# TRADE HUB AND AFRICAN PARTNERS NETWORK

## LIVESTOCK VALUE CHAIN STRATEGY

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## LIVESTOCK VALUE CHAIN STRATEGY

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# ACRONYMS

| | |
|---|---|
| **ACTE** | Africa Competitiveness and Trade Expansion Initiative |
| **CILSS** | *Comité Permanent Inter-états de Lutte contre la Sécheresse dans le Sahel* |
| **COFENABVI** | *Confédération des Fédérations Nationales de la Filière Bétail/Viande de l'Afrique de l'Ouest* |
| **ECOWAS** | Economic Community of West African States |
| **FEBEVIB** | *Fédération de la Filière Bétail/Viande du Burkina* |
| **FEBEVIM** | *Fédérations Nationales de la Filière Bétail-Viande du Mali* |
| **kg** | Kilograms |
| **M&E** | Monitoring and evaluation |
| **MT** | Metric tons |
| **NTB** | Non-tariff barriers |
| **PPP** | Public-private partnership |
| **SPS** | Sanitary and phytosanitary |
| **UEMOA** | Economic and Monetary Union of West Africa |
| **USAID** | United States Agency for International Development |

# EXECUTIVE SUMMARY

The USAID-funded Trade Hub and African Partners Network (the "Trade Hub") aims to increase regional trade in key agricultural commodities, including livestock, which is a crucial indicator for Feed the Future (FTF), the U.S. government's global food security initiative. The project has established ambitious targets for increases in the volume and value of intra-regional livestock exports. This document presents a strategic approach for capitalizing on short- and long-term cross-border livestock trade opportunities to encourage growth in both national and regional agribusiness investments that will foster income and job creation.

## THE LIVESTOCK SECTOR

Although the demand for red meat in coastal West African urban markets continues to rise, the traditional livestock production systems prevalent in the region are not well-positioned to meet this demand. Complex sector-wide shortcomings are likely to limit the overall number of animals available for commercialization unless major structural changes are made in existing livestock supply chains. Additional systemic factors limit transactions in other ways:

- Basic structural factors linked to the *informal nature of the region's livestock commercial practices* will likely limit a broad-based movement toward formal contracting in the short-term. New and successful business models need to be developed that will modernize the sector and enable it to help drive market-led economic growth for the region.
- *Production systems are only loosely linked to market demand.* Fundamental limitations on production mean that growing demand is not necessarily sufficient to trigger increased supply.
- *Feed resources are limited* and are often not found in the same locations as the animals. This constrains efforts to increase exports of quality animals through Sahelian-based feedlot networks.
- Livestock exporters face *major risks in securing payment* from the sale of animals, which are generally based on credit without any legal documents that assign responsibility for either the delivery of animals or the modalities of payment.
- Feedlot operators and exporters have *difficulties accessing financing*, although this is usually the result of firms' problems developing bankable business plans rather a reflection of an absolute lack of available financing.
- *Transport-related problems* are costly and restrain increases in cross-border commerce, particularly for merchants involved in the trade of perishable goods such as livestock.
- *An inhospitable enabling environment* greatly influences trade flows and adds to livestock trading times and costs.

The capacity to increase trade involves a wide range of factors, including the operational structure of the value chain, the ways in which economic actors use their resources to produce goods and services, the ways in which they interact with others in the chain, "the rules of the game," and the political economy. These factors are also influenced by the business and trade environment in which businesses and individuals operate. Thus, a strategy to increase trade must not only examine and find solutions to factors affecting individual firms, but also address the overall business and trade environment—an environment that often directly determines why commercial operators do what they do and the way they do it. The long-term objective is to develop more efficiently structured commodity supply chains that operate on best business practices. In order to do this, a step-by-step approach needs to be developed that enables businesses to manage the risk associated with becoming increasingly more formal and structured in their trade operations.

## A STRATEGY FOR INCREASING TRADE

An effective strategy for the livestock value chain will facilitate the transformation of systemic constraints into opportunities to achieve specific results—in this case significant increases in the volume and value of intra-regional trade. There are a number of factors that would likely lead to sustainable increases in this trade: 1) an increase in offtake from traditional production systems; 2) greater availability of adequate feed resources to provide for an increasing number of well-finished animals for commercialization; 3) increased overall value-added commercial sales resulting from stronger, more diversified livestock-related agro-businesses; 4) an improved transport, transit, and road governance environment that would minimize transport costs, foster more efficient commercial logistics, and encourage the development of business-friendly trade regulations; and 5) continued development of professional associations that support and advocate for favorable political and legislative environments for the expansion of trade. Specifically, the Trade Hub should:

- *Adopt a progressive, step-by-step approach toward more formal and contractual livestock sales.* The Trade Hub should begin to build transactional platforms without waiting to establish more formal written contracts. Formal contracting is very difficult in West Africa, due to low literacy levels, language barriers, and extensive informal networks. The lack of contracts, however, does not mean a lack of trade, and informal arrangements can serve as a precursor to creating formalized trading relationships.
- *Strengthen lead firm market linkages as a business model.* This will provide a platform to guide modernization of the sector and encourage livestock exporters to increasingly use the best business practices essential to building financial partnerships.
- *Strengthen collaboration with bilateral FTF value chain programs* to more effectively address upstream sector-wide constraints that may limit the overall number of animals available for commercialization and cross-border trade in the future.
- *Strengthen collaboration with regional and national professional partner organizations* and their lead firm members. The project should build technical, commercial, and advocacy capacity by more actively involving these partners in the implementation of project activities. Corridor-level activities should directly involve regional and national partners, focusing on specific corridor management and regulatory issues.
- *Extend beyond an emphasis on high-quality feedlot animals.* Since project targets are quality-neutral, the Trade Hub should look beyond feedlot animals and use a corridor-wide approach to capture a broad spectrum of exported animals, including finished range cattle.
- *Develop feedlot operations where feed resources are the most abundant* and least costly. Because it is so challenging to acquire and deliver feed for fattening cattle, it makes more economic sense to transport the animals to available feed resources than it does to transport the feed to the animals. Such a change of location will be fundamental to efforts to sustainably increase commercial feedlot operations in the future.
- *Help livestock merchants better manage risk by developing financial relationships* with credible, financially secure enterprises. This would partially resolve the credit problem and encourage exporter-financial partner linkages, which will be vital if supply chains are to respond competitively to West African urban markets' increasing demand for red meat.

The Trade Hub's strategy for increasing trade in the livestock value chain should have two key components:

***Component one: work at the firm level.*** This component should focus on building and growing businesses and firms involved directly or indirectly in regional trade in livestock. The project should help expand firms' market linkages and strengthen their capacity to be more market responsive. The focus should be on progressively formalizing commercial and trade procedures, to the degree possible. Under this component, the Trade Hub should work through major livestock associations, such as the *Confédération des Fédérations Nationales de la Filière Bétail/Viande de l'Afrique de l'Ouest* (COFENABVI), the *Fédération de la Filière Bétail/Viande du Burkina* (FEBEVIB), and the *Fédération Nationale de la Filière Bétail-Viande du Mali* (FEBEVIM) to identify promising lead firms. These associations need to be supported and strengthened, because they will play long-term roles in building a favorable business and trade environment for their members and for the trade corridors targeted by the project and the livestock sector as a whole. This trade corridor-level association-building support will be mutually reinforcing over time as it will strengthen advocacy abilities, promote better corridor management, and build the capacity of individual member companies.

***Component two: work at the corridor level.*** A priority corridor approach is the basic platform for this recommended strategy, under which specific development needs—at both the firm and corridor management levels—will drive the design of activities and the allocation of resources to achieve program targets. This approach will allow a critical array of resources to be mobilized in an integrated, mutually supportive way to progressively build success and achieve targeted results. In addition, in the livestock sector a corridor approach will enable the project to capture a wider array of animals—not just feedlot animals but also finished range cattle and small ruminants.

The Trade Hub should work to build and expand opportunities along specific trade corridors to facilitate and encourage increases in targeted commerce. A fundamental aspect of this component should be to build public-private partnerships to improve corridor-specific trade environments. These partnerships should build the capacity of national and regional professional organizations to advocate for improved corridor management and cross-border trade policies. The project should work in collaboration with bilateral USAID FTF programs, national and regional professional organizations, and appropriate public sector agencies and departments in targeted trade corridor countries. Activities under this component will complement those under component one, capturing trade by firms not directly assisted by the project.

## THE ROLE OF THE TRADE HUB

The Trade Hub needs to assess and prioritize activities based on their potential to produce target-related outcomes. The project, however, has a limited capacity to determine or directly influence many of the outcomes of both the firm-level and the corridor-level components. Building businesses and improving the management of trade corridors take place in an extremely complex environment, with many stakeholders that often have varied and competing agendas. A multi-disciplinary approach is important because most of the constraints are multi-dimensional—the result of an interplay of technical, financial, and social-capacity based issues. *This proposed strategy for the livestock value chain focuses on and emphasizes the development of a framework for prioritizing activities based on target-related criteria.*

The immensity of the task, even in targeted corridors, will require the project to create strong and effective partnerships with lead firms, associations, government agencies, and regional economic communities. The Trade Hub simply does not have the human resources to be everywhere and do everything. Moreover, it should not. The project should focus on areas where it has a comparative advantage, such as analyzing market trends, building capacity, and facilitating behavior change.

Implementation of activities for the most part should be the responsibility of partners—partners knowledgeable about the project's objectives and implementation strategy and willing to accept responsibility for target-driven results. This will require the Trade Hub to get business leaders, decision-makers, and professional groups on board, investing enough resources to get their attention and assure them that real change is possible.

West African livestock trade data is well-known to be highly variable, depending on the source. Data from the *Comité Permanent Inter-états de Lutte contre la Sécheresse dans le Sahel* (CILSS) for July 2013–June 2014 shows that the Bamako–Abidjan, Bamako–Dakar, Ouagadougou–Accra, and Ouagadougou–Parakou corridors collectively support trade of over 830,000 head of livestock (both cattle and small ruminants) with an estimated total value of approximately $311 million.[1] While the volume and value of present corridor trade are important criteria for selecting corridors to work in and for designing programs and activities, perhaps more important are: 1) the Trade Hub staff's detailed knowledge of how corridors function; and 2) the presence of numerous, diverse, proactive, and committed partners working in targeted corridors. Although the Ouagadougou–Accra and Ouagadougou–Parakou corridors had the highest *value* of livestock trade during the base year (April 2013–March 2014), the Bamako–Abidjan and Bamako–Dakar corridors had the highest trade *volumes*. These volumes, coupled with the presence of experienced, committed partners along these corridors, provide good prospects for achieving short-term trade increases, making them a strategic choice for intensifying livestock trade efforts over the next 15 months. If the Trade Hub, through support to leading firms and corridor-wide management efforts, can influence an increase in trade along these corridors by 10 to 15 percent by September 2016, it will amount to an increase of between $13 million and $20 million dollars and 51,000 to 77,000 animals (cattle and small ruminants combined).

[1] CILSS 2014.

# 1. INTRODUCTION

USAID/West Africa's mission-wide goal is West African-led advancement of social and economic well-being. This goal is supported by several development objectives, including "broad-based economic growth and resilience advanced through West African partners." The Trade Hub and African Partners' Network Project (the "Trade Hub") will contribute to this development objective by achieving two critical intermediate results:

- Improving the capacity of West Africa's farmers and firms in targeted regional and global value chains
- Improving the business enabling environment by addressing transport constraints and trade barriers affecting the efficiency of the region's corridors and borders

The Trade Hub will work through regional private sector associations and regional governmental entities to help channel all partners' efforts in a way that will address critical constraints to trade competitiveness, capture opportunities to expand trade, demonstrate West Africa's productive potential to investors, and facilitate greater investment in the region. Its results will include an increase in both 1) *regional trade* in key agricultural commodities, a critical Feed the Future (FTF) indicator; and 2) *value-added global exports*, a targeted indicator of the Africa Competitiveness and Trade Expansion (ACTE) Initiative, which ultimately aims to increase Africa's share of world trade.

The project will build the capacity of several key groups of African partners—regional private sector associations and alliances, the Economic Community of West African States (ECOWAS), the Economic and Monetary Union of West Africa (UEMOA), a multi-donor funded Transport and Facilitation Observatory, and private sector companies (through global alliances). As the Trade Hub works with associations and regional alliances, it will help them lead efforts to promote reforms, attract buyers and investors, and adopt improved practices. Eventually, the Trade Hub's partners will act independently and take on even greater leadership roles.

The Trade Hub's major components are:

- Regional staple foods development (livestock and grains)
- Global value chain development (targeted agro-processing and manufactured consumer goods)
- Finance and investment
- Transport and the trade enabling environment
- Capacity building
- Communications
- Administration and management, including grants administration

# 2. CONTEXT FOR THE ASSIGNMENT

The general objective of the Trade Hub's livestock value chain program is to identify, prioritize, and capitalize on opportunities to increase value-added livestock trade. Within a regional context the focus is on cross-border export trade. A short assessment of the livestock value chain was carried out in May 2014. In November and December of that year, Dr. John Holtzman conducted field work in Mali and Côte d'Ivoire and worked with the Trade Hub team to examine prospects for increasing cattle exports along the Bamako–Abidjan trade corridor.

In February and March of 2015, Richard Cook, the consultant hired to prepare this strategy, met with Prosuma in Abidjan to help organize a test shipment of cattle from the *Confédération des Fédérations Nationales de la Filière Bétail-Viande du Mali* (FEBEVIM). For this assignment, Mr. Cook researched the red meat market in Accra and assessed the Ouagadougou–Ashaiman/Accra corridor to identify opportunities to improve and expand cattle trading and to increase the supply of quality meat products to urban markets in Ghana. He shared his expertise and supported efforts to access regional end markets and strengthen the competitiveness of the value chain. He was also tasked with providing ideas on ways to link livestock fatteners, initially grouped together under the *Fédération de la Filière Bétail/Viande du Burkina* (FEBEVIB), with major buyers in Tema, Accra, and Takoradi.

The consultant met with USAID leaders, government and regional organization officials, livestock producers and buyers, and livestock association representatives in Ghana and Burkina Faso in April and May 2015. He also participated in the Trade Hub's project retreat in April. He assisted in reviewing mid-year achievements in the livestock value chain and planning strategic activities for FY 2016, providing ideas and insights to strengthen implementation of the Trade Hub's FTF value chain program.

The livestock value chain's operational realities, as identified during field investigations, were then used, along with the consultant's own extensive knowledge of the livestock sector in West Africa, to formulate an implementation strategy for the Trade Hub's livestock program going forward. This report presents this strategy, along with key information and findings from the consultant's research and field work.

# 3. OVERVIEW OF THE LIVESTOCK SECTOR

## 3.1 DEMAND FOR RED MEAT IN GHANA

The livestock export corridor from Ouagadougou in Burkina Faso to the Ashaiman/Accra market in Ghana is an important source of red meat for Ghanaian consumers. It is estimated that domestic production of red meat in Ghana supplies less than 50 percent of domestic consumption in the country. A large, but presently non-quantifiable, portion of the gap is filled by livestock imports from the Sahel, particularly from Burkina Faso.[2] Past statistics on local meat production and statements from senior government officials[3] indicate that Ghana is a long way from closing this gap through domestic production. Recent data show that official imports from Burkina Faso may currently represent approximately 15 percent of the gap in Ghana's red meat consumption[4].

Present data indicate that over the past five years, approximately 100,000 head of cattle were exported annually along the Ouagadougou–Ashaiman/Accra trade corridor, averaging approximately 8,500 head per month (CILSS 2015). Feedlot data recently obtained from FEBEVIB show that during the first three months of 2015, 14 feedlot operators fattened a total 519 head of cattle, roughly 173 head per month (see Table 7 in Annex A). Even if there were ten times this number of professional feedlot operators producing ten times the number of fattened animals per month (1,730), and if all fattened animals were exported, the total feedlot figures would only amount to roughly 20 percent of the total number of animals exported monthly along the Ouagadougou–Ashaiman/Accra trade corridor. The conclusion to be drawn from this estimation is that it is likely that the majority of exports are not "traditional" feedlot animals, especially during the rainy season and shortly thereafter, when animals are in good condition from abundant pasture and do not require fattening for export sale. The rest of the exports are "finished range cattle"—animals that are in good shape but that have not been fattened at feedlots.

