Gap Analysis of Cross-Border Trade Policies, Bilateral Agreements and Implementation Challenges of IGAD Minimum Integration Plan

Review Report, September, 2016

IGAD Centre for Pastoral Areas and Livestock Development (ICPALD)
Regional Pastoral Livelihoods Resilience Project (RPLRP)

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<tr>
<td>AEC</td>
<td>African Economic Community</td>
</tr>
<tr>
<td>AU-IBAR</td>
<td>Africa Union Inter Africa Bureau of Animal Resources</td>
</tr>
<tr>
<td>CBAHWs</td>
<td>Community-based Animal Health Workers</td>
</tr>
<tr>
<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
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<tr>
<td>EAC</td>
<td>East African Community</td>
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<td>FNSWG</td>
<td>Food and Nutrition Security Working Group</td>
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<td>FTA</td>
<td>Free Trade Area</td>
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<tr>
<td>GTP</td>
<td>Growth and Transformation Plan</td>
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<td>IAP</td>
<td>Interim Action Programme</td>
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<td>ICPALD</td>
<td>IGAD Centre for Pastoral Areas and Livestock Development</td>
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<td>IGAD</td>
<td>Intergovernmental Authority on Development</td>
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<td>ISIP</td>
<td>IGAD Strategic Implementation Plan</td>
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<td>KLMC</td>
<td>Kenya Livestock Marketing Council</td>
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<tr>
<td>KMC</td>
<td>Kenya Meat Commission</td>
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<tr>
<td>LAPPSET</td>
<td>Lamu Port – South Sudan - Ethiopia</td>
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<td>LITS</td>
<td>Livestock Identification and Tracking System</td>
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<td>Livestock Marketing Agency</td>
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<td>LMDP</td>
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<td>LMIS</td>
<td>Livestock Market Information System</td>
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<td>MAAIF</td>
<td>Ministry of Agriculture, Animal Industry and Fishery [Uganda]</td>
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<td>MoU</td>
<td>Memorandum of Understanding</td>
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<td>MoARD</td>
<td>Ministry of Agriculture and Rural Development</td>
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<td>MoFED</td>
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<tr>
<td>PRIME</td>
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</tr>
<tr>
<td>REC</td>
<td>Regional Economic Community</td>
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<td>RPFAH</td>
<td>Regional Policy Framework on Animal Health</td>
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<td>RPLRP</td>
<td>Regional Pastoral Livelihoods Resilience Project</td>
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<td>SADC</td>
<td>Southern African Development Community</td>
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<td>Standards, Methods and Procedures in Animal Health</td>
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<td>SPS</td>
<td>Sanitary and PhytoSanitary</td>
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<td>TAD</td>
<td>Trans-boundary Animal Disease</td>
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<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>US</td>
<td>United States</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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Livestock rearing is a major livelihood strategy and an important economic activity in the pastoral and agro-pastoral areas of IGAD member countries. If supported with appropriate policies, institutions and infrastructure, the sector can be an important source of food, employment and income for poverty reduction and food security in the region. Ethiopia, Kenya, and Uganda are the three IGAD member countries which were considered in this study. Each of these countries has livestock and livestock product related policies and regulatory frameworks that that address livestock rearing and trade related issues of animals and animal products. Apart from national policies and regulations, these countries have adopted bilateral agreements to expedite trade in animals and animal products. Kenya and Uganda entered into a Memorandum of Understanding (MoU) as early as April 2013 to harmonize the assessment and control of trans-boundary animal diseases in areas around the northern border. The two countries also trade under a harmonized regulatory and Customs system. This was adopted under the East African Customs Union Protocol to promote free trade between the member countries.

Ethiopia and Kenya also signed a Special Status Agreement in November 2012 and a Memorandum of Understanding in May 2015 on trade and investment. This included infrastructure development, but more recently, another Memorandum of Understanding was signed on controlling trans-boundary animal disease in cross-border areas. The two countries are currently thriving towards a One-Stop Border Post Customs facility whose construction underway in Moyale to facilitate trade. This presumably is predicated on harmonized regulatory and customs procedures, including trade in animals and animal products. Moreover, there is an ongoing IGAD level regional effort in which the three countries participate to establish harmonized grades and standards on animals and animal products. Each of the three countries also has separate bilateral agreements on trade, investment and economic cooperation related issues with IGAD members or other countries. For example, a Comprehensive Framework Agreement between Ethiopia and Sudan exists, an agreement between Kenya and Tanzania on trans-boundary animal disease surveillance and control, and the accession of South Sudan as a new member to the EAC bloc under which Kenya and Uganda can enter into free trade in animals, animal products and other commodities with South Sudan.

Therefore, without underplaying the necessity to address the remaining issues (such as the need to explicitly emphasize and address the issue of “cross-border livestock trade” and “pastoralists” in the respective country level, livestock and live animal marketing policies), the policy and regulatory environment for live animal and animal product trade in the IGAD region generally seems evolving in the right direction. However, policies, regulations and agreements are only necessary but not sufficient conditions for a thriving intra-regional and cross-border livestock trade. What is equally important is whether the policies and regulations are successfully implemented in a harmonized way and whether countries jointly develop market infrastructure, fully remove non-tariff barriers to trade, harmonize Customs procedures, provide currency exchange services, implement joint surveillance, prevent and control trans-boundary animal diseases, adopt and
practice agreed upon grades and standards on animals and animal products, and exchange information on prices, livestock movement, and volume with full commitment.

While the removal of tariff barriers and the practice of joint surveillance, prevention and controlling of trans-boundary animal disease are promising, other issues such as the harmonization of Customs regulations and procedures, adoption and harmonization of grades and standards, adoption and harmonization of animal identification and traceability system, and standardization and exchange of market information that are required for a thriving livestock trade are still work in progress. Establishing an exchange settlement mechanism among the countries does not seem to receive any attention in the trade agenda at all. Against this background, there are recent developments to facilitate the use of local currencies for transaction among the Eastern African Community (EAC) member countries.

The challenge of cross-border livestock trade in the IGAD region is not limited to policy and regulatory issues only, but can also be traced to the production and marketing dimensions as well. Production level constraints include those related to the subsistence nature of livestock production and to the wide prevalence of livestock diseases. Key marketing problems can be traced to lack of institutional setup such as cooperatives, failure to organize and strengthen livestock keepers; lack of effective market demand especially in remote areas as a result of limited number of livestock traders, poor infrastructure (road, holding grounds, veterinary offices and drug facilities); and lack of market information. Key policy and regulatory related challenges can be identified as lack of commitment of governments to genuinely implement bilateral agreements and stringent regulations prohibiting trader's compliance to formally cross-border trading.

As a result, livestock value chain and formal trade in live animals and animal products in the border areas between Ethiopia and Kenya and also between Kenya and Uganda is considered as not yet thriving. Informal trade still remains an important form of cross-border trade in live animals, hides and skins. Effective livestock market can be absent in remote pastoral and agro-pastoral areas and where the markets exist, the marketing and trading system is most likely traditional and dominantly informal. A situation exists where livestock keepers participate in markets on unequal terms with middlemen (brokers) and traders. Producers like pastoralists and agro-pastoralists also lack market information and negotiation power, and in some areas, they take risk by selling their animals on trust and credit basis. The persistent informality of livestock trading activities in the region, notwithstanding the overall improvement in the policy and regulatory environment is believed to be largely as a result of limited enforcement capacity on the part of the governments. This is perhaps related to institutional, financial, technical, human, information, and infrastructure constraints among others. It may also include poor compliance on the part of traders and other market actors to the regulatory procedures in place, mainly due to high transaction costs.

Animal diseases, which can be attributed to most problems experienced in livestock trade, is another challenge constraining formal livestock trade between Ethiopia, Kenya and Uganda. Livestock diseases, in addition to the devastating damage it inflicts on pastoralists and agro-pastoralists, can be considered the major cause of poor compliance of livestock traders. This is because it is difficult, if not impossible, to subscribe to quarantine requirements at different market levels, customs and other check points. This is mostly the case especially in primary livestock markets and also in remote pastoral and agro-pastoral areas where veterinary and quarantine services and associated infrastructure are limited. Therefore, there is no provision of timely,
effective, and reliable services to traders to make it easier for them to get the required certificate to officially use to transport animals.

The lack of political commitment on the part of the governments to live up to their bilateral and multilateral agreements in livestock trade is another constraint to intra-regional and cross-border trade. Whether they do this to protect their domestic livestock sector or simply because they lack commitment to trade facilitation, some Customs posts pose non-tariff trade barriers to animal products originating from trading partner countries. Apart from damaging the trade relations between countries, such practices tend to promote informal trade practices.

Finally, a mechanism to monitor the timely and effective implementation of bilateral and regional livestock trade related agreements as well as to hold national governments accountable in the event of failure to comply to agreements also seem not in place. An IGAD level mechanism for implementation audit and ensure compliance of national governments would be desirable.

This report underscores the importance of the above issues, together with the need for a sustainable and market oriented economic activity, as the priority areas that IGAD needs to emphasize on in its continued effort to streamline intra-regional and cross-border livestock trade in the region. The report identifies the following thematic areas for intervention:

1. Livestock value chain development in pastoral and agro-pastoral areas;
2. Better implementation of policies, regulations and agreements with enhanced enforcement capacity and improved compliance (including compliance at government level); and
3. Vesting additional powers and responsibilities in IGAD to enable it monitor and evaluate implementation and enforce national governments for compliance.
Chapter One

Background

1.1 The IGAD Minimum Integration Programme

The Minimum Integration Plan (MIP), spurred by the Africa Union (AU) and implemented by the different Regional Economic Communities (RECs) in Africa that address the missing link between the Abuja Treaty and its realization, is a consensual framework embodying projects and programmes intended to speed up successful regional and continental economic integration towards an African Economic Community (AEC). According to the AU (2009), its objectives are to:

a) Identify the regional and continental projects within the Africa Union Commission and regional economic communities, implementation of which repose on the principle of subsidiarity;
b) Bolster ongoing economic cooperation initiatives between the regional economic communities and identify the measures likely to accelerate the integration in specific sectors or priority areas;
c) Identify the priority sectors that call for bold coordination and harmonization measures within and among the regional economic communities;
d) Emulate the successful integration experiences in certain regional economic communities and apply them to all the other communities;
e) Help the regional economic communities to identify and implement the priority activities with a view to attaining the integration stages defined in Article 6 of the Abuja Treaty;
f) Help the regional economic communities to implement the MIP using a clearly identified calendar; and

g) Develop and implement other support measures to facilitate the creation of a single market around the key sectors.

As a regional organization which promotes regional integration and cooperation towards achieving sustainable economic development, the Inter-governmental Authority on Development (IGAD) is entrusted with the facilitation and oversight on the implementation of the Minimum Integration Programme in the region.

In line with this, the 12th Ordinary Summit of the Heads of State and Government of IGAD member countries directed the IGAD Secretariat to develop and implement regional integration policies and programmes to make IGAD relevant as a building block of the African Union (IGAD, 2010). Accordingly, IGAD elaborated its own Minimum Regional Integration Programme and

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1 A livestock trader from Dubluk area in the Borena Zone of Ethiopia informed this study that transportation cost (estimated at about US$600 per truck) is the most important cost incurred in transporting animals to Adamaa and Mojjo (Central Ethiopia).
discussed a draft plan in a meeting held in November 2008 in Addis Ababa. The new plan aimed at repositioning IGAD as a development institution and thus re-emphasizing the importance for a regional integration plan with a strengthened focus on peace and security, agriculture, livestock, and food security. Others include natural resources and environment, infrastructure, trade, information communication and technology, and development of social affairs and macro-economic convergence. Moreover, since all IGAD member states are also members of the Common Market for Eastern and Southern Africa (COMESA), the Minimum Integration Plan underscored the importance of working in collaboration with other regional economic communities, particularly COMESA, the East African Community (EAC), and the Southern Africa Development Community (SADC) to harmonize policies and programmes, including the elimination of Customs duties with regard to trade, elimination of non-tariff barriers and technical obstacles to trade, and implementation of trade policies.

Focusing on a few priority areas of concern to the Member States, the IGAD Minimum Regional Integration Plan is designed to be an Interim Action Programme (IAP) with goal, objectives and plans achievable and implementable in a reasonably short term period. Accordingly, in the need to jointly address the issues identified with regard to the implementation of the 2004-2008 IGAD Strategic Implementation Plan (ISIP) and the strategic directives from the 12th Ordinary Summit, the focus of the IGAD Minimum Regional Integration Plan is geared towards addressing the following:

a) Priority projects planned under the ISIP 2004-2008 and other projects that are not implemented;

b) Promotion of productive capacities, including agriculture and food production, industry, transport and communications;

c) Free movement of people, goods and services; and

d) Policy harmonization and regional integration.

1.2 Livestock Trade in the Horn of Africa

The Greater Horn of Africa including Eritrea, Ethiopia, Djibouti, Somalia, Kenya, Uganda, South Sudan and Sudan is home to pastoral and agro-pastoral communities where livestock rearing is an integral part of life as the greatest livelihood asset and cross-border activity. Cross-border activities such as joint risk management through seasonal sharing of grazing lands and water resources, information exchange, and livestock and commodity trade are typical features and important aspects of the pastoral and agro-pastoral livelihoods in the drought prone border areas of these countries. Recognizing the importance of such cross-border activities and providing the necessary policy, institutional, and infrastructural support can be an important intervention to enhance the resilience of pastoral livelihoods. This in turn helps in improving poverty reduction and food security which contribute to national economies, in addition to responding to the growing demand for meat in the region.

However, while the necessary livestock markets which can enhance livelihood resilience in the pastoral and agro-pastoral areas of the Horn of Africa may be missing when they exist, they can be vibrant. The markets are mostly traditional, inefficient and characterized by poor
The existence of a vibrant informal cross-border livestock trade in the pastoral and agro-pastoral areas in the Horn of Africa is well-known (Mahmoud, 2010; Pavanello, 2010; USAID, 2015). Such trade provides an increasingly important area of comparative advantage in the Horn of Africa for pastoralists to build their resilience (UNDP, 2008; Eid, 2014). It is extensive, complex and multi-directional, mainly motivated by cross-border delays and bureaucratic customs procedures that discourage compliance. It involves various actors such as pastoralists, agro-pastoralists, brokers, trekkers, truck traders, transporters and abattoirs operating down the supply chain from village to primary, secondary, and tertiary markets in different routes. By excluding such informal yet significant exports originating from pastoral and agro-pastoral areas, the official export figures such as those depicted in Figure 1 below significantly underestimate the volume of livestock export from the region and the real contribution and importance of the livestock sector to national economies (USAID, 2015). Though this makes it desirable in understanding the quantity and pattern of the livestock trade originating from such areas, the problem of controlling cross-border livestock trade activities and collecting trade related data makes assessing the dynamics of such informal cross-border trade difficult.

