

1 REWARDS FROM TWISTED ROLES: CASE STUDY ON REVITALISED LIVESTOCK MARKETING IN SAMBURU, NORTHERN KENYA

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Sector: Agriculture (Livestock)

CHALLENGE

In Kenya, the livestock sub-sector accounts for approximately 10% of National GDP and 30% of agricultural GDP. It employs about 50% of the agricultural workforce and about 90% of the ASAL workforce. Approximately 95% of Arid and Semi Arid Land households' income is derived from this sub sector. Kenyan livestock sector is dominated by small producers and most of the livestock production is concentrated in the ASAL areas. Livestock from pastoral production systems account for almost 80% of Kenya's consumption and the demand for red meat outstrips the local supply. Currently, supply from pastoralist areas stands at 71%.

Communities in the pastoralist setting have always had to continuously rely on livestock as their single most important source of livelihood. Besides providing food directly in form of meat and milk, they are also able to trade to meet urgent cash needs such as school fees and staple foods. Until around 1983, the Government supported livestock marketing from the region through the livestock marketing division that enabled the pastoralists to get competitive prices. However the collapse of this marketing channel led to acute inefficiencies in livestock value chain leading to high transaction costs, unstable markets and prices.

These high transaction costs emanate from the lengthy channels of trade (high numbers of middle men) necessitated by the long distances to markets. The high transactions cost reduces margins for producers¹. The long distances involved in trekking animals to the market², lead to livestock mortalities, reduces animal/carcase value and exorbitant charges en-route, high transport cost³, and loss through theft of stock. Besides limited education⁴ and knowledge of national language amongst producers limits their effective participation (especially for women and youth) and a hindrance to maximizing profits.

CLIENTS

In an attempt to deal with these challenges, SNV in partnership with Samburu Integrated Development Programme (SIDEIP), Kenya Livestock Marketing Council (KLMC) and Samburu County Council (SCC) explored the potentials of interior (primary) markets as a business model to address these challenges.

¹ Producers receive about half of the terminal market price. Kenya-European Commission Study on Livestock- Agri-consortium 2003

² Studies show that 50% of the producers travel for 50km or more to access markets. PEDDEP baseline Report 2006

³ Ranges from 14% - 36% of the original cost of the animal. Kenya-European Commission Study on Livestock- Agri-consortium 2003

⁴ 34% amongst producers in the market place have never attended school, while 33% have only had few years in school. PEDDEP baseline Report 2006



2007-2008; - Promotion of Interior Markets

Interior livestock markets are business arrangements that bring producers, traders, local councils, Community representatives and business services providers together in a trade

arrangement that addresses the challenges highlighted above. These markets are established within areas with wider catchments, close proximity to producer levels where individual producers can walk in, sell their animals, buy food and other input supplies conveniently and at competitive prices. The convenience and ease of trade has made it possible for small producers, women and youth to effectively participate in the market activities and actually trade.

These markets are governed and managed within an arrangement called the co management, where the **local council** which is responsible for market infrastructure and collecting revenue by law has co-opted the **local community** represented, by the Livestock marketing association, **LMA**, to over see market activities and handle all trade relationships and share revenue on a 50-50 agreement.

The success of this initiative in terms of increasing the revenue for the council, better livestock prices for producers, increased and competitive supply of food items and other supplies led the Samburu county council to replicate the co-management aspect to another 5 markets within the district. Additionally, a National conference to share the model organised with wider stakeholders has encouraged replicability in many other similar districts, with more than 10 councils having made exchange visits to Samburu. The conference also gave *birth* to the second phase 2008-2009 which has focused on further up-scaling to other districts and even other product markets⁵ and institutionalizing it through the review of the council by laws. The experiences of the model have also been documented on a DVD and brochures. These are used for the purposes of brokering knowledge to other donors, partners and stakeholders.

