

MEKELLE UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT

A THESIS

ON

**ASSESSMENT OF CHALLENGES AND OPPORTUNITIES OF LIVE
ANIMAL EXPORT: CASE STUDY OF JIGJIGA ZONE, SOMALI REGIONAL
STATE**

**A Research Submitted to Mekelle University Department of Management in Partial
Fulfillment of the Requirements for the Award of Master of Business Administration
(MBA) in International Business Specialization**

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DECLARATION

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This is to certify that this thesis titled “assessment of challenges and opportunities of live **animal export: case study of Jigjiga zone, Somali regional state**” is the genuine work of Mr. Fahmi Yaqub who carried out the research under our guidance. Certified further, that to the best of our knowledge, the work reported here doesn’t form part of any other project report or dissertation on the bases of which a degree or award was conferred on an earlier occasion on this or any other candidate.

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ABSTRACT

The main purpose of this paper was to assess challenges and opportunities of live animal export of Somali region a case study of Jigjiga zone. In order to assess the challenges and opportunity of live animal export of Somali region of Jigjiga zone, a total (census) of 20 individual live animal exporters were surveyed. In the process of answering the basic questions, a questionnaire that include demographic profiles, trading practices, factors that challenge live animal export was designed in open ended, closed ended and likert scales. Moreover, interviews were held with top officials of ARDB, RCA and animal health bureau. After the data has been collected, it was analyzed using simple statistical techniques (tables and percentages) and descriptive statistics (mean and standard deviations).The results of the study indicates the limited availability of financial institutions, unavailability of formal live animal exporters institutions, high marketing costs, multiple taxations, bureaucracy of government institutions, harassment by petty officials, and overall loose relationship with government bodies were challenging live animal export of the Jigjiga zone. It also shows that exporters were highly benefited from high trust and strong relationship with their business partners, familiarity with animal quality attributes demanded in importing countries and strong clan arrangements. The study also found that formal live animal export of the area is increasing but the illegal live animal export was highly challenging the formal live animal exporters and the revenue of the region. Along this, the study found different participants acting in live animal export system. Based on the major findings, recommendations were forwarded to existing and potential live animal exporters, and concerned government bodies.

Key words: challenges, opportunities, export and participants.

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TABLE OF CONTENTS

<i>Title</i>	<i>Page No</i>
<i>DECLARATION</i>	<i>i</i>
<i>CERTIFICATION</i>	<i>ii</i>
<i>ABSTRACT</i>	<i>iii</i>
<i>ACKNOWLEDGEMENT</i>	<i>iv</i>
<i>TABLE OF CONTENTS</i>	<i>v</i>
<i>LIST OF TABLES</i>	<i>vii</i>
<i>LIST OF FIGURES</i>	<i>ix</i>
<i>CHAPTER ONE</i>	<i>1</i>
<i>1. INTRODUCTION</i>	<i>1</i>
1.1 BACKGROUND OF THE STUDY	1
1.2 STATEMENT OF THE PROBLEM	3
1.3 OBJECTIVES OF THE STUDY	5
1.3.1 General Objective of the Study	5
1.3.2 Specific Objectives of the Study	5
1.4 SIGNIFICANCE OF THE STUDY	5
1.5 SCOPE AND LIMITATION OF THE STUDY	6
<i>CHAPTER TWO</i>	<i>7</i>
<i>2. REVIEW OF RELATED LITERATURE</i>	<i>7</i>
2.1 LIVESTOCK POPULATION AND PRODUCTION SYSTEMS OF ETHIOPIA	7
2.2 LIVESTOCK MARKETING AND EXPORT TRADE	8
2.3 MARKETING CHANNELS AND PARTICIPANTS FOR LIVE ANIMAL EXPORT	10
2.4 OPPORTUNITIES OF LIVE ANIMAL EXPORT of Ethiopia	14
2.5 GENERAL CHARACTERISTICS OF SOMALI REGIONAL STATE.....	16
2.6 SOMALI REGION LIVESTOCK POPULATION ESTIMATES	17
2.7 LIVESTOCK EXPORT FROM SOMALI REGION.	18
2.8 LIVESTOCK MARKETING CONSTRAINTS OF THE REGION	20
2.9 CONCEPTUAL FRAMEWORK	20

<i>CHAPTER THREE</i>	22
<i>3. RESEARCH METHODS AND DATA COLLECTION TECHNIQUE</i>	22
3.1 DESCRIPTION OF THE STUDY AREA.....	22
3.2 TARGET POPULATION AND SAMPLING DESIGN	24
3.3 RESEARCH DESIGN AND STRATEGY	25
3.4 DATA TYPE AND SOURCE.....	25
3.5 DATA COLLECTION INSTRUMENTS.....	26
3.6 DATA PROCESSING AND ANALYSIS	26
<i>CHAPTER FOUR</i>	27
<i>4. RESULTS AND DISCUSSION</i>	27
4.1 Personal and Business Profiles Of Livestock Exporters	27
4.2 Entry into Business	31
4.3 Livestock Trading Practices	45
4.4 Major Constraints of Exporters	61
4.5 Discussion of the Interviews	67
4.6 Current Performance of Livestock Export of the Zone.....	70
4.8 Main Important Actors in the Live Animal Export System of Jigjiga Zone	74
<i>CHAPTER FIVE</i>	77
<i>5. CONCLUSIONS AND RECOMMENDATIONS</i>	77
5.1. Conclusions	77
5.2 Recommendations.....	79
<i>REFERENCE</i>	<i>a</i>
<i>APPENDIX</i>	<i>e</i>

LIST OF TABLES

Tables	Page No
Table 2.1 Somali region livestock population estimates.....	17
Table 2.2 Supplies and sales volume in selected markets in Somali Region.....	18
Table 3.1 livestock population of Somali region.....	23
Table 4.1 Personal profile of respondents.....	28
Table 4.2 Religion and tribes of respondents.....	30
Table 4.3 Respondents' previous business endeavor and form of business ownership.....	31
Table 4.4 Respondents' source of capital.....	33
Table 4.5 Amount of capital dealt with.....	34
Table 4.6 Business diversification.....	35
Table 4.7 Required skills.....	37
Table 4.8 Availability of assistance from individuals.....	39
Table 4.9 Benefit of belonging to certain clan.....	40
Table 4.10 Required days to transport animals	41
Table 4.11 Respondents' average feed and water expense.....	43
Table 4.12 Membership in associations.....	44
Table 4.13 Regularity of supply partner and action of enforcing deadline.....	45
Table 4.14 Source of procuring animals.....	47
Table 4.15 Incurred problems while procuring animals.....	48

Table 4.16 Market partition.....	49
Table 4.17 Buying animals on credit	50
Table 4.18 Summarizes number of respondents having contact links and types of contact links they have in importing countries.....	52
Table 4.19 Source of information of local markets.....	53
Table 4.20 Source of information about export markets.....	55
Table 4.21 Awareness of demanded sex of animals.....	57
Table 4.22 Awareness of demanded age of animals.....	58
Table 4.23 Awareness of demanded weight of animals.....	59
Table 4.24 Awareness of health requirements of animals.....	60
Table 4.25 Animal grades frequently traded.....	61
Table 2.26 Major constraints of traders	62
Table 4.27 Economic factors challenging the trade.....	64
Table 4.28 Legal and administrative factors challenging the trade.....	66

LIST OF FIGURES

Figures	Page No
Figure 2.1 major challenges of live animal export.....	9
Figure 2.2 Main livestock supply routes from the Somali Region of Ethiopia.....	19
Figure 2.3 Market channels and participants of livestock export	21
Figure 3.1: Map of different zones of Somali region.....	22
Figure 3.2 Map of live animal trading routes used in Somali Region regional state	24
Figure 4.1 Transportation cost evaluation.....	42
Figure 4.2 Levels of trust and faith.....	50
Figure 4.3 Satisfaction levels.....	54
Figure 4.4 level of satisfaction on obtained information	56
Figure 4.5 Export earning from 2003-2006 fiscal years	71
Figure 4.6 Informal exports from 2003-2006 fiscal years.....	72

ABBREVIATIONS AND ACRONYMS

AGP-LMDP: Agricultural Growth Program- Livestock Market Development

CAP: Common Agricultural Policy

CBLT: Cross Border Livestock Trade

CBLT: Cross Border Livestock Trade

CSA: Central Statistical Agency

ESAP: Ethiopian Society of Animal Production

FAO: Food and Aid Organization

GDP: Gross Domestic Product

HOA: Horn of Africa

ICPALD: Center for Pastoral Areas and Livestock Development

ILRI: International Livestock Research Institute

MENA: Middle East and North Africa

MoARD: Ministry of Finance and Economic Development

NABC: Netherlands-African Business Council

NGO: Non-Governmental Organizations

PCDP: Pastoral Community Development Project

SCUK: Save the Children United Kingdom

SNNP: Southern Nation Nationalities

SPS-LMM: Ethiopia Sanitary & Phytosanitary Standards and Livestock & Meat Marketing Program

USAID: United States Agency for International Development

SRPPACC: Somali Region, Program of Plan to Adapt to Climate Change

CHAPTER ONE

1. INTRODUCTION

This chapter addresses the introductory part of the research. It basically includes background of the study, statement of the problem, objectives and significance of the study, scope of the study, limitations of the study, and organization of the paper.

1.1 BACKGROUND OF THE STUDY

Livestock refers to cattle, sheep, goats and camels. It plays great roles in the lives of millions of world population. Livestock production and marketing is practiced in different continents particularly in Australia and Africa.

The Australian live animal export sector feed many countries, each with differing socio-economic and political performance and factors. Its live animal exporting sector has developed to meet the needs of its target markets. The sector was shaped by the emergence of South-East Asian economies in the 1980s toward exporting feeder and slaughter live animals for developing regional feedlot industries (Trish, 2012).

Sub-Saharan countries have travelled far in livestock production and marketing. In spite of this, livestock production and marketing is constrained by many factors. Access to the larger national, regional and international markets is limited because of underdeveloped infrastructure and increasing technical requirements. The absence of functioning marketing facilities and conservation and processing infrastructure is a major constraint to livestock sector development of the region. In addition to the above, weak policy priority for livestock sector often limit livestock departments, sector planning and implementation capacities, resulting from inadequate human resources, the lack of accurate and detailed statistical information, and poor negotiating powers (Elisabeth, 2010).

The livestock trade is crucial to the national economies of dry land Africa. In East Africa the intra-regional livestock trade is a major and growing industry. The profitability of this trade is dependent on livestock being mobile across borders. The livestock and the livestock products

produced by pastoralists are demanded considerably distant places from the sources of demand, and need to be trekked from dry land zones to border and other markets. However, the safety of livestock on the move, and a lack of roads is often a major block to increased trade. Traders with pastoralist backgrounds play a major role in this sector. In West Africa cross-border livestock movement is moderately organized, but in East Africa official customs posts and border crossings are limited, and herders and traders have to travel, with their animals, long distances in order to use them. As a result most East African cross-border trade remained to be hidden and unofficial, with governments failing to recognize its importance (Ced and Sue, 2010).

Livestock export is a key element in the livelihood systems of pastoral and agro-pastoral populations in the Horn of Africa (HOA). Export trade is supported by a network of regional cross border trade, where the core rangelands are connected with the final ports through a series of clan-based corridors. The cross-border trade network supports about 17 million people in the HOA including livestock producer, traders, and other groups such as trekkers, fodder traders, brokers, and middlemen who directly or indirectly derive their entitlements from livestock production and trade (USAID, 2010).

In Ethiopia livestock plays an important role in the national economy. Ethiopia is an important and major competitor in the live animal trade markets. Through both formal and informal trade channels, Ethiopia is a major supplier of live animals to neighboring and other international markets. Similarly, the number of live animals export has increased dramatically in last two decades. However, the inconsistencies in the livestock support infrastructure and the non-commercialization the country's livestock sector made it not to compete effectively in the world markets (*AGP- LMD, 2013*; NBE, 2007).

Livestock trading is a very important occupation in the Somali Region, and a large proportion of the region's population is involved to some extent in livestock production and trading.

Out of the traders on the region, majority of them deal in small stock while some deal in a mix. A few of the traders deal in large stock, reflecting the fact that more capital is required to trade large stock; there is also more to lose if the market collapses. Moreover, Somali Region's livestock trading system exhibits a number of unique features (excess supply, weak correlation of inter-market prices and low growth, ambiguous legal status, high levels of reliance on clan

structures for capital, insurance and access to routes) which do not conform to conventional market behavior (Abdu, 2007).

1.2 STATEMENT OF THE PROBLEM

There is a general consensus that the marketing of livestock and livestock products in Ethiopia is underdeveloped. This is critical because viable markets ideally serve as engines for development of livestock production, processing, consumption, and for attracting investment, which are ultimately reflected in greater overall benefits generated from the livestock resources of the country. It is argued, therefore, that limitations at all levels of the production and marketing chain influence all the stakeholders involved, including traders and consumers of the products.

Fortunately, recently, the performance of live animal export of the country has shown some sort of improvement. The phenomena is caused by increasing world demand for the country's live animals, emerging markets in different countries, and change of policy by the government particularly in live animal export.

To improve the competitiveness of live animals export from Ethiopia cost-effective marketing channels and coordinated supply chains, which reduce the transaction costs among different actors along the supply chain are crucial. This will require not only the competitiveness of individual firms but also improving the efficiency of all its elements from production, to processing, handling, distribution, and marketing. However, there is little evidence for growing interests of strategic production of livestock for marketing. Information on economic aspects of livestock marketing, performance and structural characteristics of the export market and competitive behavior of actors in the market is highly scanty (Roy *et al*, 2010).

The performance of the live animal market both for domestic consumption and for export is generally perceived to be poor. Underdevelopment and lack of market-oriented production, lack of adequate information on livestock resources, inadequate permanent animal route and other facilities like water and holding grounds, lack or non-provision of transport, ineffective and inadequate infrastructural and institutional set-ups, prevalence of diseases, illegal trade and inadequate internal and external market information are generally mentioned as some of the major reasons for the poor performance of this sector (Belachew and Jembaru, 2002; Yacob, 2002).

Similarly in Somali region, there is lack of a well-coordinated livestock supply chain that links many producers and buyers. The supply is distributed through complex channel of marketing chains that involve a number of intermediaries and marketing agents, causing the system to be less efficient. Market information, transport, feed and water, veterinary services, herding, loading and unloading, searching lost animals, trade livestock attendants on livestock trucks and market fees are major transaction costs incurred by a livestock trader in the area. The importance of these costs increases higher level of the marketing channel (Abdi, 2007).

The issues stated above are unlikely to be solved by traditional livestock marketing development policies and projects. Nevertheless, there should be an effort in examining the very common challenges and opportunities of animal exporters of the Jigjiga zone of Somali region. The study is aimed to contribute its part in these efforts. Therefore, those factors discussed above and others initiated the researcher to focus on this issue and area. In light of this, the study attempted to answer the following basic questions:

1. What were the challenges of live animal export in Jigjiga zone?
2. What were the prospects of live animal export of the zone?
3. Who were acting in live animal export?
4. How did live animal export of the zone performing?

1.3 OBJECTIVES OF THE STUDY

1.3.1 General Objective of the Study

Generally, the study was designed to assess the challenges and opportunities of live animal export in the case of Somali Regional State Jigjiga Zone.

1.3.2 Specific Objectives of the Study

1. To identify the challenges of live animal exporter of Jigjiga Zone.
2. To indicate the opportunities of live animal exporter the zone.
3. To identify the main actors in live animal export.
4. To evaluate current performance of live animal export of the zone.

1.4 SIGNIFICANCE OF THE STUDY

The research assessed the main challenges and opportunities of Jigjiga zone live animal exporters. Additionally, the performance of live animal export and main actors in live animal export are identified. Based on the identified challenges and opportunities, the research can be used by live animal exporters and other stakeholders to alleviate the challenges and exploit the opportunities of live animal export business.

As the government encourages the live animal export, the study may have contribution to the policy makers for using appropriate policy interventions. Besides, the study identified what areas of support should government institutes and exporters have to work together providing a clue to improve the performance of live animal export and organization of the actors in the chain.

Finally, since more is not studied in this area, the study may also be used as an input and reference for researches aimed at similar or related areas of the study.

1.5 SCOPE AND LIMITATION OF THE STUDY

The scope of the study was delimited geographically to the assessment of challenges and opportunities of Jigjiga zone live animal exporters. Conceptually, it was limited to assessment of challenges and opportunities of live animal export of the zone.

Methodologically, the study was done on the individual live animal exporters found in the zone.

Despite the researcher's effort to maximize the fruitfulness of the research, the study was subjected to some limitations that emanated from its scope. It would have been important to conduct the research at regional level. But the vastness of the region along with time and financial constraints, the research was confined only to Jigjiga Zone of the region. The researcher also faced unavailability of some secondary data that help increase the genuineness of the research. Seasonality of the trade and working time of the exporters made the researcher to survey only limited number of exporters.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

This chapter revises different literatures related with the study areas i.e. Ethiopian livestock export, challenges of Ethiopian livestock export; existing opportunities of Ethiopian livestock export; and trends of Ethiopian livestock export and its major actors.