Ghana's demand for red meat is projected to continue to increase, due to the rapid development and expansion of urban markets and an economic outlook that supports some wage growth and job creation. The major unknown in this Burkina Faso–Ghana trade equation is whether or not livestock imports can increase to meet the expected rising demand and if so, under what terms of trade.

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[2] CILSS 2015

[3] Myjoyonline.com/business/2014/ accessed April 28, 2015.

[4] CILSS 2015

## 3.2 STRUCTURE OF LIVESTOCK PRODUCTION AND COMMERCIALIZATION SYSTEMS

### 3.2.1 Production Systems

Most cattle exported to coastal markets in West Africa are sourced from traditional production systems in the Sahel. The exporters who understand and profit from existing systems of governance and institutions are most often those who have operated this way for decades. Under present conditions, they are well-placed to continue exporting cattle to sub-regional markets as they have in the past. They have a deep understanding of how to manage scarce supply chain resources and cope with significant inherent risks. However, their experience and business capacity to operate in an informal commercial environment may limit their capacity to capitalize on the growing demand for quality beef in increasingly segmented and quality-conscious coastal markets.

There are limits to traditional livestock production systems that will need to be addressed if the volume and value of livestock exports within the region are to increase.

- Traditional production systems are well-known to have ***low offtake rates*** when compared to purely commercial production systems.[5] Since these traditional systems provide the raw material for all downstream value-addition (such as fattening) and end-market commercial activities, increasing this offtake is one way to increase the potential volume of animals traded.
- Although there is demand-pull for red meat from rapidly growing urban end markets, under the traditional production system in West Africa's livestock value chains, ***offtake is not always closely linked to market forces***. Currently, when offtake does increase, it is for complex reasons related more to adverse environmental and land-use pressures than to market demand. This functional structure limits the production-level impact of any demand-pull at the consumer level.
- Traditional livestock export practices do not lend themselves to rapid change or encourage building financial partnerships, both of which are necessary if trade volumes and values are to dramatically increase in the short-term.

Presently, the major incentives for traditional producers to sell animals are 1) a lack of adequate pasture, and 2) limited family means to make cash purchases. Although family needs have significantly increased during the past decade, the impact on increasing offtake has been limited. Offtake generally increases as the dry season approaches and declines as the rainy season approaches, since there is then adequate pasture. Although animals are sold throughout the year, the marketable number of cattle is lower in the rainy season. This lower supply means that market prices are higher than they are during the dry season when supply of animals for sale increases.

### 3.2.2 Commercialization Systems

Livestock commercialization in West Africa remains rooted in traditional practices that are

[5] During the dry season, this may be due to feedlot operators' limited capacity to buy feeder cattle. The operators' difficulties accessing credit are likely due to the high inherent risks perceived by banks.

primarily based on long-standing social and cultural relationships with key commercial actors. If market demand is to have a greater impact on offtake rates, there will need to be more direct contact between final market buyers, merchants, and major producer groups outside these traditional relationships. In the livestock export sector, this contact rarely occurs. To change this situation, export sales will need to be increasingly undertaken on both sides of the border and determined by continuously evolving terms of trade. Essentially, one solution is to build businesses that will modernize cattle supply chains to respond to both producers' needs and increasing environmental pressures, while at the same time keeping producers informed of end-market opportunities.

## 3.3 CONSTRAINTS TO LIVESTOCK TRADE

The consultant analyzed the major structural constraints that limit the short-term capacity of the Ouagadougou–Ashaiman/Accra corridor to meet the volume and quality demands of Ghana's evolving red meat market (see Annex A). Field work, data collection, and analysis of this corridor revealed operational dynamics very similar to those faced along other livestock export corridors well-known to the consultant (Ouagadougou–Abidjan, Bamako–Abidjan, and Bamako–Dakar). Although many of these constraints are outside the Trade Hub's capacity to resolve, they collectively create the operational context within which the project must function. Consequently, the consultant used these major systemic constraints to guide the development of a strategy for increasing intra-regional livestock trade.

Complex, upstream, sector-wide shortcomings will likely limit the overall number of animals available for commercialization unless major structural changes are made in existing livestock supply chains. Additional systemic factors limit transactions in other ways. The most significant constraints include the following:

1. ***The informal nature of the system.*** A number of fundamental structural factors will likely limit a broad-based movement towards formal contracting for export sales. These relate to 1) the low level of literacy among many major exporters; 2) the fundamental family-relational ties that form the basis of most transactions, ties that ensure confidence and trust, or in the case of a problem, restitution; 3) the fact that most transactions take place without weighing animals, while contracting would most likely have to specify weight ranges as a criteria for delivery; and 4) the fact that the major buyers continue to be members of butcher unions that in many cases control access to slaughterhouses, are generally not financially credible, and are averse to contracting.
2. ***Production systems only loosely linked to market demand,*** leading to low offtake. Trade suffers when downstream market incentives do not strongly influence supply. Robust trade is demand-driven; in the West African livestock sector, the main drivers of increased supply are often related to factors other than demand, which weakens market signals. Fundamental limitations on production mean that growing demand is necessary but not sufficient to trigger increased supply.
3. ***Limited feed resources.*** Animal and feed resources are often not found in the same locations and the major feedstuffs required for animals to gain weight efficiently are increasingly limited at certain times of year. In general, feed resources are more limited in the Sahelian regions than in the northern agro-ecological zones of most coastal countries. Cotton production in Mali and Burkina Faso has enabled both countries to produce cottonseed cake for supplemental feeding, mostly of cattle. But the quantities produced are much lower than local demand, resulting scarce supplies and in problems associated

with quota systems, non-transparent sales and distribution practices, and highly variable prices that are often not market-driven. This limited availability constrains efforts to increase exports of quality animals through Sahelian-based feedlot networks, as the feed resource base essentially determines the capacity of livestock supply chains to respond to end-market demand for quantity and quality of live animals.

Increasing livestock trade on a sustainable basis will require a more rational use of regional feed resources. Consequently, export supply chains must increasingly find ways to use feed resources in the north and south in a complimentary fashion, perhaps by more heavily relying on feed resources in coastal countries to finish animals during the late dry and early rainy season periods.

> The difficulties in accessing sufficient feed resources are illustrated by the problems facing a feed mill in Ouagadougou, which is presently closed due to financial difficulties that broke down its raw material supply chain. Moreover, even if it were operating at capacity, the plant's production would still not be able to meet the local demand for cattle feed concentrate supplements. As a consequence, mid to late dry season fattening operations in Burkina Faso are becoming increasingly dependent on imported feed concentrates.

4. ***Major risks in securing payment from the sale of animals.*** Sales under present conditions are generally based on credit, without any legal document that assigns responsibility for either the delivery of animals that meet certain criteria (age, weight, conformation, breed, health, etc.) or the modalities of payment (cash, credit percentage at sale, balance in a specific period, etc.). The usual buyers of live animals are urban butchers, who monopolize and control end-market sales. These butchers, however, are well-known for their insolvency.[6] This makes it very difficult for livestock exporters to manage the risks of cross-border animal sales.

5. ***Lack of access to financing.*** The capacity of feedlot operators and exporters to increase the number of fattened animals for sale is limited by difficulties accessing credit. However, long experience in the sector reveals that this is most often the result of firms' difficulties developing bankable business investment plans rather than the result of limits on the absolute availability of funding. The underlying issue is the informal, high-risk nature of commercial export practices. The financing that is available generally comes through informal networks and relational ties and is used for operations. These sources of finance are not typically used to invest in growing businesses and developing best practices. The long-term solution is to build profitable businesses that are capable of developing long-term partnerships with financial institutions to grow and diversify.

6. ***Transport-related problems.*** Poorly managed transit practices and road governance in West Africa result in very high commodity transport costs, which are well-known to be among the highest in the world. These costs restrain increases in cross-border commerce. In addition, unclear, inconsistent, and illegal payments discourage and greatly limit trade, particularly for merchants involved in the trade of perishable goods such as livestock. Lack of opportunities for backhaul further increases the cost of shipping commodities, particularly livestock, from the interior to coastal markets. Seasonal factors, including the need to ship vast quantities of cotton at certain times of the year, affect livestock traders as well by significantly increasing transport costs due to the limited availability of vehicles.

[6] Securing payments from butchers is also a problem in domestic markets, but proximity and social contacts often facilitate resolution of disputes.

7. ***An inhospitable enabling environment.*** The legislative and administrative procedures and practices regulating cross-border trade greatly influence trade flows. Coordination and collaboration across borders is lacking—countries often do not work together to seek mutually beneficial solutions to problems such as corruption and export restrictions. In particular, there often is a gap between trade policy and reality. For example, in many cases, countries have agreed to mutually recognize veterinary and sanitary and phytosanitary (SPS) certificates, but when crossing the border, traders may face demands for duplicate certificates and payments. This adds to livestock trading times and costs. It is especially costly during certain times of the year, such as Muslim holidays when large volumes of animals are transported across borders.

## 3.4 WHAT WILL IT TAKE TO MOVE FORWARD?

From the foregoing it is clear that increasing trade involves a wide range of factors, including the operational structure of the value chain, how economic actors use their resources to produce goods and services, how they interact with others in the chain, "the rules of the game," and the political economy—what motivates and determines decision-making, who works with whom, and how. These factors are also influenced by and manifest themselves based on the business-trade environment within which businesses and individuals operate. For example, non-tariff barriers (NTBs) exist because commercial operators pay them; they pay them in order to move their merchandise to market. Thus a strategy to increase trade must not only examine and find solutions to factors affecting individual firms, but must also address the overall business and trade environment—an environment that often directly determines why commercial operators do what they do and the way they do it. The long-term objective is to develop *more efficiently structured commodity supply chains that operate on best business practices*. In order to do this a step-by-step approach needs to be developed that enables businesses to manage the risk associated with becoming increasingly more formal and structured in their trade operations.

# 4. GENERAL COMMERCIAL STRATEGY

An effective strategy for the livestock value chain will facilitate the transformation of systemic constraints into opportunities to achieve specific objectives—in this case significant increases in the volume and value of intra-regional trade. Analyses show a number of factors that would likely lead to sustainable increases in this trade: 1) an increase in offtake from traditional production systems; 2) greater availability of adequate feed resources to provide for an increasing number of well-finished animals for commercialization; 3) increased overall value-added commercial sales resulting from stronger, more diversified livestock-related agro-businesses; 4) an improved transport, transit, and road governance environment that would minimize transport costs and foster more efficient commercial logistics; and 5) continued development of professional associations that support and advocate for favorable political and legislative environments for the expansion of trade.

## 4.1 OVERARCHING PRINCIPLES

In general, facilitating deal-making is an important aspect in the Trade Hub's strategy to promote investment in and modernization of the livestock value chain, but it is unlikely that deal-making alone as a strategy will enable Trade Hub to achieve its volume and value trade targets within the next two to three years. While these activities are important and will play an important role in promoting investments and job creation, the more immediate challenge of trying to achieve the project's ambitious targets will require a multi-disciplinary, trade corridor-based effort. Specifically, the Trade Hub should:

- ***Adopt a progressive, step-by-step approach toward more formal and contractual livestock sales.*** Many of the fundamental structural factors described in Section 3.2 will likely limit a broad-based movement towards formal contracting for export sales. Resolving these issues will be progressive and require a gradual approach to managing the risks associated with the livestock trade and modernizing supply chain agro-businesses. Meanwhile, the Trade Hub should begin to build transactional platforms without waiting to establish more formal written contracts. Formal contracting is very difficult in this environment, where literacy levels are often low, language barriers are prevalent, and traditional ethnic and clan ties have created extensive informal networks. *The lack of contracts, however, does not mean a lack of trade.* Informal arrangements can serve as a precursor to creating formalized trading relationships. By helping establish test shipments and progressively increasing buyer-seller contacts, the project can help sellers understand what buyers want and build confidence that penetrating new markets is feasible. This approach will also build capacity to meet the terms of future contracts.
- ***Strengthen lead firm market linkages as a business model.*** This will provide a platform to guide modernization of the sector and encourage livestock exporters to increasingly use the best business practices essential to building financial partnerships, which are necessary to grow and expand their businesses.

- ***Strengthen collaboration with bilateral FTF value chain programs*** to more effectively address upstream sector-wide constraints (such as the natural resource base, feed resources, and markets) that may limit the overall number of animals available for commercialization, and especially cross-border trade, in the future. Such collaboration would also create greater opportunities to demonstrate the impact of regional trade programs on bilateral FTF value chain programs and beneficiaries.
- ***Strengthen collaboration with regional and national professional partner organizations*** and their lead firm members. The project should build technical, commercial, and advocacy capacity by more actively involving these partners in the implementation of project activities. Corridor-level activities should directly involve relevant regional and national partners and should focus on specific corridor management and regulatory issues. Cross-cutting support should be defined in consultation with targeted firms and partners, and could include capacity building for individual firms, businesses, or individuals, and emphasize gender considerations or access to financial services. It should focus on specific corridor management and regulatory issues already identified as major factors limiting trade flows.
- ***Extend beyond an emphasis on high-quality feedlot animals.*** Since feedlot animals likely do not represent a majority of animals exported, and since project targets for volume and value of trade are quality-neutral, it does not make sense for the Trade Hub to focus essentially on this high-quality segment. If it is to achieve results close to the magnitude of present targets, the project needs to look beyond feedlot animals and use a corridor-wide approach to capture a broad spectrum of exported animals, including finished range cattle. Even so, it is also important to emphasize product quality, since quality is the entry point for penetrating high-value-added market segments.
- ***Develop feedlot operations where feed resources are the most abundant* and least costly**. Given the challenges in acquiring and delivering feed for fattening cattle, as described in Section 3.3 above, it makes more economic sense to transport the animals (the higher-value product) to available feed resources than it does to transport the feed to the animals. Such a change in the location of feedlots will be fundamental to efforts to sustainably increase commercial feedlot operations in the future.
- ***Help livestock merchants better manage risk by developing financial relationships.*** Contracting for animal sales with credible, financially secure enterprises would be a first step in building commercial relationships with financial partners. It would partially resolve the credit problem and encourage exporter-financial partner linkages, both up- and down-stream. But this new, largely untested approach will take time to implement on a large scale in West Africa. Without financial partners it is difficult to imagine how live animal exports will reach the volume and value of sales needed to promote future investments in infrastructure and encourage the development of the technological innovations needed to ensure that the supply chains can respond competitively to the increasingly segmented coastal West African urban market demand for red meat.

## 4.2 KEY COMPONENTS

Taking into account the general principles outlined above, the Trade Hub needs to craft a two-component strategy: 1) building capacity and trade by firms, and 2) strengthening trade corridor management and governance to better encourage increased trade. Over time, the results of component one will sustainably support the results of component two by developing successful agribusinesses that can be replicated corridor-wide. In addition, it is important that all activities focus on specific outputs linked to major indicators and targets (see Annex C).

### 4.2.1 Component One: Work at the Firm Level

This component should focus on building and growing businesses and firms involved directly or indirectly in regional trade in livestock. At the individual firm level, the focus should be on expanding market linkages and increasing businesses' capacity to do so. The Trade Hub should strengthen businesses to be more market responsive and—to the degree possible—to progressively formalize their commercial and trade procedures. These efforts should include identifying new markets, strengthening businesses' management capacity, and developing financial partnerships. The goals should be to ensure better product quality and to diversify end-market opportunities. The project should also encourage investment in the sector to enable businesses to grow and diversify. Indicators under this component should capture the volume and sales of individual agribusiness partners.

The Trade Hub should work through major livestock associations, such as the *Confédération des Fédérations Nationales de la Filière Bétail/Viande de l'Afrique de l'Ouest* (COFENABVI), FEBEVIM, and FEBEVIB to identify promising lead firms. However, these associations are more than a directory of members. They are also important operational units in their own right, and need to be supported and strengthened because they will play long-term roles in building a favorable business and trade environment for their members and for the trade corridors targeted by the project and the livestock sector as a whole. The associations can not only help the project identify and strengthen individual firms, but can also work as partners on corridor-level activities under component two. This trade corridor-level association-building support will be mutually reinforcing over time: it will strengthen advocacy abilities, promote better corridor management, and build the capacity of individual member companies.

