



Knowledge of animal grading and market participation among sheep and goats producers in Somaliland

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Key messages

- Export marketing of livestock, particularly small ruminants, is the leading source of income and livelihood in Somaliland.
- Besides the various intermediaries involved in the Somali livestock trade (exporters, agents of exporters, small-scale livestock traders and brokers), thousands of livestock producers constitute an important part of the livestock export value chain.
- A survey was conducted on market participation among men and women small ruminants' producers including awareness, exploitation and experience with the grading system used in export marketing of livestock in northern Somalia/Somaliland.
- Besides results confirming the importance of small ruminants as income earners in producer households, knowledge about the grading system was generally widespread save for extreme details.
- Factors that significantly influenced market participation included number of animals kept, gender of sales decision-maker, age of household head and livelihood zone.

Background

Livestock is the leading economic sector in Somaliland accounting for 40% of GDP and 80% of forex earnings. Sheep and goats are the most important type of livestock reared and marketed in Somaliland. In 2012, over 3 million sheep and goats worth over USD 200 million were traded and exported from the port of Berbera (SLCCIA 2013). The main importers of livestock from Somaliland include the Kingdom of Saudi Arabia, Yemen, Oman, Egypt and the United Arab Emirates. Apart from the various intermediaries involved in the Somali livestock export trade: exporters, agents of exporters, small-scale livestock traders and brokers (Negassa et al. 2008; Mugunieri et al. 2012), thousands of livestock producers are also important actors in the livestock export value chain.



Besides export marketing, a significant number of the small ruminants are marketed domestically generating employment for the local population especially women who are popularly involved in domestic meat selling and production of valuable by-products such as soap and ornaments. Household income from animal sales and other livestock-related activities is used to buy food and other necessities thus impacting on food security and poverty. Promotion of greater participation in livestock marketing among producers, including sale of higher quality animals which fetch better prices, provides a way of improving the livelihoods of many Somalis.

The livestock grading system

Livestock marketing in Somaliland is characterized by use of an indigenous animal grading system that is based on levels of important traits including age (adults vs. young), conformation (excellent, good, and fair), body condition (fat, normal, and thin), and sex (only male animals are exported). Animals are grouped into three export quality grades: grades I, II, III, and a local quality grade (Negassa et al.

2008; Mugunieri et al. 2012). Figure 1 provides a schematic representation of the grading system. Grade I marks the highest quality animals that fetch the best price. Lower grades are discounted. The local quality grade includes mostly female animals and these are traded and consumed locally. Clearly, this grading system offers an opportunity for producers and other intermediaries to make higher profits through quality improvement of animals sold.

Figure 1: A schematic representation of the Somali livestock grading system.

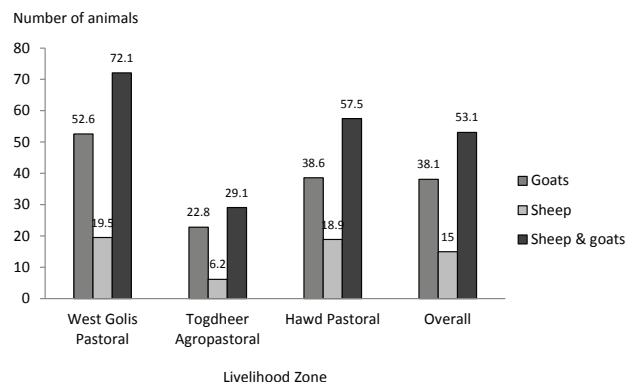
ATTRIBUTES AND THEIR LEVELS				GRADES			
Age	Conformation	Body Condition	Sex	GRADE I	GRADE II	GRADE III	LOCAL QUALITY
Adults	Excellent	Fat	Male	<p>Decreasing quality</p>  <p>Decreasing price</p> 			
Young	Good	Normal	Female*				
	Fair	Thin					

* Only for local market

Box 1: Data sources and methods

A survey was conducted on market participation among sheep and goats producers including also their awareness, exploitation and experience with the indigenous grading system used in livestock markets in Somalia. This gender-based study covered both men and women producers (144 households) in 12 settlements located in three livelihood zones (Hawd pastoral, West Golis pastoral and Togdheer agro-pastoral) in Somaliland. Descriptive statistics and a Heckman two stage selection model (Heckman 1979) were applied to explore the determinants of producers' participation to the livestock market.

Figure 2: Mean number of animals kept.



