders, insecurity and the political economy of the trade. Emerging regional approaches such as free trade areas and certification systems might legitimize the cross-border trade, but regional economic communities such as COMESA and IGAD have varying capacities. Nevertheless, there are clear trends in terms of both regional economic integration, and Ethiopian engagement in these processes.

Overall, the trends outlined above coupled with weak policy and institutional support to pastoral land tenure, will likely lead to a continuation of commercialized livestock production in high-export areas of Ethiopia. However, this report provides evidence that commercialization is a key driver of wealth differentiation in these areas, albeit rarely acknowledged. It seems that the livestock export trade is currently viewed by many aid actors as universally beneficial, whereas our analysis of wealth group dynamics over the last ten years or so indicates that in high export areas, the number of poor pastoral households has risen at around 5 times the rate of middle-wealth households, and 1.6 times the rate of wealthy households. Commercialization trends largely explain the apparent contradiction between growing livestock exports, and growing levels of poverty.

The growing gap between those with livestock assets and those with insufficient livestock to function as pastoralists, is also influenced by human population growth, drought and changes to natural resource and water management. To some extent, commercialization enhances the negative impacts of drought for poorer herders, and also, encourages wealthier herders to appropriate rangeland and water for private use, or rent or sale. Therefore, asset of feedback loops are evident which help to explain the 'Moving Up, Moving Out' scenarios. For herders with larger herds and who sell more livestock, the feedback loop is positive, with commercialization leading to increased control of natural resources, which in turn leads to larger herds and more sales (Figure 4). These herders also have increasing capacity to buy livestock from the poor, especially during times of stress. For poorer herders the feedback loops are negative, with commercialization leading to declining access to rangeland and water, and less capacity to rebuild herds after drought.

5.2 Implications for policies, strategies and programming

When discussing pastoral vulnerability with government, donors and NGOs, the report concludes that commercialization, when mentioned, is generally regarded as a positive process. Support to livestock exports, directly or indirectly, fits with broader export-driven strategies for economic growth. However, analysis and understanding of pastoralism often seems to overlook at least five important issues.

- Pastoralist areas are highly stratified according to wealth, with different wealth groups pursuing different strategies to build and protect financial/livestock assets.
- Commercialization is a long-term trend, driven by factors outside Ethiopia; these factors and the private sector responses to them, are largely outside the control of donors or even governments.
- Commercialization results in winners and losers in pastoralist areas, with positive feedback loops for wealthier herders as they acquire control of key resources and in some cases, sell these resources to other users (Figure 4).
- Traditional social support systems gradually erode as commercialization advances, due to the combined impacts of increasing numbers of poor households, and increasingly individualistic behavior and attitudes; pastoralism is a tough business, in harsh and insecure environments and traditional social support systems have to be understood in relation to attitudes towards 'failed herders' and the destitute.

- Non-livestock related economic opportunities in pastoralist areas are limited, and pastoralists themselves encourage out-migration for those who opt out, or who are forced out.

Although pastoral destitution is understood in the broader sense by aid organizations, some important details are not well known. Furthermore, the nature of the aid industry is such that immediate issues take prominence, myths evolve and become persistent, and increasingly, domestic political and security priorities determine aid strategies. As indicated in section 4.3, few actors have developed pastoral development strategies that are based on contemporary livelihoods analysis, or, an understanding of how different pastoral wealth groups pursue different asset building objectives, with related marketing behaviours. If commercialization is integrated into an analysis of high export areas, the key questions seem less to do with how to support pastoralism, and much more to do with strategies for ensuring the economic well-being of the increasing number of destitute or poor households in pastoral areas.

