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**Challenges of Cross Border Livestock Trading: A Policy
Implication Analysis: The Case of Ethiopian Somali Regional
State Border With Somaliland**

*A Thesis Submitted to the School of Graduate Studies of Addis
Ababa University in Partial Fulfillment of the Requirements for
the Award of the Degree of Master of Marketing Management
(MA)*

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Advisor: Temesgen Belayneh (PhD)

May 2018

Statement of Declaration

I, the undersigned, declare that this study entitled “Challenges of Cross Border Livestock Trading: A Policy Implication Analysis: The Case of Ethiopian Somali Regional State Border With Somaliland” is my original research work and has not been presented for a degree in any other university, and that all sources of materials used for the study have been duly acknowledged.

Mohammed Ali

Signed: _____ Date: _____

Confirmation

This is to certify that this study, “Challenges of Cross Border Livestock Trading: A Policy Implication Analysis: The Case of Ethiopian Somali Regional State Border With Somaliland”, undertaken by Mohammed Ali for the partial fulfillment of requirements for the Degree of Master of Art in Marketing Management at School of Commerce-Graduate Studies-Addis Ababa University, is an original work and not submitted earlier for any degree either at this University or any other University.

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Challenges of Cross Border Livestock Trading: A Policy Implication Analysis: The Case of
Ethiopian Somali Regional State Border With Somaliland

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ACRONYMS

ACDI/VOCA	Agricultural Cooperative Development International and Volunteers Cooperative Assistance
BOFED	Bureau of Finance and Economic Development
CBLT	Cross Border Livestock Trade
CSA	Central Statistical Agency
DPPB	Disaster Prevention and Preparedness Bureau
ETB	Ethiopian Birr
ECA	Economic Commission of Africa
ECRA	Ethiopian Customs and Revenue Authority
FEWS	Famine Early Warning System
FAO	Food and Agriculture Organization
FSNWG	Food Security and Nutrition Working Group
GDP	Gross Domestic Product
GTP	Growth and Transformation Plan
HOA	Horn of Africa
ICBLT	Informal cross border trade
ICBT	Illegal Cross Border Trade
LCRDB	Livestock Crop Rural Development Bureau
NGO	Non-Governmental Organization
SHOAT	Sheep and goat
SRS	Somali Regional State
USD	United State Dollar

ABSTRACT

Cross-border livestock trade is an important livelihood activity for many pastoral and agro-pastoral communities in the Horn of Africa. The Objective of the study were to examine the challenges and its policy implications of cross border livestock trade along the border of Somali regional state of Ethiopia with Somaliland. The main target population of this study includes livestock producers, livestock traders and livestock exporters of the three districts namely (Togwajale, Kebribeyah and Awbare) via Togwajale trade routes in the Somali regional state of Ethiopia with Somaliland. These Districts are purposely selected to the evidence that, they are located along the outlet and strong potentials for both domestic and cross border livestock trading. The study was relied on both quantitative and qualitative data collected from primary and secondary sources. The primary data for this study was collected with the aid of close-ended and open-ended questionnaire. The Secondary data for this study was collected from Custom Revenue Authority of Jigjig town, related literatures, annual reports, National livestock trading policies, custom office of the outlet, Regional trade bureau, and livestock-marketing department of the region. In addition, checklist interview was designed to Key-informants. Furthermore, the challenges and policy implications of cross border livestock trading was analyzed and presented in tabulations and graphs. On the other hand, narrative type of analysis was used to illustrate qualitative information. Finally, recommendations are given based on the findings of the study.

Key Words: *Somali Region, Togwajale, Kebribeyah and Awbare, Cross-Border Livestock Trade, Cattle, Camel and Shoat Trade, Marketing Costs, Export Earning, Marketing Challenges.*

CHAPTER ONE

INTRODUCTION

This chapter of the paper begins with the theoretical ground of the cross border livestock trade and the details of statements of the problem that the researcher identified. In addition, the research questions raised by the researcher, objectives of the study, definitions of terms, Significance, scope and limitation of the study are given respectively. Finally, organization of the study is provided at the end of the chapter.

1.1 Background of the study

Cross-border livestock trade is an important livelihood activity for many pastoral and agro-pastoral communities in the Horn of Africa (HOA). The trade has developed into an informal industry supporting many stakeholders along the value chain: livestock-keepers, fodder suppliers, ranch owners, itinerant traders, large livestock traders and transporters (A. Eid, 2014).

Ethiopia is home to the largest livestock population in Africa. There are 41.1 million heads of cattle, 23.6 million sheep, 18.6 million goats, 0.62 million camels, 34.2 million chicken, 1.7 million horses, 4.5 million donkeys, 0.33 million mules (CSA, 2010). Livestock continues to be a significant contributor to economic and social development in Ethiopia at both the household and national levels. In this regard, livestock is an important sub-sector in Ethiopia's economy in terms of its contributions to both agricultural and national GDP. Estimates by the Ministry of Finance and Economic Development (MOFED) in Ethiopia indicated the contribution of the livestock sector to the agricultural sector at 25 percent. An adjustment of the production coefficients used to calculate production yielded to an increase of about 46 percent over previously estimated values of ruminant production. The additional inclusion of the value of plough services by animals, used by almost four-fifths of Ethiopian farmers to till their fields, led to revised estimates of about 113 percent over estimates of the 2008-09 gross value of ruminant livestock's contribution to agriculture (Behnke R., 2010).

Livestock trade between countries in the HoA is largely un-official and unrecorded by government bodies. Over a long period, this elaborate and lucrative informal livestock trade has established itself largely beyond the reach of official regulation and taxation. Several factors have facilitated the expansion of this trade. The pastoral and agro-pastoral communities of

Somali Region are poorly integrated into Ethiopia's central economy. Although official channels for exporting livestock have grown exponentially in recent years, most livestock trade continues through informal channels. Other factors such as government trade policies have also discouraged trade along official lines. Thus, the unofficial cross-border trade is filling the gap by creating outlets for the products of Somali Region pastoral and agro-pastoralists and by providing goods that could not be supplied through the official channels (Tegenen and Alemayehu 2002, as cited A. Eid, 2014). The last census conducted in 2007 indicated the population of the Ethiopian Somali regional state at 4,439,147, of which 86 percent (3,817,937) live in rural areas and the remaining 14 percent (621,210) are urban populations. 60 percent (2,290,762) of the people living in rural areas are pure pastoralists and 25 percent are agro-pastoralists, while the remaining 15 percent are sedentary farmers (SC-UK/ DPPB 2008). This gives an indication of the importance of livestock and livestock products for the majority of people in Somali Region. The region borders Djibouti, Somaliland, Somalia and Kenya. Most of the people have strong social and economic ties with Somalis living in neighboring territories.

The pastoralists of the region depend on the ports of Berbera and Bossaso to market their livestock. The region also highly depends on informal trade, not only for marketing its products but also for all imported commodities to the region. This has made the region a battleground between traders trying to informally export and import goods and Federal Police Forces trying to stop them from doing so (A. Eid, 2014).

The livestock population of the region was estimated to be around 23 million head. Among the total livestock population, 40% of the cattle, 75% of the goat, 25% of the sheep, 20% of the equines and 99% of the camel population of the country are raised in the lowland areas of Somali region (CSA, 2010). This gives an indication of the importance of livestock for the majority of people in Somali Region. Along these border routes, the 2011 estimates of Oxfam-GB had confirmed that 50-65 percent of the livestock exported from Berbera port originates from Somali Region and the value of this trade appear to surpass to 400 million dollar annually. For the pastoral community, the two cross border trade corridors (Berbera and Bosaso) were long recognized and important trading chains with the Gulf markets.

1.2 Statement of the problem

Given the regions richness in livestock and the sectors' importance as one of the main source of livelihood for Somali Region of Ethiopia, it has been filled with enormous challenges such as the sectors subsistence nature and its mobility along the rain dependent climatic conditions that affected the welfare of human and livestock populations negatively. Livestock loss and diseases due to shortages of water and pasture land is rampant and recurrent experienced by livestock population every year in the region. Studies made by Behnke R. (2010), (CSA, 2010), (A. Eid, 2014) and other stakeholders indicated Cross border Livestock trade records, livestock production and marketing is an important sub-sector within Ethiopia's economy in terms of its contributions to both agricultural value-added and national GDP with the highest shares. However, cross border Livestock trade and most of the entire livestock exports are dominated by larger traders and pastoralists are not active in the livestock trades.

According to study by Ayele (2006), pastoral participation in cross border trading was long restricted by larger barriers and standard limitations that are against smallholder pastoralists. Moreover, poor market prices and higher transaction costs had resulted to increased informal cross border trade in the region. Studies show informal livestock trading has existed in the region for a long period of time, conventionally chosen but the most risky marketing structure (Ayele, 2003). Livestock marketing decisions are influenced by climatic and environmental conditions that in turn affect livestock production, body weight and market value. According to studies by Yacob (2002), poor marketing decisions and livestock sale tend to end with declined market returns and bottlenecks of marketing improvement. The study by the same writer added that the supply of poor quality livestock/animals and price influence of the third parties to have largely affected market operation and limited pastoralist involvement in cross border markets. Beyond these, current knowledge on livestock market structure of the region, performance and prices in the domestic and export marketing is poor and inadequate and livestock export sector is still poorly benefiting the pastoral households. In the domestic market, knowledge on how marketing routes and systems contribute to the pastoral community and the implications to national and international trade in livestock is also highly insufficient (Ayele, 2003). According to an empirical study by Eid (2006), informal livestock trading as contraband is rampant in the Somali Region. The reasons mainly being the wider barriers and standard limitations along the formal

cross border against smallholder pastoralist livestock trade and higher transaction costs a long with poor market prices as contributing to the increased informal contraband livestock trade in the Ethiopian Somali Region. Other relevant studies cited by (ECA, 2012) has showed that in recent years, official export value of Ethiopia have been declining, while the illegal export value have been increasing (Ayale, Solomon & et.al,2003), still this trend has the opportunity to accelerate if policy measures are not taken to reverse the situation. This study was intended to figure out the core challenges in livestock marketing, with special reference to policy implication of the cross border livestock trading challenges, the existing policy loopholes that feeding the challenges and to recommend proper policies or institutional innovations to improve domestic and export livestock marketing, current information gaps on livestock marketing system, and market related infrastructure and facilities that should have to be acquired.

Hence, the study considered to fill the gaps existing with regards to the challenges in cross border livestock trading, and policies surrounding cross border livestock trading of the Somali region border with Somaliland.

1.3 Basic Research Questions

Thus, the following questions were addressed by the research: -

1.3.1 Main research question

- ✓ What are the challenges and its policy implication of cross border livestock trade along the border of Somali regional state of Ethiopia with Somaliland?

1.3.2 Sub research questions

- ✓ What are the laws, policies and controls shaping the dynamics of cross border livestock trading?
- ✓ What are current practice, composition, trading root and actors/agents of cross border livestock trading?
- ✓ What is the existing gap in accessing livestock marketing information and outlets in the study area?

1.4 Objectives of the study

1.4.1 General Objective

The general objective of the study is to examine the challenges and its policy implication of cross border livestock trade along the border of Somali regional state of Ethiopia with Somaliland.

1.4.2 Specific objectives

The specific objectives of the study were as follows:

- To analyze the cross border livestock trading roots and current practice in the study area.
- To examine policies, rules and controls that shaping the dynamics of cross border livestock trading.
- To identify the actors of cross border livestock trading along the border of Somali regional state of Ethiopia with Somaliland.
- To investigate the existing gaps in accessing livestock marketing information and outlets in the study area.

1.5 Definition of Terms

1.5.1 Conceptual definition

Cross border Trade is defined as “the flow of goods and services across international land borders within a reach of up to 30 kilometers” (Kaminski and Mitra, 2010).

Informal cross border trade is defined differently by different authors and institutions. Common Market for Eastern and Southern Africa (COMESA) defines *informal cross border trade* as trade which is not officially recorded and carried out by small businesses in the region (member countries in eastern and southern Africa) (Njiwa, 2013).

Higgins (2012) and Leeman (2009) defined *informal cross border Trade* as legal but unregulated (unregistered, undocumented and officially unaccounted) trade.

Informal Cross Border Livestock Trade involves large number of participants performing at a lower scale than the formal sector and characterized by easy entry and exit of firms (Dongala, 1993).