### 4.2.2 Component Two: Work at the Corridor Level

Prioritizing trade corridors is a complex undertaking. It includes the inherent risk that by selecting certain trade corridors, the project will miss an opportunity in a corridor not targeted. However, there is a greater risk that by not prioritizing, project resources become too diffused and are hence insufficient to produce sustainable results. Using a trade corridor context enables the project to take advantage of multiple opportunities concurrently without too much dispersion. It allows a critical array of resources, both human and financial, to be mobilized in an integrated, mutually supportive way to progressively build success and achieve targeted results. In addition, in the livestock sector a corridor approach will enable the project to capture a wider array of animals—not just feedlot animals but also finished range cattle.

This priority corridor approach is the basic platform for this recommended strategy, under which specific development needs—at both the firm and corridor management levels—will drive the design of activities and the allocation of resources to achieve program targets. Under this component, the Trade Hub should work to build and expand opportunities along specific trade corridors to facilitate and encourage increases in targeted commerce. It should focus on corridor-wide governance and management issues. A fundamental aspect of this component should be to build public-private partnerships (PPPs) to improve corridor-specific trade environments. These partnerships should build the capacity of national and regional professional organizations—such as COFENABVI, FEBEVIM, FEBEVIB, and an expanded COFENABVI in countries such as Senegal and Ghana—to advocate for improved corridor management and cross-border trade policies. More focused project assistance (the result of selecting specific trade corridors) will more effectively develop and strengthen the capacity of the West African partners who work on the front lines of Trade Hub initiatives.

Corridor-level activities need to involve the governments of countries implicated along the corridor and the livestock industry associations in affected countries. The Trade Hub should help create functional PPPs and advocacy platforms, working in collaboration with bilateral USAID FTF programs, national and regional professional organizations, and appropriate public sector agencies and departments in targeted trade corridor countries. The objectives would include harmonizing specific trade-related and legislative issues, improving road governance to decrease transit times, and developing cross-border trade policies that facilitate increased trade and investment. Activities under this component will complement those under component one, capturing trade by firms not directly assisted by the project.

Trade corridors also need to be prioritized based on opportunities for the Trade Hub to achieve its contractual targets. In the selection process, it is important to consider the project staff's existing knowledge of the operations of particular corridors and their historic volume and value of trade in the target commodities. There is not enough time to begin activities with studies or updates to studies—the modus operandi is "learning while doing." The project looked at the results of recent trade promotion efforts to identify those that have been successful or partially successful, so that it can figure out how to strengthen them and make them sustainable. The key is for the project to determine long-term results and prioritize the activities most likely to achieve those results. The most important factors in prioritization are 1) the potential of specific corridors to contribute to the volume and value increases in trade necessary to meet project targets; and 2) existing, on-the-ground committed implementation partners. The Trade Hub cannot directly implement the scope of activities necessary and must accordingly depend on committed partners.

## 4.3 THE ROLE OF TRADE HUB

The Trade Hub needs to assess and prioritize activities based on their potential to produce target-related outcomes. Within the context of this strategy, it is important to point out a few of these outcomes in relation to the project's manageable interests.

The Trade Hub has a limited capacity to determine or directly influence many of the outcomes of both proposed strategic components. Building businesses and improving the management of trade corridors take place in an extremely complex environment, with many stakeholders that often have varied and competing agendas. The Trade Hub has operated in such an environment since its inception, however. *What this proposed strategy for the livestock value chain does is to add more focus and an emphasis on developing a framework for prioritizing activities based on target-related criteria*. The multi-disciplinary approach is important because most of the constraints are multi-dimensional—the result of an interplay of technical, financial, and social-capacity based issues. The corridor focus is necessary for the mobilization of a critical mass of resources needed to affect change in the trade environment. The Trade Hub needs to get business leaders, decision-makers, and broad-based professional groups on board. All these actors also operate in this complex environment; the project must invest enough resources to get their attention and assure them that real change is possible.

In addition, the immensity of the task, even in targeted corridors, will require the project to create strong and effective partnerships with lead firms, associations, government agencies, and regional economic communities (the key task of Trade Hub team members). The Trade Hub simply does not have the human resources to be everywhere and do everything. Moreover, it should not. The project should focus on areas where it has a comparative advantage, such as analyzing market trends, building capacity, and facilitating behavior change. Implementation of activities for the most part should be the responsibility of partners—partners knowledgeable about the project's objectives and implementation strategy and willing to accept responsibility for target-driven results. Because these partnerships are essential to success, *a major criteria for prioritizing trade corridors was the presence of a nucleus of good partners, including lead agro-business firms that can rapidly build partnership networks with public and private sectors to design and implement activities and provide routine monitoring and evaluation (M&E) data*.

# 5. CORRIDOR-SPECIFIC STRATEGIES

It is well known that West African livestock trade data is highly variable, depending on the source. Using data collected by the *Comité Permanent Inter-états de Lutte contre la Sécheresse dans le Sahel* (CILSS)[7] for July 2013–June 2014, the Bamako–Abidjan, Bamako–Dakar, Ouagadougou–Accra, and Ouagadougou–Parakou corridors are collectively reported to support trade of over 830,000 head of livestock (both cattle and small ruminants) with an estimated total value of approximately $311 million.[8] While the volume and value of present corridor trade are important criteria for selecting corridors to work in and for designing programs and activities, the Trade Hub staff's detailed knowledge of how corridors function and the presence of numerous, diverse, proactive, and committed partners working in the corridors is a key consideration. Although the Ouagadougou–Accra and Ouagadougou–Parakou[9] corridors had the highest value of livestock trade during the base year (April 2013–March 2014), the Bamako–-Abidjan and Bamako–Dakar corridors had the highest trade volumes. These volumes, coupled with the presence of experienced, committed partners along these corridors, provide the best prospects for achieving short-term trade increases, making them a strategic choice for intensifying livestock trade efforts over the next 15 months. If the Trade Hub, through support to leading firms and corridor-wide management efforts, can influence an increase in trade along these corridors by 10 to 15 percent by September 2016, it will amount to an increase of between $13 million and $20 million dollars and 51,000 to 77,000 animals (cattle and small ruminants combined).

Table 1 and Table 2 contain detailed lists of example activities for the Bamako–Abidjan and Bamako–Dakar corridors. In addition, the consultant suggests the following potential activities for the Ouagadougou–Ashaiman/Accra corridor:

- Continue to identify Ghanaian buyers interested in buying live animals in order to better secure end-market sales for Burkinabé cattle merchants and progressively move toward more formal contractual sales agreements.
- Support direct negotiations between cattle exporters and wholesale and retail red meat supply chain operators, in order to provide cattle exporters selling quality Burkinabé beef with more direct access to upscale markets.
- Continue to vigilantly monitor non-tariff barriers on the Paga–Ashaiman/Accra segment of the corridor. Indications are that recently control points along the main route were reduced from 67 to 7. These control points have posed considerable problems for livestock exporters and are one reason that the consultant discussed having Ghanaian buyers come to Burkina Faso to purchase cattle rather than having Burkinabé merchants transport them to the Ashaiman/Accra market.

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[7] CILSS is collecting regional trade data for USAID/Ghana. The regional USAID office has requested that the CILSS data be routinely used.

[8] CILSS 2014.

[9] The Ouagadougou–Parakou corridor is most likely an entry into Nigeria.

- Examine ways to assist the Management Committee of the Djibo livestock market in "marketing" itself as a priority terminal export point for livestock sales to Ghana. The strategy would be to encourage Ghanaian buyers to undertake transactions in Burkina Faso. The goal would be to reduce conflicts for Burkinabé merchants in Ghana over NTB and to provide an export market-pull to increase local offtake and increase the volume of animals exported. Such a move would require the Management Committee in Djibo to better organize transport and government regulatory services for Ghanaian buyers.
- Encourage the establishment of multinational (Burkina Faso–Ghana) supply chain management firms focused on feedlot finishing and selling quality animals in major coastal end markets. This would facilitate more rational use of scarce feed resources, which are in shortest supply in the Sahelian countries.
- Explore Burkina-based livestock sales as an alternative to Burkinabé merchants transporting cattle to the Ashaiman/Accra market.

**Table 1: Sample Activities for Implementation of Proposed Strategy for the Bamako–Abidjan Corridor**

| Proposed Activities | 2015 | | | | | | 2016 | | | | | | | | Expected Results |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | |
| **1. Firm-Level Activities:** | | | | | | | | | | | | | | | |
| **End-Market Activities:** | | | | | | | | | | | | | | | |
| **1.a** FEBEVIM to identify wholesale and retail businesses in major cities along trade corridor presently or planning to deal in live animal sales and to eventually move to formal contracting for both cattle and sheep (possible contribution to Targets 1, 2, 3, 5, 8, 9, 11, 15, 16) | | | | | | | | | | | | | | | June-Aug., 2-3 firms (incl. Prosuma) interested in live animal contracting identified; Oct.-July 2016, 3-4 additional firms and forward contracting with 2-3 firms; total volume of sale increased by 100% between Oct. 2015 and July 2016 (over Oct. 2015 levels). |
| **1.b** Explore options for backhauling *(fret-retour)* with specific transport firms (possible contribution to Targets 2, 3, 5, 8, 9, 13, 15, 16, 20) | Survey at least 10 companies involved in livestock transport. | | | | | | | | | | | | | | Surveys completed before October 2015. |
| **1.c** COFENABVI/FEBEVIM to identify market diversification opportunities to increase overall sales of sheep by at least 10% during Muslim holidays (possible contribution to Targets 1, 2, 3, 5, 8, 9, 20) | Focus on major secondary markets along corridor (e.g., Bouaké, Yamoussoukro). | | | | | | | | | | | | | | Completed by July 2016. |
| **1.d** FEBEVIM to identify market opportunities for young bulls for Ramadan holiday (possible contribution to Targets 2, 3, 5, 8, 9) | | | | Identify buyers and conduct test shipments. | | | | | | | | | | | 3-4 buyers identified and 2 test shipments implemented before March 2016. |
| **1.e** FEBEVIM/FEBEVIB/COFENABVI to update opportunities for livestock transport by rail (possible contribution to Targets 8, 20) | Check status and decide. | If a "go," start shipments. | | | | | | | | | | | | | Status confirmed, go or no go for livestock shipments. If "go," shipment plan developed with FEBEVIM. |

| Proposed Activities | 2015 | | | | | | 2016 | | | | | | | | Expected Results |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | |
| **1.f** COFENABEVI/FEBEVIM to identify opportunities to contract with slaughterhouses in major cities along corridor (possible contribution to Targets 2, 3, 5, 8, 9, 11, 15) | Determine whether or not to proceed with contracting opportunities. | | | | | | | | | | | | | | Go or no go for further discussions. |
| **1.g** FEBEVIM to identify SPS requirements from major wholesale/retail meat buyers in Abidjan (possible contr. Targets 2, 3, 5, 8, 9, 11, 12) | Prepare handouts on Côte d'Ivoire SPS requirements. | | | | | | | | | | | | | | SPS handout for C.I. distributed to FEBEVIM members/partners (linked to SPS activity 2.f) |
| **Supply-Side Activities:** | | | | | | | | | | | | | | | |
| **1.h** Strengthen capacity of FEBEVIM feedlot network to undertake mkt. assessments, with focus on Abidjan and other secondary markets along corridor, and identify potential buyers (possible contribution to Targets 2, 3, 5, 8, 9, 11, 13) | FEBEVIM members carry out Dakar market assessment. Identify potential clients. Conduct test shipment to each country. | | | | | | | | | | | | | | First Dakar market assessment completed, 3-4 potential clients identified, 1 test shipment completed to each country by March, 2016. |
| **1.j** COFENABEVI to organize discussions on creating cattle supply chain management firm in northern Côte d'Ivoire–Mali, Burkina, Cote d'Ivoire (possible contribution to Targets 2, 3, 4, 5, 8, 9, 14, 16) | | | | | Depending on the regulatory issues involved, committee of 9 members, representing public and private review business proposal and provide guidance for any legislative/regulatory approvals necessary to move forward by <u>January 2016</u>. If approval not anticipated by this time, make "go" or "no go" decision. | | | | | | | | | | Interested entrepreneurs and partners identified. Steps for business creation identified. Formal proposal completed. |
| **1.k** FEBEVIM to identify young livestock entrepreneurs to work to better structure cattle supply chain and move toward forward contracting and weighing animals (possible contr. to Targets 2, 3, 4, 5, 8, 9, 14, 16) | FEBEVIM to identify entrepreneurs willing to work together to structure export sales and undertake test shipments. Create plan to structure sales and conduct test shipments (by Oct. 2015). | | | | If decision made to go ahead with plan, conduct test shipments by May 2016. | | | | | | | | | | 3-4 test shipments implemented by May 2016. |
| **2. Corridor-Level Activities:** | | | | | | | | | | | | | | | |
| **2.a** COFENABVI to identify partners in Abidjan & Bamako; develop advocacy linkages for corridor mgmt and governance issues (poss. contr. to Targets 17, 20, 21, 22, 24) | Identify partners. Develop advocacy plan. | | | | | | | | | | | | | | Corridor advocacy plan developed by CONFENABVI and strategic partners in Mali & Côte d'Ivoire. |

| Proposed Activities | 2015 | | | | | | 2016 | | | | | | | | Expected Results |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | |
| **2.b** Identify opportunities to decrease transport/regulatory costs in Côte d'Ivoire and Mali by at least 5% (possible contribution to Targets 17, 18, 19, 20, 21, 22, 24) | | | | | | | | | | | Monitor transport costs in Côte d'Ivoire and Mali for 4-month period. | | | | Regulatory/transport measures implemented. Net reductions in transport costs noted from data for 4 months prior to Aug. 2016. |
| **2.c** COFENABVI/FEBEVIM to help harmonize veterinary export certificates (possible contribution to Targets 17, 18, 20, 21, 24) | Identify changes needed and advocate for changes with Mali and Côte d'Ivoire governments. | | | | | | | | | | | | | | Initial agreements reached and implementation scheduled for mid-2016. |
| **2.d** FEBEVIM to identify and implement regulatory/ administrative measures to increase small ruminant flows for Muslim holidays (possible contribution to Targets 17, 20, 21, 22, 24) | Identify needed regulatory and administrative changes. Advocate for change and monitor implementation. Develop agreement for trial implementation. | | | | | | | | | | | | | | Cost-saving changes in regulations identified. Tentative agreement for trial implementation 3 months before Tabaski 2016. |
| **2.e** COFENABVI to examine costs and benefits of establishing Mali–Côte d'Ivoire Corridor Mgmt. Committee (possible contribution to Targets 17, 20, 22) | Examine costs/benefits. Prepare final report. Prepare and deliver presentation to partners on feasibility. | | | | | | | | | | | | | | Final report completed. Presentation made on next steps to public and private partners on feasibility of Corridor Mgmt Committee. |
| **2.f** COFENABVI/FEBEVIM to assess key SPS issues (other than veterinary certificates) to improve trade flows along corridor. [*Follow up to activity 1.g—designed to facilitate authorized cross-border movement of animals.*] (possible contribution to Targets 17, 20, 21, 22, 24)[10] | | | Identify issues. Develop plans to address key issues. | | | | | | | | | | | | Issues identified and plans completed. |

[10] Approved activities should be linked to indicators and targets, though initially not all possible targets will be addressed. Looking forward to the evolution of activities over time, forecasting possible future linkages with targets helps focus and orient, re-orient activities to maximize the number of possible linkages.

