



Pro-Poor
Livestock
Policy
Initiative

The Political Economy of Pro-Poor Livestock Policy-Making in Ethiopia

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PREFACE

This is the 19th of a series of Working Papers prepared for the Pro-Poor Livestock Policy Initiative (PPLPI). The purpose of these papers is to explore issues related to livestock development in the context of poverty alleviation.

Livestock is vital to the economies of many developing countries. Animals are a source of food, more specifically protein for human diets, income, employment and possibly foreign exchange. For low-income producers, livestock can serve as a store of wealth, provide draught power and organic fertiliser for crop production and a means of transport. Consumption of livestock and livestock products in developing countries, though starting from a low base, is growing rapidly.

One of the research projects commissioned under the FAO Initiative is an in-depth analysis of the political economy of livestock (and related) policy-making. This research project covers livestock sector and related policy at various levels of decision-making (sub-national, national, regional, global). The research is being implemented jointly by the Institute of International Studies, University of California, Berkeley, and Dr. Michael Halderman, an independent consultant based in Berkeley.

We hope this paper will provide useful information to its readers and any feedback is welcome by the authors, PPLPI and the Livestock Information, Sector Analysis and Policy Branch (AGAL) of the Food and Agriculture Organization (FAO).

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Keywords

Ethiopia, political economy, policy-making, livestock, pro-poor livestock policies, livestock marketing, livestock exports, unofficial livestock marketing and exports, cross border trade, SPS standards, animal health services, pastoralists, pastoral areas, pastoral development, settling pastoralists, highland areas, urban and peri-urban areas, land tenure, governance, decentralization, civil society, conflict mitigation, political feasibility.

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ABBREVIATIONS

AAPBMDA	Animal Products and By-products Market Development Authority
ADLI	Agricultural Development Led Industrialization
AfDB	African Development Bank
ANDM	Amhara National Democratic Movement
ARDUF	Afar Revolutionary Democratic Unity Front
AU	African Union (formerly the Organization of African Unity)
CAHW	Community-based Animal Health Worker
CDD	Community-driven Development
CEWARN	Conflict Early Warning and Response Mechanism
CRDA	Christian Relief and Development Association
CSA	Central Statistical Authority
CSO	Civil Society Organization
DFID	Department for International Development (UK)
DTIS	Diagnostic Trade Integration Study
EARO	Ethiopian Agricultural Research Organization
EEA	Ethiopian Economic Association
EIU	Economist Intelligence Unit
EPLF	Eritrean People's Liberation Front
EPRDF	Ethiopian Peoples' Revolutionary Democratic Front
ERRP	Economic Recovery and Reconstruction Program
ESDL	Ethiopian Somali Democratic League
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDRE	Federal Democratic Republic of Ethiopia
FSP	Food Security Project
FSS	Forum for Social Studies
GDP	Gross Domestic Product
GoE	Government of Ethiopia
GTZ	German Development Cooperation
HIPC	Heavily Indebted Poor Countries
IA	Ireland Aid
IBAR	Inter-African Bureau for Animal Resources
IDA	International Development Association
IDS	Institute of Development Studies (UK)
IFAD	International Fund for Agricultural Development
IFLO	Islamic Front for the Liberation of Oromia

IFPRI	International Food Policy Research Institute
IGAD	Inter-Governmental Authority on Development
ILRI	International Livestock Research Institute
IMF	International Monetary Fund
I-PRSP	Interim Poverty Reduction Strategy Paper
LDC	Least Developed Country
LLPs	Livestock and Livestock Products
LMA	Livestock Marketing Authority
LU	Livestock Unit
MEDAC	Ministry of Economic Development and Commerce
MOA	Ministry of Agriculture
MOFA	Ministry of Federal Affairs
MOFED	Ministry of Finance and Economic Development
MORD	Ministry of Rural Development
NGO	Non-Governmental Organization
NRM	Natural Resource Management
OIE	<i>Office International des Epizooties</i> (World Organization for Animal Health)
OLF	Oromo Liberation Front
ONLF	Ogaden National Liberation Front
OPDO	Oromo People's Democratic Organization
PA	Peasant Association
PCAE	Pastoralist Concern Association Ethiopia
PCI	Pastoralist Communication Initiative
PCDP	Pastoral Community Development Project
PFE	Pastoralist Forum Ethiopia
PMO	Prime Minister's Office
PPLPI	Pro-Poor Livestock Policy Initiative
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
RD	Rural Development
RDW	Rural Development Workshop
RVF	Rift Valley Fever
SC-UK	Save the Children UK
SDPRP	Sustainable Development and Poverty Reduction Program (the name of the final PRSP document in Ethiopia)
SNNPR	Southern Nations, Nationalities, and Peoples Region (regional state)
SPS	Sanitary and Phytosanitary Measures
TNG	Transitional National Government

TPLF	Tigray People’s Liberation Front
TLU	Tropical Livestock Unit
UAE	United Arab Emirates
UK	United Kingdom
UNDP	United Nations Development Program
UN-EUE	United Nations Emergencies Unit for Ethiopia
USAID	United States Agency for International Development
WB	World Bank
WTO	World Trade Organization

EXECUTIVE SUMMARY

This study examined the political economy of pro-poor livestock and related policy-making in Ethiopia. The main objective was to determine and assess how relevant policy is made, including the role of key actors and forces both domestic and international. Emphasis was given to the political and institutional processes at the basis of such policy-making. Another objective was to identify “entry points” and provide strategic recommendations aimed at achieving positive change.

The report is divided into six chapters:

- Chapter 1 introduces the study and key factors identified during the research
- Chapter 2 explains the policy-making context, including the legacy of centralized authority, the dominance of the ruling party, decentralization, and key issues regarding policy-making and implementation
- Chapter 3 discusses the importance of livestock in Ethiopia and the decline of the livestock sector
- Chapter 4 examines issues relevant to pro-poor livestock and related policy-making in the rural highlands, urban & peri-urban, and pastoral areas of the country. The three areas are examined separately because of significant differences between them.
- Chapter 5 examines a number of key issues: livestock marketing and exports, security and related concerns, SPS standards, animal health services, land tenure issues, and the link between conflict mitigation and pro-poor livestock policies.
- Chapter 6 provides conclusions and recommendations.

Key conclusions identified during the research

Several conclusions particularly relevant to pro-poor livestock and related policy-making in Ethiopia were identified during the research and provided the basis for the analysis in the present report:

- The continued significance of the legacy of decades (longer in some areas) of centralized, hierarchical political, economic and administrative systems aimed at maintaining control. The ethnically-based decentralization initiated in 1995 responds in some ways, and to varying degrees, to these forces.
- Livestock are viewed by policy-makers primarily in terms of their contribution to crop production (as draught animals) which prevents appropriate recognition of the value of livestock to the livelihoods of the poor and the potential of livestock for poverty reduction.
- Official marketing and export systems for livestock and livestock products (LLPs) are heavily burdened by regulations, transaction costs, and government efforts to generate tax and other revenues.
- There also exists dynamic, unofficial cross-border trade in live animals exported on the hoof to neighboring countries and then usually (except for Kenya) re-exported to Saudi Arabia and Gulf countries. The other side of this private sector cross-border trade is consumer goods unofficially imported into Ethiopia. The government describes this informal trade in livestock and goods as “contraband.”
- The poor lack secure tenure to land in all areas of the country. In some areas, there is a link between this lack of secure tenure and violent conflict.

- The strong anti-pastoralist bias of the core highland culture seems to prevent recognition of the relevance and importance of pastoralism. The central government's strategy of settling pastoralists along the major rivers is, in part, a reflection of this bias.
- There is very limited involvement by civil society in policy-formulation, even when proposed policies directly affect long established systems that provide the basis of livelihoods and natural resource management.

The policy-making context

Ethiopia is a large and important African country with an estimated population of 67 million people, 82% of them below the international poverty line of US\$1 per day (see Table 1 for key statistics). Ethiopia is also a major recipient of official development assistance, as multilateral and international organizations, bilateral development agencies and NGOs are supporting the government in wide-ranging efforts to reduce poverty and develop the country.

Policy-making and implementation in Ethiopia today are strongly influenced by a long history of centralized, hierarchical systems of control under Imperial rule and nearly two decades of military rule by the Derg. The Ethiopian Peoples' Revolutionary Democratic Front (EPRDF) faced difficult challenges in 1991 when it took control of a country that had suffered 17 years of harsh, authoritarian rule and more than a decade of civil war under the Derg. The EPRDF has successfully met many of the internal challenges but, in spite of the significant political, administrative and financial decentralization begun in the 1990s, the centralized and controlling legacy remains an important factor. National and regional government policies are primarily made by the ruling party (see Annex 1 for a list of the main organizational actors involved in relevant policy-making, development or advocacy activities).

Importance of livestock but decline of the sector

Livestock are extremely important in Ethiopia to economic development and to pro-poor development strategy, although these points are not as well recognized as they could be. Ethiopia is generally considered to have the largest population of livestock of any country in Africa. There are huge numbers of cattle, sheep, goats, horses, donkeys, mules, camels, poultry and beehives in the country. The livestock sector contributes 12-16% of total GDP and 30-35% of agricultural GDP, according to government estimates. For many years the export of livestock and livestock products has been Ethiopia's second most valuable source of foreign exchange, after coffee. Hides and skins have been by far the most important official LLPs exported.

There have been several negative livestock-related trends over the past 30 years including a decline in national and per capita production of livestock and livestock products, export earnings from livestock, and per capita consumption of food from livestock origin. There has been enormous decline in the official exports of live cattle, both in quantity and value, and significant decline in the value of exported hides and skins.

In spite of the trends noted above, livestock are estimated to contribute to the livelihoods of 60-70% of the Ethiopian population. Throughout Ethiopia, with some regional variation, livestock are:

- valuable - essential in pastoral areas - in providing food for subsistence

- essential in many areas for the cultivation of crops (draught power)
- essential for transporting goods and, in some areas, transporting people
- the most important source of cash income for people living in rural areas
- the most significant and widespread form of asset accumulation for rural residents, particularly assets used as hedges against risk and disaster
- used to invest in traditional security systems through, for example, brideprice.

The use of livestock for asset accumulation is an ancient and traditional practice in Ethiopia, and it continues to be important today because for the majority of the population - especially the poor - the alternatives are limited and most are ineffective. In regard to poverty reduction policies and strategies, it is useful to recognize that for Ethiopian households livestock serve as:

- productive assets that allow households to be self-provisioning
- critical buffers (particularly for households in a precarious position) against falling into what is usually unremitting poverty
- springboards that enable some households to advance to relative wealth by the standards of contemporary Ethiopia.

The need for appropriate, pro-poor livestock policy

Several individuals interviewed were concerned that the government did not have an appropriate livestock policy to effectively guide activities in this sector. Nor is there a livestock strategy or policy specifically directed at poverty reduction. It is significant that the final Poverty Reduction Strategy Paper (PRSP) contains only general points relevant to livestock policy and strategy. Some interviewed argued that for years there has been no real policy for livestock, and that this lack represented a significant obstacle to effective development of the sector. Government policy has long concentrated on increasing cereal crop production, leading to a focus in regard to livestock primarily (some might say “exclusively”) on draught oxen. This narrow focus has prevented full appreciation of (a) the enormous contribution livestock make to the livelihoods of the poor, (b) the considerable potential of livestock for poverty reduction, and (c) the potential role of livestock in the economic development of Ethiopia. One example: in spite of the great potential for beekeeping to reduce poverty in Ethiopia there is no development strategy or policy for apiculture.

Rural highland, urban & peri-urban, and pastoral areas

About 60% of Ethiopia’s human population and enormous numbers of livestock live in rural highland areas. Population density is very high, most of the people are poor, and many are destitute. Much of the highlands, especially in the north, suffer severe land degradation. There has been considerable rural development activity (and research) in the highlands with strong support from various donors and NGOs. The government has emphasized production of cereal crops and coffee. Until recently, livestock have received little attention in government strategy and development efforts, except draught oxen because they are essential to cereal crop production. An on-going research program by IFPRI/ILRI and affiliated organizations (much of it related to livestock and pro-poor issues, and involving technical, social, economic and

institutional factors) is attempting to influence central and regional government policy regarding agricultural development in the highlands. The research has found *inter alia* that livestock represent a critical element of development strategy.

Both population and poverty are increasing in urban and peri-urban areas, located primarily in the highlands. Approximately 15% of Ethiopia's human population lives in urban areas alone. It is obvious that livestock are an important source of livelihood for poor residents of peri-urban and urban areas of the country, but little is being done to promote or effectively regulate these activities. Ethiopia's ADLI development strategy has focused on rural areas, resulting in what some interviewed called years of neglect of urban areas. The poor raise poultry and sheep, practice beekeeping, and some have one or two dairy cows. Donkey transport is a very important source of income for poor residents of urban and peri-urban areas (as well as rural areas), and horse-carts have long been a key form of human transport in several urban centers. The production and marketing of dairy products is important within Addis Ababa and surrounding peri-urban areas. It seems likely that: (1) the already better-off, more specialized and better supported dairy producers will be the main beneficiaries of increasing urban demand for dairy products; (2) poor dairy producers will continue to function at what might be called a "coping level" by providing dairy products to the informal sector. In the absence of appropriate policies and support, similar patterns may also be the case in regard to the production of other livestock products in urban and peri-urban areas.

Pastoral areas cover 60% of Ethiopia and include 12-15% of the human population, as well as very large numbers of livestock. Pastoralists are very poor, even by the standards of Ethiopia, when judged by their limited access to basic social services. Residents of pastoral areas have the lowest access in the country to education and to human health services, and pastoral areas have the least developed infrastructure. Pastoralists rely more on livestock than any other population category in Ethiopia. Significantly, pastoral societies have been under enormous pressure for decades as a result of political upheavals in Ethiopia and neighboring countries, repeated drought, government neglect and inappropriate policies.

Central government actions and pronouncements demonstrate that the strategy and policy for pastoral areas include: (a) controlling border areas and armed opposition movements; (b) suppressing the very old, unofficial cross-border trade in livestock and consumer goods; (c) settling the pastoralist population along the major rivers over a period of many years; (d) supporting, with donor assistance, the existing pastoral production systems in the short and medium term. A large number of interrelated political, economic and institutional ("rules of the game") factors affect pastoralists and pastoral areas, as discussed in chapter 4.

The GoE's stated long term development objective for pastoral areas is the radical transformation of pastoralists' culture and livelihoods - settling pastoralists along the banks of major rivers and encouraging them to adopt sedentary, irrigated agriculture and to urbanize (in other words, to become like highland Ethiopians). The strategy of settling pastoralists is in direct opposition to pastoral systems of natural resource management, as the areas identified for settlement are critical dry season grazing areas and water points without which the pastoral systems cannot function effectively. Pastoralist advocacy and development organizations strongly oppose the official proposals for sedentarization. The proposals to settle pastoralists reflect both (a) the anti-pastoralist bias of highland Ethiopian culture and (b) a lack of full understanding of the now widely accepted "new directions in pastoral development." The latter emphasize that pastoral production systems are not only rational and viable in semi-arid and particularly arid areas ("non-equilibrium environments") but do not lead to significant overgrazing or to environmental degradation.

Official and unofficial livestock marketing and export systems

For many years there have been two very different kinds of livestock marketing and export systems operating in Ethiopia. The official systems supported by the government have performed poorly, in large part because they are weighed down by excessive regulation, taxes and other transaction costs (that put a particularly heavy burden on the poor). On the other hand, there has long been a thriving, unofficial cross-border trade of live animals exported to Somalia and Djibouti and then re-exported to Saudi Arabia, Yemen and Gulf countries. In recent years there has been significantly increased cross-border trade with Kenya as it is unable to meet its demand for meat through domestic production. Consumer goods of various kinds are purchased from the sale of the live animals and are unofficially imported into Ethiopia through this informal trade network. The Ethiopian government does not earn foreign exchange and is unable to officially collect tax revenues on the exported livestock and imported goods. The government calls this unofficial trade “contraband” and has tried to suppress it (there is some evidence that the GoE has tried to formalize the trade with Kenya).

The unofficial cross-border trade in live animals is very large. The Livestock Marketing Authority has recently estimated the value of this trade at USD 105 million per year. This amount is more than 100 times greater than the average annual value of official exports of live animals over the 1993-2000 period. The cattle, sheep, goats and camels involved in this unofficial trade are produced in pastoral areas of the country. If the value of the unofficial cross-border livestock trade is combined with that of the official trade in LLPs, the total value of the exports of livestock and livestock products rivals that of coffee, for decades Ethiopia’s most important export commodity.

The informal cross-border trading system is very old, parts of it pre-dating the incorporation of the eastern and southern areas of the country into the modern Ethiopian state. It is particularly relevant that it is impossible for those involved in the cross-border trade with Somalia to comply with the requirements of the official trading system. The Ethiopian National Bank requires that all legal exports be done with a Letter of Credit, but there has been no national government or modern banking system in Somalia for over a decade (the banking system disintegrated after the government was overthrown in 1991).

Additional conclusions and recommendations

The final chapter presents a broad strategy aimed at achieving pro-poor livestock and related policies, draws conclusions and makes recommendations. The political feasibility of the interrelated strategy, conclusions and recommendations is examined. There is scope for positive change but it will be necessary to take a long-term approach in regard to the specific issues involved, as well as the strategy and political viability. This report represents one step in what may be a lengthy process that needs to be sustained and nurtured to be successful. The strategy includes:

- Reaching early agreement on selected issues and activities. This initial step would identify issues and activities promoting the use of livestock as a “vehicle” for poverty reduction and work to reach agreement relatively quickly in regard to follow up actions on the part of the government, donors and NGOs. To achieve rapid agreement, the issues and activities selected would be those with relatively little political opposition (recognizing that there are always vested interests that need to be dealt with).

- Forging strategic alliances and other links between key organizations to strengthen and enhance efforts to promote pro-poor livestock policies and activities.
- Engaging in high-level country dialogue. Given the current policy-making process and environment in Ethiopia, this is the most important and potentially effective entry point to influence policy-making (particularly in regard to politically sensitive issues).
- Strengthening relevant civil society organizations. Reducing poverty among poor livestock producers is only one aspect of much broader efforts aimed at general poverty reduction in Ethiopia. In the long term, achieving sustainable poverty reduction in Ethiopia and other developing countries will require the active and effective involvement of civil society. Yet some question the usefulness or effectiveness of current NGOs in Ethiopia in regard to poverty reduction and/or argue that pursuing this approach will not be politically viable in the short term. The solution is to improve the enabling environment, including policies and institutions, in Ethiopia and to strengthen civil society organizations.

