



ILRI
INTERNATIONAL
LIVESTOCK RESEARCH
INSTITUTE

Marketing livestock in West Africa: Opportunities and constraints

T.O. Williams, I. Okike, I. Baltenweck and C. Delgado

Key points

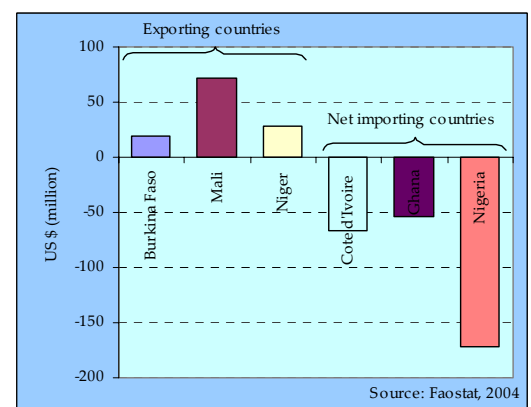
- Protocols on intra-regional livestock trade and regional integration introduced by the Union Économique et Monétaire de l'Afrique de l'Ouest (UEMOA) and Economic Community of West African States (ECOWAS), need to be streamlined, harmonised and implemented.
- Dissemination of livestock trade information including simplified UEMOA and ECOWAS protocols should be promoted through public awareness and information channels (i.e. radio, TV, newspapers and posters).
- Customs duties on imported new trucks and spare parts should be reduced to lower purchase and rental costs and facilitate road transport.
- Permanent auto-financing mechanisms for livestock market operators should be established through livestock traders' associations.
- New livestock frontier markets—markets that are located at the border of neighbouring countries with the aim of facilitating cross-border trade—should be established and infrastructure in existing livestock markets improved and updated.
- ECOWAS regulations that provide for the free movement of people and goods in the region should be implemented by reducing the number of roadside checkpoints, curbing the excesses of conveyance companies (*sociétés de convoyage*), and actively fighting illegal road taxation.
- Standard weights and grades in livestock and meat trade should be developed and their adoption should be facilitated. The adoption/usage of existing facilities such as weighing bridges, which are available in some of the markets but largely ignored by traders should be promoted.
- Intra-regional livestock trade should shift its current focus from live animals to meat
- Further involvement and participation of the private sector in animal products processing should be encouraged.

Introduction

There are important disparities in livestock sector policies among West African countries, mainly because some of the countries are livestock exporting countries—Burkina Faso, Mali and Niger—while others are net livestock importers such as Côte d'Ivoire, Ghana and Nigeria (Figure 1). Exporting countries are generally concerned with strengthening livestock marketing, processing and promoting intra-regional trade. Net importing countries, on the other hand, encourage policies that protect local livestock producers and undertake development programmes to boost internal production and ensure food security in livestock products (see Box 3). Such opposing approaches to regional livestock policies account, in part, for the variation in pace and level of policy implementation in different countries in the region.

Policies need to be streamlined and harmonised to promote better regional livestock trade integration and, subsequently, implemented in a co-ordinated way to avoid bureaucratic bottlenecks. This brief summarises the discussions and major outputs from a regional workshop organised by the International Livestock Research Institute (ILRI) in 1999 to discuss policy options for revamping West Africa's livestock trade and experiences in the implementation of a Common Fund for Commodities (CFC) funded project on "Improvement of Livestock Marketing and Regional Trade in West Africa" executed by the Comité Permanent Inter-Etats de Lutte Contre la Sécheresse au Sahel (CILSS) in collaboration with ILRI (see Box 1).

Figure 1. Cattle, sheep and goat net exports*, 1999 (US\$ million): (*net exports = exports less imports)



Box 1. Background

In 1999, the International Livestock Research Institute (ILRI) started a study funded by the Common Funds for Commodities (CFC) to identify economic, policy and institutional constraints to livestock marketing and intra-regional trade in West Africa. To initiate the study, ILRI organised a regional workshop in May of the same year on Policy options for the improvement of regional livestock trade in West Africa in Niamey, Niger. Policy advisers from Burkina Faso, Côte d'Ivoire, Ghana, Mali, Niger and Nigeria presented government policies affecting livestock trade while traders' representatives discussed problems and prospects in cross-border trade. This brief summarises the workshop discussions and policy solutions that were suggested with some reference to findings from the subsequent field surveys conducted under the CFC supported project on "Improvement of Livestock Marketing and Regional Trade in West Africa" completed in October 2004.

