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## **AGRIBUSINESS AND TRADE PROMOTION (USAID ATP)**

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### **Annual List of Target Investments in Market Logistics Infrastructure with a “Mini-Strategy” for Facilitating Public / Private Investment for Each Target Investment Livestock (FY 2010)**

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# TARGET INTERVENTIONS IN MARKET LOGISTICS INFRASTRUCTURE AND OTHER PPPS

AGRIBUSINESS AND TRADE PROMOTION (ATP)

DECEMBER 2010

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## **DISCLAIMER**

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development (USAID) or the United States Government



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# I. INTRODUCTION

Inadequate market infrastructure and handling procedures for livestock trade in West Africa are a significant driver of overall transport and logistics costs. At transfer points and markets, services and livestock holding areas are often insufficient; in most of the livestock markets visited, there are no paddocks for holding livestock, no water supply, few feed sources, and scarce veterinary services, all of which are necessary to ensure health and maintenance of the animals in transit. This results in abnormally high weight loss, injury and death, reducing incomes for traders and producers.

In a typical journey from Niagre in Burkina Faso to Ilesha market in Nigeria, a bull will lose approximately 5% of its bodyweight and has a 1 in 20 chance of dying en route. This diminishes the potential value of average sales by 10%. There is further anecdotal evidence that sales in the end market are discounted when the animal's appearance has deteriorated in transit, though the ATP research team was unable to quantify the magnitude of that discount. Regardless, 10% of product value is three times the cost of transport and cowherd services (~3%) and ten times the cost of bribes paid to public officials (<1%).

Given the magnitude of product loss and deterioration in transit vis-à-vis other transport and logistics costs, the research team has focused its recommendations on improving the logistics infrastructure required to sustain animal health and safety throughout the journey.



## 2. TARGETED INTERVENTIONS IN MARKET LOGISTICS INFRASTRUCTURE

With the exception of the livestock market in Fada N’Gourma, ATP researchers observed that livestock markets in Ghana, Burkina Faso and Benin were poorly built. The livestock market in Fada N’Gourma is a case study against which other markets are compared to assess infrastructure gaps relative to a level that is achievable in West Africa. Recommendations are also offered for how to improve Fada N’Gourma market infrastructure, but the adverse conditions there are less acute than others observed.

The table on page 4 summarizes key infrastructure and equipment upgrades required to reduce livestock marketing and logistics costs.

	Logistic equipment	Expected benefit	Fada N’Gourma	Pouytenga	Matiakoali	Piega	Nagre	Parakou	Nikki
Infrastructure	Fencing	Increase market security		Repair		Construction			Construction
	Pens for cattle	Facilitate transactions by grouping animals				Construction			Construction
	Pens for sheep and goats	Facilitate transactions by grouping animals				Construction			
	Paved pens	Reduce animal thefts and improve security	Construction	Construction	Construction	Construction	Construction	Construction	Construction
	Truck parking area	Facilitate livestock transport	Construction	Construction	Construction	Construction	Construction	Construction	Construction
	Adjoining pasture	Limit losses while awaiting marketing		Construction	Construction	Construction	Construction	Construction	Construction
	Water supply: drilling wells	Limit livestock losses and deaths	Repair	Construction	More powerful generator	Construction	Construction		Construction
	Electricity supply	Facilitate market transactions after sundown		Construction	Construction	Construction	Construction		Construction
Equipment	Troughs	Allow livestock to eat/drink	More powerful generator	Construction		Construction	Construction		Construction
	Loading ramp	Reduce injury and death during loading	Construction for sheep	Repair	Repair	Construction	Construction		Construction
	Weigh scale	Better livestock weight control	Construction	Construction	Construction	Construction	Construction		Construction
	Vaccination corridors	Control animal health		Construction	Construction	Construction	Construction	Construction	Construction
	Tables for displaying goods	Improve security and reduce theft	Construction	Construction	Construction	Construction	Construction	Construction	Construction

**TABLE 1: REQUIRED INTERVENTIONS IN MARKET LOGISTICS INFRASTRUCTURE**

## 2.1 PRIORITY INTERVENTIONS - PARAKOU AND NIKKI

Parakou is an important market for trade in livestock originating in the Sahel for onward transit to Lome or Cotonou. Market days are Tuesday and Wednesday and the daily transaction capacity is 700 cattle. The market is managed by the Association des Commerçants et des Eleveurs de Bétail de la Commune de Parakou (ASELCOB). Nikki market is strategically located for exports to Nigeria, with traders continuing on foot with their livestock across the border to Ilesha, 200km away. It is similar in size to Parakou market, and managed by a committee of elected actors: breeders, dealers, butchers and conveyors.

Both Parakou and Nikki are in need of major infrastructure and equipment upgrades, which are detailed in Table 1.

