

# Risk Taking for a Living: Trade and Marketing in the Somali Region of Ethiopia

A Study by the UN OCHA Pastoralist Communication Initiative



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Editors: Patta Scott-Villiers and Ruth Tanner  
Design: Giant Arc Design  
Layout: Sarah Wilson  
Printing: United Printers, Addis Ababa

Published by the  
UN OCHA Pastoralist  
Communication Initiative  
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March 2007

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Development Studies or the UK Department  
for International Development.

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# Acknowledgements

**The UN OCHA Pastoralist Communication Initiative would like to thank the following for their contribution to the study.**

The Ministry of Federal Affairs, Addis Ababa, the Government of the Somali National Regional State, Elders of the Somali Region, members of regional and woreda Gurti, woreda administrators in Somali Region, representatives of the Government of the Somaliland Republic, the District Livestock Production Officer, Moyale District, Kenya and traders and market actors in Jigjiga, Harti Shekh, Gode and Tog Wachale.

Dr Stephen Devereux at the Institute of Development Studies, Save the Children UK Ethiopia, Save the Children US Ethiopia and Professor Peter Little of the University of Kentucky USA.

Special thanks to the trade and marketing data collection team; Ahmed Shekh Mahamud, Hassan Aden, Mohamed Abdi Hala, Dahir Ali Ofle, Sirat Osman, Mohamed Abdi Feder, Mokhtar Abdi Handulle, Shukri Abdi Noor and Osman Muhumed Hassan; And also to Bizuhon Legesse (data analyst).



Figure 1: Map of the Horn of Africa

**Note:** The area referred to as Somaliland throughout the text and the maps in this document refers to the self-declared Republic of Somaliland and the usage of the name does not imply in any way recognition by the United Nations.



Figure 2: Map of Ethiopia showing regional state boundaries

# Executive Summary

**Livestock production and trading are the principal economic activities of Ethiopia's Somali National Regional State (Somali Region). In gross terms the total income earned through the trade in livestock and its associated enterprises is surprisingly large, given the poverty stricken and relief-dependent image suffered by this arid region. This paper discusses the organisation of trading in Somali Region and describes specific livestock markets and their price behaviour. An insight is offered into the complex world of a vibrant and ancient system; one which manages great risks and serves the economic and food security needs of rural and urban residents alike. Largely without the assistance of modern developmental initiatives and institutions, the marketing chains reach into the remote inaccessible corners of the country and serve millions, rich and poor, urban and rural.**

The essential characteristics of this pastoral trading system were laid down several hundred years ago. It works through specialisation and calculated risk-taking. It is backed by clan-based insurance and credit arrangements. The structure of the market is best described as a set of parallel conveyor belts that take out livestock exports and bring in consumer goods. Livestock and other commodities flow along specific corridors into and out of the region. Each corridor is dominated by two or three large clans and managed by a particular set of traders, guarantors and credit suppliers whose ties are clan-related and whose operations are founded on trust.

Most traders are male and middle-aged and their trade is medium-scale: they focus on dealing in small stock and food commodities. But there is also dynamism in the system, with a growing number of relatively young as well as female traders coming into the business. More than three-quarters of all traders interviewed for this study started trading within the last ten years. The trade itself is changing, with the introduction of new forms of transport, communications, finance and banking by the private sector. These developments show the potential for creativity and change within the system.

In most livestock market development projects, a technical bias has led to a focus on physical and environmental issues like stock routes, disease control and the provision of water and market infrastructure. The tremendous role played by local traders in organisation, financing and managing the complex trading chains that get animals to export markets has seldom been acknowledged, nor their potential enhanced through enabling actions by governments or international projects. The dynamics and price behaviour of pastoral livestock trading systems have rarely been examined, while the financial and economic incentives for pastoralists to adopt new marketing arrangements have often just been assumed.

This study focuses on four main market places in the Somali Region of Ethiopia. It estimates that 25-45% of stock sold in these markets is exported across national borders to consumers in Saudi Arabia and the Gulf. Almost all the remaining animal sales are for breeding or slaughter within Somali Region itself. Very little is moved north to the Ethiopian highlands.

The findings of this paper challenge the current orthodoxy on the workings of a pastoralist-based economy and its contribution to livelihoods and national wealth in a number of ways. The size of the economy is much larger than usually reported. The volume of animals traded and exported via informal trading routes significantly exceeds the volume of animals exported through official channels. This study estimates that informal cross-border exports from northern Somali Region alone exceed by a factor of 3.2 to 6.5 the Ethiopian Customs Authority's statistics for the number of live animals exported from the whole of Ethiopia<sup>1</sup>.

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<sup>3</sup> Ethiopian Customs Authority, pp 16-17 (also see Appendix 11)

The official number of animals exported from Ethiopia in 2003/4 was 41,565, while this study estimates for 2005 that a minimum of 140,000 animals were exported from two markets alone. Yet income levels are low and profit margins are small for most of the many thousands of individual traders and middlemen.

This study documents oversupply of animals to the markets and relatively inflexible prices. While it is often believed that pastoralists do not like to sell their stock, for all markets for which data exists in the region the number of animals offered for sale systematically exceeds the number of animals sold for all grades of stock. It is sometimes suggested that pastoralists have a minimum or reserve price below which the number of animals offered for sale drops dramatically. However there is limited evidence of a reserve price in the data even though livestock has a number of uses outside the market, serving a social function and also a payment or bartering function within the clan structure. The study shows that livestock markets do not clear in the way that economic theory suggests, whereby the price of stock changes according to supply and demand in order to sell all the stock offered.

Low to moderate levels of price volatility for all grades of stock indicate the strengths of the market, including specialisation amongst traders, a capacity for risk taking and a rapid response to demand. The most commonly traded export grades show the lowest level of price volatility.

Whereas cash prices vary less than expected, barter prices vary considerably. In dry years the livestock-grain terms of trade can fall dramatically for pastoralists. Data shows that livestock-grain terms of trade are more erratic in the south of Somali Region than in the north (Jigjiga). The most plausible explanation for this phenomenon is that the stable supply of imported food grains (in particular rice) in the north of Somali Region plays an important role in stabilising the terms of trade.

It seems that the livestock markets are not well integrated. Price changes in one market do not appear to have an immediate effect on the prices in others. Traders describe how difficult it is to adjust from one market or market corridor to another, involving increased cost and risk. Low demand, low margins and harassment dominate the list of constraints reported by traders. That the vast majority of their trade is considered illegal hinders the ability of members of a given trade corridor to consolidate or grow their markets, to open new ones or to negotiate the lifting of bureaucratic or legal constraints. Traders cling to what might otherwise be considered outmoded and excessively cautious arrangements for transport, finance, insurance and marketing.

The clan-based structure of the internal trade linkages is a source of weakness as well as resilience. The trade routes are rigidly clan-based and are not quickly interchangeable - a trader cannot easily choose to use a different route than the one he or she normally uses, unless that trader has the contacts and trust arrangements needed to make such a shift. If the demand that is transmitted down the chain is reduced, then he or she cannot easily work to increase it again.

Income levels are constantly threatened by underlying vulnerabilities and risks, as well as costs imposed by bureaucratic bottlenecks. There are various predictable internal costs (capital, transaction and labour costs and taxes), as well as unpredictable costs imposed by border closures, confiscations and insecurity. The trade is also subject to exogenous shocks beyond the control of the affected traders and pastoralists (such as the Saudi Arabian government ban on live imports in 1998/1999, fluctuating currency regimes or the sinking of uninsured boats).

Overall Somali Region's livestock trading system exhibits a number of unusual features (excess supply, weak correlation of inter-market prices, low growth, ambiguous legal status, high levels of harassment and reliance on clan structures for capital, insurance and access to routes) which do not conform to conventional market behaviour and are therefore unlikely to be solved by traditional livestock marketing development policies and projects. Nevertheless, the region's trade plays a very important role in the lives of millions of people. Within somewhat confined channels the market chains are strong and competitive, offering primary producers value for their stock.

Given the vital contribution of livestock trade to both pastoral livelihoods and national exports, understanding the market system is crucial to avoid the danger that policies will conflict with rather than fit the environment in which the livestock trade operates. This study provides a description of the system and

contributes to current debates as to how trade can secure both livelihoods and revenues. It recommends that traders and producers must adapt to a fast-globalising world where sources of supply can quickly change along with consumer tastes.

This study argues for a new view of livestock trade in Somali Region. It is a system in which the risks of moving stock in a highly uncertain environment are offset by clan-based guarantee and insurance arrangements which serve to protect but also to severely limit the volume and value of trade. In a fast-globalising world, the consumers to which pastoralists sell their animals are rapidly adapting to new sources of supply. Unless this ancient and resilient trading system becomes more efficient, and unless insurance systems and state institutions allow for increased trader flexibility, it is likely that markets will dwindle and may be lost altogether. To create growth, demand needs to grow to meet the considerable capacity of pastoralists to supply. To make the markets more efficient, the systems of trader insurance and finance need to open up. The role of the state will be fundamental in assisting traders to build and supply to new markets and consolidate old ones. Efficiency can be achieved if the state lifts constraints and rationalises its incentive systems, while the trader sheds some outmoded practices and builds on the dynamic and adaptive elements of this economy.

This study suggests that government and development agencies take a fresh look at the role of the risk-taking entrepreneur. By working in harmony rather than at cross-purposes, traders and the state have the potential to develop and grow an already significant economy that already provides for the livelihoods of millions.

# 1. Background and Method

This trade study is part of a wider research into vulnerable livelihoods in lowland Ethiopia. The UN OCHA Pastoralist Communication Initiative (UN OCHA-PCI), financed by the UK Department For International Development (DFID), with the support of its partners, the Ministry of Federal Affairs and the Somali National Regional State, commissioned a pastoralist-centred study in late 2003 to understand the forces behind food insecurity among the pastoralists of Ethiopia. This research was led by Dr. Stephen Devereux from the Institute of Development Studies, University of Sussex in the UK (Devereux, 2005). The overall objective of the research was to improve understanding of food insecurity and livelihood vulnerability in lowland Ethiopia, specifically in Somali Region, in order to inform policy debates of customary and representative leaders, government departments and donor agencies.

A scoping study was conducted in February 2004 to identify the primary questions to be asked in the Vulnerable Livelihoods Study and the methodology for pursuing them. As part of the scoping exercise, meetings were held in Addis Ababa and Jigjiga to discuss with relevant authorities across a wide range of organisations, individuals and institutions, including pastoralist men and women and the Elders Advisory Council of Somali Region (the *Gurti*). Among the underlying factors identified by participants in a workshop held in Jigjiga by the research team in February 2004, were the following: 'poor infrastructure', 'shortage of basic services', 'weak economy', 'weak governance and administrative structures', 'Saudi livestock ban'<sup>2</sup> and 'closure of local and external markets'. As is displayed by the above responses, and in discussions during the scoping study, trade and marketing activities were seen to have a vital role in supporting the livelihoods of pastoralist people. However, trade and marketing activities were themselves beset by various problems, and could also be a source of vulnerability. A separate but related study investigating trade and marketing issues in the region was therefore undertaken to contribute to the larger vulnerability research in the pastoral areas of Ethiopia. This trade and marketing study is reported here.