**Figure 1: Export Revenue from Live Animal Export in Eastern Africa (cattle, sheep, goats, and camels). Source: FAO STAT (2016).**

Source: Adopted from Pavanello (2010).
The challenges of cross-border livestock trade are not necessarily limited to livestock herders only. Livestock traders also face many challenges that often increase their transaction costs. These include high feed costs (in case of fatteners), transportation costs (in case of truck transportation), weight loss, illegal (unofficial) taxes by government officials, and the costs associated with compliance in cases of formal trading (see Table 1 below). In this regard, COMESA (2009) argues that illegal taxes paid by traders to government officials at different points can amount to a major component of the total marketing cost. The cost of transport which accounts for 88 percent of the total cost can be attributed to poor road infrastructure, especially secondary and tertiary roads on which live animals are trekked and transported by trucks from primary and local markets to secondary and destination markets.

The problem requires the need to target road infrastructure as one of the focus areas of investment projects aimed at improving cross-border livestock trade. Efforts in promoting cross-border livestock trade through reduction and abolition of tariff barriers can be compromised due to transaction costs associated with transporting animals within a country and across border points of different countries. As shown in Table 1, such costs incurred by traders as payments for County Government fee, “No Objection” letter fee, and movement permit fee altogether constitute about 12 percent of the total marketing cost. This is quite a considerable amount on its own. Such costs can either be legal or illegal. It is common to hear complaints that traders are at the mercy of border officials and inland authorities if they do not pay the illegal taxes. These taxes further escalate the transaction costs for traders. The cases are rampant in West Africa where illegal taxes are paid to public agents for no obvious reason and no receipts are issued. According to Okike et al. (2014), the taxes constitute about 6% of the total marketing cost. The odds in this case is that governments are often reluctant to address such problems, whether knowingly or unknowingly.

**Table 1: Estimated Trader Costs Incurred in Transporting Live Animals from Moyale to Nairobi - Kenya**

<table>
<thead>
<tr>
<th>Cost Item</th>
<th>Amount (US$)</th>
<th>Percentage Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport Costs</td>
<td>629¹</td>
<td>88</td>
</tr>
<tr>
<td>County Government Fee</td>
<td>35</td>
<td>5</td>
</tr>
<tr>
<td>“No Objection” Letter</td>
<td>29</td>
<td>4</td>
</tr>
<tr>
<td>Movement Permit Fee</td>
<td>20</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>713</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Adopted from Pavanello (2010).

The problems associated with livestock markets in pastoral and agro-pastoral areas and the performance of intraregional trade in live animals and animal products in the Horn of Africa have a cross-border and regional dimension. This makes it mandatory to adopt a regionally coordinated intervention approach to effectively address market related problems faced by pastoralists and
agro-pastoralists. Livestock trading, as one of the key cross-border activities in the region, deserves a coordinated regional intervention to harmonize trade policies, institutional setups, and practices that improve livestock mobility (including those for grazing), promote the market linkage of pastoral and agro-pastoral communities and, consequently, improve their income generation, risk management, and resilience capabilities. However, the region is able to supply only 40 percent of the vast potential meat demand in the Middle East. At the same time, a significant proportion of about 95 percent of cross-border livestock trade activities in the region remain informal and unofficial (Pavanello, 2010). They are often termed as illegal by national governments and thus denied policy and institutional support (see Figure 2).

The regional integration performance of IGAD vis-à-vis other RECs in Africa is only moderate. According to the 2016 Africa Regional Integration Index (ECA, 2016), IGAD, with an index point of 0.457, stands at a fourth place among seven Regional Economic Communities in terms of progress towards regional integration. Though better than CEN-SAD (0.395), COMESA (0.415), and ECCAS (0.454), its index is below that of UMA (0.459), ECOWAS (0.509), SADC (0.531), and EAC (0.540). It is constructed around five dimensions namely; trade integration, regional infrastructure, productive integration, free movement of people, and financial and macro-economic integration. The Africa Regional Integration Index puts IGAD’s position a little lower than Africa’s average of 0.470. However, as depicted in Figure 3 below, IGAD performs better than any other REC in terms of regional infrastructure but is relatively low in terms of financial and macro-economic integration. Yet, EAC which comprises of two IGAD member countries (Kenya and Uganda) performs better in terms of the overall integration index. This is especially attributed to better performance in trade integration and productive integration (Figure 3). A further scrutiny of individual country integration index shows the two IGAD member countries of EAC (Kenya and Uganda) have the best scores. This suggests that IGAD is currently the best rated REC and this is mainly so because of the better integration index of Kenya and Uganda.

Figure 2: Official and Unofficial Trade Routes of Live Animals from and Within the Horn of Africa.

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5 CEN-SAD (The Community of Sahel-Saharan States), COMESA (Common Market for Eastern and Southern Africa), EAC (East African Community), ECCAS (Economic Community of Central Africa States), ECOWAS (Economic Community of West African States), IGAD.
Policy and regulatory frameworks profoundly influence cross-border trade in animal and animal products. Therefore, it is crucial to track the development of cross-border trade policies and bilateral agreements of countries and assess the gaps in order to get insights that help informing the policy coordination efforts underlying cross-border trade. As part of its vision towards regional economic integration in the Horn of Africa, IGAD has taken a regional initiative to coordinate the efforts of member states to harmonize their trade policies and practices and to eliminate tariff and non-tariff trade barriers.
Article 4 of the Regional Policy Framework on Animal Health (RPFAH) adopted by IGAD member states in December 2009 is a move towards implementation of the IGAD Minimum Integration Plan (IGAD, 2009). It provides for improved intraregional trade in livestock and livestock products, inputs, and services by persuading the member states to launch a process that harmonizes national regulations on livestock trade. Also included is the standardization of cross-border trading procedures and documents that ensure that at the national level, there is no trade and competition distortive practices such as subsidies and monopoly operations that undermine the economic interests of the other members, among others.

In this context, RPLRP embarked on conducting a review of cross-border livestock trade policies and bilateral agreements in the IGAD member states with emphasis on identifying the challenges to the implementation of IGAD Minimum Integration Plan. The review focused on Ethiopia, Kenya, and Uganda. This report summarizes the main findings of the review process with the aim of shading light on the required interventions that can improve livestock marketing system and streamline cross-border trade in the pastoral and agro-pastoral areas of the region.

1.3 Objective of the Review

Since 2009, IGAD’s Minimum Integration Plan has strived to harmonize livestock market related policies and regulatory frameworks among the IGAD member countries. This is being done to better coordinate service provision in cross-border areas and to enhance intraregional trade in livestock and livestock products. Tracking the development of the harmonization of cross-border trade policy and regulatory frameworks and assessing the gaps therein is crucial to getting insights that inform the policy coordination efforts underlying cross-border trade in the region. Therefore, the overall objective is to review cross-border trade policies and bilateral trade agreements among IGAD member states in order to provide support to the implementation of IGAD Minimum Integration Plan. The review identifies issues furthering harmonization of national policies and regulatory regimes and gaps therein, as well as issues that support trade facilitation and integration among the IGAD member states.

1.4 Key Areas of Investigation

Trade and market integration is a result of multiple factors operating at the level of policies, institutions and infrastructure. The key issues of assessment in this particular study are, therefore, focused on three integration pillars namely: Policies, regulations and bilateral agreements; infrastructure; and, enforcement and compliance.

**Pillar I: Policies, Regulations and Bilateral Agreements**

This focuses on whether the respective countries have a joint position paper and as well as coordinated policies on livestock, livestock market and trade at national level in compliance with RPFAH for IGAD Minimum Integration Plan. It also investigates whether countries which entered into a Memorandum of Understanding or bilateral agreements have harmonized cross-border
trade policies and practices at regional level in an effort to promote intraregional and cross-border trade in livestock and livestock products.

**Pillar II: Infrastructure**

It looks at the status of joint development and use of infrastructure (road, live animal holding centres, quarantine centres and abattoirs, among others).

**Pillar III: Enforcement and Compliance**

This focuses on whether countries are practicing removal of trade barriers, harmonizing customs procedures, handling currency exchange, implementing joint surveillance, preventing and controlling of trans-boundary animal diseases, practicing agreed upon grades and standards on live animals and animal products, exchanging information on prices, livestock movement, trade volumes, etc. that is geared towards improving cross-border trade and associated challenges therein.

The review identified and prioritized perceived challenges and gaps under each pillar (especially those impeding the harmonization and implementation of regulatory practices) in order to usher to key interventions on the way forward.

**1.5 Methodology**

**1.5.1 Literature Review**

The policy review exercise made an extensive desk review on the relevant literature. The review focused on issues on policy documents, legislations, proclamations, bilateral agreements, academic publications on the same areas, project reports and other documents that were available on Ethiopia, Kenya, and Uganda and covering issues related to cross-border trade in live animals and animal products. This majorly included the Livestock Market Proclamation and Regulation of Ethiopia (Proclamation No. 819/2014), the National Livestock Policy of Kenya, and The National Agricultural Policy and the Cattle Traders Act of Uganda, among others. The documents consulted and used to compile this report were mainly from the relevant livestock and trade ministries in the respective countries and also from relevant internet sources.

The key outcome of the literature review exercise is mainly information on available policies and agreements, information on the provisions of the policy documents and agreements, and understanding the policy, infrastructure, and implementation gaps.

**1.5.2 Key Informant Interviews**

By comparison, the key informant interviews were the most important sources of information in the study. Data and information compiled were from knowledgeable key informants and key actors operating at different levels (policy making, policy implementation and enforcement,
livestock trading, and others) as deemed appropriate. The interviews were guided by a pre-developed checklist on issues mainly related to the implementation status of policies and agreements, the harmonization of regulatory practices, the development of infrastructure, the perceived implementation challenges and constraints, and recommendations on the way forward (see Annex 1).

Key informants and actors were identified among the staff of the relevant offices such as livestock ministries and related departments and the bureaus of standards in Ethiopia, Kenya, and Uganda. The interviews targeted about 11 experts in Ethiopia (Ministry of Livestock and Fisheries, RPLRP field offices in Southern Nations and Nationalities People’s Region and in Oromia Region, livestock traders in Dubluk, and Office of Agriculture, Ethiopian Customs and Revenue Authority and the Ethiopian Office of Standards in Moyale town). In Kenya a total of nine experts were drawn from the Ministry of Agriculture Livestock and Fisheries, the Bureau of Standards, the Kenya Livestock Marketing Council, and the veterinary office; and from Uganda, seven experts from Ministry of Agriculture, Animal Industry and Fisheries, the Ministry of Trade, Industry and Cooperatives, Uganda Bureau of Standards, Uganda Meat Producers Cooperative Union, and private traders (abattoirs). Extended assistance of the RPLRP offices in the respective countries was sought to help in easily identifying appropriate stakeholders and actors.
2.1 Policies and Regulations

Endowed with a large livestock population, Ethiopia can immensely benefit from a thriving livestock trade in the domestic, regional and international markets. Cognizant of this, the government of Ethiopia has shown a growing interest in attracting the private sector into the livestock sector, including the export of live animals and animal products. This has been done by extending various supports through the Ethiopian Investment Agency, the Livestock Marketing Agency, the Agricultural Inputs and Marketing Agency and, currently, through the Ministry of Livestock and Fishery. As a result, there is an increasing engagement of the private sector in different livestock related investments, including dairy, live animal export, meat export through private abattoirs, and also tanneries and leather industries. The increasing engagement of the private sector in live animal and livestock related product activities is believed to be beneficial to pastoralists and agro-pastoralists, directly or indirectly since a significant volume of livestock (cattle, sheep, goats, and camels) are sourced from such areas.

The support rendered by the Ethiopian government in promoting trade in livestock and livestock products includes the establishment of various institutions. In the interest of developing the production and marketing of leather and leather products, the government has established the Leather Industries Development Institute, Ethiopian Meat and Dairy Technology Institute, and the Ethiopian Veterinary Drug and Feed Administration and Control Authority. The latter was established to regulate the proper production, distribution and use of veterinary drugs in an effort to enhance the productivity and health of livestock. It was also meant to improve the overall performance of the animal health programme to remain competitive in the market for livestock and livestock products.

The livestock trading and marketing policy in Ethiopia is supported by regulatory provisions. More recently, the Ethiopian government issued a proclamation (Proclamation No. 819/2014), regulations (Council of Ministers Regulation No. 341/2015) and rules (Rule No. 004/2015) on live animal marketing (Ministry of Trade, 2014). The proclamation vividly mentions the need to put in place a modern and efficient market structure that facilitates the supply of live animals, competition in quality and price in both domestic and export markets and the development of efficient and cost effective live animal market structure. This should be supported, by up-to-date information that leads to yields and proper benefits to live animal breeders, traders, consumers and the country in general. The country also has a Proclamation for Raw Hides and Skins Marketing

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6See Annex 2.

7Though, the provisions of the proclamation, regulations and rules have no special privileges in favor of or sanctioning against live animal trade originating from pastoral and agro-pastoral areas.
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The support rendered by the Ethiopian government in promoting trade in livestock and livestock products includes the establishment of various institutions. In the interest of developing the livestock industry, the Ethiopian government has established the Ethiopian Veterinary Drug and Feed Administration and Control Authority. The latter was established to regulate the proper production, distribution and use of veterinary drugs in an effort to enhance the productivity and health of livestock. It was also meant to improve the overall performance of the animal health programme to remain competitive in the market for livestock products.

The livestock trading and marketing policy in Ethiopia is supported by regulatory provisions. More recently, the Ethiopian government issued a proclamation (Proclamation No. 819/2014), regulations (Council of Ministers Regulation No. 341/2015) and rules (Rule No. 004/2015) on the livestock trading and marketing policy in Ethiopia to support sustainable livelihood development in the pastoral and agro-pastoral areas of the country, effectively harmonizing the control of trans-boundary animal diseases, development of livestock grading system, and regulation and formalization of informal cross-border trade. The country also has a Hides, Skins and Leather Value Chain Strategy and Plan and a Animal Health Strategy and Plan both adopted in 2013.

