



Photo: Mercy Corps, Ethiopia/Yosef Tiruneh, 2023

# NEW LIVESTOCK TRADING MODEL BRINGS DIVIDENDS TO MARKETS AND HOUSEHOLDS IN ETHIOPIA

## Haile's Story

A sunny Tuesday morning in June 2022 in Ethiopia's eastern town of Babile, Oromia Region. A truck full of goats of varying sizes is getting ready to hit the road to a town called Modjo, a center for export abattoirs close to Addis Ababa. A 10-hour drive lies ahead. The man in charge of the transportation checks that all the 45 goats are in good shape and makes sure that they drink enough water. Sitting next to the driver in the front seat, he signals to the driver to start their journey. A slender figure in his early forties, Haile Hiluf is a goat trader who collects goats from households and middlemen and supplies them to export abattoirs in Modjo town. As the truck leaves Babile, a small mountainous town of about 100,000 people, many of its small shops are still closed and residents asleep.

A tourist four-wheel vehicle is driving into Babile in the opposite direction as Haile and his driver leave with the truck of goats. “Probably heading to visit the Elephant sanctuary,” says the driver. Babile is known for its Elephant Sanctuary which covers an area of about 6,982 square kilometers and is a significant destination for wildlife watchers. Tourism is one of the livelihood options for inhabitants of the town. But for people like Haile, it is the goat and sheep population in Babile that attracts their attention. The goat population and the limited connections to livestock markets, is what made Haile move to this town and start his business, and a family, eight years ago.

A few stops are needed on the journey to Modjo, to check the condition of the goats in the truck. Some of them look tired. The water and feed provided has finished. Haile has no choice but to push on and reach their destination as quickly as possible.

After a few security check points and a tiresome journey, Haile is at the gate of Luna Exports, the big buyer of live goats at Modjo. Veterinary experts of the company check the condition of the goats, their weight, and overall look of their health. Today the process is taking longer than usual. Haile, a former employee of this same slaughterhouse, knows very well that some of his goats might not make it to the slaughterhouse, as the requirements are tough. Sipping coffee at the waiting room, he watches the inspectors for results anxiously. A few more minutes, and the inspectors inform him they are willing to take just 30 of the goats he brought in. 15 of the goats have not made the cut. This means that Haile will have to take back the goats and sell them elsewhere in the local market, with a loss.

Haile is vividly recalling incidents like this one from one year ago, as they left doubts in his business decision. At that time, days like this were frustratingly common for Haile’s goat marketing business. “Getting refused at Luna used to be the most frustrating part of the work,” notes Haile. He explains that some of the goats he transports would die on route at times, as they had been in transaction from one middleman to the other without proper care for days.

The frustration is the same for the owners of the export abattoirs in Modjo. Despite huge demand for lowland livestock from Arab countries in particular, many animals supplied to the export abattoirs do not meet quality standards for export. Export abattoirs in Modjo are typically operating at less than half their production capacity, leading to loss of much needed foreign exchange dollars for the country.

## **New Model, Improved Markets**

Haile’s pain was felt by all actors in the livestock market supply chain. But nothing happened to remedy the situation until a partnership initiative was floated by the Mercy Corps led Resilience in Pastoral Areas (RIPA - North) program which has resilience capacity enhancing interventions in 22 districts in Afar, Oromia and Somali Regions of Ethiopia including Babile, Haile’s business town. The RIPA - North initiative aimed to find ways where the livestock supply chain can deliver its potential to traders and livestock producers in the villages.

A new and robust model of business for livestock trading involving key actors starting from the national buyers up in the chain, all the way to the household level livestock producers, was proposed by the RIPA - North program.

Frustrated national level livestock buyers were happy to partner with RIPA North to devise a more integrated model through the supply chain and business relationships, which aimed to provide mutual benefits for all parties involved. National buyers agreed to invest in training regional traders on the quality of animals. People like Haile were at the heart of the anticipated model.



*“The transactions were there, but it lacked formality and trust. Demand and supply never matched, and nobody took the initiative to improve the business environment. But I was trying as a single businessperson,”* Haile Hiluf, livestock trader.

Having seen how the goats he sourced from the village market were ill prepared for an export market, Haile decided that he needed to find ways to condition them better, providing adequate feed, water and staying ground. He set up a compound to do just that. Those in good condition are transported to the export markets, and the others in less optimal condition sold to local restaurant owners in Babile town.