Box 2. Workshop objectives

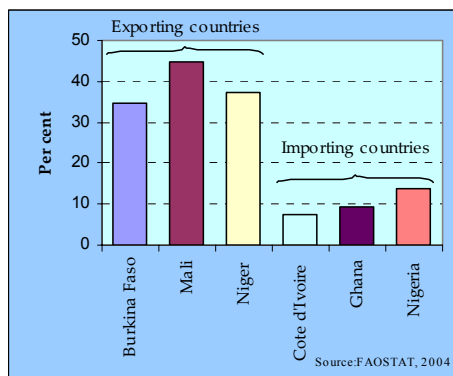
1. Identify current national policies pertaining to livestock marketing and cross-border trade in West Africa
2. Determine how these policies may inhibit or promote intra-regional livestock trade
3. Establish mutually beneficial options for participating countries to eliminate these constraints and improve livestock trade and
4. Identify knowledge gaps for further study and prioritise relevant research themes.

Workshop discussions: An overview

Workshop discussions revealed important contrasts between importing and exporting countries (see Box 3). In the latter, for example, livestock is the highest valued commodity in intra-regional trade and contributes up to 45% to the agricultural GDP in Mali (Figure 2). The importance of the livestock sector is indicated in policies, which further encourage livestock marketing and processing and promote intra-regional livestock trade.

High export taxes, complex bureaucratic procedures and the harassment of cross-border livestock market operators by government officials have, in the past, hampered trade flows and led to the development of informal channels, especially in Niger. In turn, it became difficult to improve livestock trade and develop the livestock sector due to a lack of reliable statistical information.

Figure 2. Livestock contribution to agricultural GDP.



More recently, policies have reduced export taxes and eased export trade procedures and administrative bottlenecks to encourage the use of official export channels and improve the availability of statistics on this important sector.

In contrast, the contribution of livestock to agricultural GDP in net importing countries is much lower—ranging from 7% in Côte d'Ivoire to 13% in Nigeria (Figure 2). Livestock and meat imports account for up to 70% of national meat consumption in net importing countries. In real terms, the cost of total imports by Côte d'Ivoire, Ghana and Nigeria has more than doubled from US\$ 1.01 billion in 1990 to US\$ 2.26 billion

in 2000. Cattle imports alone currently add roughly US\$ 150 million a year to the region's food import bills. Against this backdrop, it is unsurprising that these countries should seek to tailor their policies to support increasing internal livestock production in an effort to conserve scarce foreign exchange and assure food security (see Box 3). Yet, such policies have detrimental effects on exporting countries that have to rely on livestock as their most important trading commodity.

Countries in West Africa are thus caught in the difficult position of having to rely on each other (in trade in livestock and other goods) and yet having to pursue narrower national interests. Such divergent interests help account for the lack of harmony in regional livestock sector policies and are also partly responsible for the varying speed with which livestock trade policies have been implemented.

Working group discussions and outputs

Working group 1 discussed the roles of governments, relevance of existing policies, and policy harmonisation mechanisms. Issues touched upon included: market organisation, information, taxation, investment and infrastructure, funding, rules and regulations, and desirable future livestock policies.

The following were listed as areas where governments have made significant progress:

- Simplification of tariff structure and tariff reduction: Tariff structures have been simplified, with the notable exception of Nigeria, and tariffs reduced in all participating countries. Further cost reductions relating specifically to freight trucks and their spare parts would also be welcome.
- *Guichets uniques*: One-stop windows for the regularisation of customs paper and transport documents have existed in Mali for more than 10 years. More countries were expected to follow this good example.
- Countervailing duties: To counter export subsidies on low-grade meat by the European Union (EU), Côte d'Ivoire has imposed special duties on such imports since 1991.
- Removal of road barriers: Ghana has been particularly successful in dismantling checkpoints to ensure free flow