1. INTRODUCTION

This study examined the political economy of pro-poor livestock and related policy-making in Ethiopia. The main objective was to determine and assess how relevant policy is made, including the role of key actors and forces both domestic and international. Emphasis was given to the political and institutional processes at the basis of such policy-making. Another objective was to identify “entry points” and provide strategic recommendations aimed at achieving positive change. This report presents and explains key factors and conditions that constrain or prevent the poor from taking greater advantage of existing or potential opportunities to benefit from their livestock. Given the anticipated (by some) increase in demand for livestock products in coming years, in the urban areas of Ethiopia if economic growth continues and in some other countries of the region, potential opportunities for the poor to benefit include increasing incomes from the sale of livestock and livestock products. Potential opportunities for the poor also include being able to more effectively utilize their livestock assets to reduce the vulnerability of households and groups to climatic and socioeconomic shocks, and to the effects of violent conflict that plague certain areas.

The political economy analytic approach plus key conclusions

Because of the focus on pro-poor policy-making, this report goes beyond the normal range of livestock sector issues. A political economy approach was used in an effort to better understand the interrelated political, economic and institutional factors contributing to or inhibiting the formulation of relevant policies. The study therefore examined livestock trade and marketing in the context of political economy factors, and it included factors outside the livestock sector such as the significance of secure access to land and the problems posed by violent conflict that reduce the opportunities of poor people in Ethiopia to benefit more from their livestock.

Institutional factors were identified using the “rules of the game” approach. Policy analysts using this approach define institutions as the rules, norms and values that shape behavior (DFID, no date). Institutions can be both formal (such as laws that govern land tenure or market transactions) and informal (such as social customs and conventions), institutions can be created (as a result of deliberate political or policy decisions, for example) or they may evolve over time, and institutions are present at local, organizational, national and international levels.

Following this approach and definition, several conclusions particularly relevant to pro-poor livestock and related policy-making in Ethiopia were identified during the research and provide the basis for the analysis in the present report:

- The continued significance of the legacy of decades (longer in some areas) of centralized, hierarchical political, economic and administrative systems aimed at maintaining control. The ethnically-based decentralization initiated in 1995 responds in some ways, and to varying degrees, to these forces.
- Livestock are viewed by policy-makers primarily in terms of their contribution to crop production (as draught animals) which prevents appropriate recognition of the value of livestock to the livelihoods of the poor and the potential of livestock for poverty reduction.
- Official marketing and export systems for livestock and livestock products (LLPs) are heavily burdened by regulations, transaction costs, and government efforts to generate tax and other revenues.

- There also exists dynamic, unofficial cross-border trade in live animals exported on the hoof to neighboring countries and then usually (except for Kenya) re-exported to Saudi Arabia and Gulf countries. The other side of this private sector cross-border trade is consumer goods unofficially imported into Ethiopia. The government describes this informal trade in livestock and goods as “contraband.”
- The poor lack secure tenure to land in all areas of the country. In some areas, there is a link between this lack of secure tenure and violent conflict.
- The strong anti-pastoralist bias of the core highland culture seems to prevent recognition of the relevance and importance of pastoralism. The central government’s strategy of settling pastoralists along the major rivers is, in part, a reflection of this bias.
- There is very limited involvement by civil society in policy-formulation, even when proposed policies directly affect long established systems that provide the basis of livelihoods and natural resource management.

Research for the study focused on identifying and reviewing documents and literature, and interviewing informed individuals. A visit was made to Ethiopia in November-December 2002 and to Washington DC in June 2003. Documents were obtained from relevant websites and during the visits; academic works and previously gathered materials were also reviewed. Interviewing knowledgeable individuals was considered a necessary complement to the document and literature review, and the interviews provided valuable information. The identification of individuals to interview was based on networking, and the results of the interviews were treated confidentially. (See Annex 2 regarding methodology and Annex 4 for a list of individuals consulted.)

Structure of the report

The following chapters of this report cover:

- the policy-making context, including the legacy of centralized authority, the dominance of the ruling party, decentralization, and key issues regarding policy-making and implementation (chapter 2)
- the importance of livestock in Ethiopia and the decline of the livestock sector (chapter 3)
- issues relevant to pro-poor livestock and related policy-making in the rural highlands, urban & peri-urban, and pastoral areas of the country. The three areas are examined separately because of significant differences between them (chapter 4)
- a number of key issues: livestock marketing and exports, security and related concerns, SPS standards, animal health services, land tenure issues, and the link between conflict mitigation and pro-poor livestock policies (chapter 5)
- conclusions and recommendations (chapter 6).

2. THE POLICY-MAKING CONTEXT

This chapter begins with key information about Ethiopia, explains relevant aspects of the policy-making context - including the legacy of centralized systems of authority and decentralization - and examines selected issues concerning how policies are made and implemented. The links between the issues introduced in this chapter and pro-poor livestock (and related) policy-making are further developed in subsequent chapters.

Table 1: Ethiopia: Key Statistics.

Total population	65.8 million
Surface area	1,104,300 sq. km
Population density	66 people per sq. km
Life expectancy at birth	42 years
Gross national income	6.7 billion US\$ (Atlas method)
GNI per capita	100 US\$ (Atlas method)
Aid as a % of GNI	17.5%
Gross domestic product	6.233 billion (US\$)
Agricultural value added	52% of GDP
Trade in goods	23.4% of GDP
GDP growth rate	4.7% average annual % growth 1990-2001
Per capita GDP growth rate	2.4% per capita average annual % growth 1990-2001
International poverty line	81.9% of the population below \$1 a day* ¹
National poverty line	44.2% of the national population below poverty line* 45% of the rural population below poverty line* 37% of the urban population below poverty line*
Infant mortality rate	116 per 1,000 live births
Under 5 mortality rate	172 per 1,000
Child malnutrition	47% of children under age five
Adult literacy rate	40% of population 15+
Access to water	24% of population (access to an improved water source)

All statistics are from the World Bank Atlas, 2003, and refer to the year 2001.

Key information about Ethiopia

Ethiopia is a large and important African country. With a population estimated at 67 million in July 2002 (FDRE and MOFED, 2002), it ranks second in Africa to Nigeria.

¹ designates 1999-2000 survey year

Ethiopia is also one of the world's poorest countries, with over 80% of the population below the international poverty line of US\$1 per day (see Table 1 for key statistics.) The great majority of Ethiopians, estimated at 85%, live in rural areas.

Ethiopia is also a major recipient of development assistance, as multilateral and international organizations, bilateral development agencies and NGOs are supporting the government in wide-ranging efforts to reduce poverty and develop the country. One year after the current government gained power in 1991, a US\$657 million World Bank-led Economic Recovery and Reconstruction Program (ERRP) was launched, followed by structural adjustment credits from the IMF (see the Economist Intelligence Unit, 2003). During the 1998-2000 war between Ethiopia and Eritrea several donors reduced their long term program assistance to the country. Donors subsequently resumed disbursement, in part a result of increased emergency needs resulting from both drought and the war. In March 2001 the IMF and the Ethiopian Government agreed to a US\$130 million poverty reduction and growth facility (PRGF), and in November 2001 Ethiopia qualified for debt reduction under the IMF/World Bank Heavily Indebted Poor Countries (HIPC) initiative. In 2001 Ethiopia received over US\$ one billion in net official development assistance; US\$ 367 million from bilateral sources and US\$ 685 million from multilateral sources. At a full consultative group meeting of donors in Addis Ababa, the first such meeting held for five years as donor coordination was disrupted by the 1998-2000 war between Ethiopia and Eritrea, donors pledged US\$3.6 billion for the three years from July 2002 to June 2005.

The legacy of centralized authority

Policy-making and implementation in Ethiopia today are strongly influenced by the long history of centralized, hierarchical systems of control. These systems are a legacy of centuries or decades (depending on the area) of Imperial rule and seventeen years of military rule by the Derg.

The Amhara and Tigray peoples of the northern highlands of Ethiopia, and the highlands of Eritrea, have for centuries made up the core of what is generally referred to as the "Ethiopian culture."² In the late nineteenth and early twentieth centuries the Christian Ethiopian state expanded to the south, southeast, and southwest when it took part in the "scramble for empire" alongside the European colonizers. The modern borders of Ethiopia were established during that period, incorporating a huge amount of territory outside the original core highland areas. In several parts of the newly enlarged state a semi-feudal system of government and land tenure was established. Today many residents and individuals originating in areas that were subjugated about 100 years ago - particularly pastoral groups including the Somali and Afar - see the imperial Ethiopian state as a colonizer, oppressor and exploiter. A number of Tigrayans and Amhara today maintain that they were also exploited by the imperial Ethiopian state.

In September 1974 a council of military officers who became known as the Derg overthrew Haile Sellassie who had been the emperor of Ethiopia since 1930.³ Following this 1974 revolution there were increased demands for independence in Eritrea and for greater regional autonomy (or independence) in Tigray, Oromo, Somali and other areas. Several armed resistance movements were formed and fought against the center. The actions of the Derg, in combination with Ethiopia's previous history of imperial oppression and domination of various ethnic groups, produced

² There are many books and articles on Ethiopian culture and history. See, for example, Levine, 1965 and Marcus, 1994.

³ There have been numerous analyses of Haile Selassie's rule and the causes of the take over by the army in 1974. For an account written shortly after Selassie was overthrown, see Gilkes, 1975.

strong resistance to the political center. The Derg responded with military force, and throughout the 1980s Ethiopia suffered through terrible civil war.

During 17 years of military rule, the Derg attempted to transform Ethiopia into a Marxist-Leninist state. Key policies of the Derg period had enormous impact on the country as a whole and on the situation in rural areas. On what is generally considered a positive note, the sweeping land reform of 1975 overturned (among other land tenure systems existing in the country) the semi-feudal landlord system of the imperial period. But strenuous efforts to promote socialist centralization had powerful effects at all levels.

The victory and dominance of the EPRDF

The Tigray People's Liberation Front (TPLF), led by Meles Zenawi, became the most successful of the various opposition groups battling the Derg and its huge army. The TPLF subsequently established and led the Ethiopian Peoples' Revolutionary Democratic Front (EPRDF), a coalition of rebel groups that militarily defeated the Derg's forces during a protracted civil war and took control of Addis Ababa in July 1991. There were a series of elections, and the Federal Democratic Republic of Ethiopia was proclaimed in August 1995.

According to the 2003 Ethiopia Country Profile of the Economist Intelligence Unit (EIU, 2003)⁴, the "federal government of Ethiopia is dominated by the Ethiopian Peoples' Revolutionary Democratic Front" and, in practice, "power is highly concentrated, the legacy of decades of centralised, hierarchical Marxist party structures operating within a broader authoritarian, closed political culture. Political turmoil between rival factions within the EPRDF during 2001 heightened centralisation and further eroded any separation of powers within the government. There are neither checks on executive power nor mechanisms for the smooth transfer of power"

Tigrayan dominance of the EPRDF is overwhelming, according to the EIU report, and the federal government is dominated by the EPRDF (EIU, 2003). Meles Zenawi is both Prime Minister and leader of the TPLF. Important decisions, notably regarding economic policy and security, continue to be made by the EPRDF outside the formal cabinet. The powerful central Security, Immigration and Refugee Authority created in 1995, the domestic security service and the armed forces are controlled by senior EPRDF staff. The EPRDF dominates all the formal institutions of the federal republic. It holds 90% of the seats in the lower house of parliament and its members control the major regional state councils, providing it with a majority in the Federal Council, the upper house of parliament, whose members are nominated indirectly by the regions. The EPRDF dominated the May 2000 national elections that took place at the same time as the military offensives against Eritrea.

Decentralization

The 1995 federal constitution provides the basis for the devolution of extensive decision-making powers and responsibilities to the nine regional governments and two

⁴ Information contained in the EIU's Ethiopia country profile for 2003 and previous years is available to anyone with access to EIU country profiles on the world wide web. Those able to access EIU reports include Ethiopians, as well as others interested in investing, working or carrying out research in Ethiopia whether they be in Nairobi, London or Sydney.

city administrations. Addis Ababa is an autonomous administrative region, and the city of Dire Dawa and surrounding rural areas are governed by an administrative council. The city-state of Harar is one of the nine regions. One objective of decentralization is to promote “ethnic federalism,” and five ethnic groups (Afar, Amhara, Oromo, Somali, Tigrayan), now often referred to as “nationalities,” obtained regional states. The federal constitution permits each of the individual regions (nationalities) to secede. The constitution restricts the federal government’s influence on economic policy to monetary policy, land ownership issues, regulating foreign trade and investment, interstate commerce, and nationwide transport policies. According to the EIU country profile, “the regions remain politically subservient and financially dependent on the EPRDF-dominated central government” (EIU, 2003). The central government raises 85% of domestic revenue and controls all foreign assistance. With the exception of Addis Ababa which has a solid tax base, all regions are dependent on significant subsidies from the central government.

Table 2: Population of Selected Regions (1999 official estimates).

Region	Population	Region	Population
Oromo	21,694,000	Somali	3,602,000
Amhara	15,850,000	Tigray	3,593,000
SNNPR	12,132,000	Addis Ababa	2,424,000

Source: EIU, 2003.

Selected issues concerning how policies are made and implemented

The EPRDF faced difficult challenges in 1991 when it took control of a country that had suffered 17 years of harsh, authoritarian rule and more than a decade of civil war under the Derg. The EPRDF has successfully met many of the initial challenges but the centralized, controlling legacy remains an important factor in policy-making.

National and regional government policies are primarily made by the ruling party. According to well informed sources, there is no institution or interest group in the country other than the party that currently plays a major role in central government policy-making (see Annex 1 regarding the main organizational actors). Important decisions are made by the party’s central committee, and the prime minister is the key decision-maker. Parliament has limited powers. As noted by the Economist Intelligence Unit, the EPRDF dominates all formal institutions in the country and the TPLF dominates the governing party (EIU, 2003). The TPLF is based in a region with a much smaller population than the Oromo, Amhara or SNNPR regions (see Table 2) and is generally considered to be particularly concerned with maintaining its dominant position in the ruling party. The TPLF’s original Marxist orientation and long experience as guerrilla fighters during the successful struggle against the Derg were key formative experiences that have shaped its leaders’ and members’ perspectives towards domestic politics and international relations.

Under decentralization, the various regions have their own state governments and develop their own policies. Some interviewed said this situation led to a variety of policy proposals from the different regions.⁵ There is great range in capacity between

⁵ There was no opportunity to travel to the regions during the short visit to Ethiopia for the present study.

the regions, with Tigray and Amhara regions ahead of the others. In general there is limited capacity, especially at zonal and district levels, complemented by significant GoE efforts at capacity building. Others interviewed argued that the policies in the various regions were remarkably similar and reflected the uniform approach of the centralized ruling party. The “emerging regions” in pastoral areas have particularly limited local capacity and the influence of the EPRDF is said to be very high. Some interviewed noted that the center was trying to assist the regions, and that the lack of capacity at regional level encouraged the center to take back power. Others contended that the center’s main objective was to maintain political control and that it had been deeply involved in regional politics and administration, for example in Somali Region. The Ministry of Federal Affairs (MOFA) plays a key role in the center’s activities in the emerging regions, and in 2002 it developed the government’s strategy paper for pastoral development.

Each regional state has an elected assembly that elects an executive president. In each region the assembly is dominated by a single political party that is part of or closely linked to the EPRDF through which most political power is exercised (Weeks et al, 2003). Parties not closely aligned with the EPRDF face difficulties in organizing and contesting elections and therefore have had little success in gaining elective office at all levels. In spite of the formal commitment to federalism, the central government attempts to manage change through the central bureaucracy or the EPRDF-linked regional parties.

There were differing views regarding the general role of the ministries in policy-making. One widely held view was that while inputs for policies were developed by technical staff in certain ministries, final decisions were taken by the party with little regard for technical input. A reason provided in support of the party’s approach was that many of the staff of technical ministries had served under the Derg, still had a control mentality and frequently did not support the approach to development of the ruling party. As a result, the party had taken the right step to establish a parallel structure within the prime minister’s office (PMO) to monitor the ministries and advise on policy. This parallel structure was said to play an important role in policy development. There was widespread agreement that policy-making was often not based on good data. And it was clear there has been an exodus of capable staff to the private sector, including to NGOs.

The government recently changed the institutional framework in regard to rural development. There is now a Minister of Rural Development, who is also the Deputy Prime Minister, with overall responsibility for agricultural and rural development. The Ministry of Federal Affairs is responsible for the governance and administration of the “emerging regions” and is chair of the recently established Federal Inter-Ministerial Board. The Ministry of Rural Development (MORD) and the MOFA are important governmental actors, reportedly with close links to the ruling party.

Since coming to power the EPRDF has officially promoted participatory rural development, a bottom up approach to development planning and implementation (which some find inconsistent with its efforts to control the political situation in the regions). This attitude is said to be in part based on the TPLF leaders’ own experiences in rural Tigray during the long struggle to defeat the Derg. Efforts to promote participatory development through the bureaucracy and local government, however, have confronted the deeply ingrained legacy of the centralized, top down approaches of both the Imperial and Derg governments (and of the EPRDF itself). In recent years officials at all levels (national, regional, zonal, district, peasant association) have been eager to express their commitment to the “new religion” of participatory development, while real success in such endeavors is difficult to find in rural areas. The central government has recently emphasized further devolution of political and economic decision-making powers to the district level in an effort to promote more participatory and more effective development. These efforts are encountering severe lack of capacity at district level and below, especially in the

emerging regions, and it is proving difficult to overcome the results of decades of top down, centralized control.

3. THE IMPORTANCE OF LIVESTOCK BUT DECLINE OF THE SECTOR

This chapter examines the great importance of livestock to the livelihoods of millions of Ethiopians, to agricultural and total GDP, and to exports. It also identifies several negative livestock-related trends over the past 30 years.

The great importance of livestock in Ethiopia

Livestock are extremely important in Ethiopia to economic development and to poverty reduction although, as explained in this report, these points are not well recognized or reflected in policy. When looked at from a holistic perspective, it is possible that livestock are more important in Ethiopia than in any other Sub-Saharan African country given the combination of: (a) the wide range of livestock species and their enormous populations, (b) the dependence on livestock by a large proportion of the country's 67 million mostly very poor people, and (c) the livestock sector's contribution to national agricultural GDP and to total GDP.⁶

For many years it has been generally accepted that Ethiopia had the largest total population of livestock of any country in Africa.⁷ There are huge numbers of cattle, sheep, goats, horses, donkeys, mules, camels, poultry and beehives in the country. The traditional ox-plow method of cultivation is a defining feature of most highland areas. Livestock also play an important role in urban and peri-urban areas, for the poor eking out a living and for those involved in commercial activities. In the vast semi-arid and arid pastoral areas that make up over half of Ethiopia, livestock provide the basis of the food production and economic systems. In the country as a whole, livestock (donkeys, mules, horses, camels) play a critical role in the transport of goods, a reflection of widespread poverty and the country's limited road system.