The government of Ethiopia, through the Ministry of Agriculture and Rural Development (MoARD), issued a country position paper in 2010 (MoARD, 2010). This was issued in compliance with the Regional Policy Framework on Animal Health as agreed and ratified by IGAD member states in December 2009 (IGAD, 2009) so as to fulfill the IGAD Minimum Integration Plan. Accordingly, the country expressed its recognition of the need for an IGAD-wide approach to address the impact of TADs and facilitate the harmonization and coordination of disease surveillance, prevention and control measures against TADs; support the principles and ultimate goals of regional economic integration; and establish an IGAD-wide Free Trade Area by which the movement of livestock, livestock products and livestock inputs across borders is facilitated. In the interest of promoting agricultural export, Ethiopia has exemptions on export tax on live animals.

Other livestock marketing and trade related initiatives in Ethiopia include:

a) **The Livestock Market Development Project (LMDP)**

This is implemented under the Agricultural Growth Programme with financial support from USAID. It supports the improvement of Ethiopia’s livestock industry through transformative interventions aimed at value chain drivers as change agents. The LMDP has strategies for three value chains: Meat and Live Animals (MLA); Hides, Skins and Leather (HSL); and Dairy Products. In the interest of improving and enabling an environment for livestock value chains, the project works with private and public stakeholders. This is to generate a shared understanding of each value chain’s competitive growth opportunities, strategies and actions that the value chain actors must implement to achieve those opportunities (USAID, nd).

b) **Livestock Market Information System (LMIS)**

This was established under the Pastoralists’ Areas Resilience Improvement through Market Expansion (PRIME) project funded by the USAID. The information system collects real time data on livestock prices and traded quantity by place and type, stores the data, and makes it available for use by stakeholders.
the data available for users to access through their mobile phones. The information system provides first-hand livestock market information to different actors and potentially helps in reducing distortions due to brokers.

Moreover, the RPLRP programmes being implemented in Oromia and Southern Nations, Nationalities and People’s Region (SNNRR) are intended to identify marketing infrastructure such as bush markets, primary and secondary markets as well as the market routes in pastoral areas in order to use the information to develop market infrastructure.

c) Livestock Identification and Traceability System (LITS)

Ethiopia, in its interest to maintain and expand its livestock export trade, has strived to develop a livestock identification and traceability system. This is piloted in selected areas of the country (Edmealem, 2014; ILRI, 2014). The vision is to make the export of all live animals and animal products identifiable and traceable. The system is expected to enable the veterinary service providers the capacity to easily detect animal disease outbreaks and quickly respond before disease inflicts heavy economic impact and subsequently distresses the export trade. In the event of animal raids, which is a common phenomenon, the animal identification system helps to easily trace the stolen animals. Hence, it also serves as a means of ensuring security among livestock keepers.

In addition, Ethiopia is implementing the Standard Methods and Procedures in Animal Health (SMP-AH) being practiced by the Africa Union Inter-African Bureau of Animal Resources (AU-IBAR) in partnership with ICPALD/IGAD. The goal is to contribute to the reduction of poverty and to enhancing regional economic growth and integration through improved access of live animals and animal products to regional and international markets. The SMP-AH is a region-wide umbrella programme for animal health and animal disease prevention and control. It focuses on targeted trade related trans-boundary animal diseases. It also promotes collaborative cross-border animal disease control for resilience. The programme provides a framework for uniform disease surveillance, epidemiology, disease prevention and control that includes laboratory and quarantine procedures. It executes projects that involve multiple countries that share borders and engage in livestock trade.

2.2 Bilateral Agreements

A Memorandum of Understanding that includes ratification of treaties, agreements and protocols, is usually the first step towards implementing regional integration efforts. This is because it creates an enabling environment for trade actors and regulatory bodies. Ethiopia has entered into a Memorandum of Understanding with neighboring countries on livestock related issues as depicted in Table 2 below. The country has signed Memoranda of Understanding with different IGAD member countries on issues related to livestock health and trade, among others.
Moreover, the RPLRP programmes being implemented in Oromia and Southern Nations, IGAD member countries on issues related to livestock health and trade, among others. The country has signed Memoranda of Understanding with different countries to facilitate trade and investment between the two countries. A Memorandum of Understanding that includes ratification of treaties, agreements and protocols, creates an enabling environment for trade actors and regulatory bodies. Ethiopia has entered into a Memorandum of Understanding with neighboring countries on livestock related issues as a means of ensuring security among livestock keepers. In the event of animal raids, which is a common phenomenon, the animal identification system helps to easily trace the stolen animals. Hence, it also serves as a means of ensuring security among livestock keepers. The livestock trade sector may benefit from the One-Stop Border Post initiative. The livestock trade sector may benefit from the One-Stop Border Post initiative.

### Table 2: Bilateral Agreements Between Ethiopia and IGAD Member Countries on Livestock and Trade Related Issues

<table>
<thead>
<tr>
<th>Country</th>
<th>Agreement</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya (Nov. 2012)</td>
<td>Special Status Agreement between Ethiopia and Kenya to facilitate trade and investment between the two countries.</td>
<td>The livestock trade sector may benefit from the One-Stop Border Post initiative.</td>
</tr>
<tr>
<td>Djibouti, Somalia and Kenya (Dec. 2013)</td>
<td>Meeting between Ethiopia, Djibouti, Somalia and Kenya to harmonize coordination of veterinary activities in cross-border areas within the Somali Ecosystem.</td>
<td>Submitted by ICPALD, awaiting approval (July 2016) by the respective country governments.</td>
</tr>
<tr>
<td>Djibouti (Dec. 2015)</td>
<td>Bilateral fish trade agreement between Ethiopia and Djibouti.</td>
<td>The agreement to be replicated in other IGAD member countries.</td>
</tr>
<tr>
<td>Kenya (2016)</td>
<td>Bilateral agreement on cross-border livestock disease control.</td>
<td>Agreement signed recently.</td>
</tr>
<tr>
<td>Djibouti and Somalia (May 2016)</td>
<td>Memorandum of Understanding with Djibouti and Somalia on identification of priority areas and development of draft binding agreements on animal health and livestock trade to facilitate service delivery along their common borders.</td>
<td></td>
</tr>
<tr>
<td>Sudan (May 2016)</td>
<td>Framework Agreement for Trade and Economic cooperation; MoU to harmonize Customs procedures; agreement to implement cooperation projects, including establishment of economic zones and free markets between the two countries.</td>
<td>Considered a model for regional integration.</td>
</tr>
<tr>
<td>IGAD (May 2016)</td>
<td>Regional Technical Working Group (RTWG) to harmonize grades and standards on live animals and animal products (May 2016).</td>
<td></td>
</tr>
</tbody>
</table>

*The list is not necessarily exhaustive.

The general agreement signed between Ethiopia and Sudan outlined the framework for further consolidation of economic integration endeavors. The agreement outlined a number of areas to be given special status in the relationship. These included trade, tourism, investment, intellectual property rights, energy and infrastructure, mining, water, agriculture, the environment and forestry. In terms of regional integration, the Framework Agreement stipulates provisions that encourage trade promotion through business-to-business relations, and One-Stop border services to ease trade flow and movement of people. In addition, the opening of correspondent banks’ offices in both countries, harmonizing the nomenclature of goods, the agreement to operate through the COMESA Regional Payment and Settlement System and the harmonization of standardization rules underline the commitment of the two governments for seamless economic integration.
The bilateral agreement signed between Ethiopia and Kenya involves a mega project on building road infrastructure and a One-Stop Border Post to enhance trade flow between the two countries, including livestock trade (see Figure 4). The One-Stop Border Post is a trade facilitation project under the Mombasa–Nairobi–Addis Ababa Road Corridor project which is reportedly completed. The One-Border Stop Post is a complement to the construction of a 503 km Isiolo–Moyale Development Corridor which forms part of the strategic transport corridor linking Mombasa Port to Addis Ababa (the Lamu–Port–South Sudan Ethiopia Transport (LAPSSET) corridor).

2.3 Enforcement and Compliance: Gaps and Implementation Challenges

The effective harmonization of trade practices and Customs procedures is meant to streamline cross-border live animal trade in the pastoral and agro-pastoral areas of IGAD member countries. Effective enforcement and compliance is also expected to increase formal cross-border trade and therefore reduce informal trade between the countries. This will enable such trade to be recorded and made visible in the regional trade statistics. Revenue generated by the Ethiopian government from intra-regional trade through live animal export to Eastern Africa has been on the increase for a decade since 2005. However, despite the vibrant and yet illegal cross-border trade in live animals from the pastoral areas of Ethiopia and Kenya, it seems that such trade is not accounted for in the formal export trade statistics of the country as depicted in Figure 5 below.

The total export value of live animals from Ethiopia closely refers to what the country generated from formal export of live animals to Djibouti and Somalia but there is no record of the value generated from the informal cross-border trade with Kenya. While this is likely to show that there is little or no control at the cross-border live animal trade activities taking place between Ethiopia and Kenya, it may also reflect on the slow pace at harmonizing cross-border trade policies and regulatory practices among the IGAD member countries.
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**Figure 4: One-Border Stop Post, Ethi-Kenya Border - Moyale. Source: Kindie Getnet (July, 2016).**

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Most of the MoUs between Ethiopia and neighbouring countries in relation to cross-border trade in live animals and animal products were signed only recently and some are still in the process. Therefore, their impact is yet to be seen until their provisions are fully implemented. As a result, informal cross-border trade and poor livestock marketing conditions still remain the most important challenge faced by pastoralists, agro-pastoralists and government regulatory institutions to date (see Table 3). Though the Customs regulations between Ethiopia and Kenya are in progress, including the establishment of a One-Stop Border Post at Moyale, there is no harmonization as of now. Currently, it is reported that the only cooperation between the Customs offices in Ethiopia and Kenya at Moyale is the handling of joint meetings and exchange of information as deemed necessary.

Although the Ethiopian government issued a live animal marketing proclamation and rule in 2014, there seems to be limited awareness among the relevant government offices, traders, pastoralists and agro-pastoralists about it. Despite the lack of awareness about the existence of the proclamation and the rule, there is a general perception that the provisions are stringent and restrictive to formal trade on the part of those in the know. This is because of insurmountable quarantine and trade related procedures and requirements. A livestock trader who used to officially export live animals from Borana area to Nairobi testified that he has entirely given up the export trade by reverting to domestic trade between Adama and Modjo, because of desperation and frustration from the insurmountable Customs regulations.

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10The fact that stringent trade regulation likely favors informal trade by deterring formal trading is reported in a FNSWG (2011) by considering the case of illegal crop trade in East Africa. The report asserts that the proportion of informal trade as part of the total cross-border trade has increased in Tanzania and Ethiopia during the period the report refers to due to stricter control of cross-border.
Table 3: Gaps and Challenges in the Ethiopian Live Animal and Livestock Products Marketing System

<table>
<thead>
<tr>
<th>Integration Pillar</th>
<th>Perceived Gaps and Challenges(^{11})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies, regulations and bilateral agreements.</td>
<td>Lack of awareness among some experts and officers at zonal and district levels about the Livestock Marketing Proclamation, Regulations and Rules issued by the Ethiopian Ministry of Trade. Mismatch between Customs and trade regulations. For example, the trade regulation permits livestock export but the Custom regulation prohibits livestock trekking within 15km on the Ethiopia border and the Moyale-Kenya route. The policy encourages informal trade. Though expected to be functional following the establishment of the Ones-Stop Border Post at Moyale, Customs regulations and procedures are not yet harmonized. Exceptions include information exchange with the Kenyan counterparts and handling of joint meetings. Lack of currency exchange management system. Kenyan Shilling is converted to Ethiopian Birr and the vice-versa only in the black market. The banks on both sides do not provide official currency exchange services. Export licensing problems. Livestock export license can only be issued by the Federal Government to the discouragement of potential traders in the pastoral areas who stay far away from Addis Ababa (the seat of the Federal Government). Moreover, potential exporters are required to have a certain amount of bank deposit to get the license. All these discourage formal livestock export. Once licensed, the export price of livestock is determined by the Customs offices, and is often below livestock price in the black market. As official exports are supposed to be made in United States Dollar, exporters receiving the local currency of an importing country are obliged to convert it to the United States Dollar. This is difficult to get in the absence of official exchange service for such currencies in the Ethiopian commercial banks (for example, Kenyan Shilling).</td>
</tr>
<tr>
<td>Infrastructure and institutional arrangements</td>
<td>Remoteness of pastoral communities results in lack of effective livestock market and, consequently, in barter exchange activities in some areas. Quarantine and market centres in Moyale lack sheds to keep unsold animals for a while. Though established five years ago, they also lack veterinarians and laboratory facilities to offer the quarantine service. Lack of abattoirs in pastoral and agro-pastoral areas which can allow them to enter into contractual agreements as live animal suppliers to the abattoirs. Lack of institutional innovations such as cooperatives in pastoral and agro-pastoral areas to help them improve their negotiation power, effective market linkage, participation, and risk management. No value chain linkages and win-win approaches towards equitable benefit sharing. Lack of or limited use of available market information. Lack of focus and strategic directions on livestock development and marketing due to frequent restructuring of government institutions responsible for livestock marketing.(^{12})</td>
</tr>
</tbody>
</table>

\(^{11}\)This is based on information gathered from key informants mainly in relation to the Moyale – Kenya cross-border trade. As such, it is only exploratory and indicative, not necessarily conclusive. 

\(^{12}\)Livestock marketing issues in Ethiopia were handled first by the Livestock Marketing Agency, then by the Ministry of Agricultural Inputs and Marketing, and currently by the Ministry of Livestock and Fisheries.
Enforcement and compliance

Enforcement of regulations to curb informal livestock trade is difficult, mainly due to a wide expanse of border areas to control informal livestock trade.

Double standards on Customs regulations within the country (experienced in two livestock markets in Moyale). Reportedly, different Customs practices applied to two livestock market centres established in Moyale (Ethiopia). One of the centres is still operating while the other is currently not functional.

Customs regulations, procedures, and border control practices on livestock export is perceived trade prohibitive rather than encouraging. There is no formal livestock exporter in the Ethio-Kenya trading route in Moyale because of compliance to regulations and rules which is reportedly costly for them.

No harmonized Customs regulations and practices with Kenya yet.

No applied grade and standard for live animals, yet it exists for finished (processed) hides and skins.

Presence of many traders has led to oligopsonic (few buyers and many sellers) trade in the livestock market structure. This has made the realization of competitive livestock market, including competitive price discovery either through individual negotiation or through an auction system, to be difficult.