2.1 LIVESTOCK POPULATION AND PRODUCTION SYSTEMS OF ETHIOPIA

The livestock population of Ethiopia is believed to be one of the largest in the world and the largest in Africa. Despite the huge livestock resource and the important role of livestock in agriculture, livestock resource of the country is characterized by low productivity and production levels. Following the adoption of economic liberalization policies in early 90s and the better access to the international markets, the socio-economic situation of the livestock industry in Ethiopia has changed considerably (Hailemariam *et al*, 2009; NABC, 2010).

As per the date of national statistics, livestock population in Ethiopia continues to grow, with the highland regions accounting for the largest share. Both FAO and CSA data report increases in livestock population over the last several years. CSA data suggest a steady incline in population, while FAO reports greater increase initially with slower to declining growth from 2007 to 2008, especially for sheep and goat population. Between 2005 and 2008, livestock population (in terms of cattle, sheep, and goats) in Ethiopia grew at 22 percent. In 2007/08, Oromiya region produced the largest share, 38 percent of livestock within Ethiopia, followed by Amhara and Southern Nations, Nationalities, and Peoples (SNNP) regions produced 26 and 16 percent of livestock shares, respectively. Approximately 10 percent of overall production is found in the agro-pastoralist regions of Afar and Somali.

The ecosystems, identities and livelihoods of pastoral communities in the Horn of Africa dry lands and beyond have always been regional in nature. Pastoralist communities have long adopted a wide range of activities to protect their livelihoods and livestock production systems to cope with the recurrent climatic variation typical of rangeland environments (Sara P, 2010)

Several researched focused on the production of livestock In Ethiopia stated the purpose of production beside of geographic occupation. These functions are draught power, income for

producers, means of saving and investment. The functions are varies across major agro-ecological and socio-economic zones.

More specifically, Sintayehu *et al* (2010) and Arend (2006) identified two major livestock production systems within Ethiopia. These were the highland crop-livestock system, and the lowland pastoral systems. It is obvious that there are variations within the systems.

Agro-pastoral (highland) system: With a rural population, the highlands account for possibly 80 percent of livestock population. Cattle are used primarily for draught power and dairy. Meat production is secondary, and thought to involve mainly old and unproductive animals such as retired draught oxen. In this ecosystem, diminishing pasturelands as a result of expanding croplands, and the heavy reliance of livestock on crop byproducts and grazing is an important trend.

Pastoral (lowland) livestock system: This is thought to account for about 20 percent of Ethiopian livestock population.

The population of this system is pastoralists of largely nomadic communities and sedentary agro-pastoralists: but nearly all own animals in herds typically of 10-15 cattle and about 7 sheep and/or goats. Cattle and camel are used primarily for dairy for household consumption, with the result that the majority of the herd is female. According to international pastoral standards, the pastoral regions are densely populated by although livestock density is lower than in comparable countries.

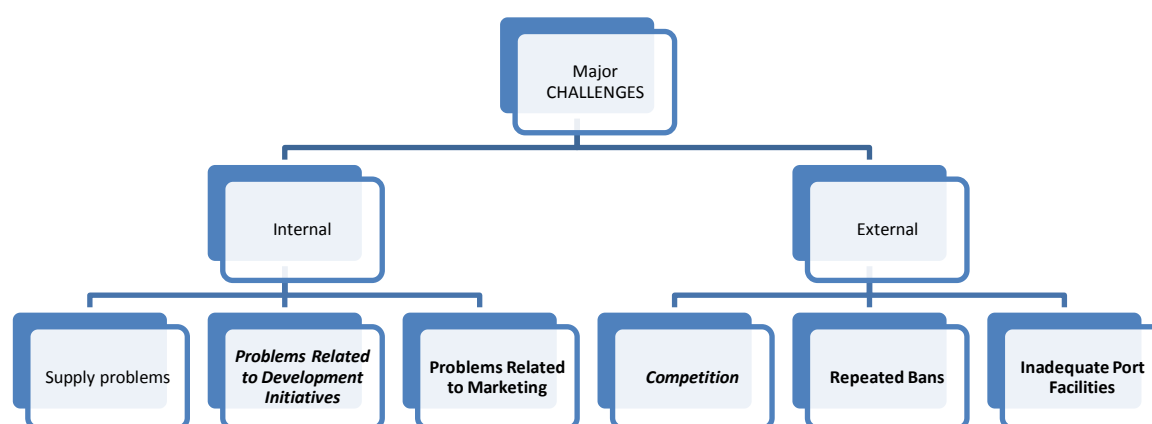
2.2 LIVESTOCK MARKETING AND EXPORT TRADE

Livestock marketing is the circulation of livestock and the efforts made to supply to market stocks in order to increase productivity. Ethiopians have been engaged in livestock production and trade for centuries. Ethiopia has achieved considerable economic growth over the past five years, driven mainly by exports of agricultural products. Livestock is central to the Ethiopian economy, contributing 20% of the GDP, supporting the livelihoods of 70 % of the population and generating about 11% of annual export earnings (SPS-LMM, 2010).

It was evidenced from ICPALD (2013) that livestock and their products probably constitute a 5th of Ethiopia's exports, but about half of these exports are not recorded or officially recognized because they are exported by the informal cross border trade in live animals. Pastoral output underpins almost all of Ethiopia's live animal exports.

Although Ethiopia owns a significantly large livestock population, the sector has remained underdeveloped and its potential has not been efficiently and effectively used. According to Belachew and Jemberu, (2003), the country to export its livestock to the Middle East and make further improvement to enter other markets; there are internal and external challenges that Ethiopia should be dealt with in order to realize these benefits. The issue was presented in the following figure.

Figure 2.1 major challenges of live animal export



Source: self-extracted

In addition to the above mentioned problems, Adina and Elizabeth (2006) stated that Because of the low productivity of the animals and the absence of market-oriented production systems, the volume of marketed surplus is very low. In addition, the different live animals supplied to the market by pastoralists and farmers do not meet the quality attributes required by diverse markets. This is because of poor link of producers and other actors in the chain to the critical support services. Some of the problems identified by these authors include:

- ✓ Absence of commercial animal health services,
- ✓ Non-existence of appropriate trucking equipment,
- ✓ Lack of sufficient air-cargo capacity,
- ✓ Underdeveloped feed industry, and
- ✓ Lack of commercial fattening and holding facilities

2.3 MARKETING CHANNELS AND PARTICIPANTS FOR LIVE ANIMAL EXPORT

The livestock marketing structure in the pastoralist areas follows three tiers. These are primary or bush, secondary and terminal markets. The basis of such classifications is mainly the number of animals supplied and market participants per market day (NABC, 2010).

Primary market: village level markets with generally less than 500 head of cattle sold per week. Farmers and pastoralists sell animals to traders, other farmers (replacement animals) and sometimes to consumers and local butchers. Generally there are no facilities for weighing, watering and feeding.

Secondary markets: middlemen, trader and butcher dominated markets with a turnover of 500 – 1000 animals per week consisting of finished, breeding and draught stocks and located mainly in regional capitals. Secondary markets serve the local butchers and feed the terminal markets.

Terminal markets: located in the large urban centers. Medium to large-scale traders dominate these markets. Marketing of sheep and goats follows a similar pattern except that more animals are sold through informal markets especially in the urban areas.

Hailemariam, et.al (2009) identified major marketing channels that link producers of live animals to end users. These different channels represent the full range of available routes through which livestock moves from the different collection points in major livestock producing areas and finally to the terminal markets to meet end-users needs in foreign markets. These channels are as follows.

- Channel 1: Producers → Big traders → Live cattle exporters
- Channel 2: Producers → Collectors → Big traders → Live cattle exporters
- Channel 3: Producers → Small traders → Big traders → Live cattle exporters
- Channel 4: Producers → Small traders → Feed lot operators → Live cattle exporters
- Channel 5: Producers → Feed lot operators → Live cattle exporters

As presented in Getachew *et al*, (2008), most of the live animal exporters collect animals either through their own purchasing agent assigned in major livestock markets or through other small- and large-scale traders. Apart from this livestock trading cooperatives are also directly supplying animals to the exporters. Purchasing agents of exporters in turn collect animals either from collectors, small traders, livestock trading cooperatives, farmer groups or directly from

producers. Producers have the option of selling their animals to the collectors in their village, small traders, and livestock trading cooperatives. Some farmers also form groups and supply animals to the market. He also stated that most of livestock markets are characterized by involvement of brokers/middlemen in every segment of the marketing chain, to provide the service of matching buyers and sellers and facilitate the transaction.

The export market is relatively old but highly variable depending on production condition of the country, change in consumer preferences and greater demand for high quality products with adequate guarantees of food safety (Ayele *et al*, 2003). The livestock market is structured so that the marketable livestock from the major producing areas reaches to the final consumer or end-user passing through complex channels along the supply chains involving various actors including producers, middlemen, and livestock trading cooperatives, traders, live animal and exporters.

As evidence from Albu and Griffith (2005), the export livestock marketing chain actors for cattle, sheep and goat, and camels are those who transact a particular product as it moves along the chain from the primary producers to the end users: producers, middlemen, traders, and live animal exporters. The enabling factors for live animal export market business environment are the critical factors and trends that are shaping the market chain environment and operating conditions which are generated by structures and institutions (policies and regulations) that are beyond the direct control of the market participants. Inputs and other services from other enterprises or service provider organizations are provided for all the participants in the chain which will allow the actors to grow and maintain their competitiveness in the supply chain.

It is obvious that every marketing activity has different parties that meet to deal with their own need. Since livestock market is not an exception, there are many participants that get involved in the system.

Handfield and Bechtel (2002) identified producers, collectors and feedlot operators principal actors in livestock marketing activity. They defined and explained their roles as follows:

Producers: These are pastoralists, semi-pastoralists and farmers producing live animals. Although these are the main source of marketed animals, they are located in the rural areas where access to the market is very difficult. The marketing behavior of producers varies from

place to place. Pastoralists consider larger herd size as a symbol of prestige. Sales of live animals are taken as a final option and animals are generally sold when the producers face financial shortage and calamities.

Collectors: These are important market agents collecting animals from their locality and remote markets in order to supply to big and small-scale traders and sometimes to livestock trading cooperatives. They reach remote pastoral areas around borders and collect animals in pastoralists' temporary residences where they can get large number of animals. In most cases, these actors are independent operators who use their local knowledge and social relationships to collect animals from their surrounding and other remote areas. Sometimes, traders often place orders with trusted collectors. Once the desired or available quantity of animal has been collected, the collectors deliver the animals to their buyers. Collectors are usually constrained with financial capacity that limits their scale of operation.

Feedlot operators: are those with their main role of fattening animals for different markets. Fattening is operated after providing the animal with necessary vaccines and medication. They use cattle of different age groups and breed types according to the demands and the type of their customers. Older animals and some times of highland origin are fattened for domestic market while young bulls and usually of lowland origin are kept for export market.

Live animal market participants are different from area to area and place to place. CBLT (2010) also added some actors to the market specifically those market found to near borders of Ethiopia with Somalia, Djabouti and Kenya. These are some of them:

Small scale (pretty) traders: pretty traders buy animals from producers move to other markets in order to high margins between the two markets. They also sell keep animals until favorable market performance occurs.

Big traders: They are few in number compared to small traders. These are those market participants permanently operating in the live animal usually purchasing large number of animals from different markets. Big livestock traders have collectors collecting livestock from the primary markets and producers' villages. They use their own capital and usually extend funds to their collectors mostly based on personal trust.

Medium traders: Although they are large in number relative to big traders, the volume of their purchases is smaller than that of big traders. Since they buy smaller number of animals at a time, they have very limited number of collectors from the primary markets. Medium traders have

smaller operating capital as a result of which they collect limited number of animals on time intervals. They also serve as supplier to the big traders in the secondary and terminal markets.

Cooperatives: Livestock trading cooperatives are organized in pastoralist and semi-pastoralist areas based on agreement with their members who are residents in specific market areas. They work using operating capital obtained from members' contribution or other sources. Livestock trading cooperatives mostly operate in the sheep and goats market due to its low financial requirement relative to cattle and camel. They buy animals from their area and sell them to big traders.

Brokers: brokers are a central feature of livestock marketing. They found in markets and play a fundamental role in all transactions that are conducted in these markets. Brokers facilitate exchange between other traders, and are involved in every transaction in the market. Price is arrived at through bargaining between a buyers and seller through the facilitation of a broker.

Agents of exporters: Agents are market participants who supply animals in response to orders or requests from actors at the top of chain. They source and transfer animals on behalf of their exporters from smaller markets to larger markets within a country or across borders based on an established consent and trust.

Exporters: These are exporters of live animal to different countries through the formal channel. Exporters are few in number compared to traders in the market. They collect export animals from secondary or tertiary markets and from big and small traders, livestock trading cooperatives, collectors and producers. The number of these actors in the live animal export sector is increasing from time to time.

2.4 OPPORTUNITIES OF LIVE ANIMAL EXPORT of Ethiopia

Ethiopia's pastoral peoples are backbone of a system that produces animals of a high income elasticity of demand. This indicates that their system can effectively benefit from growing national and global economies. The pastoral areas have always remained an important source of quality livestock for foreign exchange earnings. Some of the high quality indigenous livestock breeds are managed by the pastoral peoples. Shifting livestock ownership patterns and commercialization trends in recent years, various pastoralist areas of the Horn of Africa show constant or increasing levels of livestock sales, indicating that pastoralist systems are not only able to supply market but can increase this supply over time (PCDP, 2007).

Overall increased exports are attributed to government commitment to support the subsector, promotional and market linkage activities including trade missions and trade fairs in strategic importing countries; opening of new markets in MENA and other African countries; training and support provided to exporters to improve their business practices and compliance with SPS requirements; increased number and effectiveness of live animal exporters. There was established consultant to ILRI. The interventions by the body included assessment of feed resources, introduction of "best cost" total mixed rations, livestock market information, beef production, design and specifications for international standard feedlots (SPM-LMM, 2011).

A substantial progress has been achieved in improving the livestock export sub-sector in general and increasing the foreign currency earnings from the sector in particular, as a result of several efforts exerted by Ethiopian government and partners. The establishment of USAID funded Ethiopia Sanitary & Phytosanitary Standards and Livestock & Meat Marketing Program, and Ethiopia Meat & Dairy Technology Institute are the major measures taken by the government to support private sector to immediately increase sales and profitability and provide them with tools for long-term success. Furthermore, there were efforts to build the capacity of live animal exporters. These efforts come in the form of technical assistance and training which improved productivity, market transparency and infrastructures essential for live animal exports. Moreover, occasionally organized observation missions to different experienced countries are being provided by the government to identify market preferences and created an opportunity for private sectors to establish contact with new and potential buyers (SPM-LMM, 2010).

Major markets in the Middle East are also growing in terms of population and income, providing a range of niches for targeting by Ethiopian exporters. There is substantial regional demand for cattle and beef which Ethiopia could further exploit (Sintayehu, 2010)

There are clear preferences in both the domestic and export markets for various products originating from the Ethiopian livestock value chain. Domestic cattle breeds and some breeds of sheep are considered superior by Middle Eastern buyers. More recently, the government introduced a branding strategy that helps identify Ethiopia as being a premier supplier of livestock products, coupled with strategies that ensures that these products are safe and reliable. The system avoids re-exportation process of Ethiopian origin animals. Specialization could go so far as introducing organic certification or organizing according to specific end-markets. This better enable exporters to meet market specifications and improve reliable quality and quantity.

There is a high dependency on the public sector for animal health services and a shortage of feed in Ethiopia. Recent activities of government in encouraging private actors to provide such services will improve the availability and quality of such services, particularly at live animal market places (AGP-LMDP, 2013).

2.5 GENERAL CHARACTERISTICS OF SOMALI REGIONAL STATE

Somali Region is the eastern-most of the nine ethnic divisions (kililoch) of Ethiopia. The capital of Somali State is Jijiga. The capital had been at Kebri Dahar (Qabridahare) but after 1992 it moved to Gode/Godey until April 1994, and later it was moved to Jigjiga. Other major towns and cities include (the Somali spelling in brackets): Degehabur (Dhagaxbuur), Kebri Dahar (Qabridahare), Shilavo (Shilaabo), Geladin (Geladi), Kelafo (Qalaafe), Werder (Wardheer), Moyale (Mooyaale), Gode (Godeey), Jerrati (Jarati), and Shinile (Shiniile). The region borders Kenya to the south-west, the Ethiopian regions of Oromia, Somali and Dire Dawa (Diridhaba) to the west, Djibouti to the north and Somalia to the north, east and south. The region is remote with a mobile nomadic population and inadequate infrastructure (SRPPACC, 2011)

According to Somali region seasonal assessment report (2012), Somali Region is one of largest regions of Ethiopia. The region comprises of 9 administrative zones which in terms of livelihoods are categorized into 17 livelihood zones. The climate is mostly arid/semi-arid in lowland areas and cooler/wetter in the higher areas. Annual rainfall ranges from 150~600mm per year.

As the report explains, the region can be divided into two broader rainfall regimes based on the seasons of the year: Siti and Fafan zones to the north, and the remaining seven zones to the south. The rainfall pattern for both is bimodal but the timings differ slightly. The southern seven zones (Nogob, Jarar, Korahe, Doollo, Shabelle, Afder, Liban and Harshin District of Fafan Zone) receive 'Gu' rains (main season) from mid April to end of June, and secondary rains known as 'Deyr' from early October to late December. In the north, Siti and Fafan zones excluding Harshin of Fafan zone receive 'Dirra' also known as 'Gu' rains from late March to late May. Unlike the southern zones, the primary season for Jigjiga and Shinile is 'Karan' – which usually falls between late July and September.