Livestock are estimated to contribute to the livelihoods of 60-70% of the Ethiopian population.⁸ There is great range in regard to the proportion of livelihoods that livestock contribute to, from virtually all (some pastoralists) to limited (a poor family with a few chickens, for example). Nearly all livestock production in Ethiopia can be considered a local, multi-purpose activity. Livestock are used to provide:

- Their owners and others with food and animal protein. This role is particularly important for those groups or families that rely heavily on their livestock for subsistence, notably pastoralists and agro-pastoralists
- Income and employment (particularly self-employment) for millions of people through the sale or barter of live animals, hides and skins, and other livestock products (including dairy products, eggs, and honey)
- Draught power necessary for the cultivation of crops for a large proportion of Ethiopia's approximately 10 million smallholder farmers
- Organic manure used as fertilizer (thus for soil fertility management) and as fuel
- Transport of goods for a large proportion of the population and, in some areas, transport of people

⁶ In other Sub-Saharan African countries, such as Somalia, a higher proportion of the national population is dependent on livestock for their livelihoods and the livestock sector contributes a higher percentage of national agricultural and total GDP.

⁷ There are indications that Ethiopia may rank second to Sudan in total livestock population, and in the populations of cattle, sheep and goats. Sudan's livestock populations are contested, however.

⁸ This estimate is based on interviews during the visit to Ethiopia and the statement that the livestock sector contributes to the livelihood of 65% of the Ethiopian population (LMA and ILRI, no date, referring to Wolde, 1996).

- Asset accumulation aimed at protection against risk, in part because the banking system is weakly established in rural areas and is considered unreliable
- Investment in traditional security systems, for example through brideprice in which the transfer of livestock assets between families establishes reciprocal responsibilities.

The use of livestock for asset accumulation is an ancient and traditional practice in Ethiopia, and it continues to be important today because for the majority of the population - especially the poor - the alternatives are limited and most are ineffective. In regard to poverty reduction policies and strategies, it is useful to recognize that for Ethiopian households livestock serve as:

- productive assets that allow households to be self-provisioning
- critical buffers (particularly for households in a precarious position) against falling into what is usually unremitting poverty
- springboards that enable some households to advance to relative wealth by the standards of contemporary Ethiopia.

A recent study of destitution in the northern highlands of Ethiopia found that the ownership of livestock was a critical factor in determining whether a household would be able to be self-provisioning or fall into poverty from which it would be extremely difficult to escape (Devereux, Sharp and Amare, 2002; interview with Kay Sharp).

Livestock are the most important source of cash income for rural Ethiopians. Field studies in different parts of the country found that livestock account for 37-87% of rural households' cash income. It was also found that the higher the cash income, the greater was the proportion coming from livestock (as opposed to crops). The conclusion drawn from the data was that increased cash income came primarily from livestock, particularly in pastoral areas (Ayele et al, 2003; LMA and ILRI, no date).⁹

The decline of the livestock sector

The livestock sector contributes 12-16% of total GDP and 30-35% of agricultural GDP, according to a 1998 estimate by the Ethiopian Ministry of Economic Development and Cooperation (MEDaC) and a 1999 estimate by the Animal, Animal Products and By-products Market Development Authority (AAPBMDA) (Ayele et al, 2003; LMA and ILRI, no date).¹⁰ One researcher recently estimated that livestock contribute 20% to Ethiopia's total GDP (Aklilu, 2002). The livestock sector's contribution to Ethiopia's national output is underestimated because traction power and manure for fertilizer are not valued (Ayele et al, 2003). The Ethiopian livestock sector's high contribution to GDP contrasts sharply with the situation in neighboring Kenya where, in spite of large livestock populations and a particularly well developed dairy sector, the livestock sector contributes only 3.3% of total GDP (Aklilu, 2002).

There have been several negative trends related to livestock and the livestock sector over the past 30 years, and many of these trends are related to inappropriate policies as discussed in subsequent chapters. Examples of the negative trends include: a decline over the 1974-1998 period in national and per capita production of livestock and livestock products, export earnings from livestock, and per capita consumption of food from livestock origin (Ayele et al, 2003). In addition, the real producer price of

⁹ The LMA and ILRI, no date, report refers to Sansoucy et al, 1995 and ILRI, 1995.

¹⁰ AAPBMDA estimated that the livestock sector contributed 12% of total GDP and 33% of agricultural GDP; MEDaC estimated that the livestock sector contributed 15-16% of total GDP and 30-35% of agricultural GDP (LMA and ILRI, no date).

meat fell drastically. For the 1980-2000 period there was decreased per capita annual production and consumption of milk and meat (FAO 2003).

For many years the export of livestock and livestock products has been Ethiopia's second most valuable source of foreign exchange, after coffee. Hides and skins have been by far the most important livestock products exported. Over the 1980-2000 period, however, there was a significant decline in the value of hides and skins exported, although the quantity exported increased over the 20 year period after a major dip in 1993. Over the same period there was an enormous decline in the export of live cattle in both quantity and value (FAO, 2003). During the 1995/96 to 1999/2000 period the share of LLPs in total exports declined steadily from 12.4% to 8.4% (see Table 3 in Chapter 5). Hides and skins made up 86-96% of LLP exports during this period (Aklilu, 2002). In 1998/99 and 1999/2000 chat was Ethiopia's second most valuable export, although hides and skins regained its number two ranking the following year with 17% of total export value (EIU, 2003). The high percentage for hides and skins in 2000/2001 was due to the increased value of these exports and the sharp decline in the value of coffee exports.

Trends during the 1993-2001 period

The following three figures are based on FAO statistics for the 1993-2001 period. Figure 1 below shows that livestock production rose by much less than the production increases for all agriculture, crops and food.

Figure 1: Production Trends (1993-2001) for agriculture, crops, livestock, and food.

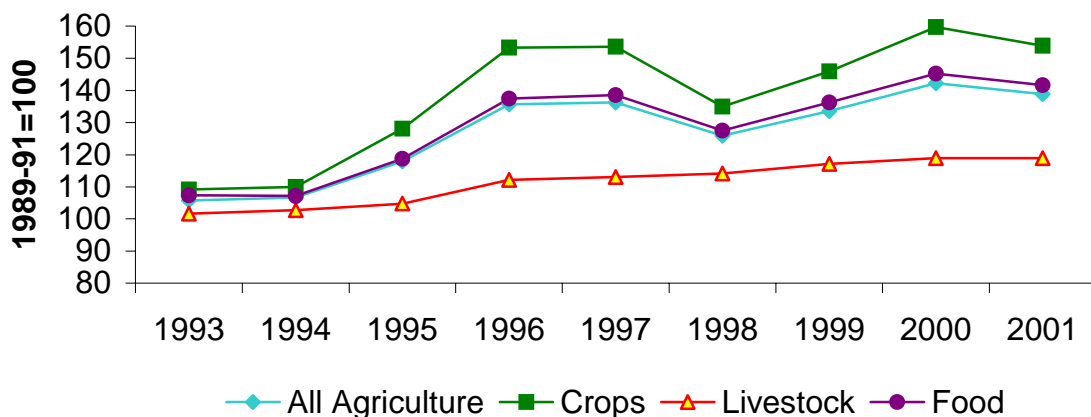


Figure 2 below provides per capita production trends for the 1993-2001 period. The livestock sector's performance was the worst of the group, with per capita production falling 5% during the period. The other sectors all show per capita production increases: 6% for all agriculture, 7% for food, and 14% for crops.

Figure 2: Per Capita Production Trends (1993-2001) for agriculture, crops, livestock, and food.

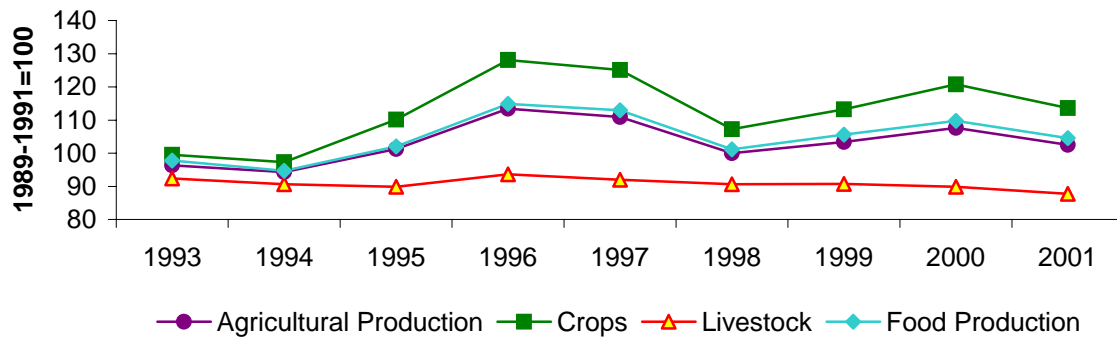
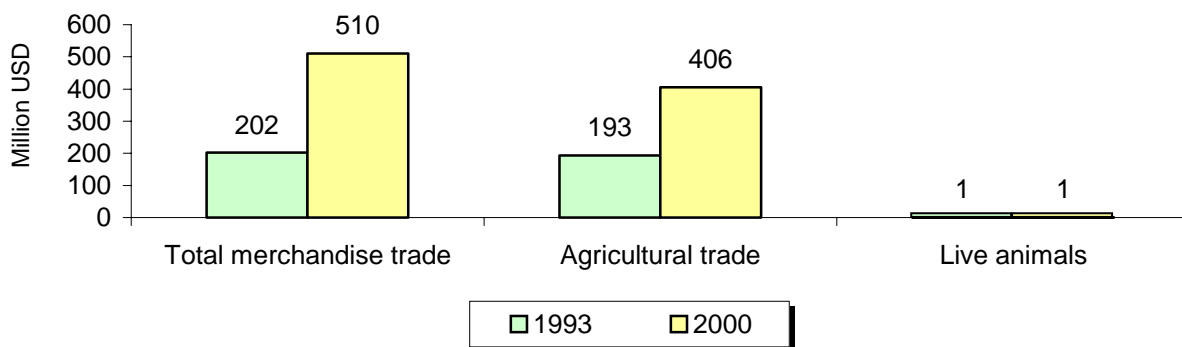


Figure 3 below shows export trends for 1993 and 2000 for all merchandise, agricultural trade and live animals. Exports of total merchandise increased 152% over the period, from USD 202 million to an estimated USD 510 million. Exports of agricultural products increased 110%, from USD 193 million to USD 406 million, with a peak of USD 552 million in 1997. Agricultural exports made up 96% of total merchandise exports in 1993 and 80% in 2000. Exports of live animals remained stable at about USD one million per year; 1994 was a peak year at USD 2 million. In 1996-97 there was insufficient data on the exports of live animals for FAOSTAT to provide a figure.

Figure 3: Export Trends (1993 and 2000) for total merchandise, agricultural products, and live animals.



4. HIGHLANDS, URBAN & PERI-URBAN, AND PASTORAL AREAS

This chapter begins with some reasons why Ethiopia does not currently have a livestock policy more specifically directed at poverty reduction. It then discusses issues relevant to pro-poor livestock policy-making in the three major areas of the country:

- the rural highlands which contain the majority of Ethiopia's people and livestock, with many areas severely affected by population pressure and environmental degradation
- urban and peri-urban areas (primarily located in the highlands), where both population and poverty are increasing and livestock raising is important
- pastoral areas which cover 60% of the country and where livestock are essential to the inhabitants' systems of natural resource management, food production and income-earning opportunities.

Emphases in this chapter, and in the report, reflect the fact that during the time of the visit to Ethiopia there was passionate discussion and debate about the government's strategy for the development of pastoral areas, *déjà vu* and fatigue concerning the conditions and problems of highland areas, and little attention being paid to the situation of poor livestock keepers in urban areas.¹¹

Limitations of current livestock policy

Several individuals interviewed were concerned that the government did not have an appropriate livestock policy to effectively guide activities in this sector. Some maintained that for years there has been no real policy for livestock, and that this lack represented a significant obstacle to effective development of the sector. It is significant that the final Poverty Reduction Strategy Paper (PRSP) published in July 2002 contains only general points relevant to livestock policy and strategy (FDRE and MOFED, 2002). This is also the case with the government's *Rural Development Policies, Strategies and Instruments* report (FDRE, 2001), originally written in Amharic with a draft translation in November 2001, that was a key input to the Sustainable Development and Poverty Reduction Program (SDPRP) document (the final PRSP). During the visit to Ethiopia the author was informed that the government was in the process of preparing a national livestock strategy and program but that no document was available.

Of particular relevance to this study as it reflects significant "rules of the game" institutional factors, government policy aimed for many years at increasing cereal crop production in efforts to achieve food security has led to a narrow focus in regard to livestock. For many policy-makers and others, livestock have been perceived primarily in terms of their contribution to such crop production. There is no question that draught animals, particularly oxen in the highlands, are critical to the production of Ethiopia's cereal crops. For this reason, draught oxen were the primary focus of attention and efforts were directed at providing them with more and better feed, and with animal health services.

¹¹ In regard to urban and peri-urban areas, there was interest in better off dairy farmers and in livestock fattening enterprises.

The emphasis on draught oxen has led to a very narrow view of the potential role of livestock in the economic development of Ethiopia. More significantly, it has also prevented full appreciation of the:

- enormous contribution livestock make, in many different ways, to the livelihoods of the poor (and others)
- considerable potential of livestock for poverty reduction.

One example: in spite of the great potential for beekeeping to reduce poverty in Ethiopia there is no development strategy or policy for apiculture. A key conclusion of this study is that Ethiopia needs a livestock strategy and policy that better recognizes the importance of (a) livestock to the country as a whole and to the poor, and (b) opportunities provided by livestock to achieve increased overall agricultural productivity and pro-poor objectives.

In what may reflect increased recognition of livestock, the SDPRP identifies livestock development as one of ten priority areas for action in agricultural and rural development. The approach to livestock development, however, is very basic and conventional as it is to be carried out through: (a) forage development, (b) improved breeds, (c) veterinary services and (d) livestock marketing. The approach to implementation - emphasizing agricultural extension packages combined with technical and vocational training - represents the old, top-down approach that has characterized agricultural development efforts in Ethiopia for decades. It has not worked well in the past and is unlikely to work well in the future, primarily because it ignores the knowledge, perspectives, constraints and needs of the farmers (both men and women) themselves.

The recently revised national food security strategy, initially prepared in 1996, includes a new focus on livestock. Other new elements in the revised strategy include water harvesting, the introduction of high value crops and agro-forestry development. The strategy is now targeted mainly at the chronically food-insecure moisture-deficit (drought prone) highland and pastoral areas (FDRE and MOFED, 2002).

Rural highland areas

The highlands are defined in Ethiopia as those areas over 1500 meters above sea level (masl). About 60% of the country's human population, and a large proportion of the population of various livestock species, lives in rural areas of the highlands.¹² Population density is very high in many areas. Most of the people are poor, and many are destitute. Much of the highlands, especially in the north, suffer from severe land degradation in the form of soil erosion, nutrient depletion and deforestation.

Over the past four decades there has been considerable development and relief activity in the Ethiopian highlands on the part of the Imperial, Derg and present governments, as well as that supported by numerous international, multilateral, bilateral and NGO relief and development organizations. The famines of 1972-74 and 1984-85 led to stepped up relief and development activities. There has also been considerable research in the highlands by Ethiopian and other scholars, as well as by Ethiopian and international research organizations.

There is a great range of agro-ecological and socioeconomic conditions in the highlands, including areas of considerable agricultural potential. One of the best

¹² No reliable estimate of the rural population of the Ethiopian highlands was found. The 60% estimate provided is based on (a) data in the final PRSP (FDRE and MOFED, 2002) that 15% of the country's total population live in urban areas and 12-15% of the total population live in pastoral areas, and (b) the author's rough estimate that about 10% of the total population live in peri-urban areas.

known examples of integrated rural development in Africa was the Swedish-funded Chilalo Agricultural Development Unit in the Arsi area of Ethiopia that began in the mid-1960s (Cohen, 1987). Since the EPRDF came to power in 1991 there has been increased rural development activity in the highlands with strong support from donors and NGOs. As noted above, the government has emphasized cereal crop production. Livestock have been largely neglected, except draught oxen which are a critical component of such crop production. An example of a relevant, on-going development activity, the World Bank and other donors are funding a USD 88 million food security project in Amhara, Oromia, SNNPR and Tigray regions that aims to, inter alia, build up the resource base of poorer households. The major component of this project provides funds to communities to increase household and community assets and incomes by better management of rainfed agriculture (crops and livestock) and other methods (World Bank, 2002b).

Official information on livestock populations in Ethiopia produced by the Central Statistical Authority largely reflects livestock holdings in rural highland and peri-urban areas, as the survey involved excludes major pastoral areas as well as important urban areas. According to two quite different estimates by specialists¹³, the percentage of Ethiopia's total livestock population found in highland areas (including peri-urban areas):

- 70%-80% of the cattle
- 48%-75% of the sheep
- 27%-55% of the goats
- none of the camels

Oxen are widely considered the most important domestic animals in the Ethiopian highlands as nearly all of the traction for cultivation is performed by oxen.¹⁴ The great reliance on oxen for draught purposes in many highland areas leads to an extraordinary difference in the cattle herd composition between highland and pastoral areas, and between different zones in highland regions. Male cattle outnumber female cattle, or comprise nearly the same proportion, in many highland areas. In sharp contrast, female cattle make up a very high proportion of the herds in pastoral and agro-pastoral areas not only because of the people's heavy reliance on milk in their diet, but also because of a deliberate, traditional strategy that such a sex ratio enables the herds to recover much more quickly after drought, disease epidemic or livestock raid.

The final PRSP identifies drought-prone areas of the Ethiopian highlands as requiring special attention. These areas are characterized by land degradation and are said to be the most food insecure in the country. Food security programs tailored to fit the special circumstances of these areas are to be formulated. In a significant advance over previous policy, the government's major development priority in drought prone highland areas will be the development of animal resources, because it is an activity that can be carried out in areas with limited rainfall and average soil fertility (FDRE and MOFED, 2002). In addition, poultry development and bee-keeping do not require much land. As noted in chapter 3, livestock were found to play a critical role in preventing destitution in a study of drought prone northern highland areas of the country.

¹³ Sandford in Aklilu, 2002, and Belachew and Jemberu, 2002, of the Livestock Marketing Authority.

¹⁴ See McCann, 1995, for an agricultural history of Ethiopia, 1800-1990, that focuses on Ethiopia's ox-plow agricultural system.