## 2.2 PRIORITY INTERVENTIONS - FADA N'GOURMA

The cattle market at Fada is newly constructed (opened in 2006), and was built by the City Medium Towns Development Program supported by Swiss Cooperation. The market is managed by the Support Unit for Communal Management (CAGEC) under the Municipality council. On market day (Sunday) approximately 2,100 cattle transactions and 800 sheep transactions take place. Livestock traded at Fada are generally destined for Nigeria (65%) or Benin.

The priority interventions at the market in Fada are:

- *Rehabilitation of the loading area* - The cattle loading ramp is in disrepair, and although the market management structure is paying the municipality 2% of the resources collected to carry out this repair, it is still outstanding.
- *Reorganization of market management* - The brokers association is dominant in the market management board and the exporters association is under-represented. This allows brokers to maintain high fees for services that are of questionable value.
- *Capacity building for professional associations* - The transactions and actors in the market are unprofessional and disorganized. There is a need for capacity building, which should go hand-in-hand with reorganization of the market's management structure.
- *Other infrastructure upgrades* – Limited upgrades to other infrastructure detailed in Table 1 would also help improve animal health and facilitate more efficient transactions.

## 2.3 PRIORITY INTERVENTIONS - POUYTENGA

Located 96 KM from Fada, the market at Pouytenga is a terminal market for the production area, attracting traders from a 250 km radius. The market takes place 5 days a week and is located in the city centre, with great nuisance to the population. The transaction capacity is 1200 cattle, 3000 sheep and 3000 goats per day, and livestock are generally destined for end markets in Benin and Nigeria.

The priority interventions at the market in Pouytenga are:

- *Repair of the cattle loading ramp* - The cattle loading ramp is in disrepair, which causes injury or death during the loading process.
- *Upgrading of fences and livestock pens* - The surrounding fence and livestock pens are broken in several places and require repair to improve market security and facilitate transactions in defined areas.
- *Other infrastructure upgrades* – Several other infrastructure upgrades detailed in Table 1 would also help improve animal health and facilitate more efficient transactions.

## **2.4 PRIORITY INTERVENTIONS - MATIOKOALI, PIEGA AND NIAGRE**

The 3 small markets in Burkina Faso collect livestock from surrounding areas mainly for onward transit to Fada N’Gourma, and eventually to end markets in Benin and Nigeria. Their lower volumes do not justify as much attention or focus as the larger markets detailed above. These markets are, however, generally lacking in quality infrastructure, with potential upgrades shown in Table 1.

## **2.5 PRIORITY INTERVENTIONS - TAMALE**

There is a brand new livestock market under construction in Tamale. The project was conceived out of a sister city relationship with Fada N’Gourma in Burkina Faso in 2007. The objective of building the new market is to facilitate the trading of animals for consumption in the Tamale area. The market was also designed to be a transit/rest point to avoid cattle losses in transit to southern Ghana.

At the time of visiting this market, it was partially completed with the Cattle, Goat, sheep and holding bays. Still outstanding to be built are the veterinary check facilities, utility services and water extension, the creation of access roads to the market, a grazing field and animal feed facilities. While the expectation is that this facility will be on par with the market in Fada N’Gourma, follow-up visits should confirm this.

# 3. MINI STRATEGY FOR FACILITATING PUBLIC/PRIVATE INVESTMENT FOR EACH INTERVENTION

Any effort to facilitate investment in livestock market logistics infrastructure and equipment must take into account the basic stakeholder relationships and market management arrangements prevalent in markets visited.

- Almost all stakeholders in the livestock/meat sector are grouped in professional associations.
- Every professional association has its own financial resources generated from fees and royalties paid on the marketing of livestock bought or sold at livestock markets or meat slaughtered at the locality.
- The livestock markets are managed or co-managed by private actors in the sector, elected and duly appointed by their respective associations.
- Management of the market is granted in most cases by the administrative authority of the municipality, which is responsible for investment in infrastructure and equipment.

Taking into account these institutional realities, the best strategy to facilitate public-private investment in deficient infrastructure is through concessions, which should generally extend 25 to 30 years. Revenues (fees, tools, tax, etc.) should accrue to the private operator, which should be identified through public calls for bids according to the following principles:

- The Public Authority (Municipality) keeps the role of landlord and contracting authority.
- A detailed “cahier des charges” should define the duties and obligations of the concessionaire in terms of maintenance, quality of service, pricing policy, remuneration of the contracting authority.
- Depending on the nature and type of infrastructure, three type of concessions are recommended:

- *B.O.T concession*: The selected private operator builds, operates and transfers (B.O.T) at his own risks, the market equipment or infrastructure. The maintenance and operating costs are supported by the private operator.
- *Leasing concession*: The equipment/infrastructure is built by the public authority and conceded to a private operator who operates it, at his own risks and pays annual/monthly fixed fees to the municipality (e.g. the actual cattle loading ramp in Fada market). The maintenance and operating costs are supported by the private operator.
- *Operating concession*: The equipment/infrastructure is built by the public authority and operated on a fee-for-service basis for the public authority. The maintenance and operating costs are supported by the public authority.