Lack of traders in live animals, hides and skins resulting in a market dominated by brokers who do not take risks and operate without much value addition role.

Marketing conditions such as low price and sale on credit is unfavourable to livestock keepers.

Lack of effective and accessible veterinary service, lack of drugs, drug administration, and drug storage infrastructure, especially in remote pastoral areas.

The issues of “cross-border livestock trade” and “pastoral areas” are not mentioned at all in the live animal marketing proclamation and rule issued in 2014. This shows the lack of preferential treatment of the sector and the pastoralists. The lack of effective market demand as a result of limited number of livestock traders in remote areas has left pastoral and agro-pastoral communities only at the mercy of brokers. The brokers often tend to distort livestock prices and entail risky business deals based on trust, rather than on binding rules. Similarly, lack of effective market for hides and skins makes the local prices for such products very low to the disadvantage of pastoralists who often are obliged to sell the products at desperate prices to illegal traders.

2.4 Livestock Trade Performance

Live animal and meat export from Ethiopia has been growing since 2005 (see Figure 6 below). This is mainly due to the lifting of meat import ban by Arab countries from the Horn of Africa and also perhaps due to the favorable policy and investment environment maneuvered through
the institutional support of the Livestock Marketing Agency. This led to a renewed interest in the private sector for livestock trade (Yakob, 2008). Live animal and meat export is on the rise especially following the certification of the country in 2005 by the World Organization of Animal Health as free from render pest. It has also risen due to the mix of policies such as market liberalization, deregulation of domestic prices, liberalization of foreign trade and institutional support for the export sector, and formation of industry associations that facilitate market search and export procedures (Yakob and Catley, 2014).

Revenue generated from livestock exports, especially from live animals, meat and hides and skins, increased to US$150 million in the formal export earnings. Approximately half of this value comes from live animal and meat exports and the rest from hides and skins (Kefyalew and Tarekegn, 2013). While live animal exports are predominantly cattle (70 percent), meat exports are almost entirely from sheep and goats. Trends show a significant increase in live animal and meat exports, compared to hides and skins, with 36 percent increment in meat export volume and 55 percent increment in the number of live animal exported in 2009/10 as compared to that of 2008/09 (Sintayehu et al., 2010; Trade Bulletin, 2010, both cited in Kefyalew and Tarekegn, 2013).

Livestock and livestock products are important components of Ethiopia’s exports. A significant amount of such exports to the neighbouring countries is not recorded or officially recognized because it takes place informally. It is, however, imperative to recognize the importance of such trading activities and exports to the livelihoods of pastoral and agro-pastoral communities living in the arid and semi-arid border areas. These are the areas where informally traded live animals and products mainly originate. For instance, the gross value added in the informal cross-border livestock trading activities on the Berbera and Bosasso marketing corridors in Somali region of Ethiopia is estimated to be as high as US$144 million (Desta et al., 2011). The figure is likely to go up if livestock that is informally exported through Kenya, Sudan and Djibouti is factored. In addition to creating market opportunities for pastoralists to sell their livestock and generate income, the activities involve the importation of a wide range of consumer goods, including basic needs such as clothing and staple food items.

**Figure 6: Quantity of Live Animal Export in Ethiopia (cattle, sheep, and goats).**

![Graph](Image)

Source: FAO STAT (2016).
Pastoral areas are considered the major sources of live animals and meat traded both in domestic and cross-border markets. Live animals such as camels and goats that are exported are mainly from the pastoral areas of the country bordering Somalia while the Borena area is the major source of cattle and sheep. Reportedly, the lucrative export market through Djibouti has recently attracted traders and exporters who transport live animals all the way from the Borena pastoral area to Djibouti. This can perhaps be attributed to the well-equipped quarantine facility in Djibouti. This is viewed as an emerging threat to Kenya which used to have a major share of the informal cattle trade infiltrating the country mainly through the Moyale area (see Figure 2). Whether the modern livestock marketing facility established recently in the Kenyan side of Moyale town and inaugurated on July 22, 2016, will reverse the trade direction, by ensuring fair and stable price to livestock keepers and traders because prices are to be decided by using weighing scales, remains to be seen.

As evident from the Growth and Transformation Plan (GTP) of the country for the 2010-2015 period, revenue generation underlies the interest of the Ethiopian government in promoting and supporting live animal and meat export. This is in addition to objective of improving the livelihoods of livestock producers. The government of Ethiopia planned to increase live animal and meat export revenue from US$125 million in 2009/10 to US$1 billion during 2010/2015 (MoFED, 2010). This can be achieved by increasing live animal exports to 175 thousand heads of cattle and meat export to 40,000 tons. However, an estimated 95 percent of live animal exports from Ethiopia, especially from the pastoral areas, is dominated by informal trade (Dawit et al., 2008; Pavanello, 2010). This can be attributed mainly to the bordering of pastoral areas, which are the major sources of traded animals, to export destinations and export routes such as Djibouti, Kenya, and Somalia. It is a fact that makes trade regulation difficult. Generally, cross-border livestock trade is deep-rooted and considered to have developed into an informal industry supporting different stakeholders along the value chain (Eid, 2014).

The practice can substantially compromise the government revenue generation goal for the livestock sector and the sector’s contribution to macro-economic growth. Yet, the informal cross-border trade activity is considered to have positive impacts on the income generation capacity, livelihood resilience and food security for pastoral and agro-pastoral communities that rely on it. Given the limited number of live animal traders especially in the remote pastoral areas, the informal market creates at least some opportunities for the pastoralists to sell their animals. Live animal transporters from pastoral areas often informally import or return back home with different staple foods and commodities consumed by the pastoral communities. By doing this they improve food availability, accessibility, and food security.

The reality shows the necessity to recognize the importance of cross-border livestock trade and to look for mechanisms to transform it to a formal trade. This can be done by providing it with the necessary support that improves security, infrastructure, disease control, and synchronization of regulation mechanisms. Unilateral measures taken by the Ethiopian government such as increasing Customs points to control the export of live animals through various trekking routes in Somalia, and making it formal, seems not to be much effective. This is attributed to various reasons, key among them the vast border areas between Ethiopian and Somalia. Coordination of efforts and synchronization of cross-border trade policies and practices at a regional level as promoted by IGAD can be a panacea.
3.1 Policies and Regulations

Compared to Ethiopia and Uganda, Kenya has a relatively more market-oriented livestock sector. This is as a result of an early entry of the private sector into the livestock business, especially following the Structural Adjustment Programmes (SAPs) implemented in the country in the late 1980s. The SAPs led to a reduced role of the government in running livestock market and trade related enterprises. The government supports the sector mainly by providing an enabling policy and regulatory environment. The development of the country is envisioned in Kenya’s Vision 2030 as a long-term development vision implemented under a series of five year developmental medium term plans (MTPs). Livestock is among the six priority sectors of the Kenya Vision 2030 meant to spur economic growth for the country. The Second Medium Term Plan for 2013-2017 which is currently being implemented, establishes four Disease Free Zones to facilitate access to Kenyan meat, leather and leather products by local, regional and international markets (Government of the Republic of Kenya, 2013).

Kenya’s livestock sub-sector in the country is mainly guided by the National Livestock Policy and Acts including the National Veterinary Policy, Animal Diseases Act, Veterinary Surgeons and Veterinary Para Professionals Act. Others include the Meat Control Act, Hides, Skins and Leather Trade Act, the Dairy Industry Act, National Dairy Development Policy, and National Poultry Policy, among others. Though Kenya has no livestock market policy per se, the marketing aspect of the livestock sector is addressed under market related provisions embedded in the National Livestock Policy adopted in 2008. Livestock market trade is also promoted and assisted by the Kenyan Livestock Marketing Council (KLMC). This is an umbrella organization of livestock producers and traders in arid and semi-arid areas of Kenya that was established in 2000 to promote livestock marketing. The Kenyan government has extended support to the sector, including re-opening of the Kenyan Meat Commission (KMC), establishing satellite abattoirs and other marketing infrastructures, establishing Livestock Identification and Traceability System and addressing sanitary requirements and livestock disease control (Yakob, 2008). As a result, the livestock sector and the trade show a relatively more competitive stance in the region in terms of established private sector, value chain and market linkages, meat and dairy processing, and import and export activities.
In 2009, Kenya’s Ministry of Livestock Development adopted a country position paper on the Regional Policy Framework on Animal Health as agreed by IGAD member countries. The position paper asserts that the country has a livestock policy and also recognizes the existence of other regional protocols that affect livestock and livestock trade which the country subscribes to and, therefore, sees the need to harmonize livestock policies under IGAD for mutual benefits. It further asserts the position of the country in terms of supporting the formalization of national and regional livestock trade, including standardization of trade documents and Customs levies for livestock and livestock products at border control points. Also, the country recognizes the need for animal identification and traceability system (currently being drafted), the need for harmonized and coordinated disease surveillance and control measures, the implementation, achievement and realization of international standards, and the principles of common market according to which a free movement of livestock, livestock products, and livestock service providers across-borders will be legalized, streamlined and promoted subject only to meeting animal health standards. However, the National Livestock Policy adopted in 2008 does not mention “cross-border” livestock trade in any form, perhaps suggesting the need to give attention to such activities.

3.2 Bilateral Agreements

Kenya is a signatory to the trade agreements under the East African Community (EAC) and a beneficiary of the provisions which promote free trade among the member countries of Burundi, Kenya, Rwanda, Tanzania, and Uganda. According to the provisions of the EAC protocols, Kenya just like the rest of the member countries, agreed to the establishment of free trade with no tariffs on goods and services amongst the member countries, and to levy a common external tariff whereby imports from countries outside the EAC zone are subjected to similar tariff when sold to any EAC member country. To the extent that the products comply to the EAC Rules of Origin and to the provisions of the Customs Union Protocol, Kenya can freely trade with the member countries, including live animals and animal products. According to the EAC provisions, products certified in Kenya can be traded in the member countries without being subjected to further regulation for certification. The member countries are currently discussing a joint Sanitary and Phyto-Sanitary Protocol, which is expected to further streamline livestock trade amongst the member countries. Furthermore, Kenya has signed bilateral trade and livestock trade agreements with neighboring countries of Uganda, Tanzania, Ethiopia and Somalia, as indicated in Table 4 below.

<table>
<thead>
<tr>
<th>Country</th>
<th>Agreement</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethiopia (Nov. 2012)</td>
<td>Special Status Agreement between Kenya and Ethiopia in 2012 to facilitate trade and investment between the two countries.</td>
<td>The livestock trade sector to benefit from the One-Stop Border Post initiative and from investments related to road infrastructure.</td>
</tr>
</tbody>
</table>

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13 The list is not necessarily exhaustive.
3.3 Enforcement and Compliance: Gaps and Implementation Challenges

Although Kenya is considered to have a relatively more competitive private sector, including the private sector in the livestock trade, there remains challenges in relation to intra-regional and cross-border trade of live animals and animal products. Such problems transcend across policy and regulations, infrastructure and institutions, and enforcement and compliance related issues (see Table 5). The most important problems include overlapping policies and institutions, lack of coordinated mechanism to identify and trace livestock and to control livestock movement and disease, and non-tariff barriers from neighbouring countries.
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</thead>
<tbody>
<tr>
<td>Policies, regulations and bilateral agreements</td>
<td>No national livestock marketing policy, except the provisions for livestock marketing in the National Livestock Policy.</td>
</tr>
<tr>
<td></td>
<td>No livestock identification and traceability system.</td>
</tr>
<tr>
<td></td>
<td>No subsidy on animal feeds, drugs and vaccines in Kenya whereas such subsidies are not necessarily ruled out in other trading EAC member countries. Such discrepancies can distort the competiveness of Kenya’s private sector in common markets.</td>
</tr>
<tr>
<td></td>
<td>Though expected to be functional following the establishment of the One-Stop Border Post at Moyale, Customs regulations and procedures are not harmonized yet with Ethiopia. Exceptions include; information exchange with the Kenyan counterparts and handling of joint meetings.</td>
</tr>
<tr>
<td></td>
<td>Lack of currency exchange management system. Kenyan Shilling is converted to Ethiopian Birr and the vice-versa only in the black market, with the banks on both sides not providing official currency exchange services.</td>
</tr>
<tr>
<td>Infrastructure and institutional arrangements</td>
<td>Overlapping of livestock related policies issued under various institutions.</td>
</tr>
<tr>
<td></td>
<td>Community level livestock extension not strong.</td>
</tr>
<tr>
<td></td>
<td>Market information types and services fragmented, rather than systematically integrated.</td>
</tr>
<tr>
<td></td>
<td>Establishment of disease free zones sabotaged by private wildlife conservation schemes which encroach on livestock production areas and spread livestock diseases.</td>
</tr>
<tr>
<td></td>
<td>The lack of coordinated control on livestock movement and coordinated traceability mechanism makes disease control difficult.</td>
</tr>
<tr>
<td></td>
<td>Livestock trekking and transporting routes lack holding, watering and feeding centres.</td>
</tr>
<tr>
<td></td>
<td>Lack of cold chain systems in abattoirs.</td>
</tr>
<tr>
<td>Enforcement and compliance</td>
<td>Non-tariff barriers, such as meat inspection by Uganda, gives relative difference in the level of economic development. Hence, different competitive levels of the private sector of EAC member countries is a possible cause of non-orthodox trade barriers against Kenya to protect domestic sector.</td>
</tr>
<tr>
<td></td>
<td>Sanitary and Phyto-Sanitary standards not harmonized with Ethiopia and Sudan.</td>
</tr>
<tr>
<td></td>
<td>Enforcement of regulations to curb informal livestock trade is difficult, mainly as a result of a vast expanse of border areas to control informal livestock trade.</td>
</tr>
<tr>
<td></td>
<td>Levies at successive check points in different counties.</td>
</tr>
</tbody>
</table>

¹⁴ This is based on information gathered from key informants mainly in relation to the Moyale – Kenya Cross-Border trade. As such, it is only exploratory and indicative, not necessarily conclusive.
3.4 Livestock Trade Performance

Kenya is considered an importer of its surplus cattle, milk and meat. Consequently, the livestock value chain in the country is primarily domestic market oriented with approximately 99 percent of its domestically produced meat being consumed within the country. It is estimated that out of the total red meat supply in Kenya, about 20-25 percent comes from livestock that is sourced informally mainly from Ethiopia, Somalia, Tanzania and Uganda (Tully, 2014). A discussion with a key informant from Kenya’s Ministry of Agriculture, Livestock and Fisheries also corroborates this report. While sheep and camel are exported to Ethiopia mainly through informal cross-border trade, cattle are imported from Ethiopia in a similar way with some destined to Nairobi and the rest to Mombasa (see Figure 7). Kenya imports milk and eggs from Uganda but also exports milk products to Uganda.