IFPRI / ILRI research program

IFPRI and ILRI are carrying out a research program on "Policies for Sustainable Land Management in Mixed Crop-Livestock Systems in the Highlands of East Africa." Researchers from IFPRI/ILRI are collaborating with the regional bureaus of agriculture and natural resources in the regions of Amhara, Oromia and Tigray and with Mekelle University. The primary purpose of the research program is to identify effective policy, institutional and technological strategies to improve productivity and to curb land degradation and poverty in the highland regions (Lakew et al, 2000).¹⁵

The IFPRI/ILRI research program dealing with the Ethiopian highlands is relevant to the present FAO study of pro-poor livestock policy-making in Ethiopia because of the efforts by IFPRI/ILRI and affiliated organizations to influence central and regional government policy regarding agricultural development - much of it related to livestock and pro-poor issues - combining technical, social, economic and institutional factors. In March 2002 IFPRI, ILRI and Mekelle University held a workshop in Mekelle, the capital of Tigray Region, at which a number of papers were presented and discussed concerning policies for sustainable land management in the highlands of Tigray (Berhanu et al, 2003). In April 2002 there was a regional conference in Addis Ababa on "Policies for Sustainable Land Management in the East African Highlands."¹⁶ The conference was convened to bring together researchers, policy makers, development practitioners, donors and others to review, discuss and synthesize the findings and policy implications of policy research related to sustainable land management in the East African highlands. Objectives of the conference included increasing awareness of policy-makers and other stakeholders of the impacts of policies, programs and other factors on land management, agricultural productivity, poverty and food security.

Some of the program's research conclusions from Tigray (Berhanu et al, 2003) appear relevant to many of Ethiopia's highland areas. In areas with low agricultural potential and poor market access, an appropriate development approach would be based on improved livestock production through improved management of grazing lands and integrated natural resource management. Non-farm development, accompanied by agricultural development, appears to be a productive and sustainable development pathway for the region. In many areas, however, there is limited potential for the development of non-farm activities and cash crops. In such areas livestock will continue to be critical to the development strategy. Increasing the productivity and sustainability of grazing land management in those areas will be essential. The research also found that improvements in livestock production can significantly raise household income from livestock as well as from crop production. An important research conclusion was that community natural resource management appears more effective and beneficial if carried out at the lowest level and if the involvement of external organizations (the regional bureau of agriculture, for example) is demand driven and complementary to local initiative. In Amhara Region the researchers concluded that a critical missing link in the farmer-extension-research system has been the lack of communication to researchers and policy-makers on the part of the farming community of their problems, experiences, needs and priorities.

There are limitations in some highland areas in regard to livestock production, and these limitations can be expected to influence efforts to promote pro-poor policies.

¹⁵ The goal is to be achieved by the research itself, and by strengthening the local capacity to conduct socioeconomic and policy research related to sustainable land management. The other major objective of the research is to generate and test a set of methodologies and tools for policy research on sustainable land management by generating comparative knowledge from different highland regions of Ethiopia and elsewhere in East Africa that can be applied in many other circumstances.

¹⁶ The conference was cosponsored by IFPRI, ILRI, International Center for Research in Agroforestry, United Nations Economic Commission for Africa, Eastern and Central Africa Programme for Agricultural Policy Analysis, African Highlands Initiative of the Consultative Group on International Agricultural Research (CGIAR), Regional Land Management Unit of the Swedish International Development Cooperation Agency, and the Soil, Water and Nutrient Management Program of the CGIAR.

According to the LMA, the highlands in general are livestock deficit areas due to their high human population density. Livestock, particularly cattle, are supplied from pastoral areas for meat and draught purposes (Belachew and Jembera). On the other hand, virtually all of Ethiopia's horses and most of its donkeys are found in highland areas. Another limitation is the serious lack of feed for livestock in many areas. In Tigray Region researchers found that the lack of adequate and quality feed was a major constraint to the contribution of livestock to the regional economy; the major source of livestock feed was crop residues (45%), grazing lands (35%), browse (10%) and crop "aftermath" (8%) (Berhanu et al, 2002b). Residents and observers of highland areas have noted a sharp decline in communal grazing lands over the past 20-30 years; in some cases the remaining communal grazing areas are reserved for the exclusive use of draught oxen. Another problem is that poverty restricts efforts to better integrate livestock and crop production. In some highland areas the population is so poor, and alternative sources of energy so limited, that people cannot afford to use livestock dung as organic fertilizer. Instead, the poor use and/or sell the dried dung as a source of fuel.

Urban and peri-urban areas

Populations are swelling in Ethiopia's urban and peri-urban areas, and a very large proportion of the inhabitants are poor.¹⁷ Most of these areas are located in the highlands, and the population of urban areas alone is estimated at 15% of the country's total population. An analysis of poverty carried out under the PRSP process revealed a growing level of urban poverty (FDRE and MOFED, 2002). There are large populations of livestock within peri-urban and urban areas, although the actual numbers are not known as the Central Statistical Authority's annual agricultural sample survey does not cover key urban areas.

There are very different kinds and levels of livestock-related activities in the peri-urban and urban areas of Ethiopia. These include commercial livestock fattening enterprises, livestock markets, slaughter houses, thousands of dairy farms, beekeeping, as well as a variety of activities by very poor people in efforts to eke out livelihoods. The following discussion distinguishes between poor and better-off livestock keepers.

It is obvious to even a casual observer that livestock are an important source of livelihood for *poor* residents of urban and peri-urban areas of the country, but little is being done to promote or effectively regulate these activities. There has been little research on the subject and, compared to highland and pastoral areas, in urban and peri-urban areas there is very little government or donor effort to promote livestock development in support of *poor* livestock keepers. In contrast, there have been several efforts over the years to promote dairy development in peri-urban areas, but most of the beneficiaries from these efforts are not poor by Ethiopian or international poverty standards. There have also been efforts to promote livestock fattening operations but, again, those involved cannot be considered poor by the same standards.

Some interviewed suggested that the government do more to (a) encourage the commercial livestock production and processing activities that are taking place in the urban and peri-urban areas, and (b) develop and implement policies to effectively

¹⁷ Table 1 in chapter 2 shows that 37% of the urban population and 45% of the rural population are below the *national* poverty line. By international standards, a much higher proportion of the urban and peri-urban population is considered poor as 82% of Ethiopia's total population is below the international poverty line. The population of Addis Ababa is currently estimated at nearly 3 million, and the population of greater Dire Dawa at over one million.

regulate these operations. Major problems were said to include lack of: (1) awareness of and concern for environmental issues and appropriate practices, notably those related to environmental pollution, and (2) quality assurance standards. It was reported that there are no relevant policies to regulate environmental practices or quality standards, and no forum in which these issues could be addressed.

Ethiopia ADLI development strategy has focused on rural areas, resulting in what some interviewed called years of neglect of urban areas. A study in late 2001 for the ILO of livelihood insecurity among over 1200 urban households in Ethiopia by the Forum for Social Studies of Addis Ababa provides useful information about the perceptions and values of residents in urban areas of the country (Dessaiegn and Aklilu, 2002). The study findings reveal a population fearful and anxious about its basic subsistence that is dependent on low and insecure income, inadequate social services, a declining labor market, and a future with gloomy prospects. The study also reported a dearth of research output on urban Ethiopia, as well as pressing need for more research and public debate on urban livelihoods and the challenges facing urban development.

Livestock keeping in urban and peri-urban areas

The role of livestock keeping in urban and peri-urban areas of developing countries has received some recent attention (Schiere and van der Hoek, 2001), including a "scoping study" on peri-urban and urban livestock keeping in East Africa funded by DFID that included Addis Ababa as one of the five case studies. The study's overview report noted that the urban *poor* engage in livestock keeping as a response to limited alternative livelihood options and to food insecurity. These poor livestock producers lack control over and access to basic inputs, are seldom able to access support services, and are either harassed or ignored by city planners (Guendel, 2002, citing Waters-Bayer, 1995). The scoping study focused on poor livestock keepers and found proximity to urban markets to be an advantage for the poor, and that livestock keeping in urban areas requires less land and promises higher returns than crops per unit of land utilized. Urban livestock in East Africa make use of household waste, agro-industrial by-products such as molasses and brewery residues, weeds and grass from public lands, and crop residues from markets and urban farmers. Urban livestock keeping contributes to food security, income and employment, and is especially valuable to vulnerable groups such as female-headed households, children, widows, and elderly.

Difficulties encountered with urban livestock keeping include: inappropriate management of animal waste that causes environmental and public health problems; inadequate water and competition with humans for water; poor state of livestock health and poor husbandry practices; limited feed and low production levels; lack of organizations to express and advocate for the interests of poor livestock keepers. Research on these and related problems was recommended (Guendel, 2002). Dealing with the interrelated issues of animal waste management and the risk to human health caused by the transmission of diseases from livestock (zoonoses) would seem to deserve high priority.

A case study of urban and peri-urban livestock keeping in and around Addis Ababa was carried out by researchers from ILRI and EARO (Azage et al, 2002; Azage et al 2002a,b,c,d,e; interviews with Zinash Sileshi and Azage Tegegne). The researchers noted that in Ethiopia livestock production in urban and peri-urban areas is a very old practice that remains common today. The main species kept are poultry, sheep, goats, dairy cattle, oxen, donkeys and beehives. The outputs are mainly channelled through the informal market system and supply local hotels, coffee houses, kiosks and neighbors.

The scoping study included two literature reviews that dealt with dairy production, management and marketing (Azage et al, 2002; Azage et al 2002a). A high proportion (about 35% of 481 dairy farms in one study) of the various dairy operations are owned by women. A survey by the Addis Ababa Agricultural Bureau found over 5,000 small, medium and large dairy farms in and around Addis Ababa and a large gap between supply and estimated demand (Azage et al, 2002). These farms had in total nearly 60,000 dairy cows, 47% crossbred and 53% local breeds. Most of the farms (93%) have 1-5 cows. The city Agricultural Bureau provides support and training courses to better off dairy farmers. The major constraints faced by dairy farmers include shortage and high cost of feeds, low price for milk, heavy taxation by the government, weak market, and management problems.

Poultry are also important in the country's urban and peri-urban areas. Most chickens in these areas are owned by women and children. Sheep are also widely kept, while a considerably smaller number of households keep goats. It is significant that landless residents of urban and peri-urban areas are able to benefit by keeping livestock. During interviews it was noted that most chickens and donkeys, and even some crossbred dairy cows, in urban areas are owned by landless households.

Donkey transport is very important as a source of income for poor residents of urban and peri-urban areas, and horse-carts have long been a key form of human transport in several urban areas. These methods of transportation continue to be widespread and are significant employment and income generating activities. As donkeys and horse carts are less expensive to use than taxis, they benefit consumers. Some interviewed said the use of horse carts was declining in some urban areas as a result of better-off individuals' political influence that led to changes in local regulations favoring the use of taxis they owned.

There is a considerable amount of beekeeping in Addis Ababa and surrounding areas. The average size of the landholdings of urban beekeepers was small, and some beekeepers in both urban and peri-urban areas reported no landholdings. In all areas studied it proved difficult to obtain accurate data and information on who the beekeepers are, number of hives, amounts harvested and sold, and other factors because the beekeepers fear that providing this information will have tax and other implications.

Pastoral areas

Government actions and pronouncements demonstrate that the strategy and policy for pastoral areas includes: (a) controlling border areas and armed opposition movements; (b) suppressing the very old, unofficial cross-border trade in live animals and consumer goods; (c) settling the pastoralist population along the major rivers over a period of many years; (d) supporting, with donor assistance, some existing pastoral production systems in the short and medium term. A large number of interrelated political, economic and institutional ("rules of the game") factors affect pastoralists and pastoral areas. The present chapter covers points "c" and "d," while chapter 5 covers points "a" and "b" in the discussion of cross border trade under the section on livestock marketing and exports.

Pastoral areas cover about 60% of Ethiopia and located primarily in the lowlands around or below 1500 masl.¹⁸ The human population of the pastoral areas is estimated at 7.5 - 9.3 million, about 12-15% of the country's total population (FDRE and MOFED,

¹⁸ The 1500 meter cut off point between pastoral lowlands and the highlands is contested by some as imprecise or inaccurate.

2002). Pastoralists rely more on livestock than any other population category in Ethiopia. Livestock provide their pastoralist owners with considerable protein (from milk, other dairy products and meat), are their main source of income, and reproduce if well cared for and weather conditions permit. The points made in chapter 3 concerning the importance of livestock to enable their owners to be self-provisioning and not fall into destitution are particularly relevant in pastoral areas.

There are very large populations of various livestock species in the pastoral areas of Ethiopia, but there are only rough estimates of the size of these populations. According to estimates by the same specialists referred in the section on the highlands,¹⁹ the percentage of Ethiopia's total livestock population found in pastoral areas:

- 20%-30% of the cattle
- 25%-52% of the sheep
- 45%-73% of the goats
- 100% of the camels

Pastoralists as a group are very poor, even by the standards of Ethiopia, when judged by their access to basic social services. The residents of pastoral areas have the lowest access in Ethiopia to education (less than 20%) and to human health services. Pastoral areas have the least developed infrastructure, including roads and telephones. In the past, pastoral production systems enabled some groups to prosper by their own standards. The systems provided herding groups with nutritious food and some families had large herds and flocks, although drought, livestock raiding and disease were threats (the traditional systems included coping mechanisms). Some groups, particularly ethnic Somalis, have long benefited from trade in livestock. But pastoral societies have been under enormous pressures for decades as a result of political upheavals in Ethiopia and neighboring countries, repeated drought, government neglect and inappropriate policies.

Some effects on pastoralists of the 19th century expansion of the Ethiopian state

Pastoral areas of present day Ethiopia, as well as the country's central and southern highlands, were incorporated into the Imperial Ethiopian state in the late 19th and early 20th centuries as the state expanded from the northern highlands. The creation of international borders was a major consequence of the colonial scramble for Africa. As a result of these processes, the traditional territory of several African pastoral groups is currently divided by international borders. Pastoral groups in Ethiopia that overlap international borders include the Somali (Djibouti, Kenya, what was Somalia), Afar (Eritrea, Djibouti), Boran (Kenya), several groups in the SNNPR (Kenya and Sudan).

What is today called "cross-border" movement of people and livestock has ancient origins in pastoral areas. When the international borders in eastern Africa were established, they did not take into consideration the systems of natural resource management practiced by pastoral peoples. In many cases the borders divide dry season from wet season grazing areas, both essential to transhumant pastoralists. The (rough) determination of international borders about 100 years ago produced what is now known as "cross-border" livestock trade. These developments particularly

¹⁹ Sandford in Aklilu, 2002 and Belachew and Jemberu, 2002

affected the ethnic Somali areas, as Somalis living in what became Ethiopia have long trekked livestock to the coast for export to Aden, Saudi Arabia and other countries.

Anti-pastoralist bias

The anti-pastoralist bias of the dominant, highland culture has long been and continues to be a powerful force in Ethiopia. This bias is based on ethnicity, religion and contrasting economic production systems (most pastoralists are Muslim, of different ethnic groups than the core highlanders, and they are not farmers using oxen for traction). A clear example of this bias is the Amharic word for pastoralist, *zelan*, which has very negative connotations. The word is an insult, meaning a person who has no culture, wanders aimlessly, is uncivilized, backward and unruly. This bias has been reflected in the official attitude toward pastoralists and the approach to pastoral development strategy and policy by all Ethiopian governments (Imperial, Derg, current). From this perspective, it is no wonder that various Ethiopian governments have concluded that pastoralists need to change, and that pastoralism must be replaced by a more “civilized” lifestyle.²⁰

NGOs’ efforts to have pastoralists’ views included in the PRSP

The PRSP process has played an important role in Ethiopia in recent years by providing for the first time an opportunity for civil society (the private sector, NGOs) to officially participate in the formulation of national development strategy and policy. Along with government institutions and donors, civil society interest groups were involved in identifying poverty related problems and strategies intended to alleviate them (see Berhanu Nega, 2002; Forum for Social Studies, *Medrek*, May 2002). The limited influence of civil society organizations in policy formulation remains, however, and is discussed in chapter 6. In regard to the consultations that took place under the PRSP process at district and regional levels, some interviewed suggested that a more appropriate description of the process was “presentations for approval” of what the central government had already decided.

For about a decade local and international NGOs have developed and applied strategies and approaches aimed at sustainable development in pastoral areas. During the PRSP process, representatives of groups concerned with the interests of pastoralists were extremely worried that pastoralism and pastoralists had not even been identified in the interim-PRSP. In response, the Pastoralist Forum Ethiopia (PFE) held its second annual national conference on pastoral development in Ethiopia in May 2001 with the objective of getting pastoralists’ concerns included in the final PRSP.²¹ The SDPRP (the final PRSP) published in July 2002 explains that the government set up a pastoral development forum, and it contains a section on development approaches and interventions in pastoral areas (FDRE and MOFED, 2002). However, the document does not include recommendations from the PFE, including the first and most basic recommendation, that pastoralism be recognized as a way of life and as a production system in the same way as the traditional peasant crop farming system is recognized by the government. There is no indication that to date the government has done so.

²⁰ Well known in Ethiopia, the negative connotations and implications of the Amharic word *zelan* were referred to by several of the individuals interviewed (see also Pastoralist Forum Ethiopia, 2000).

²¹ There are 20 members of the Pastoralist Forum Ethiopia, including: Panos Ethiopia, Pastoralist Concern Association Ethiopia (PCAE), Farm Africa, Hope for the Horn, Oxfam GB, SOS Sahel, UN-EUE.

Pastoralist advocacy and development groups remain very concerned that the long term government objective in regard to the development of pastoral areas - that pastoralists settle along the major rivers and become farmers - does not reflect the needs and interests of the vast majority of pastoralists (discussed below). Such settlement would, of course, assist the state in administering, taxing and controlling pastoralists.

Two Kenyans explained at the second PFE conference in Addis Ababa how pastoralist advocacy groups and officials of a World Bank funded project in pastoral areas of northern Kenya had been able to get what was described as a solid chapter representing the needs and interests of pastoralists included in Kenya's final PRSP document (Pastoralist Forum Ethiopia, 2001; Republic of Kenya, 2001; interviews).

Representatives of pastoralist advocacy groups in Ethiopia and most specialists dealing with pastoralist issues in Africa support what are frequently called "The new directions in pastoral development" (see, in particular, Scoones, 1995). Based on considerable research and long experience, proponents of the "new approach" contend that pastoralists' production systems are both rational and viable in semi-arid and particularly arid areas ("non-equilibrium environments") and do not lead to significant overgrazing or to environmental degradation. Mobility of people and livestock is the essential element of these systems. Such views, as well as the notion that the major problem related to development efforts in pastoral areas of Eastern Africa has been inappropriate and inadequate policies, are not necessarily new (see, for example, Halderman, 1985).