Investment and management strategies for each of the key required infrastructure upgrades identified during the study are detailed in the table below:

Intervention required	Type of work	Private sector partner identified	Contact information	Type of PPP
<b>Fada N’Gourma</b>				
<b>Fencing</b>	Repair	Association of livestock actors (BARKE)	Adamou Traore: President 70175650/ 70718202	Operating Concession
<b>Water supply: drilling wells</b>	Repair			
<b>Loading ramp for sheep</b>	Construction			
<b>Weigh Scale</b>	Purchase			
<b>Truck parking area</b>	Construction	Syndicat des transporteurs de Fada	Mr Tombianou: President 70720278/ 70146763	B.O.T Concession
<b>Pouytenga</b>				
<b>Fencing</b>	Repair	Ass. of livestock actors of Pouytenga	Issaka Balma 70285119 70257353	Operating concession
<b>Water supply: drilling wells</b>	Construction			
<b>Loading ramp for cattle</b>	Repair			
<b>Weigh scale</b>	Purchase			
<b>Electricity supply</b>	Construction			
<b>Truck parking area</b>	Construction	Syndicat des transporteurs		BOT concession
<b>Vaccination Corridors</b>	Construction	Ass. of livestock actors of Pouytenga		BOT concession
<b>Tables for displaying goods</b>	Construction			
<b>Adjoining</b>	Construction			
<b>Paved pens and parking</b>	Construction			Operating concession

<b>Matiakoali</b>				
<b>Water supply: drilling wells</b>	Construction	Livestock actors association of Matiakoali	Bouraima Ouaba President RECOPA 70030908 70122758	Operating concession
<b>Loading ramp for cattle</b>	Repair			
<b>Weigh scale</b>	Purchase			
<b>Electricity supply</b>	Construction			BOT concession
<b>Truck parking</b>	Construction			
<b>Vaccination Corridors</b>	Construction			
<b>Tables for displaying goods</b>	Construction			
<b>Adjoining</b>	Construction			
<b>Paved pens and parking</b>	Construction			
<b>Piega</b>				
<b>Fencing</b>	Repair	Livestock actors ass. of Piega	Thiombiano Yamiogo Samio	Operating concession
<b>Pens for Cattle</b>	Construction			
<b>Pens for Sheep, Goats</b>	Construction			
<b>Water supply: drilling wells</b>	Construction			BOT Concession
<b>Loading ramp for cattle</b>	Repair			
<b>Weigh scale</b>	Purchase			
<b>Electricity supply</b>	Construction			
<b>Parking area for trucks</b>	Construction			
<b>Vaccination Corridors</b>	Construction			
<b>Table for displaying goods</b>	Construction			
<b>Adjoining</b>	Construction			
<b>Paved pens and parking</b>	Construction			
<b>Nagre</b>				
<b>Water supply: drilling wells</b>	Construction	Livestock actors ass. of Nagre	Diallo Bouraima Torodo Shouatou Bolly Karim (with 56 members) 76312633 71246695	Operating concession
<b>Loading ramp for cattle</b>	Repair			
<b>Weight scale</b>	Purchase			
<b>Electricity supply</b>	Construction			BOT Concession
<b>Parking area for trucks</b>	Construction			
<b>Vaccination Corridors</b>	Construction			
<b>Tables for displaying goods</b>	Construction			
<b>Adjoining</b>	Construction			
<b>Paved pens and parking</b>	Construction			
				Operating concession

<b>Parakou</b>				
<b>Vaccination Corridors</b>	Construction	ASELCOB	Gounou Pierre 97 00 74 78	Operating Concession
<b>Tables for displaying goods</b>	Construction			
<b>Adjoining</b>	Construction			
<b>Paved pens and parking</b>	Construction			
<b>Nikki</b>				
<b>Fencing</b>	Repair	COFENABVI	Aboudou Karim	Operating concession
<b>Pens for Cattle</b>	Construction			
<b>Pens for Sheep, Goats</b>	Construction			
<b>Water supply: drilling wells</b>	Construction			
<b>Loading ramp for cattle</b>	Repair			
<b>Weigh scale</b>	Purchase			
<b>Electricity supply</b>	Construction			BOT concession
<b>Parking area for truck</b>	Construction			
<b>Vaccination Corridors</b>	Construction			
<b>Table for displaying goods</b>	Construction			Operating concession
<b>Adjoining</b>	Construction			
<b>Paved pens and parking</b>	Construction			