Kenya has experienced an intermittently growing export of live animals such as cattle, sheep and goats since 2004, with a major setback between 2006 and 2008 and also in 2011 (see Figure 8). In addition, the incidence of livestock diseases in the country is a major disruption to the dominantly domestic market oriented livestock value chain. This is considered the most significant challenge facing trade in live animal and live animal products. In response to such livestock disease prevalence, Kenya’s Second Medium Term Plan (2013-2017) emphasized on the need to establish four Disease Free Zones in the cattle corridors within the country.

Figure 7: Export Quantity of Live Animals in Kenya (cattle, sheep, and goats). Source: FAOSTAT (2016).

Apart from the drop in 2006 and 2011, Kenya’s revenue generated from Eastern Africa intra-regional live animal exports has been growing since 2005 as depicted in Figure 8 below. The major destinations for intra-regional live animal exports include Tanzania and Uganda.
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Figure 8: Export Value of Live Animals from Kenya (US$1,000). Source: UNCTAD stat (2016)
4.1 Policies and Regulations

Uganda’s national development policy for the 2015/16 to 2019/20 period is led by the second National Development Plan (NDP II). According to the provisions of the plan, the country pledges to promote a rule-based and open trading system. This embraces regional integration, mainly in compliance to the East African Community (EAC) protocol. It is in the best interest of the country to benefit from its membership in the Common Market for Eastern and Southern Africa (COMESA) and also in the World Trade Organization (WTO). The development plan for the country envisages the development of dairy, beef, hides and skins as important products to be prioritized in the livestock sub-sector.

The National Agriculture Policy adopted for the country in 2013 makes provision for the promotion of domestic, regional and international trade in agriculture, including livestock. This can be achieved by providing support services such as transparent market information and through improving marketing infrastructure such as livestock markets and abattoirs. Similarly, the country has adopted a national policy for the delivery of veterinary services as early as 2001. However, this policy is currently under review and includes as its objective, the promotion of national and international trade in live animals and animal products by assisting the export and import of disease free animals and animal products. There is also a Sanitary and Phyto-Sanitary (SPS) policy adopted in 2011 in compliance with the World Trade Organization’s requirement (of which Uganda is a member). Other policies include; a National Drug Policy, a National Hides, Skins and Leather Policy, Animal Breeding Policy, a National Animal Feeds Policy, a National Pasture Policy, a National Meat Policy (adopted as early as 2003), a draft Meat Export Policy, and corresponding acts for the policies. Uganda is also one of the countries in the Great Horn of Africa where the SMP-AH project of AU-IBAR is being implemented.

Moreover, the country has grades and standards, including standards for infrastructure such as livestock transportation, abattoirs, and processing plants. Despite this, the country has no livestock market or a livestock trade policy. However, a Cattle Trade Act has been in existence since 1943 and has been adopted to provide for the regulation of cattle trading within Uganda (see Annex 4). This Act makes the formulation of a livestock marketing policy necessary in order to provide an enabling policy environment for the effective implementation of the Cattle Trade Act. Generally,
Uganda has the policy space necessary to promote agricultural and livestock trade at a regional and international level. What remains to be assured is the institutional environment to implement the policy provisions for trade in live animals and live animal products. Nevertheless, the country is not different from Ethiopia and Kenya in terms of not explicitly emphasizing and addressing the issue of “cross-border livestock trade” and “pastoralists” as evident from the Cattle Traders Act of Uganda as indicated in Annex 4 of this report.

4.2 Bilateral Trade Agreements

Uganda has a National Trade Policy which was adopted in 2008 with the overarching objective of ensuring effective integration of the country’s economy into the regional economic and multilateral trading system. Development of both domestic and international trade and pursuit of bilateral, regional and multilateral trade initiatives are among the guiding principles of the National Trade Policy. One of the priorities of the National Trade Policy is to facilitate the smooth flow of trade while ensuring that trade conforms to national and international laws and regulations. In this regard, the commitment of the government to integrate regional and international trade regulations is unveiled. The country has removed levy on exports and has also pledged to simplify export procedures for the private sector (UNDP, 2008).

Table 6: Bilateral Agreements by Uganda with IGAD Member Countries on Livestock and Trade Issues

<table>
<thead>
<tr>
<th>Country</th>
<th>Agreement</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rwanda (January 2012)</td>
<td>Agreement on reporting and removal mechanism of all non-tariff trade barriers faced by traders in each country’s territory.</td>
<td></td>
</tr>
<tr>
<td>Kenya, Tanzania, Uganda, Rwanda and Burundi (EAC Protocol)</td>
<td>Customs Union under the EAC Protocol. The legal obligation and mandate to eliminate non-trade barriers is embedded in Article 13 of the Protocol Establishing the EAC Customs Union. The protocol obliges Kenya, Uganda, Tanzania, Rwanda and Burundi to formulate a mechanism for identifying and monitoring the removal of non-trade barriers.</td>
<td></td>
</tr>
<tr>
<td>South Sudan</td>
<td>Joint regional efforts for animal disease surveillance and control.</td>
<td></td>
</tr>
<tr>
<td>IGAD (May 2016)</td>
<td>Regional Technical Working Group (RTWG) to harmonize grades and standards on live animals and animal products.</td>
<td></td>
</tr>
</tbody>
</table>

15The list is not necessarily exhaustive.
Cognizant of the role of bilateral and multilateral trade agreements as the most effective ways of eliminating non-tariff barriers to trade, the Ugandan government signed a number of bilateral and multilateral trade and trade-related agreements (see Table 6 above). For example, in 2012, the government of Uganda signed an MoU with the Republic of Rwanda on the elimination of non-tariff barriers to trade. In this arrangement, the two governments through their respective Ministries of Trade agreed on a reporting and removal mechanism of all non-tariff barriers faced by traders in each country’s territory. The bilateral and multilateral trade agreements also include those under the provisions of the EAC Protocol, the COMESA and the WTO agreements. All these arrangements provide Uganda with varying levels of improved market access opportunities into the respective markets. As a member of the EAC, Uganda enjoys benefits from the EAC Customs Union Protocol in the area of agriculture, infrastructure, and trade.

4.3 Enforcement and Compliance: Gaps and Implementation Challenges

One of the significant challenges facing livestock marketing in Uganda seems to be the overlapping of livestock related policies and regulations. This is viewed as likely to cause a duplication of efforts. Another challenge is the declining supply of live animals. As a result, traders are forced to procure live animals from neighbouring countries, mainly Tanzania. Also, abattoirs and meat exporters are performing below their capacities. In addition, poor market infrastructure, lack of animal shades, and political leverage (rather than institutionalized practices) are considered as key problems in transporting live animals from the cattle corridor areas of the country to the demand centre like Kampala. These gaps and challenges are illustrated in Table 7 below.

<table>
<thead>
<tr>
<th>Integration Pillar</th>
<th>Perceived Gaps and Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies, Regulations and Bilateral Agreements</td>
<td>Reportedly, a large number of overlapping policies for livestock and livestock products obscure focused and integrated intervention.</td>
</tr>
<tr>
<td></td>
<td>Despite the EAC provision of free trade among member countries, exercise of administrative restrictions on meat import from Kenya on account of taking precautions in relation to Mad Cow Disease.</td>
</tr>
<tr>
<td></td>
<td>No livestock marketing policy, but there is a Cattle Traders Act adopted in 1943.</td>
</tr>
<tr>
<td>Infrastructure and Institutional Arrangements</td>
<td>High transportation costs to procure live animals from villages in the cattle corridors.</td>
</tr>
<tr>
<td></td>
<td>Lack of well-established livestock market infrastructure. For example, lack of weighing balance scales makes it impossible to keep prices for cattle keepers stable, based on animal weight.</td>
</tr>
<tr>
<td></td>
<td>Declining live animal supply. Farmers shifting to dairy production in expectation of better returns.</td>
</tr>
<tr>
<td></td>
<td>Absence of public abattoirs. As a result, traders pay private abattoirs.</td>
</tr>
<tr>
<td></td>
<td>No direct link between farmers and traders and between abattoirs and tanneries. It is the middlemen who handle the business in both cases.</td>
</tr>
</tbody>
</table>

16This is based on information gathered from key informants mainly in relation to the Moyale-Kenya cross-border trade. As such, it is only exploratory and indicative, not necessarily conclusive.
Table 7: Gaps and Challenges in the Ugandan Live Animal and Animal Products Marketing System

| Enforcement and Compliance | Non-tariff barriers by Kenya on Ugandan milk exports\(^{17}\). Trades subject to successive tariff levies domestically while transporting live animals from cattle corridors to Kampala. Livestock marketing manipulated by political leverage, rather than by institutionalized and standardized regulatory system. Fines charged to curb illegal livestock trade are nominally small. Grades and standards used for animal products not widely used or known. |

4.4 Livestock Trade Performance

A noted trend is the rising demand for livestock and livestock products within Uganda. This can be attributed to population growth and urbanization. The trend can also be observed in many other neighbouring countries within the Great Lakes Region. Despite the numerous livestock and livestock product related policies, Uganda's performance in the export of livestock and livestock products is still dismal and the contribution of livestock and livestock products to export earnings for the country is limited (Mbabazi & Ahmed, 2012). It is feared that the cattle population of the country is dwindling and cattle traders in the country have no choice but to source live animals from South Sudan, Rwanda, Democratic Republic of Congo, Tanzania and Kenya. As a result, abattoirs and meat processing factories are reportedly producing below capacity, while some are already closing business. Consequently, there are pleas for the country to consider the possibility of banning live animal export. However, should this be the case, it will be against the mantra of the free trade enshrined in the country’s respective policy and regulatory provisions.

Uganda’s livestock trade includes limited export of live animals to Kenya, Rwanda and Tanzania from where it also imports some live animals. Other exports include but not limited to dairy products, meat, and hides and skins and sometimes processed meat. However, the importation of milk and processed meat products from Kenya to Uganda also takes place. Sometimes livestock from Uganda are traded informally in Kenya and Sudan. However, the performance of Uganda’s live animal export is generally intermittent. Despite this, export has generally increased since 2006 but with major setbacks in 2008, 2011 and 2012 (see Figure 9). Part of the explanations given for such dismal live animal and animal product export lies in the following: difficulty to fulfil quarantine requirements because of livestock disease prevalence; lack of export-standard abattoirs; and the high demand for livestock products in the domestic market against a declining supply (MAAIF, 2011).
Even though earnings from live animal exports in Uganda increased to about US$3 million in 2007, the average for subsequent years remained nearly stagnant at the same level as shown in Figure 10 below. However, the export earnings drastically declined in 2011 and 2013, showing the intermittent nature of the live animal export in the country. Given the declining cattle supply in the domestic livestock market for the abattoirs and the export meat processing firms (Fresh Cuts), the future of live animal and meat export from Uganda seems daunting.

Furthermore, Uganda has recently been reported to be imposing administrative controls and restrictions on meat and milk imports from Kenya. This is contrary to the agreed EAC Common Markey Protocol which allows the free movement of goods between all the EAC member countries. Although it still remains a subject for further investigation, such restrictions on livestock products is believed to be rooted on the need for Uganda to be assured that the products meet Sanitary and Phyto-Sanitary standards. This is especially of concern following the suspected outbreak of zoonotic disease in the region and also in the interest of protecting the domestic livestock sector from competition. This is often viewed as an apparent lack of full political commitment on the side of national governments in spite of the bilateral agreements they make.
Conclusions and Recommendations

Streamlining and harmonizing relevant policies and coordinating their implementation is a key requirement and often a first-step process for two or more countries to be able to trade with each other. This is also a necessary prerequisite for the promotion of viable and vibrant cross-border livestock trade in any region. The overall policy and regulatory environment for trade in live animals and animal products in the IGAD region seems to be evolving in the right direction. The growing trend of adopting bilateral and multilateral agreements between most IGAD member countries on overall trade and investment and also on livestock, health and trade related issues can be considered as an important manifestation of such a positively evolving policy environment.

However, policies, regulations and agreements are necessary but not sufficient conditions for a thriving and formal intra-regional and cross-border livestock trade. It is also hypothetically true that regulations adopted in the spirit of promoting trade can sometimes be the source of inefficiency and can lead to the proliferation of informal trade. The fact that policies, regulations and agreements are only necessary but not sufficient conditions can be evident from the limited formal livestock trade taking place between Ethiopia, Kenya and Uganda. These countries can fairly be considered to have adopted reasonable and adequate agreements to freely trade amongst themselves, and in particular, Kenya and Uganda. Despite the status that Kenya and Uganda enjoy as members of the East Africa Community and the signing of different bilateral agreements between them and also between Kenya and Ethiopia, the livestock value chain and formal trade in live animals and animal products in the border areas between the countries is not thriving yet. Therefore, it is suggested that there is a need to take a rather comprehensive approach whereby policy implementation challenges, livestock production and marketing level constraints receive adequate attention, just like policy and regulatory issues do.

Production level constraints include those related to the subsistence nature of livestock production and to the wide prevalence of livestock diseases. Key marketing problems can be traced to lack of institutional framework, such as cooperatives which can organize and strengthen livestock keepers. It also includes the lack of effective market demand, especially in remote areas which occur as a result of limited number of livestock traders. Poor infrastructure such as roads, holding grounds, veterinary offices, drug facilities and market information are also noted problems. Finally, key policy and regulation related challenges can be attributed to very little commitment on the part of the governments to genuinely implement bilateral agreements and stringent regulations prohibiting trader compliance towards a formal cross-border trading.
Therefore, enhancing the resilience of pastoral and agro-pastoral livelihoods and tapping the potential contribution of the livestock sector for economic development and welfare improvement in the IGAD member countries depends on certain key issues:

(i) the extent to which the livestock sector is thriving both at the production and marketing levels in a sustainable and market oriented manner;

(ii) the political commitment of governments to create an enabling policy, regulatory and institutional environment;

(iii) the investment in infrastructure development; and

(iv) the full implementation of agreements and protocols in a regionally harmonized manner.