**Table 2: Sample Activities for Implementation of Proposed Strategy for the Bamako–Dakar Corridor**

| Proposed Activities | 2015 | | | | | | 2016 | | | | | | | | Expected Results |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | July | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | |
| **1. Firm-Level Activities:** | | | | | | | | | | | | | | | |
| **End-Market Activities:** | | | | | | | | | | | | | | | |
| **1.a** FEBEVIM to identify wholesale and retail businesses presently or planning to deal in live animal sales and eventually move to formal contracting for both cattle and sheep (possible contribution to Targets 1, 2, 3, 5, 8, 9, 11, 15, 16) | Identify 3-5 firms interested in live animal contracting (June-Aug). | | | Identify 5 additional firms and producers to engage in forward contracting with 2-3 firms. | | | | | | | | | | | Total volume of sales increased by 100% (over Oct. 2015 level) between Oct. 2015 and July 2016. |
| **1.b** Explore options for backhauling *(fret-retour)* with specific transport firms (possible contribution to Targets 2, 3, 5, 8, 9, 13, 15, 16, 20) | FEBEVIM to survey transport companies involved in livestock value chain. | | | | | | | | | | | | | | Surveys completed of at least 10 transport companies involved with livestock by Oct. 2015. |
| **1.c** FEBEVIM to identify opportunities to increase overall sales of sheep during Muslim holidays by at least 10% (possible contribution to Targets 1, 2, 3, 5, 8, 9, 20) | FEBEVIM to work with member firms to understand regulatory impediments that keep them from exporting, then determine how to target government to eliminate these regulations. Advocate for their removal. | | | | | | | | | | | | | | At least 2 regulatory measures implemented by Mali and Senegal to increase small ruminant trade during Muslim holidays by July 2016. |
| **1.d** FEBEVIM to identify market opportunities from Bamako–Dakar and onward to Cape Verde & the Gambia (possible contributions to Targets 2, 3, 5, 8, 9) | Identify buyers and conduct test shipments of live animals and red meat. Use this corridor to test other markets (Cape Verde for meat and the Gambia for live animals). | | | | | | | | | | | | | | 3-4 buyers identified and 2 test shipments implemented before March 2016. |
| **1.e** FEBEVIM to identify opportunities to re-launch livestock transport by rail (possible contribution to Targets 8, 20) | Check status and decide. | If a "go," start shipments. | | | | | | | | | | | | | Status confirmed, go or no go for shipments; if "go," shipment plan w/ FEBEVIM. |
| **1.f** FEBEVIM to identify opportunities to contract with slaughterhouses in Dakar (possible contribution to Targets 2, 3, 5, 8, 9, 11, 15) | FEBEVIM members meet with slaughterhouses in Dakar to discuss contracting possibilities. | | | If a "go," conduct test shipments and implement forward contracting arrangements. | | | | | | | | | | | Decision to go or no go on contracting with Dakar slaughterhouses by end Sep. 2015. If go, 2-3 test shipments and 1 forward contracting arrangment by Aug 2016 |
| **1.g** FEBEVIM to identify SPS requirements from major | Distribute SPS handouts. | | | | | | | | | | | | | | Handout on SPS regulations in Senegal |

| Proposed Activities | 2015 | | | | | | 2016 | | | | | | | | Expected Results |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | July | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | |
| wholesale/retail meat buyers in Dakar (possible contribution to Targets 2, 3, 5, 8, 9, 11, 12) | | | | | | | | | | | | | | | distributed to FEBEVIM members & partners. |
| **Supply-Side Activities:** | | | | | | | | | | | | | | | |
| **1.h** Strengthen capacity of FEBEVIM feedlot network to undertake market assessments; focus on Dakar and other secondary markets (Gambia and Cape Verde); identify potential buyers (possible contribution to Targets 2, 3, 5, 8, 9, 11, 13) | Complete first Dakar market assessment. Idenfity potential clients. Conduct test shipments to each country assessed. | | | | | | | | | | | | | | First Dakar market assessment completed by FEBEVIM members; 3-4 potential clients identified; 1 test shipment completed to each country (by March 2016). |
| **1.j** COFENABVI to lead discussions on creating multinational (Mali, Burkina, Côte d'Ivoire) cattle supply chain management firm in northern Côte d'Ivoire (possible contribution to Targets 2, 3, 4, 5, 8, 9, 14, 16) | Depending on regulatory issues involved, committee of 9 members (representing public and private institutions) review business proposal and provide guidance on any legislative/ regulatory approval necessary to move forward (by Jan 2016). | | | If regulatory and legislative measures or modifications will not permit creation of multinationl firm in Côte d'Ivoire by January 2016, terminate activity. | | | | | | | | | | | Interested entrepreneurs and partners identified, steps for business creation identified, formal proposal completed. |
| **1.k** FEBEVIM to identify group of young livestock entrepreneurs willing to work together to structure export sales and undertake test shipments to better structure cattle supply chain (possible contribution to Targets 2, 3, 4, 5, 8, 9, 14, 16) | Carry out test shipments. | | | | | | | | | | | | | | 3-4 test shipments completed (by May 2016). |
| **2. Corridor-Level Activities** | | | | | | | | | | | | | | | |
| **2.a** COFENABVI to identify partners in Dakar & Bamako; develop advocacy linkages for corridor management and governance issues (possible contribution to Targets 17, 20, 21, 22, 24) | Identify partners and develop advocacy plan. | | | | | | | | | | | | | | Advocacy plan developed for Bamako–Dakar corridor by COFENABVI and strategic partners in Mali & Senegal by Jan. 2016. |
| **2.b** Identify opportunities to decrease transp./reg. costs in Senegal & Mali by at least 5% (possible contr. to Targets 17, 18, 19, 20, 21, 22, 24) | | | | | | | | | | | | | | | Regulatory/transport measures implemented, data show net reductions in transport costs. |

| Proposed Activities | 2015 | | | | | | 2016 | | | | | | | | Expected Results |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | July | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | |
| **2.c** COFENABVI/FEBEVIM to work to harmonize veterinary export certificates (possible contribution to Targets 17, 18, 20, 21, 24) | Identify changes needed. Advocate with implicated goverments. | | | | | | | | | | | | | | Initial agreements reached by implicated governments on a standard veterinary certificate. Implementation by governments scheduled for mid-2016. |
| **2.d** FEBEVIM to identify and implement regulatory/administrative measures to increase small ruminant flows for Muslim holidays (possible contribution to Targets 17, 20, 21, 22, 24) | Identify key regulatory/administrative measures blocking trade flows for Ramadan and Tabaski. Advocate for changes with relevant government bodies. | | | | | | | | | | | | | | Cost-saving changes in regulations identified (export fees, exp. permit costs, vet. procedure costs); tentative agreement for trial implementation 3 months before Ramadan & Tabaski 2016 (Jun/Jul). |
| **2.e** COFENABVI to examine costs and benefits of establishing Mali–Senegal Corridor Management Committee (possible contribution to Targets 17, 20, 22) | Study costs and benefits and prepare report. Submit report . | | | | | | | | | | | | | | Final report and presentation (next steps) to public & private partners on feasibility of Corridor Mgmt Committee submitted to members of committee. |
| **2.f** COFENABVI/FEBEVIM to assess key SPS issues (other than veterinary certificates) to improve trade flows along Bamako–Dakar corridor *[Follow up to Dakar market SPS activity (1.g). Designed to facilitate authorized cross-border movement of animals.]* (possible contribution to Targets 17, 20, 21, 22, 24)[11] | Identify most significant SPS issues. Develop plan to address them. | | | | | | | | | | | | | | Issues identified, implementation plan completed by December 2015. |

[11] Approved activities should be linked to indicators and targets, though initially not all possible targets will be addressed. Looking forward to the evolution of activities over time and forecasting possible future linkages with targets helps focus and orient or re-orient activities to maximize the number of possible linkages.

# ANNEX A: FINDINGS AND FIELD OBSERVATIONS—BURKINA FASO AND GHANA

The present consultancy supports project efforts to access end-market opportunities for improving the competitiveness of regionally produced and processed commodities, with a technical focus on the Ouagadougou–Accra/Ashaiman trade corridor. It addresses approaches to promote and establish commercial linkages and collaboration between agribusinesses and FTF value chain actors.

1. Analysis of red meat demand in Ghana revealed a significant gap between consumption and local production. The average per capita consumption of red meat in Ghana is approximately 6.8 kilograms (kg)/annually. With a population estimated at 26 million in 2013, the potential demand for beef is approximately 177,000 metric tons (MT), annually, including an import demand of approximately 88,000 MT of beef, assuming that local production can provide 50%[12] of total estimated domestic demand. In 2014, approximately 70,000 cattle (CILSS 2014) were exported from Burkina Faso to Ghana, representing approximately 14,000 MT carcass equivalent. This is only about 15% of the total estimated *demand potential for imported beef*, indicating a large gap in unmet demand.
2. This gap between beef consumption and local production appears to be filled primarily by Sahelian countries, since extra-African *beef imports* may account for less than 10% of total consumption. Export data from South Africa, Brazil and Argentina[13] indicate that during the past four to five years, chilled beef exports to Ghana have decreased considerably. In 2014, South African chilled beef exports to Ghana were less than 100 MT; from Brazil 49 MT of chilled beef and 388 MT of processed beef products. Argentina did not export to Ghana in 2013-2014. (Major meat imports have traditionally involved poultry)
3. An analysis of the system for cattle sales between Burkinabé sellers and Ghanaian buyers indicates that the assistance of the Livestock Breeders and Traders Association of Ghana in the Ashaiman market provides a relatively secure environment to undertake cattle sales. There is also in place a secure, operational, and informal system for the repatriation of sale proceeds to Burkina Faso in FCFA. This is not the case for small ruminants, where the association does intervene and the sellers themselves often repatriate funds. The major risk for all sales remains uncertainty regarding total payments from butchers, who are the ultimate buyers.
4. Efforts to identify new wholesale and retail buyers in Tema-Accra were not successful and need to be ongoing, since new business opportunities are constantly emerging. These efforts should focus on wholesalers and retailers interested in buying *live animals* in order

[12] The actual percentage of red meat consumption covered by domestic production may in fact be considerable less than 50%.

[13] (1) A Profile of the South African Beef Market Value Chain, Directorate Marketing, 2012; (2) Gain Report, Argentina Livestock, 2014; and (3) ABIEC – Brazilian Beef Export, 2014.

to better secure end-market sales for Burkina cattle merchants and progressively move to more formal contractual sales agreements and away from butchers as the primary buyers. Such transactions would also allow for more direct negotiations between cattle exporters and wholesale and retail red meat supply chain operators, providing more direct access for cattle traders to the specific requirements of up-scale, value-added market opportunities for quality imported beef.

5. An analysis of the supply of livestock in Burkina Faso indicates that FEBEVIB feedlot operators are able to produce at least 500 fattened cattle per quarter. Major limitations to increasing this number are related to financing for the purchase of feeder cattle and being able to economically assemble the necessary feed resources to fatten additional animals. During the rainy season, good-quality off-pasture animals are exported without the need for extensive fattening.
6. Assisting the Djibo Livestock Market Management Committee, to market the Djibo livestock market (250 kilometers north of Ouagadougou, near the Malian border) as a priority terminal export point for livestock sales to Ghana for potential Ghanaian buyers would reduce conflicts in Ghana over NTB. It would also provide an export market-pull to possibly increase local offtake and increase the volume of animals exported. Such a move would require the management committee to better organize transport and Burkina regulatory services for Ghanaian buyers.
7. The project should explore options for establishing multi-national supply chain management firms focused on feedlot finishing and selling quality animals in major end markets. This would be in line with efforts to more rationally use the region's scarce feed resources, which are in shortest supply in the Sahelian countries.

## A.1. Ghanaian Red Meat Demand and the Accra/Ashaiman Market

### A.1.1. Potential Demand

In order to assess domestic red meat demand in terms of imported red meat, it is important to understand both the evolution of national herds and of domestically produced red meat. Livestock and meat production in Ghana are illustrated in Tables 3-5 for the period 2002-2010. Table 4 presents the evolution of Ghana's national herds and flocks. During the period under study, live goat production was the highest, followed by sheep, cattle, pig, and game meat. Animal production trends also revealed an increase each year in production of live animals, except for cattle and pigs. It is important to note that during this period, Ghana was very dependent on chicken and red meat imports, which is no longer the case for poultry.

Table 5 illustrates the evolution of meat production during the same period for the major meat species. Total meat production (including beef, chicken, goat, sheep and game meat) is presented in Table 3. Although Ghana has made significant strides to increase locally produced meat, especially in the case of poultry, recent statements by the Minister of Food and Agriculture indicating that Ghana is only about 30% self-sufficient in meat production[14] show that much remains to be done. Ghana spends more than $200 million annually (2014) to import meat and meat products to satisfy domestic demand. Clement Kofi Humado, Minister of Food and Agriculture, disclosed this at a press briefing in Accra (April, 2014),[15] adding that poultry imports

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[14] Myjoyonline.com/business/2014/ accessed April 28.

[15] Ibid.

alone constitute about 80% of total meat imports. He said that Ghana's total meat imports rose from 97,719 MT in 2012 to 183,949 MT in 2013, representing an increase of 188%. He added that domestic meat production constitutes about 30% of annual total consumption, excluding bush meat.

Per capita total meat consumption in Ghana has averaged about 10-13 kg/person/year for the past decade. This is low compared to Sahelian countries such as Mali (22.2 kg/person) and Niger (25.6 kg/person), but is average compared to most coastal West African countries, with the exception of Benin, which has an average per capita consumption of approximately 21 kg.[17] Nigeria is the lowest country in West Africa in terms of overall meat consumption, with an average of approximately 9 kg/person/year. These figures compare to a worldwide average of 41 kg/person/year for the consumption of meat products.

**Table 3: Total Meat Production in Ghana, 2001–2010[16]**

| Year | Total Meat (MT) |
|---|---:|
| 2001 | 177,723 |
| 2002 | 176,086 |
| 2003 | 181,686 |
| 2004 | 186,470 |
| 2005 | 188,537 |
| 2006 | 191,021 |
| 2007 | 198,093 |
| 2008 | 220,234 |
| 2009 | 232,516 |
| 2010 | 244,742 |

Ghana has imported about 50% to 65% of its meat consumption (FASDEP II, 2007), which consists largely of beef imported from the Sahel and chicken products (from the U.S.). Goat and game meat are produced locally in rural Ghana, although Ghana imports a large number of goats. The historically high levels of poultry imports have ceased with the recent interdiction by government during 2014/15 in an attempt to promote national production.

[16] Adzitey, Frederick. Animal and Meat Production in Ghana, An Overview, Journal of World's Poultry Research, 2013.

[17] National meat consumption figures have been taken from chartsbin.com for 2009.

**Table 4: Evolution of Ghanaian National Herds and Flocks (Estimated Number of Head), 2002–2010**

| Animal/Year | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|
| **Cattle** | 1,330,000 | 1,344,000 | 1.359.000 | 1,373,000 | 1,359,000 | 1,373,000 | 1,392,000 | 1,438,000 | 1,454,000 |
| **Goats** | 3,230,000 | 3,560,000 | 3,595,600 | 3,923,000 | 3,997,000 | 4,196,000 | 4,405,000 | 4,625,000 | 4,855,000 |
| **Sheep** | 2,922,000 | 3,015,000 | 3,111,500 | 3,211,100 | 3,314,00 | 3,420,000 | 3,529,000 | 3,642,000 | 3,759,000 |
| **Pigs** | 310,000 | 303,000 | 300,000 | 290,000 | 477,000 | 491,000 | 506,000 | 521,000 | 536,000 |
| **Chicken** | 24,251 | 26,395 | 29,500 | 28,386 | 34,030 | 37,038 | 39,816 | 43,320 | 47,752 |

Source: FAOSTAT 2012

**Table 5: Meat Production (MT) of Selected Animals in Ghana, 2002–2010**

| Animal/Year | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|
| **Beef** | 24,125 | 24,375 | 23,070 | 25,393 | 23,865 | 23,419 | 25,350 | 25,538 | 25,775 |
| **Goat meat** | 10,659 | 11,728 | 12,120 | 11,810 | 11,170 | 13,083 | 13,663 | 14,273 | 14,273 |
| **Mutton** | 10,080 | 10,403 | 10,270 | 9,920 | 10,370 | 10,773 | 15,881 | 16,389 | 16,194 |
| **Pork** | 10,416 | 10,164 | 10,080 | 10,248 | 15,456 | 16,506 | 16,968 | 17,506 | 17,506 |
| **Chicken** | 23,400 | 25,545 | 28,275 | 28,763 | 31,493 | 41,730 | 44,460 | 47,970 | 51,675 |
| **Game Meat** | 62,000 | 64,051 | 66,156 | 64,000 | 61,667 | 57,864 | 64,951 | 69,276 | 74,100 |

Source: FAOSTAT 2012

Studies on the budget share of meat products for Ghanaian households[18] showed that the mean budget shares on six meat products (pork, beef, goat, sheep, game, and chicken) that beef had the highest budget share(52%), followed by chicken, with game and mutton having the least budget shares. In both rural and urban areas, game had the least budget share. Even though urban areas consume more game than rural areas, the budget share of game in rural areas is more than that of urban areas. The budget share of rural areas on pork was about twice that spent in the urban areas.