The Ethiopian government's strategy of pastoral development

The Ethiopian government has presented its strategy concerning pastoral development in several documents. Over a period of eight years, the documents have demonstrated greater appreciation of the importance of pastoral production systems. However, the basic element of the strategy has remained: pastoralists should settle and, in effect, become more like other Ethiopians by farming and by developing urban areas. Recent documents emphasize that settlement will be voluntary.

The final PRSP document contains a separate section on pastoral development that affirms the paramount importance of following a holistic approach for sustainable development in pastoral areas. It explains that the real challenge and long term objective is the radical transformation of the pastoralists' livelihood that will require settling the pastoral population - a process that could take decades as it will require persuasion, training and cultural transformation. "The task should largely be accomplished through the participation of the people concerned via the leadership of regional administrations." In view of national development implications, the support of the federal government is considered essential (FDRE and MOFED, 2002). The Ministry of Federal Affairs' (MOFA) "Development Vision for Pastoral Areas," approved by the council of ministers, identifies the long term plan as the sedentarization of the pastoralists on irrigated land along the banks of major rivers. This document indicates that the central government will support the establishment and maintenance of regional governments and bureaucracies in pastoral areas that will promote the central government's development strategy for pastoral areas (FDRE and MOFA, 2002).

The strategy of settling pastoralists along the major rivers is in direct opposition to pastoral systems of natural resource management as the areas identified for settlement are critical dry season grazing areas and water points without which the pastoral systems cannot function effectively. Some government officials interviewed maintained that pastoralists had agreed to the government's proposals to settle and take up irrigated farming. It was noted by several individuals interviewed that senior

regional government officials from pastoralist regions had publicly agreed with the federal government's position in regard to the sedentarization of pastoralists, for example at the Dire Dawa workshop in April 2002 called to discuss these issues. Others interviewed, including staff of pastoralist advocacy and development organizations, stated that pastoralists had not agreed to the government's proposals for sedentarization. They added that if some pastoralists or their leaders had agreed to the proposals, they were certainly not representative of the majority of pastoralists. The proposals for sedentarization reflect both an anti-pastoralist bias and a lack of full understanding of the now widely accepted "new directions in pastoral development."

The Pastoral Community Development Project (PCDP)

The PCDP is funded by a grant from the World Bank of USD 30 million and by another USD 20 million from IFAD for a five year period that is expected to be the first of three phases. The project seeks to sustainably improve the livelihoods of pastoralists living in the arid and semi-arid Ethiopian lowlands (Afar, Somali, Oromia and SNNPR regions). Over a 15 year period, the overall program is designed to empower communities, along with district and regional governments, to better manage development in pastoral areas. The PCDP is based on the Bank's "community-driven development" (CDD) approach. The CDD method is very different from the hierarchical, top down, extension-based approach that has characterized Ethiopian government development efforts for decades. The grant status of the PCDP should mitigate any possible concerns on the part of the government about the viability of a CDD-based approach that supports pastoralism.

The PCDP is expected to play a key role in establishing an appropriate policy and institutional environment in which projects and activities of NGOs and bilateral agencies, as well as the PCDP itself, will be able to effectively promote pro-poor development based on pastoralism. Under its policy analysis and reform sub-component, the PCDP will work to strengthen policies (and provide a platform for advocacy to support and promote issues which affect pastoral communities) on important matters including pastoralists' land use rights, settlement, livestock trade and marketing, and public service delivery. Several new organizational and institutional arrangements have been set up by the government that will influence future pastoral development in the country (World Bank, 2003a). The Ministry of Federal Affairs has taken over responsibility for pastoral development, and the government recently established a Parliamentary Standing Committee on Pastoral Development, composed of nine members of parliament, the majority from pastoral constituencies. This Committee was widely considered a sound development in the relationship between the government and pastoralists.

FAO played an important role throughout project preparation, and the PCDP will collaborate with the FAO-led "Horn of Africa" initiative. FAO funding will support district-level investment programs in Afar and Somali regions under the project. The Pastoralist Communication Initiative (PCI), funded by DFID and implemented by IDS Sussex, was significantly involved in PCDP preparation, is co-financing pilot operations, and is expected to play a leading role in promoting and facilitating dialogue with stakeholders, including the pastoral parliamentary committee. Three individuals associated with PCI are Kenyan pastoralist specialists who were involved in the successful effort to have a chapter representing the interests of pastoralists included in Kenya's final PRSP report.

5. LIVESTOCK MARKETING, EXPORTS, LAND TENURE AND CONFLICT ISSUES

This chapter examines selected issues concerning livestock marketing and exports, security and related concerns, SPS standards, animal health services, land tenure, and the link between conflict mitigation and pro-poor livestock policies. Several of the conclusions presented in chapter 1 are discussed below, including: the contrasting official and unofficial livestock marketing and export systems, the lack of secure tenure to land by the poor, and the anti-pastoralist bias of the dominant culture.

Livestock marketing and exports

The development of effective and efficient livestock marketing systems is essential to improving and sustaining the livelihoods of poor (and other) livestock producers in Ethiopia, and to promoting environmentally sound natural resource management systems. In addition to the conventional activities of such marketing systems, they will also be necessary for de-stocking activities linked to drought management and disaster preparedness. Increased marketing and export of livestock products is central to the success of the GoE's Agricultural Development Led Industrialization (ADLI) strategy of development.

For many years there have been two very different kinds of livestock marketing and export systems operating in Ethiopia. The official systems supported by the government have performed poorly. The unofficial systems, described as "contraband" by the government, have performed well in spite of many obstacles. Both systems, especially the unofficial system, were hit hard by the import bans on live animals and meat imposed by Saudi Arabia, Yemen and several Gulf countries.

Official livestock marketing and export systems

The official livestock marketing and export systems have worked poorly. These systems are burdened by excessive regulation, taxes and other transaction costs (Aklilu, 2002; Ayele et al, 2003; interviews). This situation places a particularly heavy burden on the poor who are much less able to negotiate the regulations and pay the taxes and transaction costs than better off (but also frustrated) Ethiopians. As selling livestock is the most important and widespread source of cash income for people living in rural areas of the country, a marketing system that functions well and has low transaction costs could benefit millions of Ethiopian livestock producers of all wealth levels.

There has been little effective strategy or policy regarding livestock marketing and exports, although there were several donor-supported livestock development projects in the 1970s and 1980s that addressed these issues. The Ministry of Agriculture has also attempted to promote more effective marketing of LLPs. The Livestock Marketing Authority (LMA) was set up in 1998 and given the mandate to promote and expand both domestic and export marketing of livestock and livestock products. Its responsibilities include initiating policies, laws and regulations. The establishment of the LMA has been seen as a positive step and some progress has been made, but even if appropriate strategy and policy are approved it would take many years to develop well functioning domestic and export-oriented marketing systems.

The official livestock marketing systems are based on a series of primary, secondary and terminal markets. The systems operate primarily in the highlands and focus on providing animals to the terminal markets in Addis Ababa, to other major meat

consuming areas, and to the official LLP export sector. The Boran pastoral zone of Oromia Region is an important source area for cattle to both the official and unofficial livestock marketing and export systems. Various actors are involved in the processes whereby producers sell livestock to small-scale traders at market centers located in rural areas, the animals pass through larger markets and bigger traders in regional towns, and finally reach terminal markets such as those in Addis Ababa. At every step various levels of government require the payment of taxes and fees, and there are very high transaction costs. Consumers themselves slaughter a high proportion of the livestock, in part to avoid some of the high transaction costs of urban markets.

The official export system is burdened by an even greater myriad of regulations, required documents and fees than the domestic marketing systems. These include market fees, sales taxes, export fees including veterinary certificates and other charges collected by a variety of governmental and other organizations. It requires considerable skill and perseverance to meet the many requirements of the various layers of bureaucracy that is reportedly not user-friendly. Gulf states are the main market for meat exported by air. Following the outbreak of war with Eritrea in 1998, live animals have been exported via the port in Djibouti which requires upgrading.

Evidence that the official marketing and export systems have not worked well was presented in chapter 3. Specific examples include: (1) between 1974-1998 there was a decline in official exports of live animals, hides and skins, and meat (Ayele et al, 2003); (2) there was a sharp reduction in the quantity and value of exports of live cattle over the 1980-2000 period (FAO, 2003). Figure 3 in chapter three shows that the official export of live animals was only USD one million in 1993 and 2000. The table below shows a considerable decline in the share of animals and animal products in terms of foreign exchange earnings during the 1995/96 - 1999/2000 period. The table also shows the very high percentage of hides & skins in the exports of LLPs, the very small percentage of meat, and the minuscule percentage of live animals. The contribution of LLPs to overall trade increased in 2000/01 and 2001/02, in part a result of the decline in Ethiopia's total earnings from exports because of the drop in the price of coffee in international markets.

Table 3: Share of Livestock and Livestock Products on Foreign Exchange Earnings (Aklilu 2002).

Years	Of the total export				Of animal and animal products		
	Animals & animal products	Hides & Skins	Meat	Live Animals	Hides & Skins	Meat	Live Animals
1995/96	12.38	11.88	0.47	0.03	95.9	3.77	0.23
1996/97	10.47	9.57	0.62	0.29	91.3	5.93	2.74
1997/98	9.36	8.40	0.71	0.25	89.7	7.56	2.72
1998/99	8.43	6.68	0.87	0.16	86.7	11.28	2.04
1999/00	8.43	7.24	0.83	0.36	85.9	9.81	4.24

Source: Adapted from National Bank of Ethiopia data

Livestock import bans

Ethiopia's main export markets for livestock have been Saudi Arabia and countries in the Gulf area. Outbreaks of Rift Valley Fever (RVF) in 1998 and 2000 in Kenya and Somalia (but not in Ethiopia) led to import bans by several of these countries on live animals and meat from Ethiopia and from other countries in the Horn of Africa. The import bans were imposed by Saudi Arabia, Bahrain, Oman, Qatar, United Arab Emirates and Yemen. As there has been no officially recognized case of RVF in Ethiopia, the importing countries exercised a version of the "precautionary principle." In addition, the import bans have not been consistently applied to all African countries in the region. Within Ethiopia, the bans have most seriously affected pastoralists and traders in Afar and Somali regions who depend heavily on the export of live animals through the unofficial cross-border trade discussed below.

Import bans by nearby countries played a role in the recent drop in official exports of LLPs, but over a period of many years other factors have played roles in the decline of Ethiopia's livestock and red meat exports. In addition to the usual constraints of livestock disease, poor infrastructure and inefficiency, according to Aklilu (2002), the export potential has been severely hampered over the past 30 years by inconsistent and at times self-defeating government policies. The nationalization process of the mid-1970s halted what are described as promising initiatives, and led to a significant drop in the volume of live animals exported to the Middle East and canned/chilled meat to other destinations. The subsequent government agency took 7-8 years to initiate LLP exports. One consequence of these policies is that during this period the Gulf countries began importing meat from Australia, New Zealand and some European countries. Ethiopia has found it extremely difficult to compete with these other countries for the lucrative markets in the Gulf. Aklilu also maintains that government policies led to the proliferation of the cross-border trade discussed below.

Recent efforts by Ethiopia to privatize the livestock export trade have not led to increased exports (Aklilu, 2002). The problems include the tanning and leather industries that were described as being in a precarious situation. The current production of hides and skins is reported to be insufficient for the existing tanneries, yet new tanneries are being established. There is a recently established and ineffective Livestock and Meat Exporters Association operating at the national level. The domestic livestock traders with whom the exporters are vertically integrated have no associations of their own at either regional or national level. The LMA has reported significant weaknesses on the part of the private sector involved in the official export of LLPs (Belachew and Jemberu, 2002). By 2002 there were only six private companies involved in the official export of LLPs, down from about 40 companies in 1999. In spite of this poor showing, the government has continued to promote livestock marketing and export by officially recognized private sector investors and companies.

Unofficial "contraband" systems of cross-border trade

For many years there have been dynamic, unofficial systems successfully exporting live animals from Ethiopia. This thriving trade has taken place at the same time as the official marketing and export systems have performed so poorly. The unofficial cross-border systems have long operated in the pastoral areas of the country that are the primary source of the live animals exported on the hoof to Somalia and Djibouti - and then re-exported to Saudi Arabia, Yemen and Gulf states. Consumer goods of various kinds are purchased from the sale of the live animals and are unofficially imported into Ethiopia through this informal trade network. The Ethiopian government does not earn foreign exchange and is unable to officially collect tax revenues on the exported livestock and imported goods.

The livestock originate in the Afar and Somali regions, Borana and East Hararghe zones of Oromia Region and South Omo part of SNNP Region. Nearly all of the livestock crossing into Somali are re-exported; some of the livestock going to Djibouti are for domestic consumption. In recent years there has been significantly increased cross-border trade with Kenya as live animals are trekked to Moyale. Kenya is unable to meet its own demand for meat and makes up for this significant shortfall by imports from Ethiopia, Somalia and Tanzania. Some of the imports to Kenya are re-exported.

The Ethiopian government does not recognize this informal sector live animal trade, refers to it as "contraband" and argues that this illicit trade deprives pastoralists of fair prices for their livestock (see, for example, FDRE and MOFA, 2002). At the time of the author's visit to Ethiopia the government was firmly opposed to the cross-border trade in live animals, particularly via Somalia and Djibouti, and was taking steps to suppress and prevent this trade. Ethiopia was reported to have closed its border with Somalia in about October 2002 (there were also reports that the border with Kenya had been closed) in an attempt to prevent the movement of people, livestock and goods across the border. Some interviewed said the government had imposed a ban on the informal trade in livestock and consumer goods and was attempting to enforce this ban.

The unofficial cross-border trading system is very old, parts of it pre-dating the incorporation of the eastern and southern areas of the country into the modern Ethiopian state. It is particularly relevant that it is impossible for those involved in the cross-border trade with Somalia to comply with the requirements of the official trading system. The Ethiopian National Bank requires that all legal exports be done with a Letter of Credit, but there has been no national government or modern banking system in Somalia for over a decade (the banking system disintegrated after the government was overthrown in 1991). On the other hand, there were indications that the GoE had begun efforts to formalize the cross border trade with Kenya through Moyale in the south (apparently before the ban on the contraband trade). Kenya has a relatively efficient modern banking system, and it is reportedly possible to comply with both countries' official trade and veterinary requirements.

There are several factors mitigating against the effective and efficient involvement of producers and traders in pastoral areas in the official system of livestock exports. Access to modern banking facilities is extremely limited in pastoral regions, particularly in rural areas, yet the official system requires Letters of Credit issued by the Bank of Ethiopia. There are long borders but very few customs posts. The infrastructure and related bureaucracy of the official export system is based in the distant highlands in and near Addis Ababa. According to the LMA, although pastoral areas are the source of animals for livestock exports there is currently very poorly developed infrastructure for effective marketing (including markets, stock routes, resting places, quarantine stations) in pastoral areas. The export standard slaughterhouses are located near Addis Ababa, far from pastoral areas.

Value of the "contraband" livestock trade

The value of the unofficial cross-border trade in live animals is far greater than the value of the official exports of live animals and meat. Table 4 provides estimates, by several different organizations over a 20 year period, of unofficial livestock exports from Ethiopia.

Officials of the LMA currently estimate the value of the unofficial cross-border trade of cattle, sheep, goats and camels at USD 105 million per year (Belachew and Jemberu, 2002). This estimate is more than 100 times greater than the average annual value of official exports of live animals over the 1993-2000 period (USD one million; see FAOSTAT, 2002). It also represents 50% of the value of the LMA's

estimate for total potential exports of “surplus exportable livestock resources” (Belachew and Jemberu, 2002).²² All of the cattle, sheep, goats and camels in this estimate of exportable livestock resources are found in pastoral areas of the country. Saudi and other customers in the Gulf are reported to prefer meat from the livestock originating in the pastoral areas of Ethiopia and Somalia to the meat of animals from elsewhere in the world.

Table 4: Estimates of number of unofficial livestock exports (Ayele et al. 2003)

Source of data	Reference period	Cattle (head)	Sheep and/or goat (head)	Camel (head)
Concerned ministries 1983 ^a	1981/82	225,450	758,200	na
AACMC 1984	1983/84	55,000	330,000	na
Ministry of Foreign Trade 1987 ^b	1985/86	260,000	1,200,000	na
FAO 1993	1987/88	150,000	300,000	na
World Bank 1987	1987	225,000	750,000	100,000
MEDaC 1998	1998	260,000	1,200,000	na
Belachew and Jemberu 2002	2001	325,000	1,150,000	16,000

a. Ethiopian Government Committee of Concerned Ministries, unpublished data, 1983.

b. Ministry of Foreign Trade, unpublished data

To put these figures into perspective, coffee has been Ethiopia’s most important export commodity for decades. Over a recent 20 year period coffee made up 55-70% of the country’s total export earnings. Coffee provided only 39% of total export earnings in the fiscal year 2000/2001, as a result of drought in Ethiopia and low international prices, estimated at US\$ 175 million (see EIU, 2003). If the value of the unofficial cross-border livestock trade is combined with that of the official trade in LLPs, the total value of exports of livestock and livestock products rivals that of coffee.

Legalizing the unofficial cross-border livestock trade

Most specialists familiar with the unofficial cross-border livestock trade recommend that it be legalized. The Livestock Marketing Authority has recommended that for Ethiopia to realize its export potential in livestock there is a need to work closely and negotiate with neighboring countries to legalize the currently illegal cross border trade (LMA, 2002). It is evident to objective observers that these long established private sector trading systems have functioned well in spite of adversity and their illegal status. It is very likely that they will continue unless the GoE takes very strong measures to eliminate them - and such measures could have severe repercussions as discussed below.

²² Estimated demand for meat and draft power in the highlands, and meat consumption in pastoral communities, has been deducted.

Cross-border livestock trade did not take place as a result of better price offers in neighboring countries, according to Yacob Aklilu (2002) who recently carried out a study for AU-IBAR of livestock marketing in Ethiopia, Kenya and Sudan.²³ Instead, the cross-border trade occurs because of (a) excess numbers of livestock in the source country, beyond the level that domestic markets can absorb, and (b) proximity to the cross-border markets in comparison to domestic markets. Cross-border trade also thrives if, despite significant livestock resources, a country (such as Ethiopia) is not involved in large-scale live animal and meat exports.

Cattle and sheep sold in the terminal livestock markets in Addis Ababa came predominately from highland areas of Ethiopia (Aklilu, 2002). The cattle came primarily from the southern highlands. As a result, except for Boran pastoral areas in Oromia Region, "pastoral areas are squeezed out of the local markets." This factor explains why pastoral areas rely more on cross-border trade than on the internal market. The dominant position of the highland areas is likely to continue given the current level of domestic off-take, according to Aklilu, and the cross-border trade is likely to expand and grow unless the current off-take level is increased by exports or greater domestic consumption.