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<sup>2</sup> See section 5.4, 'Shocks to the Livestock Trade: The Saudi Arabian ban'

## 1.1 Methods used in the Trade and Marketing Study

The study consisted of two phases of field work, with qualitative survey visits to 31 districts (woredas) in Somali Region starting in April 2004 in the north of the region and ending in June 2005 in the south of the region. Price monitoring took place between April and June 2005 in four main markets. Outside Ethiopia, time was spent in the port of Berbera and in the livestock markets of Burao and Hargeisa in Somaliland, Ferfer, Bulo Hawa and Dolo in Somalia and Moyale in Kenya.

The study was written by Abdi Umar and managed by UN OCHA-PCI. A mix of quantitative econometric methods as well as qualitative social science methods was used to collect and analyse data. The data was analysed with the assistance of Dr Bob Baulch, an econometrician with IDS, in 2004 and 2005.

Field data gathering methods included:

(1) Observations and collation of responses from traders and residents of the pastoral areas gathered through:

- Discussions, formal and informal meetings;
- Semi-structured questionnaire survey of traders across eight main markets;
- Participant observations in 31 woredas, in eleven major livestock markets and in four border markets in neighbouring Kenya and Somaliland.

(2) Quantitative analysis making use of:

- Long term data (1999-2004) gathered by the Livestock Marketing Department of the Ministry of Agriculture and Rural Development on a weekly basis in Jigjiga market (Appendix 1);
- Long term data gathered by Save the Children (UK) in Jigjiga (1995-2003) and Save the Children (US) in Negelle (1994-2004) on livestock markets and grain prices (Appendix 1);
- Short term intensive daily price monitoring at the four largest markets in Somali Region (March-June 2005).

The study team identified major markets in discussions with administrators and traders, and by visiting markets both within Somali Region and across the border into Somalia/Somaliland and Kenya. Group discussions with traders and actors in various markets identified issues and prioritised problems. Independent information both about the trade and about the traders was sought from the market brokers who interact with the traders. Itinerant traders who move commodities and goods into and out of the region were interviewed using checklists. Trekkers on particular routes were interviewed concerning the costs and methods of trekking animals that were headed for distant markets. At the livestock markets, the team observed the rapid buying and selling to discern patterns of trading. The volumes of sales and prevailing prices were assessed.

Over a period of approximately three months between April and June 2005, four of the busiest livestock markets in Somali Region were surveyed. These were:

- Gode, situated along the river Shabelle and the region's second largest town;
- Harti Shekh, the so-called "contraband capital" in the eastern pastoral areas;
- Jigjiga, the regional capital; and
- Tog Wachale, the main crossing along the Ethiopia/Somaliland border.

Each of these livestock markets was assigned a price monitor, who was helped by two assistants. Price monitors and market assistants collected data on each of the main species offered for sale each day, the number of animals actually sold and the prices at which different grades were sold.

### Market interaction methods

Animals being offered for sale are brought into the livestock market early in the morning either by brokers (*dilal*) or directly by their owners. Different species of livestock are held in designated spaces within the sales-yards. Within these spaces, each set of animals belonging to a particular trader is kept together for

sale. Market assistants carrying out the price monitoring specialised in observing and tracking a specific species as follows:

- Using pre-printed forms, the market assistants tallied the numbers of the different grades of livestock offered for sale;
- As the day proceeded, groups of animals would be sold and details recorded by the price monitors. These animals were then marked for collection by their new owner, and driven aside. Various market fees were paid first, and then the new owners took the animals away. The market's revenue collectors did not allow animals to be driven away without payment of the appropriate fees, and have full time security staff on hand to prevent this. It is said that not all revenue realised is declared as funds are lost within the local bureaucracy. Observation of animal movements within the market by the price monitors and market assistants, and close collaboration with various market actors, helped ascertain the accuracy of the volumes traded;
- Working closely with the brokers, the price monitors/market assistants then tallied the numbers of animals sold and recorded this on the forms;
- It was clearly understood that the price monitors were working on a research project and were independent of the market revenue collectors, and that only gross daily totals were to be recorded, without reference to individual trading and traders;
- Throughout the day, the price monitors also tracked the prices at which different grades of animals were sold, and recorded the prevailing minimum and maximum prices for the day;
- Good relationships with the main actors in the market ensured that it was a fairly straightforward task to track the daily prices.

### The selected zones and markets

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 (Federal Democratic Republic of Ethiopia, 1998). A large proportion of the livestock that is traded with Somaliland passes through the markets of this zone. Exports and imports through the port of Berbera and the consumer requirements of the Somaliland towns of Hargeisa, Burao and Berbera make the Berbera-Jigjiga corridor one of the major arteries for moving traded goods produced in eastern Ethiopia.

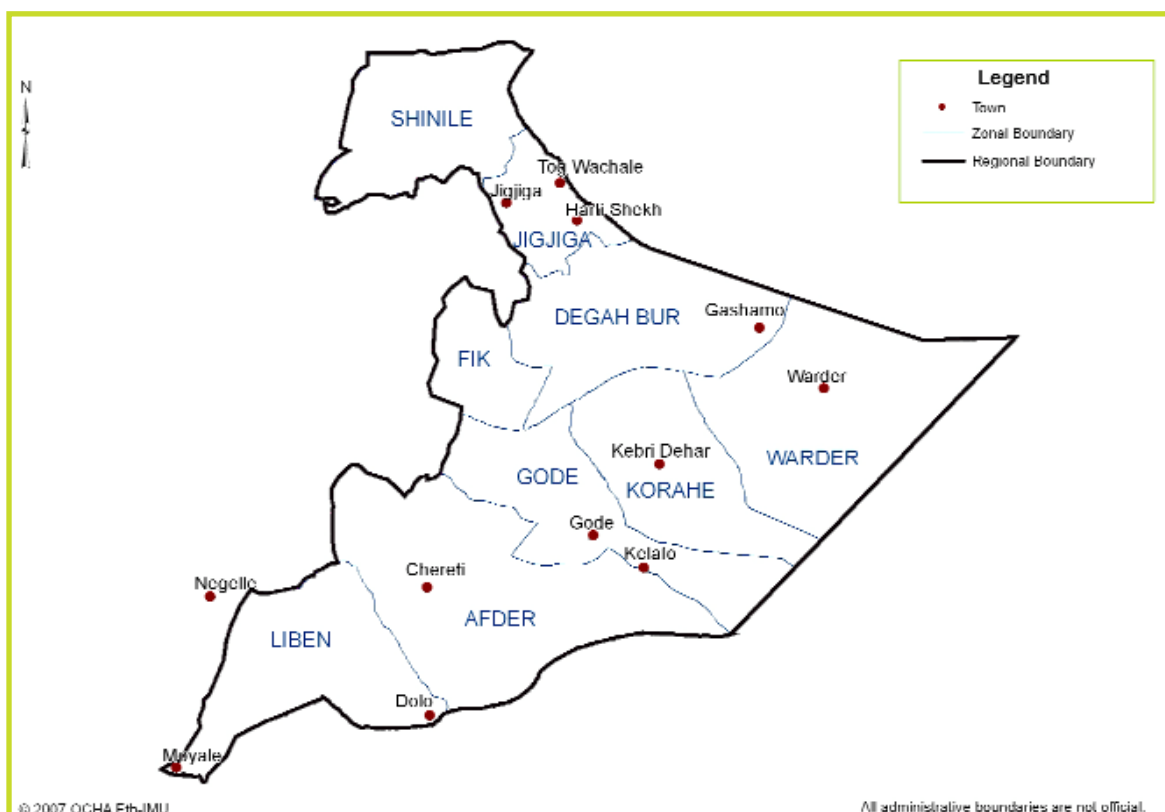


Figure 3: Map of Somali Region showing the surveyed markets

Studying market behaviour in this vital zone assists the understanding of Somali livestock marketing dynamics, including the crucial cross-border trade. Accordingly, three livestock markets were chosen for intensive study in this northern zone: Jigjiga, Harti Shekh and Tog Wachale. No other markets in the zone rival these three in terms of volume of animals handled and the frequency of trading in the survey period of early 2005.

At the time of this study there were only two major markets and one minor one operating in the central and southern parts of Somali Region<sup>3</sup>. The major markets were Gode in the centre of the region and Negelle in Oromia Region on the edge of Liban Zone in the far south. The minor market was Cherati in Afder Zone. The largest market in the central Somali area, Gode, was included in the price survey monitoring. Data from Negelle market, which was collected by other organisations, was made available to the research for team analysis.

### The data set

Due to logistical difficulties, price monitoring started later in Gode (from April 11th) than the three markets in Jigjiga Zone (from March 18th). Monitoring ended in all four markets on June 11th. The data set systematically recorded volumes of animals offered and sold and the prevailing prices for various species and categories of livestock in the four markets (Appendix 2). Initial data entry, cleaning and analysis were carried out in Excel, with the final data set being exported to EViews for econometric and statistical analysis.

The intensive nature of the survey presents a rare set of data for the pastoral areas, where there is a great paucity of all sorts of economic data. It is hoped that this example of sustained daily tracking of volumes and prices and their analysis marks the beginning of a quantitative description of the specific market behaviour of Somali traders.

### Problems of data collection, tabulation and interpretation

The problems that were encountered during the survey can be divided into three basic groups as follows:

#### a) Limitations imposed by the research programme:

- Overall, the temporal limitation of the generated data posed a major problem. Although observations were of sufficient length to permit some statistical enquiry, the prices and quantities collected cover only one particular season;
- Spatial limitations due to costs, time limitations, security considerations, the distances between markets and the huge expanses that make up the catchment areas for the marketing chains.

#### b) Problems resulting from the kind of commodity being studied:

- Each individual animal offered for sale is specific, with unique characteristics. In contrast to commodities like grain, with standardised qualities, the value of every specific live animal is created by combinations and trade-offs of qualities<sup>4</sup>. Traders use species and sex to divide animals into a number of grades (Table 5, Section 3.1). However, one grade often gradually merges into another, without sharp borderlines delineating different grades of a particular animal species. Valuation and categorisation of live animals is therefore a subjective matter, depending on the skill and experience of the grader.

#### c) Data collection difficulties:

- Comparison of grades across different markets is affected by the lack of strict standardisation of the livestock grading system;
- Assessing the volume of animals sold required skill and dedication;
- Gaining the confidence of traders and brokers in the market was crucial, due to the local suspicion of external interference;

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<sup>3</sup> During the period of this study, the markets in the eastern part of Somali Region (which include Warder Zone, Gashamo and Harshin) were not functioning due to a combination of drought and the closure of the Ethiopia/Somalia border. Other markets like Kebri Dehar, Shillabo, Kelafo, Warder and Mustahil had daily sales of below ten animals.

<sup>4</sup> Readily observable are the species, type, sex and general condition, while qualities that are arrived at through proxy assessments include the animal's age, live weight and carcass weight, health and whether it is carrying particular diseases.

- Data had to be laboriously cross-checked, as it had been recorded several times, by comparing the original data forms and electronic forms, correcting typographical mistakes and investigating outliers present in original data;
- Allowances had to be made for a number of missing observations and discontinuations in the price and volume series, sometimes because price monitors were unable to visit the market they were responsible for.