The expenditure elasticities and the marginal budget shares for all the meat products have been shown (Yaw et al., 2014) to be positive, with the expenditure elasticity of game being the most elastic (2.1987) and the demand for goat being the most inelastic (0.5983). The fact the expenditure elasticity of beef (1.0211), game (2.1987), and chicken (1.0671) are greater than one suggests that expenditures on these meat product increases more than proportionate increases in overall income. As income grows and more meat is consumed, expenditure on beef, game, and chicken would likely rise faster than concomitant increase in overall household expenditures on meat. Thus, there would appear to be a promising marketing prospect for beef, poultry, and game. With a deficit in the production of beef, and the increasing gap in supply and demand due to both population and income growth, increasing inter-regional trade in livestock between Ghana and its neighbors, particularly Burkina Faso, appears favorable. Contrary to beef, the supply-demand deficit related to poultry products is closing, with significant increases in the local production of both poultry meat and eggs.

Assuming an average per capita consumption of 6.8 kg (13.0 x 0.52—budget share of beef in total meat consumption) and a population of 26 million (2013), the potential demand for beef is approximately 177,000 MT annually, including an import demand of approximately 88,000 MT of beef (assuming that domestic production can provide 50% of estimated demand). In 2014, approximately 70,000 cattle were exported from Burkina Faso to Ghana (CILSS 2014). Assuming a carcass weight (meat) of roughly 14,000 MT (50% of live weight, assuming an average live weight of 400 kg), *this represents only about 15% of the total demand potential for imported beef*. It is difficult to estimate the percentage of these animals that are feedlot animals, but CILSS data indicate an average value per head of $628, indicating animals that weigh on average 350-375 kg, less than would be expected from routine feedlot finishing.

Ghana would appear to be a large potential current and future market for Sahelian beef, driven by increasing demographics, urbanization, and increasing incomes.[19] It is important to note in this demand assessment for live animals that local production covers less than 50% of domestic demand, and this gap is likely to increase in the near future, resulting in an increase in the net demand for imported beef. In fact, the Minister of Food and Agriculture stated in April 2014 that "in the coming years, we (can) expect Ghanaian agriculture to lose some ground in terms of percentage contribution to GDP to industry and services as the country moves towards a service-based economy."[20]

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[18] Yaw Bonsu Osei-Asare and Mark Eghan, Meat Consumption in Ghana, Evidence from Household Micro-Data, February 2014.

[19] To note that average Ghanaians have lost more than 50% of their purchasing power in the past two years due to an effective devaluation in international financial markets; the official exchange rate decreased from 1.88 cedi/$1 in 2013 to 3.81 cedi/$1 in 2015.

[20] Myjoyonline.com/business/2014/ accessed April 28

### A.1.2. Transactions—Managing Risks

For most Sahelian producers, the major disadvantage of the Ghana market is its national currency, the Cedi, which is highly variable in value with respect to the FCFA. Presently, Ecobank apparently plays a very limited role in facilitating the repatriation of proceeds from cattle sales in Ghana to Burkina Faso. Cattle traders have found that the relatively low bank exchange rates (in relation to unofficial rates), high bank wire transfer costs, and delays in depositing funds into a seller's account have marginalized Ecobank as a formal partner in repatriating funds from cattle sales. As a consequence, the majority of cattle traders from Burkina Faso repatriate funds accruing from livestock sales by an old, proven, traditional system, to be discussed in the following paragraphs.

The constraints to formalizing and improving cash transactions in livestock sales are many. Livestock commercialization remains rooted in traditional practices primarily based on long-standing social and cultural relations with key commercial actors. For the most part upstream transactions are credit-based, as are many terminal market sales. Over the years this fact has reinforced the practice of working within a context of social/family-related actors where confidence and trust are assured by cultural norms and reciprocal obligations. By its very nature, this type of commercial platform limits the entry of new players and attempts to manage commercial/financial risk through traditional social responsibility. In a similar fashion, the financing of activities is based on the capacity of commercial operators to mobilize financing from the informal financial sector, but the informal sector has limits in terms of the scope and level of possible funding.

Most sales of cattle originating in Burkina Faso are through local intermediaries. Generally, Burkina Faso cattle traders sell their cattle in Ghana to Ghanaian livestock merchants they know well. In the Ashaiman/Accra market, members of the Ghanaian Livestock Breeders and Traders Association are major intermediaries for the sale of cattle from Burkina Faso, where they facilitate sales to the local butchers' syndicate (union), the primary buyers of large ruminants. When an association member agrees to mediate the sale of cattle, the association member assumes responsibility for the sale of individual animals to members of the local butchers' syndicate (association members take the cattle "on assignment" for sale).

For this service, the association member receives a commission of 20 Cedi/head for each animal sold. Normally consignments for sale are on a truckload basis and generally it is estimated that a truckload of 40-45 head will normally be sold in three to four days. During this time, the cattle owner will pay the local authorities 1 Cedi/head/day for keeping his animal in an enclosure where water is provided, but the owner is responsible for grazing animals nearby until all animals are sold. The association also receives a payment of 1 Cedi/head—one time, as a fee for organizing sales when animals are unloaded from trucks.

The cattle owner/trader arranges with the association member who buys the animal on the price per animal that is to be negotiated with butchers, and the association member remains responsible for sales until all animals are sold. Once the truckload is sold, the seller then agrees with the association member on the total price to be paid in FCFA, which normally includes the sellers' costs related to transport and transit, illicit payments, etc. For the seller all aspects of the transaction, including negotiations with butchers, take place in FCFA.

Once the total amount to be paid in FCFA is agreed upon, the association contacts a Burkina Faso commercial trader. There are apparently several major commercial Burkinabé importers involved in facilitating sales by the association who import major commodities from Ghana to

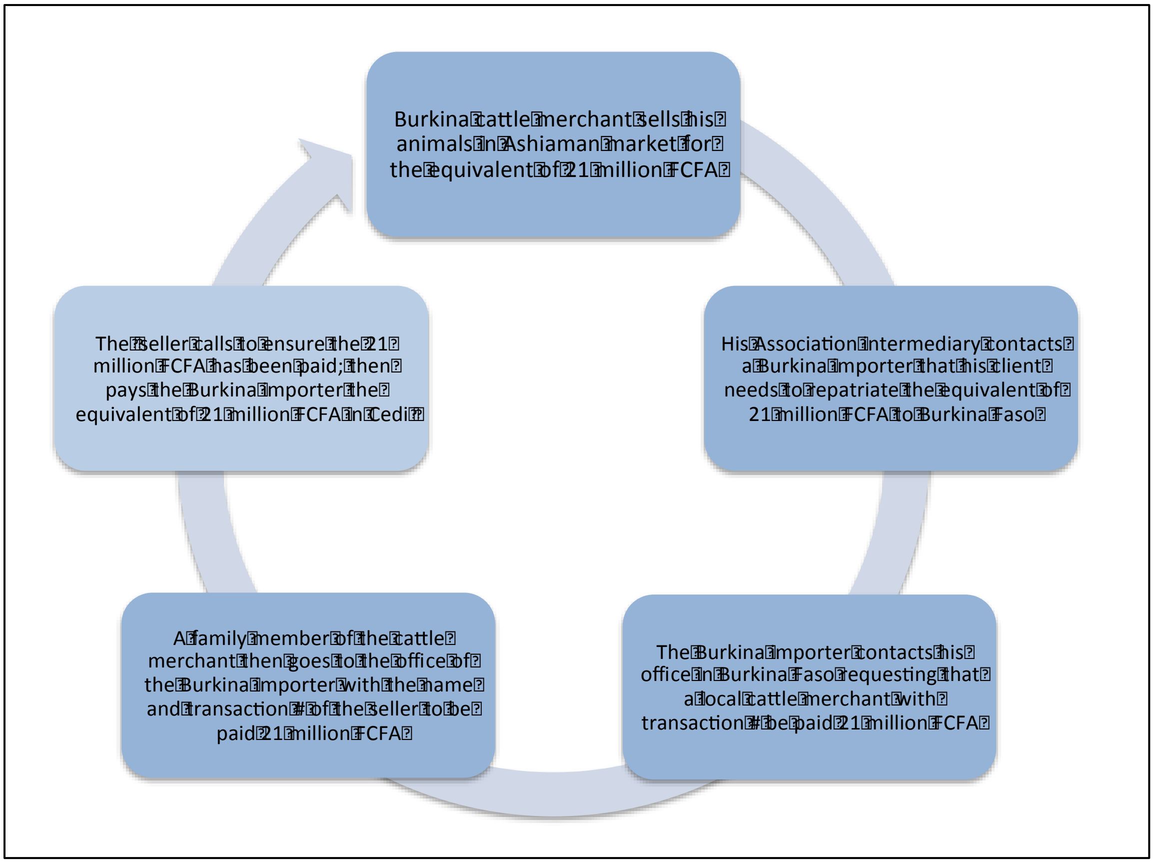
Burkina Faso, such as petrochemical products, wood/timber, salt, and other items routinely imported into Burkina Faso. Once contacted by the association for a particular trader who has recently sold his cattle, the commercial importer informs his business associates in Burkina Faso that a certain Burkinabé cattle trader should be paid a specific sum in FCFA for cattle sold in Ashaiman, Ghana. While still in Accra, the cattle trader then calls a member of his family in Burkina Faso, providing him with his cattle trader's transaction number (provided by the association) and the amount to be paid in FCFA. The family member then goes to the trader's business office to receive a payment in FCFA. The commercial importer is then paid an equivalent amount in cedi that the importer then uses to purchase the goods in Ghana he intends to import into Burkina Faso.

This system (see Figure 1 on the following page) appears to provide cattle traders with a solution to manage some risks associated with export cattle sales. It provides a means to efficiently recuperate FCFA in Burkina Faso from sales in the Ashaiman/Accra, normally in less than 24 hours. The exchange rate used is generally several points more favorable than the prevailing bank rate with none of the associated bank costs and delays. The major risk associated with cattle sales are the usual delays in being paid by the butchers, although the Association of Livestock Merchants of Ghana assists in this regard.

According to the association members interviewed during the course of this assignment, most cattle traders use the system noted above. Depending on market demand, the association receives two to three truckloads of cattle per day of cattle weighing 400-450 kg each, with average prices (varying considerably depending on demand and season) of 400,000-450,000 FCFA/head. Cattle are not weighed, with animal conformation and weight simply estimated by the final buyer, who is usually a member of the local butchers' association. As is the case in Abidjan, most butchers are engaged with commercial wholesale and retail clients (supermarket chains, hotels, catering services, etc.) to provide them with meat.

Such a system has been refined over many years to protect the seller. The association takes responsibility for ensuring the sale of all animals, but sale prices and payments are made by the butcher(s). In most cases, sellers inform the association of their imminent arrival in the market, but the association does not provide a definitive price for animals, since all animals are sold individually and each price is negotiated with the butcher in the presence of the seller. Such a system does not lend itself to contracting because: 1) butchers are notoriously not very credit-worthy; 2) butchers would likely not be considered credible buyers in most contracting situations; and 3) the role of the association member as an intermediary is strictly informal. In addition, when the option was discussed with association members if Burkinabé traders could negotiate directly with large-scale wholesalers/retailers, the association replied that it would be very difficult to deal directly with wholesale and retail meat suppliers, effectively excluding the butchers, since butchers are key players, having exclusive access to the slaughterhouses.

**Figure 1: Repatriation of Sale Proceeds by Burkinabé Cattle Merchants in Ashaiman Market**




### A.1.3. Retail Buyers

Interviews with several retail outlets and chains specializing in the sale of meat and processed meat products revealed that the vast majority buy meat from butchers working essentially on consignment.[21] Maximart, a local supermarket chain in Accra uses this system, while Johnny's Food and Meat Complex purchases live animals from Burkina traders. In this case a Burkina trader works for him purchasing animals in northern Ghana, trekking them to Accra, where 10-15 head are held at a time near his slaughter facility (he has sufficient land to hold both cattle and goats). He buys animals weighing 400-500 kg (animals are not weighted at purchase) and sells approximately 9-10 tons of meat, with and without bone, per month. Concerning prices, he simply stated that they varied depending on market demand. Johnny's Food and Meat Complex's major clients are hotels and catering services, and due to the present economic situation in the country, they are now paying their bills in 60-100 days, resulting in a severe cash flow problem for purchasing cattle and goats.

Generally, Johnny's Food and Meat Complex has no major problem outsourcing his meat. He has worked with the same Burkina cattle trader since his business opened. One-third of the

[21] On May 15, 2015 a Trade Hub FAF agent identified OAG Farms and Meat Processing. They are planning to import cattle from Burkina for fattening and processing in Ghana. Mr. Osman Alhassan Gomda, C.E.O -Accra. Ghana, Tel: +233 (0) 302 765 992, Cell: +233 (0) 245 015 607.

goats he purchases originate in Burkina Faso. He sells beef without bone for 17,500 Cedi/kg and with bone for 13,500 Cedi/kg. By comparison, large supermarkets located in a mall near this business sell higher quality cuts of beef, on average, for 24,500 Cedi/kg (21,500- 27,000 Cedi/kg). Presently this red meat supplier is in financial difficulty due to a severe cash flow problem.

Although efforts were made to contact and interview a broader range of meat wholesalers, few were available. Thus, the Trade Hub needs to undertake a major effort to identify Ghanaian wholesale and retail meat suppliers interested in purchasing live animals.[22] Most of these agro-businesses should have teams of butchers working for them, so they might be able to undertake live animal purchases on consignment with their butchers. This would provide more secure buyers for Burkina cattle traders. However, such arrangements would also have to compensate butchers for lost revenue from hides/skins and fifth quarter[23] and cover slaughterhouse fees.

## A.2. Supply of Live Feedlot Animals: Burkina Faso

The major Trade Hub partner coordinating livestock value chain activities for Burkina Faso-based trade corridors is the national federation of professionals of the livestock and meat sector of Burkina Faso, FEBEVIB. FEBEVIB is also a member of the regional professional group, COFENABVI, which has its headquarters in Abidjan.

**Table 6: Cattle Trade: Ouagadougou–Ashaiman/Accra Corridor, 2012–2014**

| Species | 2012* | | | 2013* | | | 2014* | | |
|---|---|---|---|---|---|---|---|---|---|
| | No. | $ | $/head | No. | $ | $/head | No. | $ | $/head |
| Cattle | 103,199 | 73,787,507 | 715 | 105,647 | 79,473,562 | 752 | 70,644 | 44,348,216 | |
| Sheep | 1,200 | 93,361 | 78 | 0 | 0 | | 0 | 0 | 0 |
| Goats | 0 | 0 | | 0 | 0 | | 0 | 0 | 0 |
| **Total** | **104,399** | **73,880,868** | | **105,647** | **79,473,562** | | **70,644** | **44,348,216** | |

* Totals for a 12-month period.
Source: CILSS 2015

FEBEVIB, in collaboration with COFENABVI, has been coordinating and organizing cattle fattening and export operations with its members. A majority of these activities have targeted the export corridor Ouagadougou–Accra. During the first three months of 2015, FEBEVIB members fattened over 500 head of cattle and 70 head of sheep, most destined for export to Ghana. These feedlot activities represent potential sales of almost 230,000,000 FCFA ($415,000). Details of these activities are illustrated in Table 7. It should be noted that this fattening program represents a very small percentage of the total number of cattle exported to Ghana. CILSS is collecting and analyzing livestock trade data for the Ouagadougou–Accra trade corridor and its annual export data for cattle along this corridor is presented in Table 6.

[22] This activity needs to be an ongoing process since businesses emerge and close continually.

[23] Generally includes most organs; the skin, hoofs, and head may or may not be included.