Population growth, urbanization and income growth both in the IGAD and other regions tend to increase the demand for livestock products. The growing national, regional and international market for live animals and animal products implies an emerging opportunity for those who earn their livelihoods from the sector and also for national economies. This resonates with the need to reap from such emerging opportunities by looking at a larger picture in the livestock trade in the IGAD region. This can entail developing a national and IGAD level regional livestock markets in the short-term to medium-term and also an inter-African livestock market bloc in the long-term. The vision for an intra-African livestock market bloc can be exciting given the growing sanitary and Phyto-Sanitary trade barriers faced by African livestock exporters to successfully enter in international markets.

However, there are concerns that livestock resources in the IGAD region are on the decline or will decline immediately vis-à-vis the growing demand for livestock products. Therefore, it should be in the strategic interest of IGAD and the national governments to gear interventions towards realizing such a goal. This can be done by adopting a holistic approach as reflected in the five objectives of RPLRP in designing the next generation of livestock sector market interventions. The strategies should strive for a livestock value chain development that embraces production, marketing, policy, regulatory, institutional and infrastructure aspects to fully address current constraints facing intra-regional and cross-border livestock trade, while at the same time contributing to a strategic goal for an intra-African livestock market bloc in the long-term.

To this end, the following three issues are identified as thematic areas to guide IGAD’s future strategic interventions in promoting intra-regional and cross-border livestock trade:

i. Livestock value chain development in pastoral and agro-pastoral areas;

ii. Improving the implementation of policies, regulations and agreements with enhanced enforcement capacity and improved compliance; and

iii. Vesting additional powers and responsibilities in IGAD.

The recommendations given below covering each thematic area should apply in the case of the three countries considered in this report. However, where it is considered important to make recommendation(s) which are relevant to a specific case in a particular country, the specific recommendations are made in reference to that particular country.
5.1 Livestock Value Chain Development in Pastoral and Agro-Pastoral Areas

Livestock production in the pastoral and agro-pastoral areas of IGAD member countries is predominantly subsistence with an orientation towards cultural and social norms rather than economic goals. This has an influence on the essence of livestock production, management and investment decisions made by livestock keepers and the integrity of the evolving value chain system within the sector. It is no doubt that livestock resources are declining or will decline compared to the growing demand for livestock products as a result of population growth, urbanization and income growth in the IGAD region. Therefore, trade in live animals and animal products needs to be based on a sustainable livestock supply system. A gradual transformation of livestock production in pastoral and agro-pastoral areas into a sustainable market-oriented system is desirable. This is only possible in the circumstances that a market-oriented livestock production system in the pastoral and agro-pastoral areas is supported with integrated system of livestock feeds, health, breeding and marketing programmes and services. This, in turn, requires institutional innovations, improved drug administration, veterinary infrastructure, and a well-developed marketing system in the framework of a value chain development approach.

a) Institutional innovation to empower livestock keepers

Since successful market linkages may be difficult for individual livestock keepers, institutional innovation becomes desirable to improve the market orientation and market linkage of pastoralists and agro-pastoralists. Moreover, most livestock keepers in pastoral and agro-pastoral areas live in remote locations that are not easily accessible by traders, limiting their options to sell their livestock. From the discussions with the key informants, it is clearly evident that this a typical case in the South Omo zone of Ethiopia. Therefore, forming cooperatives, developing roads, communication and energy infrastructure, and providing information is critically important in addressing all the constraints of such distant communities, if not partially. Mahmoud (2008) & Okike et al. (2014) argue that establishing livestock trader associations can be a strategy to facilitate livestock trade and regional integration. This can be achieved by improving trade risk management and lowering transaction costs. If associations work for traders, they can be more beneficial to livestock keepers. However, the problem may be beyond organization of cooperatives. This is because there are a number of producers’ cooperatives in many places and yet their members still have limited market linkages. On the other hand, promoting feedlots owned and managed by pastoralists under a cooperative scheme may be appropriate.

b) Improved drug administration, infrastructure and veterinary service provision

Animal quarantine is one of the key requirements which live animal traders and exporters of meat, hides and skins are required to stringently adhere to. In most cases, livestock quarantine regulations and procedures frustrate and discourage traders against compliance for formal intra-regional and cross-border trade. Improving drug administration and veterinary service provision at the livestock keepers’ level will reduce disease prevalence and, consequently, will improve the confidence and compliance of traders. However, there is a limitation in
terms of the authenticity of the drugs supplied and the veterinary services provided to the livestock keepers. There is also lack of efficient and effective inspection services accorded to the traders because of limited number of service providers, especially in the remote areas. In addition, there is limited veterinary input supply such as drugs, drug storage facilities, and equipped laboratories.

Based on key informant interviews, the need for improved drug storage infrastructure is apparent in the livestock corridors of Uganda and equipping livestock markets with veterinary facilities and personnel in the Moyale town of Ethiopia. It is, therefore, mandatory to create an enabling environment for drug administration and veterinary service provision where livestock keepers and traders can get reliable and accessible veterinary services and facilitated quarantine certification. Moreover, stringently regulating illegal livestock drugs and improving infrastructure and facilities for drug handling and storage can have dramatic impact in terms of streamlining livestock trade in pastoral and agro-pastoral areas. Otherwise, adopting and implementing harmonized quarantine regulations alone can further deter compliance and formal trade in live animals and animal products in the region.

c) Improved marketing system

The livestock marketing system needs to be competitive, transparent, and efficient with sufficient number of traders being involved. Moreover, livestock keepers need to be organized and informed. This requires improvement of market information, infrastructure and services systems both for traders and livestock keepers. Such include roads, market centres equipped with weighing balance scales and veterinary services, and holding centres, among others. A regionally harmonized and standardized market information system would be desirable in the long-run to serve as platform for market information services, at least at the IGAD level.

Some country specific recommendations especially with regard to market infrastructure include:

- **Ethiopia:** Based on the observation at the Dubluk and Moyale livestock market centres, it is necessary to build shades in the markets to shelter unsold animals and animals in transition and also to provide facilities for veterinary services. Without this, the traders who are burdened with many requirements among them production of veterinary certificates in order to trade in animals will opt for informal trade due to the lack of basic services.

- **Uganda:** The situation is similar to Ethiopia. Discussions previously held with stakeholders revealed that there is need to develop infrastructure at checkpoints. This can be used to keep temporarily detained animals during transportation through the cattle corridors to destination markets. A recommendation was also made to consider the possibility of developing infrastructure for improved veterinary drug handling and storage in the cattle corridors.

The need to improve road infrastructure is equally important in all the three countries namely Ethiopia, Kenya and Uganda. Of particular interest is road infrastructure in both primary and
secondary markets. Apart from making it difficult for traders to reach primary markets, the problem of road infrastructure contributes to high transaction costs, thence disadvantaging both traders and livestock herders.

5.2 Improving Implementation of Policies, Regulations and Agreements With Enhanced Enforcement Capacity and Improved Compliance

Policies and regulations are easier to adopt than to implement. The overall policy environment in IGAD member countries, both at national, bilateral and multilateral levels, could be considered as fairly evolving in the right direction. This makes it easy to facilitate intra-regional and cross-border trade. Livestock production, marketing and trade policies are adopted at individual country level except for the possible variations in branding. Basic regulatory acts in relation to trade in livestock and livestock products are also in place. Although a recent phenomenon particularly for non-EAC countries, the harmonization of such policies and regulatory frameworks is under the auspices of national governments and different organizations, including IGAD, FAO, and AU-IBAR. However, what seems to be lacking is the effective implementation of the adopted policies, regulatory frameworks and provisions thereof. This may be due to limited enforcement capacity emanating from the lack of awareness, budget provision, technology and manpower, among others. It could also be as a result of limited or lack of commitment on the part of the governments, which results in non-compliance on the part of traders and other market actors. The suggestion is that there is need to earnestly and equally focus on the policy implementation aspects and also create incentives for the private sector to comply with trade rules, mostly by addressing non-tariff regulatory barriers.

Some country specific recommendations especially with regard to livestock market policy includes:

- **Kenya**: Though Kenya has a National Livestock Policy, the country needs to adopt a National Livestock Marketing Policy in order to focus attention and streamline livestock marketing strategically. Adopting a National Livestock Marketing Policy may help to bring under a single umbrella those institutional issues and services currently being rendered under different ministries.

- **Uganda**: Despite Uganda having a Livestock Trade Act, it is still desirable to support the Livestock Trade Act with an overarching national livestock policy and livestock trade policy in order to renew the focus on livestock trade and also to better facilitate the implementation of the trade Act. It is also recommended that the Cattle Traders Act be reviewed.

a) **Create Awareness**

Awareness creation among stakeholders about policies, regulations and agreements should be considered as an important issue. Awareness helps in enhancing enforcement and improving compliance. Regulations and agreements can hardly be enforced in a situation where key actors are not aware or have different information about the regulations and the agreements that govern trade in live animals and livestock products.
Some specific recommendations with regard to awareness creation include the cases of the Live Animal Marketing Proclamation in Ethiopia and the Livestock Product Standards in Uganda, presented below:

- **Ethiopia**: The Live Animal Marketing Proclamation and associated rules and regulations in Ethiopia was issued fairly recently. It is therefore doubtful whether there is sufficient awareness among those expected to enforce and also among those expected to comply with it. This requires staging a concerted effort to create awareness in this respect.

- **Uganda**: Though this is expected to be the case in Ethiopia and Kenya also, there seems to be limited dissemination of information to traders and consumers as well about available standards for animal transportation, meat and milk. Disseminating information about such standards can enhance trading practices and improving enforcement and compliance.

b) **Institutionalize trade rules, reduce political leverage, and enhance political commitment**

Though countries may adapt trade rules and bilateral agreements, implementation of the rules and agreements and consequently enforcement and compliance, can be limited as a result of lack of trade rules institutionalization, political leverage, and poor political commitment. Trade rules should not be manipulated by authorities in protecting their interests and those of their cliques.

Some specific recommendations especially in regard to the need to institutionalize trade rules and to reduce political leverage include the case of Kenya and Uganda:

**Kenya**:

- Firstly, the expansion of private wildlife conservation schemes can be a source of livestock diseases. This can limit the expanse of the disease free zones that the government of Kenya promotes. Therefore, working closely with the private conservation schemes can be a helpful mechanism to prevent livestock disease.

- Secondly, unless replaced with similar service provision mechanisms, the retraction of livestock extension service provision system in the country can influence the performance of the livestock sector and, consequently, its trade performance. Assessing the implications of the retraction of the extension service delivery would therefore be intuitive.

**Uganda**:

- First, there should be improvement in the institutionalization of trade rules in order to curb constraints such as administrative controls and restrictions. These are constraints faced by traders in transporting live animals through cattle corridors to the central and destination markets. This can curb the unlimited leverage power of officials at different check points.
• Secondly, by streamlining Customs procedures in relation to live animal, meat and milk imports from Kenya.

c) Monitoring and evaluating implementation (enforcement and compliance)

Periodic monitoring and evaluation of the implementation status of agreements and regulations is necessary in order to generate feedback to the national governments and other stakeholders. It serves as a mechanism for enhancing enforcement and compliance. While the importance of having a livestock trade monitoring institution at a national level is not debatable, it is also necessary for IGAD to establish a monitoring and evaluation unit. This will be responsible for following, fast-tracking and controlling the implementation of agreements and constraints thereof in the respective member countries. To this end, there may be need to establish a regional ad-hoc commission under the umbrella of ICPALD. This commission should have representatives from the trade, livestock, Customs and revenue ministries of member countries. The purpose is to expedite, oversee and monitor the implementation of policies and agreements by identifying and addressing enforcement and compliance related challenges.

d) Re-assess trade regulations

Full compliance by traders to trade regulations can be deterred partly by stringent regulations, which is already perceived to be the case in the circumstances of some IGAD member countries. Regulations that are demanding both technically and procedurally become costly to traders and other market actors and consequently discourage compliance and formal trading. This therefore makes it necessary to re-assess the trade friendliness of unilateral and/or bilateral regulations adopted by IGAD member countries. Trade related regulations adopted at national and regional level need to be assessed through a participatory process that engages key livestock market actors, including livestock keepers, traders, veterinary service providers, and Customs officers.

Some specific recommendations with regard to the need to reassess trade regulations focuses on Ethiopia:

Ethiopia:

Full compliance to the live animal marketing regulation can be useful especially to better access and secure the Middle East export market. However, the regulations on livestock export licensing, veterinary certification, and Customs rules, can easily discourage traders and prompt them to trade illegally or exit the business after all. The lack of formal cross-border livestock exports from Ethiopia to Kenya is a useful example for this scenario as traders prefer to smuggle cattle to Kenya than to comply with the existing regulations. Re-assessing the regulatory red tapes in such a way that it does not affect the overall face value
of live animal exports in terms of sanitary standards and legal basis would be desirable. Whether a sanitary standard is implementable or not among the IGAD countries, it should still be adopted and considered as an option so that member countries can ease their regulatory standards and requirements accordingly.

5.3 Vesting Additional Powers and Responsibilities in IGAD

As a regional organization, IGAD facilitates trade and economic integration among member countries. It achieves this through harmonized policies and coordinated implementation. It therefore needs to have a mechanism to look into enforcement and compliance related issues. This requires vesting additional power and responsibilities in IGAD so that it;

(i) enhances harmonization of trade related policies and regulations and to facilitate implementation, and

(ii) monitors and evaluates implementation and hold national governments accountable for failure in enforcement and compliance.
Regional Pastoral Livelihoods Resilience Project (RPLRP)

References


Web sources

Annexes

Annex 1

Checklist on Issues Discussed with Key Informants and Actors

<table>
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<th>Issues</th>
<th>Particulars</th>
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<tr>
<td>1. Regional frameworks and national policies.</td>
<td>Dynamics and performance of domestic, cross-border and intra-regional livestock trade, availability of development strategies, national livestock policies, regulations and Acts, institutions.</td>
</tr>
<tr>
<td>4. Implementation (compliance and enforcement).</td>
<td>Overall perception on the harmonization of trade policies and practices and on their implementation, harmonization of trade practices and Customs procedures, establishment of exchange settlement system, information sharing on cross-border livestock trade, animal disease, trade volume, and related issues. Challenges in the policy harmonization process (perceived constraints in the area of policies and institutions), issues in the compliance of livestock trade actors to agreed cross-border trade regulations, procedures, standards, and Customs rules, limitations on the part of the government bodies (financial capacity, human resource, skill, security, others), recommendation and suggestions on the way forward (new interventions, projects etc. to improve cross-border trade.</td>
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Annex 2

Live Animals Marketing Proclamation, Regulations and Rules - Ethiopia  
(Proclamation No. 819/2014)

FEDERAL NEGARIT GAZETTE

Proclamation No. 819/2014  
Live Animals Marketing Proclamation  
PROCLAMATION No. 819/2014  
A PROCLAMATION TO PROVIDE FOR LIVE ANIMALS MARKETING

WHEREAS, it has become necessary to put in place a modern and efficient market structure that enables the supply of live animals, competitive in quality and price, to domestic and export markets;
WHEREAS, it has become necessary to develop efficient and cost effective live animals market structure supported by up-to-date information and yields proper benefit to live animal breeders, traders, consumers and the country;

NOW, THEREFORE, in accordance with Article 55(I) of the Constitution of the Federal Democratic Republic of Ethiopia it is hereby proclaimed as follows:

**PART ONE**

**GENERAL**

1. **Short Title**
   
   This Proclamation may be cited as the “Live Animals Marketing Proclamation No. 81912014”.