Four generic livelihood types exist in the region: pastorals, agro-pastorals, farming (sedentary and riverine) and urban. Pastoralism is the most prevalent, comprising about 60% of the region's rural population. Agro-pastorals comprises about 25% of the total rural population, and is a mixture of extensive livestock rearing and rain-fed crop production; some may be better described as pastoralists with opportunistic farming activities – as in Fik and some parts of Liban Zone. The remaining 15% of the rural population comprises sedentary (Jigjiga) and

riverine (Shebelle and Dawa-Ganale) farmers. Both farming and agro-pastoral groups keep some livestock but farmers' herds do not migrate and are sometimes hand-fed, only migrating with other groups if there is a severe drought (ibid, 2012).

2.6 SOMALI REGION LIVESTOCK POPULATION ESTIMATES

In 2003 the CSA implemented an aerial survey to estimate livestock production in seven zones of Somali region (Somali region has a total of nine zones) that had previously not been surveyed due to inaccessibility. The 2002/03 aerial data reported similar cattle population data as the figures reported for all nine zones of Somali region from the Agricultural Census (Ethiopian Agricultural Sample Enumeration, EASE) data from 2001/02 (670 and 643 thousand cattle respectively). Aerial data on sheep and goat production for the same seven zones of Somali region (11.94 million), however, is about 8 times greater than reported figures from the Agricultural Census for Somali Region in 2001/02 (1.45 million), Helina and Emily (2009).

Table 2.1 Somali region livestock population estimates in 2009.

	Cattle	Sheep	Goats	Camels
Afder	166,471	1,152,509	722,709	140,454
Degehabur	51,536	1,395,779	721,925	131,106
Fik	17,072	57,561	141,475	25,605
Gode	165,277	517,668	985,869	115,498
Korahe	26,301	362,778	690,891	149,971
Shinile	207,472	670,956	849,451	103,052
Warder	36,146	2,253,550	1,413,143	376,183
Jijiga (2009) CSA*	372,940	852,393	603,098	76,952
Liben (2009) CSA*	228,765	182,100	487,776	149,873
Regional estimated total	1,271,980	7,445,294	6,616,337	1,268,694

Source: CSA AgSS figures, et al, Behnke 2010,

The body condition of livestock is a function of the condition as well as the quality and quantity of feed, which in pastoralist areas, is primarily natural pasture. Presently, livestock have benefited from the favorable conditions created by the Deyr and Karan rainfall that have positively affected the availability and distribution of water and pasture/browse resources in most parts of the region. Consequently, the physical appearance and body condition of all species has improved as the animals have recovered from the effects of the previous dry spell as a result of enhanced access to improved water and feed resources (Ahmed *et al*, 2012).

2.7 LIVESTOCK EXPORT FROM SOMALI REGION.

According to Majid (2010), Ethiopia is also the main source of cattle exports through Berbera and Bossaso. Not only is these estimates difficult to verify, but there is probably a substantial domestic consumption of Ethio-Somali livestock in Somaliland and Puntland not all livestock exported informally from Somali Region is of export quality. If this domestic consumption could be quantified, then the volume of livestock traded from the Somali Region of Ethiopia to Somaliland and Puntland would be substantially higher than current estimates of export volumes.

The region is also the major supplier of livestock to Djibouti, while contributing less to the cross-border trade into Kenya compared to the Borans (particularly for cattle). In addition to this, approximately 50% of the small ruminants export through Berbera originates from the Somali region of Ethiopia. Evidence from Yacob and Andy, (2010), shows that Djibouti's recent prominence also extends to official and unofficial cross-border exports from Ethiopia. Ethiopian formal live animal exports pass through the quarantine centre in Djibouti, and so are re-exported. From the data in this research in 2008-2009, Ethiopia's formal exports to or through Djibouti consisted of 103,010 cattle, 137,576 sheep, 79,349 camels and 11,319 goats. It was also mentioned that the informal trade volume from Ethiopia to Djibouti could be similar or higher, except for camels. Not surprisingly, Djibouti has become a significant livestock exporter in the region, while having not enough animals to meet its own domestic meat requirements.

Table 2.2 Supplies and sales volume in selected markets in Somali Region, Dec. 2009 to Jul 2010

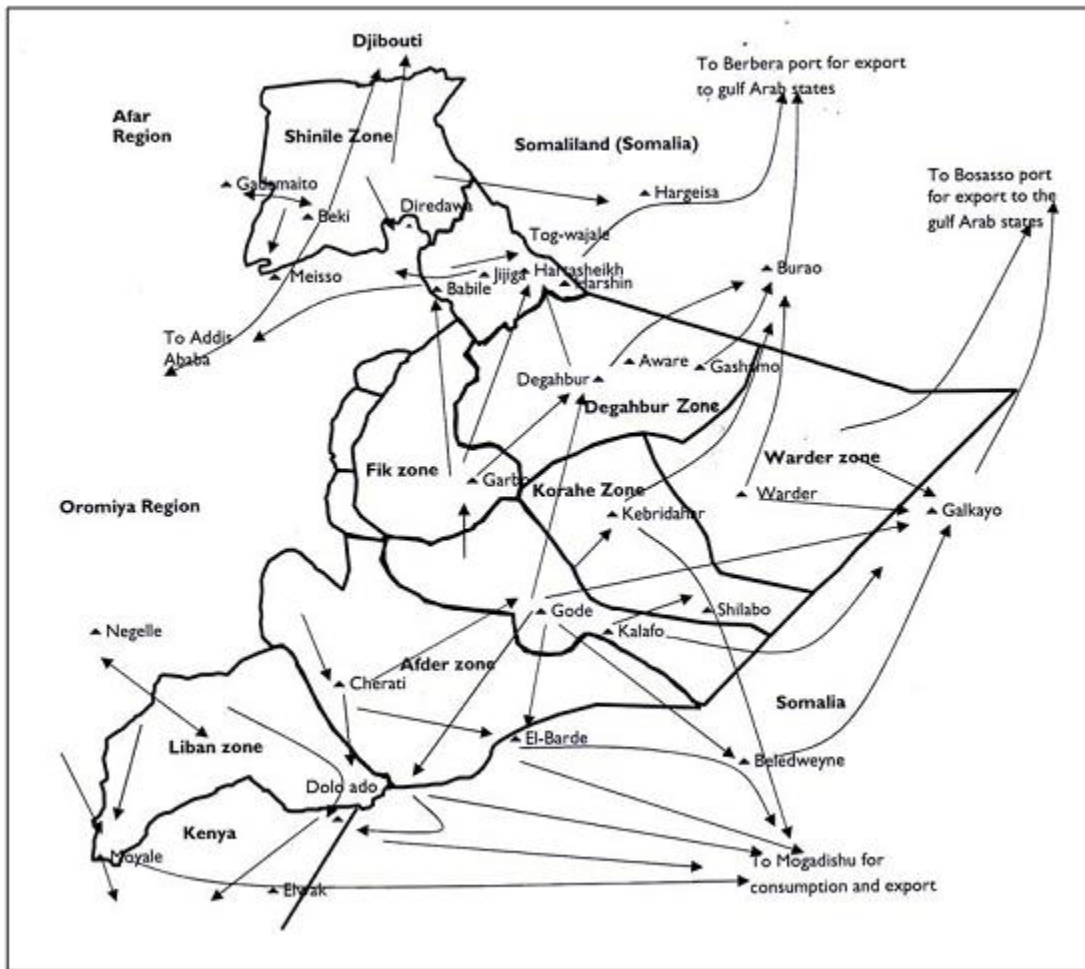
Market	Cattle		Camels		Shoats	
	Supplied	Sold	Supplied	Sold	Supplied	Sold
Jijiga	21,162	8,970	5,739	1,464	26,404	11,485
Deghabur	723	501	4,446	3,657	44,931	32,302
Harshin	7,345	2,991	2,419	1,029	44,514	22,685

Source: Data collected by the Somali region Agriculture Marketing Department cited in Yacob and Andy, 2010.

Relatively, livestock trade routes from Somali Region to Berbera, and to some extent to Bossaso, are relatively short. The safe delivery of animals to the final destination is guaranteed through clan arrangements that involve crossing of different clan territories. In general, in these areas

animal trade is a system that promotes peace because it benefits various actors in many ways although it can also be a cause for clan conflicts in some areas. These phenomena demonstrate that in the business of pastoral livestock trade, new alliances can easily be formed across ethnic and clan groups if each group has a role and benefit in the business. Generally, despite the volatile history of the Horn, livestock trading continues due to factors such as new alliances evolving with varying clan (Yacob and Andy, 2010).

Figure 2.2 Main livestock supply routes from the Somali Region of Ethiopia



Source: SCUK, 2008

Trading corridors of livestock was shown in the paper of Abdi (2007). Even if the preferred trading routes within these corridors are determined by factors such as relative distances to the port, other factors like availability of transport facilities and prices offered to traders along the route, the routes are primarily defined by clan networks. The routes run through clan-controlled

grazing areas. All the major corridors are dominated by clans who inhibited the boundaries between Ethiopia, Djibouti, Somaliland/Somalia and Kenya. A trader gets security by the clan structure along any route within the corridor.

2.8 LIVESTOCK MARKETING CONSTRAINTS OF THE REGION

As evidenced from Asfaw et al (2008), livestock trade is increasingly becoming very competitive which demand the presence of effective and efficient market support services. Improving the position of Somali livestock trade in the global market, especially to Middle East and Kenya markets, the development of efficient market support services is a prerequisite. The paper shows major constraints affecting the Somali livestock sector in general. They grouped problem into seven categories as follows:

- Lack of veterinary health service provision
- Absence of system of certification and quality assurance
- Limited functions and efficiency of local authorities
- Poor export port facilities
- Absence regulations on trade and standards
- Unstable prices, insufficient information, lack of finance and banking, and
- Changing climate and production environment:

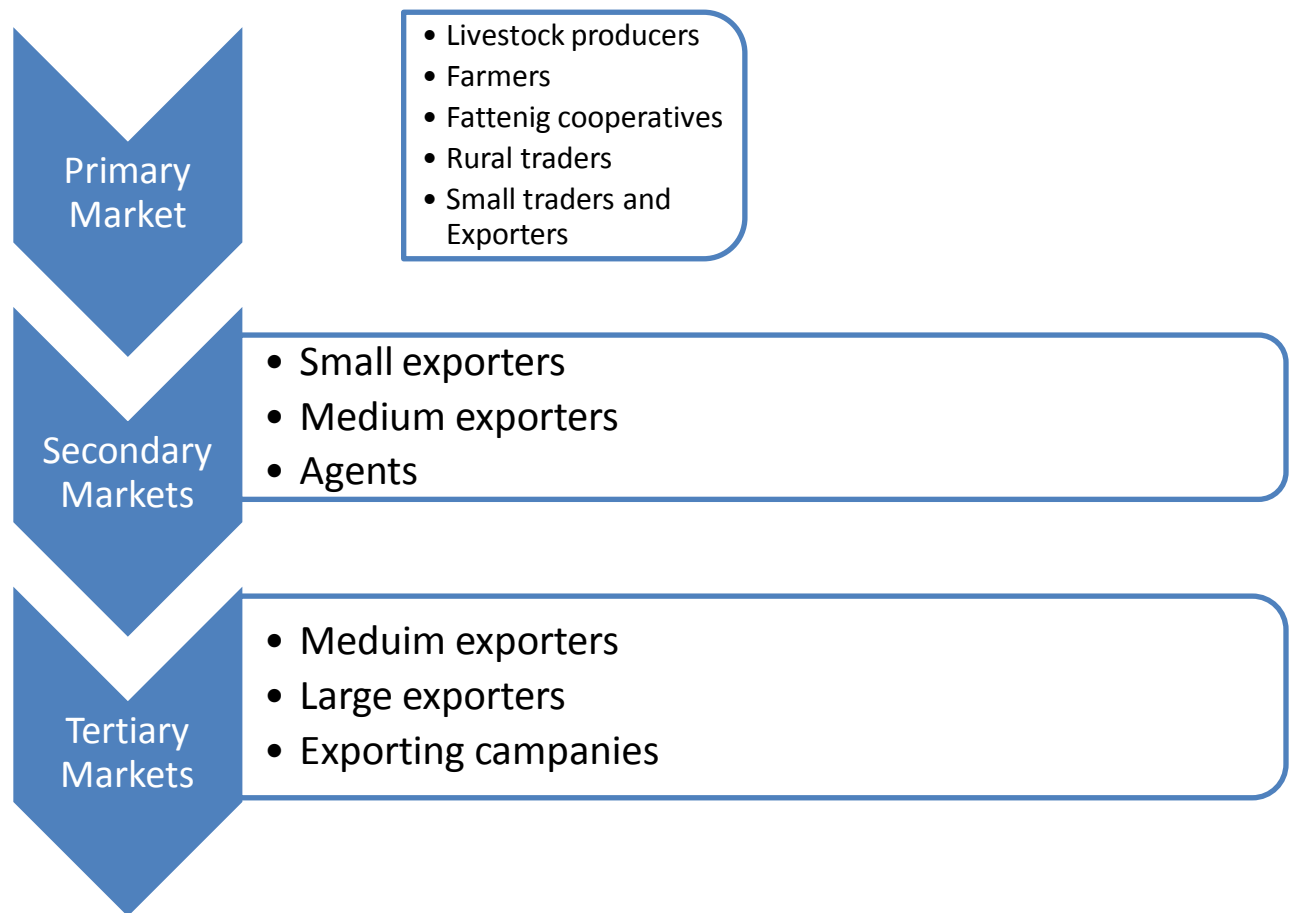
2.9 CONCEPTUAL FRAMEWORK

It was mentioned earlier that livestock markets in Ethiopia are categorized as primary, secondary and terminal market. Primary markets are operated by Livestock producers, rural traders, farmers and fattening cooperatives. Secondary markets operate with an average volume of 500–1000 head per week consisting of export animals, breeding heifers and old animals, and located mainly in the regional and zonal capitals. Small scale traders and exporters, medium and big traders as well as exporters dominate this markets. Wholesale traders, exporters, and export agents dominate secondary markets serving the local consumers but mainly supplying the terminal markets. In the terminal markets while exporters, exporting cooperatives, and small and medium exporters handle mainly export type animals. Medium- to large-scale exporters, exporting cooperatives and importers dominate the only legal export terminal (Elias et al, 2007).

Figure 2.3 Market channels and participants of livestock export

Livestock markets

operators of the market



Source: Self-extracted

CHAPTER THREE

3. RESEARCH METHODS AND DATA COLLECTION TECHNIQUE

In this chapter the researcher described the study area, target population, research design and strategy used, data type and source, data collection instruments, and the methods of data processing and analysis are discussed.

3.1 DESCRIPTION OF THE STUDY AREA

Somali Region is composed of nine zones, the most populous of which is Jigjiga Zone. The zone is home to about one quarter of the region's population and it has the most developed urban and commercial infrastructure (MoFED, 2006).

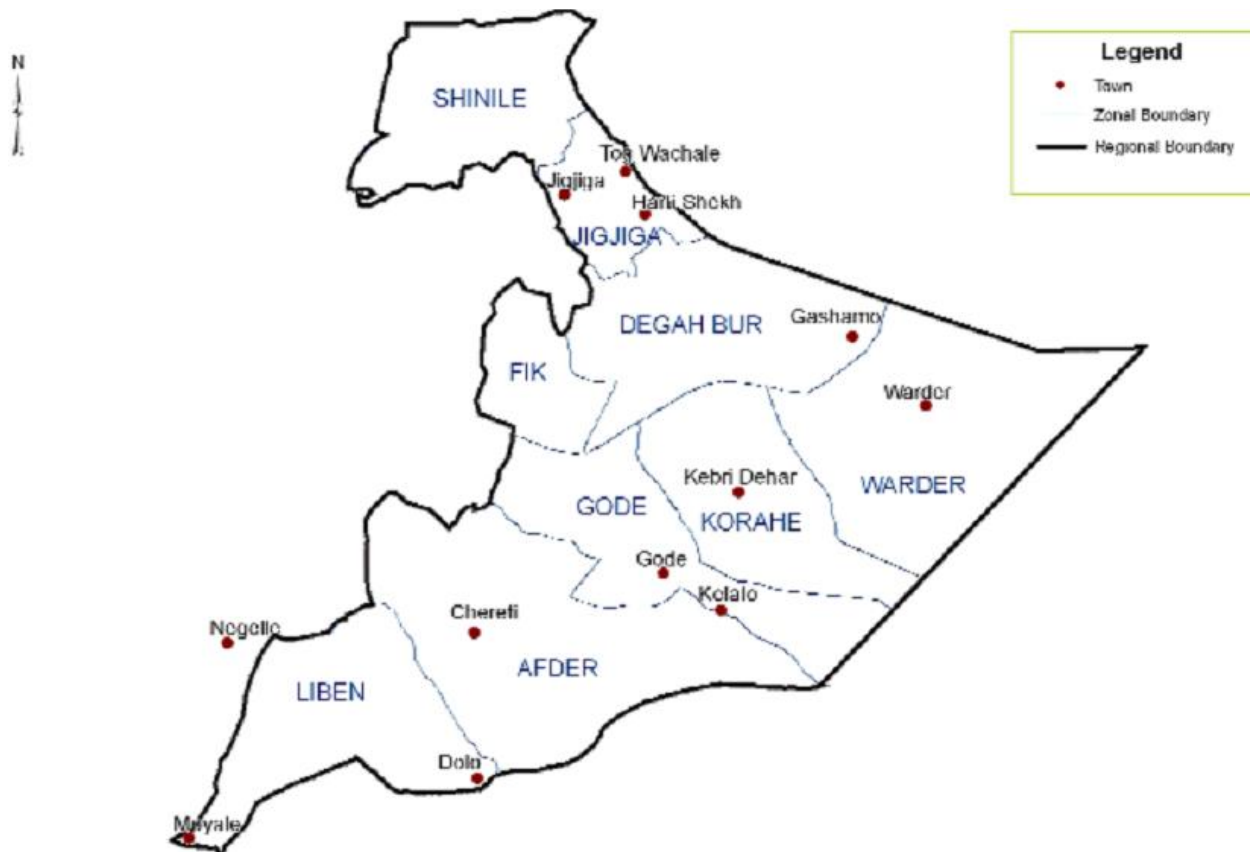


Figure 3.1: Map of different zones of Somali region, cited in Melat, 2008.