**Table 7: Sale of Fattened Cattle and Sheep by FEBEVIB members, January–March 2015**

| Name | Cattle | | Sheep | | Available Stock | | Location |
|---|---|---|---|---|---|---|---|
| | Quantity | Value (FCFA) | Quantity | Value (FCFA) | Cattle | Sheep | |
| TRAORE Rasmané | 34 | 13,400,000 | | | 15 | | Bobo |
| SORE Salifou | 80 | 37,000,000 | | | 45 | | Banfora |
| YONDOGO Aziz | 130 | 65,000,000 | | | - | | Pouytenga |
| TRAORE A. Karim | 48 | 17,030,000 | | | 18 | | Fada |
| OUEDRAOGO Hamado | 10 | 4,820,000 | 10 | 688,000 | 7 | 10 | Ouahigouya |
| GANEMTORE Issa | 11 | 4,730,000 | 10 | 602,500 | 7 | 30 | Pouytenga |
| ZOMA Salimata | 4 | 1,300,000 | | | 3 | 6 | Padéma |
| NAMA Mariam | 2 | 700,000 | | | 5 | 10 | Orodara |
| GADIAGA | 5 | 925,000 | 50 | 3,650,000 | | 15 | Djibo |
| MAIGA Moussa | 60 | 30,000,000 | | | 20 | | Djibo |
| OUEDRAOGO Emile | 65 | 29,250,000 | | | 33 | | Ouaga |
| COMPAORE Sylvestre | | Absent | | | | | Ouaga |
| SANOU Dossoun | 12 | 3,600,000 | | | 8 | | Bobo |
| SONDO Ousseini | 58 | 20,690,000 | | | 15 | | Fada |
| **Totals** | **519** | **228,445,000** | **70** | **4,940,500** | **161** | **71** | |

The CILSS data, when compared to that generated by members of FEBEVIB, clearly illustrates that to produce a significant increase in cattle trade along this corridor, a concerted effort from a very large number of feedlot and export operators and enterprises will be needed, suggesting that national and regional professional associations need to be increasingly proactive in encouraging their membership to export quality animals and lobbying on their behalf for an improved regulatory/economic business investment environment.

### A.2.1. Cattle Exports: Ouagadougou–Ashaiman/Accra

The export process to Ashaiman/Accra begins in Ouagadougou with the loading of cattle (between 40-45 head/40 ton truck) and verifying that all necessary paperwork is in order. For cattle this relates to a certificate of origin, animal health certificate, and an authorization to undertake the export, which in theory should enable the truck to pass unhindered to the border with Ghana. In addition, an export permit is also required for the exporter(s) that costs 80,000 FCFA/year. Before leaving Ouagadougou, exporters generally inform themselves of the current exchange rate between the Ghanaian Cedi and the FCFA and the price tendency in the Accra market (often obtained either from Burkina associates in Ghana or a member of the Livestock Producers and Traders Association in Ashaiman market).

Local logistic intermediaries in the Ouagadougou cattle market locate trucks when one or more exporters have cattle to ship. Trucks are selected based on an assessment of roadworthiness, necessary papers and transport documents and when possible experience in shipments to

Ghana. Often such trucks belong to major commercial importers who need to send their vehicles to Ghana to import Ghanaian merchandise into Burkina Faso and cattle exports enable them to reduce overall transport costs for their imported goods.

There are approximately five customs checkpoints and two police checkpoints between Ouagadougou and Dagola at the border with Ghana. Along the route the exporter is obligated to pay illegal fees—5,000 FCFA at each customs post and 3,000 FCFA at each police post—(total 31,000 FCFA). At the border on the Burkina side there is an official flat fee of 3,000 FCFA/head as a contribution to the development of Burkina Faso's livestock sector. For a truck with 40 head, the total fee is 120,000 FCFA and a receipt is provided when paid.

Once at the Ghanaian side of the border, there is a flat fee of 12,000,000 "old" Cedi (approximately 190,000 FCFA) to be paid for a transit permit to ostensibly allow unhindered transit to the final destination in Ashaiman/Accra. But in reality, this is not the case, for the transit from the border town of Paga to Accra has a total cost of approximately 6,000,000 "old" Cedi, with many checkpoints. Thus, total cost for a truck with 40 head to transit Ghana from Paga to Accra costs about 18,000,000 (180,000 FCFA). (Note  the regional map produced by CILSS in Figure 2 that indicates checkpoints along major regional trade corridors. It is interesting to note that Ghana previously had among the fewest number of checkpoints and presently has the most).[24]

Once the truck arrives at the market in Ashaiman/Accra, cattle are discharged, placed into the hands of a local herder and a Ghanaian cattle trader (generally a member of the Livestock Producers and Traders Association of Ghana), who contacts local butchers to come negotiate with the owner on a head-by-head basis. Transactions take place without weighing animals. In terms of money transfers, according to FEBEVIB, money can be repatriated in cash, through a bank such as Ecobank or a Burkina-based commercial importer. The preferred mechanism is apparently through a Burkina-based commercial importer, as previously discussed.

Well-fattened cattle generally bring the fattener/exporter a net margin of approximately 175,000 FCFA for an animal selling for 450,000-500,000 FCFA.[25] However, net margins for quality animals that have been purchased or owned by feedlot operators in Burkina Faso have much lower margins, usually around 15,000/head for the exporter. In the case of the exporter himself fattening and exporting animals, a truckload of 40 head of 500-kg animals could bring a total net profit slightly less than 7,000,000 FCFA, while exporting animals fattened by someone else and purchased by the exporter would bring a net profit of 600,000 FCFA/truckload of 40 head.

### A.2.2. Small Ruminant Exports: Ouagadougou–Ashaiman/Accra

The Association of Young Traders and Livestock Merchants in Ouagadougou sell small ruminants (sheep and goats) locally, as well as exporting them, principally to Ghana. With regards to the Ghanaian market,[26] goats are the major small ruminants exported, with some sheep exported during the Muslim religious holidays. In many cases, especially for the sale of

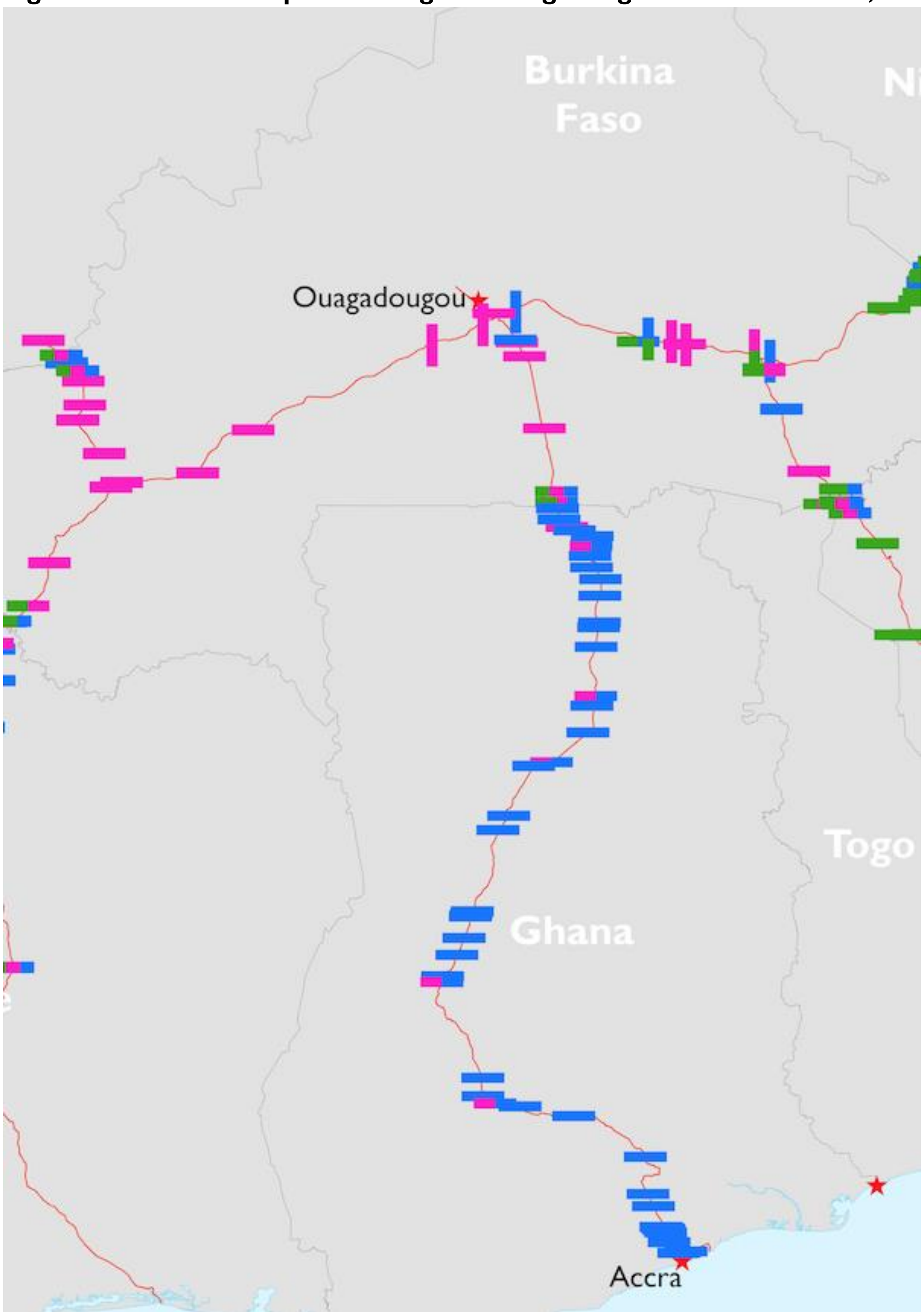
[24] On April 28, 2015, the local press in Accra asserted that illegal checkpoints had been reduced from 67 to 7; however, recent exporters still report many checkpoints still operational. CILSS was contacted to verify this.

[25] Transactions take place in FCFA, with a given exchange rate agreed to at the start. Initially, proposed sale prices generally include all transport costs, but after successful negotiations, these costs may or may not represent a net loss for the seller.

[26] Note that the CILSS trade data for the Ouagadougou–Accra trade corridor lacks historical data on goat exports.

well-fattened, expensive sheep, Ghanaian buyers frequently come to Burkina Faso. Most sheep sent to Ghana are of average size since most Ghanaians do not buy large, expensive sheep for the holidays, as is the case in Abidjan and Dakar.

**Figure 2: CILSS Checkpoints along the Ouagadougou–Accra Corridor, March 2015**




Bars represent customs and police checkpoints, March 2015

In past years goat sales to Ghanaian traders took place in Burkina Faso, with many Ghanaian livestock merchants coming to Burkina Faso to buy animals. This practice has decreased greatly during the past several years because purchasing animals in Burkina Faso has become very problematic for them in terms of currency exchange, organizing logistics, and possessing an export permit, which is generally reserved for Burkina merchants. Presently, most goats are exported by truck to Ghana.

Trucks rented for small ruminant transport generally fall into two categories: 10-ton lorries and 40-ton tractor-trailers. The most common is the 10-ton truck that will hold up to 250 head of goats (the 40-ton tractor-trailer holds approximately 350-400 head), with animals stacked in two tiers. Sheep are also exported with goats just prior to the Muslim holidays. Generally, exported goats are not commercially fattened; sheep may be fattened, but average weights are much lower than those of high-quality sheep supplied to the Abidjan, Dakar, or Bamako markets—Ghanaians generally do not pay high prices for holiday sheep.

The rental costs for a one-way trip for these vehicles are between 250,000 (10-ton)–500,000 FCFA (40-ton) for the trip to Accra. However, transport prices increase substantially (three to four times) during the period when cotton is being shipped to the coast (Abidjan, Lome, or Tema) and available trucks for transporting livestock are scarce. In addition, haulers prefer cotton to cattle, because it is an easier and cleaner cargo.

During these periods, trucks of any type can cost between 750,000 (10-ton)–1,000,000 (40-ton) FCFA for the Ouagadougou–Accra journey. It should be noted that trucks loaded with the number of animals indicated above are over-loaded according to regulations. Thus, exporters are not in conformance with trucking/transit regulations, exposing them to repeated legal and illegal controls. Exporters are aware of this fact and prefer to pay the customs control posts rather than reduce the number of animals to conform to weight restrictions (120 head/10-ton truck and 200-220 head/40-ton truck).

As is the case with cattle, before leaving Ouagadougou exporters need an international veterinary certificate that should allow for approved animal movement among neighboring countries. In reality, this is not the case, since veterinary certificates issued in one country may not be recognized in a neighboring one. They also need a certificate of origin provided by the local Chamber of Commerce and an authorization to export, provided by the local communal mayor. All these authorizations are generally only provided to registered commercial merchants, but are often obtained either by using the name of a registered merchant or by bribing.

As a rule small ruminant exporters have "arrangements" where they generally pay less than the regulated fee for certificates and export authorizations. Animal health certificates are provided at a fee of 200 FCFA/head—50,000 FCFA for a truckload of 250 head. Generally exporters pay a flat rate of 20,000 FCFA. Similarly, for the certificate of origin and authorization to export, exporters only pay 1,500 FCFA for each, less than 50% of the official price. During the course of the voyage exporters pay four customs control posts 5,000 FCFA between Ouagadougou and Dakola at the Ghanaian border. The transporter is responsible for paying 3,000 FCFA at the two police control posts. The total (an NTB) is 26,000 FCFA/truck.

Once at the Ghanaian border, the exporter pays 65,000 FCFA for a "free passage" document that covers health and road taxes. In reality, exporters presently pay an additional 160,000 FCFA/truckload for transit between Paga (at the border) to Accra (May 2015).

Once animals arrive in Accra, the exporter contacts butchers to come and purchase animals.

Members of the Livestock Producer and Trader's Association are not generally involved in small ruminant sales. It often takes up to one month to sell a truckload of goats. During this time the maintenance of animals is paid for by the exporter, costing several Cedi/day/head. Once the exporter has his sale proceeds, he often uses the same process as cattle traders for repatriating his proceeds; however, because small ruminant sales generate a much smaller margin than cattle (3,500–5,000 FCFA/head), the trader frequently may return to Burkina Faso with FCFA in cash.

Two major problems were cited by exporters in the present system: 1) limited financing to purchase animals for export, and 2) the lack of credibility of Ghanaian butchers—frequently they do not pay their debits. Often Burkina small ruminant merchants return to Burkina Faso, leaving 30-40% of sales credit with butchers to be reimbursed when all animals are slaughtered and sold; frequently butchers do not reimburse what is owed. Burkina livestock exporters generally only have access to butchers, since the majority of large meat wholesalers and retailers in the Accra area buy their meat locally from butchers. From limited interviews, wholesalers/retailers did not appear interested in dealing directly with traders who were dealing with live animals.

### A.2.3. Major Production Constraints

As is common in traditional livestock export supply chains, the major constraints are related to: 1) difficulty in purchasing high-quality feeder cattle, especially towards the end of the dry season; 2) at other seasons, insufficient access to financing can limit the number of animals to be fattened, for example during the rainy season, good animals cost more than during other seasons; and 3) difficulties in assembling adequate feed resources throughout the year to support efficient feedlot operations. However, an advantage to purchasing cattle during the rainy season is that feedlot time, if necessary, is greatly reduced to just a few weeks for finishing animals, significantly reducing overall feedlot costs. As already noted, the major constraint during the rainy season is the availability of feeder cattle at a good price/quality ratio since there is very little incentive for traditional producers to sell their animals when there is an abundance of good pasture.

Another constraint is related to the difficulties of assembling sufficient feed resources throughout the year to fatten more animals. This is related to the availability of feed resources, the physical presence of feed raw materials, and market access to high-quality feed resources. There is a chronic shortage of concentrated cattle feed in Burkina Faso. An attempt to privatize a local feed mill was not successful due to the inability of the mill to outsource sufficient raw material supplies to keep the mill operating at capacity. Apparently this was fundamentally a problem of cash flow for the mill, rendering it unable to pay its raw material suppliers. Burkina Faso also imports concentrated cattle feed, but quantities are much lower than local demand, resulting in highly speculative pricing and variable availability.

Another major difficulty for many Sahelian-based feedlots is access to water. Without sufficient water, no animal will maximize daily gains, regardless of the nutritional quality of the feed. And the availability of water for intensive livestock production may become both a social and financial constraint in the future without transformative changes in the present system so that it becomes both more intensive, while being more environmentally sound and financially more secure.