1.5.2 Operational definition

Cross border trade is broadly divided into two: *formal* and *informal* types of cross border trade. *Formal cross border trade* refers to the type of international trade in legal goods and services which is carried out by legally registered traders and fulfills all the legal requirements of the

trading countries. *In formal cross border trade which this study deals*, all the necessary legal requirements are met, administrative procedures are followed, the types and volume of items of trade are officially recorded and all the necessary fees and taxes are paid.

1.6 Significance of the study

Since the study aims at revealing the challenges and its policy implication of cross border livestock trade along the border of Somali regional state of Ethiopia with Somaliland, it could assist the cross border livestock traders primarily, and other stakeholders such as Livestock producers, Livestock exporters, pastoral and agro-pastoral pastoral communities along the border of Somali regional state of Ethiopia. In addition, the finding of the study could pave the way for different investors, government and non-governmental institutions to plan in advance and deal with the competitive and changing marketing environment. Moreover, it could assist the livelihood of predominantly pastoralist communities' both for consumption and trade through Somali region's border with Somaliland via Togwajale border. Furthermore, the finding of the study provides policy implications for further and detail investigation for concerned academic scholars as well as for policy makers. Finally, the study as a partial fulfillment, contribute a lot to the knowledge and experience of the researcher.

1.7 Scope and limitation of the study

This research attempted to identify the major challenges of cross border livestock trading primarily in Somali region's border with Somaliland. The study conducted based on the primary data gathered from livestock producers, traders, exporters and key informants of the three districts namely Togwajale, Kebribeyah and Awbare in the Somali region. In addition the available relevant secondary data have been assessed. It is also important to note this study is not covering the whole nine zones of the Somali regional state. Also some participant of the study were not available due to some fear from government persecution and functionality of cross border trade in the study area, which can impact the conclusion of this study. Nonetheless, the study is intended to provoke discussion and supply of data on the existing cross border livestock trading, which contribute toward future policy and decision making in the Somali region in particular and the country in general.

1.8 Organization of the paper

The study was organized in five chapters and the content in each chapter is as follows: The first chapter is the introductory part, which provides with background of the study including theoretical bases and previous studies to introduce the subject briefly. Problem statement and key objectives of the study are also presented in this chapter. Based on the objectives and stated problems, research questions are given. The scope and limitation, significance and organization of the thesis are also stated in this chapter. The second chapter demonstrated the relevant theoretical and empirical grounds for the study. The definition given for cross border livestock trading and clarification of some aspects of cross border livestock trading are discussed and empirical evidences also presented. The third chapter comprises the methodology that the researcher applied throughout the study. Specifically, it includes research approach, research design, sampling design, data source and collection method, data validity and reliability. The fourth chapter contains the results of analyzed data and discussion about the prevailed cross border livestock trading, marketing infrastructure and other facilities. Finally, the fifth chapter covers the Summary of the findings of the study, conclusions of the results and the recommendation of the researcher based on the findings of the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter of the study consists of relevant review of related literatures. A brief overview of the cross border trade, informal cross border livestock trade, role of cross-border livestock trade for pastoral livelihood improvement, participants of cross border livestock trade and distributions of benefits, barriers of cross border livestock trade and different relevant theoretical clarifications are included in this chapter. In addition, prior empirical findings and results are also presented in line with the objectives of this research.

2.1 Theoretical Review

2.1.1 Cross border trade

Cross border trade is a trade, which is carried out across national boundaries or between people or business entities of different countries. Cross border Trade is defined as “the flow of goods and services across international land borders within a reach of up to 30 kilometers” (Kaminski and Mitra, 2010). Cross border trade is broadly divided into two: formal and informal types of cross border trade. Formal cross border trade refers to the type of international trade in legal goods and services which is carried out by legally registered traders and fulfills all the legal requirements of the trading countries. In formal cross border trade, all the necessary legal requirements are met, administrative procedures are followed, the types and volume of items of trade are officially recorded and all the necessary fees and taxes are paid. Informal cross border trade on the other hand, is defined differently by different authors and institutions. Common Market for Eastern and Southern Africa (COMESA) defines informal cross border trade as trade which is not officially recorded and carried out by small businesses in the region (Njiwa, 2013). Higgins (2012) and Moisé-Leeman (2009) defined Informal cross border Trade as legal but unregulated, unregistered, undocumented and officially unaccounted trade.

2.1.2 Informal Cross Border Livestock Trade

Informal Cross Border Livestock Trade involves large number of participants performing at a lower scale than the formal sector and characterized by easy entry and exit of firms (Dongala, 1993). Macamo (1998) identified three types of Informal cross border Livestock Trade: trade by informal (unregistered) firms totally avoiding official formalities, trade by formal (registered)

firms which are fully evading trade related regulations and duties and trade by formal firms which are partially evading trade related regulations and duties by resorting into illegal practices such as under invoicing (reporting of lower quantity, weight and quality to pay lower tax, mis-declaration of country of origin, misclassification of products, bribery of custom officials, etc(policy research report, 2015).

Although it is difficult to provide accurate figures on the share of formal and informal cross border trades due to lack of data on the informal economic activity, different studies and rough estimations assert that the informal sector in general plays almost equal economic role with the formal sector in Africa (Lesser and Moisé-Leeman, 2009). The share of informal cross border trade from the total cross border trade among neighboring African countries might be even disproportionately larger than the share] of the formal economy. According to Little (2009) around of 90 % of the cross border trade along five Eastern African borders, including Ethiopia-Somaliland, Southern Somali-North Eastern Kenya, Western Ethiopia- Eastern Sudan, Southern Ethiopia – Northern Kenya and Northern Uganda – Southern Kenya, is informal cross border trade. According to Jabar et.al (2007), in 2005-06, the volume of informal live animal exports from Ethiopia was estimated at 328,000 head of cattle and 1.1 million sheep and goats which is more than seven times the volume of formal exports. Sintayehuet. al (2013), based on data from different sources, indicted that the informal cross border livestock export from Ethiopia during the years 1981–2001 is six times of the volume of formal export and twice of the value of export. The trend of Cross Border Livestock Trade in the Horn of Africa, though generally increasing over time, has shown significant volume fluctuations and change of patterns. The import ban by Middle Eastern countries in 1998 and 2001 due to fear of Rift Valley Fever led to reduction of livestock export to the Middle East but increased volume of illegal (informal) trade of livestock of Ethiopia through Somalia and Kenya, and to a lesser extent through Sudan and Djibouti. As a result, cross border trade, mainly in livestock, among pastoralists of southern Horn of Africa, including Ethiopia, Kenya and Somalia has been flourishing in the last two decades since the collapse of SiadBarre’s government in Somalia at the beginning of the 1990s (Mahmoud, 2010). The volume and direction of the livestock trade has been heavily influenced by ethnic conflicts at the border and political situations and relations of the three neighboring countries (Mahmoud, 2010). The high transaction costs of export in terms of time and money due to excessive regulations involving a number of ministries and agencies and related fees and charges also

contributed to the high level of informal trade while limiting the growth of formal livestock trade across the international borders of Ethiopia (Solomon et.al. 2003).

Informal cross border Livestock Trade along the Southern Horn of Africa is mainly carried out by traders of the same ethnic group on both sides of the border. While such ethnic network nurtures trust and security for trades it makes the government effort to control cross border trade largely ineffective and contributes for the growth of Informal cross border livestock trade (Informal cross border Livestock Trade) at the expense of formal Cross border Livestock trade (Mahmoud, 2010 and A.eid, 2014).

2.1.3 Role of Cross-border livestock Trade for Pastoral Livelihood Improvement

Cross border livestock trade plays crucial economic, political, and social roles for pastoralists of southern horn of Africa, including Ethiopia, Kenya and Somalia. It is a critical source of livelihood for pastoralists of the horn (Mahmoud, 2010). The cross border livestock trade network of the Horn of Africa supports more than 17 million people in the region including livestock producers, traders, trekkers, fodder produces and traders, brokers and other marketing service providers who earns their livelihood directly or indirectly from the trade (USAID, 2010; A.eid; 2014).

Aklilu and Catley (2010), analyzing of relationship between the livestock marketing behavior and wealth among Somali and Borena pastoralists of Ethiopia, provided interesting analysis of the interaction between livelihood status of pastoral households and livestock market engagement. According to the study, pastoralists in general are unwilling to sell livestock unless they are forced to do so with immediate cash need or drought. This is because “livestock provides more rate of return than any other alternative livelihood activity. Moreover, Poor households- owning smaller stock of livestock- tend to diversify their livelihood activities than wealthier households because the later can entirely rely on the sale of livestock to generate sufficient cash but the former have few livestock to sale. The study further found that while over 90% of all the pastoral households participated in marketing activity at least once during the period 2000-2002; there is clear inverse correlation between number of marketing activities and wealth. This implies poor households depend on market more than well-off households and hence Cross border Livestock significantly impacts on the livelihood of poor pastoral households

in Ethiopia. Cross border trade in general enhances food security through at least in two mechanisms (Little et.al, 2001). The first is through the supply of grain and other food items from surplus areas to deficit areas, which makes food available and its price stable and affordable for the poor in the food deficit areas. Second, cross border trade helps traders to sell their products at relatively higher prices in the international market and generate more income. It also keeps prices of domestic products up and incentivizes domestic producers produce more and generates more income.

Cross border trade benefits not only producers and traders linked with the value chain but also creates business opportunities for marketing service providers such as processors, transporters, storage facility providers, and market facilitators such as product graders and marketing information collectors and disseminators (WB, 2007). Moreover, cross border trade creates employment and business opportunities for ancillary services providers such as hotels, restaurants, cafeterias, livestock drug vendors, commodity sellers, chat traders, holding ground and loading ramp providers, among others (Aklilu and Cathley, 2010). The income from cross border trade can also be an important source of saving and capital to startup or strengthen alternative livelihood activities which provide more income, employment and security for the household. In addition to its benefit for pastoral households and trades, Cross border Trade, particularly formal cross border trade, is a source of revenue for public authorities through customs duty and charges, and hence a source of fund for infrastructural investment. However, African governments reap only small proportion of the tax revenue from what they could potential get from Cross border Trade (Golub, 2014). Though the government could not directly tap tax revenue from Informal cross border Trade, Cross border Trade indirectly increases tax revenue by widening tax base through its effect on the expansion of business and employment opportunities in related and ancillary activities. It also creates employment opportunities for local authorities or self-appointed officials, tax collectors, movement permit issuers, watchmen, market attendants, and even armed guards in some cases (Aklilu and Cathley, 2010).

In addition to its importance of strengthening the livelihood of border communities, cross border trade harness social relations and cultural understanding among trading communities along the border of trading nations and reduces ethnic conflicts (ibid). It also facilitates regional integration promotes efficiency. Hashim and Meagher (1999) conclude that “Cross-border trade offers, by

far, the most efficient financial and commercial infrastructure that is presently available for regional trade. It could, given the appropriate policy framework, contribute to the rapid and massive expansion of markets for local industrial and agricultural goods”.

2.1.4 Participants of Cross border livestock Trade and Distributions of Benefits

Cross border Trade is a means of livelihood for different sections of the pastoral community including producers, traders, livestock trekkers, fodder producers, brokers and other marketing service providers who earn their livelihood directly or indirectly from the trade (USAID, 2010). Most of the participants of cross border Trade are individual traders, large proportion of which are women and micro, small and medium sized enterprises (Gor, 2012). According to Little et al (2001), around 50% of the participants in cross border trades in the Horn of Africa joined the sector in preceding 5-8 years. This is considered as a sign of lack of viable alternative employment activities. Women are active participants of Cross border Trade, particularly Informal cross border Trade. The participation of women in cross border trade enhances food security and reduces poverty among the vulnerable population as women usually constitute the poorer section of society compared to men as well as women are the major dealers of food items, such as maize, fruits and milk (USAID, 2012). Yet, women have reaped very few direct benefits from cross-border trade, particularly livestock trade, though they may indirectly benefit from the gains of their male family members.

Most women engage in petty Informal cross border Livestock Trade in which the gains are not as lucrative as large scale livestock cross border trade which is mainly dominated by men. Women also pursue their trading activities under precarious security conditions. In East Africa, many women rely on smugglers or intermediaries to move their goods across borders outside official custom posts. Such reliance on illegal methods can have serious consequences for women's safety, as they can be fined, imprisoned or otherwise coerced by both smugglers and border officials (UNIFEM, 2009 as cited in Shaw, 2010).