Box 3. Livestock sector policies: Comparisons and contrasts

Exporting countries	Net importing countries
<p>Promote livestock marketing and processing and intra-regional livestock trade by:</p> <ul style="list-style-type: none"> • reducing/abolishing export taxes (Mali, Niger) • simplifying export procedures (Burkina Faso, Mali, Niger) • easing road control and administrative bottlenecks (Burkina Faso, Mali, Niger) • liberalising trade in livestock products and inputs (Burkina Faso, Mali) • encouraging the privatisation and promotion of further private investment in the livestock sector (Burkina Faso, Mali) • promoting better organisation of market operators (Burkina Faso, Niger) • improving livestock market infrastructure and price information dissemination (Niger) • imposing bans on beef and beef product imports (Burkina Faso). <p>Promote livestock production by:</p> <ul style="list-style-type: none"> • establishing development funds (Burkina Faso) • developing local feed resources/pasture areas (Burkina Faso, Mali, Niger) • promoting crop–livestock integration for sustainable natural resource management (Niger). 	<p>Livestock and meat marketing/import policies include:</p> <ul style="list-style-type: none"> • facilitating cross-border transportation of trade animals (Ghana) • restricting imports by requiring import permits, livestock health certificates etc. (Côte d’Ivoire, Ghana, Nigeria) • imposing compensatory levies on low grade subsidised chilled beef from the European Union (Côte d’Ivoire) • liberalising livestock trade (Côte d’Ivoire, Ghana, Nigeria). <p>Promote livestock production to attain self-sufficiency through:</p> <ul style="list-style-type: none"> • ruminant genetic improvement programmes (Côte d’Ivoire, Ghana, Nigeria) • development of feed resources (Côte d’Ivoire, Ghana, Nigeria) • privatisation of animal health delivery and use of community livestock workers (Ghana).

of livestock, though the government is now under pressure to increase the salaries of government agents deployed along the road. In contrast, Côte d’Ivoire has experienced a proliferation of checkpoints where illegal road taxation takes place.

Three areas were identified where progress has been lacking:

- **Official costs, duties and taxes:** Traders pay these costs, both in exporting and importing countries, for official export documents and health certificates (see Box 4). Export taxes are particularly high in Burkina Faso and Niger.
- **Fighting illegal practices:** Illegal road taxation and the excesses of *sociétés de convoyage* (conveyance companies) that ostensibly ease the movement of livestock traders through checkpoints continue to pose formidable constraints to regional trade (see Box 4). Most governments were considered overly lenient in dealing with these issues (see Briefs 3 and 4).
- **Harmonisation and consistency of policies:** There are opportunities for policy realignment in the areas of trade liberalisation, facilitation and exchange and payment systems, particularly through established institutions and mechanisms such as the Union Économique et Monétaire de l’Afrique de l’Ouest (UEMOA).

Progress in realigning national livestock policies has lagged behind stated objectives. Nonetheless, UEMOA members adopted a customs union and common external tariff in early 2000 and have harmonised indirect taxation regulations (value added tax, VAT). Elimination of tariffs on cross-border livestock trade is feasible and should be pursued urgently given its importance in intra-regional trade. Similarly, legislation should be developed and enforced to eliminate illicit taxation.

In addition, efforts should be made to extend the progress that has been achieved in the eight member states of the UEMOA to the larger ECOWAS. Interestingly, four of the countries included in this study—Burkina Faso, Côte d’Ivoire, Mali and Niger—are members of UEMOA. Extending UEMOA harmonisation guidelines to the other two countries would further promote and strengthen regional livestock trade. Mobilising the political will to move the policy harmonisation agenda forward is a challenge that governments in the region must address.

Working group 2 discussed inputs and services needed to improve profit in cross-border livestock trade and observed that cross-border trade in livestock is strengthened by the high demand for meat in importing countries (see Brief 2). The major constraints lowering the profitability of livestock marketing in the region are:

- **High transportation cost:** Few livestock trekking routes, long travel time and conflicts with crop producers due to crop damages are some of the problems associated with transporting animals on the hoof. Constraints to road transport include harassment by law enforcement agents and high truck rental costs (see Brief 3). Although transport by train is cheaper than road transport, it is constrained by the limited number of available wagons and long travel time, which leads to animal weight loss and sometimes death.
- **Inadequate access to credit:** Financial support services are not well adapted to the needs of operators in the livestock market-

This series of four briefs (available in English and French) summarizes the key findings of the policy research component of a CFC funded project "Improvement of Livestock Marketing and Regional Trade". The objective of the policy research component was to analyse the economic, institutional and policy constraints to livestock marketing and trade in order to provide a basis for new policy interventions to improve market efficiency and intra-regional livestock trade. The study involved six countries namely: Burkina Faso, Mali and Niger as examples of livestock exporting countries and Côte d'Ivoire, Ghana and Nigeria as net importers of livestock.