Commercial livestock trading and exporting companies

In contrast to the recommendations noted above to legalize the existing unofficial cross-border trading systems, official documents suggest that government strategy for pastoral areas may include support for the introduction of private companies to fatten, market and export livestock - and thereby replace the existing unofficial systems. In regard to developing an efficient market for LLPs in pastoral areas, *Rural Development Policies, Strategies and Instruments* states: "The Federal Government and the local administrators must collaboratively encourage private investors to open up big livestock and livestock product companies (animal fattening, livestock market and transport, meat and hides processing factories, etc)" (FDRE, 2001). The *Development Vision for Pastoral Areas* describes an inefficient and exploitative "contraband" livestock marketing system, explains that livestock marketing will be in the hands of the private sector, and points out that, in addition to government efforts, pastoralists will invite traders to participate in marketing (FDRE and MOFA, 2002). In more general terms, in documents explaining ADLI there are discussions of the federal and regional governments' promotion of large-scale commercial farms in agriculture, with appropriate land lease arrangements for entrepreneurs (see, for example, FDRE and MOFED, 2002). There is no indication as to whether the private companies would be linked to the ruling party and regional governments as is the case with some other commercial ventures in Ethiopia.

Security and related concerns

Pastoral areas are found at the periphery of Ethiopia. Government strategy and policy for these areas (as noted in chapter 4) includes (a) controlling border areas and armed opposition movements, (b) suppressing the unofficial cross-border trade in live animals. The primary objective of the central government in pastoral areas appears to be to maintain security and the integrity of Ethiopian territory. The security arm of the federal government, controlled by the TPLF, is said to wield real power in emerging regions. Several political, economic and institutional factors are involved.

²³ It can be argued that better prices available for livestock shipped from Berbera was a reason that livestock were trucked or trekked from southern Somalia and Ethiopia to Berbera.

Ethiopia has been a landlocked country since Eritrean independence in 1993. A very significant consequence of the 1998-2000 war between Ethiopia and Eritrea was that Ethiopia lost access to ports on the Red Sea that it had long used and relied upon. Before the war, about two-thirds of Ethiopia's merchandise trade had gone through the Eritrean port of Assab. Once the war began, Ethiopia began using the port in Djibouti, making its relationship with that country extremely important. Equipment and facilities at the Djibouti port require significant improvement to effectively handle the greatly increased traffic in livestock and other exports. The central government considers it essential to maintain security in all areas, particularly in Afar Region, along the rail and road links between Addis Ababa and Djibouti.

Pastoral ethnic groups overlap the international borders and this complicates the administration of the concerned regions for both the federal government and the regional states. Relatively large numbers of Afar live in neighboring Djibouti and Eritrea. The millions of ethnic Somalis living in the very large Somali region of southeastern Ethiopia share a common culture and language with millions of other ethnic Somalis living in the territory that was once the Somali Republic, as well as those living in Kenya and Djibouti. Boran pastoralists inhabit Oromia Region as well as a large part of northern Kenya. Some pastoral ethnic groups in SNNPR are also found in Kenya and Sudan. Movement by pastoral individuals, families, herding groups, livestock traders and others across international borders is therefore common.

Several armed opposition groups in pastoral areas of the country continue to confront the Ethiopian government. Their most important opposition comes from Oromia Region, which has the largest population of any region in the country. Although an EPRDF surrogate, the Oromo People's Democratic Organization (OPDO), controls the state council of Oromia Region, the Oromo Liberation Front (OLF) operates from the region and has established bases in neighboring Somalia and Kenya. The OLF and EPRDF had a strained alliance until 1992 when the two parties broke off their relationship and the OLF became the principal rural insurgent group. The OLF's exiled leadership rejects the legitimacy of the OPDO. There are also other, small armed Oromo opposition groups. The Islamic Front for the Liberation of Oromia (IFLO) is a faction with alleged links to militant Islamic groups in the Somali Republic, including Al-Itihad. The EPRDF considers Al-Itihad responsible for numerous acts of violence within Ethiopia. Since 1996 the EPRDF has conducted regular raids against Al-Itihad bases in Somalia. In both Somali and Afar regions the EPRDF has encountered difficulties in its efforts to promote its own surrogate (EIU, 2003). The Afar Revolutionary Democratic Unity Front (ARDUF) has limited presence in the Afar region. The Ogaden National Liberation Front (ONLF) split in 1995, with the smaller portion now allied to the pro-government Ethiopian Somali Democratic League (ESDL) that itself is allied to the EPRDF.

Following the terrorist attacks against the United States on September 11, 2001, Ethiopia became a "front line" state in the "war against terrorism." Somalia is considered by the US and some other countries as a possible base for groups associated with international terrorism. Ethiopia shares a long international border with the former Republic of Somalia. Since 1996 Ethiopian troops have repeatedly entered Somalia in pursuit of Ethiopian-Somali and Oromo groups hostile to the Ethiopian government. Ethiopia is effectively opposed to the current transitional national government in Somalia and there is "speculation that Ethiopia can better maintain its dominance in the Horn of Africa if Somalia is in continual chaos" (EIU, 2003.)²⁴

In about October 2002 the Ethiopian government closed its border with Somalia (and reportedly also with Kenya) and reportedly declared a ban on the informal cross-

²⁴ See also Samatar and Samatar, 2003, concerning the Somali reconciliation conferences sponsored by IGAD and held in Kenya.

border trade in livestock and consumer goods. It would be difficult for the GoE to effectively halt this trade in view of the very long borders in remote areas. On the other hand, Ethiopia has a large army by African standards and many troops were said to have been sent to the area because of post- 9/11 situation. There is concern that the government may have been taking advantage of the heightened concern with international terrorism to suppress the unofficial cross-border trade in live animals.

The specter of SPS standards

Ethiopia can expect to face problems related to the need to meet sanitary and phytosanitary (SPS) standards if it intends to resume and/or expand exports of LLPs. In recent years Saudi Arabia and Gulf countries have imposed import bans on live animals and meat from Ethiopia and other countries in the Horn of Africa because of outbreaks of Rift Valley Fever (a disease that can cross from animals to humans) although no outbreaks of RVF have been officially reported in Ethiopia. The bans significantly reduced official exports. In addition, these bans reportedly inflicted serious economic hardship on those involved in the very large, informal cross-border trade of livestock originating from pastoral areas of Ethiopia (but the bans did not halt this trade)

The imports bans represent a lack of confidence in Ethiopia's veterinary and regulatory systems. It was reported that it was possible that in the near future the Saudi and Gulf countries' SPS standards might rise to the level of international standards. Ethiopia's competitors for these markets (including Australia, New Zealand, South American and EU countries) already meet the international SPS standards. Some private slaughterhouses in Ethiopia involved in the official export trade were reported to meet the Saudi and Gulf states' SPS requirements and to have continued exporting small quantities in spite of the ban.

Based on the SPS agreement that emerged from the Uruguay Round of trade talks, any developing country that intends to export LLPs to countries that enforce the international SPS standards will need to strengthen its own SPS standards to the international level (Halderman and Nelson, 2004). The expense involved (cost of compliance) to upgrade Ethiopia's existing system covering poor producers will be very high. Ethiopia will need significant assistance to develop the relevant infrastructure and capacity (including much more effective disease control; acceptable disease-free zones and quarantine areas; laboratories and certification facilities; appropriately trained staff) to meet the SPS requirements - and to be able to certify that specific products meet the requirements.

Better off producers and certain parts of Ethiopia may be able to meet these requirements much more quickly than the pastoral areas that have long provided the livestock for export. . As the quantity of official livestock exports is so low, poor producers have benefited little from this export avenue. On the other hand, poor Ethiopian livestock producers have benefited considerably over the years from the very large but unofficial cross-border exports. If in the future these live animals are to be re-exported from Somalia and Djibouti to Saudi Arabia and the Gulf states, they will need to meet strict SPS standards.

Given the current condition of Ethiopia's animal health services and infrastructure, however, it will be very difficult and expensive to enable poor pastoralists the to meet international SPS standards.²⁵ Because of the strictness of the certification and traceability requirements, poor livestock producers may not be able to qualify and

²⁵ As noted above, the LMA identified the pastoral areas of Ethiopia as the source of exportable livestock.

thus could lose access to traditional markets. In general, developing countries should carefully assess: (a) how much it will cost to meet, and to certify that they have met, SPS requirements, and (b) whether it is appropriate to use the country's resources for such purposes. The benefits and costs involved should be considered in a broad context, including whether other needs have higher priority given the limited resources available. For Ethiopia, these issues will require careful attention because of the size, importance and long history of the export of live animals via Somalia and other countries to Saudi Arabia, Yemen and Gulf - and the importance of this trade to poor livestock producers, small-scale traders, and local economies.

The Pastoral Community Development Project will assist the Ethiopian government to review and revise its livestock sanitary and phytosanitary (SPS) policies in support of the development of more efficient and transparent trade. Two components of this effort: (1) a study of the livestock and meat sector under the World Bank's on-going Diagnostic Trade Integration Study (DTIS); (2) a study on the cost-of-compliance of SPS rules: the case of Rift Valley Fever in Ethiopia. The second study will examine the impact of the import ban by Saudi Arabia and Gulf countries at an aggregate national level and on different categories of producers, as well as different agents in the livestock production and marketing chain (traders, processors, transporters, exporters) consumers and the government. The study will also estimate the cost-of-compliance with the sanitary requirements (SPS) in disease surveillance, quarantine (in particular the establishment of disease-free zones), and control and their benefits.²⁶

Animal health services

Improving animal health services is necessary for Ethiopia to develop more effective livestock marketing and export systems, as demonstrated by the import bans imposed by Saudi Arabia and Gulf states. Improving access to animal health services is essential to improving the health and productivity of the country's livestock. The poor in Ethiopia have had limited access to animal health services because (a) they could not afford the services, (b) lived in remote areas where the services were not available, and (c) the government's ability to provide services has been restricted by inadequate funds, infrastructure and skilled manpower, and the vastness of the country.²⁷

Community-based approaches appear essential if the poor are to have access to animal health care services - especially those living in remote areas. The design and use of these approaches have been evolving, and there is an emerging literature on the subject (see, for example, Catley et al, 2002; Catley and Mariner, 2002). The individuals in the communities who provide the services are referred to below as community-based animal health workers (CAHWs) or "para-veterinarians."

The Ethiopian government is in the process of privatizing veterinary services, and it is reported to have integrated the use of CAHWs into the national animal health delivery system. But the government seems to have an ambivalent view in regard to privatizing veterinary services. For example, while the law permits private veterinary practice, government veterinary staff continue to provide clinical services that undermine private practice. However, some private veterinarians have established

²⁶ A working paper from the DTIS on the livestock and meat sector (Haan, 2003) was reviewed and discussed with the author of the paper.

²⁷ In recent years there has been considerable interest in the challenges of providing animal health services in Africa (Leonard, 2000; FAO Agriculture Department, 2002), including the role of research on alleviating poverty through improved animal health (Perry et al, 2002).

successful private practices and there has been reasonable success with the training of CAHWs in pastoral areas. NGOs have helped para-veterinarians establish service associations which run their own drug procurement and distribution schemes. In other cases, private para-veterinarians are linked to private veterinary pharmacies (World Bank, 2001). If community-based approaches are to be successfully established and sustained, veterinary law needs to be reviewed and modified.

The strong bias in Ethiopia against CAHWs by some officials and veterinarians is working against the efforts to promote and implement an approach that could prove extremely valuable to poor livestock producers. The bias against para-veterinarians appears to originate in a world view based on a rigid hierarchy of centralized, top down control, cultural superiority, and a lack of recognition of the traditional animal health knowledge and skills of some poor livestock keepers (particularly pastoralists). The expansion of an animal health care system based on well trained CAHWs is considered by many specialists in the field as the most realistic and practical method of achieving effective animal health care for the poor (and even for the better off) in many parts of Ethiopia, particularly in remote areas. The experience with CAHWs in pastoral areas of neighboring countries suggests that this approach has considerable potential.

Land tenure issues

Land tenure has been and continues to be a particularly sensitive issue in Ethiopia. Debate about land tenure has gone on for decades, and land tenure grievances during the Imperial period are among the reasons Haile Selassie lost power in the early 1970s.²⁸ The major land reform program under the Derg in 1975 was welcomed by millions of poor in the highlands.

The position of the post-1991 government has been that peasants' land rights need to be protected. Land is owned by the state, and it cannot be sold or exchanged for other property or be mortgaged. The EPRDF's main concern is that if peasants have freehold tenure, during a crisis period they might be forced to sell their land - leading to destitution from which they may never recover. Land tenure issues were embedded in the 1994 constitution; critics argue that this situation prevents open discussion of an important topic. Unfortunately, the debate about land tenure in Ethiopia has often focused on whether land should be owned by the state or individuals, a public/private ownership distinction with ideological overtones and implications that has interfered with efforts to better understand and solve the problems.

The key issue for both peasants and pastoralists is security of tenure, and they would probably welcome any system that guaranteed them genuine security. A recent large-scale study of land tenure and agricultural development in Ethiopia by the Ethiopian Economic Association and the Ethiopian Economic Policy Research Institute found high levels of insecurity regard land tenure (Ethiopian Economic Association, 2002). In addition, many development specialists and others with close contact with residents of rural areas of eastern Africa are convinced that smallholders will not invest in natural resource conservation measures on their land - measures essential in many parts of Ethiopia to prevent further environmental degradation and to improve agricultural productivity - unless they have real security of tenure. If land degradation is not halted and reversed in some areas of the country, it could become extremely difficult (and in some cases even counter-productive) for smallholders to raise large livestock.

²⁸ Different parts of the country have had different historical experiences in regard to land tenure systems.

Land tenure issues in highland, urban and pastoral areas

Land tenure issues are extremely important in highland, urban & peri-urban, and pastoral areas of the country. Poverty, intense population pressure, insecure rights to land and fragmented land holdings are key problems in highland regions. In Amhara Region, for example, nearly all of the land suitable for cultivation is being cultivated. There was a major land redistribution program in Amhara Region after the 1975 land reform, and many smallholders are said to worry that another land redistribution program will take place in the future. Informal methods of gaining access to and exchanging land have emerged in highland areas, including renting, share-cropping, leasing and borrowing.

There was widespread redistribution of land in Oromia Region following the 1975 land reform. Today land is very scarce in many areas. Landlessness has become a very serious problem in parts of the region; it is estimated that nearly 50% of the population is landless in some localities (Bezuayehu et al, 2002). Landlessness is also increasing in Tigray Region, a result of increasing population and limited supply of cultivable land in the highlands. Researchers found that farmers perceive security of tenure as an important factor in determining their willingness to invest in land improvements and to use improved farming practices, suggesting that improved tenure security is important for sustainable land management in the region (Berhanu et al, 2003).

Land tenure issues in urban and peri-urban areas will require attention as land shortages increase. Not only will populations continue to grow, but better off groups may well be more successful in the inevitable competition for some of the land and resources now used by poor urban livestock keepers. It was reported that urban and peri-urban livestock producers do not have secure tenure to the land they occupy and use. In many cases, urban livestock producers have no legal rights to land. For example, poor urban livestock keepers regularly use public land for grazing and to discard animal waste without permission from the relevant authorities.

Lack of secure tenure to land may be the most serious problem facing pastoralists. This lack is even more important for pastoralists than for others in Ethiopia because it threatens the effectiveness of the entire pastoral system of natural resource management - the basis of pastoralists' livelihoods. As pastoralism requires dry season and reserve grazing areas and water sources to function effectively, the loss of many such areas over the past 100 years has greatly reduced the effectiveness of pastoralism as a means of production and natural resource use. The results have included the facts that (a) pastoralists have become more prone to food shortage and famine during the inevitable periods of severe and/or sustained drought in their semi-arid and arid areas, (b) conflict based on competition for land, particularly dry season grazing areas with water, has become more frequent between pastoral groups and settled farming communities, and between pastoral groups themselves.

Links between conflict mitigation and pro-poor livestock policies

Competition for land between pastoralists and settled farmers, and between pastoral groups, has gone on for decades but in recent years has led to more frequent and violent conflict in Ethiopia and other countries in eastern Africa. The lands in question are (or were) dry season grazing areas with water that pastoralists require for their systems of livestock production. An underlying source of conflict has been the migration of very large numbers of people over several decades from the densely populated highlands to areas at lower elevations where they have settled, planted crops and raised livestock. The lack of appropriate land tenure policies and regulations is a major cause of the conflict. A study of pastoralist conflict in eastern Africa (see Annex 3) concluded that conflict and socioeconomic development were, in effect, two sides of the same coin and that effective solutions required simultaneous efforts to deal with both issues. It was learned during the visit to Ethiopia that that

little was being done to promote effective conflict prevention measures at the local level of the kind identified by the study. If pro-poor livestock policies are to be successfully implemented in the many parts of Ethiopia where there is conflict between pastoralists and settled populations, and between pastoralists themselves (in some cases across international borders), it will be necessary to combine development with peace-building activities.

6. CONCLUSIONS AND RECOMMENDATIONS

This final chapter presents a broad strategy aimed at achieving pro-poor livestock and related policies, draws conclusions and makes recommendations. The political feasibility of the interrelated strategy, conclusions and recommendations is examined. There is scope for positive change but it will be necessary to take a long-term approach in regard to the specific issues involved, as well as the strategy and political viability. This report represents one step in what may well be a lengthy process that needs to be sustained and nurtured to be successful. (The key conclusions identified during the research that provided the basis for the analysis in this report, initially presented in chapter one, are presented in italics in the present chapter.)

A strategy aimed at achieving pro-poor livestock policies

A strategy aimed at significantly moving the process forward and achieving pro-poor livestock and related policies needs to be broad, both short term and long term, and politically feasible. A key objective of the strategy is to build a constituency concerned with promoting relevant policies and their implementation. The recommended strategy includes four components:

- Reaching early agreement on selected issues and activities
- Forging strategic alliances and other links
- Engaging in high-level country dialogue
- Strengthening relevant civil society organizations

The strategy's four components

The four components of the strategy are all intended to reduce poverty among poor livestock producers. Some aspects of the different components would be inter-linked. It will be necessary to present sound, well-argued evidence as a basis for the positions advanced under all four components.