The dearth of livelihoods analysis and strategic thinking among NGOs and donors reflects broader organizational trends. These trends include the long-term problem of weak monitoring and evaluation of development projects, leading to limited evidence to inform future programming. In development projects in pastoral areas of Ethiopia, it is often difficult to find evaluation or impact assessment reports, although rangeland development, water, marketing and fodder production projects have been implemented over many years. Perhaps more alarming is the expansion of approaches in the face of reports which show limited impact. For example, impact assessments of savings and credit projects in pastoral areas indicate no substantial impact on financial capital (e.g. Steglich, 2009), yet these approaches continue to be widely applied. Livestock marketing projects, now often framed under the concept of strengthening value chains, have a long history of failure in pastoral areas but continue to be supported (e.g. FIC/Tufts, 2010). When reviewing these experiences in pastoral areas in 2009, the PLI program outlined a set of information needs to support the scaling up of pilot-type approaches (Table 8). However, in the absence of better evaluation and impact assessment, the information deficits are apparent at the first level of information needs outlined in the table.

More positive are some experiences with service provision in pastoralist areas of Ethiopia, including,

- The testing and scaling-up of community-based veterinary services, with increasing involvement of the private sector⁴⁶; the Ethiopian government developed minimum standards and guidelines for these systems in 2002, drawing on a series of impact assessments (e.g. Admassu et al., 2005), and amended legislation to support these approaches in 2004.⁴⁷
- In human health, moves towards greater recognition of approaches such as community case management in pastoralist areas, with NGOs working with government to pilot and test this approach (e.g. Degefi et al., 2009).
- In education, growing government support to alternative approaches based on partnerships with NGOs.

A common feature of these service delivery experiences was relatively strong evaluation and impact assessment, compared to many of the livelihoods-based projects mentioned above. Despite progress in service

⁴⁶ Of particular relevance to DFID because these approaches were developed in Somali Region in the Veterinary Services Support Project in the mid 1990s, implemented by SCUK and the Regional Bureau of Agriculture, and funded by the UK Overseas Development Administration.

⁴⁷ Again of relevance to DFID, as the DFID-funded Community Animal Health and Participatory Epidemiology project facilitated the policy and legislative reform process in Ethiopia e.g. through support to impact assessments.

delivery, health and education services in pastoralist areas of Ethiopia are still extremely weak, and in general, have far lower indicators relative to other parts of the country. This indicates a continued need for the development and application of alternative approaches.

Table 8: Information needed for scaling-up development approaches in pastoralist areas

Type of information and analysis	Key questions
Local impact on livelihoods <i>Quantitative and qualitative</i>	Has the approach achieved its expected impact in terms of livelihoods benefits? For example, did a community-based health project achieve health outcomes (improved human capital)? Did a livestock marketing group increase the financial capital of group members? Other questions include the sustainability of the benefits, especially if the main external financial or technical support is withdrawn.
Cost-benefit analysis <i>Quantitative</i>	Community-based approaches often require considerable technical or financial support from NGOs during the pilot phase. Cost-benefit analysis helps to examine economic efficiency and the feasibility and economic rationale for scaling-up. A challenge here is that benefits related to social capital can be difficult to quantify or value in economic terms.
Policy and institutional issues <i>Qualitative</i>	To what extent does the approach complement or contradict government policy or legislation, whether formal or informal? Is the approach legal? Would formal procedures or laws need to be adapted for scaling-up, and if so, are such changes realistic? What is the risk of conflict undermining the approach?
Area-based economic potential <i>Quantitative</i>	For approaches which depend mainly on private sector activity, what volume of economic activity is likely to be supported in a given area? For example, how many private community-based workers can an area support? How many livestock marketing groups are needed? These types of questions assume that not everyone can be a small trader, run a teashop, or sell hides and skins, and that, in pastoralist areas, the key financial asset is livestock, not cash.
Technical capacities <i>Quantitative and qualitative</i>	Good community-based systems and services often depend on skilled and experienced development workers who are familiar with participatory approaches. Scaling-up requires these capacities to be institutionalized, with associated incentives. Are such changes feasible, and if so, what are the costs and level of technical assistance needed, and for how long?