The population and development report of finance and development bureau of Somali region (2010) shows that the region had a total of 23,641,000 livestock population. From the total livestock population the percentage of sheep (38.3%) was high followed by goats (36.2%) and cattle (16%).

Table 3.1 livestock population of Somali region

S/N	Type of livestock	Total
1	Camel	2,032,000
2	Cattle	3,796,000
3	Goats	8,547,000
4	Sheep	9,053,000
5	Equines	213,000
Total		23,641,000

Source: SR BoFED, Population and Development Report, 2010.

Somali Region has distinct market corridors. Within each of these corridors are a number of routes. The termini for the routes are the port cities of Djibouti, Berbera, Bosaso and Mogadishu as well as the northern Kenyan towns of Moyale and Mandera which act as entrepôts for the large markets of the central highlands of Kenya. A large proportion of the livestock that is traded in this region passes through the markets of this zone. Exports and imports through the port of Berbera and the consumer requirements of the region make the Berbera-Jigjiga corridor one of the major routes for moving traded goods produced in eastern Ethiopia (Abdi, 2007).

Figure 3.2 Map of live animal trading routes used in Somali Region regional state



Source: Abdi, 2007.

Therefore, studying livestock trade in this vital zone assists the understanding of challenges and prospects of livestock export the study area.

3.2 TARGET POPULATION AND SAMPLING DESIGN

The target population of the study was individuals in live animal export in Somali regional state Jigjiga zone. Therefore, the total numbers of population surveyed by the research were 20 individual exporters. These target population was selected because they were the only entities participating in live animal export in Jigjiga zone. Therefore, the total numbers of population surveyed by researcher were 20 individual exporters.

3.3 RESEARCH DESIGN AND STRATEGY

The major focus of the study was description of information related to the challenges and opportunities of live animal export in Jigjiga zone. Survey researches are concerned with describing, recording, analyzing and interpreting conditions that either exist or existed. The researcher does not manipulate the variable or arrange for events to happen. Surveys are only concerned with conditions or relationships that exist, opinions that are held, processes that are going on, effects that are evident or trends that are developing. They are primarily concerned with the present and variables that exist or have already occurred are selected and observed (Zikmund). So, the descriptive survey research design was employed to assess the challenges and opportunities of live animal export. The researcher used this design that helped describe the different factors, define a particular observable fact, and the strength of the relationship between factors that challenge livestock export. Moreover, the study was cross sectional survey design. This was because, as cited by Kothari (1990), a cross sectional survey design is the type of survey design in which necessary data is collected at one point in time from particular set of population.

Both qualitative and quantitative approaches were used to assess the challenges and prospects of live animal export. Quantitative approach addresses research objectives through empirical assessments that involve numerical measurement and analysis. On the other hand, qualitative research allows the researcher to provide elaborate interpretations of phenomena without depending on numerical measurement; its focus is on discovering true inner meanings and new insights. Therefore, this study employed both qualitative and quantitative approach; because, employing mixed approach could offset the biases of applying any of a single approach

3.4 DATA TYPE AND SOURCE

The study used both quantitative and qualitative types of data. Both primary and secondary sources of data were used for the study. The primary data were obtained through interviews conducted different government bureau officials, and semi structured questionnaires distributed to the exporters. Secondary source of data included documents obtained from the regional Bureau of Agriculture and Rural Development (BoARD), Custom Authority, NGOs and reviews of different live animal export related literatures.

3.5 DATA COLLECTION INSTRUMENTS

As mentioned in data type and source part, the researcher used both primary and secondary source of data. Therefore, primary data were collected through the following methods.

- **Questionnaire:** an open and closed ended questionnaire was developed and distributed for the total number of respondents. The questionnaire was translated from English to Somali, Amharic and Afaan Oromoo languages for the respondents to understand it easily.
- **Interview:** to achieve objectives of the research, interviews with head of revenue and custom authority, livestock production and marketing department of ARDB, and animal health bureau of the region was conducted.

Besides, personal observations were made in different livestock markets found in the zone. Because of the size of target population, the researcher collected the data by himself without enumerators.

3.6 DATA PROCESSING AND ANALYSIS

To ensure the completeness, consistency, and meaningfulness of the data, the researcher collected, coded and edited the data.

Qualitative content analysis technique was used to analyze data collected through personal interviews, observations and open ended questions. It emphasizes on integrated view of speech/texts and their specific contexts. By using this technique researcher can have brief response to open ended, close ended question on survey, transcript from an interview, diary or text of published report (Taylor & Renner, 2003). It is also qualitative data reduction and sense making effort that takes a volume of qualitative material and attempts to identify core consistencies and meanings” (Patton, 2002, p.453). So that, to analysis the data obtained through interview, observations and open ended questions, content analysis technique was used. Moreover, the data collected through questionnaires were presented through tabulation, graphics and charts, and analyzed and interpreted by descriptive statistics such as frequency and percentage.

CHAPTER FOUR

4. RESULTS AND DISCUSSION

This chapter presents the results of the survey and discusses it accordingly. First, the personal and business profiles of livestock exporters is presented and discussed followed by entry into business. Secondly, the data related to live animal trading practices are analyzed using frequency tables and percentages. Thirdly different constraining factors that affect the performance of live animal export are analyzed and discussed using mean and standard deviations. Finally, discussions of the interviews and secondary data are discussed. Of the totally distributed questionnaires (20), all were properly filled and collected.

4.1 Personal and Business Profiles Of Livestock Exporters

Information on personal and business characteristics of exporters is useful in identifying, designing, and implementing effective and efficient business support services to get better of livestock export of Jigjiga zone of Somali region. The personal and business profiles data of livestock exporters were collected through survey and is summarized in Table 4.1. In this section the researcher explored if there are differences in the personal profiles and business characteristic of traders operating in live animal export of the zone.

The following table summarizes the personal profile of respondents by gender, age, educational level, work experience, and languages.

Table 4.1 Personal profile of respondents

S/No	Item	Number of respondents	Percentage
1	Gender		
	Male	20	100
	Female	0	0
2	Age		
	20-30	0	0
	31-40	3	15
	41-50	10	50
	>50	7	35
	Total	20	100
3	Educational level		
	No Schooling	0	0
	Religious School	4	20
	Primary School	13	65
	High School and above	3	15
	Total	20	100
4	Work experience		
	1-3 years	2	10
	4-6 years	11	55
	7-9 years	4	20
	10-12 years	3	15
	> 12 years	0	0
Total	20	100	
5	Language		
	Somali	20	100
	Amharic	4	20
	Afaan Oromoo	7	35
	Arabic	16	80
	English	3	15

Source: Survey result, 2014

As the table above shows, all exporters were found to be male which may show that animal trade involve long-distance trucking as well as trekking of livestock and higher risks and hardship which may become hard for women to get involved in such business.

In case of age it is observed that there is a clear age difference among the different livestock exporters which was 85% of the exporters were found to be greater or equal to 41 years old while only 15% are found to be less than 40 years. In general, the older age of livestock exporters may indicate that livestock exporting business requires more financial resources and experience which come through time.

In terms of the levels of formal education, four categories of education were formed: no schooling, religious school, primary school, high school and above. There is clear variation in the levels of formal education among the livestock exporters. About 65% of exporters at least had primary school level of education followed by religious schooling (15%). Only 5% of the respondents were found to have high school and above. There were no traders without some types of schooling. This shows that even though there was limited educational background, respondents had basic education level to execute their business. It is obvious that educational level is crucial for international business men. Hence, these exporters have educational limitation in dealing with their business.

To understand their depth of involvement live animal export business, respondents were asked for years of experience they have. The majority of the traders (55%) had experience of this trade activity only from 4-6 years. While 20% of the exporters had been in business for 7-9 years, only small number of exporters had an experience of 10-12years (15%) and less than 4 years (10%). There was variation in level of experience among respondents. By and large, there was limited experience level that reflects less potential of coping with changes and challenges.

There are several different languages spoken by livestock exporters of Jigjiga zone: Somali, Amharic, Afaan Oromo, Arabic and English. All of the livestock traders were found to be the speaker of Somali language. Additionally, 80% of exporters speak Arabic and 35 % speak Afaan Oromoo languages. Lastly, a few respondents speak English (20%) and Amharic (15%) languages. The number of languages spoken by livestock exporters has implications for the

respondents' capacity to expand their business outside their own locality in dealing with international customers, or social network and to take advantage of export market opportunities.

Religion and tribe distribution

The profile of live animal exporters in the Jigjiga zone of Somali region shows that there is clear religious and ethnic concentration. Somali region population is well known in its long standing societal networks of kinship and social variables. These variables help shaping the live animal trades.

Table 4.2 Religion and tribes of respondents

S/No	Item	Number of respondents	Percentage
1	Religion		
	Muslim	20	100
	Protestant Christian		
	Orthodox Christian		
	Other		
	Total	20	100
2	Clan		
	Isak	14	70
	Gadabursi	4	20
	Others	2	10
	Total	20	100

Source: Survey result, 2014

Table 4.2 clearly shows that all respondents were Muslims, but regarding their tribe distributions, majority of them (70%) were from Isak tribe, followed by Gadabursi (20%) , and 10% were from other tribes. Ethnic and religious concentration could cause substantial influence on the performance of livestock trade in Jigjiga zone of Somali region. Societal cohesion is one of the most important bases for developing trust relationships. Tribe systems are also important in arbitrating disagreements and conflict between traders, as they are one part of the society; depend on customary and tribe-related institutions.

4.2 Entry into Business

Business ownership and previous business endeavor

There are different forms of business ownership among the Jigjiga zone live animal exporters. Table 4.3 summarizes forms of respondents' business ownership and previous business experiences. These include: sole ownership, two partners, several partners, and other forms. Several alternatives of previous business endeavor were forwarded for respondents. These were: agent, big trader, small and medium trader, petty trader, brokers, gadley, gedhisley livestock producers, and others.

Table 4.3 Respondents' previous business endeavor and form of business ownership

S/No	Item	Number of respondents	Percentage
1	Forms of business ownership		
	sole ownership	4	20
	two partners	7	35
	several partners	9	45
	other forms	0	0
	Total	20	100
2	Previous business endeavor		
	Agent	3	15
	Big trader	9	45
	Small and medium trader	6	30
	Petty trader	2	10
	Brokers	0	0
	Gadley	0	0
	Gedhisley	0	0
	Livestock producers,	0	0
	Others	0	0
	Total	20	100

Source: Survey result, 2014

With regard to form of business ownership, owning the business with several partners accounts for 45% followed by two partners (35%) form of ownership. Sole ownership is the least (20%) form of ownership by exporters. Business ownership tends toward owning business with other traders. The variation in terms of business ownership might be due to differences in the resources required for live animal export business especially for export market. The live animal exporters require more financial resources which can be partly achieved by resource pooling and partnering. By doing this, respondents are increasing finance of the business while reducing or sharing the risk of loss.

The above table also presents that before their current job, respondents were involved in other activities of the live animal trading business. The result shows that before becoming the live animal exporter 45% of them were big traders. In other words, 30% of the live animal exporters were small and medium trader before upgrading their business to exporter. Similarly, 15% of exporters were also agents. Lastly, 10% of them were petty traders. Exporters' previous endeavors are opportunities that strengthen the relations among different actors in live animal export system.

Source of startup capital

Starting a business requires a starting capital rather the mere existence of ideas. The following table shows the main sources of start-up fund for respondents.

Table 4.4 Respondents' source of capital

Item	Number of respondents	Percentage
Personal saving	16	80
family	2	10
Borrowed from relatives or friends	1	5
Financial institutions	0	0
Assistant from friends or relatives	0	0
Inheritance	1	5
Assistant from NGO's	0	0
Others	0	0
Total	20	100

Source: Survey result, 2014

Greater number of livestock exporters either self started or used family capital to begin the business. As one can see from table 4.4, in terms of how respondents' business had been started among different kinds of source, 80% of the case was self-started. A few of them (10%) also got capital from family to start the business. Relatives or friends loan and inheritance were also mentioned as a source of capital. Live animal exporters in Jigjiga zone do not use banks and NGOs as a source of financing their business. It can be concluded that the respondents were in short supply of capital. This might be attributed by limited availability of financial institutions along with their tight criteria or it might be associated with their religious background. It was also impeded by loose relationship between exporters and creditors. Therefore, live animal exporters were relied on family, relatives and inheritances to start this business.

Size of the business

To capture the different scales that the traders work at, respondents were asked to categorize themselves as small-scale, medium-scale or large-scale business operators.

Table 4.5 Amount of capital dealt with

Item	Number	of	Percent
How much capital do you deal with?			
Small-scale	10		50
Medium-scale	8		40
Large-scale	2		10
Total	20		100

Source: Survey result, 2014

The above table indicates that almost half of the exporters (50%) were small-scale traders while (40%) of them was composed of medium-scale traders. Small portion of the respondents (10%) were regarded themselves as large-scale traders.

Why did you engage in this business?

It was vividly recognized, from the response of respondents, that most of the respondent started trading animals for the reason that it brings high income. Some of them believed that they got enough capital and required knowledge of the business that initiated them to be engaged in the mentioned business. Significantly enough, some of them started this business since they did not have other alternative sources of income.

Business Diversification

Another important socio-economic characteristic of the exporters is their engagement in multiple activities other than only animal exporters. Respondents were asked if they were carrying out other business activities like crop farming, livestock production, trade in commodities, and others.

Table 4.6 Business diversification

S/No	Item	Number respondents	of Percentage
1	Are you involved in other forms of businesses?		
	Yes	18	90
	No	2	10
	Total	20	100
2	If yes, what types of businesses?		
	Crop farming	2	11.11
	Livestock production	4	22.22
	Trade in commodities	8	44.44
	others	4	22.22
	Total	18	100

Source: Survey result, 2014

Table 4.6 portrays that almost all small and medium traders (90%) are engaged in multiple activities. However, large scale traders are engaged only on animal exporting activity. Out of these, trade in commodities accounts around 44.44% of the activities. Livestock production and other activities scored equal number (22.22% each). The remaining 11.11% were involved in crop farming. This implies that Jigjiga zone live animal exporters were not only exporting animals but they were also versatile businessmen. This versatility was a prospect to generate income from different sources and also sustain their business.

Why did you vary your business?

The reasons for their diversification were the result of risks and seasonality associated with livestock export. The risk emanated from the foreseen drop of demand for livestock due to banditry, clan or tribe clashes and animal diseases. In addition, occasional droughts significantly affect livestock export in the area.

More known was seasonality in livestock supplies that was one of the manifestations of the livestock export system in the areas. Animal supply and demand go differently with dry and wet seasons of the year and international festivities.

Another mentioned reason for diversification was that most respondents did not deal with large volume of sales that could be run as a full time venture and hence require additional activity to support their living.

In general, the livestock trade business that suffers from several constraints implying irregularities in the income from the business forced the traders to engage in other activities. This coping strategy allowed them to smooth their function over time. Since other activities identified are also seasonal, the livestock trading fills the gap to sustain the flow of income. Thus the livestock trading can also be regarded as a means of diversification of activities or opportunities for exporters in the area. This particularly holds true to small and medium scale livestock traders.

Unique skills needed to be live animal exporters

Respondents were asked whether there are special skills to be good traders along with the types and sources of those skills. It was summarized by the table 4.7 below.

Table 4.7 Required skills

Item	Number of respondents	Percentage
Are there any special skills needed to become a good trader?		
Yes	20	100
No	0	0
Total	20	100
If yes, which one of the following skills is most important to be good trader?		
Numeracy	5	25
Literacy	4	20
Interpersonal skills	9	45
Knowledge of religion	0	0
Social knowledge	2	10
Total	20	100
How did you learn the skills for this trade?		
From family and relatives	0	0
was apprenticed to an experienced trader	0	0
From my own partner	3	15
Learnt from the market	17	85
Total	20	400

Source: Survey result, 2014

It is clearly seen from table 4.7 that the entire respondents replied that to be a good live animal trader, the person should have special skills. Among provided alternatives for required skills, a great number of exporters (45%) replied that interpersonal skills are crucial for trading. From the total respondents, quarter (25%) of them said numeracy knowledge is necessary to be a good trader. Some portion (20%) replied as if the ability to write and read is needed to be engaged in this business. However, a few of them said social knowledge is helpful in this business. Knowledge of religion was not mentioned as special skills to be good live animal exporters.