CONTACTS

Dr Chris Delgado
ILRI Nairobi
P.O. Box 30709
GPO 00100, Nairobi, Kenya
Tel: +254 (20) 4223422
Fax: +254 (20) 4223001
Email: c.delgado@cgiar.org

Dr Iheanacho Okike
ILRI Ibadan
c/o IITA
PMB 5320
Ibadan, Nigeria
Tel: + 234 (2) 2412626
Fax: + 234 (2) 2412221, 2412974
Email: i.okike@cgiar.org

Box 4. A verified account of cross-border cattle trade formalities between Sikasso, Mali and Port Bouet, Abidjan, Côte d'Ivoire

- Trading licence (No longer required)
- Other personal documents:
- Carte Consulaire: Obtained from the Malian embassy in Côte d'Ivoire at 10 thousand FCFA*. Valid for 3 years.
 - Carte de Séjour: Obtained from the Ivorian police at 17,500 FCFA and required at the customs post. Two additional certificates, each costing 1000 FCFA, are required for every truck to obtain this.
 - Certificat de vaccination
 - Certificat sanitaire d'exportation. By agents of Service Local de l'Appui Conseil de l'Aménagement et de l'équipement Rural (SLACAER).
 - Lettre de Voiture Inter-Etats (Inter-States Waybill). Obtained at Direction Nationale des Transports (DNT) in Sikasso at the cost of 2500 FCFA per truck.
 - EMACI. Certain traders mentioned this formality for which they pay 1500 FCFA per truck at Zegoua—a control post in Mali.
 - Douanes (customs). Although official duties have been abolished in Mali, traders systematically pay 5000 FCFA per truck at 'douane' stops in both Sikasso and Zegoua.

Formalities in Côte d'Ivoire

- Douanes. Official Ivorian customs duties are paid in Pogo (with receipt) and depend on the number of animals in a truck. These range from 27,500 to 35,000 FCFA per truck.
- Frais de convoyage (Conveyance fees charged by *sociétés de convoyage*). This fee has more than doubled from 35 thousand FCFA in 2000 to 80 thousand FCFA in January 2001. Sikasso traders pay this fee in Pogo (see Brief 3).
- Laisser Passer Vétérinaire. 250 FCFA per cattle or 15 thousand FCFA per truck of cattle paid to Ministère de l'Agriculture et des Ressources Animales, Direction Régionales du Nord, Poste d'entrée de Nielle.

*During the write up of this brief, US\$ 1 = 550 FCFA.

ing sector due to collateral requirements, limited loans portfolio and high interest rates. These lead to poor credit delivery to livestock market operators. Assistance is currently provided mainly by livestock traders' associations (see Brief 2).

- Lack of reliable market information: Traders and producers make poor management decisions due to the ineffectiveness of existing market information systems (see Brief 2).
- Poor educational background of operators: This is a major barrier to understanding existing rules and regulations, as well as adoption of new innovations.
- Lack of standards for livestock trade: No formal, pre-established standards on weight, prices or grades exist for buying and selling animals.
- Lack of organisation: Market operators lack the required training in modern business organisation and management practices.

Areas of future research and intervention

Issues recommended for further research include:

- developing appropriate funding mechanisms that can be channelled through livestock market associations to livestock market operators

- establishing basic grades and standards in livestock marketing
- identifying potential new livestock trekking routes and developing a legal framework for their protection
- acquiring dual purpose trucks for the transportation of both livestock and ordinary goods and
- identifying persistent constraints to the establishment of viable professional organisations.

References

FAOSTAT. 2004. FAOSTAT accessed through <http://apps.fao.org> in July 2004.

Okike, I., Williams, T.O., Spycher, B., Staal, S. and Baltenweck, I. 2004. *Livestock marketing channels, flows and prices in West Africa*. ILRI/CFC/CILSS—West Africa Livestock Marketing: Brief 2. 4 pp.

Okike, I., Spycher, B., Williams, T.O. and Baltenweck, I. 2004. *Lowering cross-border livestock transportation and handling costs in West Africa*. ILRI/CFC/CILSS—West Africa Livestock Marketing: Brief 3. 4 pp.

Okike, I., Williams, T.O. and Baltenweck, I. 2004. *Promoting livestock marketing and intra-regional trade in West Africa*. ILRI/CFC/CILSS—West Africa Livestock Marketing: Brief 4. 4 pp.

This publication is an output from the Common Fund for Commodities (CFC) financed project "Improvement of Livestock Marketing and Regional Trade". However, the views expressed here are not necessarily those of CFC or CILSS.