



African Union

Interafrican Bureau for Animal Resources

**TAPPING THE ANIMAL RESOURCE POTENTIALS
TO STIMULATE SUSTAINED ECONOMIC GROWTH
AND ENHANCE NUTRITIONAL SECURITY**

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Introduction

From a macro-economic perspective, livestock production contributes about 35 per cent of agricultural GDP in SSA (and if non-food products and services were added this share would even be higher). Livestock contributes significantly to increased food supply and nutritional security, serves as a source of income and a means for capital accumulation, generates employment and supply inputs and services for crop production. Livestock is also an important source of raw material for the agro-industry sector. Further, non-market exchanges of livestock represent an important factor for social integration. The large variety of animal breeds reared in the continent is also a very important source of genetic pools and a relevant contribution to bio-diversity conservation.

Through increased livestock production and consumption of animal proteins, many poor smallholders have direct access to animal products, which are prime sources of many minerals and vitamins, essential for child growth and their cognitive development. Therefore, it is generally considered as a significant pathway out of poverty by contributing and nutritional security in various ways.

From a socio-cultural perspective, there is hardly any smallholder family which does not have some livestock in SSA and studies around the continent have demonstrated that smallholders' capacity for innovation and risk taking is correlated with livestock keeping and it is the greatest anthropogenic use of Africa's land surface area. For most smallholder farmers in Africa, livestock represent the only asset that can be converted into cash - a truly indispensable source of economic opportunity. Furthermore, in inclement ecologies where nothing but animal husbandry thrives and indeed the only means of livelihood, the contribution of animal resources is synonymous with livelihoods of the people. In developing countries where more than 50% of the capital invested in agriculture in Africa, livestock becomes a significant source of economic growth and investment

Demand for Animal Products

There has been a huge increase in the demand for animal products due to the combined effect of population expansion, the tremendous rate of urban growth, changes in lifestyles and increases in household incomes. Projections for Africa show a further significant increase in the next 30 years. Projected growth in per capita consumption of animal products is generally above that predicted for consumption of other food items, offering opportunities to improve the incomes and livelihoods of the livestock-dependent poor. This growth in demand for animal products can be met largely by in-country and/or in-continent production which is one of the few opportunities to improve livelihoods among the

poor, many of whom are animal keepers (up to 350m in Africa). This growth in demand should therefore benefit both the animal keeping communities and the consumers. Arguably, from a demographic viewpoint, improving the livelihoods of 350m people would inadvertently improve the possibility of a vital contribution to MDG #1.

These trends present real opportunities for poor animal keepers, but also present challenges. Questions arise as to whether the poor will not be sidelined in the competition to satisfy growing demand for safer animal products; whether reduction of government involvement in the provision of animal health services will threaten small-scale producers who cannot comply with more stringent public standards and private standards increasingly required by large agro-industries and retailers; whether poorly developed access to technology and other services, access rights to land, water and high value marketing chains will become insurmountable barriers to improving animal production at the level of small-scale producers.

Challenges and Opportunities

Apart from the impact of the export subsidies and dumping practices, that have heavily affected the African livestock sector in the last decades, but are likely to be phased out in the next years, African producers may be destabilized by world animal products market leaders like Brazil for chicken, South American countries for beef and New Zealand and Australia for sheep, that are able to market their products 25 to 40 % below the going African price. EPA, (Economic Partnership Agreements) which will facilitate the access of European products to African markets could become a disincentive to livestock production.

Africa's Trade and Production outlook, today against yesterday

For the purpose of assessing the performance of the livestock sub-sector in Africa, a comparative analysis was conducted comparing data on imports and exports of Africa in each of the main products between 1996 and 2006 (Table 1). Comparing imports data of 2006 to those of 1996 shows that importation of milk, meat and eggs have dramatically increased by 80, 153, and 79 percent, respectively. On the other hand, exports of live animals hide and skins and meat have decreased by 11, 31, and 36 percent, respectively.