2.1.5 Barriers of Cross border Livestock Trade

Cross border trade is vulnerable to various challenges that constrain its growth. One of the challenges facing participants of Cross border Livestock Trade is excessive government intervention. Government interventions in the forms of too much regulations involving many

ministries and offices, lengthy bureaucracy and unduly charges in Visa issuance and export clearance, taxes, banning or restricting movement of goods and vehicles through borders has been a major barrier for the growth of Cross Border Livestock Trade, particularly formal Cross border Livestock Trade in the Horn of Africa. Despite the fact that Cross Border Livestock Trade is important source of livelihood for the border community of the Horn of Africa, governments in the region (such as in Ethiopia and Kenya) usually adopt hostile policies towards it on the ground that governments cannot reap tax revenues from Informal Cross border Livestock trade (Little, 2005; Pavanelo, 2009).

However, it should be noted that even if governments cannot collect tax from the full size of the actual Cross Border Livestock Trade carried out across their borders, Cross border Livestock Trade through its contribution for business expansion and employment creation in the domestic economy widens the tax base of the economy. Hence, the contribution of Cross border Livestock Trade for public revenue should also take into account its indirect contribution, and should not be overlooked. The cross border livestock trade in the horn of Africa also faces a lot of infrastructural, human resources, marketing and natural problems. These includes, among others, disease, high cost of transportation, lack of marketing information, lack of access to credit, lack of marketing infrastructure, inefficient marketing system, feed and water shortages, lack of trained manpower, high business risk, insecurity and low genetic potential (Simpkin, 2004; ESGPIP, 2011;WB, 2007).

2.2 Empirical Review

Ethiopia has the largest livestock population in Africa and also the major cross border livestock exporter, unparalleled anywhere in Africa, mainly to Kenya, Djibouti, Somalia and Sudan. However, the officially recorded volume of live animal and meat export is almost negligible; though recently surging compared to neighbors Somalia and Sudan (Aklilu and Catley, 2010). This hints massive volume of informal livestock export from Ethiopia. On the other hand, the government should devise appropriate mechanisms and policies to improve the efficiency of the formal cross border trade system and induce participants of Informal cross border trade to go through the official system. Nevertheless, views regarding the ultimate future of Informal cross border Trade are not unanimous among scholars. Little (2007) argued that Informal cross border Trade should be encouraged on the ground that it is a normal market response to regional price

disparities and inefficient export regulations. Moreover, Informal cross border Trade is as a source of regional food security when the domestic production and market fails to meet food demands. Similarly, Eid (2014) on his analysis of cross border trade along the Ethiopian Somali borders, argue that restrictions imposed by the Ethiopian government to halt Informal cross border Livestock Trade benefits only large cattle traders and has detrimental effects on the livelihood of herders and small traders. Contrarily, Lesser and Moisé-Leeman (2009) contended the wide spread practice of informal cross border trade in sub-Saharan Africa, despite its short run importance for poverty alleviation, on the following reasons: In the longer run, it is likely to have negative economic and developmental effects, which might further marginalize Sub-Saharan African economies.

First, informal cross-border trade creates unfair competition against legal traders, reduces the incentives to invest in the formal economy and lowers business opportunities in regional and global markets, which diminishes the prospects for private sector (and overall economic) development in Sub-Saharan Africa. Second, informal cross-border trade *lowers the efficiency of measures* put in place to ensure health, safety and environmental protection. Agricultural commodities, which are traded informally, for example, escape sanitary and photo sanitary controls meant to ensure adequate food safety at home and avoid proliferation of diseases across borders. Third, informal trade *decreases government revenues*. Millions of dollars are lost annually in unpaid customs duties and value-added tax (VAT). Such losses are particularly significant for Sub-Saharan African countries for which trade taxes still account for an average 25% of total tax revenue and where VAT collected at the border often represents more than 50% of total VAT revenues. *Finally*, unregistered trade flows lead to unreliable external trade statistics, which might hinder the formulation of appropriate trade and macroeconomic policies (policy research report, 2015).

Governments in the Horn of Africa usually overlook the economic importance of cross border Livestock Trade due to lack of data on its economic contribution. As a result, cross border Trade did not get policy support proportional to its economic contribution in the region. Hence, data generation and research on the role of Cross border Trade particularly Informal cross border Livestock Trade, is crucial to foster informed policy making in the region. The data for formal Cross border Trade mainly comes from official records. The measurement of Informal cross border Livestock Trade, however, is very challenging and costly as it passes through remote

and invisible routes to escape official regulations and payments (Little, 2005). There are different methodologies to measure different categories of Informal cross border Livestock trade based on the type of institutional sets of rules that it evades.

In general, quantitative assessment of Informal cross border livestock Trade involves monitoring trading activities in official and unofficial border posts, border markets and using aggregate (secondary) data to capture trade gap (ECA, 2013). To measure Informal cross border Trade at a sub-national level, field surveys are recommended with traders, transporters, and consumers in the identified regions as well as key informant interviews with officials from sub-national authorities (ECA, 2013).

2.2.1 Cross border Livestock Marketing in Somali Region

For Somali pastoralist's cattle, sheep and goats constitute an important marketable livestock for many herders today. Though camels are especially favorable for "pure" pastoralists, vast of the region pastorals and agro-pastoralists often prefer larger stocks of cattle and shoats (Devereux, 2006). Thanks to their small body size, rapid rates of reproduction and low price sheep and goats (shoats) are more easily marketable and important in pastoral livelihood systems. Unlike camels, cattle milk and shoats therefore represent a critical liquid asset (Desta et al., 2006). Ordinary household expenses are predominantly met with the sale of shoats and cattle, and pastoralists often refer to them as 'small change' (Umar and Baulch, 2007).

Generally, the Somalis are dependent on their relations to sedentary people for grains and livestock markets (domestic and cross border). Regarding the marketing behavior, the decision to sell animals by the primary producers (pastoralists) is usually based on urgent cash requirements. Traditionally, in cross border trading, the vast majority of Somali pastoralists had important trading relations to the Arab peninsula (Bradbury, 2008). Most livestock exports from the Somali region pass through ports in Somaliland (self-declared independent state) and Somalia. A report by FEWS (1998) divides the Somali region into a set of livestock market sheds, defined in terms of the assembly markets through which exports occur. Berbera is Somali region's main outlet for livestock exports, which is one day's sail closer to Yemen and Saudi Arabia than the alternative port of Bosasso. Prices paid for animals in the latter port are also lower than in Berbera due to the greater distance from importing markets. Livestock from the southern Somali region historically headed to Mogadishu for shipping but during the civil war they were diverted to

Bosasso (FEWS 1998). Most animals sold for export, mainly to Saudi Arabia, are males of the Somali blackhead sheep, followed by male goats, male cattle and young male camels, which are used mainly for meat (Ahrens, 1998).

Ahrens (1998) suggested that 60% to 80% of the total livestock exported annually through Berbera port were of Ethiopian origin, while Little (2001) suggested that 50 to 60% of the 1.4 million small stock exported out of Berbera port originated from eastern Ethiopia through the togwachale outlet. Like all other aspects of the Somali society, the livelihood conditions and traditional trading opportunities are affected by the insecurity, market instability. Besides, the domestic market demand distortions and export policy barriers had aggravated the occurrence of informal livestock trade. Related to this, the informal cross border trade is now widely occurring livestock marketing option in borders of Somali region with Somalia in general and Somaliland in particular. Nearly all of borders, animals cross the border to Somalia informally for export via Somali ports. Camels are sold only in exceptional cases, for example to cover wedding expenses. Cattle sales are also infrequent, and used to obtain cash to cover school fees, major medical costs, weddings and other major outgoings (Daniel, 2016).

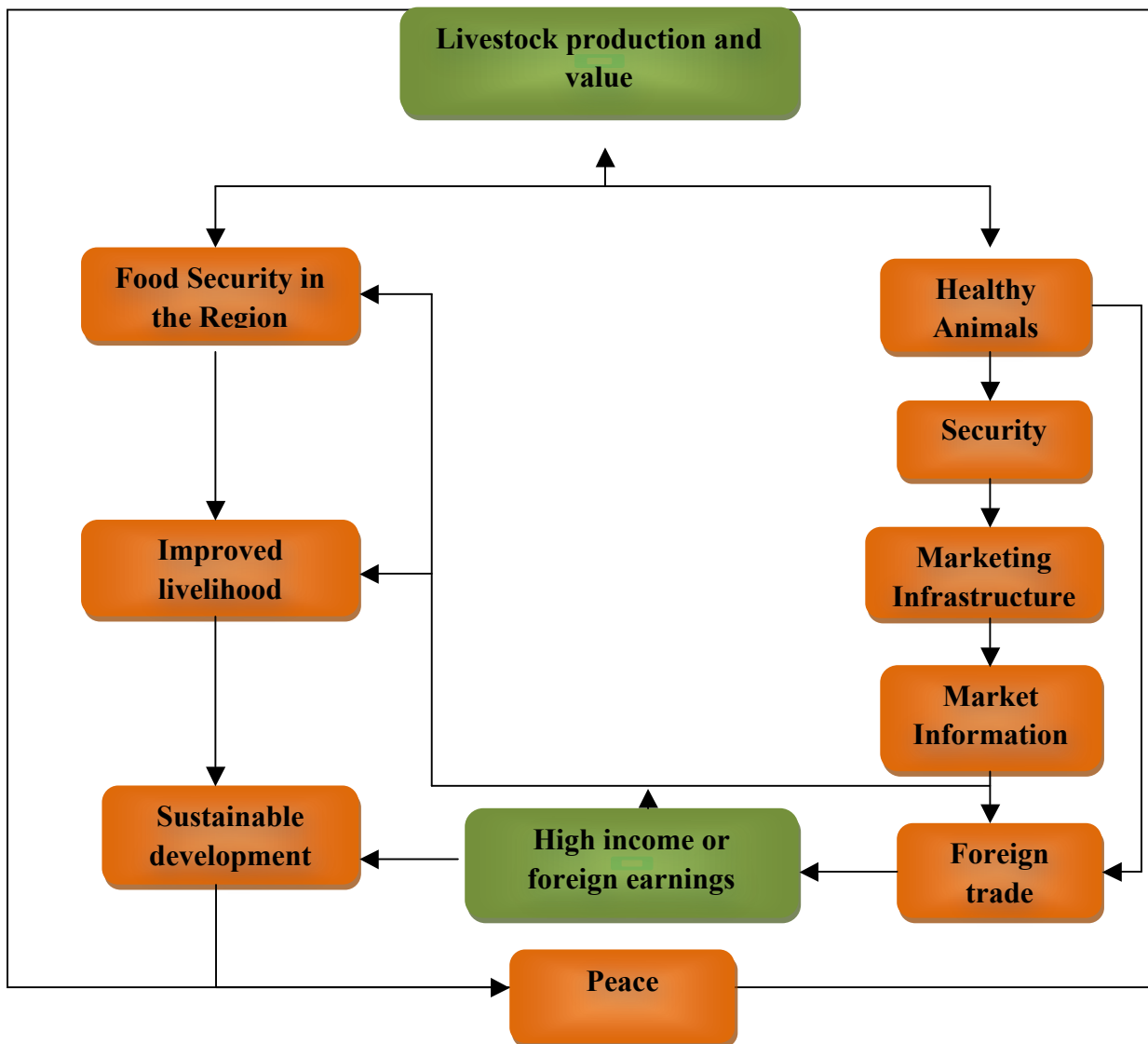
Marketing decisions at the household level are also strongly influenced by environmental and climatic conditions (Bailey et al., 1999; Umar and Baulch, 2007; Awour, 2007). Despite the social significance and prominent economic role that cattle's rearing has traditionally played in pastoral production systems, recurrent and increasingly intense droughts seem to have prompted pastoralists to diversify their herds. Informal cross-border livestock trade has long operated in pastoral areas and makes a significant contribution to regional and national economies, as well as local livelihoods. However, its potential remains constrained by persistent negative perceptions, especially among government officials, who view cross-border trade as an informal and illegal activity, and a loss to the public purse (Little, 2009).

Efforts aimed at addressing constraints to the development of efficient and vibrant livestock marketing activities in the region are increasingly seen as a meaningful way of reducing pastoralists' vulnerability to drought (Little, 2009). Therefore, improving the performance of cross border livestock trade to bolster its contribution for pastoral livelihood improvement requires availing solutions to these challenges.