### Questionnaire survey of traders

To complement the quantitative data collected on the volumes and prices of livestock traded, a semi-structured questionnaire was developed with the help of two local Somali research assistants and a number of Jigjiga and Harti Shekh traders. The questionnaire was designed to capture and quantify the main characteristics of traders (such as their age, clan, experience, gender and specialisation).

For logistical reasons, the markets covered by the trader (qualitative) survey were not selected purposively, nor were they limited to those of the livestock markets (quantitative) survey. The four main livestock markets (Gode, Harti Shekh, Jigjiga and Tog Wachale) were common to both surveys. Other markets included in the trader survey were Kelafo (located near the Shabelle river), Mustahil (adjacent to the Somalia border on the Shabelle river) and the lowland centres of Shillabo and Kebri Dehar<sup>5</sup>.

In each of the trading centres included in the trader survey, lists of traders operating were generated with the assistance of key informants from the local livestock markets. Consideration needed to be made for traders who were away on business. The individual traders to be interviewed were then randomly picked from these lists. Allowances had to be made for occasions when individual traders were too engaged to participate in interviews, as well as for the differing rhythm of life in the extremely hot areas. As would be expected the larger traders were the more difficult to engage, for they were busier, and had more concern about probing questions. A most important factor allowing the discussions to flow was that the researcher and his assistants spent good time in the field and built familiarity with the issues and the people involved<sup>6</sup>.

There was a high level of co-operation by the traders, and a willingness to openly share information. Interviews were conducted at the markets in the Somali language. Some respondents used the research team as a body to address issues of great concern to, while others welcomed the team as a rare opportunity to broadcast their views. On several occasions it was not easy to isolate traders for individual discussion. In the smaller trading centres, this led to the formation of groups, which engaged in discussions on the issues raised. Such discussions were useful as they validated the core information reported by individual traders. The topics discussed in depth depended on the group's interest; allowances had to be made to allow free discussions, always being prompted by the questionnaire as a checklist. Mechanical dictation from the questionnaire was avoided.

<sup>5</sup> See Appendix 5 for the distribution of the 43 interviews conducted and the questionnaire

<sup>6</sup> According to Little, innovative methods must be sought to conduct research into cross-border trade, including 'opportunistic interviewing' as 'the complexity of relationships means that questionnaire-based surveys may only provide limited insights'; most importantly, the 'premium on being in the field' should be noted (2006: p170).

## 2. Pastoralist Commerce, Routes and Commodities

This chapter describes the history and organisation of the trading system in the Somali Region. Trading takes place along corridors that are governed by clan guarantees and co-operation. It is a vibrant system, with a wide range of actors depending on the market and new traders entering the business in increasing numbers.

## 2.1 Historical trade in Somali speaking Horn of Africa

The resilience of the pastoral trade in Somali Region, as well as its recurring weaknesses, can be better understood through an appreciation of its deep historical origins, its continued reliance on ancient export destinations, trade corridors and routes, and its use of methods of organisation that were first developed many centuries ago. Present day pastoralist traders are operating along much the same trading routes as were used by the long-ranging caravans of their ancestors. Ports on the Red Sea, Gulf of Aden and Indian Ocean still play a vital role today as the terminal points of trading routes across the region.

The Somali people have long traded with north-east Africa, Arabia and India. *The Periplus of the Erythraean Sea* written in the 1st century AD, records trade between the ports of Berbera, Zeila, and Bosaso and the Greek and Roman empires (Schoff, 1995). Ibn Batuta reported in the 14th century that he saw in the Maldivian Islands, 'livestock and other goods exported from Mogadishu' (Gibb *et al*, 1994). According to Pires, Jedda (in Saudi Arabia) imported meat from Zeila and Berbera in 1511.

The coastal cities have had a profound and lasting legacy on the livelihoods of the people of the pastoralist regions of the Horn and East Africa. They were the sites where new culture, religion, technologies and techniques were exchanged between the outside world and the pastoral interior. In turn, the inland regions impacted on coastal cities, supplying export produce and demanding the imported goods that drove the commerce.

The greatest trading port in north Somali was Berbera, which Sir Richard Burton (1987) described in the 19th century as the 'great emporium of East Africa.' Of the annual fair at the port city, which brought together traders with their goods and the international merchants supplying them, he went on to say, 'Berbera becomes a Babel, as traders from Abyssinia, from Harar, from Gurage meet those from Arabia, Persia, India.' The fair lasted from October to April, when the monsoon made navigation possible on the Indian Ocean. The fair was attended by over 20,000 people and Somali and Ethiopian products were exchanged for Indian goods, especially rice and cloth (Swift, 1976:447-465). Cruttenden, in 1849, describes it as 'one of the most interesting sights on the coast, if only from the fact of many different tribes being drawn together for a short time.'

The close relationship between the Harar area of Ethiopia and the ports of northern Somalia, vividly apparent to the travellers of the 19th century, was based on commercial relationships cemented by blood ties between the leading families. Much as the ports depended on the hinterland for supply of goods through the caravan routes, inland towns were also dependant on the coastal cities. Burton speaks of a common saying of the time: 'He who commands at Berbera, holds the beard of Harar in his hand.'

According to Cruttenden, the other major caravan route to the north Somali ports was from the Shabelle river, the 'small province of Ganana south of the above river,' and the Ogaden. This route would pass through 'the country of the Habr Gerhajis on the way to Berbera.' Goods carried on this route included produce from Sidama and the caravans would 'frequently exceed 2000 camels and were well guarded by the men of the Ogahden,' (p 62). This route corresponds to the Haud route presently used to transport export produce to the coast, described further in section 2.6.

Trade in pastoral areas developed its own methods of organisation. According to Swift, 'Institutions to organise commerce were established at an early date. The passage of wealthy caravans through the territory of several potentially hostile nomad clans was made possible by the employment of a patron or *abbaan*, who brought the full force of his lineage to the protection of the caravan; this system is of considerable antiquity, since it was described by Ibn Batuta during his visit in 1330' (Swift, 1976:449).

Swift reports that the *abbaan* was generally paid 1% of the value of sales and purchases, although the amount paid varied with the particular contract, and could rise quite high; one *abbaan* was paid the equivalent of £600 at exchange rates then current. The system provided substantial employment, and it has been estimated that in the '1840's two thirds of the Somali population in Berbera were employed as *abbaan*' (Pankhurst, 1965:36-81). Several currencies were being used simultaneously, including Indian rupees, Maria

Theresa dollars, Spanish reals, as well as barter items that were valued in cloth and beads. Women were involved in trade, apparently because they were considered neutral in clan feuds (Cecchi, 1886). By the 19th century, in some places, the trade had adopted 'advanced commercial practices including credit, interest, advance payment, fixed payment and delivery dates' (Swift, 1976:450). Of paramount importance was the clan, which regulated travel within its areas.

## 2.2 The Environment in Somali Region

With its largely rural population and low urbanisation levels, production in Somali Region is basically a rural livestock rearing enterprise, characterised by dependence on natural resources. The region is typified by arid and semi-arid conditions, and except in the extreme north-west around the regional capital Jigjiga and along the two main perennial river valleys, crop production is precluded by dry conditions. The rainfall pattern across most of Somali Region corresponds to the division of the year into four seasons: *jilaal*, *gu'*, *hagaa*, and *deyr*. The rainfall, which comes during *gu'* and *deyr*, is both low and unreliable. Failures are frequent, and two or three subsequent failures or very poor rains lead to lower vegetation production on the natural range. Due to the total dependence on natural vegetation growth, droughts frequently lead to stresses; in extreme cases there may be massive livestock losses as lack of water and pasture also increase susceptibility to disease. At other times, high rainfall leads to floods, outbreaks of water-borne disease and the breakdown of the transport system as the seasonal roads turn into mud-baths and gullies. The rainfall, especially during poor seasons, is spatially uneven, falling over the rangeland in scattered patches in an unpredictable manner. Thus while there is tremendous biomass growth over the short explosive growing season, this growth is realised in a fluctuating, episodic, scattered mosaic. It is precisely to capture and exploit this shifting resource that the nomadic lifestyle has been developed and adopted by the Somali livestock keepers; they deploy their stock across the rangelands in a manner that "tracks" the rainfall as and where it falls, while maintaining home grounds where more stable water resources from deep wells or perennial rivers can be found (Scoones, 1996:9). Within this difficult environment, the pastoralists have managed to assemble large numbers of domestic stock<sup>7</sup>, which are used not only for subsistence needs, but also social and economic purposes within the pastoral systems. With their rapid reproductive capacities, animal possessions not only represent social wealth, but are also a commodity that can be exchanged to meet needs. The need to realise maximum exchange terms, and the existence of demand in external markets for pastoral produce has been the basis for the development of pastoral trade. In turn, the nature of the pastoral trade of Somali Region, as it evolved through the centuries has been influenced and shaped by the fluctuating uncertainties of the arid region.

## 2.3 Local systems of trade organisation

A complex trading chain moves large volumes of livestock from markets along routes which funnel them towards terminal and export markets. The system operates like a set of parallel conveyor belts moving livestock out and bringing consumer goods in.

Individual pastoralists usually sell a small number of animals at their nearest market. This will be a bush market at the most elementary stage, where petty traders will move the animals to nearby primary markets. Small-scale traders at these bush and primary markets buy animals from the pastoralists until they have enough to make trekking or trucking them to the larger markets economical. Alternatively, the larger-scale traders who are found in the major centres and terminal markets will contract primary market traders through agents to purchase animals for them. Routes along the historic trade corridors move the animals to the port cities in Djibouti, Somaliland and Somalia or across the border to Kenya.

Some legal transactions, usually involving the export of cattle, were started across the border in Tog Wachale to Somaliland using what are called "modified Letters of Credit". However, in recent decades there have

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<sup>7</sup> Populations of livestock (in millions): cattle 3,746, sheep 9,053, goats 8,547, camels 2,032 (Somali National Regional State Office of Population, 2003:199).

been no formalised trade relationships between Ethiopia and Somalia due to a history of hostilities. The demise of the Somali state since 1990 has precluded any agreement. Exports and imports across the Somali border lack the international recognition between states. The Government of Ethiopia considers the import and export of many commodities across this border, including livestock exports and bulk food imports, illegal. The popular term used to describe the illegal cross-border trade is “contraband.”

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

The Ethiopian Customs Authority is entitled to impound and confiscate any property that is imported or exported illegally. Authority has been delegated to the national armed forces operating in the border areas to catch any persons contravening the law, and confiscate their property. Random checks along the roads and routes of the region regularly catch traders running goods across the border. Occasionally even stricter border blockages are enforced. Such blockages can be inconsistent and do not target all goods; exceptions are sometimes made, especially for bulk food imports, and blockages are sometimes removed altogether. The result is a confusing environment for traders. The unpredictability of the enforcement, the high capital value of the commodities involved, the randomness of the road searches, and the personalised nature of incidents in the remoter areas, creates an environment that encourages corrupt practices.

A range of taxes adds to the relatively high cost of doing business. Local administrations charge traders a local tax that is called *limat*. The actual amounts paid per animal amount to only a few Ethiopian birr, but with multiple woreda and regional boundaries to be crossed, these taxes can add up significantly.