2. **Definitions**
   
   In this Proclamation unless the context requires otherwise:
   
   “live animal” includes cattle, sheep, goat, camel and other animals to be designated as such by the Ministry;
   
   “live animals marketing” means a process that includes selling, buying and transporting of live animals, feedlot letting and other marketing related activities;
   
3/  “first level or second level live animals market centre” means a place designated by the appropriate organ for marketing of live animals in accordance with this Proclamation;
4/  “market actors” include breeders, feedlot operators, exporters, abattoirs, butchers, cooperative societies and consumers participating in live animals marketing;
5/  “breeder” means any person raising animals;
6/  “feedlot operator” means a person who buys live animals from first level live animals market centres and fatten them for 4 months and supplies to second level live animals market centres;
7/  “exporter” means a person exporting live animals or meat and meat products;
8/  “abattoir” means a person that slaughters live animals and prepares and processes meat and meat products to supply for market or that provides slaughter house service to butchers and consumers;
9/  “butcher” means a person that supplies meat to consumers;
10/  “cooperative society” shall have the meaning given to it by the relevant law governing cooperative societies;
11/  “consumer” means an individual who buys live animals or meat for household consumption and includes any person who prepares and sells or otherwise supplies food to clients;
12/  “auction” means a marketing modality by which price is determined and transfer of ownership is effected through transparent bidding under the direction of an auctioneering the presence of sellers and buyers;
13/  “auctioneer” means a person designated by the appropriate organ to conduct auctions independently;
14/  “dealing” means a marketing modality by which price is determined and transfer of ownership is effected through negotiation between seller and buyer;
15/  “transporting” means trekking or transporting of live animals from one place to another;
16/  “transporting permit” means a permit issued by the appropriate organ to transport live animals from breeding or fattening station or from live animals market centre to subsequent destination;
17/ “animal identification” means a system put in place to identify live animals by ear tags or other means of identification while transporting them;

18/ “quarantine station” means a separate enclosed place used to segregate live animals and prevent them from direct or indirect contact with other animals for a limited period to follow up their state of health and, as may be necessary, to administer vaccination or treatment;

19/ “force majeure” includes, without prejudice to the definition given to it in the Civil Code, an outbreak of animal disease in the country, embargo imposed by buyer countries and other similar situations;

20/ “misleading act” means any act misleading or deceiving market actors or government body in the marketing process of live animals;

21/ “certificate of competence” means a certificate issued by the relevant sectoral government institution to a person who fulfills the requirements to engage in the business of marketing of live animals as stipulated under the relevant provisions of the Commercial Registration and Business Licensing Proclamation No. 686/2010;

22/ “sectoral government institution” include the federal and regional executive bodies that have direct or indirect relationship implementing and supporting the animal marketing system;

23/ “Ministry” means the Ministry of Trade;

24/ “appropriate organ” means, as the case may be, the Ministry or a regional organ ‘empowered’ to issue business license;

25/ “region” means any state referred to under Article 47(1) of the Constitution of the Federal Democratic Republic of Ethiopia, and includes the Addis Ababa and DireDawa city administrations;

26/ “person” means any natural or juridical person;

27/ any expression in the masculine gender includes the feminine.

3. Scope of Application

This Proclamation shall be applicable to any person directly or indirectly involving in live animals marketing within the country.

PART TWO

LIVE ANIMALS MARKET STRUCTURE

4. Marketing of Live Animals

Marketing of live animals shall be carried out at first level and second level live animals market centres in accordance with Article 5 and Article 6 of this Proclamation.

5. First Level Live Animals Market Centres

1/ The organization and administration of first level live animals market centres shall be determined in accordance with the directive to be issued by the Ministry.

2/ Marketing of live animals at first level live animals market centres shall be carried out:
   a) among breeders; or
   b) between breeders, as sellers, and cooperative societies, feedlot operators, exporters, abattoirs, butchers and consumers, as buyers.
3/ Marketing of live animals at first level live animals market centres shall be carried out through dealings or auctions.

4/ The prices of live animals at first level live animals market centres shall be determined on the basis of their weight and with reference to their breed, age and physical state.

5/ Any person, except consumers, breeders and cooperative societies, participating at first level live animals market centres shall have valid business license.

6/ Animals not sold at a first level live animals market centre shall be returned back to where they came from.

6. Second Level Live Animals Market Centres

1/ The organization and administration of second level live animals market centres shall be determined in accordance with the directive to be issued by the Ministry.

2/ Marketing of animals at second level live animals market centres shall be carried out between:
   a) breeders, as sellers, and exporters, abattoirs, butchers and consumers, as buyers;
   b) feedlot operators, as sellers, and exporters, abattoirs, butchers and consumers, as buyers;
   c) cooperative societies, as sellers, and exporters, abattoirs, butchers and consumers, as buyers.

3/ Live animals to be supplied to second level live animals market centres shall be fattened live animals.

4/ Marketing of live animals at second level live animals market centres shall be carried out through dealings or auctions.

5/ The prices of live animals at second level live animals market centres shall be determined on the basis of their weight and with reference to their breed, age and physical state.

6/ Any market actor supplying live animals to a second level live animals market centre shall supply the animals with:
   a) the identification tags given to the animals;
   b) the animals health certificate; and
   c) a document showing ownership; and, upon conclusion of sale, deliver the animals to the buyer with such documents.

7. Live Animals Health Control

1/ The health of live animals marketed at a first level live animals market centre shall be checked by a veterinarian of the market centre and be given identification tags.

2/ Pre-marketing health check shall be conducted on live animals at a market centre in accordance with the directive to be issued by the Ministry of Agriculture before purchasing and transporting them to the subsequent destination.

3/ The appropriate organ shall cause the taking of proper subsequent measure on live animals supplied to a market centre and found with symptoms of disease during health check.

4/ Live animals destined for export shall be given animal health certificate after following up their health condition at a quarantine station that meets the required standard.
8. Transportation of Live Animals

1/ Live animals different in breed, sex or age group shall be transported without mixing them.

2/ Conditions of transportation of live animals, prohibition of trekking of live animals beyond certain distance and prohibition of trekking of live animals through major cities shall be prescribed by directive to be issued by the Ministry.

PART THREE

RIGHTS AND OBLIGATIONS OF MARKETACTORS

9. Rights and Obligations of Breeders

1/ Any breeder shall have the right to sell live animals raised by him at first or second level live animals market centre or to export them directly.

2/ Any live animal breeder shall have the obligations to:
   a) sale his live animals only at live animals market centres and effect delivery at places determined by the appropriate organ if he decides to sale for domestic market;
   b) possess live animals health certificate, transporting permit and identification tags to supply fattened animals to a second level live animals market centre and deliver such documents to buyers during transfer of ownership;
   c) respect and implement decisions of the appropriate organ with respect to live animals supplied to a live animals market centre and found with symptoms of disease; and
   d) present live animals destined for export to a quarantine station and obtain animal health certificate.

10. Rights and Obligations of Feedlot Operators

1/ Notwithstanding sub-article (2) (b) of this Article, a feedlot operator having his own butchery shall have the right to slaughter the live animals without being required to supply them to a second level market centre.

2/ Any feedlot operator shall have the obligation to:
   a) have his own or rented feedlot station satisfying the required criterion and obtain certificate of competence and business license;
   b) supply his fattened live animals only to second level live animals market centres and effect delivery at places determined by the appropriate organ;
   c) possess live animals health certificate, transporting permit and identification tags to supply the animals to a live animals market centre and deliver such documents to buyers during transfer of ownership;
   d) respect and implement decisions of the appropriate organ with respect to live animals supplied to a live animals market centre and found with symptoms of disease;
   e) record the daily live animals purchase and sales volume in quantity and value, and furnish such information to the appropriate organ when requested;
   f) respect the provisions of this Proclamation and regulations and directives issued hereunder.

3/ The provisions of sub-article (2)(a) of this Article shall also be applicable with respect to feedlot letting services.
11. **Obligations of Exporters**

Any exporter shall have the obligation:

1/ if he exports live animals, to have his own or rented feedlot station or transit barn satisfying the requirements and obtain certificate of competence and export business license;

2/ if he exports meat and meat products, to have his own or rented export abattoir satisfying the requirements and obtain certificate of competence and export business license;

3/ to purchase live animals only from live animals market centres and take delivery of them at places determined by the appropriate organ;

4/ to purchase live animals in compliance with pre-purchase health and quality control directive issued by the Ministry of Agriculture;

5/ to present live animals destined for export to quarantine station and obtain animal health certificate;

6/ to possess live animals health certificate and transporting permit to transport live animals from feedlot and quarantine stations’ to port and show such documents to the appropriate organ when requested;

7/ unless there is special authorization by the appropriate organ, to export only those live animals destined for export in accordance with the provisions of this Proclamation and regulations and directives issued hereunder;

8/ in the absence of force majeure, not to sell at domestic market live animals destined for export;

9/ to record the daily live animals purchase and export sales volume in quantity and value, and furnish such information to the appropriate organ when requested;

10/ to conclude export sale contract showing the correct sales price and register the contract with the National Bank of Ethiopia in not more than 72 hours after the conclusion of the contract and notify same to the Ministry and other concerned bodies within 5 working days;

11/ to execute the export sales contract entered with a buyer within the agreed time unless an extension of time has been authorized by the National Bank of Ethiopian on justifiable grounds;

12/ to refrain from any activity which may damage the good will of the country’s live animal and meat and meat products export market and

13/ to respect the provisions of this Proclamation and regulations and directives issued hereunder.

12. **Obligations of Live Animals Transporters**

Any live animal transporter shall have the obligation to:

1/ have a truck satisfying the requirements for transporting live animals and obtain certificate of competence and business license;

2/ transport only those live animals to be supplied to market or purchased and be transported to the next destination in accordance with this Proclamation;

3/ transport live animals without mixing those different in breed, sex and age group;

4/ possess transporting permit while transporting live animals and show same to the appropriate organ when requested and allow inspection of the loading conditions of the animals;

5/ respect the provisions of this Proclamation and regulations and directives issued hereunder.
13. Obligations of Abattoir Operators

Any abattoir operator shall have the obligation to:

1/ have his own or rented abattoir satisfying the requirements and obtain certificate of competence and business license;
2/ without prejudice to slaughter live animals from his own feedlot, purchase live animals only from live animals market centres;
3/ respect the provisions of this Proclamation and regulations and directives issued hereunder.

14. Obligations of Butchers

Any butcher shall have the obligation to:

1/ have his own rented butchery house satisfying the requirements and obtain certificate of competence and business license;
2/ purchase live animals only from live animals market centres; and
3/ respect the provisions of this Proclamation and regulations and directives issued hereunder.

PART FOUR
MISCELLANEOUS PROVISIONS

15. Powers and Duties of the Appropriate Organ

Without prejudice to the ‘powers and duties under other laws and other provisions of this Proclamation, the appropriate organ shall ‘have the powers and duties to:

1/ designate live animals market centres and ensure that they meet the required criteria;
2/ authorize the selling and buying of live animals through dealings or auctions and assign auctioneers;
3/ ensure that health check is conducted on live animals supplied to domestic or export market and provide with health certificate and ownership document;
4/ monitor the quality standards of live animals to be supplied to export market;
5/ take appropriate administrative measure on any market actor who distorts live animals marketing process through misleading act;
6/ issue business license to persons who have obtained certificate of competence to engage in the business of marketing live animals;
7/ establish and implement live animals identification system;
8/ seize live animals being transported or marketed illegally; sell them through auction at first or second level live animals market centre, as the case may be, and deposit the proceeds thereof in a blocked bank account; transfer to the government when decision of confiscation is given pursuant to Article 17 of this Proclamation;
9/ submit proposal to the government on the rate of commission to be paid to informers of illegal live animals marketing activities and implement same upon approval;
10/ charge fees for the services it renders in accordance with the rate approved by the government.
16. **Duty to Cooperate**

Every person shall have the obligation to cooperate with the Ministry and the appropriate organ in the implementation of this Proclamation, regulations and directives to be issued hereunder.

17. **Penalties**

1/ Any person who sells or supplies for sale or buys live animals at a place other than a market centre shall be confiscated the animals provided, however, that if it is conducted by a person other than a person who buys for domestic consumption or who sales live animals raised by him, it shall, in addition, be punishable with simple imprisonment not exceeding two years and with fine not exceeding Birr 30,000.

2/ Any person who transfers his business license to third party or harbors or creates conducive condition for foreigners to engage in the business of marketing live animals shall, in addition to the confiscation of the live animals, be punishable with simple imprisonment not exceeding five years and with fine not exceeding Birr 150,000.

3/ Any person, except breeders, who engages in marketing of live animals with the same category of market actor shall, in addition to the confiscation of the live animals, be punishable with simple imprisonment not exceeding one year and with fine not exceeding Birr 15,000.

4/ Any person who supplies to export market live animals which have not completed their quarantine time shall be punishable with simple imprisonment not exceeding five years and with fine not exceeding Birr 150,000.

5/ Any foreigner who, except supplying live animals raised at his own breeding station to market centres or directly exporting them, engages in the business of marketing live animals shall be punishable with simple imprisonment not exceeding six months and with fine not exceeding Birr 50,000 and thereafter shall be deported.

6/ Any person who commits a misleading action the process of marketing live animals shall be punishable with simple imprisonment not exceeding four years and with fine not exceeding Birr 60,000.

7/ Any person who treks or causes the trekking of live animals in a city prohibited in accordance with the directive issued by the Ministry shall, in addition to the confiscation of the live animals, be punishable with simple imprisonment not exceeding six months and with fine not exceeding Birr 5,000.