And thirdly, of a more general nature, is the limited access to financing. Access to sufficient investment capital and operational credit to scale up existing fattening and export activities to achieve better economies of scale to increase market share and diversify into new, higher-value market segments, is difficult to secure. Moreover, during the next decade demographic and environmental pressures will demand that cattle fattening and export operations become more efficient, competitive, and innovative. The development and application of the technologies necessary to bring about this transformation will require significant investments, requiring professional operators to better structure their businesses to attract financing from the formal financial sectors. Joint ventures, of both an equity and debt nature, will likely be required. *However, it is important to note that it is often the lack of bankable projects that leads to an impression of insufficient financing.*

A summary analysis of the factors limiting the growth of animal exports indicated that, in a first analysis, they are of both a structural nature and an environmental nature related to the capacity of the natural resource base to sustain year-round intensive livestock feeding over the long term. *A more rational use of the region's natural resource base, coupled with a more transparent trade environment and structured livestock supply chains, will be necessary for sustainable increases in regional Sahelian-coastal livestock trade.*

Finally, the vice president of FEBEVIB proposed that the project and FEBEVIB need to move ahead in more practical and pragmatic ways. In order to better focus resources, it was suggested the adoption of a strategic corridor approach. Those targeted corridors offering the best opportunities to achieve the project's major targets and benefit large numbers of private sector operators should be prioritized over other corridors.

## A.3. Djibo: Major Terminal Export Market for Ghana

The Djibo Livestock Market is about 250 km north of Ouagadougou and is one of the largest livestock terminal export markets in the region. The market began operations around 1965 and was updated with fences, loading ramps, etc. in 1998. Presently it is the major export terminal livestock market for Ghana, and in fact the largest percentage of cattle and goats sold and trucked from Djibo go to Ghana. A provincial-wide cooperative called Lumal Sénoré presently manages the market through a management committee that includes Maiga Boucore, president; Djibril Saydore, special advisor; Amadou Gadiaga, cooperative member; and Allasane Koundaba, controller.

The cooperative has members throughout this northern province, with each commune having two members. The market operates in close cooperation with the local communal administration, providing a platform for the commune to collect taxes for livestock merchants who use the market. When sellers enter the market with their animals they find an available area in the open center of the market. Access to this space costs 500 FCFA/head for cattle and 200 FCFA/head for small ruminants, paid to the commune. In addition, buyers pay 100 FCFA/head for recently purchased cattle once they leave the market holding area. Apparently no such tax is levied for small ruminants. The use of the loading ramp costs 10,000 FCFA/truckload, regardless of the number of animals involved, and this sum is divided equally between the management committee and the assistants who actually load the animals. Additional sources of revenue for the cooperative come from the sale of *aliment bétail,* a concentrated cattle feed that is cottonseed-based and water.

At the end of every year the management committee calculates the net profit for the market. Sixty percent goes to the commune for development investment and 40% goes to the cooperative. The cooperative has elections every 5 years to elect a new management committee. During the past several years the management committee estimates that roughly 1,000+ head of cattle are sold every Wednesday market day and 4,000+ small ruminants during the slow season, a period when animals are far removed from the market in search of pasture

(April–June). Towards the end of the rainy season the market registers a significant increase in sales: 2,000+ weekly for cattle and 6,000+ for small ruminants (November–March). Sales figures used to be maintained by the cooperative, but the local livestock office presently collects sales and export data.

The three major constraints facing the market today are: 1) lack of sufficient concentrated cattle feed to sell to cooperative members and market clients; 2) a severe lack of water—it is now even a problem to find potable water for the human population of Djibo; and finally 3) problems related to transport of sold animals (road governance and illicit taxes). It is interesting to note that during a visit to Djibo for this assignment, unofficial information alleged that the government was going to start improving (tarmac) the main access road to Djibo, which is presently about 2/3 lateritic, likely posing significant transport challenges during the rainy season.

One measure discussed with the management committee to improve exports was the promotion of the Djibo market as a major export point for cattle exports to Ghana. In this regard, road improvement will be essential. According to discussions with the management committee, the majority of cattle and goats exported from the market go to Ghana and increasingly, major Ghanaian traders have Burkina-resident Ghanaian intermediaries in the Djibo market every market day to buy animals.[27] They do not buy goats, apparently because of the low margins.

One idea very briefly discussed with the management committee was whether or not efforts should be made to better market Djibo as a major export point for Ghana and encourage more Ghanaian merchants to come to the market. The reasoning being that it is easier for Burkina producers to let Ghanaians deal with the Ghanaian transport NTBs. However, such a solution would pose a problem for Burkina traders who buy cattle and transport them to Ghana. As regards small ruminants, as mentioned above, Ghanaian merchants are reluctant to travel to Burkina for such sales. There was general agreement, however, that such an initiative might well increase cattle exports (there are multiple reasons noted below to promote Djibo as an export market in addition to dealing with NTBs).

Developing one or two well-organized terminal export markets in Burkina, such as Djibo, with easy, year-round access to transporting and moving animals to the Ghanaian border, could solve many of the existing problems faced by cattle exporters. Moreover, this strategy could develop a local market-pull to encourage offtake by local producers by facilitating direct contact between Ghanaian buyers and producers. In addition, as already noted, it would ease the task of dealing with NTBs in Ghana, it being easier for Ghanaian livestock merchants than Burkina merchants to deal with Ghanaian regulatory/road governance authorities. Such an activity is not without risk, as previous efforts to establish border markets have not met with much success, such as in Sikasso, Mali, which did not achieve expected results due to management problems and the Ivorian civil war.

The challenge for Burkina livestock merchants is to have attractive pricing and quality animals, easy access to transport services, and clear and transparent export regulations and procedures to encourage Ghanaian buyers to come to Burkina Faso. Encouraging export sales on Burkina Faso territory for cattle will be easier to promote than for small ruminants, and perhaps for the moment, small ruminant sales will continue as high-volume, low-margin traditional exports.

[27] Very brief discussions were held with two Ghanaians intermediaries, who understood very little French or English, but apparently reside in Djibo, and purchase from 1-4 truckloads of cattle each week in the Djibo market to send to Ashaiman/Accra.

# ANNEX B: REGIONAL FEED THE FUTURE VALUE CHAINS: CEREALS

One component of the present terms of reference focuses essentially on providing options, ideas, and suggestions for Trade Hub's FTF value chain program, related to the organization, implementation strategy, and capacity to better achieve expected outcomes and targets. First, as already noted, the operational environment within which Trade Hub functions could be a distraction, including, as it does, a wide range of regional and national partners with competing agendas, priorities, and implementation timeframes, making it difficult for the project to consistently prioritize resource allocations and ensure its interventions are target-driven.

In the following paragraphs the structure of FTF value chains will be briefly discussed as regards to major value chain operational issues that need to be understood in order to appreciate their role in limiting the volume and value of commodity trade in a region that is chronically cereal deficient. This background is considered necessary in order to design and develop activities that will address the "causes" rather than the "symptoms" of what is generally characterized as West Africa's under-performing regional trade.

## B.1. Opportunities for Regional Feed the Future Value Chains

### B.1.1. Feed the Future Implementation Structure

First, as a regional development effort, Trade Hub has a very broad range of stakeholders, often with differing and continually changing priorities. This moving landscape presents a management challenge, particularly in terms of ensuring that technical FTF programs remain well-focused and indicator/target-driven. Second, Trade Hub stakeholders are for the most part regional in orientation and policy-focused, such as the ECOWAS and UEMOA, each with their own agendas, organizational inefficiencies, development visions, and operational time frames. And thirdly, and perhaps most importantly for Trade Hub's FTF program, is the need to collaborate more closely with the bilateral FTF programs in the project's geographic areas of intervention to ensure an understanding of the strengths, weakness, and opportunities of targeted commodity value chains. Collectively, these factors make the implementation of Trade Hub's FTF program both an institutional, as well as technical challenge. In order to effectively navigate the maze of institutions, often with competing and conflicting agendas and approaches, Trade Hub needs to have a clear vision of what it wants to leave in place by the end of its FTF program.

Defining a unifying implementation strategy for the Feed the Future program is essential for: 1) effective team mobilization, 2) engendering a strengthened professional and technical capacity among team members and 3) promoting creativity, innovation and a pro-active work ethic. The objective is to ensure that all project staff are on the same page, speak the same language, are aware of the limits of their responsibility, and can move forward independently but as part of a team effort. These factors also reinforce the team approach and the need to utilize the resource capacity of all team members in program design, as strategic risk-taking becomes an essential part of successful program implementation.

### B.1.2. Technical Program Structure: Feed the Future Value Chains

Feed the Future is a U.S. Government program designed to strengthen the capacity of all actors in staple food commodity supply chains to improve both the availability (productivity) and access (marketable) of essential food commodities to: 1) better ensure a more stable and healthy food security situation, and 2) begin the process of market-driven sustainable economic development for traditional agricultural/ livestock value chains. Even though Trade Hub has a regional focus, its contract specifically mentions providing benefits to farmers and producers. And inherent in the value chain approach is the intent to move traditional agriculture production progressively from a subsistence base to a more commercial one by a series of *market-driven incentives* that promote investments in innovative technologies and infrastructure. Where does this approach fit into a regional context?

Within a value chain context, it is not logical to assume that simply targeting cross-border trading and the associated enabling environment will lead both upstream and downstream actors in specific value chains to sense and respond in a positive way to increased value-added market opportunities by increasing investments in productivity enhancements, improved infrastructure, and quality assurance measures, and thereby increase the quantity and quality (value) of commodities to be traded. Tackling the complex landscape of staple commodity supply chains means beginning with targeted market demand and understanding how this economic driver is transmitted upstream to farmers and producers. In many traditional value chains it simply is not.

In the Trade Hub's high-priority target value chains, it is important that FTF program staff understand the cause and effect relationships throughout the entire value chain, from production though sales in end markets. Both domestic and regional markets need to be considered in order to understand and calculate the strategic role cross-border trade can play (and is playing) in encouraging transformational change. Upstream systemic change will be required if exported commodities are to increasingly respond to the evolving demand criteria of rapidly developing, large urban coastal end-markets.

This is not to imply that the Trade Hub should develop programs for farmers and producers, but it does imply that the Trade Hub's FTF value chain program must be developed in a complementary and collaborative way with bilateral FTF programs to take advantage of the demand-pull opportunities that regional value-added markets can provide to domestically based marketing systems.

The basis of such collaboration should be the development of complementary activities that will add value to both national and regional efforts, building on the Trade Hub's comparative advantage to offer bilateral FTF program implementing partners the opportunity to identify and link value-added regional end markets to national supply chain programs.

Regional markets provide market-driven opportunities that promote investment in both upstream and downstream productivity enhancements and in the infrastructure necessary to meet increasingly more sophisticated regulatory and legislative trade requirements, as well as product quality standards demanded by consumers. Regional markets offer opportunities to consolidate quality raw materials on a scale impossible at the national level. Achieving such economies of scale is an essential element in developing economically and financially viable coarse grain cereals supply chains, where financial viability is generally the result of high-volume product transactions, rather than small-scale transactions driven by favorable unit prices, most commonly at the national level.

*The need to move to increasingly higher-volume transactions in order to generate investment opportunities is a fundamental problem when dealing with staple coarse grain cereals*. In the case of millet and sorghum, where productivity is very low and the net volume of production commercialized is also comparatively low, since the majority of production is consumed on-farm at the household level, achieving such economies of scale is very difficult. In the case of livestock value chains, opportunities to increase the efficiency, volume, and value of traded animals complement national efforts to more efficiently utilize agro-processing by-products and develop feed markets. Moreover, the development of large-scale feed markets could provide a feasible logistical context to develop feedlot-abattoir networks to increase cross-border trade in red meat, which would add value domestically.

Ensuring program focus is both important and problematic in a regional development context. In order to emphasize the trade focus of FTF activities and to recognize the need to focus multiple project resources in an integrative way to affect change, *trade corridors* offer an excellent, multi-disciplinary platform for focusing project efforts. The advantage of this approach is that it provides a trade-driven strategy to mobilize and focus an array of resources on a specific trade corridor that contains diverse trade opportunities. Moreover, success in one commodity chain would likely have spillover effects in other value chains within the same corridor. This focus also provides a clear context for prioritizing cross-cutting resources for key trade partners, associations, firms, and public sector agencies to achieve common objectives.

Mounting a corridor-focused multi-disciplinary team effort implies that *ALL* project components be involved,[28] *but it is* a *strategic approach proposed only for FTF value chains*. Cross-cutting programs will likely need to remain opportunity-seeking across trade corridors in order to meet their targets.

Such an effort should be technically driven and coordinated by relevant technical staff with clear, target-related objectives. Cross-cutting support activities should specifically focus on firms or on support for private sector professional associations and organizations to undertake specific activities linked to target-driven outcomes. Within such a context the TCEE component, for example, could focus on a specific corridor to improve the transport environment and road governance while building PPPs with local and national public service institutions and agencies, supported by private sector advocacy efforts though national and regional inter-professional associations and organizations such as COFENABVI.

## B.2. Reflections on the Coarse Cereal Value Chains

The inherent need for product consolidation and the fundamental role of staple coarse grain cereals in assuring food security are the major functional differences between livestock and staple coarse grain cereals value chains. The need for product consolidation to generate investment opportunities makes regional markets more central in driving cereals value chain investment than they are for livestock.[29] Cereals supply chains are more focused at the

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[28] In the case of the TCEE component, it appears to have a clear regional mandate. With the emergence of the CILSS PROFAB project, the TCEE component could become increasingly focused on the Trade Hub's high-priority trade corridor programs as part of multi-disciplinary team efforts. This would compliment PROFAB efforts and provide a non-threatening way to collaborate with PROFAB and more effectively use USAID funding.

[29] The very nature of cereal commercialization, based on consolidation and economies of scale to generate profitability (high volumes) argues for a more open and collaborative process than for livestock, where unit prices essentially are the major factor determining net margins and overall profitability. While volume also plays a role, it is less of a determinant than for cereals.

producer level on productivity and on-farm or near-farm consolidation and storage to ensure product quality and reduce post-harvest losses. Cereal wholesalers, not producers themselves, generally identify cereal end markets, although producers participate actively in local collect markets. Wholesalers usually collect grain from cooperatives and transport to wholesale warehousing for eventual transport and sale in end markets. Traditionally, wholesalers played a very limited role in organizing cooperative groups and providing information on new productivity-enhancing agronomic practices, quality control measures, or good storage techniques.

As national and regional grain markets have become increasingly more quality-conscious and segmented based on final market demand, some major grain dealers are slowly transitioning to assume the responsibilities of supply chain managers. Providing technical information on improved agronomic practices, supplying some inputs on credit, and advising on storage and quality control measures are better enabling wholesalers to manage and control their raw material suppliers, reduce waste, and ensure that their raw materials meet the requirements of value-added markets. These end markets are also becoming increasingly exigent in terms of grain homogeneity, humidity, mold/fungus levels, and overall foreign matter contamination (soil, sand, etc.). Consequently, efficient farm-to-warehouse supply chains reduce additional costs traditionally incurred by wholesalers due to re-bagging and removal of foreign material and bad grains. In the case of cereal exports, phytosanitary issues are becoming increasingly important and grain farmers are increasingly required to meet established quality limits and standard storage procedures. As wholesalers increasingly become supply chain managers, these grain exporters represent a natural contact point for regional FTF cereal value chain programs and a potential commercial linkage to national FTF cereal programs.

The targeted cereals in the Trade Hub FTF program are millet, sorghum, maize, and—to a limited extent—rice. Of the targeted cereals, maize and rice are the most commercialized, with millet and sorghum largely consumed by on-farm households. Because of their importance as major food security crops and their relatively low productivity, the vast majority of total millet/sorghum production is auto-consumed, or sold at harvest and later repurchased, in order to have cash at harvest time for family needs. It is estimated in Mali, for example, that less than 15% of the total production of these two cereals (estimated in excess of 2 million MT annually) is sold in final product markets, the vast majority being domestic.

However, maize is one of the most common cross-border traded coarse grain cereals. It has gained significantly in commercial sales during the past decade, primarily due to its inclusion in poultry feeds, driven by the rapid expansion of commercial poultry operations, and in an increasing array of processed maize-based products for human consumption. It is also used in some ruminant rations, though often not as the sole energy source. Moreover, it often evades *ad hoc* export restrictions more easily than either millet or sorghum because it is not considered a basic food security cereal, and it is therefore less likely to be subjected to seasonal trade restrictions imposed by governments when national harvests are forecasted to be lower than early estimates.