5.2.1 The need for area-based economic analysis

Table 8 indicates the need for area-wide economic analysis when scaling up, and by implication, when setting policy. In general, the ecology and physical remoteness of pastoral areas tends to hinder any large-scale economic activity other than livestock production. As commercialization moves forwards, expanded or new services will evolve to support the more commercialized systems, including feed provision, water and trucking services, veterinary care and contract herding. These services will offer employment opportunities for some people who are forced out of pastoralism, or who choose to opt out. However, a substantial number of poor or destitute households cannot be supported by the commercialization process or new employment which arises around the process. Furthermore, pastoralist communities may deliberately aim to 'slough off' excess people as population grows. To some extent, urban centres in pastoralist areas will grow, with additional employment openings in services and small businesses. But again, the scale of this economic activity will probably fall far short of the openings that are needed to absorb increasing numbers of destitute people. To a

large degree, this is already happening, with commercialization and urban growth coupled with increasing poverty in pastoral areas.

Although these suggestions may have an intuitive appeal to some analysts, the programming responses of donors and NGOs often seem to assume an unlimited capacity for pastoral areas to create 'alternative livelihoods'. Commonly, approaches such as saving and credit groups are scaled-up as if almost every pastoralist household can be engaged in petty trade, marketing groups, or the production and sale of handicrafts. Rarely, does area-wide economic analysis underpin these programmes. From the perspective of small business development, pastoral areas have relatively small populations (and therefore a small client base), are physically remote, large and have poor infrastructure (and therefore transaction costs are high), and have a substantial proportion of people with limited ambitions in terms of cash spending (e.g. because financial assets are based on livestock, not cash). Furthermore, in a commercializing context, pastoralists themselves not only push people out of pastoralism, but also, out of pastoral areas. They aim to send people elsewhere to find employment, and increasingly, see education as a way of broadening employment opportunities.

5.2.2 Safety nets versus out-migration and education

With these issues in mind, it could be argued that in the face of commercialization in pastoral areas, policies should recognize the limited non-livestock economic options, and encourage out-migration. This is not an original finding or recommendation, with previous researchers reaching similar conclusions (e.g. Coppock, 1994; Sandford, 2006). Central to out-migration is better education, with a view to increasing employment offers in pastoral, but especially non-pastoral areas. DFID is already supporting improved primary education in Somali Region and this is a logical long-term development strategy.

In contrast, the Productive Safety Net Programme in Ethiopia seems to assume that poor and destitute pastoral household economies can be stabilized (e.g. through asset protection), and then through the provision of assets, some kind of sustained livelihood will emerge for a very substantial number of poor or destitute people. However, this report, history lessons and various area-wide economic analyses indicate that pastoralism will continue mainly for relatively wealthy and commercialized households, but in general, these areas will not support substantial non-livestock based economies. For destitute households who have no assets, the concept of asset protection does not apply.

While a minority of recipients of safety nets and asset-building assistance might return to pastoralism, very few will move up to a more viable 'middle wealth' status. Commercialization and other factors are gradually widening the asset gap between poor and middle-wealth households, making it more difficult for the transition to take place. At the same time, population increases and arguably, the safety net itself encourages people to stay in pastoralist areas when there are very limited long-term economic options available to them – the opportunities are elsewhere.

5.2.3 Commercialization, economic dependencies and conflict

The extensive livestock trade routes that have evolved in high export pastoralist areas are a response to market demands and opportunities for profit. The transport of trade animals across different clan or ethnic territories indicates that to some extent, economic inter-dependencies can reduce tensions and conflicts. The safe passage of livestock also occurs across some areas with limited government influence, showing that traditional mechanisms and profit motives can lead to practical, local ways to deal with conflict issues. For example, the emerging bush markets in Borana were positioned by local actors to avoid conflict with neighbouring groups (PLI Policy Project, 2010).

In contrast, commercialization often causes changes in natural resource and water management which in turn, cause conflict. For example, tensions will arise when communal land is appropriated by wealthy or politically-connected individuals, or, when water facilities are privatized. Such trends are more likely in situations of weak governance and vague or unhelpful land tenure policies. It follows that the links between commercialization, resource access and conflict are complex, and are likely to be interwoven with local contexts, histories and relationships within and between groups. In some areas, government policies and administrative boundaries are also important, as is the case with the Somali-Oromo and Somali-Afar regional state border areas in Ethiopia.