2.3 Conceptual framework

This study looks at two main factors that have affected the performance of the cross border livestock trading, namely livestock production (quantity) and livestock value (price) in the study trade route. The primarily outcomes expected from the interaction of the various inputs need to ensure improved livelihood for the pastoral and agro pastoral communities are food security, sustainable development and peace.

Figure 1. Conceptual framework



Source: MoARD, 2008

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter of the study consists of the research methodology that the researcher applied throughout the study. The research approach and design, the sampling and sample size determination, data sources and types are given in detail. In addition, it comprises the approaches and the techniques that are used in the analysis and discussion part of the study. Furthermore, the validity and reliability of data taken in to accounts

3.1 Research approach

The study was conducted through both quantitative and qualitative approaches of research. The quantitative approach has been used for the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal fashion and a sample of population were questioned to determine cross border livestock marketing characteristics. On the other hand, qualitative approaches was used to generates results in non-quantitative form or in the form which are not subjected to rigorous quantitative analysis by using depth interviews technique.

3.2 Research design

In accordance with the objectives of this study, all of the 41 licensed livestock exporters passing through Togwajale route were considered. In addition, the researcher covered 14 traders in Togwajale, 34 traders in Awbare and 26 traders in kebribeyah districts of the study area and the list of the population also taken from regional Trade Bureau and ERCA branch offices in Jigjiga. Moreover, according to the Regional Trade Bureau and ERCA, the number of licensed livestock producers inTogwajale, Awbare and kebribeyah districts are 1780, 1087 and 400 respectively. Thus, Yamane (1967) approach was used to determine the sample size of this study by assumed all units of the sample frame will provide similar information for the study. Hence, simple random sampling was employed to select the survey respondents.

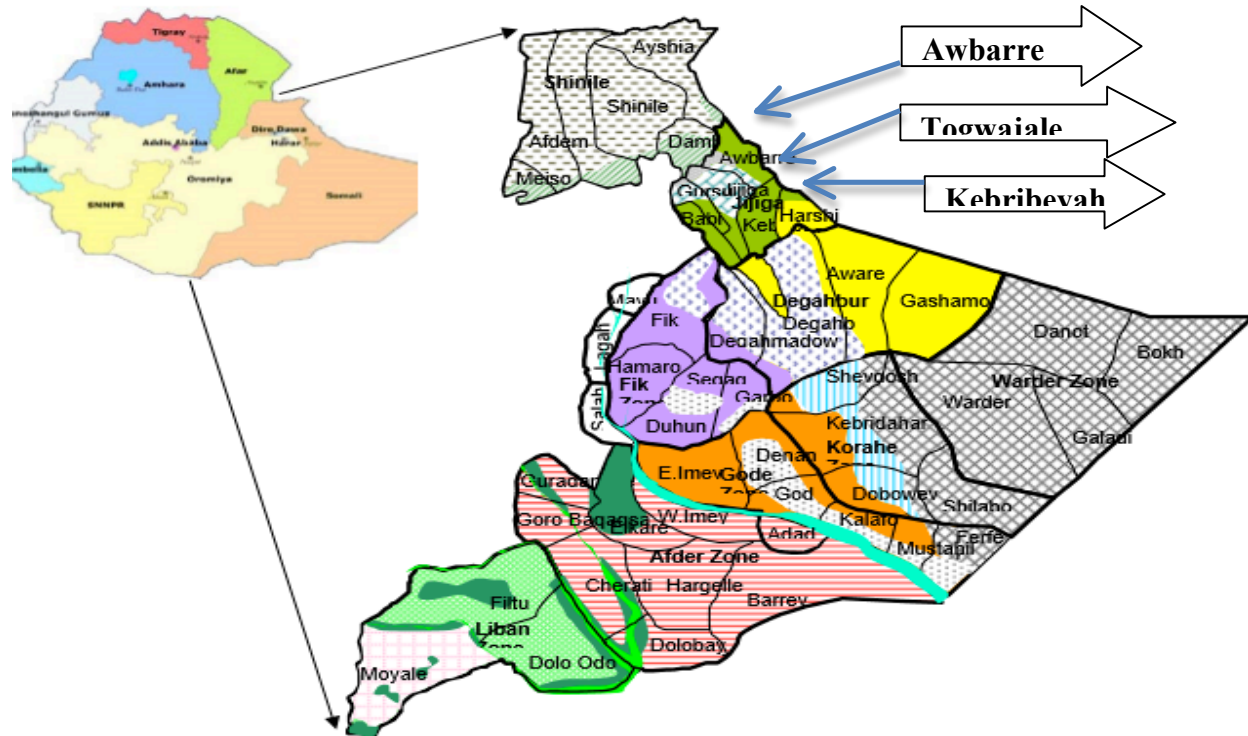
3.3 Sampling design

This study attempted to investigates the challenges of cross border livestock trading primarily in Somali region's border with Somaliland and used all the necessary steps of sampling design. Census was applied for traders and exporters because they were small in numbers. On the other hand, sampling was used for producers. Yamane (1967) approach has been used to determine the sample size of the cross border livestock producers. After determining the sample size of the

producers, the researcher clearly affirmed the procedures of selecting cross border livestock trade participants of the study area.

3.3.1 Target population and sampling frame

Figure 2 .The Map of the study area (Awbarre, Kebribeyah and Togwajale)



Source: Compiled from LRPDB, 2010

This study examined the challenges of cross border livestock trading primarily in Somali region’s border with Somaliland. The list of the population taken from Regional Trade Bureau and ERCA branch offices indicated that, there are 41 licensed livestock exporters passing through Togwajale route, 14 licensed livestock traders in Togwajale, 34 licensed livestock traders in Awbare and 26 licensed livestock traders in kebribeyah districts. In addition, the number of licensed livestock producers in Togwajale, Awbare and kebribeyah districts are 1780, 1087 and 400 respectively. Hence, the sampling frame covered all licensed livestock producers, traders and exporters of Togwajale, Awbare and kebribeyah districts in Somali region’s border with Somaliland.

3.3.2 Sample size

A sample size used in this study was determined following Yamane (1967) approach, which is given as:

$$n = \frac{N}{1 + N(e)^2}$$

n = sample size

Where, *N = total population*

e = level of precision

Once the total sample size was determined, the sample size of each Woreda also determined by using Proportional Probability to Size (PPS) approach as below:

$$n_i = \frac{N_i \cdot n}{N}$$

n_i = number of individual producers that will be selected from Woreda Where,

N = total population

n = total sample size

N_i = total population in Woredai

Since the total population in the study area is 3,267 the sample size based on the formula stated above at a 5% level of precision would be 356. Based on the proportional probability to size (pps), the researcher taken 194 producers from Togwajale, 118 producers from Awbare and 44 producers from kebribeyah Woreda.

However, only 54, 31 and 8 livestock producers are functional and participated in Togwajale, Awbare and kebribeyah woredas respectively. In addition, among all licensed traders mentioned above in the research design, only 7, 15, and 16 of them are currently functional and participated in Togwajale, Awbare and kebribeyah woredas respectively. Finally, from the 41 licensed exporters passing through Togwjale route, only 20 of them are responded and the rest 10 and 11 livestock exporters are not functional and willing to participate in the study respectively.

3.4 Sources of data and collection methodology

3.4.1 Primary source

In this study both primary and secondary data were used accordingly. A questionnaire consisting of all relevant variables important to address the objectives of the study has been developed. The primary data of this study could constitute information from cross border livestock producers, livestock traders and livestock exporters. In addition, interview checklist has been designed and

used for government authorities in the study districts, custom office of the outlet, Regional trade bureau, and livestock-marketing department of the region.

3.4.2 Secondary source

This study further looked in to secondary data from different sources related to the topic. In this regard, annual reports, National livestock trading policies and regulation documents were carried out and quantitative data on livestock cross border trade, export prices and livestock sales volumes, data on transit tax & government revenue, export market channels, information on the key challenges of the sector have been captured from Custom Revenue Authority of Jigjig town and other related offices.

3.5 Data analysis methods

3.5.1 Method of Data Analysis

The required study data were gathered and analyzed using mix of quantitative and qualitative analysis methods. Descriptive statistics was used to analyze and present data in frequencies, ratios, Graphs, tabulations and percentages to see the challenges of cross border livestock trade from policy perspective. The software packages of SPSS version 16 were employed to generate descriptive statistics. In addition, narrative type of analysis was used to present qualitative data.

3.6 Validity and reliability

3.6.1 Validity

The researcher ensured the validity of this study through carefully examination of various terms and units of collection used at the time of collecting the data from the primary source originally. Similarly, the scope and nature of the original enquiry has been studied. In That researcher finds differences in these; the data might not be used for this particular study.

3.6.2 Reliability

Different data and information which are already available was used by the researcher only when he finds them reliable, suitable and adequate. The reliability could be tested by finding out who collected the data; the sources and time of data.

CHAPTER FOUR

DATA PRESENTATION AND DISCUSSION

This chapter of the study consists of the demographic characteristics of the respondents, different data analysis and discussion part of the study. In addition, tables, figures, charts and graph used to demonstrate or present cross border livestock trading also given in details.

Table 1 Demographic characteristics of the respondents

Item No.	Item	Description	Frequencies	Percents
1.	Position/occupation	Livestock producers	93	59
		Livestock traders	38	24
		Livestock exporters	20	13
		Others	7	4
		Total	158	100%
2.	Educational level	Illiterate	85	54
		10 complete	14	9
		12 complete	2	1
		Certificate	27	17
		Diploma	10	6
		First degree and above	20	13
		Total	158	100%
3.	Sex	Male	61	39
		Female	97	61
		Total	158	100%
4.	Age group	18-30	12	7
		31-45	66	42
		46 and above	80	51
		Total	158	100%

Sources: survey data

As indicated in the first item of the above Table, most of the respondents are livestock producers which signifies (59%) of the total, others (24%) of the respondents are livestock traders and the

remaining (13%) and (4%) of the respondents are engaged in livestock exporting and related activities respectively.

Regarding to their educational level, most of the respondents (54%) are illiterate and followed by (17%) and (13%) of Certificates and first degrees holders respectively. In addition, (9%) of the respondents and (6%) of the respondents are 10 complete and diploma holders. The remaining (1%) of the respondents are 12 complete.

Concerning to their sex composition as indicated in the third item of the above table, most (61%) of the respondents are females and (10%) of the respondents are males.

Finally, the age group of the respondents also mentioned in the fourth item of the above table. The greater number (51%) of the respondents are under the age category of (46 and above), the other (42% and 7%) of the respondents are under the age category of (31- 45) and (18- 30) years respectively.

Therefore, by considering the above demographic variables we can say that the respondents of this research are dominantly matured females who are engaged in cross border livestock producing and trading with little educational background.