The taxes are paid at barriers erected along the road, usually near the woreda capitals. Since these are taxes paid to a local woreda administration, payment does not amount to legalising the trade enterprise. In 2004 and early 2005, woreda administration returns recorded these monies as revenues raised locally, and with authorisation from the regional headquarters, used it to pay for minor expenses and development plans. Woredas along a trade route thus have an incentive to charge tax on passing traffic, which in turn tends to disincentivise the trade. The woredas along the border, where the goods enter or leave the country, have the right to charge a higher level of tax and take in the most revenue.

Difficulties placed by various authorities across the many woreda and regional borders where taxes have to be paid complicate the livestock routes on the Ethiopian side of the border. Due to the confiscating of contraband goods on the one hand and the endemic hostility between rival clans on the other, the market chains along long routes are often broken down. Within Somali Region, trekking during the night is preferred to combat the risk of losing stock.

Before the collapse of the Somali state in 1991, traders using the Letter of Credit to export livestock to Saudi Arabia would have the pre-agreed payment from the importer for a consignment of livestock guaranteed through the banks<sup>8</sup>. Even before the collapse of the Somali state, however, since trade across the Ethiopian border was not formally regulated, traders would make use of relationships between transacting partners based on trust, kinship and the customary system.

The clan-based insurance systems have their own internal rules and regulations, which are generally encompassed in the *heer* customary law. At its most basic, the *heer* attempts to protect members through a series of applicable sanctions enforced by the clan, which enable compensations to be sought in an acceptable manner. The fundamental protection of a member by his or her clan will include not only guarantees of wellbeing, but also concern over livelihood. Within the wider pastoral sector this involves services such as seeking a new livelihood for those caught up in disasters, social security issues like restocking hardworking clan members who have met with adversity and more generally guaranteeing access

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<sup>8</sup> Letters of Credit (LC) are arrangements to facilitate international trade and are standard practice for international trade for goods of significant value. The LC guarantees payment from one bank to another undertaken within a specific time limit. It is issued by the importer's bank, normally in return for some collateral, guaranteeing payment to the exporter's bank. Mostly, the LC is irrevocable. The issuing bank will pay the money, even if the underlying transaction contract does not go through, so long as all the necessary documents are in place, including commercial invoice, bill of lading and insurance papers.

to collective resources like water and pasture. Arrangements within the *heer* also cover traders and their commercial transactions. Through the *heer*, elders enforce agreements made by the traders, arbitrate when differences are irreconcilable and ensure that compensation payments are made. It should be noted that almost all property in pastoralist areas is owned and held in systems recognised and guaranteed by mutual enrolment into the clan systems and customary law. Property like livestock, wells, houses and even fixed real estate in towns are not registered with any authority, but are owned through community sanctioned systems. The trade networks are based on community linkages and clan solidarities: each route is managed by a different set of traders, guarantors and credit suppliers, whose ties are clan-related. The insecurity of the region, hazards of illegality and the complex clan conflicts and rivalries add up to a high level of risk in carrying out business. Trade also operates without formal finance and credit, or official legal mechanisms with enforceable contracting systems. For both their physical and financial security, traders operate within their clan areas using the clan-based insurance system, or only in other areas where they are able to make solid agreements. Clan members make loan arrangements to one another, in cash or, more likely, in kind. Thus traders may be given large numbers of stock to transport and sell, truck owners will await payments until sales are made and on occasion traders may advance monies to pastoralists.

In most places, clan-based arrangements are the only security available to traders. Travellers, including locals, with commercial property passing through most Somali pastoral areas need to make security arrangements with the clans of that area. Due to the paucity of policing and the possibility that transit stock might be rustled, clan-backed guarantees to protect the passage are vital. Smaller local traders with minimal capital prefer to keep their travels within their clan areas as this brings many advantages including access to water and pasture. Clan members will deal with any incidents of animal theft and search for stray stock. These traders usually sell their stock at the markets on the edge of their clan territory.

Wealthier traders may choose to move larger numbers of stock beyond their clan boundaries in order to maximise profit. These traders do not actually travel with their stock through the lands of other clans, but use trekkers. The trekkers play a vital role in guaranteeing the safety of the stock they are in charge of much like the *abbaan* did a hundred years ago<sup>9</sup>. These trekkers travel through their own clan lands, which they know intimately. They are individuals of respectable standing within their clan and can use their linkages to protect the animals in their care.

The head trekker enters an agreement with the owner of the animals that are to be moved. The trekkers also have firm arrangements with the clan leaders based in the woreda capital, who know them well and are willing to vouch for them in case of trouble. These arrangements are particularly useful if the authorities confiscate the animals. Many decisions affecting the passage of animals are taken at the woreda capital, including decisions about confiscation. With the intervention of respected elders and clan leaders, problems with administration officers can often be resolved.

The relations between the traders within and across the clan divides, and between traders and their customers, are also governed by trust. The trader supports his people by offering access to the wider world, a market for local produce and supplies of goods from outside. To achieve this, often the producers in remote areas give out stock on credit to the small traders who then look for a market. Traders extend credit to the pastoralists during the dry seasons when purchases are the most important source of food for the household.

Within the bounds of this trading system, empowered by its strengths and yet burdened by its rigid limitations, pastoral enterprises provide livelihoods and employment for a significant number of former pastoralists. The profits derived are the basis for growth and investment in many remote pastoral areas, and the wealth of clan traders provides a safety net for the rural populace in times of hardship.

This ancient trading system has proved capable of adapting some technological and institutional innovations. Prime among these are the communications and financial systems. Timely coordination between different actors who may be hundreds of kilometres distant is essential in moving animals and ensuring that traders do not incur excessive expense. Animals arriving at the port areas incur costs for services including watering,

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<sup>9</sup> In the northern Kenya-southern Somalia cross-border trade where 'animals are moved across territories controlled by rival clans and militia groups,' the *abbaan* system is in use. 'The head trekker...must negotiate grazing and watering rights with local elders. The individual who does the negotiating is called *abbaan*, a term that was first used during the caravan trade of the pre-colonial period (see Lewis, 1994:115)' (Little, 2006:177).

hay provision, and use of pens. The ships that carry the livestock to Yemen and the Gulf are hired on an hourly basis so good communication with the port is vital. Communication from the port is mainly conducted by telephone. The mobile phone systems in Somalia and Somaliland has been widely taken up by traders, who use it to track prices and sales, keep in touch with their partners and to coordinate procurement, goods orders, transport organisation and financial transactions. However inside Ethiopia, where telephone coverage is low, the most cost-effective and ubiquitous method of communication is by HF radio-call system, known to Somalis as *fonio*. In most trading centres throughout the Horn, including the small bush markets of eastern Ethiopia, there are agents providing access to a *fonio*. Charges are low and the *fonios* can connect clients to the telephone systems in major towns across the Horn and overseas. It is possible to send a message to any Somali living anywhere in the world who is in touch with the numerous pockets of Somali population enclaves if one knows their family name, clan and the town where they reside. *Fonio* operators in every village, and within the various parts of the large towns, are familiar with the names and clan membership of resident families. They have out-runners who send the message to the person being contacted through their member clan networks.

Government authorities are concerned about the security implications of the *fonio*. Without dedicated channels, *fonio* operators broadcast over any available channel. According to government administrators in Warder Woreda, *fonio* radios can interfere with sensitive radio channels and distort radio traffic over dedicated channels. Traders reported that in Warder, from September 2004, authorities closed local *fonio* outlets in the woreda along the border for two months.

The other major innovation has been in the financial sector, where *hawala*, (money transfer agents) can wire large amounts of money across the world within minutes using modern phones, the internet and the trust system of the clan. While the Somali Diaspora in the Middle East and Western countries first used the system to send money back home to their families, the system has established itself with its wide utilization by traders. Traders can make arrangements with the *hawala* to pick up money at the port, inland or across the sea in Yemen or the Gulf, and travel without carrying money. The money wiring companies have grown very fast over the last fifteen years, acquired a large skilled manpower and capital base and developed franchises and branches. Companies like the Dahab-Shill, Mustaqbal, Amal, and Kaha<sup>10</sup> have built impressive bank-like physical and institutional structures with a presence in many countries in every continent of the world. Money is transferred to and from small villages, using only the name of the individual and their clan to identify them. The system relies on the same trust system and clan network used by long distance traders to guarantee that fraud is controlled and acted against. In Ethiopia the *hawala* have developed partnerships with major Ethiopian banks<sup>11</sup>. The major use of these branches is to channel remittances to the family members resident in the major Ethiopian cities, as it is not legal to casually send money out of the country.

As the communications and money transfer businesses prosper and grow, they pick up and adapt modern systems to suit their own structures. Stiff competition between the companies ensures that the costs of services are very low. Initially every major clan had its own communications and money transfer company, but as systems are established that allow transactions to move beyond captive markets, traders and users shop around for better services and lower costs. As a result the leading companies are now even used by non-Somalis, as can be witnessed in queues for services in Addis Ababa and Nairobi.

However there are no such companies providing insurance services to cover the real risks like laden ships going down in the sea, trucks breaking down in the bush, animals dying *en route*, or systems to guard against rapid market price fluctuations.

## 2.4 Market centres in the pastoral areas

Small trading posts are scattered throughout the region. The isolated, apparently temporary nature of these settlements belies their importance in rural economy and pastoral life. Mosques, churches, schools and administration posts are located there and commerce is the lifeblood of these growing centres. Trading

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<sup>10</sup> The largest of the Somali *hawala*, Al-Barakat, was closed down after September 11th 2001 when the United States authorities realised the potential for misuse by money launderers of a system in which millions of dollars were being sent rapidly around the world without the usual written records.

<sup>11</sup> Dahab-Shill, Amal, Mustaqbal and Kaha, the leading *hawala* in Ethiopia, are all partnered with Wegagen Bank, running their business from independent premises located in the Somali parts of the towns. They have branches in Addis Ababa, Nazaret, Dire Dawa, Jijjiga amongst others.

Type of Market	Description
<b>Bush</b>	Collecting points. Most of the animals offered for sale are directly owned and sold by primary producers; there are many such small markets in the pastoral areas
<b>Primary</b>	Local and transit markets where animals are bought by local consumers (including pastoralists and butchers) or by traders and sent on to another market within the pastoral region; these markets are usually in woreda capitals.
<b>Secondary/Assembly</b>	Export markets where most of the sellers are local traders and the buyers are long-distance and export traders.
<b>Terminal</b>	Final market where buyers take animals out of the pastoral trading system through purchase by agents who truck or ship animals overseas.

Table 1: Typology of pastoral livestock markets

routes connect the settlements where regular livestock markets take place and where the local pastoralist population can access modern goods and services.

### Livestock markets in Somali Region

Markets serve a number of functions: they specialise in collecting animals from the primary producers, they are venues where the rural traders sell to better capitalised traders who transport animals to consumer markets, or they are where bulk export traders source animals that are then shipped out of the continent (see Table 1). Livestock markets differ according to their size, days they operate, the species traded and the type of function they perform (see Table 2). The size of a market is measured by the volume of animals that are sold there in a given time period.

Different markets deal with different grades and species of livestock. Four main types of species specialisation may be identified at a market level: export cattle, local consumption cattle, export sheep and goats, and mixed species for local consumption. Depending on their grade and species, livestock sold at the sales-yards may;

- find their way to local butcheries for local consumption;
- be bought for fattening or restocking by pastoralists;
- be sent for export; or
- be bought by speculators (who buy animals to hold on to in the hope of getting a better price in the future).