8/ Any person who treks or causes the trekking of live animals beyond the permitted distance from market center or breeding or feedlot station to the next destination shall be punishable with simple imprisonment not exceeding six months and with fine not exceeding Birr 5,000.

9/ Any person, other than a person who buys for domestic consumption, who transports live animals from market centre or breeding or feedlot station to the next destination without having a transporting permit or through a rout other than that specified in the transporting permit shall be punishable with simple imprisonment not exceeding one year and with fine not exceeding Birr 15,000.

10/ Any transporter who transports illegally marketed live animals shall be punishable with simple imprisonment not exceeding two years and with fine not exceeding Birr 30,000.

11/ Any person who demands additional payment or hinders the movement of live animals being transported from market centres or breeding or feedlot stations to the next destination shall be punishable with simple imprisonment not exceeding one year and with fine not exceeding Birr 15,000.

12/ Any person who commits any other offence in violation of the provisions of this Proclamation or regulations or directives issued hereunder shall be punishable with simple imprisonment not exceeding six months and with fine not exceeding Birr 5,000.
13/ A legal person which participates in the commission of offence under this Article as provided in Article 34 of the Criminal Code shall be punishable in accordance with Article 90 of the Code.

18. Power to Issue Regulation and Directive

1/ The Council of Ministers may issue the regulations necessary for implementation of this Proclamation.

2/ The Ministry may issue directives necessary for implementation of this Proclamation and regulations issued pursuant to sub-article (1)of this Article.

19. Effective Date

This Proclamation shall enter into force on the date of publication in the Federal Negarit Gazette. Done at Addis Ababa, this 26thday of March, 2014.

MULATU TESHOME (DR.)

PRESIDENT OF THE FEDERAL

DEMOCRATIC REPUBLIC OF ETHIOPIA

Annex 3

Bilateral Agreement Between Kenya and Uganda on Animal Health Coordination in Border Areas

Memorandum of Understanding on Cross-Border Animal Health Coordination Kenya – Uganda

INTRODUCTION

Increased cross-border dialogue between countries in Eastern Africa has created an environment where governments now can address regional challenges more effectively. One particular field has been drought disaster. To end drought emergencies, IGAD recently launched the IGAD Regional Drought Resilience and Sustainability Initiative (IDDRSI). It is envisaged that the Memorandum of Understanding (MoU) on Cross-Border Animal Health Coordination will be operationalized through the IDDRSI investment programmes.

The MoU will benefit communities in the border areas between Kenya and Uganda. Pastoralists in Eastern Africa cross borders with their livestock in search for pastures and water or better services. Most countries in the region lack coordination of their animal health programmes, creating disharmony in legal and policy frameworks, which leads to practical challenges where veterinarians require authorization from local drug authorities to cross the border. The MoU is an important step forward in creating an enabling environment where animal health programmes can be coordinated in these border districts. Harmonization of rules will regulate movement of goods and mobility of people and livestock across the border and facilitate ecosystem-based planning.
MOU SUMMARY

MEMORANDUM OF UNDERSTANDING

between The Department of Veterinary Services – Kenya and the Department of Animal Health and Entomology – Uganda

1. Background:

The communities living along the Kenya-Uganda border in the Pokot and Turkana Counties of Kenya and the Karamoja Sub-region of Uganda share similar livelihoods that involve pastoral way of life, leading to frequent cross border movements while sharing common resources and marketing of livestock and livestock products that are central to their livelihoods. Generally, there has been limited coordination in animal health by the respective countries and other animal health service providers such as NGO’s and CBOs. Building on previous initiatives by AU-IBAR, IGAD, EAC, FAO, VSF-Belgium and Germany, Institution for Cooperation and Development, Lutheran World Federation, Practical Action, Oxfam and community-own initiatives, ACTED has recently taken the next step in the coordination by facilitating the process of developing this Memorandum of Understanding (MoU).

This MoU is a product of a series of meetings between the respective Government lead actors and the Development implementing Partners working along the Kenya – Uganda border; especially. The MoU is a product of the Kampala meeting held on 14th November 2011 in which it was resolved that a harmonized Cross Border Animal Health Coordination is essential. This MoU builds on the provisions of the EAC treaty and the IGAD agreement and actually operationalizes the livestock policies of AU-IBAR, IGAD, EAC, and the individual country’s national policy frameworks.

PREAMBLE

The Governments of the Republic of Uganda and Republic of Kenya hereinafter referred to as the “Participating Countries”;

Whereas the Department of Animal Health and Entomology Uganda and Department of Veterinary Services Kenya agree to operationalize the animal health cross-border coordination taking cognizance of existing AU-IBAR, IGAD and EAC animal health and policy frameworks;

Realizing the need to engage and unite efforts aimed at enforcing the existing animal health laws and policies between the participating countries;

Recognizing the necessity of establishing a sustainable legal and institutional framework for inter-state co-operation in achieving the objective of the Standard Operating Procedure (SOP) for animal health within the areas of co-operation, in an undertaking that is hereinafter referred to as the “Joint programme”;

Appreciating the contribution that the successful implementation of the objectives of the joint collaboration would be to strengthen co-operation and relations between the participating countries as well as promoting development within the region.

Have committed themselves to formulate and implement synchronized collaborative programmes for the enforcement of animal health laws and policies within the region and across the common boundary of the two countries and in pursuit of this common objective, have agreed as follows:

OBJECTIVE OF THE AGREEMENT AND THE GEOGRAPHICAL SCOPE

(a) The objective of the present agreement is to formally establish the agreed framework and modalities of co-operation delineate protocols and methods of work and describe the arrangements and related procedures for the joint planning, management and execution of the Joint programme by the Participating Countries.
OBJECTIVES AND CONCEPT OF THE PROGRAMME

(a) The participating countries shall establish and operationalize cross border animal health coordination mechanisms along the Kenya - Uganda border;

(b) Co-operate in good faith in the synchronization of formulation, planning, management and execution of the activities of the Joint programme aimed at the maintaining and enforcing animal health policy and legal framework within the targeted area;

(c) The funds intended to cover the cost of implementing the Joint programme will be sourced from the Governments of the participating countries, or obtained through bilateral or multilateral support arrangements between the affected participating countries singly or in partnership with respective stakeholders.

JOINT PROGRAMME COORDINATION AND MANAGEMENT UNIT

(a) The participating countries and partners hereby agree to establish Joint Programme Coordination and Management Unit (JPCMU), herein after refer to as the “JPCMU”. The JPCMU will be an independent, autonomous programme coordination and management unit, based on modern management principles of transparency, efficiency and accountability, governed in accordance with the terms conditions and guidelines agreed between the participating countries and approved by the Joint Programme Steering Committee (JPSC);

THE JOINT PROGRAMME STEERING COMMITTEE

(a) There shall be a Joint Programme Steering Committee (JPSC) comprising of senior technical, management and policy high profile persons appointed by the participating countries, to guide, oversee and regulate activities of the Joint programme;

(b) The JPSC shall be the supreme body in the management and implementation of the Joint programme;

(c) The JPSC (of seven members) shall comprise up to three relevant members nominated by each participating country. Representatives of AU-IBAR, IGAD, EAC, FAO, VSF-Belgium and Germany, Institution for Cooperation and Development, Lutheran World Federation, Practical Action, Oxfam and community-own initiatives, ACTED and other contributing partners, as observers, take part in the meetings of the committee;

(d) The JPSC shall unanimously adopt rules of procedure for their meetings and unanimously adopt financial rules, prepared (as much as possible) in harmony with the requirements and procedures applicable and subsisting in the participating countries;

(e) The JPSC shall approve the work plan for the Joint programme and regularly evaluate the implementation of the activities towards achieving objectives of the Joint programme;

COORDINATION OF THE JOINT PROGRAMME ACTIVITIES

a) The Chief Veterinary Officers of the participating countries, until the establishment of the JPCMU, in collaboration and consultation with the relevant officials, focal points and stakeholders in the participating countries, shall provide the overall co-ordination service required in the execution of the Joint programme;

b) The JPCMU shall in collaboration with development partners and contributing partners, plan and organize such regional workshops, seminars, meetings and training courses as shall be approved by the JPSC in relation to the needs of the Joint programme;

c) The JPCMU shall in collaboration with relevant stakeholders guide the implementation of the Joint programme and regularly inform the Members of the JPSC, and generally ensure that the activities of the Joint programme are effectively and expeditiously implemented;
EXCHANGE OF INFORMATION

a) The participating countries shall exchange data and information concerning animal health legislation and policies within the framework of the Joint programme and the implementation of this MoU, as is available. If a participating country is requested by the other participating country or by the JPCMU to provide data or information that is related to the Joint programme or that affects its execution, the former shall comply with the request provided that such an act is considered by the country as being reasonable and does not go against the national good;

b) The MoU shall not affect the rights or obligations of the participating countries established in accordance with their domestic laws, regulations, administrative provisions or accepted legal practices and international agreements to protect information relating to personal data, intellectual property, including confidential industrial or commercial information or national security;

TERMINATION

The MoU shall remain in force until the conclusion of the Joint programme and attainment of its objectives as provided in the Joint programme documents, on a date, certified as such by the JPSC.

Annex 4

Cattle Traders Act in Uganda

CHAPTER 43

THE CATTLE TRADERS ACT.

Commencement: 30 September 1943.

An Act to provide for the regulation of cattle trading within Uganda.

1. Interpretation. In this Act—
   (a) “cattle” means bulls, cows, oxen, goats, sheep, heifers, calves, kids and lambs and includes the carcass or any part of the carcass of any cattle;
   (b) “cattle trader” means any person engaged in the business of purchasing cattle for the purposes of resale or slaughter whether the purchase or resale be effected by the person on his or her own account or on behalf of any other person;
   (c) “inspecting officer” means any veterinary officer or person authorized by the commissioner of livestock and entomology to act as an inspecting officer and includes any administrative officer;
   (d) “veterinary officer” means any member of the department of veterinary services and animal industry authorized by the commissioner of livestock and entomology to act as a veterinary officer for the purposes of this Act.

2. Cattle traders to be licensed

No person shall engage in the business of a cattle trader in any area of Uganda unless he or she is in possession of a valid license issued to him or her by a veterinary officer in the prescribed form; and no person shall have more than one such license; except that a veterinary officer may, in his or her discretion, endorse a license for use in such additional area or areas as he or she may specify.
3. Applications for licenses

(1) An application for a cattle trader’s license shall be made in the prescribed form to a veterinary officer in the area in which the applicant intends to carry on business as a cattle trader.

(2) On application being made to him or her for the issue or renewal of a cattle trader’s license, a veterinary officer may, in his or her discretion, refuse to issue or renew the license—

(a) if he or she is satisfied that the applicant has been convicted of an offence against this Act or any provision of the Animal Diseases Act or any rules made under either of the Acts; or

(b) if he or she is of the opinion that the applicant has insufficient resources or lacks sufficient experience to engage satisfactorily in the business of a cattle trader.

(3) Where a license is refused by a veterinary officer under the powers conferred by subsection (2), he or she shall communicate, in writing, to the applicant for the license the grounds of the refusal.

(4) Any person aggrieved by the refusal of the veterinary officer to issue a cattle trader’s license under this section may, within thirty days of the refusal being communicated to him or her, appeal to the Minister.

4. Export licenses

(1) No person shall export cattle from any declared area unless he or she is in possession of an exporting license issued by the commissioner of livestock and entomology.

(2) For the purposes of this section, the commissioner of livestock and entomology may by statutory instrument declare any area of Uganda to be a declared area.

(3) The commissioner of livestock and entomology shall have power to refuse to issue or to revoke an exporting license.

(4) An appeal shall lie to the Minister from any decision made by the commissioner of livestock and entomology under subsection (3).

(5) The decision of the Minister shall be final.

5. Movement of Cattle

The Minister, on the advice of the commissioner of livestock and entomology, may by statutory order prohibit or restrict the movement of cattle from any area to any other area.

6. Register of Licenses

The commissioner of livestock and entomology shall keep a register of all persons to whom a cattle trader’s license has been issued under this Act.

7. Duration of Licenses

Every license issued under this Act shall come into force on the date specified in the license and shall, unless earlier cancelled or suspended under the provisions thereof, remain valid until the next following 31st day of December.
8. **Licensing offences**

Any person who—

(a) engages in the business of a cattle trader without a valid license issued to him or her under this Act; or

(b) being a cattle trader refuses or fails to produce a valid license when called upon at any time to do so by an inspecting officer, commits an offence against this Act.

9. **Rules**

(1) The Minister may make rules generally for better carrying into effect the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, rules may be made for any of the following purposes—

(a) any thing which by this Act may or is to be prescribed;

(b) governing the issue and conditions to be attached to any license;

(c) prescribing and regulating the powers and duties of inspecting officers;

(d) prescribing fees for licenses.

10. **Offences and Penalties**

(1) Any person who contravenes any of the provisions of this Act or of any rules made under this Act or who fails to observe any of the conditions subject to which a license is issued commits an offence against this Act.

(2) Any person who commits an offence against this Act is liable on conviction to imprisonment for a period not exceeding six months or to a fine not exceeding one thousand shillings or to both such imprisonment and fine.

11. **Power of court to cancel or suspend license**

On any conviction of a cattle trader for an offence against this Act or against any of the provisions of the Animal Diseases Act or any rules made under either of the Acts, the court may, in addition to any sentence imposed, cancel or suspend for any period it thinks fit any license issued under this Act to the offender, and may declare the person convicted to be disqualified from obtaining another license under this Act either permanently or for a stated period and shall endorse upon the license particulars of any order made under this section, and shall also furnish the commissioner of livestock and entomology with particulars of the conviction and order.
Regional Pastoral Livelihoods Resilience Project (RPLRP)

8. Licensing offences
Any person who—
(a) engages in the business of a cattle trader without a valid license issued to him or her under this Act; or
(b) being a cattle trader refuses or fails to produce a valid license when called upon at any time to do so by an inspecting officer, commits an offence against this Act.

9. Rules
(1) The Minister may make rules generally for better carrying into effect the provisions of this Act.
(2) In particular and without prejudice to the generality of the foregoing power, rules may be made for any of the following purposes—
(a) any thing which by this Act may or is to be prescribed;
(b) governing the issue and conditions to be attached to any license;
(c) prescribing and regulating the powers and duties of inspecting officers;
(d) prescribing fees for licenses.

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