Exporters were also asked about how they learned the skills for live animal exports. Most of the respondents (85%) said they learnt the skills from the live animal markets through their experience that might be as petty, small, medium, big trader or being agent. It is followed by the skills acquired from partner (15%). Hence backed by those mentioned skills and knowledge, respondents expanded the scope and life of their business. It also facilitates the bargaining abilities with partners by creating easy communication and agreements. The skills are helpful to predict foreign exchange trends and market trends.

Assistance from individuals

Respondents were asked whether they have assistance from different individuals to strengthen their business and the types of assistance they get.

Table 4.8 Availability of assistance from individuals

S/No	Item	Number of respondents	Percentage
1	Did you get assistance from other individuals to strengthen your business?		
	Yes	16	80
	No	4	20
	Total	20	100
2	If you got assistance, what type of assistance did you get?		
	Credit	9	56.25
	Capital and/or gifts	2	12.5
	Inheritance	0	0
	Knowledge and skills	5	31.25
	Total	16	100

Source: Survey result, 2014

From the entire exporters, 80% of them got assistance for their business. From those who got assistance, more than half (56.25%) of them have credit support, followed by knowledge and skill assistance (37.5%). Exporters who get capital and/or gift assistance only accounts for 12.5% while none of them get inheritance assistance to strength their business. These indicate that respondents were positively assisted by individuals in different areas of their business.

Benefit of belonging to certain clan

The respondents answer for whether it is advantageous to come from certain clan in order to trade in the trading routes of the area is presented by the table below.

Table 4.9 Benefit of belonging to certain clan

Item	Number	of percent respondents
Is it advantageous to come from certain clans to trade in this route?		
Yes	20	100
No	0	0
Total	20	100

Source: Survey result, 2014

All exporters believed that there are some advantages of belonging to a given clan in order to trade in live animal trading routes of the area. The frequently stated benefits are avoidance of danger of animal theft while they are crossing one clan inhibited areas and facilitation of live animal transportation activities like feeding and providing water, holding grounds, etc. They also cited that they get supports in procuring animals from their clan dominated areas.

Days it take to transport animals

Transportation is the most important element of marketing. Animal demand (market) centers are widely separated from the livestock procurement areas. The means of transport between supply and consumer area is an important constraint to livestock export and will have implications for market solutions.

Number of days it takes to transport animals was given to respondents on intervals and summarized in table 4.10.

Table 4.10 Required days to transport animals before crossing Ethiopian border

Item	Number of respondents	Percentage
How many days it take to transport animals before crossing Ethiopian border?		
4-6 days	0	0
7-9 days	3	15
10-12 days	6	30
13-15days	8	40
>15 days	3	15
Total	20	100

Source: Survey result, 2014

Table 4.10 indicates that great number (40%) of respondents replied that it took them about 13-15 days to transport animals before they cross the country's border. About 30% also mentioned the interval of 10-12 days while equal number (15%) of respondents said 7-9 days and >15 days.

When it comes to reason of spending all those days, respondents raised several issues. These were long distance between animal procurement or collection areas. It means that traders procure animals from different sources or woredas and stock it in other places which take many days.

Functionality of the markets was also serious cause of prolonged transportation days. This was because some livestock markets in some woredas work only limited days. Therefore, if enough animals were not available or collected, they have to wait for the next market day which may be of more than two days.

More pronounced cause among respondents was the limited or unavailability of transportation services (both trek persons and trucks). In Jigjiga zone, trekkers and trucks play important roles in transporting animals. However, their limited availability made traders wait many days and incur unnecessary costs.

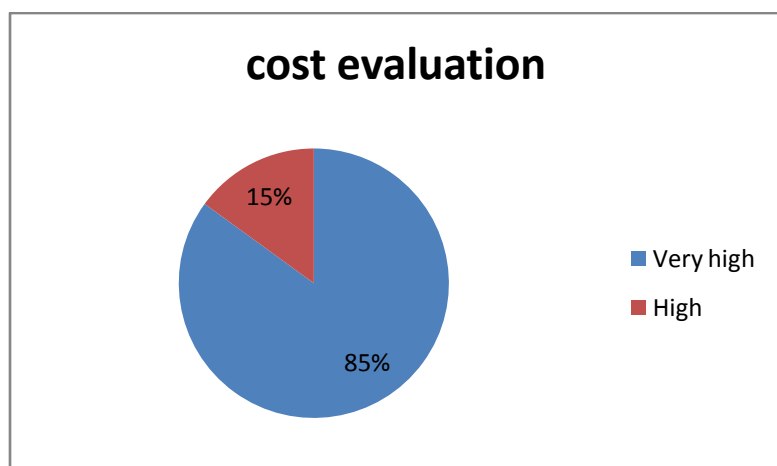
Equally important issue mentioned was long distance it took to reach where custom authorities and health experts found. The authority and health experts were located at Jigjiga city; however,

animals were coming from woredas found long miles far from the city. Finally, time consuming custom bureaucracies to get export clearance certifications was also critical issue.

Transportation costs

The transport cost aspect includes rewards to drovers, truck costs and other personnel in the transport of livestock, risk of theft and mortality of animals. Respondents were asked to evaluate their transportation cost as very high, high, moderate, low and very low.

Figure 4.1 Transportation cost evaluation



Source: Survey result, 2014

Figure 4.1 illustrates that based on their response, 85% of them thought that transportation cost is very high followed by high (15%) transportation cost. They incur costs when moving cattle either by trekking or using trucks. Motorized transportation is restricted within the range of official channels. Most of the time animals are transported from bush markets to waiting grounds by trekking. Trucking takes place once the animals are collected from higher level markets. Poor transport infrastructure in the area is a constraint for efficient livestock export. Motorized transport is not easily available to the livestock exporters when and where they need it. The livestock trade porters not only has problems for easy access to transportation services but also suffers from quality deterioration of livestock due to weight loss, theft, mortality of animals as a result of long distance trekking.

Feed and Water

Along the route from the collection areas to destination, exporters incur the following costs to feed and water the animals.

Table 4.11 Respondents' average feed and water expense

Item	Number of respondents	Percentage
How much you expend on average for feed and water for one time of export?		
Nil	0	0
1-100 Birr	0	0
101-500 Birr	0	0
501-1000 Birr	5	25
1001-1500 Birr	11	55
>1500 Birr	4	20
Total	20	100

Source: Survey result, 2014

Feed and water costs incurred per one time export by live animal exporters are given on average and respondents reply was presented in table 4.11. Hence, more than half (55%) of respondents expend, on average, a cost range of Birr 1001-1500. It was also shown that 25% of them incur Birr 500-1000 followed by cost of Birr >1500. These costs increase as one moves up from supply area (primary, secondary and tertiary market) to destination. For instance in primary markets where animals are trekked for not that much far distance communal pasture and water are used. However, at higher level markets water and feed providers become more important.

Membership in formal or informal association or group

Membership of formal or informal associations or groups creates social capital which can help reduce transaction costs of trade. It also serves as a mechanism to ensure the concerns of

livestock traders are addressed jointly, which otherwise would be difficult if traders acted individually

Table 4.12 Membership in associations

S/No	Item	Number of respondents	Percentage
1	Are you a member of association or group?		
	Yes	20	100
	No	0	0
	Total	20	100
2	If yes, which association or group?		
	Livestock exporters' association	0	0
	Business friends	9	45
	Others	11	55
	Total	20	100

Source: Survey result, 2014

As the table above indicates interestingly all exporters were found to be members of association or groups, but none of the exporters were found to be a member of livestock traders (exporters) associations. From the total respondents, 55% were members in other forms of informal association where as 45% were members of business friends. Membership of informal business partners appears to be more common where more knowledgeable traders operate, especially among exporters who have to establish contacts with the importing countries, which can reduce risks of doing business individually and transaction costs. This was may be because of inexistence of formal live animal exporters association functioning in Jigjiga zone. Nevertheless, entire exporters share common challenges of not being member of formal associations.

4.3 Livestock Trading Practices

The understanding of livestock trading practices of the region is important for concerned bodies to work closely with each other. To understand trading practice in detail, several questions were forwarded to respondents. These questions were analyzed and discussed as follows.

Regularity of supply partners and enforcing deadline requirement

Number of respondents used regular supply partner and different actions they took in order to maintain deadline were summarized in the following table. For exporters using regular supply partner, it did not mean that they use regular supply partner every time.

Table 4.13 Regularity of supply partner and action of enforcing deadline

Item	Number of respondents	Percentage
Do you use regular supply partner?		
Yes	8	40
No	12	60
Total	20	100
What actions do you take if deadline is not met?		
Warn agent	2	25
Discuss	4	50
Just wait	0	0
Reject delivery	0	0
Buy elsewhere	2	25
Total	8	100

Source: Survey result, 2014

The above table shows that only about 40% of exporters were using regular supply partners while about 60% of exporters did not use regular supply partners. Those exporters not using regular supply partners were procuring animals from spot markets, facing risk and uncertainty in meeting the demand in desired volume and reap profit in the importing countries in a timely manner and. It also increases the transaction costs of marketing as the exporters have to search for new supply sources frequently.

Those exporters who use regular supply partners specified maximum delivery date which was by average 5 days, and in case the delivery date is not achieved they take different measures to enforce the delivery date. Some of these measures include: warning the partner, discuss and agree on new delivery date, just wait, reject delivery, or buy elsewhere.

The most common measures taken by the exporters in case the supply partners fail to meet the delivery date requirement was to discuss (50%) the with supply partners. Warning the partner (25%) and buying elsewhere (25%) were also common measures taken by exporters in case of failed delivery date. Thus there are no formal institutions to enforce delivery dates even when there are regular suppliers. This indicates that exporters may face a lot of risk and uncertainty in delivering the required number of live animals in the importing countries in a timely manner.

Timing of payments

Consent between exporters and supply partners on when and how to remunerate the partner is necessary. Hence, respondents indicated that there was no sole method of payment for the suppliers. The condition of the market, financial status of suppliers and their level of trust determine how and when to pay them. In case of high demand in importing countries, respondents preferred to pay suppliers in advance and half after animals are sold. They also pay suppliers in advance of animal delivery based on their level of relation and trust with suppliers. Besides, if suppliers financially strong enough, they switch to payments on the delivery and after animals are sold. The flexibility in the timing of payment helped exporters carry out the business properly.

Place of procuring animals

All live animal exporters in Jigjiga zone were asked a question about their source or market they buy animals frequently. Regarding this question, respondents cited the following markets. These were primary, secondary and tertiary markets.

Table 4.14 Source of procuring animals

Item	Number of respondents	Percentage
From which market do you buy animals?		
Primary markets	7	35
Primary markets and Secondary markets	8	40
From all markets	5	25
Total	20	100

Source: Survey result, 2014

Out of total respondents, 35% of them only buy animals only from primary markets while 40% of respondents replied as they collect animals from both primary and secondary markets. In primary market, animal providers (suppliers), farmers and petty traders are common actors. This shows that exporters procuring animals from this market have an opportunity to buy animals from farmers and petty traders. Lastly, 25% of the respondents said they buy animals wherever convenient for them. In general, fattening cooperatives and big traders operate in tertiary markets. These markets are helpful responding to immediate demand rise as they operate daily and with large numbers of animals. What should not be forgotten is that price of animal's increases proportionally with levels of market. The reason is that animals pass through different stages of ownerships in different levels of market.

Problems incurred while procuring animals

The exporters faced various problems during the procurement of animals which increases the transaction costs of livestock trade. These problems include: dispute on price of animals, delivering improper or not agreed quality or quantity animal, and delayed delivery.

Table 4.15 Incurred problems while procuring animals

Item	Number of respondents	Percentage
Which of the following issues is a serious problem in the process of procuring animals?		
Price issues	11	55
Quality issues	1	5
Quantity issues	6	30
Others	2	10
Total	20	100

Source: Survey result, 2014

As shown by table 4.15, the largest proportion of exporters (55%) mentioned the problem of dispute on the price and quantity (30%) of animals. Small number of respondents also mentioned quality and other problems. But none of them mentioned other issue as a problem incurred while procuring animals. This shows that exporters were affected by volatile price of animals. Inadequate supply of export animal all the year was also challenging exporters.

Market partition

Relation among exporters is necessary to manage their markets. Their response with regard to discussion to partition markets among themselves is presented in the table 4.17.

Table 4.16 Market partition

Item	Number of	percent
	response	
Do traders discuss among themselves how to partition the market?		
Yes	6	30
No	14	70
Total	20	100

Source: Survey result, 2014

Surprisingly (70%) respondents replied that they did not discuss about market partition. This shows that live animal exporters in Jiggjiga zone blindly compete each other.

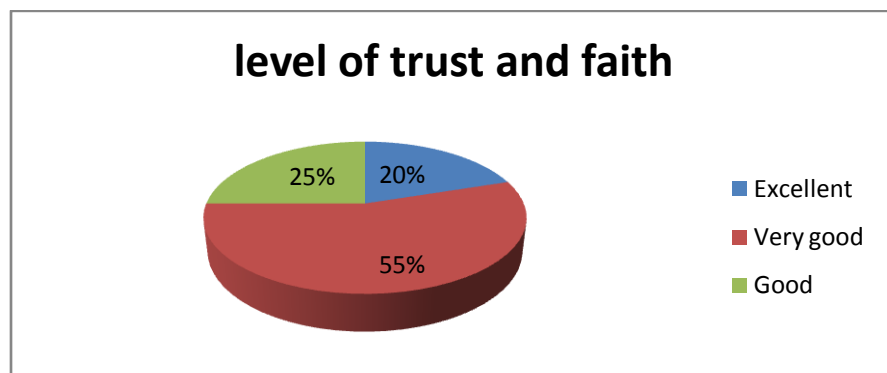
An exporter said “*our business is all about securing benefit (profit) inexpensive of others. I examine performance of others and beat their weak side. These are what others and I doing. I can’t see benefits of partitioning market among ourselves*”.

From this reply it is possible to infer that, Jiggjiga zone live animal exporters are not organized and knowledgeable to share markets among themselves.

Trust and faith between exporters and business partners

Trust and faith between exporter and business partner play important role in live animal export. Under current conditions of poor market information, infrastructure, insecurity, and unfavorable market access by exporters, business partners tend to assume an important role in market transactions. As a result, respondents were asked to evaluate this relation as excellent, very good, good, poor and fair. The figure below shows the evaluation of trust and faith between these parties.

Figure 4.2 Levels of trust and faith



Source: Survey result, 2014

The relationship between exporters and business partners was very interesting. Accordingly, 55% of exporters have very good trust relation with their partners, followed by good (25%) relationship, and lastly excellent (20%) relation with partners. Since formal market contracts and formal credit are rarely used, trust assumes considerably important in market transactions. The strength of trust and faith is indispensable for some other reasons like procurement animals on credit, advance payments for animal collectors and transportation of animals to their destined place.

Buying animals on credit

Strong kinship relation in Somali region laid the ground for the buying and selling of animals on credit. To see this condition, respondents were asked whether they buy animals on credit.

Table 4.17 Buying animals on credit

Item	Number of respondents	Percent
Do you take animals on credit?		
Yes	13	65
No	7	35
Total	20	100

Source: Survey result, 2014

From table 4.18 we see that respondents who buy animals on credit were larger (65%) in percentages than traders who do not (35%) on a similar mode of transaction. This implies that this type of loan is easily available for exporters to purchase animals without payment of money at the time of transaction. This is due to the fact that exporters, at various levels, could easily establish trust from clan association and repeated trade contacts with pastoralists.

Criteria to select trading routes to pursue

Selection of some trading route from existing routes is one aspect of the trade. Therefore there should be technique of screening out the routes. Hence, respondents discussed the following criteria.

Top frequently mentioned criteria were availability of transport services. Among various services, availability of trekking persons, motorized transport and road availability takes lion's share. Degree of animal supply was mentioned secondly. For exporters to select routes to pursue, level of animal supply of the area or route matters more. Security issue was mentioned as third factor to decide on routes to follow. It shows that regardless of transport service and animal supply, insecurity of the route affects the decision on route selection. Engagement of other exporters in the route was also mentioned as input in picking suitable routes. It means that high participation of exporters along the route may increase price of animals to be procured along the routes. The strength of competition increases cost which forces them to evaluate the route.

Business contact links in importing countries

Having well-established business contacts in importing countries reduces transaction costs related to the search for business partners and making business deals on a basis of mutual knowledge and trust.

Table 4.18 Summarizes number of respondents having contact links and types of contact links they have in importing countries

S/No	Item	Number of respondents	Percentage
1	Do you have links with importing country?		
	Yes	18	90
	No	2	10
	Total	20	100
2	If yes, what is the means of links?		
	Office	4	22.22
	Person	14	77.78
	Total	18	100

Source: Survey result, 2014

The survey found that 90% of exporters have business contact links in importing countries. Surprisingly, about 10% of the exporters did not have any contacts in the country to which they export and undertake export to sell at the spot market or make temporary contact on arrival. With regard to the types of contact links, 77.78% of them have contact persons while 22.22% have offices. Generally, exporters who own such links in importing countries were more advantageous in obtaining updated market information and than those who did not.