Centre	Market Day	Specialisation
<b>Jigjiga</b>	Every day except Friday	Slaughter cattle, sheep/goats
<b>Harti Shekh</b>	Every day	Sheep/goats, camels
<b>Tog Wachale</b>	Every day	<i>Lambar</i> (large) bulls, <i>Ujusha</i> (young bulls)
<b>Gursum</b>	Monday and Thursday	Cattle, sheep and goats
<b>Babile</b>	Monday and Thursday	Bulls, export camels
<b>Kombolcha</b>	Monday and Thursday	Bulls
<b>Chinahasen</b>	Monday and Thursday	<i>Lambar</i> bulls, <i>Ujusha</i>
<b>Dawe</b>	Wednesday	Bulls and cattle
<b>Qulubi</b>	Saturday	Bulls and cattle

Table 2: Market days and specialisation in selected markets in the Jigjiga-East Hararghe Area

The role of a market, its specialisation, and the volumes of trade it handles can change rapidly as traders adapt to obstacles. Livestock traders interviewed said that in 2002, the terminal market for export bulls was Chinahasen but due to the vigilance of the Customs Authority in capturing contraband animals in the Jigjiga plains area, the main terminal market for the Berbera corridor moved to Tog Wachale and has led to the growth of this market. The site of a market is influenced by a number of factors whose relative importance differs at varying times. The deciding factors are a combination of the physical/environmental factors

This study focused on four of the main livestock markets in the region, which are described below.

**Gode** town lies along the Shabelle River, near the centre of Somali Region, about 600 km south of Jigjiga. The large walled livestock market is located within the town. Gode livestock market trades every day of the week, and is the major market in the central part of Somali Region. Gode attracts animals from the riverine areas to the north and south, and from across the river to the west up to the border of Liban Zone. Gode is an assembly market, as it is a point from which animals are sent to markets within the pastoral areas. Livestock are shipped northward and eastward to Harti Shekh and Jigjiga, and across the porous border to Burao in Somaliland and Bosaso in the Puntland State of Somalia. Trading in Gode follows the same hours as Harti Shekh, starting by 7:00 am and continuing until the midday Islamic prayer at 12:30 pm.

**Harti Shekh** town is situated to the south-east of Jigjiga on the edge of the plains, near the Somaliland border. Its livestock market is in a walled compound near the edge of the town, where small stock is sold. Large stock is traded just outside the walls. Harti Shekh is an assembly market where traders buy animals which are prepared for export. Harti Shekh livestock market trades every day of the week. It attracts animals from large catchment areas in pastoral Somali areas to its south and east, including Fik and Degah Bur Zones. Harti Shekh traders have close contact with the large town of Hargeisa across the border in Somaliland, from where many animals are trucked to Berbera for export to the Gulf. The market is very busy by 7:00 am with trade continuing until about 12:30 pm.

**Jigjiga** livestock market is situated within Jigjiga town in a large walled compound along the main Harar-Jigjiga road. The market works six days a week and rests on Friday. Jigjiga is a primary market, specialising in trading animals for local slaughter, but assembly activities also take place there, especially when demand for export animals picks up. A major function of the Jigjiga livestock market is to supply the local urban demand for meat and animals for breeding. The market attracts animals from the Jigjiga plains to the south and east and westwards towards Harar. During the survey period, animals were trekked into the market from 8:00 am to 10:00 am. Trading began by 9:00 am and usually continued until 2:00 pm. The busiest hours of trade were between 10:30 am and 12:30 pm.

**Tog Wachale** is situated on the Ethiopia/Somaliland border by the side of the main road from Berbera to Jigjiga. Tog Wachale is a terminal market, as most animals traded there are bought by exporters who truck them to the port of Berbera for onward movement to the Middle Eastern markets. The livestock market is in an open space on the Somaliland side of the border, and it trades every day of the week. Animals are brought to Tog Wachale from the eastern Somali lowlands, the Somali plains areas around Jigjiga, as well as from the Oromo highlands west of Harar. Tog Wachale traders include those with a large capital base, and there are many trucks present in the livestock market ready to ferry stock to the port. Like in many busy border towns, there are many businesses and people travelling to access goods not available on their side of the border. Market activity is short and sharp; animals are driven into the market by 6:00 am and most trading is completed by 9:30 am.

## 2.5 Trader profile

The survey interviewed 43 traders in eight markets to draw out a profile of the traders and understand the dynamism of the system. The sample represented traders in the central and northern parts of Somali Region (Jigjiga, Degah Bur, Warder, Kebri Dehar, and Gode Zones). Due to the difficulties of logistics and security, Fik Zone was not covered. The characteristics of the traders in Shinile and Liban zones, which are in the extreme north and south of the Somali Region, may be different from those represented below.

### Specialisation and scale

Livestock trading is a very important occupation in the Somali Region, and a large proportion of all traders are involved to some extent in livestock trading. The majority of traders (58%) deal in small stock while 35% deal in a mix. A mere 7% of the interviewed traders deal only in large stock, reflecting the fact that more capital is required to trade large stock; there is also more to lose if an animal dies.

The second most important trade specialisation is food. Almost half of the traders are involved in selling staple food (rice, pasta, cooking oils, sugars, wheat flour). Most of these foods are imported. A quarter of traders were also involved in the *baggage* (household goods) trade, which is generally regarded as very profitable. The questionnaire survey did not include petty traders.

Harti Shekh, Jigjiga and Kebri Dehar are markets where large proportions of traders deal in sheep and goats. Most of the traders in bulls are in Tog Wachale, Harti Shekh and Gode. Overall, only about 10% of the traders in our sample dealt in camels and these were found in Harti Shekh, Jigjiga, Kelafo and Tog Wachale.

To capture the different scales that the traders work at, respondents were asked to categorise themselves as small-scale, medium-scale or large-scale traders. Almost half of the sample (48%) was composed of medium-scale traders, while a large proportion (38%) were small-scale traders. Less than 15% of the traders in the sample regarded themselves as large-scale traders.

Although women are involved in all sectors of the trade, they are mainly concentrated at either the small-scale or the large-scale end of the trade. In the survey, slightly more than half of the women traders were in the small-scale category (56%), while one third (33%) of them are in large-scale trade. Any casual observation of markets in the Somali Region shows that women are heavily involved in all levels of trading, and are very visible at the lower levels of petty trading. Women dominate trading at the lower ends of the market where they are known derisively as *asha kushi*<sup>12</sup>, probably because these women are more willing to take very low profits. Women who are involved in smuggling small amounts of “contraband” goods like clothing material are known as *qararaf*. These women travel by attaching themselves to clans-mates and staying with distant relatives along the routes. Men claim that as they do not indulge in chewing *chat* or in supporting extensive clan-based obligations, women have lower overheads.

Women are involved as well in the riskier but occasionally more profitable long-distance trucking of livestock, as well as trekking of small numbers of stock to nearby markets. In rural towns like Kebri Dehar, most building work, financed by remittances from relatives or spouses working abroad or in the major towns, is supervised by women. In the town of Kebri Dehar, where there is an abundance of successful women traders involved in long-distance export/import trade and where women dominate the profitable wholesale-food trade, there are no women involved in the local *chat* retail trade. Women own substantial urban property in their own right. According to some women traders who we interviewed, they prefer to invest in real estate because building up stock to be herded in the rangelands would expose them to the risk of depending upon customary laws where their voice and rights are lower. Women are overwhelmingly represented in the *chat* trade: in most towns the retail distributors of *chat* are women, while the wealthiest entrepreneur in the Somali Region is a woman trader who operates an international *chat* distribution network based in Jigjiga town, as well as a chain of businesses, including hotels, transport and real estate<sup>13</sup>.

### Dynamism in the market

The traders' ages were divided into three groups: *dhalin yar* (youths); *da' dheexe* (middle-aged); and *oday* (elders). The youths included those up to thirty years of age, while the elders were those whose children had grown up, married and were engaged in economic activity. Two-thirds of our sample was composed of middle-aged traders, while the youth made up one quarter of the sample. One-third of the sampled traders were female<sup>14</sup>. Most of these women traders were young: two-thirds fell in the youth category, one third was middle-aged and there were no elder women traders. There were a few women who were large-scale traders.

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<sup>12</sup> *Asha kushi* refers pejoratively to small scale women traders who are satisfied (or desperate enough) to accept very small margins.

<sup>13</sup> It is also interesting that the first large-scale exporter of *chat* from Nairobi, Kenya to Western Europe was a Somali woman, who now heads a multifaceted business empire with real estate and offices across the Middle East, the greater Horn of Africa and Western Europe.

<sup>14</sup> The high level of female participation in markets may be specific to Somali Region. Green et al note of Southern Ethiopia, 'the majority of livestock sellers (82%) and buyers (78%) were male' (2006:79).

Surprisingly, there were no elders who were large-scale traders, despite expectations that among the largest traders would be those with the longest experience. While some women were forced to engage in trade because they had no other means of livelihood, some made a choice to join trading because it offered an opportunity for them to gain control over their lives. Green *et al* find, for example, that ‘buyer and seller characteristics do not appear to be especially important to price determination. There is no systematic pattern of gender differences apparent...’ (2006:87).

*‘I prefer to engage in business. As a woman, it is better than farming or rearing livestock as you make your own profits or losses depending on your diligence and skills. In business, it doesn’t matter very much if you are male or female; everybody is in it for their profits, and they are competing against each other. There are none of the stiff traditions that exclude women, unlike in animal production and politics.’* (Businesswoman, 26 years old, Kebri Dehar)

To understand their depth of involvement in trading, traders were also asked which year they had started trading in. The majority of the traders (77%) had entered trade activities within the last ten years. Only a fifth (21%) of the sample had been in business for over ten years, while a little less than a third of the sample (28%) had entered the trade in the last five years. This limited experience of trading reflects the fall of the *Dergue*<sup>15</sup> government in 1991 in Ethiopia and the collapse of the central government in Somalia in the early 1990s; these events signalled the large-scale return by former residents to Somali Region in Ethiopia, and their resumption or uptake of economic activities<sup>16</sup>.

Gender-based differences show up when responses to the questions, ‘Was your parent a trader?’ and ‘Scale of trading’ were cross-tabulated. While the majority of all traders did not have a parent who had worked as a trader, over half of large-scale male traders had a parent involved in trade. Usually successful livestock trading enterprises are inherited by male children. It is interesting that all large scale women traders had parents who were traders. Furthermore, the few female traders in the medium scale categories all had parents who were traders. Having a parent who was a trader is clearly an asset for a child starting or taking over a trading business, especially for women.