2008-2009; - Improved Governance of the livestock marketing

Currently, livestock markets in Kenya are managed by County Councils. They are in charge of the sales yard infrastructure, the management of the market days, and cess collection. The co management trade arrangement in Samburu worked initially because of the good will of the councillors, but not supported through by laws. It's in the realization of this that the stakeholders (SNV/ KLMC/DLMC/LMA, SIDEP) initiated a process to establish a legal framework around the model in order to make it sustainable. The review of the county council livestock marketing by-laws and subsequent gazettment by the Minister of Local Government for gazettment will ensure the sustainability of the model. The following extracts from the county council livestock by-laws provide evidence that LMAs are now a recognized structure within the governing of livestock markets:

- 8(b) the main function of the Livestock Marketing Association is to liaise with the Council in the management of Livestock markets and to represent pastoralists interests in Livestocks forums to the Council.
- 10(b) upon the gazettment of these regulations, the Council shall issue directives requiring all Livestock Marketing Associations to open bank accounts into which the deposit and the withdrawal of cess funds will be effected.

⁵ This approach is now applied to some milk markets in Mandera and is being replicated by other partners as well.

OUTCOME

- 10(e) All Livestock Marketing Associations shall submit monthly returns for all cess monies distributed to the Associations by the Council in pursuance of the Council and Community cess sharing agreements.

With reference to Lokuniani market, this intervention has led to sustainable outcomes at both County Council level and community level.

i. At the county Council Level:

The county council has been able to increase the amount of revenue collected from Lolguniani by more than 100%, In total from the three markets in Samburu East, the revenue stream is as follows: Kshs 327,393. (€2976) in 2006 to Kshs 579,087 (€5265) in 2007 and Kshs 421,317 (€3830) in 2008. The SCC delight is summed up by the Clerk Mr Stephen Lekupe

"Our 50% is even more than the 100% we used to collect"

ii. At Community level:

- Most producers can now access the buyers directly without using brokers, who used to waylay them on their way to distance markets. Ntashaka Lenarka a youth trader" confesses as follows

"We used to go as far as oldonyiro, more than 200km away, to sell our livestock and buy food for family. Am glad this market is here, in fact I do not know how things would have been during this drought if this market did not exist."

This intervention has led to producers increasing their gross margins by between 30-40%⁶ from livestock sales. This is an average of Kshs 5,100 (57 Euros) per cow /bull.

- The resources accumulated from the sharing of revenue between the county council and the community through the livestock marketing Association (LMA) has over the years been used in community social welfare in different ways. During the period 2007-2008, the community used part of the revenue to employ 7 Nursery school teachers thereby enabling more than 200 children to access early child hood Education. In 2008 -2009, the funds have been able to pay for 6 volunteer's teachers in two primary schools known as lolkuniani and Ilkesin. Each volunteer is paid 3,000 (€27.5) per month The funds have also been used to pay fees for 4 college students (2 girls and 2 boys) and 1 University student all to a tune of Kshs 100,000 (€910). It has also paid medical fees of Kshs 40,000 (€365) for 4 patients. As expressed by Christopher Lenges one of the medical beneficiaries.

"When my wife was sick, I was so scared she would die, but this money really saved me"



Woman livestock Trader

- Women's' cultural position in property ownership had limited their participation in economic activities. The centrality of lolguniani market within primary production area has enabled many women to fully participate in market activities and thus livestock trade is no longer a domain of wealthy traders and local

⁶ However this is not applicable in times of severe drought when producers are desperate to off load the animals.



men. With only few kilometers to trek to the market place, women have demonstrated their capacity to participate in market place activities.

The market has attracted over 300 other traders, trading on food supplies, Veterinary drugs suppliers, Food vending, transport services etc. Most of the food vendors and petty traders are women, who would otherwise be at home, not engaged in gainful work. One of the women food vendors Mrs. Mpayoi Lenges on interview by Mr Worku Behonegne, Regional director SNV said that she had been at home just taking care of her children, struggling with life before this market came up and she saw an opportunity to make and sell food. She indicated that she learnt how to engage in small businesses through the business training given by SIDEP. From her food vending, she indicated that she now earns between Ksh 2000- 3000 (€18 – €27.5) every market day (once a week). Using these resources she is now taking care of the education of her four children and lives well.