Sources of Market Information

In local markets

Exporters obtain information about the supply and prices in their purchase markets (i.e. local markets) from a variety of sources including own observation, other exporters, agents and/or brokers of exporters, and regular suppliers in these markets.

Table 4.19 Source of information of local markets

S/No	Item	Number of respondents	Percentage
1	Source of information on price		
	Personal observation	5	25
	Other exporters		
	Agents		
	Brokers	7	35
	Regular suppliers	8	40
	Total	20	100
2	Sources of information on supply		
	Personal observation	0	0
	Other exporters	3	15
	Agents	4	20
	Brokers	5	25
	Regular suppliers	8	40
	Total	20	100

Source: Survey result, 2014

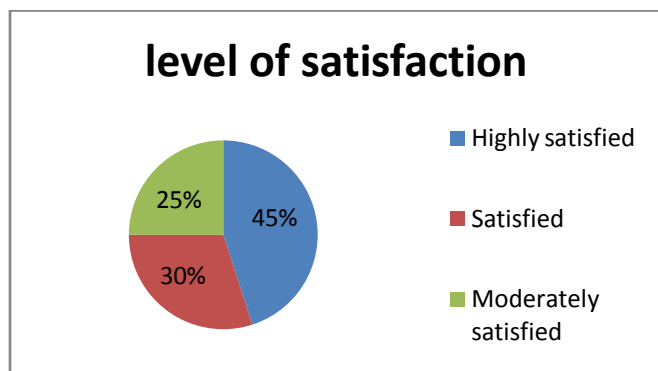
It is possible to see from table 4.20 that regular suppliers (40%) and brokers (35%) of exporters were cited as sources of information. By contrast, 25% of them responded as get information on prices through their own personal observation.

The next was source of information on the supply of animals in local markets. Regarding the question, again 40% of them replied as regular supplier is their major source followed by brokers (25%) and agent (20%). Other exporters are least preferred as source of information on the supply of animals.

Level of satisfaction with the information

Respondents were required to describe their level of satisfaction as highly satisfaction, satisfied, moderately satisfied, less satisfied and unsatisfied.

Figure 4.3 Satisfaction level



Source: Survey result, 2014

The figure above shows that great portion of the surveyed exporters (45%) said that they were highly satisfied with the information they obtained about the situation of supply and prices in their livestock source markets. Another 30% replied as they were satisfied with what they got. In general, the results of the exporter's sources of information about conditions in their livestock procurement markets in Jigjiga zone confirms the importance of these partners in passing information about market conditions to the livestock exporters.

In export markets

The sources of information to exporters about the conditions of supply, demand and prices in the export markets included other exporters, business partners, contact persons, internet and/or agents.

Table 4.20 Source of information about export markets

S/No	Item	Number of respondents	Percentage
1	Sources of information on price		
	Internet		
	Other exporters	2	10
	Contact office	4	20
	Contact person	14	70
	Agents	0	0
	Total	20	100
2	Sources of information on supply		
	Internet	0	
	Other exporters	2	10
	Contact office	4	20
	Contact person	14	70
	Agents	0	
	Total	20	100
3	Sources of information on demand		
	Internet	0	0
	Other exporters	2	10
	Contact office	4	20
	Contact person	14	70
	Agents	0	0
	Total	20	100

Source: Survey result, 2014

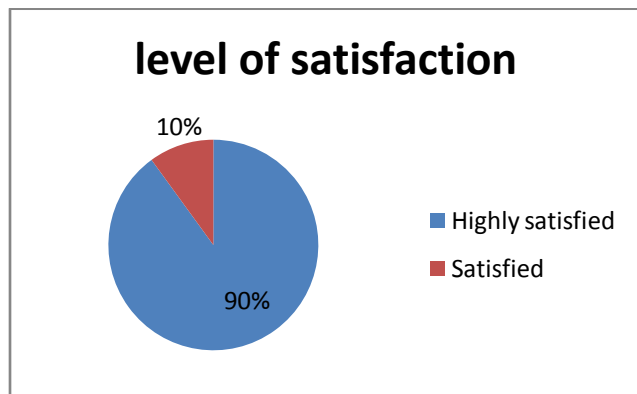
The most frequently cited sources of information about price, supply and demand conditions were contact persons (70%) and business partner (20%) in the export countries. Other exporters serve as a source for exporters with no contacts in export markets. These show that all exporters use the same source of information for price, supply and demand conditions of the export markets.

Availability of regular customers and brokers were the most frequently desired one by exporters in how and from whom they receive trusted information about the conditions in their purchase markets. Conversely, having a contact person or offices was the most critical colleague in the export countries.

Satisfaction level with obtained information

The figure below shows satisfaction level of exporters with the information obtained.

Figure 4.4 level of satisfaction on obtained information



Source: Survey result, 2014

Almost all the livestock exporters said that they were satisfied with the information they obtained about the market conditions in the livestock export markets. Based on the degree of satisfaction, 90% replied as highly satisfied followed by satisfied (10%). The results on the sources of information about market conditions in the export countries confirms there was a follow back of information and strong relationship and commitment in exchanging information between exporters and their contact persons.

Traders' knowledgeability

Sex of Animals

In general, male animals are more demanded than female animals in the export markets. It is important to note that the exporters target male animals mainly due to cultural attitude toward female animals, for instance most of the time female camels were not sought for its meat, the return from sale of female animals may also be a reason since their price are too much lower than male animals.

Table 4.21 Awareness of demanded sex of animals

Response	Frequency	Percentage
Unknowledgeable	0	0
Less knowledgeable	0	0
Moderately knowledgeable	0	0
knowledgeable	8	40
Highly knowledgeable	12	60
Total	20	100

Source: Survey result, 2014

As it can be seen from table 4.22 all respondents were aware of the preference for the sex of animals in the export market. This indicates a smooth flow of sex related quality information among the different actors of the trade.

The data obtained from Jigjiga revenue and custom authority also substantiate this idea as most of the sex of exported animals was male. Thus, in general, it is interesting that there was knowledge regarding sex preference of animals in export markets.

Age of Animals

The age of animal influences both the quantity and quality of meat that animal can produce. The quantity of meat produced increases with age up to certain point but as the animal gets very old the tastiness of meat decreases, thus becoming of lower quality.

Table 4.22 Awareness of demanded age of animals

Response	Frequency	Percentage
Unknowledgeable	0	
Less knowledgeable	0	
Moderately knowledgeable	1	5
knowledgeable	3	15
Highly knowledgeable	16	80
Total	20	100

Source: Survey result, 2014

Fortunately, most of respondents (80%) were highly knowledgeable about the age demanded in export market followed by knowledgeable (15%) traders. They see age knowledge as necessary for being engaged in animal trade. Age is linked to the mode of transportations (trucking versus trekking), distance to the terminal market and availability of feed and water along the route. There were several techniques used by exporters for diagnosing animal's age. They frequently know the age of animals by checking the teeth and horns (number circles of in case cattle and rounds for goats) animal as well as their body size.

Weight of Animal

There are five levels of weight quality specifications in case of cattle and camel for export market (BoARD). These were ≤ 150 kg, over 150-250 kg, over 250-350 kg, 350-450 kg, and > 450 kg. Camel weight quality specifications were ≤ 300 kg, 350-450 kg, 450-550 kg, 550-650 kg and over 650 kg. In the case of sheep and goats, there were four levels of weight quality specification requirements which were ≤ 25 Kg, 25-30 Kg, 30-40 Kg, and > 40 Kg.

Table 4.23 Awareness of demanded weight of animals

Response	Frequency	Percentage
Unknowledgeable	13	65
Less knowledgeable	3	15
Moderately knowledgeable	2	10
knowledgeable	2	10
Highly knowledgeable	0	0
Total	20	100

Source: Survey result, 2014

In general, it is observed that significant proportions (20%) of livestock traders in Jigjiga zone were aware of the required animal weights for export. However, 65% of respondents said “they did not have any knowledge about the weight of animals demanded by the export market. Also 15% have a little knowledge of the demanded weight of animals. This result probably reflects the fact that there is no weighing of livestock for export in Jigjiga zone. Thus, there is a lack of knowledge of animal weight requirement. It may however, be possible for experienced persons to provide rough estimate of the weight of animals by eye balling. Although they may not have the knowledge of the particular weights, but by practice and in their buying decisions they only supply/purchase reasonable sized animals whose weight they were able to estimate by eyeballing.

Animal Health Requirements

It is obvious that many Gulf countries require an animal health certificate issued by the government of the exporting country stating the animals are free from disease before they are exported to these countries. The certification of health requirements for export is given in terms of weight certificate, private health condition certificate, pedigree certificate, production records, and inspection declaration.

Table 4.24 Awareness of health requirements of animals

Response	Frequency	Percentage
Unknowledgeable	0	0
Less knowledgeable	0	0
Moderately knowledgeable	0	0
knowledgeable	0	0
Highly knowledgeable	20	0
Total	20	100

Source: Survey result, 2014

In terms of animal health requirements all of the exporters operating Jigjiga zone were aware of the required animal health certificate. All of the exporters indicated that they neither buy sick animals nor animals from disease areas.

The cattle traders use different ways to ascertain health and quality of animals purchased. These include: self-inspection, assertion by the sellers, broker, and animal inspectors. Thus, more than these techniques, there was no other well-established formal means to ascertain the quality of animals for export that meets the OIE requirements for global livestock trade.

Nutritional Status

The specification of quality requirements for the nutritional status of live animal is given at three levels: excellent, good, and fair corresponding to grades I, II, and III respectively (SRIAR).

Table 4.25 Animal grades frequently traded

Item	Number of respondents	Percent
Which of the following animal grades do you frequently purchase?		
Grade I	6	30
Grade II	9	45
Grade I&II	5	25
Total	20	100

Source: Survey result, 2014

From the entire exporters, 30% of them purchase grade I which mostly animals found in tertiary markets and sold by fattening cooperatives. Large numbers (45%) of respondents were engaged in the trade of grade II animals. There is parallel relationship between price and grade of animals. However, quarter (25%) of them were trading both grade I and II animals. They determine nutritional status of the animal by examining the layering of fat and flesh over skeleton of the animal judged visually and by physical examination.

4.4 Major Constraints of Exporters

There were several issues considered to be constraints to live animal exporters of Jigjiga zone. Among these; competition from illegal traders, disease, drought, harassment, insecurity and tax were alternatives provided to the exporters.

Table 2.26 Major constraints of traders

Items	Number of respondents	Percentage
From the items mentioned below, select one major constraint to your business.		
Competition from illegal exporters	6	30
Disease	0	
Drought	0	
Harassment by officials	4	20
Insecurity of the routes	3	15
Taxes	7	35
Total	20	100

Source: Survey result, 2014

The table 2.27 above shows that the constraints selected by respondents are related by its magnitude. Respondents picked taxes (35%) as the major constraints to their business. Nearly equal number (30%) of respondents also had chosen the competition from illegal exporters as strong constraint to their business. Finally, harassment (20%) and insecurity (15%) were selected by significant number of respondents.

Based on the researcher's observation traders were being requested to pay the regular government taxes and some more bills. These charges were not uniform across the market places. Two to three different cash receipts are issued by tax (Ashur) collectors for a single animal at the same time. This opens door for unwanted ethical issues and discourages exporters to buy animals in market yards. Multiple taxes, alongside the costs of working without the

umbrella of legality, put unrealistic pressure on traders and means that they tend to avoid payment to protect their small profit margins.

The illegality of trade is also a major problem. Illegality means evasion from formal animal exporting procedures and still exporting animals. Exporting through informal channels is simpler and more cost-effective than exporting formally and the exporter can avoid legal requirements for registration, licensing, foreign currency regulations and taxation. The overwhelming size and scope of illegal operators puts a competitive strain on those operating legally who find it difficult to compete on price.

Harassment in this study covers various acts by government official and other workers perceived by exporters to be unfair, and more specifically also covers issues like demanding a bribe to execute the purpose of exporters. In Jigjiga zone, exporters regularly faced with the miss behave of petty officers.

Insecurity was also mentioned as a constraint, and it affected normal export system live animals. The north-eastern parts of the Somali Region are the areas of highest conflict in the region. Jigjiga traders were affected by increased banditry on routes where traders are open to serious risk of injury and death of their animals.

Ecological constraints (disease and drought) are less picked by the exporters. These is may be because of animals that are brought to the market tend to be healthy. Traders also made great caution on health condition while they buy animals. Drought occurrences may be low on this part of the region.

Economic and legal and administrative factors challenging live animal export

There are a number of challenges that influence live animal export trade associated with different factors. The following tables show the major economic, and legal and administrative factors that challenge the trade. In this part descriptive statistics in the form of mean and standard deviation are presented to illustrate the level of agreement of the respondents with their inferences to the stated variables. The responses of the respondents for the variables indicated below were measured on five point Lickert scale with 1 stands for strongly disagree, 2 stands for disagree, 3

stands for undecided, 4 stands for agree, and 5 stands for strongly agree. while making interpretation of the results of mean and standard deviation the scales are reassigned as follows to make the interpretation easy and clear. 1 - 1.8= Strongly Disagree, 1.81 – 2.6 = Disagree, 2.61 – 3.4= Undecided, 3.41 – 4.20= Agree and 4.21 – 5 = Strongly Agree (Best, 1977 cited in Tsegay, 2011).

Economic Factors

The following table summarizes respondents’ reply to the questions of economic factors that could challenge the trade.

Table 4.27 Economic factors challenging the trade

No.	Item	Mean	Standard deviation	Rank of severity
	Economic factors			
12.2.1	I am satisfied with the financial access given by lending institution	1.85	0.91	5
12.2.2	I have access to business trainings provided by government agencies	1.75	0.94	6
12.2.3	I have an access to market information to exploit business opportunities	3.35	0.73	3
12.2.4	I have all managerial skills required for the business	3.45	0.74	2
12.2.5	There is no stiff competition in the live animal export trade	1.95	0.88	4
12.2.6	Sufficient amount of market infrastructures are available	3.65	0.78	1
Grand mean/standard deviation		2.66	0.83	

Source: Survey Result, 2014

It is indicated in table 4.4 of source of capital that respondents were not used lending institutions as. In accordance with it, table 2.27 shows that exporters were not satisfied with the financial access given by given by lending institutions. It shows a mean score of 1.85 with a standard deviation of 0.91. Therefore, the average score of the respondents with respect to pleasing financial access is ‘disagree’ with slight deviations among them.

Most live animal exporters in Jigjiga zone acquired skills for the trade from the market (See table 4.7). But as the response of the LPM head of ARDB the region shows, there were training given

to live animal exporters. However, the above table indicate that respondents strongly disagree with access to different business trainings by the respondents is low with a mean of 1.75 and standard deviation of 0.94.

As it is shown in the table, better access to market information to exploit business opportunities has scored mean of 3.35 and standard deviation 0.76. The score shows that respondents disagree on the better access to this market information.

In relation to managerial skills required for their business, the respondents believed that they are equipped with managerial skills demanded by the business. This is justified by the mean score (3.45) and the standard deviation (0.74).

With regard to solidity of market competition, the mean scores (1.95) and the standard deviations (0.88) shows that respondents disagree with the idea that there is no stiff competition for live animal export trade.

Lastly, the scores for the availability of sufficient market infrastructures in the table above show that the respondents agree with their availability to these infrastructures with a mean of 3.65 and standard deviation of 0.78.

Legal and legislative factor

Similar to the above table, the following table summarizes the considered legal and legislative factors that might affect the live animal export trade. The responses were summarized based on lickert scale with frequency and percentage of the response.

Table 4.28 Legal and administrative factors challenging the trade

No.	Items	Mean	Standard deviation	Rank of severity
	Legal and administrative factors			
12.3.1	I have business assistances and supports from the concerned government bodies	3.6	0.77	1
12.3.2	I have no legal, institutional and policy constraints related to the trade	3.55	0.76	2
12.3.3	I have never come across bureaucratic red tapes	1.75	0.94	5
12.3.4	I am beneficiary of incentives given by government	3.5	0.75	3
12.3.5	I have never faced unfavorable legal and regulatory environments	1.95	0.9	4
12.3.6	The taxes levied on my business is reasonable	1.75	0.94	5
	Grand mean/standard deviation	2.68	0.84	

Source: Survey result, 2014

Tables 2.28 above clearly demonstrates the respondents have business assistances and supports from government bodies. The mean score (3.6) and standard deviations (0.77) shows that these respondents agree with the issue that they have business assistances and supports from the concerned government officials.

Similarly agreements are seen among the respondents in relation to the inexistence of legal, institutional and policy constraints. The mean (3.55) and the standard deviations (0.76) for the constraints matters respectively support the ideas.

In addition the respondents strongly disagree that they never encountered bureaucratic red tapes with mean of (1.75) and standard deviation of (0.94).

With regard to government incentives and the favorability of the overall legal and regulatory environments the mean scores 3.5 and 1.95 and standard deviation 0.75 and 0.9

implies that even if there were government incentives, the overall legal and regulatory environments were not as such favorable.

With regard to the reasonability of taxes being charged, respondents disagree with the mean of 1.75 and standard deviation of 0.94.