### Clan profile

Trader networks depend on long distance relationships of trust, and many traders mentioned clan solidarity as one of the most important bases for developing such relationships. Clan systems are also important in

Clan	Frequency	%	Valid %	Cumulative %
Ashraf	1	2.3	2.3	2.3
Dir	3	7.0	7.0	9.3
Gadabirsi	3	7.0	7.0	16.3
Garri	1	2.3	2.3	18.6
Geri	1	2.3	2.3	20.9
Hawiye	3	7.0	7.0	27.9
Isaaq	4	9.3	9.3	39.2
Jidwak	4	9.3	9.3	46.5
Ogaden, other	10	23.3	23.3	69.8
Ogaden, Rer Abdille	9	20.9	20.9	90.7
Rer Aw Hassan	1	2.3	2.3	93.0
Riverine	3	7.0	7.0	100.0
<b>Total</b>	<b>43</b>	<b>100</b>	<b>100</b>	<b>100.0</b>

Table 3: Summary of interviewed traders’ clans

<sup>15</sup> The *Dergue* (meaning council or committee in the Amharic language) is the vernacular name for the Provisional Military Authority under Colonel Mengistu Haile Mariam which overthrew the Imperial Ethiopian regime and ruled Ethiopia from 1974-1991

<sup>16</sup> Between 650,000 (early UN estimates) and 2 million Ethiopian refugees (SNRS estimate) fled to Somalia after the 1977/8 defeat of anti-Ethiopian Somali secessionist forces (<http://cpimtrystudies.us/somalia/54.htm>). These refugees flowed back into Ethiopia’s Somali Region in an astonishingly rapid and externally unassisted wave immediately following the 1990/1 collapse of the Said Barre regime and the subsequent clan-based ethnic cleansing in all major cities of Somalia

arbitrating disagreements and conflict between traders, as traders make use of customary and clan-related institutions. Membership of his or her particular clan determines the areas where a trader can safely trade. When asked, rural respondents readily volunteered their clan background (Table 3).

Almost half of the 43 traders interviewed were from the Ogaden clan. Furthermore, the Rer Abdille section of the Ogaden makes up just over half of the Ogaden traders in the sample. Although the study did not cover the southern part of Somali Region, the proportion of Ogaden traders is surprisingly high. In traditional Somali lore, the Ogaden are seen as large-scale herders who supply the itinerant traders from the historical cities of the northern Somali coastal belt and who provide the market with the goods they bring in. It may be that the Ogaden clan, which occupies more than half of the land mass of Somali Region, could be taking advantage of their geographical position and the security situation to expand their trading activities. Certainly, the survey shows that the Ogaden have now vigorously picked up trading activities, and they are well represented in the two-thirds of traders who started activities in the last ten years.

The rest of the sampled traders were from the six major clans (Dir, Gadabirsi, Hawiye, Isaaq, Jidwak and Riverine) each making up 7-9% of the sample, with a further four minor clans adding about 2% each. These are historical trading clans that straddle the Ethio-Somali border, stretching to the Indian Ocean coast, and which have traditionally been associated with long-distance trade. Two of these minor clans, the Ashraf and Rer Aw Hassan, are numerically extremely insignificant, and they fall outside the over-arching Somali family-tree clan system. They appear to have made up for their disadvantage in sectors where strength in numbers is important (like politics and real estate) by concentrating on trade activities. As they are not involved in the political rivalries and competitions between the major clans, and because of their historical association with a scholarly religious role, they are able to travel through the territory of different clans.

## 2.6 Actors in the livestock market yards

The importance of the livestock marketing system to local livelihoods is demonstrated by the many actors found in the larger livestock markets. Their roles are well known and there is a remarkable uniformity to them across the region. Besides the roles mentioned below, there are many additional people in the markets who come to look for work.

*Shirkad* are large-scale companies to which traders within the region sell animals. Among the *shirkad* are the “Big Six” companies operating in Hargeisa and Bosaso, which have branches in the Middle East and South-East Asia. Usually the *shirkad* have several interests such as telecommunications, money transfers and construction agencies.

*Shirkad* agents in Saudi Arabia send out *baggage* (household goods) and *rations* (bulk non-perishable food items like rice or wheat flour) as requested by purchasing agents in the pastoralist areas. These purchasing agents have arrangements with a series of traders and shopkeepers. The *shirkad* of Somaliland offer loans to traders to bring in cattle from Ethiopia. In some rare cases Yemeni *shirkad* provide capital.

Due to the effects of the Saudi Arabian government ban on live imports from East Africa there were no *shirkad* operations in most of Somali Region throughout 2005. Before the Saudi ban, the *shirkad* dominated the livestock export markets, and had agents operating on both sides of the Ethiopia/Somalia border. The withdrawal of the *shirkad* led to an increase in the number of traders who are now exporting directly overseas, leading to the division of profits among many small operators. The need to bear the costs of operations while lacking the economies of scale enjoyed by the large-scale *shirkad*, have led to innovative organisation by the smaller traders, including increased co-operation and running joint operations. Unlike the *shirkad*, these traders have to share space and shipping costs, as they cannot afford to hire entire ships individually. The existence of many smaller traders also enables the pooling of risks, as each trader sends out limited numbers on any particular ship. Without large guaranteed markets, most of the *shirkad* have sought different investment opportunities and are no longer involved in livestock exports.

*Gana'sade* are large scale traders just below the level of the *shirkad*. A few *gana'sade* working together may form a *shirkad*. Most of these traders, who live in Jigjiga and its environs use the modified Letter of Credit

arrangement, which allows for the legal export of cattle from Somali Region to Somaliland. These Letters of Credit have to be backed by cash deposits of foreign currency and banked within Ethiopia by exporting agencies. Letter of Credit activities are in direct competition with illegal trade which does not carry such high overheads.

*Jeble* (or *urursade*) are medium to small-scale traders, who arrive at the markets with capital to purchase livestock. Some of the *jeble* (literally “pocket”) live in the pastoral areas and organise for sheep to be fattened after buying them. *Jeble* also provide credit to pastoralists, usually providing a service to those from their own clans. When a major order arrives from the *shirkad* to provide animals for export, the *jeble* mobilise the pastoralists. *Jeble* provide the linkage between external or local capital and the market, yet are close enough to actors in the market and producers in the rangelands to understand their problems.

*Dilal* are market negotiators and the system of using them is an ancient part of the traditional trading system. *Dilal* are transaction facilitators. They are found in every livestock sales-yard and are the link between the rural populace and the market system. Every clan has their *dilal* operating within the market centres. Each *dilal* depends on his clan to provide animals. It is said that the *dilal* is the “ambassador” of his clan in the market, and he will try hard to prevent activities that may put the clan in ill-repute. He will have a working knowledge of the quality of animals and be able to tell the current value of stock.

*Dilal* negotiate the price of the animals, in the presence of the trader and the purchase agent, who is often an exporter. After the agreement is made, the owner leaves the animals in the care of the *dilal*. In the evening the purchasers and the *dilal* meet. The *dilal* is given the money and he hands it over to the seller.

*Dilal* have a code of communication based on handshake and secretly picking different digits of the fingers which represent the numbers one to nine with additional action for multiplying zeros. When the *dilal* is asked, ‘What do you do?’ he may reply jokingly, ‘I pick my fingers!’ The code system is said to have been initiated in northern Somali, and has been in existence at least since the 19th century, as is witnessed in the following part of a poem written by Ismail Mirre in the 1890s<sup>17</sup> :

*Surprised was I when they squeezed the sheep’s flanks,  
Never having seen good stock exchange for mere cash;  
But truly was I amazed when they fondled each other’s fingers,  
As their voices rang out: Accept this offer; and no I cannot!*

Direct sales into the main livestock sales market are undertaken only by those pastoralists who live near the market. Even so, the pastoralist will look for the *dilal* from his clan who will sell the animals in front of the owner.

Pastoralists camping together in distant grazing areas hand animals they wish to sell to one or two people who trek to the market. After selling the animals, they purchase and bring back goods that were ordered by their neighbours. Costs involved in taking a small number of animals to market are thus spread over a number of families. In the more developed areas, pick-up trucks ply the desert tracks, picking up small stock, milk, and other pastoralist produce to deliver to the market. Each family has their *dilal* in the market to sell their animals. The *dilal* will then purchase goods that the family have ordered, and hand these to the pick-up driver to deliver them back. This trust system reduces the costs of travelling to the market for remoter families.

*Khidmad* are respectable people, probably with a thriving business in town, with whom traders deposit money. When deals are agreed the sellers go and receive their money from the *khidmad*. This guarantees that the payment has been made. It also enables the trader to concentrate on acquiring stock. The *khidmad* usually only works when large amounts of money have to change hands and one of the parties involved comes from outside the market.

*Raa’i* (literally “followers” - or *siwaaqi*) are trekkers who move animals on foot between sales-yards. They have good relations with clan elders and can therefore take responsibility for the safety and security of the

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<sup>17</sup> See appendix 6 for the full Somali version with English translation

livestock when moving them through their clan area. While most *raa'i* traverse long distances over several hundred kilometres, the term is also used for those trekkers who only cover small distances between bush markets and the assembly markets. Long-distance *raa'i* independently care for stock belonging to their contractor, who may be from another clan group. They trek the livestock to the edge of their clan territory, where another group of *raa'i* take over the movement of the animals.

*Salah waato* (literally “put on top”) and *dulsar* are terms sometimes used interchangeably. *Salah waato* refers to the very small-scale itinerant traders who move stock between nearby markets to gain small profits, while *dulsar* are small-scale traders who buy animals, and almost immediately resell them with a mark-up within the same market. The profit they make on each animal is small, even during the best times it does not exceed ETB 30-50 (US\$ 3.50-5.80)<sup>18</sup>. Thus the burdens of paying brokers and taxes may make the difference between profit and loss. As a result, *salah waato* may make arrangements with brokers to pay less than usual, while many of the smaller sales that they make are not recorded by tax officials.

Typically the *salah waato* aim for daily turnabouts, buying and re-selling animals the same day, everyday. However, most of their purchases tend to be at the end of the day, when farmers and pastoralists who need to travel back home sell animals that have not found a buyer at lower prices. Thus they provide a service to the primary producers who bring stock to the market but cannot afford to continue spending money on upkeep within the town while seeking a purchaser.

*Hilible* are traders who buy animals and slaughter them for local consumption. These include those who have butcheries in the major towns and those who operate open-air meat kiosks across most of Somali Region and in the poorer areas of the towns. Almost all *hilible* in the north Somali area and Somaliland are women. They are also invariably from the minority “pre-Somali” clans based on caste; the ethnic Somali seeing extensive contact with blood to be profane.

*Gesgara'* (literally “punch each side”) are found in the major markets, like Tog Wachale. They facilitate deals between *dilal*. The *gesgara'* haggle to allow the *dilal* to maintain a tough stance while still leaving room to negotiate. When an agreement has been reached the *gesgara'* is given equal amounts by both *dilal* for “smoothing” the process.

*Alamadiye* is the mark that is immediately placed on the animal to identify its new owner after the agreement to purchase is done. *Alamadiye* are the workers present in every major sales-yard who are expert at branding animals.

*Awse'* (literally “grass”) are among the most important additional service providers at the major sales-yards. They stock and sell hay. Almost all the *awse'* are women.

*Gara'a* (literally “beaters”) control the wild bulls and ensure that the bulls do not fight one another or injure themselves when being loaded into trucks. They also assist in slaughter houses to control camels and cattle.

*'El'eliya* work within the sales-yard to prevent the animals straining or fighting one another. They are likely to be part of the large unemployed gathering hanging around the sales-yards hoping to make some money for the day.

*Sunle* (literally “poisoners”) make their services available at the sales-yard to rub “poisons” on the animals. These are diluted acaricides to kill ticks and other visible parasites.