The net trade deficit for animal products has increased by 1277% from **1,568,308,000 USD in 1996 to 3,573,286,000 USD in 2006.**

these trends evidently indicates the diminishing capacity of African nations for exporting livestock products, which can be attributed to the deteriorated production base capacity but also to increased level of sanitary standards in Northehrn countries that African Countries can hardly cope with

Table 1: Aggregated Export and Imports (x1,000 USD) of major livestock products for Africa (for 1996 and 2006)

product	Imports		Exports	
	1996	1996	1996	2006
Live animals	742,488	557,816	557,816	498,086
Hides and skins	28,247	264,752	264,752	182,628
Milk and dairy products	1,347,902	98,662	98,662	230,620
Meat	670,497	329,729	329,729	210,378
Eggs	41,464	9,335	9,335	13,344
Total	2,832,594	1,262,290	1,262,290	1,137,062

Source: FAO stat 2006

International standards governing the global livestock trade currently focus on the geographical origin of a product, and the disease status of that region. This favors developed countries that have eradicated significant livestock diseases, have maintained effective veterinary services and have continued to assist the livestock sector with investments, targeted research and subsidy. Countries or regions with trans-boundary animal diseases have little chance of fully eradicating it in the near future (especially when considering the role wildlife in the occurrence and spread of some of these diseases), implying fewer options for accessing lucrative international markets.

Across Africa, the ability to tap into new market opportunities is often erratic, unsystematic and inadequate and often concentrated of the supply of raw livestock commodities, with limited value addition. This is the consequence of lack of investments in coordination, particularly at regional levels, and often poor market intelligence. Africa still relies on old trading networks, without prospecting new markets and investing in the promotion of livestock commodities and branding of African products. Competition is often perceived as a matter of quantity rather than quality. As a result it loses out to the bigger competitors, particularly from Latin America. The situation calls for strategically coherent and systematic approach, linking regional and governmental support to private sector initiatives. Finally Africa has been poor at negotiating trade standards with international bodies such as the World Animal

Health Organization (OIE), Codex Alimentarius Commission of the World Trade Organization (WTO) and large trading blocks, especially the European Union.

Through years of negligence and underfunding, the capacity of Africa's livestock support services – whether dealing with production, research, marketing or veterinary services issues is by-and-large woefully poor . In spite of these concerns, the projected growth in the demand for animal products offers a unique opportunity in that it is a rapidly growing market within which many poor people already have experience and which they can enter without the need for substantial resources or training. Animal production does not offer a universal solution to poverty but, for many, it represents a practical way to build assets, and food and financial security. This proviso will only hold on three grounds

- Trade – access to lucrative markets
- Policy reforms
- Research, branding and innovation

These three premises are crucial to obtain competitive enhancement of African livestock commodities that underpins the economic empowerment of livestock-dependent communities. An analysis of the livestock supply chain therefore becomes imperative so that effective policy reforms addressing identified bottlenecks are put in place. Applied research to support animal commodity diversification and branding is equally important to develop the livestock sector in the continent.

The present paper seeks to re-position the livestock sector in its proper perspectives as a potential major contributor to economic growth in Africa through the enhancement of the sector's competitiveness

Rethinking livestock development for sub-Saharan Africa: Proposed Interventions 'outside the box'

- **Policy/investment option to improve livestock contribution to food security and sustainable economic growth**

Agricultural history informs us that livestock development in Europe and North America was not primarily hampered by technological constraints, but that farmers were only willing and able to adopt existing technologies once an enabling policy and institutional environment were in place. Such an environment allowed them to access new technologies and reap the benefits of their adoption. This enabling environment is influenced by economic and institutional factors that are beyond the

households' immediate control. Thus, in order to reverse the negative trends of livestock development in SSA, major institutional and policy reforms are required at national, regional and pan-African levels.

Strategies to meet the challenge of mere annual 4.2 percent growth rate of the livestock sub-sector would have to focus on the higher potential regions of Africa that is the semi-arid, sub-humid and highland zones, by enhancing the role of livestock in the agricultural intensification process, and promotion of market-based livestock development. Private and public investments in value addition activities, such as processing and branding of animal commodities, is equally important to stimulate livestock growth, employment creation and better utilization of livestock products and by-products.

Development of these broad strategies would require strengthened policy analysis, planning and implementation capacities both at national and regional levels, to ensure effective delivery of different programmes identified and therefore increased public investment in the sector to at least 3% of the total budget as suggest by the SIRTE declaration in 2006.

Most national policy documents fail to appreciate the role of livestock in poverty reduction; in particular, they treat livestock production and poverty reduction disjointedly, and implicitly assume that the overall objective for the sub-sector is to increase meat/milk production, rather than mitigating against poverty through livestock production. Policies aimed at increasing production however, do not necessarily benefit the poor livestock keepers who are an extremely heterogeneous group and often, being extremely poor, maximize a survival rather than a production function.