4.1 Cross border trading route, composition and market actors

4.1.1 Types of livestock in cross border trading route surveyed

In the survey, respondents were asked in close-ended questions about the types of livestock they produce, trade and export in general and for cross border markets in particular. The various responses of the participants are summarized hereafter. *In addition, the past seven years (2011-2017) of livestock (Cattle, Goat, Sheep and Camel) exported and earned foreign currency in the study area trade route (Togwajale) are presented in Annex 1.*

Table 2 The major types of livestock in cross border-trading route

Responses	Frequencies	Percents
Shoats	56	35%
Cattle and Shoats	32	20%
Goat	16	10%
Sheep	22	14%
Cattle	15	10%
Camels ,Cattle and Shoats	17	11%
Total	158	100

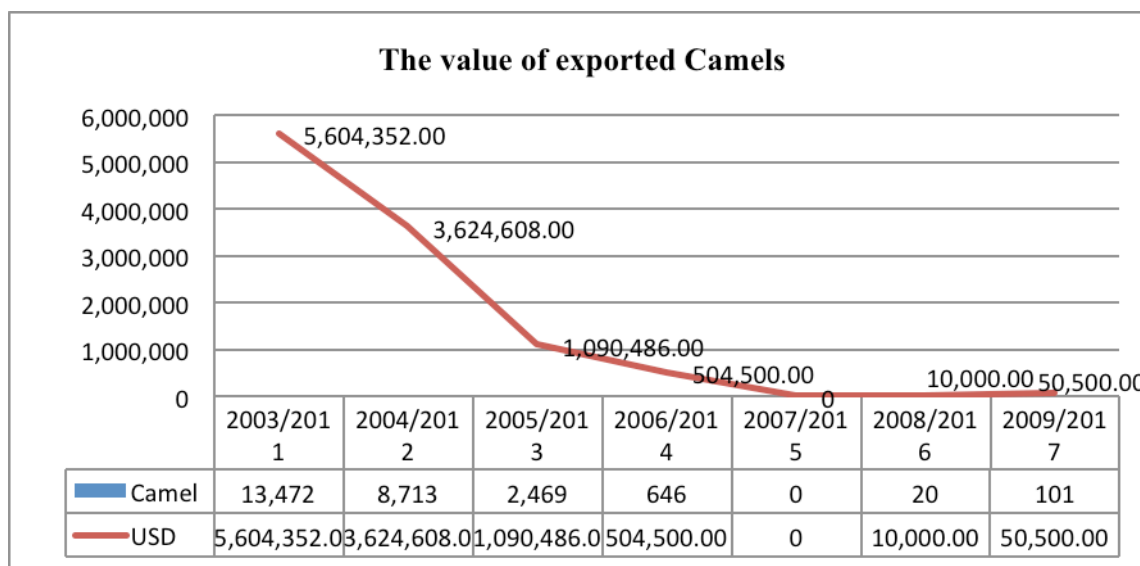
Sources: survey data

In the questionnaire distributed for the purposes of this research, respondents were asked major types of livestock in cross border trading. As indicated in table 2., (35%) of the respondents are engaged in producing and trading Shoats, (20%) of them are engaged in both Shoats and Cattle cross border trading, (14%) of the respondents engaged in Sheep cross border trading and (11%) of the respondents are engaged the cross border trading of Camel, Cattle and Shoats. The remaining (10%) and (10%) of the respondents are engaged Goat and Cattle cross border trading respectively.

Thus, we can say that the major types of current livestock in cross border trading route are Shoats and Cattle.

In relation to this, data compiled by the researcher from the Ethiopian Custom and Revenue Authority in figure 3 below indicated the dramatic decrease of Camel cross border trading.

Figure 3 Camel cross border trading in the study area



Sources: Compiled from ECRA Jigjiga branch (2011-2017)

Table 3 The quantity of livestock through cross border trading for the past five years

Responses	Frequencies	Percents
Increased	36	23%
Stagnant	9	6%
Decreased	74	46%
Fluctuated	39	25%
Total	158	100

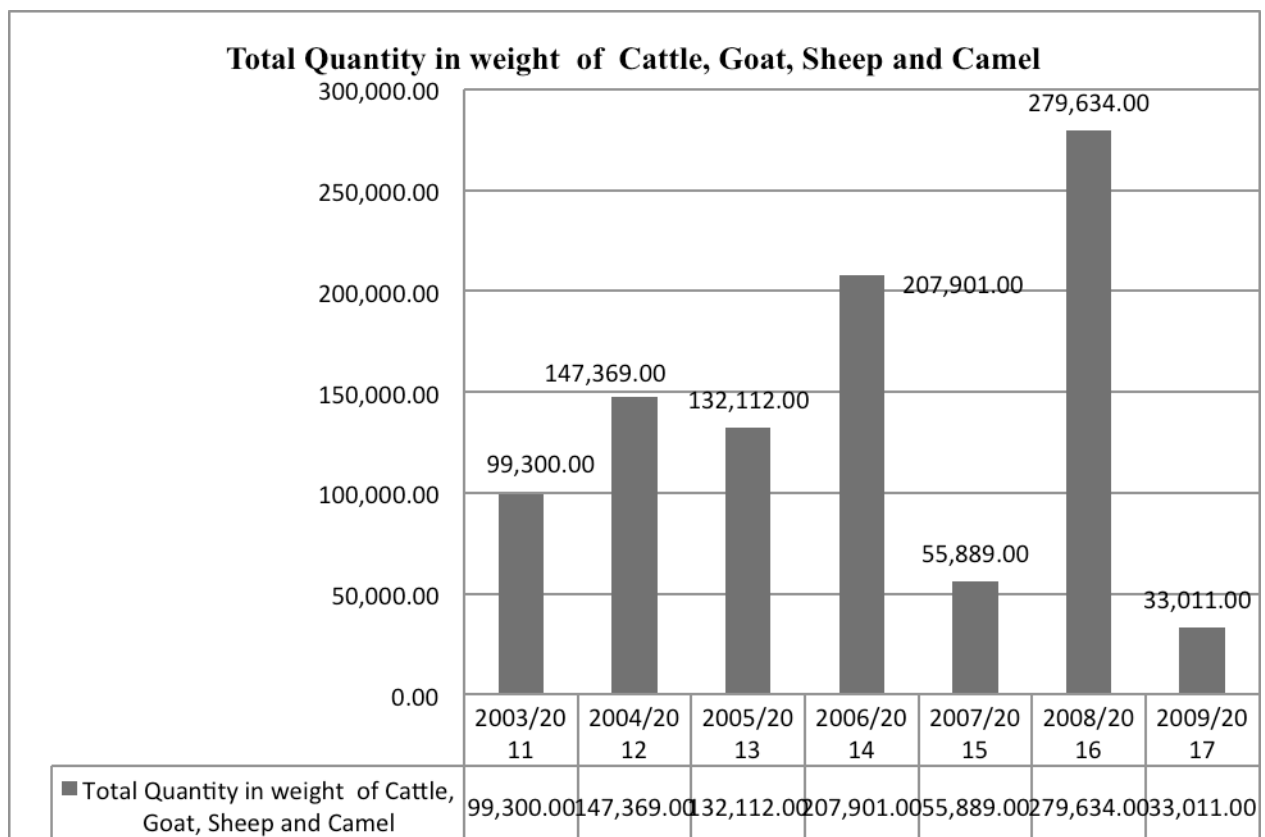
Sources: survey data

Asked whether the proportion of exported livestock since 2013 export has increased, Stagnant decreased or fluctuated. Significant (46%) numbers of respondents stated that, the quantity of exports are declined and (25%) of them believed that exports are fluctuating since 2013. The remaining (23%) and (6%) of participants responded that the quantity of exports since 2013 up to 2017 are increased and stagnant respectively.

Thus, by considering this and other related data, we can conclude that the quantity of cross border livestock trading is decreasing from time to time. Some respondents also mentioned drought and insecurity as a cause for the decreased quantity.

In relation to this, data compiled by the researcher from the Ethiopian Custom and Revenue Authority in figure 4 below indicated that, the quantity of exported livestock population increased from 2011 to 2014 but the dramatic fluctuation was observed between the year 2015 and 2017. This information also reflects the above conclusion.

Figure 4 The amount of exported livestock population (2011-2017)



Sources: Compiled from ECRA Jigjiga branch (2011-2017)

Table 4 The value/price of livestock through cross border trading for the past five years

Responses	Frequencies	Percents
Increased	74	46%
Stagnant	9	6%
Decreased	36	23%
Fluctuated	39	25%
Total	158	100

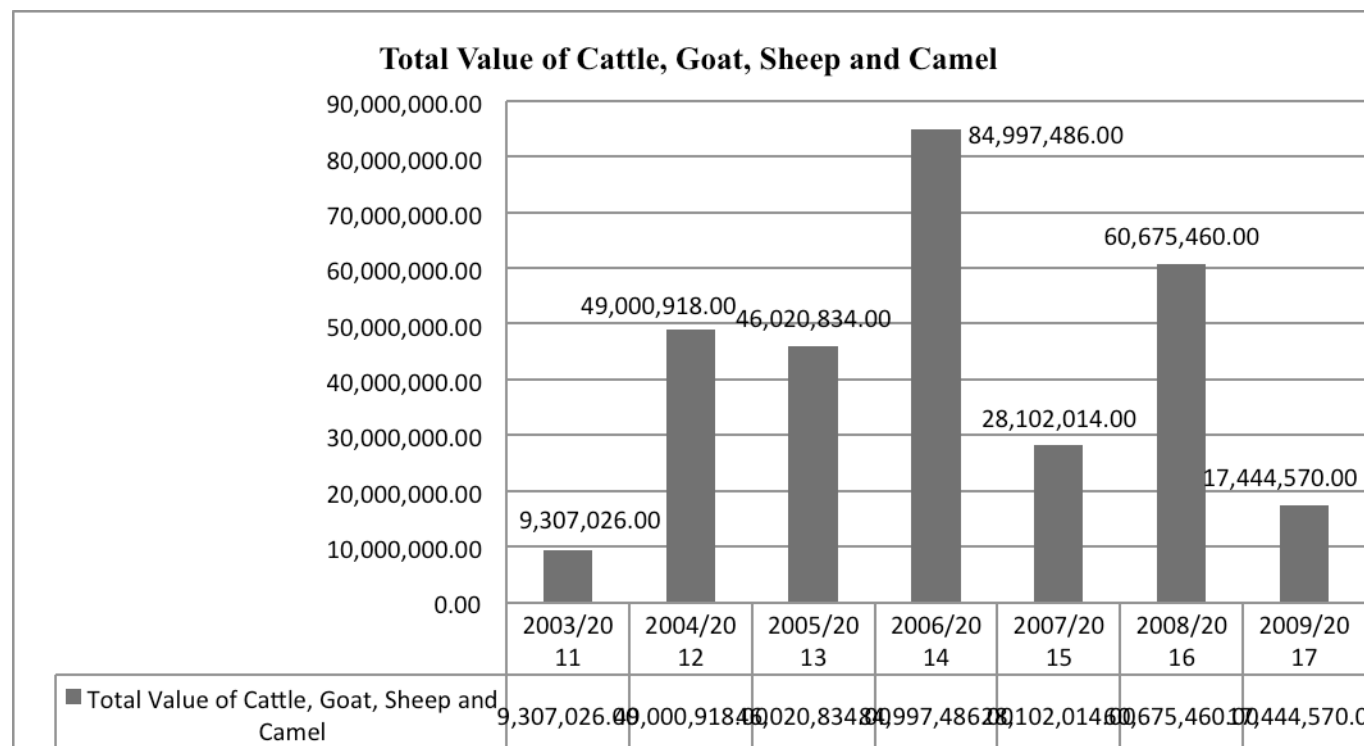
Sources: survey data

In the questionnaire distributed for the purposes of this research, livestock producers, traders and exporters were asked whether the price/value of cross border livestock are increased, stagnant decreased or fluctuate since 2013. As indicated in table 4, (46%) of the respondents stated that the price is increasing, (25%) of the respondents said that the price is fluctuating, (23%) of the participants responded that the price of exports since 2013 up to 2017 are decreased and the remaining (6%) of the respondents stated the price as stagnant.

Therefore, we can say that the price/value of cross border livestock trading is increasing and its fluctuation is directly related with quantity.

Similarly, figure 5 indicated that the livestock value of exports indicated remarkable increase up to 2014 except slight decrease in 2013 and this was also followed by dramatic decrease and fluctuations until now. This information also reflects the above conclusion.