Small ruminants operations in households in Somaliland

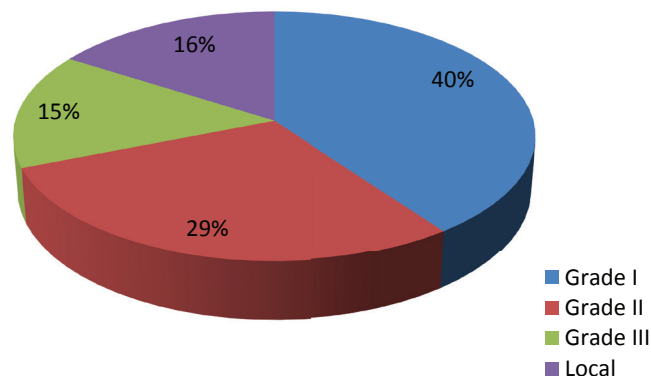
The scale of small ruminants' operations in Somaliland is appreciable with a household on average keeping a flock of 53 animals and this includes 38 goats and 15 sheep. Flock sizes are relatively larger among pastoralists (on average 58-72 animals) than agro-pastoralists (29 animals) (Figure 2). The small ruminant enterprises exhibit strong involvement of women authenticated by the relatively high number of women who either solely, or jointly with spouses, participate in the activity as animal owners (48% of households), decision-makers (55% of households) and/or labour providers (65% of households). Besides small ruminants, producers also keep other species of livestock including cattle, camels and chicken but these are relatively less popular than sheep and goats both in terms of numbers of producers involved (up to 44%) and also stocks of animals kept (on average up to 8.6 animals in a household).

Market participation by livestock producers

Sale of sheep and goats is widespread (>80% of households) and also regular across households standing at an average of about 10 animals per household in a year. These results attest the importance of small ruminants as a source of household income to livestock producers in Somaliland. Sale of animals is rather less prevalent in the agro-pastoral (on average 6.2 animals per year) than in pastoral areas (mean = 9.2-14.7 animals per year) where livestock activities are often the only viable productive activities for residents. Farm gate is the most popular point of sale for agro-pastoralists compared to 'regional' and 'local' markets among the pastoralists.



Figure 3: Quality composition of flocks of sheep and goats sold.



Awareness and utilization of livestock grading system to boost earnings from animal sales

Knowledge about livestock grading, including attributes considered during grading, is widespread among producers. Grade I animals form about 40% of the small ruminants sales compared to 29% for grade II, 15% for grade III and 16% for the local grade (Figure 3), which reflects the orientation of the production practices to serve the export market.

A grade I animal fetches USD 67.4–76.1 compared to USD 58.6–66.7 for grade II, USD 42.8–54.7 for grade III and 29.4–52.4 for the local quality grade. The quality composition of animals sold and prices fetched shows that there is scope for producers to raise their incomes through sale of higher quality animals.

Numerous producers make deliberate efforts to exploit the grading system for better incomes. Efforts made mainly include:

- Fattening of animals before sale (39% of producers)
- Buying of poor-grade and low-cost animals which are then fattened for sale at higher prices (23% of producers).

The fattening of animals commonly features grazing in communal land during the wet season (45% of cases) and/or use of purchased feed (31% of cases). There is need to educate and promote fattening of animals among livestock producers. This should be coupled with efforts to address the problem of feed availability possibly through promotion of feed; production, conservation and trading.

Determinants of market participation by livestock producers

Participation in livestock selling exhibits interesting relationships with numerous factors. Small ruminant producers are highly likely to engage in selling in cases where:

- The number of animals kept is high. This provides a justification for development agents to continue investing in interventions designed to safeguard stocks of small ruminants held by producers.
- Household heads are relatively younger, consistent with the higher demand for income often faced by relatively younger parents at a stage where many of their children are highly dependent on them. Often, young adults will not have accumulated much wealth in other forms making them more dependent on sale of sheep and goats whose production is relatively easier to get into.

Market participation tends to be more intensive in:

- Households where sales decisions were made by either a male household head or collectively by both spouses compared to cases where these decisions were solely made by women.
- Pastoral areas where alternative economic activities tend to be limited than in agro-pastoralist areas where people also practice crop farming.

Recommendations

- Small ruminants are important sources of household income which justifies investments aimed at safeguarding livestock assets and improving its productivity for the poor.
- Participation by women in the rearing and marketing of small ruminants was strong, implying that these activities provide a good entry point in promoting gender parity in economic welfare in producer households.
- The informal livestock grading system in Somaliland provides an opportunity for producers to raise their income through sale of higher quality animals.
- There is a need to educate and promote fattening of animals among livestock producers coupled with efforts to address the problem of feed availability.

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