Photo: Mercy Corps, Ethiopia/Yosef Tiruneh, 2023

“Taking these steps helped me reduce losses, but I was not quite there,” he says. “I heard of an initiative about revamping the goat market structure from fellow businesspeople. I was really interested. It was something that would support what I envisioned,” Haile added.

The initiative that Haile speaks about and championed through RIPA North is aimed at creating partnership with regional traders and supporting them to become professionalized enterprises. As most of the livestock traded are goats, they are named Goat Aggregation Enterprises (GAE). Through a competitive public process, Haile became one of the 13 traders to partner with RIPA to get a package of support to realize his vision as an enterprise.

“I was excited with the whole idea and the support,” Haile notes as he pours water in the cattle trough constructed in the compound where he keeps the goats.

Through the partnership, Haile received business training, and received a grant of ETB 300,000 (\$ 5,670) to improve the holding ground for the sheep and goats. Haile is also seen traveling outside of Babile in a full suit to attend the business-to-business meetings with large buyers facilitated through RIPA - North to help him initiate new relationships.

“The support from Mercy Corps is a timely investment in terms of cash. But the more important thing I take away from the partnership is the entrepreneurial mindset and business continuity thinking I developed through the training,” said Haile.

The business training included developing a business plan, aiming for continuity and sustainability of the business, as well as setting a vision for expansion, and quality of trusting relationships with actors in the goat trade supply chain.

In the following few months, Haile made sure that he had the best people in the villages to supply high quality goats, and he set up a plan that sustains the health of the goats providing enough feed, water, and proper rest before shipments. He soon started supplying high quality goats to the large buyers and rejection was rare.

## Model Taking Roots, Centering Households

The goats that Haile supplies to the big export buyers were sourced from village level markets and household level livestock producers. The new partnership model with RIPA has helped Haile and the other enterprises to introduce alternative ways of sourcing goats. Haile says he enrolled people that he knew from his previous trading as village level goat collectors, now known as ‘mini collectors’. They are the third tier in goat sales, linking households to Haile’s Goat Aggregation Enterprise.

“They are my trusted partners and help me maintain the quality of the goats I am sourcing. The trust goes both ways,” he said.

Haile provides training to the 10 last mile mini collectors that he works with in the villages on identifying high quality goats, and scale measurement of weights of goats, as opposed to eyeball purchase. He provided scales to help them monitor weights. When his mini collectors don’t have cash in hand, Haile provides them credit to purchase goats for the enterprise.

The benefits of the goat aggregation structure have trickled down to the mini collectors working with Haile. One of these mini collectors is Razia Ousman, 35 and a mother of seven.

“Since joining this work [collecting goats], I have a reliable income that supports my family and keeps me away from the physically demanding peanut trading work I used to do before,” she said.



Haile GAE goat holding ground. Mercy Corps, Ethiopia/Yosef Tiruneh, 2023

“I supply about 50 goats to Haile per week, buying from pastoralist households or smaller markets in the villages. I get at least 150 Birr (\$2.7) per each goat as my profit. That’s 7,000 Birr (\$125) weekly earnings. The income I get now is not even comparable to my previous work, which did not exceed ETB 2,000 (\$36) per week,” says Razia.

With an increased income, Razia says she provides better food at her home and pays school fees to her children on time. Working with Haile has helped Razia to have a reliable trade partner.

“I don’t worry about having a buyer at the market. I know how many goats are required, with what price and when. I just need to make sure that the goats are in good condition when supplying to Haile,” she said.

## Healthy Goats, Better Supply and Reliable Income

Haile’s business has also benefited from building a strong relationship with local animal health care providers, another aspect of the livestock system supported by RIPA-North. One key pillar of livestock trading is ensuring that animals are in optimal health for sales. “I lost over 80 goats last year when they consumed a toxic plant, and the injections administered by their owners worsened their situation. I take the health of the goats very seriously,” says Haile. “The large buyer’s health inspection is a serious matter. If they reject it, I am at a loss,”

Regular health check of goats before their send off to the national buyer is made by Africa Private Veterinary Pharmacy (PVP) and Clinic, a private business also supported by RIPA - North.