Figure 5 The price/value of exported livestock population (2011-2017) in USD



Sources: Compiled from ECRA Jigjiga branch (2011-2017)

Table 5 Market Destinations after TogwajaleOutlet

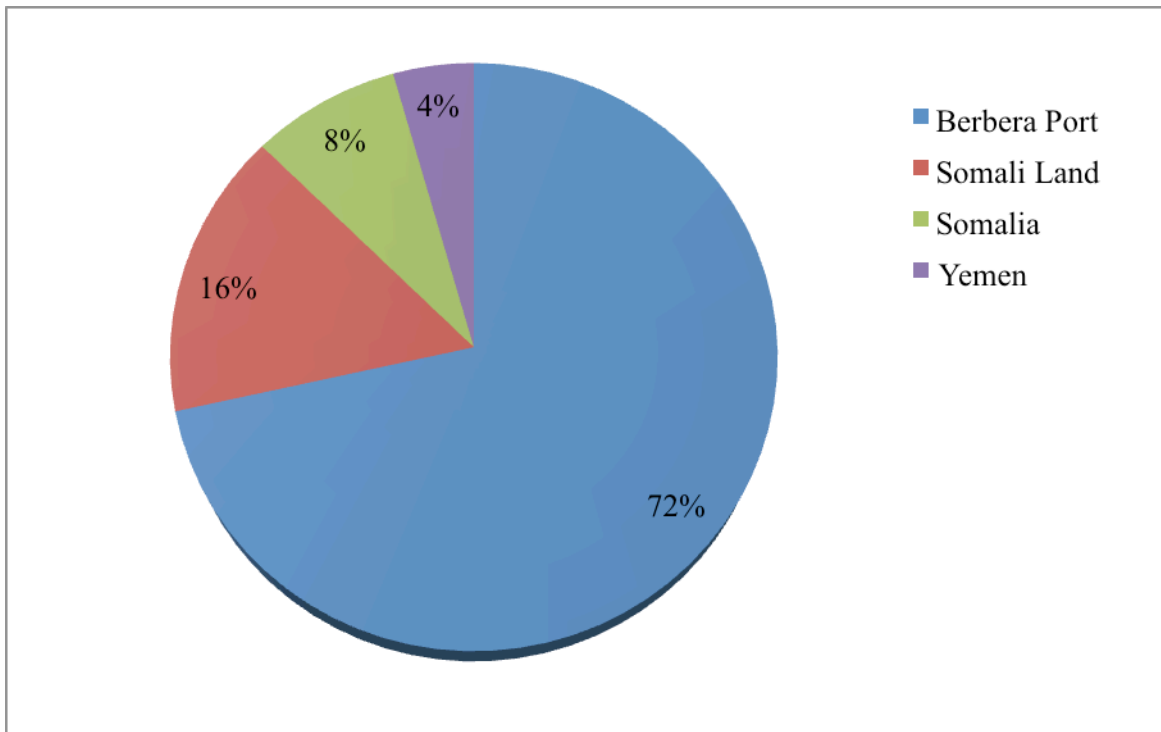
S/N	Responses	Frequencies	Percents
1.	Berbera Port	113	72%
2.	Somali Land	25	16%
3.	Somalia	13	8%
4.	Yemen	7	4%
Total		158	100

Source: survey data

In the survey, respondents were asked their major export destination and biggest market. As indicated in table 5, the majority (72%) of the respondent’s export destination is Berbera Port, 16% of the respondent’s export destination is Somali Land and the remaining 8% and 4% of the respondent’s export destinations are Somalia and Yemen respectively.

Therefore, we can say that currently Berbera Port is the major export destination or target market for the Ethiopian cross border livestock trading for Togwajale route. In addition, it is clearly presented below in figure 6.

Figure 6 : Market Destinations after Togwajale Outlet



Source: Survey data

4.1.2 Cross Border Livestock Trading Actors

There are many market actors that facilitate livestock transactions: The local and the cross border traders, middlemen, brokers, trekkers, feed sellers and herders. Respondents of the study reveal that brokers are central to the transactions and are the ones who drive the process. Cross border traders do not collect livestock by themselves, rather they use their agents who purchase the right standard of cattle especially, young Bulls and send to the traders up to the Jigjiga town. There are Somaliland traders who already established this trade channel with the Ethiopian brokers and collectors communicate by mobile phone and they assess each livestock market in their areas and they become commissioned agents of the Somaliland traders. The Somaliland traders do not come to search or collect livestock in every market of Ethiopia rather they simply transfer money to their agents to transact the livestock. The commercial bank of Ethiopia and other several banks at Togwachale district facilitate the transaction.

4.2 Policies, rules and controls that are shaping the dynamics of cross border livestock trading

In the survey, respondents were asked about the main challenges of cross border livestock trading policies, rules and control systems and their various responses to the questions are briefly summarized below;

4.2.1 Legal Export Requirement

In order to export livestock in the formal system, they should fulfill the following three requirements according to ERCA:

- ✓ Advance payment of hard currency for bank permit certificate or sometimes known as, Cash against Commodity (CAC).
- ✓ Secure health certificate from the quarantine service stations.
- ✓ Traders should undertake custom clearance from any transitory organization branch across the trade route.

4.2.1.1 Cash-Against-Commodity (CAC) arrangement

The trader who uses the cash Against Commodity (CAC) can make advance hard currency deposit in exchange for smooth cross border transfer of cattle, camel and shoats purchased from domestic market. The currency regulation procedure currently operating in the Ethiopia-Somaliland, cross-border cattle trade is advance payment. In order to get bank permit to export livestock, exporters should deposit an advance payment of 500 USD per cattle, 650 USD per camel and 72USD per shoats before they made exportation. The bank in return pays the dollar value in terms of local currency. This advance foreign currency deposit ensures that the government earning currency. This regulation may be encouraging parallel black market for foreign currency because it increases the demand for foreign currency outside the legal market. Cash-Against-Commodity (CAC) system requires a significant amount of working capital before export is made which is often a constraint for small export scale traders. Exporters buy the dollar from the Somali-land markets, usually at ETB 2 to 3 higher prices per one USD relative to the official exchange rate. Exporters also buy the hard currency from Togwachale-Somaliland side in black markets; in such case the system encourages the development of local black markets for foreign currency.

Hence, although the main goal of currency regulation is to raise foreign currency earnings, the advance payment currency regulation system, does not, in general, appear to be consistent with

this goal. The country's foreign currency earnings in the study region are much below what it could be. The country may be losing significant foreign currency revenue due to the informal (illegal) livestock export system.

4.2.3 The peripheral Trade Policy

The small scale border trade directive

Trade Policy directive issued by the federal government in 2010 strictly applies to areas within 10 km radius of specified 18 village towns along the Ethiopian border. Any action or movement beyond this radius that is believed to have involved cross-border exchange transactions is considered as illegal. Only Ethiopian residents in border areas are allowed to have the trade license, and small scale cross-border traders are issued with special ID cards for custom/control post clearance and movement of traded commodities in the areas.

A licensed small scale cross-border trader is permitted for simultaneous involvement in both import and export (small scale trade) business. Live animal exports of a maximum value of 20,000 Ethiopian Birr per month (240,000 Birr per year) is allowed and exports are not taxed. A licensed trader cannot make more than two trips per month and the maximum number of animals sold per trip is fixed at 30 shoats, or 3 camels, or 3 head of cattle. An unrestricted combination of a maximum value of 20,000 birr per month is possible.

Some respondents indicated that the initiative seems to be unreasonable, restrictive and discourage the export of small scale cross border traders.

4.2.4 Holding Ground

Most respondents indicated that lack of adequate Quarantine/ holding ground particularly inTogwajale route as an obstacle for their livestock and created communication gap between pastoralist, abattoirs, collectors, Agents and traders from remote markets.

4.3 Market access and information systems

Majority of respondents indicated that, lack of market access and information enforced pastoralists from the border area such as, Awbare, Kebribeyah, and Togwajale districts travel for two up to three days or more to reach the market areas. This made traders and pastoralists vulnerable to informed brokers who exploit their ignorance at the borderlines due to lack of

market information. This influences the marketing behavior of pastoralist that they either have to keep their animals unsold or they have to go to the nearby informal markets in the neighboring country, Somaliland.

4.4 Livestock marketing constraints

The critical livestock marketing constraints as identified by the respondents are summarized below:

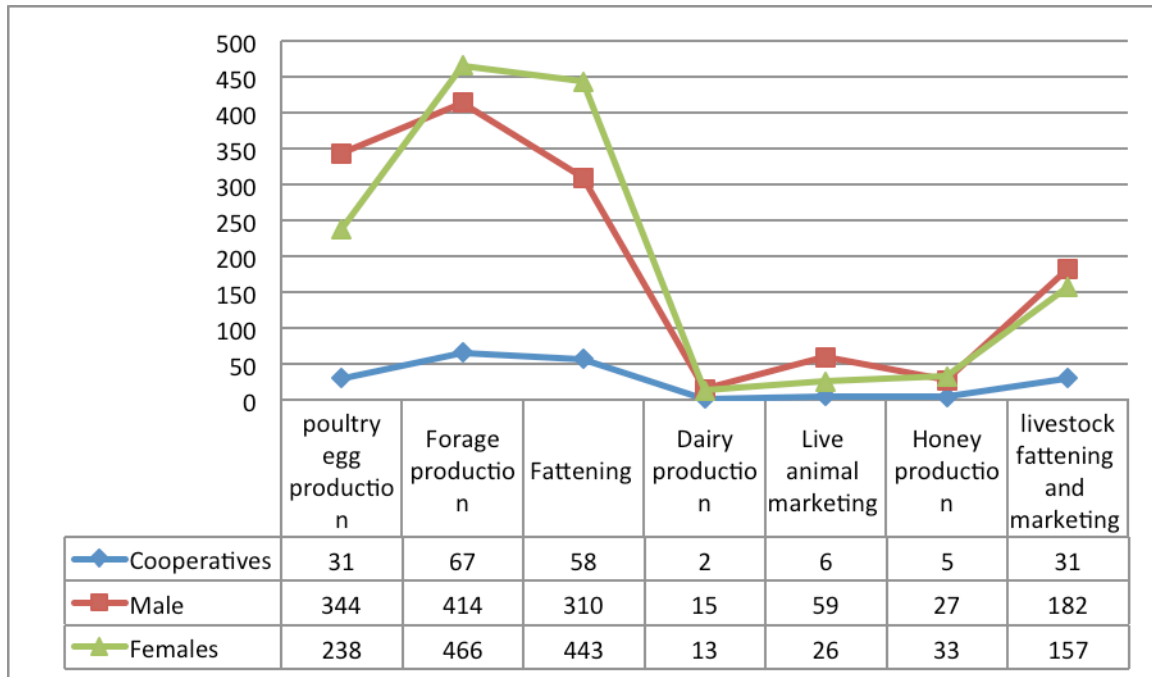
- ✓ **Inadequate Livestock Production Systems:** the low technological outputs; improved breeds and associated animal husbandry practices to increase productivity of cattle and shoats in major livestock production areas. Low genetic potential of indigenous animals in terms of reproduction and weight gain is considered a critical problem to improve the quality of livestock and increase the end market demand.
- ✓ **Insufficient Agricultural Extension Service:** agricultural extension service still remains one of the important service support required by the Somali livestock producers. Extension service is critical for the development of efficient and effective livestock production and to earn a better value form the existing market. Extension service support on forage development and livestock management system and health service is one of the public good which has to be delivered by the concerned government sector bureaus.
- ✓ **Drought and insecurity:** drought occurrence is one of the major serious that decreases the quality, volume and value of livestock export. By the study year alone the impact of drought and insecurity contributed a significant amount for the decreased export volume and value of livestock.
- ✓ **Shortage of Alternative Market Center:** one of the major reasons why the lowlands use the illegal marketing route is the lack of alternative market outlets. In the some livestock potential areas, supply is higher than the local demand in such areas, developing market center are appropriate for the high potential livestock producing areas in the region this will reduce the illegal trade.
- ✓ **Insufficient Reliable information:** The absence of accurate, reliable sources of livestock data or incomplete coverage of pastoral areas is a common feature of the Ethiopian national agricultural surveys as well as in the regional sector Bureaus. In adequate statistical information regarding the livestock number, market functionality and annual off-take, productivity, and consumption and exportation volume at the regional level. Generally, there

is little or no research output to understand the current livestock potential districts of the Somali region's and the pastoral and agro-pastoral livestock production, marketing and trade participation in the domestic and on international markets related research studies.

4.5 Licensing, and all-rounded institutional support provided by the government (2009-2010)

In the questionnaire distributed for the purposes of this research, respondents were asked about license, and all-rounded institutional support provided. Even though it seems insignificant compared to the needs and the expectations of the pastoral agro pastoral communities, promising efforts were observed in 2009 and 2010 by the government to enhance the productivity and profitability of cross border trading by facilitating livestock products marketing cooperatives, license, and all-rounded institutional supports and creating job opportunities for Youth and women.

Figure 7 Job opportunities for Youth and women (2009-2010)



Source: Compiled from LRPDB,

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

This chapter comprises conclusions of the research findings along with the recommendations that the researcher forwarded.

5.1 Summery and conclusion

The main objective of this thesis was to examine the challenges and its policy implication of cross border livestock trade along the border of Somali regional state of Ethiopia with Somaliland. The specific objectives of this study includes analyzing the cross border livestock trading roots along with current practice of the main actors, examining policies, rules and controls that shaping the dynamics of cross border livestock trading and investigating the existing gaps in accessing livestock marketing information and outlets.

This study is based on the data gathered from livestock producers, livestock traders and livestock exporters found in three Districts of the border of Somali regional state of Ethiopia namely Togwajale, Awbare and kebribeyah via togwachale route. In addition, data gathered from different stakeholders and secondary sources are included with the help of close-ended and open-ended questionnaire and checklist interviews.