Poor livestock keepers could benefit from the projected high demand in animal products if robust livestock policies are developed to target the following: (1) establishing the basics for livestock production; (2) increasing production, productivity and value addition and branding; and (3) enhancing competitiveness of livestock sector

1. Establishing the basics for livestock production

a. Secure and adequate access to land, water and pasture for animals, inadequate access to land and lack of feed and forage are main developmental constraints for poor livestock producers and there is growing conflict between pastoralist and settled farmers. In adequate access to these essential resources is better addressed within a comprehensive pastoral policy framework and an adaptable livestock-cropping interface model.

b. Climate Change and Adaptation Options

- Recognizing the short and long-term impacts of climate variability and climate change on livestock production, adaptation planning should take into account both the need to increase the current ability of pastoral communities, to lessen and cope with the impacts of extremes as well as the need to conserve and improve the resilience of pastureland.

- Strengthening livestock management strategies at local national and regional levels, and livestock policy response to the threats of climate change will reduced the vulnerability of livestock keepers especially in the arid and semi-arid rangeland based systems.
- Forecasting and awareness information on climate change are crucial components of adaptation. Understanding the patterns of variability of current and projected climate and seasonal forecasts is therefore crucially important as well as the institution of effective coping mechanisms. The ability to anticipate shock and losses enables targeted assistance to herders. Grassroots herder communities should also be educated on climate information and traditional approaches to weather forecasting.
- Breeding strategies - Many local breeds are already adapted to their harsh conditions. Their adaptation includes not only their tolerance to heat, but also their ability to survive, grow and reproduce in conditions of poor nutrition, parasites and diseases. Those adaptation mechanisms include: identifying and strengthening local breeds which are adapted to local climatic stress and feed sources. Although, there is a need to improve local genetics through cross breeding with heat and disease tolerant breeds. If climate change is faster than natural selection, the risk of survival and adaptation of the new breed becomes greater.

c. Maintaining and sustaining pastoral and livestock mobility:

- It makes possible the sustainable use of dryland ecosystems. In areas where the quantity and quality of rainfall, pasture and water resources vary considerably from one season to the next, mobility is essential for animals to access fodder and water where they exist.
- It enhances complementarity between pastoral and agricultural systems. Pastoralists and farmers in the Sahel have traditionally benefited from reciprocal

arrangements: transhumant herds manure farmers' fields; farmers' livestock are raised in neighbouring pastoral areas; pastoral herds are often the main source of traction animals. Carefully negotiated livestock movements make these connections possible.

2. Improving production, productivity and value addition and branding

- a. Securing access to livestock/animal health services: Animal diseases negatively impact on livestock production. Livestock holders are often poor, minimal education and dispersed and unable to effectively demand livestock services both through the market and through policy, as their opportunity cost is extremely high. On the other hand livestock extension service is usually very weak with insufficient human and financial resources as a consequence; technologies to improve livestock production are far from reaching small holder animal keepers. Extension services need to be strengthened with village-level paraprofessionals who use a strong participatory approach and have up-to-date knowledge of ecologically sound agricultural techniques. The involvement of the private sector in the provision of livestock support services should also be recognised and promoted.
- b. Investment in biotechnology: recent advances in agricultural biotechnology have resulted in improved research leading to increased pest and disease resistance in livestock, new, refined diagnostics and vaccines for livestock diseases (FMD, ECF), genetic improvement (Artificial insemination and embryo transfer) and animal feeds and nutrition (improved crop productivity, enhancing efficiency of nutrient utilization, feed additives). Access to advanced biotechnology applications provides unprecedented opportunity to significantly enhance productivity.
- c. Securing access to credit and other inputs: Government intervention/regulation to establish financial and inputs markets is essential to assist livestock producers in adopting high level technology allowing high level of production. Small-scale producers in particular need affordable credit to access increasingly priced production inputs;

3. Enhancing competitiveness of livestock sector (support and expand livestock markets)

- a. Promoting provision of livestock-based public goods: this include food safety, environment protection, public regulation and management of disease surveillance; veterinary services; quality control; food safety regulations; implementation of animal health legislations, and animal welfare. Some livestock-associated public goods are underprovided by the markets, because of

their non-rivalry and non-excludability. These goods provide necessary conditions necessary for countries to compete in international markets and poor livestock holders not to be crowded out by foreign competitors.