“One part of our partnership with RIPA - North is supporting the livestock trading activities in Babile. I have regular contact with Haile and my team helps in monitoring the health of the goats for market, and provide medication, when necessary,” said Dr Abdi Mohammed, owner of Africa veterinary pharmacy and clinic.

Now that the goat trading activities are more structured and the supply side is working in a predictable fashion, enterprises are getting better revenues, and households get better prices for their goats. “Since working with RIPA-North, my revenue and sales have increased as high as four-fold,” says Haile.

Over the past year and half, Haile sold 16,143 livestock, earning over 44 million ETB in sales (\$784,000). He also employs 38 people for the various activities of the business on a temporary and permanent basis.

## Future Ambitions, System Impacts

Looking forward, Haile plans to grow his business into a national livestock buyer and live animal exporter. For a country with a huge livestock population, Ethiopia currently has few export abattoirs. “I have all the recipes, and RIPA’s support helped me to focus on the future. I know how to navigate the system and thrive. The illegal trading of animals worries me though,” says Haile.

The illegal trading Haile speaks of is a concern that other enterprises in the supply chain are also raising with the authorities. RIPA - North is working with various stakeholders in areas of creating awareness on the impact of the illegal livestock trading. The engagements are hoped to identify the root causes and put in place viable solutions.

Babile and the surrounding districts have been affected by consecutive droughts which led to severe shortages in animal feed and water in the past five years. This phenomenon caused the loss of livestock population and means of livelihoods for households who depend on livestock rearing and selling. Haile

notes that such environmental calamities could threaten his business, but he says he has taken coping steps in anticipation of these challenges.

“I am already diversifying my goat aggregation business and installing feed processing and milling machines to produce enough feed for my animals. I can also provide this milling service for others. I’d say I have enough feed in stock,”

Haile remembers the days where his goats were thirsty for a drop of water in the dry spell times. He made sure that this type of scene is prepared for in his business. He dug a large water storage well with a capacity of over 100,000 liters in the livestock holding compound where he now stores rainwater.

## Signs of System Change and Contribution to Resilience

RIPA - North aims to see similar efforts by other goat aggregation enterprises in the livestock market. The results so far are signaling this ambition. Through the goat aggregation model, the enterprises supported by RIPA - North in Afar, Oromia, and Somali regions have sold over 107,300 livestock, with sales value of close to ETB 543 billion (\$9,872,727) over the past year and half. This is a 193% increase in the number of animals sold per trading enterprise and has created 1,265 new jobs.

There is now a knock-on effect happening, as seven other livestock trading businesses have started operations in RIPA-North target areas and are copying the new business model of the program partners. This is termed as crowding in. 13 other businesses learned and copied from this RIPA supported business ventures in goat aggregation business in Afar, Oromia and Somali regions. The addition of more actors is a sign of a dynamic trading system, and this is creating competition, helping to ensure households get a good price and spurring innovation in the system.

Perhaps most importantly, the goat aggregation enterprises like Haile’s are proving to be a valuable community asset in times of drought. Haile notes that during the recent historic drought in Eastern Oromia and the Somali region his enterprise continued to purchase livestock even during the peak of the drought, enabling households to sell their livestock to him before they lost them for lack of feed and water.

RIPA’s line of thought and market-based approaches are well received among the goat trading actors, and they are contributing their share to improve the market system and support sustainability. The intervention is among RIPA’s activities showing signs of scale and systemic change.

Well-fed and healthy-looking sheep and goats can be seen leaving Haile’s holding compound every Tuesdays and Thursdays. Those early morning 10-hour drives to deliver goats are no longer a part of Haile’s routine. The big buyers send their trucks to collect the goats right from his compound in Babile and usually provide the payments to Haile on site.

“This major burden was lifted off my back because of the new model that RIPA helped set up with the big buyers, and the bottom-up predictable supply of goats. I no longer lead a business full of doubts and anxiety,” says Haile.

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**Resilience in Pastoral Areas – North (RIPA-North)** is a five-year, \$38 million USAID-funded program operating in lowland areas of Somali, Oromia and Afar regions of Ethiopia (2020 – 2025). RIPA-North aims to improve the resilience capacities of households, markets, and governance institutions, collectively contributing to enhanced food security and inclusive economic growth.