Evidently, the Somali regional state of Ethiopia has the largest livestock population in Ethiopia which can create a meaningful positive change in the Ethiopian economy in general and to enhance livelihood of pastoral and agro pastoral communities in particular. However, this study and some other related efforts identified different challenges or obstacles that hinder the proper utilization or development cross border livestock trading. In this research efforts were made to uncover the existing challenges of cross border trading from policy perspectives.

This assessments results found that, the Togwachale cross border livestock trading is dominated by shoat (goats and sheep) export followed by cattle and while camel exportation found to be rarely practiced. Berbera Port is the major export destination or target market for the Ethiopian cross border livestock trading after Togwajale route. This was identified by 113 of the 158 participants, which is 72% of the respondents.

This study showed that, the export volume of cross border livestock trading is decreasing from time to time for the past five years. Some respondents also mentioned drought as a cause for the decreased quantity for the past two years. This was identified by 74 of the 158 participants, which is 46% of the respondents. In relation to this, the seven year cross border livestock export trend of the Togwachale outlet, indicated that, the quantity of exported livestock population increased from 2011 to 2014 and followed by slight decrease in 2015. Unfortunately, the dramatic fluctuation was observed between the years 2015 to 2017.

Similarly, the cross-border livestock trading export earnings obtained is directly related with the quantity of exported livestock population, which increased from 2011 to 2014 and followed by slight decrease in 2015. Regardless of the dramatic fluctuation, which observed between the years 2015 to 2017, it is observed that, the year 2008/2016 is the most important year in export volume as well as foreign earning value. During this year, the annual export earning was estimated to \$60,675,460, which is the second top across seven years after the 2006/2014, which was the largest value of export earnings for the past seven years from cattle and shoat export.

Even though it seems insignificant compared to the needs and the expectations of the pastoral agro pastoral communities, promising efforts were observed in 2009 and 2020 by the government to enhance the productivity and profitability of cross border trading by facilitating livestock products marketing cooperatives, license, and all-rounded institutional supports and creating job opportunities for Youth and women.

Although the Cross Border Livestock Trade passing through Togowajale trading route is contributing high export earnings and playing a vital role to enhance the livelihood of pastoral and agro pastoral communities, there are key policy related problems identified in this study.

Inadequate Livestock Production Systems, drought and lack of coordination between federal and regional government to assist water supply, forage, medicine related facilities for pastoral and agro pastoral communities. It is anticipated that expansion of livestock production will offer one of the best opportunities for improved livelihoods and economic integration between pastoralists and farmers in the region under the improved management systems.

Despite its immense capacity to contribute to national economy and poverty alleviation cross-border trading became a marketing challenges for livestock producers, livestock traders, livestock exporters and other stakeholders due to conflict, and increased confiscations of trade goods by government officials.

In addition, respondents indicated that, lack of market access and information enforced pastoralists from the border area such as, Awbare, Kebribayah, and Togwajale districts travel for two up to three days or more to reach the market areas. This also made traders and pastoralists vulnerable to informed brokers who exploit their ignorance at the borderlines due to lack of market information.

Furthermore, respondents indicated that lack of adequate Quarantine/ holding ground, security, customs posts, and other vital facilities mentioned as an obstacle for their livestock trading by creating marketing communication gap among pastoralist, abattoirs, collectors, Agents and traders.

Finally, insufficient agricultural extension Service, restrictive rules and procedures, Lack of Alternative Market Center, lack of reliable information, and very poor veterinary and livestock health and extension services were identified as key challenges by the respondents of this study.

5.2 Recommendations

Based on the study results, the following recommendations are made to improve cross border livestock trading of Somali regional state of Ethiopia with Somaliland in general and the livestock production, trade and export via Togwajale trading route in particular.

- In order to improve and ensure sustainable livestock production and trading system, the value of livestock supplied to the market should be improved. Government should work to improve traditional livestock production and herd management system. This will require effective backward integration and marketing chain coordination. In addition, Farmers should take part in an important education programs and be provided with the necessary information in line the modern competitive marketing environments. Furthermore, the federal and regional government should facilitate water supply, forage related facilities for pastoral and agro pastoral communities.

- Attracting, increasing and creating long term relationship with the target markets helps to increase the value of livestock. In addition, having alternative markets like slaughtering and further processing of beef and shoat meat, meat exportation and milk-dairy farming programs, facilitating transportation and infrastructural facilities in the region helps to match demand and supply.
- Emphasis should be given to improved rules and policy directives to transform traditional livestock marketing systems into collaborative marketing system that engage producers and all other market actors involved on live animal production up to exportation channel.
- Development of cost effective livestock transportation systems, policy decisions to cut down the number of taxations on a single animal, fixing uniform taxation in a given region, enforcing law and order in market places and reducing the power of brokers in livestock markets are the recommended interventions in the sector.
- Both the federal government and regional government jointly with the Somaliland government should work on creation common border market and establish mutually benefiting bilateral and integrated trade agreement and task force with all stakeholders. This will potentially increase the quality, volume and value of the livestock production and increase the efficient and effective livestock marketing system. There is also a need to strength regional marketing media and widen market information.
- Finally, facilitating Quarantine/ holding ground, ensuring security, minimizing restrictive rules and procedures and facilitating veterinary and livestock health and extension services are among the recommended interventions in the sector.

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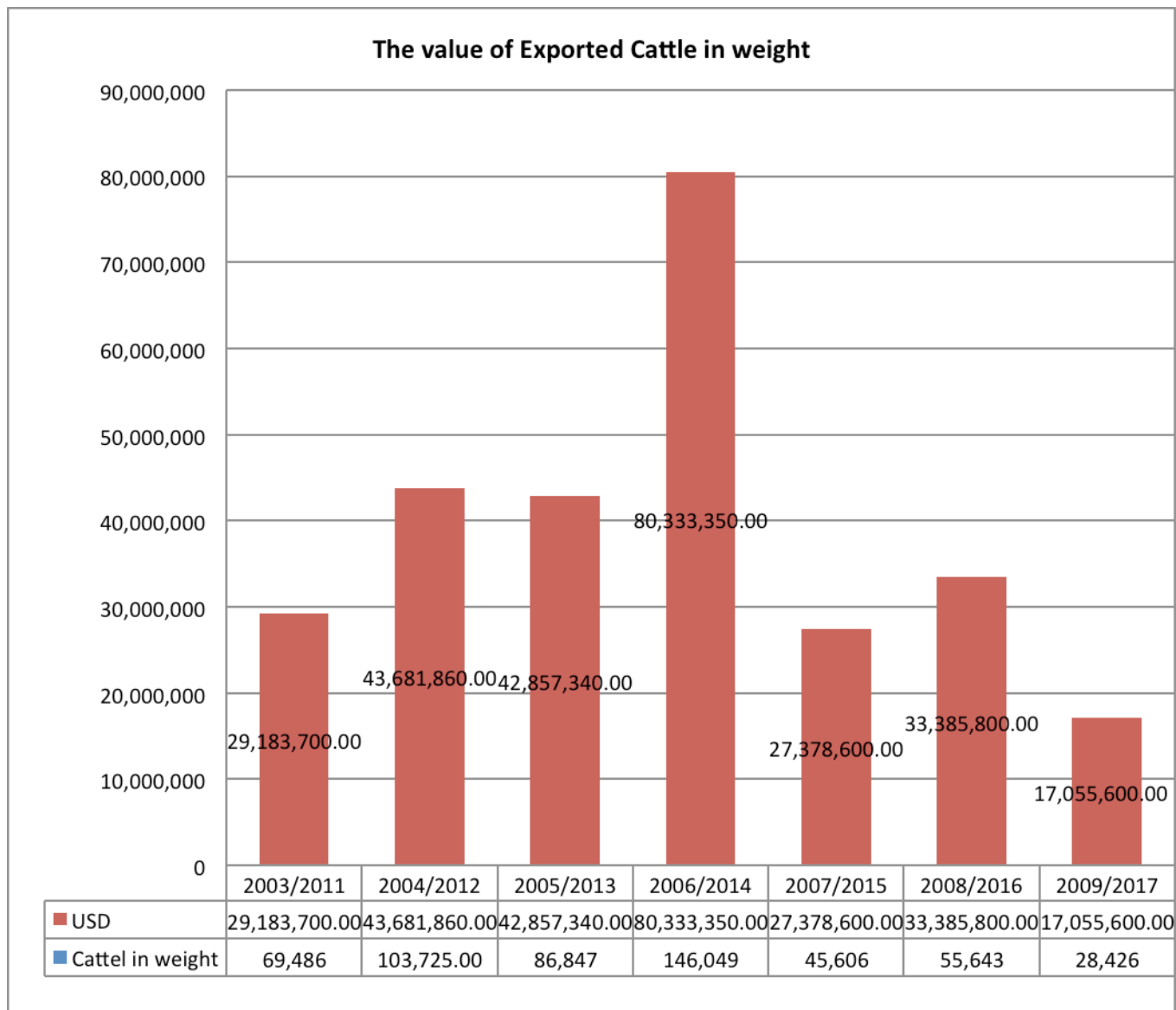
APPENDICES

Appendix1. Exported livestock animals and earned foreign currency (2011-2017)

	Livestock animals				Year
	Cattle	Goat	Sheep	Camel	
Quantity					(2003/2011)
Weight	69,486	8,199	8,143	13,472	
USD	29,183,700.00	377,154.00	407,150.00	5,604,352.00	
Total					9,307,026.00
Quantity					(2004/2012)
Weight	103,725	13,025	21,906	8,713	
USD	43,681,860.00	599,150.00	1,095,300.00	3,624,608.00	
Total					49,000,918.00
Quantity					(2005/2013)
Weight	86,847	16,698	26,098	2,469	
USD	42,857,340.00	768,108.00	1,304,900.00	1,090,486.00	
Total					46,020,834.00
Quantity					(2006/2014)
Weight	146,049	24,964	36,242	646	
USD	80,333,350.00	1,622,660.00	2,536,976.00	504,500.00	
Total					84,997,486.00
Quantity					(2007/2015)
Weight	45,606	8,481	1,802	0	
USD	27,378,600.00	593,670.00	129,744.00	0	
Total					28,102,014.00
Quantity					(2008/2016)
Weight	55,643	62,402	161,569	20	
USD	33,385,800.00	4,364,140.00	12,925,520.00	10,000.00	
Total					60,675,460.00
Quantity					(2009/2017)
Weight	28,426	2,025	2,459	101	
USD	17,055,600.00	141,750.00	196,720.00	50,500.00	
Total					17,444,570.00

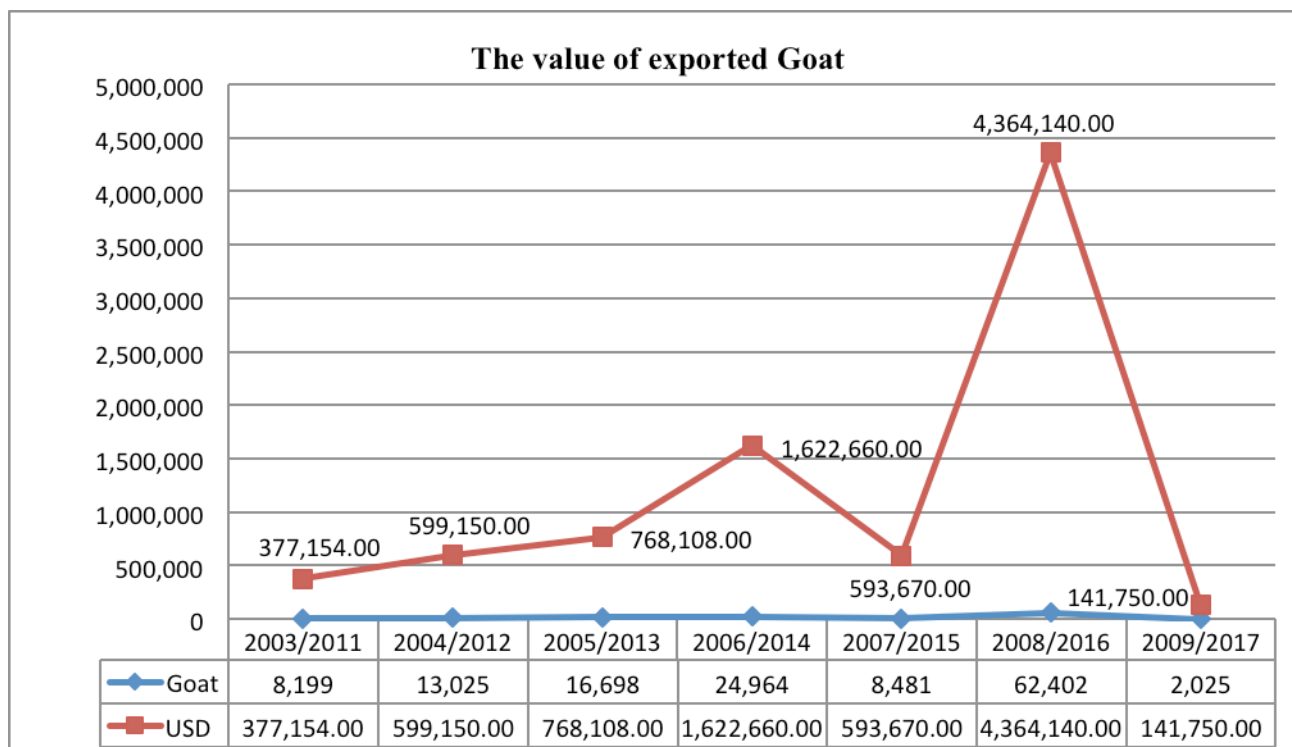
Sources: ECRA, Jigjiga Branch 2011-2017

Appendix 2. Exported Cattle and earned foreign currency (2011-2017)