*Herole* are owners of *hero*, thorn fence enclosures where pastoralists pen their animals overnight, that are put up near the livestock sales-yards, offering to look after animals overnight for a fee.

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<sup>18</sup> Exchange rate of ETB 8.8 = US\$ 1 (May 2005)

*Muqahilay* are tea sellers who maintain tea shops all around the market place. They can also be found in the town and theirs is not a specialised livestock sales activity. Almost all the *muqahilay* are women.

*Tax collectors* are present in all livestock markets. In larger markets like Jigjiga, Harti Shekh and Gode there are four official workers; two will be tax collectors, one a local government revenue collector and one a central government revenue collector; each with an attached security guard.

*Hamaal* (loaders) are found in every major market where trucks are used. They load goods onto a vehicle or unload it. Every truck is typically unloaded by five *hamaal*. The *hamaal* are paid a fixed wage. To avoid conflict among themselves in this new activity, the *hamaal* have formed associations. In Gode, they have an organisation (*mamul*) registered with the local authorities, which promotes their interests. The association actively discourages the loading and unloading of vehicles by persons who are not members. When somebody wants to become a *hamaal*, he applies to the association. If conflict arises among members of the association, those deemed to be the guilty party will be denied the right to unload their turn. In the Tog Wachale area, *hamaal* are also known as *haras*.

## 2.7 Corridors and routes through Somali Region

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. Multiple lines converge towards the ports (Figures 4 and 5).

These trading corridors are characterised by fierce competition. While the preferred trading routes within and between these corridors are determined by factors such as relative distances to the port, availability of transport facilities and prices offered to traders along the route, the corridors are primarily defined by clan networks.

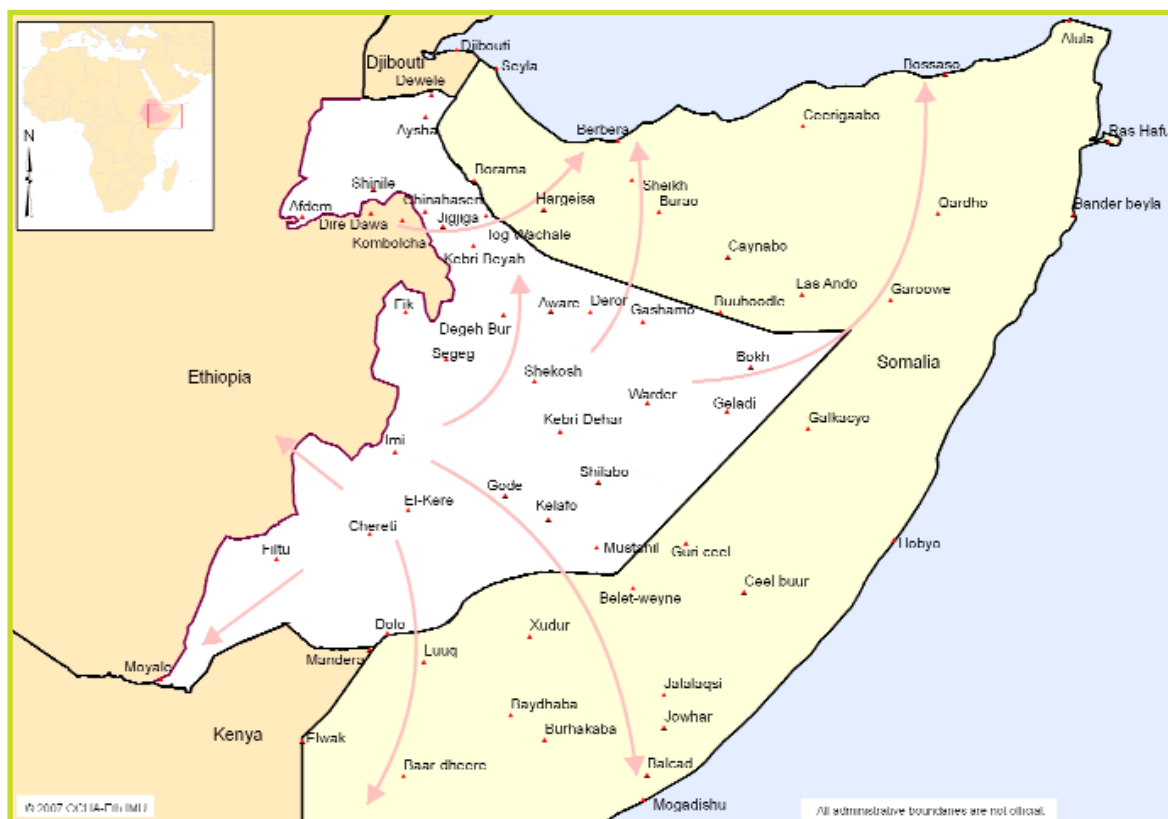


Figure 4: Map of trading routes used in Somali Region

Trade routes run through clan-controlled grazing areas. All the major corridors are dominated by clans who straddle the international boundary between Ethiopia, Djibouti, Somaliland/Somalia and Kenya. Related sub-clans and even families live on either side of the border, and interact constantly. Pastoral grazing patterns take them across the boundary and up to the coastal plains, in some cases quite regularly (Sommerlate & Umar, 2000:48). It would thus be difficult to control the movement of large herds criss-crossing from one woreda to another, across the border through clan-controlled common-grazing lands. A trader is protected by the clan structure along any route within the corridor. In the absence of modern legal mechanisms and formal financial infrastructure, pastoral trade works through informal networks, based on clan solidarity. Traders depend on the customary justice system, to ensure the safety of their goods and capital. They are able to call on this system only within corridors where they have clan linkages and agreements.

All trade routes run through clan areas, yet the corridors run across several clans. Within the corridors and routes, trade is influenced by the strength of clan networks and relationships between the clans. Even when there are no hostilities among the clans, the goodwill of the clan is necessary to allow passage to trek livestock, as their customary grazing regulations hold the key to vital resources like water and pasture.

However the clan system regulating and insuring trade along the corridors has its limitations. It could be the reason for the observed imperfect market integration across the region, whereby changes in prices along one route do not immediately affect the prices along other routes. If there is a bottleneck along one route, traders cannot easily use another as they will lose the protection of their clan.

### Issa corridor

This trading route dominates Shinile Zone, in the north, but otherwise it is detached from the rest of Somali Region. Trade is conducted with the port of Djibouti and nearby small Somaliland ports. The Issa corridor uses the Ethiopian currency. The major clan group in this corridor are the Issa who are dominant in Ethiopia's Shinile Zone and the Republic of Djibouti.

The bulk of Ethiopia's official trade goes through the Issa corridor, using the tarmac road and the railway to Djibouti. Tight security is maintained to guard this lifeline route to the heartland of Ethiopia. The Ethio-Djibouti railway track from Addis Ababa enters the Issa corridor around Mieso, after traversing the lands of the Kereyu and the Afar pastoralists, and continues the rest of its passage along the Issa corridor into Djibouti. The train's open carriages are used by pastoralists to transport goods and commodities, including livestock.

The tarmac road to Djibouti is one of the busiest roads in Ethiopia, and is used by heavy duty commercial trucks and petrol tankers carrying imports from Djibouti port. Part of the intense conflict between the contesting pastoralist tribes of Issa and Afar is said to be about an Issa push to gain access to the road, and the opportunities it brings in terms of employment in the contraband trade.

In the eastern parts of the corridor, including the Aysha to Dewele triangle, like in other corridors described below, access is determined by clan arrangements. Contraband export along this route goes through western Somaliland and enters Djibouti along its common boundary with Somaliland. Vehicles entering Ethiopia along this route enter the Dire Dawa administrative area. Although these routes pass through pastoral lands, the products they are carrying are meant for the wealthier urban consumers. High value items, like cigarettes and electronics, regularly show up among the goods captured by the Customs Authority around Dire Dawa. Otherwise goods being ferried into Ethiopia will be broken up into smaller parcels around Dire Dawa where they will be sold directly, or transported on to Addis Ababa and other major Ethiopian towns.

### Berbera corridor

Trade movement from Berbera into Somali Region follows two directions: along the Hargeisa route to Jigjiga and Harar; or along the Burao road into the grazing areas of eastern Jigjiga Zone and Degah Bur Zone. The major clan group in this corridor are the Isaaq, who are dominant in Somaliland and along the Ethiopia/ Somaliland border. Suppliers in this corridor come from the Ogaden clans of the central parts of Somali Region and from the Jidwak and related clans of the Jigjiga plains. The following are the routes used along the Berbera Corridor:

**Harar - Jigjiga - Hargeisa - Berbera route.** This route along the western side of the Berbera Corridor is used to move animals to Hargeisa and Berbera. The area surrounding Jigjiga town, the administrative capital of

Somali Region, is a grain-producing agro-pastoralist area, and it uses Ethiopian birr for day-to-day trade. Imports into the densely populated areas around Jigjiga and Harar also come along this route. It is among the busiest livestock routes in the region and carries the largest volume of goods traded across the Ethiopia-Somalia border. It is presently being upgraded by the Ethiopian government, opening up the Berbera corridor as an alternative port to Djibouti.

**Harti Shekh - Hargeisa route.** Sheep and goats from the Nogob area of Segag, Garbo, and Fik are trekked to Degah Bur, Aware, Harti Shekh or Lankeyrta where trucks carry them to Hargeisa. Sheep bought in Harti Shekh are taken to Jigjiga, where prices are higher.

Harti Shekh emerged as a commercial centre with the influx across the border of urban refugees from Hargeisa at the start of the Somali civil war in 1988. These traders brought with them their widespread international connections and access to capital. Harti Shekh dominated the cross-border trade to Berbera until February 2002 when there was a clampdown on the cross-border trade. Customers buying at wholesale rates would come all the way from the central Ethiopian highlands to stock up on electronic goods in Harti Shekh. Bulk food would be stored in large warehouses and redistributed into the Haud and central and southern parts of the Somali Region. During the clampdown on cross-border trade, Harti Shekh residents felt that they were being specifically targeted, as most of the large stores (*bukhar*) stocking electronic items, imported clothing and furniture were closed down. By 2005, many traders had shifted their base of activities to Tog Wachale town, and were operating from the Somaliland side of the border.

The Harti Shekh area supplies milk to the urban population of Hargeisa. Pick-up trucks ply various tracks radiating out of the town into the pastoral rangelands, where they pick up 5, 10 and 20 litre plastic jerry cans filled with milk, usually camel milk which can keep for up to three days. No family members need guard the jerry cans, as there are usually standing arrangements in place. The milk is delivered to specific families or shops in Harti Shekh town, or family members come to pick up their jerry can. The operators of the pick-up return the jerry cans in the afternoon, usually filled with water. They are dumped at the roadside where they were picked up in the morning. The pastoralists collect the jerry cans, use the water brought in for domestic purposes and fill them up again with milk that will be supplied to the towns. The pick-ups also collect small stock that are destined for the market from family members standing on the sides of the tracks. These small stock are taken to the market for sale. There are about forty pick-up trucks operating in this manner around Harti Shekh, and other trucks work in the same manner around Tog Wachale, Jigjiga and other major trading centres. In Babile, Tog Wachale and Jigjiga the milk is bulked and then exported to Hargeisa, Somaliland.