It was understood that all the economic, legal and administrative, factors challenge the performance of live animal exporters, it does not essentially mean that all have equal impact. As a result, comparing the factors stated above, the severity of legal and administrative factor was higher than economic factor with a grand mean of 2.68 and standard deviation 0.84.

4.5 Discussion of the Interviews

The general relationship exists between of live animal exporters and concerned government bodies can entail the challenges and opportunities of exporters. Hence, an interview was conducted with custom heads with regard to the rationality of multiple taxations being levied on exporters. Additionally, contributing factors for illegal live animal trade and measures of combating the trade were discussed below. Secondly, head of department of livestock production and marketing of Agriculture and Rural Development bureau was interviewed regarding the relation of the bureau with exporters. Finally, head of animal health bureau was interviewed about process, costs of certifying animals and number of days it takes.

Even though the interview result showed there were no taxes levied by custom bureau on the exporters, there were many taxes required to be paid by exporters. Taxes were not seen to be a problem by itself, but rather the exporters pay multiple taxes called *Ashur*. At the sales-yard a market tax is paid, then at every crossing of a zone or woreda boundaries further taxes are paid and finally another tax is paid for crossing the international border. These various payments described as *Ashur*, which is local revenue and not as state tax, does not make a difference to the individual trader. Multiple taxes, alongside the costs of working without the umbrella of legality, put unrealistic pressure on traders and means that they tend to avoid payment to protect their small profit margins.

The head of illegal trade control department of CRA of the Jigjiga area discussed the prevalence of illegal live animal export is contributed with the characteristics of actors in illegal live animal export, nature of animal exporting activity and lack of awareness of the contribution of formal

live animal export to the economy of the country and unique nature of the cross-border livestock trade of the region. The illegal animal marketing featured is by financial constraint and operates under credit system with friendship and tribe relationship, and the small pastoralist or exporters. The bureau also identified several contributing factors to the development of the illegal animal export. These include the extended bureaucracy of legal export procedure, high foreign currency requirement, and weak implementation of the animal export and import agreement between the Ethio-Somaliland, Djibouti and Somalia. These countries were not also established the requirement for health or other certificates for animals they are importing. This practice may be encouraging their importers to buy animals from exporters (traders) operating in the illegal system.

As most of the trade in the Somali Region area is across this border, taxation is a sensitive issue. The government is more concerned elimination of tax avoidance and the consequent undermining of national and regional revenue raising efforts by illegal animal exporters, because it does not receive all of the foreign exchange to which it is entitled. There is also the loss of potential foreign exchange earnings resulting from the exchange of foreign currency through unrecognized and non-bank outlets.

The Customs and Revenue Authority of the area is entitled to impound and confiscate any animals that are captured while exporting illegally. Full responsibility and authority were delegated to the national armed forces and regional special police force operating in the border areas to catch any persons intimidating the law, and confiscate their animals. The bureau also devised a system by which the actors of illegal animal export face harsh penalty in regional court and ownership title of animals is transferred. Additionally, random checks along the roads and routes of the area were conducted. Occasionally even short time border blockages are enforced.

Based on its structure, there are many government bureaus established in the region to work with live animal exporters. Among those, regional livestock production and marketing, and trade and industry bureaus are intended to work directly with exporters. These bureaus responded as there was relationship with exporters. On different occasions there were contacts and discussion with animal traders, however, the bureaus perceived their relation as enough. Generally this loose relationship hurt exporters. Since livestock marketing is one area their work, there must be strong relationship with exporters.

Grading and standard of the region's livestock have been effectively under taken by regional animal research institute and livestock bureau. Hence, the types of animals' species, breed type, location of breed type animals etc are documented. But with respect to transferring the information to animal traders there were gaps. The aforesaid communication gap can be challenge for traders as animal grading and standards knowledge is one of the ingredients of animal export trade.

Regular meeting between government agencies and traders is the solution for common problems of concerned parties. With the interview, the bureaus have meetings which are not regular. However, there were several training arranged and provided to the traders. Additionally, it was mentioned that some assistances were given to exporters. These were:-

- Providing market information on demand and supply of live stocks internally and internationally.
- Dissemination of information on the outbreak of diseases, types of diseases and area of the disease.
- Animal handling and feeding during transportation.

Holding these were true, it was a great opportunity for exporters. However, it was against the exporters' response of questions raised in factors that affect live animal export.

It is known that there is no quarantine station in Somali region. Therefore, health certification system of export animals is conducted by animal health experts of Jigjiga animal health bureau. As a result, the interviewed head of the bureau stated some process of certifying export animals. Hence, animals are certified after sort of activities of examination and diagnoses undertaken. Animals are vaccinated against different diseases. These may take several days and weeks until certifications are completed animals are feed by owners at the waiting grounds. Finally animal ear tagging will be done. On the approval, number of animals certified, health conditions, grade, breed type, and average weight of animals are mentioned on the certificate. The traders are charged cost of processing veterinary activities. These costs are only for the services provided by the bureau in order to certify animals for export market and fulfill the IOE requirements.

However, when it comes to the observed reality, it is quite different from what was mentioned by the bureau. All the process of animal certification was being conducted only within less than an

hour. There were animal quarantine grounds given to medium and big exporters. But these places are used for other purposes even by exporters rather than keeping animals for quarantining. Instead of getting animals quarantined according to international requirements may be in quarantine stations or waiting grounds, that take more than 25 days, Jigjiga live animal exporters get health certificate while animals are on their trucks.

Animal doctors charge 200 birr per cattle and camels and 75birr per sheep and goat. The cost is too much higher than normal veterinary costs charged by quarantine stations in other parts of the country. But exporters perceive it as “fair”.

An exporter said”.... *The cost of veterinary is not fair and legitimate, but, rather than quarantining my animals in waiting ground for many weeks that force me to incur high cost of feeding animals, it is far fair”.*

Even though this situation reduces the time taken to export animal for the exporters, there is a probability of exporting ill animals. This can bring ban of live animal exporters. In long run it is a blow to their business in particular and to the country in general.

4.6 Current Performance of Livestock Export of the Zone

Several researches conducted on the area of Ethiopian live animal export indicated that major markets in the Middle East are growing in terms of population and income, providing a range of niches for targeting by Ethiopian exporters. This condition is also causing Ethiopia’s live animal export to increase. However, formal animal export is dwarfed by informal animal export from the country.

Besides, borders of the country are characterized by arid and semi-arid agro-ecologies where livestock is livelihoods. Eastern Ethiopian/Somaliland cross-border livestock trade accounts for the largest share among the four borders in terms of the volume and value of export from Ethiopia. Port of Berbera is the main outlet for livestock exports.

Ethiopian live animal export is dominated by regional markets in Middle East and some African countries. Ethiopia trades high volumes of live sheep, goats and cattle. Ethiopian’s exports of live animals are informal which are predominantly across borders with Somalia/Kenya, Somaliland, Djibouti and Sudan. Exporting through informal channels is simpler and

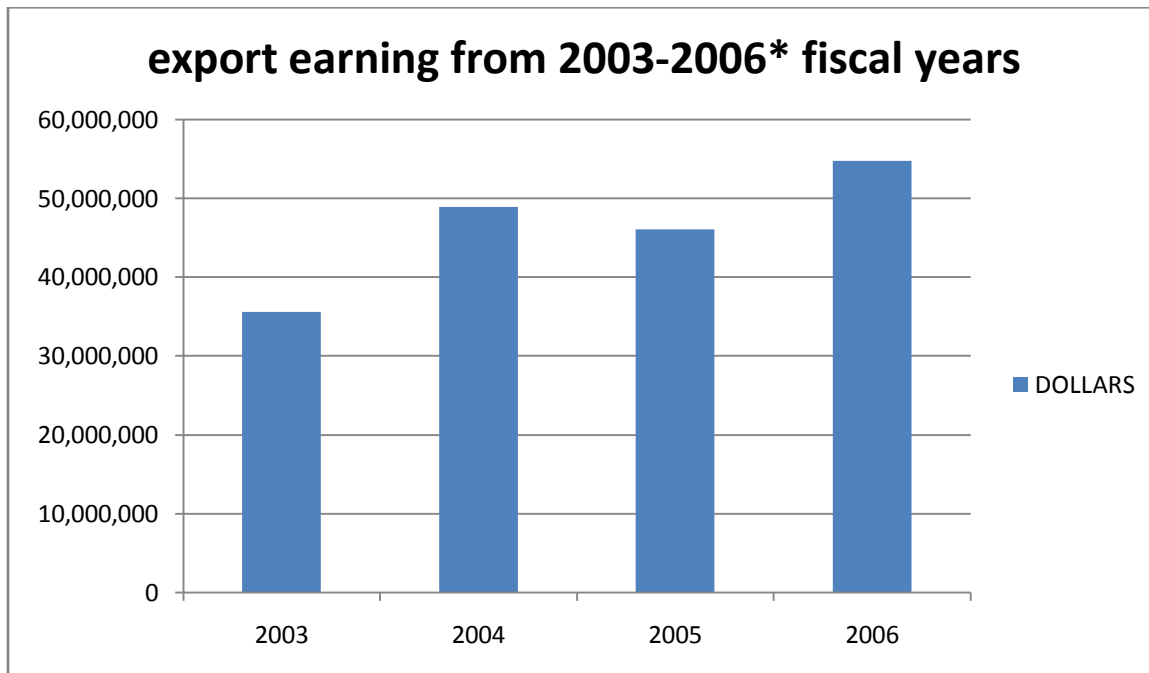
more cost-effective than exporting formally and the exporter can avoid legal requirements for registration, licensing, foreign currency regulations and taxation. The overwhelming size and scope of illegal operators puts a competitive strain on those operating legally who find it difficult to compete on price.

Re-exportation and re-branding of Ethiopian animals is common. Ethiopian animals are exported to eastern neighboring countries. They are often 're-branded' in those countries and then re-exported to Middle Eastern markets. This happened because of the lack of effective quarantine system in Ethiopia (AGP, 2013)

Formal live animal export from of Jigjiga zone of Somali region

According to data of Custom authority of Jigjiga branch, Ethiopia earned 54.7 million dollars in half year of 2006 fiscal year from live animal export. It increased by around 16% comparing to the earning of 2005 fiscal year (46.1million dollars). However, the income of 2005 fiscal year was significantly less than that of 2004 fiscal year which was around 48.8 million dollars. There was a decline of export in 2005 fiscal year by 5.8%.

Figure 4.5 Export earning from 2003-2006 fiscal years



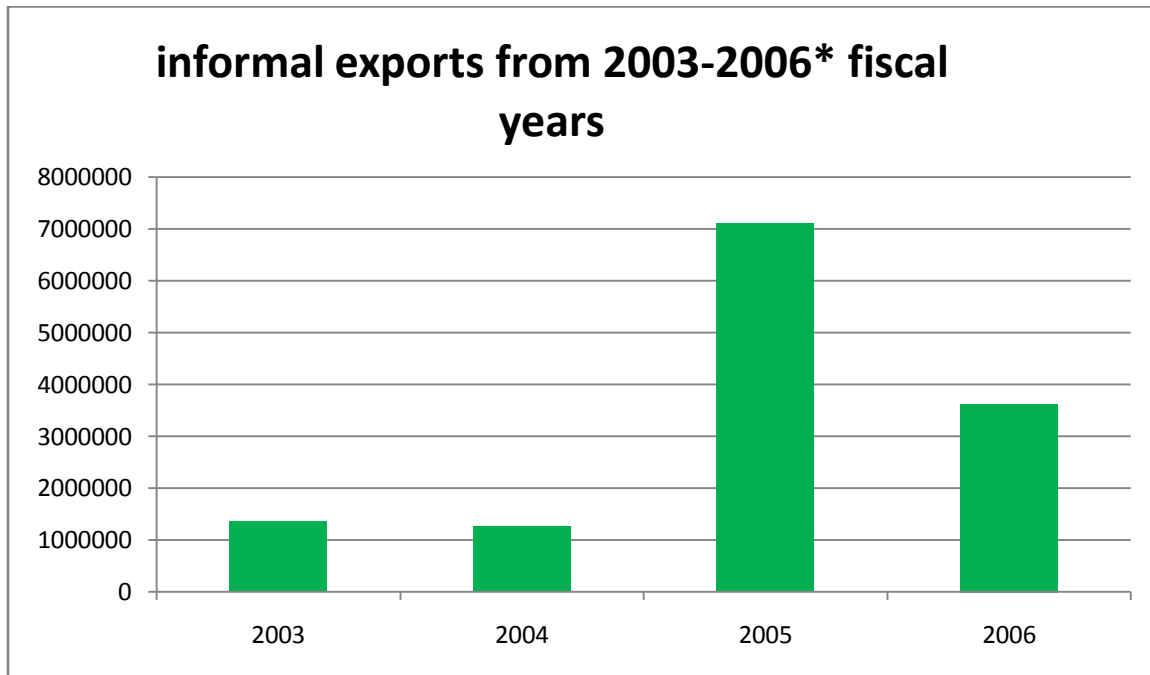
Source: Jigjiga branch R&CA 2003-2006 E.C reports

Generally, as the above graph shows, the live animal export of the zone was featured by fluctuations from year to year. There are many factors contributing to this situation. Among others, some of them are frequent fluctuations of the number of exporters, volume of export and exchange rate changes.

Informal live animal exports of Jigjiga zone.

Somali regional state is the main source of informal cross border live animal export to the neighboring countries, specifically to Somaliland. From the region, Jigjiga zone marks great portion because of its proximity to Somaliland.

Figure 4.6 Informal exports from 2003-2006 fiscal years



Source: Jigjiga branch R&CA2003-2006 E.C reports

The above graph shows the value of animals that have been tried to be exported informally and confiscated by government. It is clearly shown by the graph that informal live animal export is consistently increasing from 2004-2006* fiscal years. It is also assumed that high numbers of animals are being exported informally from the region as well as the zone. Custom authority half year reports of 2006 shows that 3.6 million dollars valued animals evade the formal system of live animal export in the zone. This half year report accounts more than 50% of 2005 fiscal year

(7.1 million dollars). Comparing to other three fiscal years, informal animal exports increased dramatically in 2005 fiscal years. Informal exports for 2003 and 2004 years were approximately equal (which was around 1.3 million dollars). Based on these information one can conclude that Ethiopia is losing high foreign exchange earnings as a result of informal live animal exports out flowing both from the country as general and from the region and zone particularly.

Seasonality of livestock flow

The livestock markets in most parts of the country are characterized by seasonality in flow and prices of animals. Overall, during the peak period, sales of animals were at least twice as high as in the off-peak period. In the pastoral lowland areas, a number of factors contribute to this phenomenon such as: seasonality of consumption demand (fasting and other ceremonial period) in domestic and export market, drought, disease outbreak, lack of information, availability of food aid, clan conflicts and others. The incidence of more than one of these factors is considered as complex issues affecting the decision to hold on or to sell livestock by the producers (FAO, 2013).

On the other hand livestock transactions recorded at Jigjiga Zone indicated that livestock supply in the market does not have uniform pattern, where supply highly fluctuates from time to time. Livestock prices have shown a seasonal pattern where prices are at peak during rainy (Dyer) season and drops in the other months. This is basically because of low supply of animals to the market during rainy season as farmers are usually engaged in other farming activities at the time. Availability of good grazing pasture is also another factor contributing to low supply of animals during rainy seasons. Also indicated that input constraints like feed and water shortage could significantly affect the supply and sales of animals (SNRLPMB).

4.8 Main Important Actors in the Live Animal Export System of Jigjiga Zone

The importance of the livestock marketing system to local livelihoods is substantiated by the many actors found in live animal export system. Their roles are renowned and there is a significant uniformity these actors across the woredas in the zone. Besides the market participants mentioned below, there are many additional actors in the chain of the market who facilitate the trade and make live out of it.

Ganasad: are large scale traders just ranked below Hawaad. Hawaad were companies previously used to export animals from Somali region. These Hawaad were out of this trade because of recurring live animal import bans by Arab countries that caused it bankruptcy. A few Ganasade working together may form a Hawaad. Most of these traders, who live in Jigjiga and its surrounding area, use the Letter of Credit arrangement, which allows for the legal export of cattle from Somali region to neighboring and Gulf countries.

Urursadle: are medium to small-scale traders, who arrive at the markets with capital to purchase livestock. Some of them either live in the pastoral areas or establish partners that organize for sheep to be fattened after buying them. They also provide credit to pastoralists, usually providing a service to those from their own clans. When a major order arrives from the big traders to provide animals for export, the Urursadle mobilize the pastoralists. Urursadle provide the linkage between external capital and the market, yet are close enough to actors in the market and producers in the rangelands to understand their problems.

Dillaal: are market mediator and the system of using them is an essential part of the live animal trading system. They are found in every livestock markets and are the link between the seller and the buyer. In every livestock market found in the zone, every seller has Dillaal (most commonly of their clan) operating within the market centers. Dillaal depends on his clan to supply animals. In Jigjiga zone the Dillaal is representing his clan or tribe in the market, and strive to guarantee the benefits of his tribe or clan. They have required knowledge about types of animals demanded and prevailing market price.

Dillaal negotiate the price of the animals, in front of both the owner and purchaser, who is often an exporter. After the agreement is made, the owner leaves. The Dillaal and purchaser meet in the evening and he is given the money which finally he hands it to owners.