Reaching early agreement on selected issues and activities

One of the conclusions presented in the first chapter was: *Livestock are viewed by policy-makers primarily in terms of their contribution to crop production (as draught animals) which prevents appropriate recognition of the value of livestock to the livelihoods of the poor and the potential of livestock for poverty reduction.*²⁹

As a result of this situation, Ethiopia needs a livestock strategy and policy that better recognizes the importance of (a) livestock to the country as a whole and to the poor, and (b) opportunities provided by livestock to achieve increased overall agricultural productivity and pro-poor objectives. As a step toward realizing such a strategy and policy, the recommended initial component would identify issues and activities promoting the use of livestock as a "vehicle" for poverty reduction and work to reach agreement relatively quickly in regard to follow up actions on the part of the

²⁹ The view of livestock as providing an opportunity to obtain tax and other revenues through marketing and exports is discussed below.

government, donors and NGOs. The activities identified could be carried out in rural highland, urban & peri-urban, and pastoral areas. To achieve rapid agreement, the issues and activities selected would be those with relatively little political opposition. Those involved in the selection process would recognize that there are always vested interests, including bureaucratic and local political interests, that will need to be dealt with. There is also the likelihood that political, policy or administrative decisions will be required for the activities to be successfully carried out. However, the objective would be to identify issues and activities that would not require major decisions for their implementation. The widespread agreement on the need to make real progress toward reaching the millennium goals related to poverty reduction and the government's commitment to combating poverty should make it possible to identify and reach rapid agreement on relatively non-controversial issues and activities. Specific possibilities include:

- Explain how pro-poor livestock policies and their implementation could be environment-friendly and not increase land degradation
- Promote beekeeping as a means of poverty reduction
- Support the transport of goods by livestock
- Better integrate livestock and crop production
- Promote the interests of poor urban & peri-urban livestock keepers
- Identify and promote alternatives to livestock-based development.

The national government has recently taken positive steps to: (1) include the strengthening of livestock development as one of the priority areas of rural and agricultural development, (2) give priority in drought-prone highland areas to the development of animal resources, and (3) include and emphasize livestock in the revised food security strategy. There is the possibility, however, that support for this recent interest in livestock-related activities might succumb to the old pattern of concentrating primarily on producing cereal crops and coffee. It is therefore important to act now to maintain momentum and prevent backsliding. This first component could be initiated by circulating a report that presents and explains key issues, identifying and/or commissioning relevant background papers, and holding a workshop.

Forging strategic alliances and other links

Establishing and sustaining strategic alliances and other links between key organizations should greatly strengthen and enhance efforts to promote pro-poor livestock policies and activities in Ethiopia in both the short and long term.³⁰ The relevant government institutions include the Prime Minister's Office (PMO) and the ministries of rural development (MORD), agriculture (MOA), federal affairs (MOFA), finance and economic development (MOFED), economic development and commerce (MEDAC), as well as the Livestock Marketing Authority (LMA) and Central Statistical Authority (CSA). Other organizations might include:

- Two international research organizations, IFPRI and ILRI, and their Ethiopian partner organizations involved in a joint research program aimed at influencing regional and central government policy in regard to highland areas.
- Government ministries and others involved in or supporting the management and implementation of the World Bank and other donor funded (a) Food Security Project in drought-prone highland areas and (b) Pastoral Community Development Project. The two projects' goals include increasing the assets of poor people in order to improve livelihoods and reduce vulnerability. The PCDP has a policy

³⁰ See Annex 1 for a list of main organizational actors involved in relevant policy-making, development or advocacy activities in Ethiopia.

analysis and reform sub-component and has been funding studies particularly relevant to pro-poor livestock-related issues.

- Ethiopian research organizations, including the Ethiopian Agricultural Research Organization, the Ethiopian Economic Association, and the Forum for Social Studies.
- Effective advocacy groups that promote pro-poor interests, including the Pastoralist Forum Ethiopia and some of its member organizations.

The strategic alliances and links will be useful to the participants in regard to (a) gaining a better understanding of the current situation (b) partnering in or otherwise benefiting from research activities undertaken by participating and other organizations, and (c) providing a foundation for long-term efforts to promote appropriate policy change.³¹ However, these links and alliances will provide few, if any, opportunities to significantly influence rural development policy in the country in the foreseeable future. Similarly limited opportunities will most likely also result from any tactical links with government ministries identified above - unless particularly effective personal relationships are established but, as this kind of influence would be based on personalities, the situation would change when the individuals involved change. The fundamental problem is that most institutions and organizations do not have the necessary access or sufficient clout or to influence high-level policy-making.

Engaging in high-level country dialogue

Given the current policy-making process and environment in Ethiopia, engaging in high-level country dialogue is the most important and potentially effective entry point to influence policy-making. This approach is particularly relevant to politically sensitive issues. The World Bank appears to have some influence on Ethiopia's policy formulation through its own country dialogue, studies, policy advice and lead agency position in regard to large development projects. The EU appears to have some influence because of *inter alia* the size of its development budget and its trade relations with Ethiopia. On an individual basis, most bilateral donors have little direct influence on Ethiopia's policy-making process. The US may have recently increased its influence as a result of post-9/11 security concerns in the Horn of Africa that it shares with the GoE. The challenge to those involved in promoting pro-poor livestock and related policy reform is to get their concerns onto the agenda of the high-level country dialogue.³²

Ethiopia has received considerably increased development assistance since the EPRDF came to power in 1991. Donors have pledged USD 3.6 billion for the 2002-2005 period as they consider Ethiopia an important country with serious needs. It is recognized that the government has a strong ideological commitment to the poor and that it has taken some steps to open and improve the economy. Ethiopia's strategic location, particularly given the current concern with international terrorism, may play an increasing role. Donors are keen to address long-term, structural problems in Ethiopia, and it is clear that donor fatigue exists in regard to the annual requests from the government for food aid.

Strengthening relevant civil society organizations

Reducing poverty among poor livestock producers is only one aspect of much broader efforts aimed at general poverty reduction in Ethiopia. In the long term, achieving

³¹ The workshop proposed above should be useful in regard to re-establishing or strengthening existing relationships and establishing new relationships. It would also update participants on current activities and plans of government and other organizations that would help prevent duplication of activities.

³² Suggestions regarding gaining access to high-level country dialogue have been made in other reports prepared under this assignment.

sustainable poverty reduction in Ethiopia and other developing countries will require the active and effective involvement of civil society. Yet some question the usefulness or effectiveness of current NGOs, and other civil society organizations, in Ethiopia in regard to poverty reduction and/or argue that pursuing this approach will not be politically viable in the short term. The solution is to improve the enabling environment, including policies and institutions, in Ethiopia and to strengthen civil society organizations.

One of the conclusions identified during the research and presented in chapter one: *There is very limited involvement by civil society in policy-formulation, even when proposed policies directly affect long established systems that provide the basis of livelihoods and natural resource management.* Poor livestock producers in Ethiopia have very little input into the making of the policies that affect them primarily because these producers are poorly organized and weakly represented. Their interests and needs remain largely unheard or unrecognized by those in power. Civil society organizations (CSOs) have the potential to much more effectively represent the poor in policy-making activities. If there were a supportive enabling environment, CSOs could play a significant role in overcoming the problems faced by poor livestock producers by articulating and advocating their needs as part of the policy-making process.

The present government, however, has been suspicious and wary of NGOs, in spite of the enormous assistance that NGOs have provided Ethiopia over the past 30 years.³³ A well known explanation for this wariness provided for several years in Addis Ababa is that, as the TPLF received a great deal of assistance from NGOs during the many years it was carrying out its guerilla war against the Derg, it recognizes the potential and capacity of NGOs to undermine an existing government. A somewhat related explanation is that NGOs are in a strong position to present and promote views that may be different from the government's, as NGOs are involved in both advocacy and development activities and work in Addis Ababa, regional capitals and rural areas. A third explanation is that, after coming to power, the EPRDF has been envious of the considerable resources (large fleets of vehicles, for example) some international NGOs have had at their disposal in comparison to the limited resources available to the government.

The experience of the Pastoral Community Development Project represents an example of the value of CSOs to poverty reduction efforts involving livestock dependent-poor. The PCDP explicitly recognizes (and key elements of its approach are largely based on) the work and experience of local and international NGOs in formulating strategies and approaches for sustainable development in pastoral lowlands, operationalizing methods for delivering social services, and developing technologies to address local production constraints. In response to government concerns about NGO participation in publicly-funded projects, the PCDP project document points out that "it would be perilous to proceed with project implementation without drawing on the accumulated knowledge" of the NGO and bilateral agencies already operating in the proposed project areas (World Bank, 2003a).

The enabling environment for civil society organizations in Ethiopia improved during the 1995-2002 period.³⁴ There were positive steps toward the development of legislation regarding the NGO sector, for example. This progress, however, was reversed by government. In June 2002 the Ministry of Justice held a workshop to discuss the draft NGO legislation it had prepared and was planning to submit to the council of ministers. The ministry invited NGOs and other civil society groups to

³³ For useful discussions of NGOs in Ethiopia, see Clark, 1999, and Tucker, 1999.

³⁴ Based on the author's experience and the views of individuals involved in the promotion of civil society organizations in Ethiopia.

participate in the workshop, along with representatives of the federal and regional governments. It was reported that no one from the NGO community or other CSO had been consulted in the preparation of the draft legislation. The great majority of the participants at the workshop were deeply disappointed by the draft document. There was broad consensus that the draft legislation was more restrictive than the Civil Code, the main legal framework governing the rights and obligations of NGOs. Many workshop participants concluded that the new legislation was more concerned with regulation and control than with facilitation and democratization (see Forum for Social Studies, *Medrek*, volume 4, number 3).

Representatives of CSOs did not accept the government proposals presented in June 2002 and another round of consultations took place in which civil society groups presented their recommendations. Civil society groups currently operate under a number of restrictions, and the government has not approved new legislation to date. There is concern among civil society advocates that the civil society division of the new Ministry of Capacity Building is taking a very narrow view of which civil society groups to support and promote, and that it is ignoring the stronger, more developed elements of the sector such as NGOs and trade unions. The division's approach raises fundamental questions (for example, is it appropriate or totally contradictory for the government to build the capacity of civil society organizations?) and whether control is one of the underlying objectives. Issues related to civil society in Ethiopia are particularly relevant at the moment and there is great interest by the World Bank, EU, other international agencies, bilateral donors, NGOs and others.

Evidence needed

For each of the components discussed above it will be necessary to provide sound, well-reasoned evidence as a basis for the positions being advanced. For some issues it should be possible to obtain suitable reports that have already been prepared by one or another organization. For other issues, it may be necessary to commission studies. For large and/or complex issues, it would be useful for organizations to continue (or establish) research partnerships and to commission and circulate appropriate studies. Some of the issues for which solid evidence will be needed regarding the actual and/or potential impact on and implications for poor livestock producers:³⁵

- the Saudi/Gulf countries' livestock import bans and SPS regulations
- the unofficial, cross-border livestock trade
- lack of secure land tenure
- the combination of livestock development and peace-building activities
- the costs, benefits and consequences of sedentarization by pastoralists.

Political feasibility

Political feasibility in regard to policies and their implementation has several aspects. One, such feasibility can be dynamic, not static. After the EPRDF achieved power in 1991 there were many changes in regard to what was politically feasible, although some key constraints remained. In recent years there have been additional changes in regard to what is politically feasible, and further change is possible. Two, there is a range of activities that are politically feasible in spite of existing policy limitations. It is significant that the efforts of some donors (including the World Bank, DFID and

³⁵ Poverty reduction efforts involving livestock also affect poor livestock traders, consumers and others. The perspectives and needs of these other groups should be considered.

USAID), international NGOs and others appear to have expanded the range of what is politically feasible in regard to rural development activities. This experience suggests that it is important to also focus effort on expanding the range of what can be done in spite of policy limitations. Third, there is considerable evidence that political factors at various levels may restrict the allocation of adequate financial, human and other resources necessary to effectively implement policies.

In Ethiopia the issue of political feasibility now includes the perceived need to balance development resources and activities between the different regions. In the post-1991 period there has been significant development and poverty reduction activity in Tigray Region, and much has been accomplished. There was and remains a valid need for these activities, and some donors no doubt concluded that it was politically feasible to fund development programs in that region. One consequence, however, has been resentment on the part of those in some other regions that Tigray has disproportionately benefited from being the home region of the TPLF.

A key conclusion related to political feasibility was identified in the first chapter: *The continued significance of the legacy of decades (longer in some areas) of centralized, hierarchical political, economic and administrative systems aimed at maintaining control. The ethnically-based decentralization initiated in 1995 responds in some ways, and to varying degrees, to these forces.*

Some currently argue that, as a result of this legacy, achieving appropriate pro-poor policy change by the central government is unlikely and that it is therefore more appropriate to focus efforts at the regional and local levels. In attempts to overcome the negative aspects of the centralized systems, some donors have supported development projects based on a community-driven development approach. The CDD approach is valid and deserves emphasis in the development of pro-poor policies and their implementation. For two reasons, however, it appears unrealistic to expect that more appropriate development policies will be formulated and implemented by regional governments than by the central government. One reason is that most regional governments are firmly controlled by the EPRDF and its surrogate parties. The second reason is the great range between the regions in regard to capacity. Tigray and Amhara regions have considerable capacity, and Amhara Region operates somewhat autonomously. At the other extreme are the pastoral areas that are classified as “emerging regions” where local administrative capacity is very limited and the central government plays a strong role. Official documents indicate that the federal government will attempt to ensure that regional governments and bureaucracies in pastoral areas support the central government’s own strategy in regard to the development of pastoral areas.

Advances in regard to key pro-poor livestock and related policy will require effective action by the central government because some issues are trans-regional. In particular, policies regarding the critical issues of livestock marketing and exports can be effectively dealt with only by the central government. In regard to land tenure, the federal government has embedded the issues in the constitution and retains authority in certain aspects. Determining the boundaries between the various regions will be essential to achieving land tenure reform in decentralized Ethiopia, and the central government is in a position to play the leading role in this important area. Appropriate input from society at the local level will be essential if the decisions concerning regional and other boundaries are to be accepted and respected.

Assessment of political viability should also include the existing and proposed development and related strategies of the federal government. This point is discussed below regarding cross-border trade and the GoE’s long term strategy of settling pastoralists. A key conclusion identified in chapter one is relevant to both issues: *In Ethiopia there has long been a strong anti-pastoralist bias on the part of the core highland culture that seems to prevent recognition of the relevance and importance of pastoralism. The central government’s strategy of settling pastoralists along the major rivers is, in part, a reflection of this bias.*

Livestock marketing and exports

For many years there have been two very different kinds of livestock marketing and export systems operating in Ethiopia, official and unofficial. Both kinds of systems are examined in chapter 5.

Official Systems

One of the key conclusions identified during the research and presented in chapter 1: Official marketing and export systems for livestock and livestock products are heavily burdened by regulations, transaction costs, and government efforts to generate tax and other revenues. The regulations and other factors cause the official systems to perform poorly, and they put a particularly heavy burden on poor livestock producers. In spite of government support, over the past 20-30 years (as noted in chapter 3) there has been a drastic decline in the official exports of live cattle and significant decline in exports of meat and of hides and skins.

Recommendation: the official marketing and export systems should be significantly modified to reduce the regulations, taxes and other transaction costs. It may well be politically difficult to achieve this recommendation in the short term as the government seems strongly committed to the present systems that provide it with tax and other revenues. There are, however, already significant efforts being made by various donors and international organizations to convince the government to liberalize marketing and export systems for other commodities. The political viability of this recommendation is therefore linked to the success of the other efforts to promote market reform. In regard to the livestock sector, the World Bank has been carrying out relevant studies intended to provide the kind of evidence needed to make the case for reform.

Appropriate policy changes in regard to the official livestock marketing systems could lead to poverty reduction among poor livestock producers. One reason is that selling livestock is the most important source of cash income for residents of rural areas. As the current official livestock export systems are small and some quite specialized, the potential benefits for poor livestock producers are less clear. The overall pattern of official support to livestock producers in Ethiopia tends to disproportionately benefit already better-off producers. For example, the production and marketing of dairy products is important within Addis Ababa and surrounding peri-urban areas. The main constraints faced by these dairy farmers include a low price for milk and heavy taxation by the government. There is evidence of increasing urban demand for dairy products, but it seems likely that the already better-off, more specialized and better supported dairy producers will be the main beneficiaries while the poor producers will continue to function at what might be called a "coping level" by providing dairy products to the informal sector. In the absence of appropriate policies and activities, similar patterns may also be the case in regard to the production of other livestock products in urban and peri-urban areas of the country.

Unofficial "Contraband" Trade

The following conclusion was reported in the first chapter: There also exists dynamic, unofficial cross-border trade in live animals exported on the hoof to neighboring countries and then usually (except for Kenya) re-exported to Saudi Arabia and Gulf countries. The other side of this private sector cross-border trade is consumer goods unofficially imported into Ethiopia. The government describes this informal trade in livestock and goods as "contraband."

The unofficial cross-border livestock marketing and export systems are very old, some of them pre-dating the incorporation of the eastern and southern areas of the country into the modern Ethiopian state. The system operating through Somalia is a long established private sector trading system that has performed well in spite of major obstacles. Much of the informal trade is based on the entrepreneurial skills and experience of ethnic Somalis who currently inhabit different countries because of the division of eastern Africa long ago by European colonial powers and the imperial Ethiopian state. The cross-border systems operating to and/or through Djibouti and Kenya are responding to strong demand and share some of the strengths of the system operating through Somalia. A major factor driving the unofficial exports of live animals is the wholly inadequate demand in Addis Ababa and elsewhere in the Ethiopian highlands for livestock produced in pastoral areas of Ethiopia (except beef from Boran zones of Oromia).

The unofficial cross-border trade in live animals is very large and valuable. The Livestock Marketing Authority recently estimated the value of this trade at USD 105 million per year. This amount is more than 100 times greater than the average annual value of official exports of live animals over the 1993-2000 period. The cattle, sheep, goats and camels involved in the unofficial trade are produced in pastoral areas of Ethiopia. If the value of the unofficial cross-border livestock trade is combined with that of the official trade in LLPs, the total value of the exports of livestock and livestock products rivals that of coffee, for decades Ethiopia's most important export commodity. The Ethiopian government does not earn foreign exchange and is unable to officially collect tax revenues on the unofficially exported livestock and imported goods. The government calls this unofficial trade "contraband" and has tried to suppress it.

Recommendation: the government should (a) legalize this vibrant, private sector cross-border trading system on which large numbers people depend, and (b) develop effective methods of obtaining foreign exchange and a reasonable tax from it. The recommended approach could enable the GoE to earn considerable revenue from this valuable trade. Policies intended to regulate the cross-border trade must be carefully designed so as not to undermine it. Most specialists, and many others aware of the issues, recommend that the government legalize this unofficial trade.

The political viability of this recommendation needs to be viewed broadly. The Ethiopian government's apparent commitment to suppressing this unofficial, cross-border trade suggests that efforts to promote legalizing the trade might not be politically viable in the short term. There is evidence, however, that the GoE has tried to formalize the cross-border export of livestock to Kenya. On the other hand, in contrast to the recommendation made above, official documents suggest that government strategy for pastoral areas may include support for the introduction of private companies to fatten, market and export livestock - thereby replacing the existing unofficial systems.