5.2.4 Entry points for policy dialogue

For many years, the policy and institutional environment around pastoralism in Ethiopia has been complex, with different line ministries offering different perspectives on the value of pastoralism, and if and how it should be supported. By late 2010, a policy emphasis on settlement appeared to be more evident, and was associated with water development. However, at the same time the five-year Growth and Transformation Plan noted the potential for Ethiopia to continue to export more meat and livestock. As pastoral areas supply most of this meat and live animals, the implication is that these areas should be supported to expand this supply. If so, an entry point for policy dialogue is on how best to enable pastoralists to contribute to Ethiopia's formal export trade. The broad options are extensive mobile pastoral livestock production or ranching, with the economic evidence showing how pastoralism outperforms ranches in African drylands. In addition, efficient pastoralism needs access to key natural resources, implying that access to such resources should not be hindered by settlements, and should be supported by clear land tenure policies and laws. In part, the space for meaningful policy discussion on these issues depends on the balance between economic and security objectives in pastoral areas. Perhaps less complex and less contentious are policies on service delivery, where the trend is towards more appropriate health, education, and veterinary services in pastoralist areas with government support.

Although policy narratives in Ethiopia have become increasingly dominated by settlement, irrigation and an apparent need to transform pastoralism into a more productive system, the policies of African regional bodies such as COMESA and IGAD are far more progressive and evidence-based. These regional policies recognize the ecological and economic logic of pastoral livestock production, based on mobility, and further note how pastoralism outperforms other approaches to livestock rearing in dryland areas, such as ranching. Similarly, the more recent AU *Policy Framework for Pastoralism in Africa*, endorsed by Ministers of Agriculture in October 2010, calls for policy support to pastoral mobility and in part, justifies this approach using economic analysis. These developments indicate a need to better integrate policy processes around pastoralism in Ethiopia with regional policy processes, and in particular, the policy statements of the AU in Addis Ababa.

5.2.5 Capacities for analysis

Using an entry point of livestock commercialization, the analysis presented in this report leads to an explanation of trends in pastoralist areas and how a growing trade in livestock exports can be accompanied by increasing destitution on an area-wide basis. In turn, this raises the question of how best to respond to destitution, given the market-driven redistribution of livestock assets from poorer to richer households. As the gap in livestock assets widens between the poor, and medium and wealthy pastoralists, it also becomes more difficult for the poor to move up economically. This kind of area-wide analysis points to important limitations in large-scale safety net and asset building programmes if the intention of these programmes is to return a substantial proportion of poor or destitution household back to a livestock-based livelihood in pastoral areas.

A next step perhaps, is not to approach the issue by using a critique of the safety net programme, but more through processes which increase understanding of vulnerability in pastoral areas within government, donors

and NGOs. This might be followed by assessment of the potential economic opportunities for poor households (those with few or no livestock) on an area-wide basis, including if and how these people might benefit from commercialization e.g. through providing services which support livestock production and marketing. This report indicates that commercialization trends and outcomes are central to vulnerability analysis in high export pastoral areas, and seem to be well captured using the 'Moving Up, Moving Out' scenario. Plus, the boundaries of the analysis should extend outside Ethiopia and outside of Africa to the main trading actors in the Middle East, and to countries such as Egypt and Sudan.

5.2.6 NGO programming

At the level of NGO programming, there appears to be situation in Ethiopia where some NGOs have been present in pastoralist areas for decades, but lack long-term strategies for development in these areas. In part, this deficit relates to both the dependency of some NGOs on certain donors, and weaknesses in the evaluation of projects. In terms of livelihoods-based programming and peace-building projects, there is a general lack of evidence to influence good practice despite many years of implementation. While there is considerable experience among individuals in NGOs and recognition of the need for strategy development, various organizational factors often seem to limit the space for independent analysis. Based on the experience in pastoralist areas, we suggest some pilot livelihoods based projects in Annex 2 and these could be evaluated using the framework in Table 8.