Mpanyoi Lenges boasts of her success:

"Despite the inability of my husband to provide for the family due to age, I have been able to take care of my four children in school from this small business".

Thus the new markets have enabled rural women to increase incomes and have a better quality life.

- The insecurity that has characterized the area has also improved as expressed by Keraita Lengnyuki the chairman of the Livestock Marketing Association

"The fact that everyone is earning income means that security sorts itself out".

IMPACT

The weekly market serves the entire Lolguniani community which has an estimate of 800⁷ households. This translates to a population of about 4,000 with a monthly average of 10% (400) of the population actively engaged with livestock trade on each market day. At its peak, an average of 2,000 goats worthy approximately €27,500 and 30 cows worthy €4,000 are sold per market day that is held once a week. This is not to mention, the camels and donkeys sold during the market days.

The direct exposure between producers and terminal buyers has reconfigured the profit margins along the chains. The producers obtain on average a higher price for their livestock than previously. Their profit margin increased by an average of 30-40%. The involvement of the rural poor men, women and youth in the economic activities around the livestock markets has contributed to increased household income. In Samburu, the LMA members are remunerated and the vibrant market context enables the youth and women to engage in the diverse income generating activities. This includes amongst others food kiosks, hawking of groceries and other wares, and agro



⁷ 1998 Census

vets services. There are over 120 small scale businesses around the market which officially pay cess to the county council while there are about 300⁸ total businesses in operation on any market day

The future

In collaboration with FAO, we shall facilitate further linkages between Councils as well as LMA to further upgrade the livestock markets and attract more traders and producers. SNV has already carried out a study to project demand for Business Development Services (BDS). The need for fodder, Water, financial services, agro-veterinary services and infrastructures is enormous. The next steps involve brokering relations between SCC and potential BDS providers to provide these services. It is also anticipated that part of the cess collection will be reinvested in this industry to make it more vibrant.

The experience is taking shape in a number of ways, with some key actors using the model for other product markets. VSF Swiss for example is applying this principle in Milk markets, many organisations building market infrastructure are using this management model to make the market services sustainable. The current FAO project (SNV is a partner) that seeks to increase market infrastructure and services is firmly embedded in this experience. We shall continue to consolidate these developments and explore partnership for further institutionalisation of the model.

In further institutionalising this trade arrangement, SNV will together with key actors also pursue policy dialogue that will aim to revitalise the livestock markets and other livestock sector institutional reforms to create enabling environment for livestock business. In collaboration with key actors, we shall explore the livestock trade related policies and infuse the emerging knowledge in seeking to review the relevant policies.

LESSONS LEARNED

- ◆ The public private partnerships do not have to be grandiose and complex; the success of the partnership at the Iolkuniani market demonstrates that PPPs can be simplified and still achieve admirable results.
- ◆ Commercial orientations to initiatives that support rural livelihoods are bound to succeed.
- ◆ Building interventions upon structures co-owned by the community that have clearly defined roles, responsibilities and mandate, (local LMAs) make interventions easily acceptable and workable because the stakeholders can easily relate to them.
- ◆ Local solutions negotiated through a honest, open and transparent way have the potential for acceptance even among the highly bureaucratic institutions such as councils.
- ◆ Business models can be designed to embed strategies to address gender imbalances. Generally, there is often gender imbalance within the livestock value chain owing to women's cultural position in terms of property ownership and trade. However, the centrality of Iolkuniani market within the location has enabled many women to fully participate in market activities and thus livestock trade is no longer a domain of wealthy traders and local men.
- ◆ It is easier to up-scale models if practical successful examples exist. These examples when well packaged can influence policy.
- ◆ The emergent of a large number of other economic activities which are not directly related to the livestock value chain around the livestock market affirms that a successful intervention on a value chain contributes to Local economic development (LED).

⁸ Some petty traders are exempted from paying Cess.