Of particular significance is the fact that the unofficial, cross-border trade in live animals and consumer goods is a regional issue involving Ethiopia, Somalia, Djibouti, Kenya, Saudi Arabia, Yemen and the Gulf countries. A number of political, economic and institutional factors are involved, including security and related concerns, livestock import bans and SPS standards (see chapter 5). If the Ethiopian government is successful in its efforts to ban or greatly restrict this unofficial, cross-border trade there could be devastating effects on the economy in pastoral regions within Ethiopia and in some neighboring countries. Poor livestock producers and traders would be particularly hard hit. It is likely that one result would be intense resentment of the GoE in pastoral areas of Ethiopia, possibly leading to increased violent conflict with the central government. Severe disruption of normal economic patterns could lead some members of the affected groups to engage in violent conflict against other groups in Ethiopia and/or across the borders in neighboring countries. Assessment of the political viability of this recommendation therefore must include the potential

effects and implications of the GoE's policies in Ethiopia and in neighboring countries (see Weeks et al, 2003, for a similar assessment).

Settling Pastoralists

The government's stated long term development objective for pastoral areas is the radical transformation of pastoralists' culture and livelihoods - settling pastoralists along the banks of major rivers and encouraging them to adopt sedentary, irrigated agriculture and to urbanize (in other words, to become like highland Ethiopians). The GoE strategy to settle pastoralists directly confronts pastoralists' systems of natural resource management, as the areas identified for settlement are critical dry season grazing areas and water points required by the pastoral systems to function effectively. Pastoralist advocacy and development organizations strongly oppose the official proposals for sedentarization. The government's proposals to settle pastoralists reflect both (a) the anti-pastoralist bias of highland Ethiopian culture and (b) a lack of full understanding of the now widely accepted "new directions in pastoral development." The latter emphasize that pastoral production systems are not only rational and viable in semi-arid and particularly arid areas ("non-equilibrium environments") but do not lead to significant overgrazing or to environmental degradation.

Recommendation: pastoralists themselves, and their legitimate representatives and advocates, should be directly involved in decisions regarding their own development and the development of pastoral areas. Any decision concerning settlement should genuinely reflect the views of the pastoralists directly involved.

In regard to the political viability of this recommendation, the government has modified its position regarding the settlement of pastoralists and the development of pastoral areas by explaining that settlement will be voluntary and is the long term goal. Official documents indicate, however, that the central government intends to support the establishment and maintenance of regional governments and bureaucracies in the emerging regions that will promote the federal government's strategy for the development of pastoral areas. This raises questions about the nature of the "participatory" development process involved. The assessment of political viability also extends to the viability of the government's long term objective and strategy. Efforts to impose settlement and eliminate pastoralism can be expected to lead to intense resentment, and possibly to violent conflict, against those promoting such changes. The current approach of supporting, with donor assistance, the continuation of pastoralism does not run these risks.

Land tenure and conflict mitigation

Two conclusions relevant to the situation in Ethiopia presented in chapter one: (a) the poor lack secure tenure to land in all areas of the country, and (b) there is a link between the lack of secure land tenure and violent conflict in some areas. The issue of security of land tenure for the poor in rural highland, urban & peri-urban, and pastoral areas was examined in chapter 5. Violent conflict between settled farmers and pastoralists, and between different pastoral groups, is a serious problem in parts of Ethiopia and elsewhere in eastern Africa. Competition for land, particularly dry season grazing areas with water, is a key cause of conflict. Little is being done to promote effective conflict prevention measures at the local level.

Recommendation: if pro-poor livestock policies are to be successfully implemented in the many parts of Ethiopia where there is violent conflict resulting from the lack of secure land tenure and related causes, it will be necessary to combine development efforts with peace-building activities. In regard to the political viability of this recommendation, it is very much in the interests of the central government to reduce conflict within the country (although some people maintain that the opposite may be the case in certain areas). In addition, as noted above, the federal government is in a critical position to assist in the determination of the boundaries between the various regions established in the 1990s when decentralization was introduced. Such boundaries will be a necessary step to achieving secure land tenure in some areas.

Where to invest pro-poor, livestock-related resources?

The present study examined issues relevant to pro-poor livestock and related policy-making in the rural highlands, urban & peri-urban, and pastoral areas of the country. There was discussion during the interviews regarding where resources aimed at livestock-related pro-poor efforts would be most appropriate and effective, and how decisions regarding these factors might affect policy choices. One view was that the highland areas were the most appropriate, and/or would represent the most effective use of resources, because they contain the majority of Ethiopia's human population and livestock. In response it was noted that for many years the government, donors and NGOs had focused their resources in highland (including peri-urban) areas. Many development activities have been carried out in the better off highland areas. Recently the GoE identified drought-prone highland areas as particularly in need of assistance as the people are very poor and the environment degraded. Some drought-prone areas have received considerable attention since 1991, including areas in Tigray Region. During the interviews no one mentioned poor livestock keepers in urban and peri-urban areas as a priority, perhaps reflecting the limited attention to poor livestock keepers (in contrast to better off livestock producers and those involved in commercial livestock fattening operations) in these areas. Others interviewed argued that pastoral areas deserved the highest priority because pastoralists are the most dependent on livestock, among the poorest people in the country, have the least access to education and health services, and have been neglected and marginalized by government and donors. There were widely differing views regarding whether it would be effective to invest resources in pastoral areas.

Nearly 20 years ago it was noted that if the production-focused investment strategy of the World Bank's "Berg report" on *Accelerated Development in Sub-Saharan Africa* (World Bank, 1981), which concentrated on high potential areas, continued to guide World Bank policy toward rural development in Africa - and if it influenced African governments and other donors - resources would flow to the ecologically and infrastructurally better off areas where returns are quickest and greatest. It was suggested that the results could represent the application of triage to African pastoral societies and areas (Halderman, 1987). It took many years before there was a significant shift in development policy that provided serious attention to drought-prone and other disadvantaged areas. Since the 1980s it has become better known that poverty needs to be addressed in such disadvantaged areas, and that the criteria for decisions concerning the allocation of resources for poverty reduction needs to go beyond the question of obtaining the greatest returns from the investments..

In recent decades there has been increased violent conflict in eastern Africa between pastoralists and farming groups, particularly those who had spilled-over from the highlands into pastoral areas, and between pastoral groups themselves. It is likely that this increased conflict is in part a consequence of the policy triage fostered by the Berg report and similar analyses. Reducing such conflict and providing

development opportunities in previously neglected drought-prone highland areas (one source of spill-over farmers) and in pastoral areas would appear to be relevant criteria when making decisions about where to invest development resources involving pro-poor livestock objectives. Such resources would also be appropriate to support the currently neglected poor livestock keepers in urban and peri-urban areas. If assistance can be well-targeted to avoid elite-capture of benefits, better off highland areas would also be appropriate as there are many poor livestock producers in these areas.

ANNEX 1: LIST OF MAIN ORGANIZATIONAL ACTORS

Table: Organizational actors involved in relevant policy-making, development or advocacy activities in Ethiopia (this list provides examples and is not intended to be complete).

Actor Category	Examples
Government ministries & other	Prime Minister's Office (PMO) Ministry of Federal Affairs (MOFA) Ministry of Finance and Economic Development (MOFED) Ministry of Rural Development (MORD) Ministry of Economic Development and Commerce (MEDAC) Ministry of Agriculture (MOA) including the <ul style="list-style-type: none"> - Animal Health Services - Animal and Fisheries Resources Development Technology - Livestock Resources Department - Pastoral Extension Team Livestock Marketing Authority (LMA) Central Statistical Authority (CSA)
Research Organizations	Ethiopian Agricultural Research Organization (EARO) Ethiopian Economic Association (EEA) Forum for Social Studies (FSS) International Food Policy Research Institute (IFPRI) International Livestock Research Institute (ILRI) Institute of Development Studies, Sussex (IDS)
Multilateral & International Organizations	African Development Bank (AfDB) African Union/Inter-African Bureau for Animal Resources (AU/IBAR) European Union (EU) Food and Agriculture Organization (FAO) International Fund for Agricultural Development (IFAD) United Nations Development Program (UNDP) United Nations Emergencies Unit for Ethiopia (UN-EUE) World Bank (WB) <ul style="list-style-type: none"> - Food Security Project (FSP) - Pastoral Community Development Project (PCDP)
Bilateral Donors	Department for International Development (DFID, UK) German Development Cooperation (GTZ) Ireland Aid (IA) United States Agency for International Development (USAID)
International and Local NGOs	Farm Africa Hope for the Horn Oxfam GB Panos Pastoralist Communication Initiative (PCI) Pastoralist Concern Association Ethiopia (PCAE) Pastoralist Forum Ethiopia (PFE - 20 member organizations) Save the Children UK-Ethiopia

ANNEX 2: WORKSHOPS ATTENDED AND METHODOLOGY

The visit to Ethiopia was facilitated by the office of the FAO Resident Representative. During the visit the author had numerous interviews with government officials and with staff of international and multilateral organizations, bilateral development agencies, international and local NGOs, university researchers and independent consultants. The author also attended several workshops:

- Rural Development Workshop, held at the Prime Minister's Office, 13-15 November 2002, organized by the Government of Ethiopia and the World Bank (said to be the first of its kind)
- IGAD/CEWARN Workshop on Pastoralist Conflicts in the IGAD sub-region, held at the ECA Conference Center, 21-23 November (attended 21 November), organized by IGAD and CEWARN
- Fair Trade for Poverty Reduction and Development Workshop, held at the Global Hotel, 26 November 2002, organized by the Christian Relief and Development Association (CRDA)
- Capacity Building in Agriculture Workshop, held at ILRI, Debre Zeit, 2-6 December (attended December 2), organized by USAID
- NGO Consultation Meeting on Pastoral Area Development, held at Desalegn Hotel, 3 December 2002, organized by the World Bank.

The workshops were particularly useful. Not only was up-to-date information presented and discussed, but the workshops gave the consultant the opportunity to make or to re-establish contact with individuals key to the research. The contacts at the workshops led to follow-up interviews and discussions.

Checklists were developed for use in interviews. As there were so many issues to cover in the field study, and as the range of expertise of the individuals interviewed varied widely, specific checklists were tailored to the expertise of the individual interviewed. Formal questionnaires were not used. Instead, the checklists were open-ended to encourage respondents to explain their positions and were intended to help identify linkages between issues and levels of analysis.

Most of the interviews for this study were carried out during the visit to Ethiopia. A few interviews were conducted in Europe between mid-March and mid-May 2003 while doing research for, and carrying out interviews concerning, a related study, "EU Policy-Making: Reforming the CAP and EU Trade in Beef & Dairy with Developing Countries (Halderman and Nelson, 2004)." Additional interviews were carried out in June 2003 with IFPRI and World Bank staff, and others, in Washington DC.

Quantitative information on Ethiopia's livestock sector was obtained from the Ethiopian Government's statistical bulletins based on the agricultural sample surveys; the FAO's FAOSTAT Agricultural Data; reports by the Ethiopian Government, World Bank, and researchers with various organizations; and from other sources available on the worldwide web.

ANNEX 3: LINKS BETWEEN CONFLICT MITIGATION AND PRO-POOR LIVESTOCK POLICIES

An IGAD/CEWARN workshop on pastoralist conflicts in the IGAD sub-region held in Addis Ababa in November 2002 included the presentation of findings of a study done under USAID's Greater Horn of Africa Peace Building Project. The study assessed conflict in the Karamoja Cluster, defined as 14 pastoral and agro-pastoral groups living in SW Ethiopia, NW Kenya, NE Uganda and SE Sudan (Halderman et al, 2002). The study identified causes of conflict in the Cluster, including:

- competition for land, particularly dry season grazing areas with water
- decline in rainfall and increasing frequency of drought since 1979 that increased pressure on pastoral systems and made dry season grazing areas more valuable
- strong sense of being marginalized by colonial and independent governments
- general, pervasive poverty with extremely limited access to education, health services and safe water supplies
- very limited opportunity for young people within and outside the pastoral system
- extraordinary increase in the availability of modern firearms.

The study also identified a successful model of conflict management and prevention in the Wajir District of northeastern Kenya (inhabited by Kenyan Somalis and outside the Karamoja Cluster) that began in 1993 as a grass roots women's peace initiative and evolved into the Wajir Peace and Development Committee. This committee's success clearly indicates the importance of community involvement and commitment. The study concluded that **conflict and socioeconomic development were, in effect, two sides of the same coin and that effective solutions required simultaneous efforts to deal with both issues.** Within the Cluster area, the study identified a few promising approaches, including:

- a conflict reduction sub-committee of the District Development Committee in Turkana District, Kenya that worked closely with local communities in Ethiopia, Kenya, Sudan and Uganda. The sub-committee included local staff working for AU/IBAR, international NGOs, and a World Bank funded resource management project.
- an effort in Marakwet District, Kenya to achieve long lasting peace by deliberately combining (a) peace-building activities by the National Christian Council of Kenya with (b) a socioeconomic development project for both farming and pastoral groups funded by the Netherlands Development Organization.

The Karamoja Cluster study and the presentation of its findings by a Kenyan conflict specialist at the IGAD/CEWARN workshop are relevant to conflict issues in Ethiopia between pastoral and non-pastoral groups and between pastoral groups themselves. Those interviewed in Addis Ababa about such conflict agreed with the analysis of the causes presented above, suggested some additional factors specific to parts of Ethiopia, and noted that little was being done to promote effective conflict prevention measures at the local level of the kind identified by the study in Wajir, Turkana and Marakwet districts in Kenya and reported above. (The emphasis at the IGAD workshop was on the introduction of monitoring indicators related to cross-border conflicts that would provide the governments of the region, and others concerned, with early warning and other information about these issues.) **If pro-poor livestock policies are to be successfully implemented in the many parts of Ethiopia where there is conflict between pastoralists and settled populations, and between pastoralists themselves (in some cases across international borders), it will be necessary to combine development with peace building activities.**

ANNEX 4: INDIVIDUALS CONSULTED

Lulseged Ageze	Head, Pastoral Area Development Department, Ministry of Federal Affairs, Addis Ababa
Astrid Agostini	Investment Center Division, FAO, Rome
Gregory Gromo Alex	Head of Office, UN - Emergencies Unit for Ethiopia, Addis Ababa
Hassen Ali	Team Leader, Animal & Fisheries Resource Development Technology, Ministry of Agriculture, Addis Ababa
Solange Alliali	Senior Counsel, Legal Department, World Bank, Washington
Pascal Bonnet	Livestock Policy Analysis Programme, ILRI, Addis Ababa
Christel Bultman	Emergency Coordination, FAO, Addis Ababa
James Cartwright	Director, VEGPRO Ltd. Nairobi
Andy Catley	Epidemiology and Informatics Officer, CAPE Unit, AU/IBAR, Nairobi
James Coates	Rural Development Operations, World Bank, Washington
Darlene Cutshall	Southern Tier and Border Development Manager, USAID, Addis Ababa
Patrick Empey	Attache-Development, Embassy of Ireland, Addis Ababa
Lire Ersado	Postdoctoral Fellow, IFPRI, Washington
Fisseha Eshetu	President, Unity College, Addis Ababa
Martina Fors	Civil Society Advisor, European Union, Addis Ababa
Sissay Gebregiorgis	Programme Assistant, FAO, Addis Ababa
Berhanu Gebremedhin	Livestock Policy Analysis Programme, ILRI, Addis Ababa
Getachew Gebru	Livestock Policy Analysis Programme, ILRI, Addis Ababa
Hadera Gebru	Head, Livestock Resources Department, Ministry of Agriculture, Addis Ababa
Richard Grahn	Natural Resources and Conflict Adviser, AU/IBAR, Nairobi
Abdulkarim Guleid	Chairman, Hope for the Horn, Addis Ababa
Mohamed Ahemed Hagos	Chief Engineer (Advisor), Ministry of Federal Affairs, Addis Ababa
Cees de Haan	Senior Livestock Specialist, World Bank, Washington
Kassaye Hadgu	Livestock consultant, FAO, Addis Ababa
Belachew Hurrissa	Head, Market Research & Promotion Department, Livestock Marketing Authority, Addis Ababa
Abdi Hussein	Executive Director, Pastoralist Concern Association Ethiopia, Addis Ababa
Mohammed Jabbar	Agricultural Economist, ILRI, Addis Ababa
Gezahegn Kebede	Representative, Oxfam, Horn of Africa Region, Addis Ababa
Niels von Keyserlingk	Advisor IGAD Secretariat , GTZ, Djibouti
Sam Kona	Conflict Advisor, FEWS-Net, Nairobi
Assaye Legesse	Operations Officer (Agriculture), Ethiopia Country Office, World Bank, Addis Ababa
Tim Leyland	Advisor and Head of CAPE Unit, AU/IBAR, Nairobi

Eleni Gabre-Madhin	Research Fellow, Markets and Structural Studies Division, IFPRI, Washington
Dejene Makonnen	Agriculture and Natural Resources Advisor, Embassy of Ireland, Addis Ababa
Sintayehu Gebre Mariam	National Programme Officer, FAO, Addis Ababa
George Mburathi	FAO Representative in Ethiopia to OAU and ECA, FAO, Addis Ababa
Brendan McGrath	Attache-Development, Embassy of Ireland, Addis Ababa
Taffese Mesfin	Pastoral Livestock Programme Officer, Farm Africa, Addis Ababa
Leslie Mitchell	Co-Director, Pact Ethiopia, Addis Ababa
Mohammed Mussa	Development Consultant, Economics, Addis Ababa
Berahanu Nega	Director, Ethiopian Economic Policy Research Institute, Addis Ababa
David Nielson	Senior Economist, World Bank, Washington
Alula Pankhurst	University of Addis Ababa
Steve Peterson	Chief of Party, DSA Project, Ministry of Finance and Economic Development, Harvard University, Addis Ababa
Michelle Phillips	Rural Livelihoods Officer, Ethiopia Country Office, World Bank, Addis Ababa
Jean-Pierre Pierard	Deputy Head of Delegation - Counsellor, EU, Ethiopia
Francois Piguet	Field Officer, UN-Emergencies Unit for Ethiopia, Addis Ababa
Dessalegn Rahmato	Manager, Forum for Social Studies, Addis Ababa
Alemayehu Reda	Southern Tier Initiative Assistant Program Manager, USAID, Addis Ababa
John Riverson	Lead Highway Engineer, World Bank, Ethiopia
Abdi Samatar	Professor, Department of Geography, University of Minnesota
Alastair Scott-Villiers	Pastoralist Communication Initiative, Addis Ababa
Daniel Sellen	Senior Economist, World bank, Washington
Kay Sharp	Institute of Development Studies, Sussex
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