The situation is more positive for service delivery projects, including those that have worked with government to test alternative approaches. There has been substantial progress in some sectors (e.g. veterinary services), and notable movement in human health and education. That said, health and education indicators in pastoralist areas of Ethiopia are still appalling (e.g. see Devereux, 2006; Catley and Iyasu, 2010), indicating a need for an acceleration of good practice and related resource support. Table 8 provides a framework to assist the evaluation of pilot approaches before scaling up.

Section 5 - Key Points

- In Ethiopia, only a minority of donors, NGOs and UN agencies have long-term strategies which are specific for pastoralist areas. Where strategy exists, commercialization related to livestock exports is seen as providing universal benefits. In contrast, the analysis presented in this report indicates that in the high livestock export areas of Ethiopia, commercialization is a major driver of increasing wealth disparities.
- The above findings demonstrate a need to analyze trends and programming options in pastoralist area by pastoralist wealth group. In areas where a clear commercialization trend is evident, the interplay between household-level livestock holdings, access to natural resources, drought impacts and recovery, creates a set of positive feedback loops for wealthier herders and negative feedback loops for poorer herders, as expressed as 'Moving Up, Moving Out' scenario (Figure 4).
- The Moving Up, Moving Out scenario also shows why it is increasingly difficult for poorer herders to reach a higher wealth group. This trend, together with the limited non-livestock economic opportunities in pastoral areas, indicates that outmigration is an important policy option, and should be supported by rapid acceleration of efforts to improve education. These options tend to contrast with current safety net and asset-building strategies, which may encourage destitute and poor household to stay in pastoral areas.

- The dearth of evidence-based organizational strategies for pastoral development in Ethiopia is partly explained by weak evaluation of development projects, particularly in the area of livelihoods-based interventions. In some cases, approaches are scaled-up despite limited evidence of impact, and with no area-wide economic analysis. The situation is more positive for service delivery projects in human health, education and veterinary services, although considerable effort is still needed to improve the appalling health and education indicators in these areas.
- The five-year Growth and Transformation Plan of the Ethiopian government, released in 2010, represents an entry point for policy dialogue on options for further strengthening the supply of pastoral livestock to formal export markets. Pastoral areas already supply most of the livestock for Ethiopia's meat and live animal exports. If this role is to be expanded, extensive mobile pastoral production systems should be prioritized, because these systems outperform more sedentary livestock production e.g. ranching, in dryland areas.
- The economic and ecological efficiencies of mobile pastoral production systems are recognized in the regional policies of COMESA and IGAD, and in the AU *Policy Framework for Pastoralism in Africa*. These policies emphasize the need for clear and supportive land tenure arrangements for pastoralists, if pastoral livestock systems are to continue to contribute to national economic growth in relevant Member States. Policy processes around pastoralism in Ethiopia should include analysis of how best to harmonize national policies with regional policies.

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Annex 1. Focus groups, key informants and institutions

Somali Region (25/8/2010 to 06/11/2010)

- Mohamed Maalim Hassan, livestock market administrator, Moyale (Somali side)
- Aden Bulo, Ahmed Warsame, middlemen and agents for exporters in Moyale (Somali side)
- Dawit hussien, Dawit Kassa and Liyuwork Taye – staff in the agricultural marketing department
- Dr Abdikadir – Head, Agriculture and Livestock Bureau
- Ali Id – Early warning project manager, SCF-UK,
- Redet Cooperative bureau
- Harshin livestock marketing cooperatives (six in total)
- Workalemahu – livestock market data collector, Babile market
- Mohamed Jama, Sudi Maalim, and Abdi Igal, livestock traders in Babile (the latter two from Afder)
- Oxfam UK
- Three senior sheiks in Shinile mosque
- Dawd Abdi, Mohammed Sheikh, middlemen at Hartisheikh

Borana (21/8/2010 to 2/9/2010)