- b. Securing access to output markets (Public) investment for and regulation / management of slaughterhouses and milk processing plants; regulation of local livestock markets. Slaughterhouses and processing plants require investments with a high indivisible component which can create frictions/imperfections in the production chain. Livestock are among the most repeatedly taxed agricultural commodities: transit and market access fees are common, especially following the current decentralization thrust. Promoting the involvement of private sector in the meat processing and feed manufacturing industry is essential to ensure the competitiveness in price and quality leading to enhancing the competitiveness of the whole sector.
- c. Promoting provision of public goods: Research Public regulation/funding of research centres; public management of public research centres. Private research centres are likely to invest in profitable breeds/technologies, and poor livestock holders rarely constitute an attractive market for the private sector. Moreover, private sector is unlikely to commit long-term investments, such as breeding, in politically regarded unstable region and due to, relatively, limited market demand with the vast majority of livestock keepers are substance-oriented.
- d. Promoting the establishment of livestock producer's organizations at local, national and regional level: The establishment of local livestock producers' organizations (eg. Cooperatives) is extremely essential to provide small scale producers an access to services (credit, veterinary services, production inputs), and to high value market chains. At national and regional level, the associations will be more policy oriented and allow participation in policy formulation. The inclusion of association in policy formulation will ensure the formulation of well targeted and robust policies. Sector policies should therefore take into account this important aspect and put in place regulatory frameworks that promotes and simplifies the establishment of farmers organizations.
- e. Stimulating participation of small farmer into value addition chain: seventy percent of African livestock keepers are poor practicing livestock production for substance applying poor production techniques and utilizing poor breeds with no access of proper market chains. Commercialization of this vast sector of livestock producers is essential to expand the production

base, which is in turn a necessary condition to obtain competitiveness. Empowering small scale producers requires availing accessible credit, and the provision of well targeted technical and marketing supports. Several successful experiences abound around Africa and there is an immense need to upscale these experiences. The commercialization of small-scale producers has directly impacted employment creation, livelihood, gender empowerment and food security in a positive manner.

f. Trade with acceptable level of risk

One important alternative is for international standards to adopt a '*commodity-based approach*'. Commodity-based trade focuses on the quality of each product and how it was produced and processed, rather than origin of the product. Such an approach would not undermine disease control and eradication measures, as countries would actually have greater incentives to strengthen veterinary services and improve disease control. Currently, such commodity standards are almost non-existent. However, the World Organization for Animal Health (OIE) has recently recognized this, and the Terrestrial Animal Health Code Commission plans to ensure that requirements in the OIE Code relevant to commodities trade get the deserved attention.

Adoption of CBT would preferentially benefit poor livestock producers and also strengthen the propensity to invest as lessening the requirement for proof of geographic freedom from TADs would increase market access for food supply chains that are presently poorly developed and under-represented in regional markets because of the presence of TADs but which have potential for significant growth. This would provide the economic incentive for investment in the supply chains of poor countries which is rarely the case presently.

Within this picture, some success stories have emerged, notably Botswana, Namibia, Zambia and South Africa which have accessed high value markets in developing and developed countries and are also experiencing higher per capita consumption levels for livestock products.

Alternatively, African countries are required to invest in developing regional standards that could be mutually recognized under the "equivalent" principle of the WTO-SPS agreement. These standards, once recognized by importers, will facilitate exportation of African livestock products as these take into account the peculiarity of Africa livestock

sector while ensuring on the same time an acceptable level of risk. Though developing standards is a capital and science intensive process that requires massive investment and commitment from governments, the returns to be realized, in the form of exports proceeds, are worthwhile.

Conclusion

The contribution of livestock sector's to food security, poverty alleviation and sustainable economic growth will be improved with renewed commitments from governments and a review of international standard-setting policies especially where trade and markets are concerned. If this is done, then huge potentials could open up for Africa, particularly in regions like southern and eastern Africa, with potentials for attracting new markets and trading partners, the in-flow of private investment for new production technologies and the provision of ethically produced and sourced foods to niche markets.

Evidence-based policy reforms that have direct bearing on international and regional trade as well as pro-poor policy interventions are long overdue for primetime actions on the continent's political agenda.