A key factor in promoting maize commercialization is the creation of well-structured, quality-based supply chains as mentioned above through the interventions of maize supply chain managers/merchants and quality-conscious buyers. As final product markets become increasingly quality- and health-conscious, maize producers and merchants need to ensure that their cereal products meet basic health and quality standards, meeting both regulatory and end-market demand criteria. Because the maize supplied in regional end markets is produced in traditional production systems, a regional trade project needs to understand the overall production and marketing constraints when seeking regional market opportunities to increase maize sales. This does not necessarily require a regional project to work directly with maize producers, but it does suggest the need to establish good collaboration and information flows between regional projects and bilateral FTF program implementing partners and private sector agribusinesses operating in the targeted trade corridor countries.

The Trade Hub should use the same implementation strategy proposed for the FTF livestock value chain for coarse grain cereals value chains. Essentially, these two value chains share similar major constraints that require structural changes throughout the chain in order to achieve significant improvements in cross-border trade.

# ANNEX C: TRADE HUB INDICATORS

| Indicators Common to all Trade Hubs | | | Targets | | |
|---|---|---|---|---|---|
| # | ACTE Framework Reference | Development Objective: Expanded Trade and Investment | FY 2015 | Year 3 | Year 5 |
| 1 | DO 1.1 | % change in value of trade in targeted non-agricultural and agricultural commodities | Up 15%<br>$223,653,446<br>(Regional VC)<br>**Cattle: $161,656,198**<br>**Small ruminants: $47,719,513**<br>Maize: $11,432,557<br>Millet: $576,192<br>Sorghum: $674,757<br>Rice: $1,594,230 | Up 30%<br>$252,825,634<br>(Regional VC)<br>(Cumulative)<br>**Cattle: $182,741,789**<br>**Small ruminants: $53,943,797**<br>Maize: $12,923,760<br>Millet: $651,347<br>Sorghum: $762,769<br>Rice: $1,802,173 | Up 50%<br>$291,721,886<br>(Regional VC)<br>(Cumulative)<br>**Cattle: $210,855,910**<br>**Small ruminants: $62,242,843**<br>Maize: $14,912,030<br>Millet: $751,554<br>Sorghum: $880,118<br>Rice: $2,079,430 |
| 2 | DO 1.2 | Value of new private sector investment in agricultural sector or food chain leveraged by USAID implementation (FTF 4.5.5-38) | $18,500,000<br>($2,775,000) | $60,000,000<br>($9,000,000)<br>(Cumulative) | ($98,200,000)<br>($14,730,000)<br>(Cumulative) |
| | | 2.a. FTF value chains[30] | $8,000,000<br>($1,200,000) | $24,500,000<br>($3,675,000) | $41,000,000<br>($6,150,000) |
| | | 2.b. Non-FTF value chains[31] | $10,500,000<br>($1,575,000) | $35,500,000<br>($5,325,000) | $57,200,000<br>($8,580,000) |
| 3 | DO 1.3 | Value of new private sector investment in non-agricultural | $1,500,000 | $2,500,000 | $4,300,000 |

[30] Livestock and cereals

[31] Cashew, Shea and Mango

| Indicators Common to all Trade Hubs | | | Targets | | |
|---|---|---|---|---|---|
| # | ACTE Framework Reference | Development Objective: Expanded Trade and Investment | FY 2015 | Year 3 | Year 5 |
| | | targeted sectors leveraged by USAID implementation[32] | ($225,000) | ($375,000) (Cumulative) | ($645,000) (Cumulative) |
| **Intermediate Objective 1: Increased Competitiveness of Targeted Entities and Value Chains** | | | | | |
| 4 | IO 1.1 | Value of new sales of assisted firms/associations due to USG assistance | $30,000,000 | $100,000,000 (Cumulative) | $180,000,000 (Cumulative) |
| 5 | IO 1.2 | # of firms/associations that are more profitable due to USG assistance (FTF 4.5.2-43) | 30 (6) | 100 (20) (Cumulative) | 150 (30) (Cumulative) |
| **IR1: Increased capacity of targeted agricultural sector entities to trade** | | | | | |
| 6 | IR 1.1 | # of farmers and other ag-sector entities who have applied new technologies or management practices as a result of USG assistance (FTF 4.5.2-5) | 62 (36) | 290 (145) (Cumulative) | 484 (242) (Cumulative) |
| | | FTF value chains | 32 (16) | 120 (60) | 200 (100) |
| | | Non-FTF value chains | 40 (20) | 170 (85) | 284 (142) |
| 7 | IR 1.2 | # of buyer/seller linkages established in targeted ag sectors, as a result of Trade Hub assistance | 18 (7) | 54 (22) (Cumulative) | 90 (36) (Cumulative) |
| | | FTF value chains | 8 (3) | 24 (10) | 40 (16) |
| | | Non-FTF value chains | 10 (4) | 30 (12) | 50 (20) |
| 8 | IR 1.3 | # of assisted ag-sector firms/farmers meeting international grades and standards to export | 62 (36) | 290 (145) (Cumulative) | 484 (242) (Cumulative) |

32 Apparel only

| Indicators Common to all Trade Hubs | | | Targets | | |
|---|---|---|---|---|---|
| **#** | **ACTE Framework Reference** | **Development Objective: Expanded Trade and Investment** | **FY 2015** | **Year 3** | **Year 5** |
| | | FTF value chains | 32<br>(16) | 120<br>(60) | 200<br>(100) |
| | | Non-FTF value chains | 40<br>(20) | 170<br>(85) | 284<br>(142) |
| **IR2: Increased capacity of targeted non ag firms and associations to trade** | | | | | |
| 9 | IR 2.1 | # of non-ag firms who have applied new technologies or management practices as a result of USG assistance | 8<br>(4) | 10<br>(5)<br>(Cumulative) | 16<br>(8)<br>(Cumulative) |
| 10 | IR 2.2 | # of buyer/seller linkages established in targeted non-ag sectors, as a result of Trade Hub assistance | 2<br>(1) | 6<br>(2)<br>(Cumulative) | 10<br>(4)<br>(Cumulative) |
| 11 | IR 2.3 | # of assisted non-ag firms meeting international grades and standards to export | 8<br>(4) | 10<br>(5)<br>(Cumulative) | 16<br>(8)<br>(Cumulative) |
| **Intermediate Objective 2: Improved regional trade and investment enabling environment** | | | | | |
| **IR3: More efficient/cost effective movement of traded goods across borders** | | | | | |
| 12 | IR 3.1 | Time required to trade goods across borders and along corridors as a result of Trade Hub assistance (F 4.2.1-1) | 5% | 10% | 15% |
| 13 | IR 3.2 | Cost to trade goods across borders and/or along corridors as a result of Trade Hub assistance | 5% | 10% | 20% |
| **IR 4: Regional trade and investment agreements and their support institutions advanced** | | | | | |
| 14 | IR 4.1 | IR4.1 Number of reforms/policies/regulations/administrative procedures in each of the five stages of development (FTF 4.5.1-24)<br>Stage 1: Analyzed;[33]<br>Stage 2: Drafted and presented for public/stakeholder consultation; | 12 | 36<br>(Cumulative) | 49<br>(Cumulative) |

[33] All stages reached will be counted, like in the FTFMS.

| Indicators Common to all Trade Hubs | | | Targets | | |
|---|---|---|---|---|---|
| # | ACTE Framework Reference | Development Objective: Expanded Trade and Investment | FY 2015 | Year 3 | Year 5 |
| | | Stage 3: Presented for legislation/decree;<br>Stage 4: Passed/approved;<br>Stage 5: Passed for which implementation has begun[34] | | | |

| Targets | | | | |
|---|---|---|---|---|
| # | Development Objective: Expanded Trade and Investment | FY 2015 | Year 3 | Year 5 |
| 15 | Creation of jobs in project-assisted firms | 6,000<br>(900) | 15,000<br>(2,250) (Cumulative) | 23,000<br>(3,450) (Cumulative) |
| 16 | Number of private enterprises, producers organizations, water users associations, women's groups, trade and business associations receiving USG assistance | 120<br>(48) | 300<br>(125) (Cumulative) | 500<br>(200) (Cumulative) |
| 17 | Score in percent of combined key areas of organization capacity amongst USG direct and indirect local implementing partners | NA[35] | 60% | 80% |
| 18 | Number of individuals who have received USG supported short-term agricultural sector productivity or food security trainings | 40<br>(16) | 100<br>(40)<br>(Cumulative) | 200<br>(80)<br>(Cumulative) |
| 19 | Number of participants in Trade Hub-supported capacity building events related to improving trade or attracting investment | 400<br>(160) | 1000<br>(400) (Cumulative) | 1500<br>(600) (Cumulative) |
| 20 | Number of new dues paying members in private business associations as a results of USG assistance | 200<br>(60) | 600<br>(200) (Cumulative) | 1000<br>(400) (Cumulative) |

[34] In the FTFMS, this indicator has been changed to "Number of agricultural enabling environment policies completing the following processes/steps of development as a result of USG assistance (S)"

[35] The OCAT score will only be measured in years 3 and 5.

| Targets | | | | |
|---|---|---|---|---|
| **#** | **Development Objective: Expanded Trade and Investment** | **FY 2015** | **Year 3** | **Year 5** |
| 21 | Number of new users of MIS services (cumulative) | 20,000 | 50,000 | 115,000 |
| 22 | Value of new loans made to clients in targeted sectors | $10,000,000<br>($2,000,000) | $25,000,000<br>($5,000,000) (Cumulative) | $58,000,000<br>($12,000,000) (Cumulative) |
| 23 | Number of MSMEs receiving business development services from USG assistance | 70<br>(14) | 125<br>(25) (Cumulative) | 250<br>(50) (Cumulative) |
| 24 | Number of firms in targeted sectors receiving loans from partner banks | 70<br>(14) | 125<br>(25) (Cumulative) | 250<br>(50) (Cumulative) |
| 25 | Number of actions (audits, reports, presentations) or tools developed to facilitate compliance of member states with the ECOWAS Trade Liberalization Scheme | 5 | 15 (Cumulative) | 25 (Cumulative) |
| 26 | Number of individuals who have received USG trainings on trade and transportation enabling environment | 40<br>(16) | 100<br>(40) (Cumulative) | 200<br>(80) (Cumulative) |

# ANNEX D: LIST OF FEED THE FUTURE VALUE CHAIN PROFESSIONALS ENCOUNTERED

| Name | Affiliation | Contact |
|---|---|---|
| **USAID/West Africa:** | | |
| Brinton Bohling | Chief, Office for Trade and Investment, USAID/West Africa | bbohling@usaid.gov |
| Candace Buzzard | Dir. Office of Regional EG & Resilience, USAID/West Africa | cbuzzard@usaid.gov |
| **USAID/Burkina Faso:** | | |
| Jim Parys | Representative, USAID/Burkina Faso | jparys@usaid.gov |
| **Accra/Livestock/Meat Buyers:** | | |
| Joe Tackie | CEO, Private Sector Dev. Strategy—GOG | j.tackie@psds.gov.gh |
| Allassane Moro | MAGMART | 0244023562 |
| George N'Khoma | SHOP RITE | 0245610369, Nkhoma@gmail.com |
| Burhan Capton | KOALA | 0272337967 |
| Emmanuel Simpson | Accra Abattoir | 0277444703 |
| John Agyekum | Johnny's Food & Meat Complex | 0247628588 |
| Awumila Edward | Livestock Producers & Traders Association of Ghana | 0244216913 |
| Aladji Moro Akakade | Chair. Livestock Breeders & Traders Assoc. of Ghana | 0244670117 |
| Abdulai Bansi | Livestock Breeders & Traders Assoc. of Ghana | 0261342613 |
| Ahmed Bukasi Sidibe | Livestock Breeders & Traders Assoc. of Ghana | 0243505390 |
| **Burkina Faso:** | | |
| Emile Ouedraogo | COFENABVI, FEMEVIB | 70715009 |
| Sylvestre Campore | FEBEVIB | 70365905 |
| T. Thomas Sawadogo | SG/FEBEVIB | 70205237 |
| Sophie Sawadogo | FEBEVIB | 70082228 |

| Name | Affiliation | Contact |
| --- | --- | --- |
| Sanou Dossoun | VP/FEBEVIB | 71290151 |
| Seydou Sidibe (Dr.) | Trade Hub | 78338852 |
| Boird Boukari | Assoc. Jeunes Commercants & Marchands de Betail (AJCMB) | 78817923 |
| Nikiema Oumaroa | AJCMB | 70141500 |
| Taixkoano Salif | AJCMB | 78221177 |
| Kabore Aziz | AJCMB | 76686170 |
| Sawadogo Souleyman | AJCMB | 70021183 |
| Ouedraogo Ibrahim | AJCMB | 78241131 |
| Kabre Salif | AJCMB | 70651997 |
| Ouedraogo Karim | AJCMB | 76623354 |
| Sawadogo Desire | AJCMB | 78912384 |
| SANA Hamidou | AJCMB | 78788764 |
| Ouedraogo Ousmane | AJCMB | 78675438 |
| Congo Abdou Ramane | AJCMB | 76108573 |
| Sore Ibrahim | AJCMB | 70871608 |
| Ouedraogo Ilias | AJCMB | 74748296 |
| Ilboudo Joachim | AJCMB | 78610947 |
| Kabore Aboubacar | AJCMB | 72212370 |
| Nikiema Adama | AJCMB | 73380099 |
| Ouedraogo Yacouba | AJCMB | 65577235 |
| Rouamba Fathao | AJCMB | 74703668 |
| Sanfo Issouf | AJCMB | 79026583 |
| Sanfo Abdoul | AJCMB | 78373484 |
| Ouedraogo Edmond | AJCMB | 78302005 |
| Tabcoba Boureima | AJCMB | 78490957 |
| Maiga Boucore | Pres. Management Committee, Djibo Livestock Market | NA |
| Djibril Saydore | Advisor, Djibo Livestock Market | NA |
| Amadou Gadiaga | Member Cooperative—Djibo Livestock Market | NA |
| Allassane Koundaba | Management Committee | NA |
| Brahima Cisse | CILSS/Reg. Pgm. Market Access | 70259193 |
| Soumana Diallo (Dr.) | UMEOA—DSAME | 76030180/70941512 |
| Charles Ouedraogo (Dr.) | Dir. Livestock Policy/GBF | 78880112 |

# ANNEX E: SCOPE OF WORK

## OBJECTIVES

### General Objective

The general objective is to identify and prioritize opportunities for increasing regional livestock trade. The consultant will provide specific expertise and support efforts to access regional end-market opportunities for improving the competitiveness of regional and processed commodities. The consultant will also provide ideas on how to establish linkage/ collaboration between the agribusinesses and the Feed the Future value chain actors.

### Specific Tasks

The specific tasks will be to:

- Identify major cattle buyers in Tema-Accra, meat wholesalers and market potential for fattened livestock from Burkina Faso.
- Verify that the FEBEVIB cattle fatteners are able to supply a steady stream of fattened cattle, month by month, over the entire year. If there are constraints to doing this, identify them.
- Work with the FEBEVIB cattle fatteners to develop a fattening plan that will produce at least 50 head per month (two truckloads) of fattened cattle.
- Participate in the project retreat scheduled in April 2015 and provide expertise on the Feed the Future value chains.
- Provide specific expertise and ideas on how to assess regional end market opportunities and the constraints limiting these opportunities for improving the competitiveness of regionally produced and processed commodities.
- Provide ideas on assisting agribusinesses to develop domestic and cross border raw material market.

The main deliverables from this assignment will be:

- A report that summarizes findings and field observations from working with Burkinabe cattle fatteners, Tema – Accra market players, and guidance as to next steps.
- A report after the project retreat on specific strategies for the Feed the Future value chain.

## EXPECTED RESULTS OR DELIVERABLES

The expected result is a document with three sections that include:

- A report summarizing findings of site visits to and interviews with cattle fattening enterprises in Burkina and livestock marketers in Accra/Tema.
- A marketing plan for a well-defined group of fattening enterprises.
- A specific strategy for the Feed the Future value chain