- Elders focus group – Did Hara
- Elders focus group – El Waya
- Elders focus group – Dubluk
- Jiren Dikale women marketing group
- Cheri women marketing group
- Utuba Gumi livestock trading share co.
- Borana investment office, Yabelo
- Bati Women Association, Moyale
- Oda Roba Pastoral livestock marketing Union – Moyale, consisting of Tile Mado, Roba Naga, Demekina Kebino, Giruf Guengu and Ufa Gamachu cooperatives
- CARE in Borana

Other institutions (various dates)

- MoARD
- Pastoral Ethiopia Forum
- Oromia Pastoral Development Commission
- SPS-LMM
- Private consultants
- Haramaya University
- Somali Pastoral Research
- Oxfam, CARE, SCUUK

Annex 2. Livelihoods-based interventions in pastoralist areas

A. Interventions supporting the pastoralist livestock sector

Value adding to livestock by fattening

Two critical inputs impacting the productivity of livestock in pastoralist areas are veterinary care and supplementary livestock feed. Of the two, more attention has been paid to animal health interventions, but improving access to livestock feed also has considerable potential. Better feed can add value locally to livestock. Of note, the profit from fattening animals comes not only from the additional weight gains but also from the original weight of the animal due to an increase in price per unit of live weight.

The following example illustrates the point:

Current average price of cattle (250 kg live weight) = EB3,105

Price per kg live weight = EB12.42

Feed cost per animal per day in Borana = EB10.50⁴⁸

Total 90 days feed cost = EB950

Estimated weight gains = 75kg

Average price of cattle at 325 kg live weight = EB5,500

Gross profit = EB1,445

Price per kg live weight = EB16.92

Difference from the original price per kg live weight = **EB4.50**

Gross gains on the original 250 kg = **EB1,125**

Value adding can be extended to goats, sheep and camels, as the case may be to supply quality finished animals at source to exporters or domestic traders. Value adding will provide employment opportunities for women's groups, agro-pastoralists, pastoral drop-outs, youth groups and pastoralists with permanent base camps. Feed provision should be subsidized for the first two cycles (at say, 50% and then 25%) to build up the capital base of beneficiaries following which the subsidy should be withdrawn.

Linkages with livestock feed processors

Direct linkages with animal feed processors can be easily established to facilitate orders by telephone and by transferring payments through banks. There are some feed processing companies that are interested in serving pastoral areas in particular including training on supplementary feed usage and on the formulation of ration from available local resources. One of these companies is already engaged in buying prosopis pods from pastoralists in Middle Awash area, which they use as one of the ingredients in feed formulation while providing alternative income for pastoralists. This same company intends to buy coarse salt and termite mounds from Borana for producing mineral lick blocks. Such linkages help in establishing a long-term relationship for the benefit of both parties.

Mini-dairy processing

Abundant milk in good times in pastoral areas goes to waste because it is a highly perishable product. Milk is also processed, traded and consumed in an unhygienic way in almost all pastoral areas. Using OFDA funding, Tufts University had some experience in setting up mini-dairy processing centres in northern and north-eastern Kenya for women's groups. The project involved training rural suppliers on hygienic milking, handling and transporting techniques and training the core women's group on the hygienic processing of dairy products (pasteurized milk packed in plastic bags with a sell by date, yogurt and mala, ghee and ice cream). Appropriate equipment was provided to the core women's groups for the processing centres which also doubled as milk kiosks, where customers were served. Visits can be made to one of the nearest projects (implemented through a local NGO, CIFA,) in Moyale, Kenya, which is still operating at profit. Since women make the household decision on the disposal of milk, this intervention will specifically target women. In Ethiopia, major settlement centres along the main road in the three major pastoral areas are ideal for setting up such mini-dairy processing centres. With some arrangements, there are possibilities to market plastic-bagged milk to major

⁴⁸ This is the actual cost of supplementary feed in Borana including transportation with a provision of 3 kg of total mixed ration per head of cattle/day. Unlike other feedlot operators, pastoralists have the added advantage of not incurring costs for pasture/hay since they graze animals on free range.

consumption centres such as from Borana to Yirgachefe and Dilla, and from Babile and surrounding areas to Harar and Dire Dawa.