Sources: Compiled from Jigjiga Branch 2011-2017

Appendix3: Exported Goat and earned foreign currency (2011-2017)



Sources: Compiled from ECRA(2011-2017)

Appendix4 Exported Sheep and earned foreign currency (2011-2017)



Sources: Compiled from ECRA(2011-2017)

Appendix 5. Youth and women job creation(Beneficiaries)

<i>S/N</i>	<i>Activity</i>	<i>Beneficiaries</i>			
		<i>No of cooperatives</i>	<i>M</i>	<i>F</i>	<i>Total</i>
<i>1</i>	<i>poultry egg production</i>	<i>31</i>	<i>344</i>	<i>238</i>	<i>582</i>
<i>2</i>	<i>Forage production</i>	<i>67</i>	<i>414</i>	<i>466</i>	<i>880</i>
<i>3</i>	<i>Fattening</i>	<i>58</i>	<i>310</i>	<i>443</i>	<i>753</i>
<i>4</i>	<i>Dairy production</i>	<i>2</i>	<i>15</i>	<i>13</i>	<i>28</i>
<i>5</i>	<i>Live animal marketing</i>	<i>6</i>	<i>59</i>	<i>26</i>	<i>85</i>
<i>6</i>	<i>Honey production</i>	<i>5</i>	<i>27</i>	<i>33</i>	<i>60</i>
<i>7</i>	<i>livestock fattening and marketing</i>	<i>31</i>	<i>182</i>	<i>157</i>	<i>339</i>
	<i>G. Total</i>	<i>200</i>	<i>1351</i>	<i>1376</i>	<i>2727</i>

Source:Compiled from LRPDB, 2010

Appendix6.Livestock and livestock products marketing cooperatives licensed and supports provided

No.	Business types	2009	2010	Beneficiaries		
				Male	Female	Total
1.	Live Animal marketing	178	257	2827	1223	4050
2.	Bee keeping	60	89	623	356	979
3.	Milk production	56	94	282	940	1222
4.	Hide and skin marketing	28	35	665	280	945
5.	Poultry production	52	76	456	684	1140
Total		374	551	4853	3483	8336

Source: Compiled from LRPDB, 2010

Appendix 7. Supply & demand of live animal in 2009 and 1st eight months of 2010 Budget Year

S/n	Type of Live Animal	Unit	Supply and demand				Remark
			Supply 2009 EC	2009 livestock marketing sold	Supply in 2010 EC	Livestock market demand in 2009 (eight Month)	
	Camel	Head	286,414	262,833	224,275	157,700	Based on the summary report from 34 LMC
	Cattle	Head	982,224	483,530	345,190	290,118	
	Sheep	Head	3,826,594	3,850,230	1,900,375	1,010,138	
	Goat	Head	3,829,551	3,839,730	1,839,730	1,103,838	

Source; LRPDB

Appendix 8 Cross Border Livestock Traders Survey Questionnaire

Position/occupation?(circle more than one if appropriate)

- A. Livestock trader
 B. Livestock producer
 C. Livestock exporter
 D. Others, specify _____

1. Your age group...

- A. 18-30
 B. 31-45
 C. 46 and above

2. Educational level?

- A. Illiterate
 B. Certificate
 C. Diploma
 D. First degree
 E. Master degree and above
 F. Others, specify _____

3. Your sex...

- A. Male
 B. Female

II. Livestock production and market access

5 Which type of livestock do you trade?(circle more than one if appropriate)

- A. Camel
 B. Cattle
 C. Sheep
 D. Goat
 E. Others, specify _____

6 To whom do you sell the livestock? (circle more than one if appropriate)

- A. Domestic customers
 B. Foreign customers
 C. Restaurants and Butchers
 D. Government institutions
 E. Others, specify _____

7	<p>What do you think about the amount of livestock demanded for the past five years in general?</p> <p>A. Increasing</p> <p>B. Stagnant</p> <p>C. Decreasing</p> <p>D. Fluctuating</p>
8	<p>Where do you get market information? (circle more than one if appropriate)</p> <p>A. Extension office</p> <p>B. NGOs</p> <p>C. Public media</p> <p>D. Internet</p> <p>E. Others, specify _____</p>
9	<p>How do you buy the livestock? (circle more than one if appropriate)</p> <p>A. Directly from pastorals</p> <p>B. Through brokers</p> <p>C. From the near markets</p> <p>D. From livestock producers</p> <p>E. Others, specify _____</p>
10	<p>What do you think about the price/value/ of your livestock for the past five years in general?</p> <p>A. Increasing</p> <p>B. Stagnant</p> <p>C. Decreasing</p> <p>D. Fluctuating</p>
11	<p>Are there any challenges on the livestock market?</p> <p>A. Yes <input type="checkbox"/></p> <p>B. No <input type="checkbox"/></p> <p>C. If you say yes, pleas list the major challenges?</p> <p>_____</p> <p>_____</p> <p>_____</p>
12	<p>Where is your marketing destination area after Togwajale outlet? (circle more than one if appropriate)</p>

	<p>A. Berebera port</p> <p>B. Yemen port</p> <p>C. Others, specify _____</p>
13	<p>What type of cost do you incur <i>most</i> as you trade the livestock?</p> <p>A. Transportation</p> <p>B. Feeding cost</p> <p>C. Rent of quarantine</p> <p>D. Medical cost</p> <p>E. Others, specify _____</p>
14	<p>What kinds of livestock buyers did you get in your nearest market? (Hint: neighbors, small collectors, traders, processors, and exporters, or other ways).</p> <p>☞ _____</p> <p>_____</p> <p>_____</p> <p>☞ _____</p> <p>_____</p>

15	Based on question number five (5), for whom you mostly sell your livestock?	<p>1st. _____</p> <p>2nd. _____</p> <p>3rd. _____</p> <p>4th. _____</p>
16	Do you have any relation with your livestock buyers?	<p>Yes: __ </p> <p>No: __ </p>
17	<p>If you say “yes” for Q. 15, with which buyers do you have close business relation?</p> <p>1. _____</p> <p>2. _____</p> <p>3. _____</p> <p>4. _____</p>	
18	Did buyers give any kind of support for you?	<p>Yes: __ </p> <p>No: __ </p>

19	If yes for Q.17, what kind of support you received from them in this year? 1. _____ 2. _____ 3. _____ 4. _____									
20	Does any of your livestock die or get sick during this year?	Yes: <input type="checkbox"/> No: <input type="checkbox"/>								
21	If you say “yes” for question number (19), how many of livestock you lost due to disease in this year?	<table border="1"> <tr> <td>1. Cattle</td> <td><input type="checkbox"/></td> </tr> <tr> <td>2. Shoats</td> <td><input type="checkbox"/></td> </tr> <tr> <td>3. Chicken</td> <td><input type="checkbox"/></td> </tr> <tr> <td>4. Camel</td> <td><input type="checkbox"/></td> </tr> </table>	1. Cattle	<input type="checkbox"/>	2. Shoats	<input type="checkbox"/>	3. Chicken	<input type="checkbox"/>	4. Camel	<input type="checkbox"/>
1. Cattle	<input type="checkbox"/>									
2. Shoats	<input type="checkbox"/>									
3. Chicken	<input type="checkbox"/>									
4. Camel	<input type="checkbox"/>									
22	Could you list other reasons for your livestock loose? (E.g. Lack of water, lack of pasture, drought, conflict, confiscation etc). 1. _____ 2. _____ 3. _____ 4. _____									
23	Is there any <i>Livestock Marketing Association</i> in your Woreda/ District?	Yes: <input type="checkbox"/> No: <input type="checkbox"/>								
24	If yes for (Q.22), are you a member in the association?	Yes: <input type="checkbox"/> No: <input type="checkbox"/>								
25	In what way did this association help you regarding production and marketing? Please indicate it. 1. _____ 2. _____ 3. _____									
26	If there is No for (Q.22), do you feel as it important to have a livestock marketing association in your area?	Yes: <input type="checkbox"/> No: <input type="checkbox"/>								
27	What type of costs you pay in the market while you are selling your livestock? (Hint: tax, labor and other services? Please specify the costs of different species). Please list them.									

	<u>Livestock Marketing Cost Types</u>	<u>Cost</u>
	☞	
	☞	
	☞	
	☞	
	☞	
28	What types of <i>challenges/constraints do you face in livestock production?</i> 1. _____ 2. _____ 3. _____ 4. _____ 5. _____	
29	What other types of marketing opportunities did you have in your area? 1. _____ 2. _____ 3. _____ 4. _____	
30	What kinds of interventions and supports you need for the improvement of your livestock trade? 1. _____ 2. _____ 3. _____ 4. _____	
III. General Comments		
31	Please indicate the main challenges cross border livestock trade is currently facing. (E.g. license, procedures, nepotism, policy, livestock production, drought...	1 st . _____ 2 nd . _____ 3 rd . _____ 4 th . _____ 5 th . _____

32	<p data-bbox="248 197 1446 289">Please indicate any alternative policy directions in cross border livestock trading to enhance foreign currency.</p> <hr data-bbox="248 336 1446 340"/> <hr data-bbox="248 394 1446 399"/> <hr data-bbox="248 451 1446 455"/> <hr data-bbox="248 508 1446 512"/>
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Checklist for Key Informants Interview on Cross Border Livestock Trading

This questionnaire is designed to collect data for project paper that is a partial fulfillment of a master degree in marketing management of Addis Ababa University. *The focus of the research is to examine the challenges and its policy implications of cross border livestock trade along the border of Somali regional state of Ethiopia with Somaliland.*

Your specific answer will be completely anonymous, but your views, in combination with those of others are extremely important. Hence, you are kindly requested to feel free in responding to the questions.

1. Position/occupation? _____

2. Educational level? A) First degree B) Master degree and above
C) Others, please specify _____
3. What are the laws, policies and controls shaping the dynamics of cross border livestock trading?
 - i. Laws _____
 - ii. Policies _____
 - iii. Controls _____
4. What are current practice, composition, trading root and actors/agents of cross border livestock trading?
 - i. Composition _____
 - ii. Trading root _____
 - iii. Agents/actors _____
5. What is the gaps existing in accessing livestock marketing information and outlets in this area? _____

6. Do you think that the livestock marketing association is working well and favorable for the pastoral and semi pastoral community? If 'yes' how? If 'no' why?

-
-
-
7. What kinds of challenges/constraints did the community faced related to livestock sale? (Hint: like market policy, low price, lack of traders, lack of traders, lack of information, etc). _____
-
-
8. What do you think about the possibility of future expanded livestock rearing for commercial purpose? Did you give policy directions on how the community can engage in profitable commercial livestock rearing? _____
-
-
9. What do suggest about how government and other development organizations can tackle constraints and come up with interventions to improve the livestock production and marketing systems of your area? _____
-
-
10. What opportunities and favorability did your locality have related to the livestock Export Marketing? _____
-
-
11. What are the common challenges Livestock marketing/trading of the pastoral community faced every year? _____
-
-
12. What are your suggestions With regard to cross border livestock marketing/trading? _____
-
-

Thank you!