Khidmadle: are most honored person with whom exporters deposit money. When deals are done the sellers go and receive their money from the Khidmadle. There must be a trust among the seller, buyer and Khidmadle. This enables the trader to focus only on acquiring stocks. The Khidmadle usually only works when large amounts of money have to be carried and one of the parties involved is from outside the market.

Raaii: are trekkers who travel animals on foot between livestock markets. They must be the one who have good relations with clan elders and can assume responsibility for the wellbeing and safety of the animals when trekking them through their clan areas. Most Raaiis cross long distances of hundred kilometers. They also travel animals between bush and the assembly markets.

Gesgara: are facilitating deals between Dillaals. The Gesgara' acts as a negotiator between the Dillaals to maintain a strong position while still giving freedom to negotiate. When an agreement has been reached he is given equal amounts by both Dillaals for "softening" the process.

Alaamadle: is the marker who immediately puts a mark on the animal to identify its new owner after the agreement to purchase is done. Alaamadle are the workers present in every major market who are skilled at marking animals.

Awsle: are also the most important additional service providers at the major markets. They accumulate and sell feed. Most of the time, they have linkage and communication with brokers, agents and traders.

Garaa: control the wild bulls at the time of loading and parking to avoid animal fight and injury. They have special tactics to distinguish wild bulls from another.

Sunile: are service providers at the markets to spray "poisons" on the animals. These are diluted vaccine to kill external animal parasites and other visible parasites commonly called "*Shilim*".

Heerolle: are owners of holding ground, usually with fence enclosures, where traders keep their animals for the night that are put up near the livestock markets, offering to watch after animals for the night for a fee. They also take the responsibility of keeping animals' safety and theft.

Maqahile: are tea sellers who maintain small cafeteria services around the market yards. It is also a place where animal owners get rest until their animals are sold. Almost all the Muqahilay are women.

Ashureley: are tax collectors who found in every livestock market. In large secondary and tertiary markets there are two pair workers a pair representing local revenue bureau and another pair from customs authority. They are equipped with necessary documents, certificates and receipts.

Truck drivers: they are animal transporters using foot journey and trucks. The exporter agrees with trekkers and truckers on the route of transportation, destination, and delivery date along with their responsibilities.

Hamaalad: are the loaders of animals onto trucks or unload it. A truck is unloaded by five hamaale. The Hamaale are paid a fixed wage. To avoid conflict among them in this activity, the hamaale have informal rules and regulations.

Banks: banks perform approval of legal requirements of the exporters like advance payment of hard currency by exporters for bank permit, cash against document, etc. This system ensures that the government earns foreign currency.

Animal health experts: make sure that animals are healthy and qualified for export. They provide animal health certificate for exporters.

Transitors: carry out custom clearance. There are two transit organizations in Jigjiga zone: ASEK and Fikadu Hailu transit organization. An exporter is required to hire one from these organizations.

CHAPTER FIVE

5. CONCLUSIONS AND RECOMMENDATIONS

This chapter presents conclusions drawn based on the findings and forwarded recommendations for the concerned bodies

5.1. Conclusions

As clearly illustrated in the previous sections of this paper, one of the purposes of this study was to assess the challenges and opportunities of live animal exporters of Jigjiga zone. Based on the observation made and data collected, the research has attempted to investigate the current performance and actors of live animal export. Depending on the results of the analysis made, the following major conclusions were identified.

The study found that the entire respondents were male exporters with limited educational background and medium experience, speaker of multiple languages. They started the business with either their own personal saving, from family or inheritance capital.

Live animal export business was owned by two or more persons. They were used to be engaged in different trade before they graduated to be exporters where majority were big traders. To escape from the risk of losing entire business, respondents were diversifying the business along with exporting animals. They operate under different size from small to large scale while dominated by small and medium sized business.

The traders were equipped with unique interpersonal, literacy or social skills obtained from either the market itself or business partners. Additionally, they get credit, capital or gifts and skill assistances from different individuals. Besides, exporters believed in advantages of belonging to certain clan to trade animals.

The study identified that traders procure animals from all the three livestock markets, incurring high cost of transportation, feeding and watering resulting from many days of transporting animals which was about two weeks. It was also indicated that price, quality and quantity issues are serious issues. Respondents were not organized in formal live animal export association nor thought of market management and partition among them.

Moreover, larger proportion of exporters had regular supply partners implementing different timing of payment for partners. Showing good level of trust with partners, exporters used to take measures like warning and negotiation in case supply partners fail to comply with their agreement. It was also found that exporters had office or person to search for market information in importing countries.

Even though exporters had knowledge about the demanded qualities of animals by importers, they faced with insufficient support by governments, inadequate infrastructures harassment, and bureaucratic short comings. Despite this, there were challenges from multiple taxation and illegal exporters.

Finally, the study diagnosed that the livestock export of the region have increased from time to time. However, the effect of illegality was core problem of the area. There were several participants of formal live animal export chain. The participants were found to be the same in many of the markets, but some like banks, transistors and custom officials existed only in big towns.

5.2 Recommendations

Based on the results and analysis of this study, the following recommendations are forwarded to both existing live animal exporters and stakeholders to eliminate the challenges, exploit the existing opportunities and improve the performance of live animal export of Jigjiga zone:

- Results of this survey discovered that live animal exporters have limitation of educational background which challenges them in dealing with the vibrant livestock export markets. Therefore, different business training and development should be provided for exporters to strengthen and update their managerial capabilities.
- To solve the problem of financial and credit constraints of exporters, there should be welcoming approach by financial institution and NGOs to work with exporters.
- To avoid unwanted competition between exporters resulting market cost escalation and inefficiencies; exporters should consider market management and partition among themselves. In this perspective, government agencies could also play its role by creating awareness of the importance of scientific market management by exporters.
- This study diagnosed that the marketing costs i.e. transportation, feed and water costs were high. This calls for the formulation and implementation of strategies that would reduce marketing costs, so as to sustain exporters' trade margins. The intervention might include investments in roads and stability of security, devising ways of harmonizing and reducing taxes and charges.
- The live animal exporters of Jigjiga zone are not organized in formal associations. The government should establish and organize exporters in legal exporters association. The system could facilitate communication with government bodies and exporters in enhancing the competencies, cohesiveness of exporters and stakeholders' relation, supporting the dissemination of information and dealing with challenges being encountered by the exporters.
- There should be an effort by government to establish favorable legal and regulatory environment that harmonize taxation system, avoid harassment and bureaucratic red tapes found in some institutions.
- There should be full implementation rules and regulations of live animal export with regard to providing animal health and safety certificates.

- It was identified that there was no quarantine station in Jigjiga zone and Somali region in general. As a result, there was limitation on the full practice of procedures on animal health and safety status process of certification. Therefore, there should be immediate action on the conformity of OIE standards to avoid potential animal export ban on the country.
- To control illegal live animal export, policy formulators must establish comprehensive legal and regulatory systems that not only discourage illegal live animal export but also turns it to legal system and new source of revenue. There must also be sustainable agreements with neighboring countries and strong implementation of the agreements.
- To increase the strength and level of relation with exporters, government bodies should review their approaches and strategies.
- Government should also strive to integrate different actors found live animal export chains in a cooperative association in such a way work effectively and efficiently with both exporters and other stakeholders.

Finally, this research is the assessment of the challenges and opportunities of live animal export of Jigjiga zone of Somali regional state. Additionally, it is conducted by surveying only limited numbers of live animal exporters. Hence, interested future researcher on this thematic area can expand the scope of the research to Somali region as whole and study further challenges and opportunities of live animal export.

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APPENDIX
MEKELLE UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT

Questionnaire to be distributed for the live animal exporters found in Jigjiga zone.

Dear Respondents

This questionnaire is organized by an **MBA** student in **Mekelle University, College of Business and Economics, Department of Management**. The objective of this questionnaire is to collect data regarding the “the challenges and opportunities of live animal export the case study of Somali Region Jigjiga Zone” in order to fulfill the requirements for the award of a Master’s Degree in Business Administration a specialization in International Business. The information obtained through this questionnaire will be kept confidential and will not be used for any other purposes except for academic purpose.

Contacts

Should you meet any difficulty in filling the questionnaire, please do not hesitate to contact the researcher at yaqub.fahmi@gmail.com or tell no +251920130946

General Instructions:

- It is not necessary to write your name
- Try to address all the questions given below
- For the closed ended questions use (√) mark for your choice in the given box
- For questions that demand your opinion, please try to honestly describe as per the question on the space provided.

Thank you in advance for your time and response to the questionnaire!!

PART 1: PERSONAL AND BUSINESS PROFILES

1.1 Gender of trader

A. Male

B. Female

1.2 In which interval is your age?

A. 20-30

B. 31-40

C. 41-50

D >50

1.3 What is your education level?

A. No Schooling

B. Religious School

C. Primary School

D. High School and above

1.4 How many years of experience do you have in livestock export?

A. 1-3

B. 4-6

C. 7-9

D. 10-12

E. >12

1.5 What is your religion?

1.6 Which of the following language do you speak?

A. Somali

B. Oromiffa

C. Amharic

D. Others

1.7 If you speak more than one of the above languages specify here:

A. Muslim

B. Protestant Christian

C. Orthodox Christian

D. Other

1.8 What is your tribe?

Part two: Entry into business

2.1 What is your previous business endeavor?

A. Agent

B. Big trader

C. Small and medium trader

D. Petty trader

E. Brokers

F. Gadley

G. Gedhisley

H. Livestock producers

I. Others

2.2 Where did you get the capital to get started?

A. Personal saving

B. family

C. Borrowed from relatives or friends

D. financial institutions

F. Assistant from friends or relatives

G. I. Assistant from NGO's

J. Others (specify)

2.2 Why did you engage in this business?

2.3 What is the form of your business ownership?

A. Sole ownership

B. Two partners

C. Several partners

D. Other forms

2.4 How much capital do you deal with?

A. Small-scale

B. Medium-scale

C. Large-scale

2.5 Are you involved in other forms of businesses?

A. Yes B. No

2.6 If your answer for question 2.5 is “Yes”, what types of businesses?

A. Crop farming

B. Livestock production

C. Trade in commodities

D. others

2.7 Why did you vary your business?

2.8 How did you learn the skills for this trade?

A. From family and relatives

B. was apprenticed to an experienced trader

C. From my own partner

D. Learnt from the market

2.9 Are there any special skills needed to become a good trader?

A. Yes B. No

2.10 If your answer for question 2.9 is "Yes", which one of the following skills are most important to be good trader?

A. Numeracy

B. Literacy

C. Interpersonal skills

D. Knowledge of religion

E. Social knowledge

2.11 Did you get assistance from other individuals to strengthen your business?

A. Yes B. No

2.12 If you got assistance, what type of assistance did you get?

A. Credit

B. Capital and/or gifts

C. Inheritance

D. Knowledge and skills

2.13 From which market do you buy animals?

A. Primary markets

B. Secondary markets

C. Terminal markets

4.14 Which of the following issues is a serious problem in procuring animals?

A. Price Disputes

B. Quality Disputes

C. Quantity Disputes

D. Others

Part three: Live animal trading practices

3.1 Source of information

3.1.1 From whom do you frequently get information on price of live animals in your purchase markets?

- A. Personal observation
- B. Other exporters
- C. Agents
- D. Brokers
- E. Regular customers

3.1.2 From whom do you most frequently get information on the supply of live animals in your purchase markets?

- A. Personal observation
- B. Other exporters
- C. Agents
- D. Brokers
- E. Regular customers

3.1.3 Are you satisfied with the information you got?

- A. Highly satisfied
- B. Satisfied
- C. Moderately satisfied
- D. Less satisfied
- E. Unsatisfied

3.1.4 From whom do you most frequently get information on the price of live animals in export markets?

- A. Internet
- B. Other exporters

C. Contact offices

D. Contact persons

E. Agents

3.1.5 From whom do you most frequently get information on the supply of live animals in export markets?

A. Internet

B. Other exporters

C. Contact office

D. Contact person

E. Agents

3.1.6 From whom do you most frequently get information on the demand of live animals in export markets?

A. Internet

B. Other exporters

C. Contact office

D. Contact person

E. Agents

3.1.7 Are you satisfied with information you got?

A. Highly satisfied

B. Satisfied

C. Moderately satisfied

D. Less satisfied

E. Unsatisfied

3.2 Knowledge of exporters on quality requirements

3.2.1 The major live animal quality attributes are listed below. After you read each of the Attributes, evaluate them in relation to your level of knowledge.

Attributes	unknowledgeable	Less knowledgeable	Moderately knowledgeable	knowledgeable	Highly knowledgeable
3.2.1.1 Sex the animal	1	2	3	4	5
3.2.1.2 Age the animal	1	2	3	4	5
3.2.1.3 Weight the animal	1	2	3	4	5
3.2.1.4 Health the animal	1	2	3	4	5

3.3 Which of the following animal grades do you frequently purchase?

- A. Grade I
- B. Grade II
- C. Grade III

3.4 If you trade in different grades, specify it here:

3.5 How do you recognize the age of animals?

3.6 How do you recognize the weight of animals?

3.7 How do you recognize the nutrition of animals?

3.8 How do you recognize the healthiness of animals?

3.9 How do you recognize the healthiness of animals?

3.10 Do you use regular supply partner?

- A. Yes
- B. No

3.11 If you use regular supply agents state maximum delivery date.

3.12 What actions do you take if deadline is not met?

- A. Warn agent
- B. Discuss
- C. Just wait
- D. Reject delivery

E. Buy elsewhere

3.13 Timing of partners' payments of regulars

A. All in advance

B. Half in advance and half on delivery

C. Half in advance and half after selling

D. All on delivery

E. All after animals are sold

3.14 Do you have links with importing country?

A. Yes B. No

3.15 If your answer for question 4.14 is "Yes", what is the means of links??

A. A contact office B. A contact person

3.16 How many days it take to transport animals before crossing Ethiopian border?

A. 4-6 B. 7-9 C. 10-12 D. 13-15 E. >15

3.17 Why it takes all these days?

3.18 How do you evaluate transportation costs?

A. Very high

B. High

C. Moderate

D. Low

E. Very low

3.19 How much you expend on average for feed and water for one time of export?

A. Nil

B. 1-100 Birr

C. 101-500 Birr

D. 501-1000 Birr

E. 1001-1500 Birr

F. >1500 Birr

3.20 Is it advantageous to come from certain clans to trade in this route?

A. Yes B. No

3.21 If your answer for question 2.0 is “Yes”, mention the advantages

3.22 Are you a member of association or group?

A. Yes B. No

3.23 If your answer for question 4.22 is “Yes”, which association or group?

A. Livestock exporters’ association B. Business friends C. Others

3.24 If you are a member of association or group, why did you join it?

3.25 Do traders discuss among themselves on how to partition the market?

A. Yes B. No

3.26 Which seasons are the best for livestock trade?

3.27 How is the level of trust and faith you have with business partners?

A. Excellent B. Very good C. Good D. Fair E. Poor

3.28 How do you resolve differences and disputes between traders?

3.30 Do you take animals on credit?

Part four: The major problems and constraints that affect live animal export

4.1 From the items mentioned below, select one major constraint to your business.

A. Competition from illegal traders

B. Disease

C. Drought

D. Harassment by officials

E. Insecurity of the routes

F. Taxes

4.2 How did you adjust to cope with the bans?

4.3 The major economic factors that affect live animal export are listed below. After you read each of the factors, evaluate them in relation to your business and then put a tick mark (√) under the choices below.

5=strongly agree 4=agree 3=undecided 2=disagree 1=strongly disagree

No.	Item	Agreement Scale					remark
		1	2	3	4	5	
	Economic factors						
4.3.1	I am satisfied with the financial access given by lending institutions						
4.3.2	I have access to business trainings provided by government agencies						
4.3.3	I have an access to market information to exploit business opportunities						
4.3.4	I have managerial skills required for the trade						
4.3.5	There is no stiff competition in the live animal export trade						
4.3.6	Sufficient amount of market infrastructures are available						

4.4 The major legal and administrative factors that affect live animal export are listed below. After you read each of the factors, evaluate them in relation to your business and then put a tick mark (√) under the choices below.

5=strongly agree 4=agree 3=undecided 2=disagree 1=strongly disagree

No.	Item	Agreement Scale					remark
		1	2	3	4	5	
	Legal and administrative factors						
4.4.1	I have business assistances and supports from the concerned government bodies						
4.4.2	I have no legal, institutional and policy constraints related to the trade						
4.4.3	I have never come across bureaucratic red tapes						
4.4.4	I am beneficiary of incentives given by government						
4.4.5	I have never faced unfavorable legal and regulatory environments						
4.4.6	The taxes levied on my business is reasonable						

Part five: Interview

Interview Questions with Custom Head

1. How do you perceive multiple taxation system levied on live animal exporters?
2. What are major contributing factors for illegal live animal export?
3. What measures do you take to combat illegal livestock trade in the region?

Interview Questions with the Livestock Production and Marketing Bureau

1. How do you explain the relationship you have with live animal exporter?
2. How do you evaluate effectiveness of grading and standard systems?
3. Do you have regular meeting periods?
4. What types of assistance you give for exporters?

Interview Questions with Animal Health Bureau Heads

1. How do you certify animals to be exported?
2. How many days it takes to certify animals to be exported?
3. How do you justify the costs that animal exporters are charged to get the services?