Restocking through loans

Restocking programmes usually take place as a recovery process, following severe droughts. By and large, such programmes are entirely funded by donors. Restocking need not be limited to recovery purposes - it should be extended to poor pastoralists in good years, when livestock reproduction will be high, but through loans and not as a gift. In Sudan, a government program has enabled pastoralists to purchase 15 small ruminants of their choice through an 18 month loan at 6% interest, with village chiefs acting as guarantors. Interviewed pastoralists were confident of repaying the loan with interest in two years time (if not in 18 months) after accounting for mortality, feed and water and veterinary costs. A pilot program of this nature could be introduced in Ethiopia where the loan to pastoralists will not be provided in cash but in the form of small ruminants of their choice from markets nearby.

Livestock feed and animal drug stores

The growth and expansion of bush markets for various reasons in addition to livestock markets in major settlement centres provide ideal opportunities for opening up livestock feed and animal drug stores to individuals. Community-based animal health workers can be ideal agents to run such stores since they are already trained on primary animal health care, which makes it easier to train them on feed handling and usage in order to manage both products. This requires availing seed capital loans for setting up the stores and stocks.

Engaging pastoral youth in livestock trade

With the provision of loans, training in business skills and familiarization tours to major livestock markets, export abattoirs and linkages with potential customers, pastoral youth groups can be organised to be engaged in livestock trade. The formation of groups is beneficial to reduce overhead costs (such as when hiring a truck or a holding ground). But, the loans have to be given to individuals since the business acumen of group members is different from one another. Obviously, some may default on repayments but there are always those who will succeed in establishing themselves as astute livestock traders given the chance.

Fodder seeds

The provision of fodder seeds to riverine areas should be encouraged for growing nutritive fodder crops for livestock.

B. Interventions for alternative livelihoods

Education is probably the single most important strategy for enabling people in pastoralist areas to access employment in, but especially outside, these areas. In addition, various approaches warrant piloting following location-specific feasibility analyses.

Honey production and extraction

Honey is one of the major products traded informally in pastoral areas but often ignored by development agencies. Despite the on-going deforestation process, pastoral areas are even more ideal for honey production due to the presence of varieties of acacia, lantana, palms and other species compared to denuded highland areas. Yet, income generating projects involving honey production in Ethiopia seem to be exclusive to highland areas. The provision of improved hives and other accessories coupled with trainings on simple extraction and packing techniques will go a long way in providing alternative income to poor pastoralists and other groups. Lessons can be drawn, if needed, from NGOs involved in supporting honey production interventions in pastoral areas of Kenya. The material and technical support should be complemented with support to market end products.

Grain stores and commodity shops

The terms of trade particularly in times of shocks is biased against livestock. Lack of essential basic-commodities particularly in rural settings also persuades pastoralists to travel long distances sometimes across the border. With provisions of loans, grain and commodity distribution depots could be organised in major settlement areas from where retailers in rural areas can access supplies.

Cultivation of dates, pistachios, peanuts, sweet potatoes

Major perennial rivers cross the three pastoral areas of Ethiopia – Awash, Mille, Awra, Genale, Dawa and Shebelle. These rivers are ideal for introducing and cultivating high value crops such as dates, pistachios, peanuts and other dry land crops. Dates introduced in the mid-1980s in the Amasabure area (in Afar Region) are providing the community with a much needed food. Dates can also provide timber for the construction of houses, fuel wood and the like. Pistachios and peanuts are high value crops which could increase the income of agro-pastoralists substantially. Sweet potatoes provide human and livestock food.

Skills training

Pastoral drop outs particularly the youth stay idle because they don't have specific skills to sell. Most development programs in pastoral areas focus on livestock-based activities and are not equipped for providing training on skills to trade. Pastoral areas require centres that can provide trainings to young men and women on carpentry, masonry, plumbing, electricity, cobbling, tailoring, small-scale irrigation, agriculture, skins and hides preservation and handling, auto-mechanics, irrigation pump operation and maintenance, painting (for houses), butchery etc. Alternatively, groups of pastoral youths can be sent to training centres in other areas providing such skills.