**The Haud route** serves the areas of Aware, Gashamo and Degah Bur up to the neighbouring Nogob with trade crossing the border to the Somaliland town of Burao. The residents of the districts on both sides of the border are from the same Isaaq clan background or the closely related Ogaden Rer Isaaq sub-clan. Livestock from the eastern parts like Gashamo are trucked to Burao and to the port of Berbera.

**Kebri Dehar – Burao route.** Animals are brought to the Kebri Dehar market from the surrounding pastoralist areas. While traders of Kebri Dehar have had a closer relationship with Bosaso in the recent past, they have traditionally been oriented towards the Berbera port. Traders told us that Berbera had several clear advantages for them: there was better provision of hay and supplies for stock while in the port, the distances were much shorter, allowing one to return stock back to the base at Kebri Dehar if a deal fell through.

**Gode- Burao route.** The vehicles hired in Burao take four nights on the Kelafo route to get to Gode. Cattle are trekked from Gode to markets in Harti Shekh, where they are traded and taken on to Jigjiga, Tog Wachale or the Ethiopian highlands, or they are trekked directly to Burao. The trekkers travel once every three months. If a cow dies, the trekker is not liable, but if it gets lost, he is responsible. Often the animals are trekked at night through areas where they are liable to be confiscated.

### **The Bosaso corridor**

Before the Somali civil war, Bosaso port hardly operated. The Bosaso route has since emerged as an important corridor for trade into the eastern parts of Somali Region. The Majerten clan are dominant in The

Puntland State of Somalia and Bosaso, and the people of eastern Warder, Bokh and Galadi Woredas are from the same clan background. They provide the backbone of the Bosaso corridor. Other suppliers in this corridor include the Ogaden and Marehan clans from the eastern parts of Somali Region.

**Warder routes.** The eastern Warder area is also a transit region for produce being exported from woredas further south. The main trading centres are Bokh, Marqan Weyne, Qallo'an, Gal-Hamar and Dabarjoog. Animals are collected together in these centres by the *jebble*. From these concentration points, trucks are contracted to ferry the livestock, mainly sheep, north-west to the port of Berbera, or north-east to the port of Bosaso.

**Kebri Dehar – Bosaso route.** Vehicles travel away from Kebri Dehar at sundown. The sheep and goats graze through the day and are re-loaded in the evening ready to drive through the night.

### The Riverine trading area

This covers the central portion of Somali Region and includes the important trading centres of Gode and Kelafo. Gode town, the former capital of Somali Region and the major trading centre in this area, attracts imports of foodstuffs and consumer goods, while the riverine area generally produces fruit and vegetables that are exported out to markets in the main towns of southern Somalia and Somaliland.

There are several less well defined trade routes out of this area which connect Gode, southern Fik, Korah and Afder with the major Berbera and Bosaso trade corridors. Other trade routes from this area carry various goods to Berbera and Bosaso, as well as south to the port of Mogadishu and west to the Kenyan border towns.

**Gode - Mogadishu routes.** The major route follows the course of the Shabelle River down to the Ethiopia/Somalia border, along the Gode-Kelafo-Mogadishu road. The city of Mogadishu and central Somalia are dominated by the Hawiye clan, which extends along the river Shabelle into Ethiopia's Mustahil Woreda. Kelafo Woreda is populated by a complicated mixture of clans including the majority Somali Bantu, while Gode and the hinterland of the river basin are occupied by various Ogaden clans.

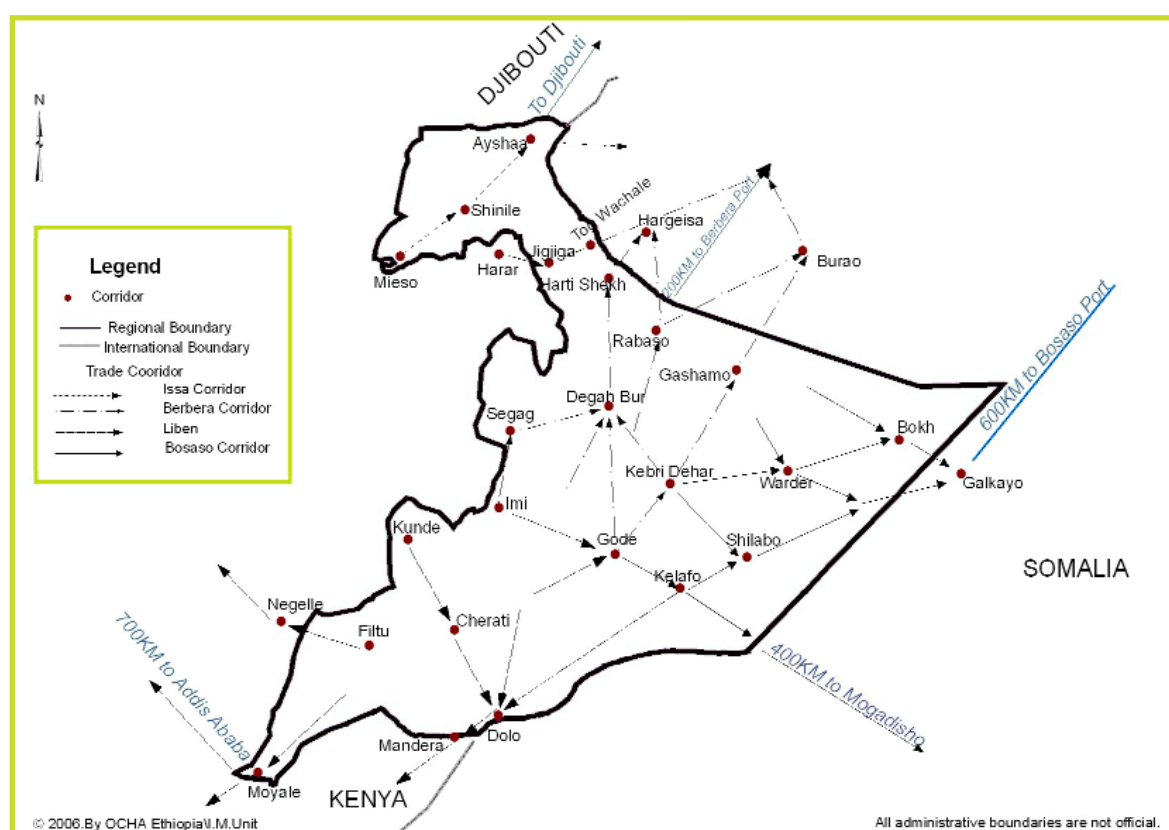


Figure 5: Map showing trade corridors to and from Somali Region

From Kelafo, which is south-east of Gode, there are two routes to Mogadishu. The first takes five days, travelling along the western bank of the Shabelle River and spending nights in Qura-Jome, El-Ali, an open bush camp and Wanle Weyn en route. The alternative takes four days overnighting in Far-Libah, Bullo Burti and Balli-Aad before arriving in Mogadishu.

### The “Zone Liban”

Somalis call the southern part of their region “Zone Liban” and use the term to loosely include Liban Zone proper, and the neighbouring woredas of Gura Damole, Cherati and Goro Baqaqsa which have the same culture and dialect and similar Dir or Hawiye related clan backgrounds. This zone uses the Ethiopian birr. *Zone Liban* is oriented towards northern Kenya as well as southern Somalia. The people of the southern part of Somali Region engage in cross-border trade with the northern Kenya towns of Mandera and Moyale. They also trade across the border towards the ports of Mogadishu and Kismayo. However there is very limited use of the Kismayo port due to the civil strife in southern Somalia.

**Moyale – Nairobi route.** Moyale livestock market in Kenya remains the dominant market in the region before animals are taken to terminal markets in Isiolo and Nairobi. *Dilal* work in the market but unlike in Somali Region, the *dilal* in Moyale works exclusively for his own clan.

**Mandera – Garissa route.** The rapid growth of the Garissa livestock market in northern Kenya during the 1990s attracted supply all the way from south-eastern Ethiopia and southern Somalia. Cattle are the main product sold in this market, and they are trekked from Gode and Kelafo to Garissa through Dolo Odo. Goats are also supplied by this route to Central Kenya.

### The evolving role of trucks

The emergence of trucks in the Horn of Africa signalled the demise of the long-distance camel caravan trade, even though it has not replaced the trekking of animals to markets across the spectrum. Goods are no longer transported between the major centres on the backs of camels, even if most families ferry purchases from the bush markets to their camps using camels. The importance of the role of trucks in connecting the far-flung pastoral settlements, and cost-effectively bringing in goods and supplies is still growing. Where the roads have been upgraded, the relative advantages of ferrying animals by truck to trekking may become overwhelming. According to Holtzman and Kulibaba (1996:79-94), the reasons for the preference for trucking are: the longer times required for trekking, tying up scarce capital, possibility of conflicts with farmers, increased risks to theft and ‘predation from corrupt authorities’. Trucking is preferred even where costs are higher than for trekking: ‘While the cash outlay for trekking on to the final destination may be smaller than truck rental, trekking has declined in importance as a long distance transport mode since the mid 1970’s in West Africa’ (*ibid*). The extension of tarmac to Garissa in North-East Kenya has probably assisted in its emergence as the third largest cattle market in Kenya<sup>19</sup>. With its easier accessibility, traders come to the Garissa market from the national capital and its surrounding highland areas and animals are easily trucked out along the tarmac road.

Within the Somali Region of Ethiopia, trucks are mainly used to ferry small stock to the Somali ports, while cattle are usually trekked to the border. East of the Jijiga plains, trucks from different parts of the former Somali republic are also used extensively to import goods and supplies. Throughout the Somali Region, there are basically no all-weather or tarmac roads. The access to trucks within the region is uneven. Woredas along the border with Somaliland and The Puntland State of Somalia have the largest number of trucks, many owned by local residents. The costs of transportation are lower in these drier eastern parts which have sandy soils and flat terrain. Since the early 1990s, ownership of trucks has increased. There were only seven trucks in Bokh Woreda before the Somali civil war, but by 2004 every village in Bokh Woreda had five or six locally-owned trucks (Devereux, 2006: 57). The usage trucks are put to in these woredas has expanded, as noted below.

In the 1980s, most of the commercial trucks used in the Somali Region belonged to members of the Isaaq clan, who also dominated the livestock export trade across the border in Somalia. As ownership of trucks has spread across the northern, eastern and central parts of the Somali Region, access routes that provide

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<sup>19</sup> ‘Garissa is currently the largest cattle exchange centre in Kenya outside Nairobi and Mombassa, and it is the largest one in the country’s rangelands’ (Little, 2002: 185)

the business for the trucks have become increasingly contested. Trucks have been targeted in the clan rivalry, banditry and rebel activities in the central areas of the Somali Region. In extreme cases, trucks may be burnt, along with all the goods they are carrying. The consequent crippling of the transport operations has reduced trade along many routes.

Trade and trade routes in the Horn of Africa are complicated by the legacy of large-scale conflict, as well as ongoing banditry and clan-based fighting in the Somali Region. According to Peter Little, conflict can 'lead to highly exclusionary and sometimes disruptive practices, whereby traders of certain clans and groups exclude others from participating' (Little, 2006:179). The impact of conflict on trade and trade routes has been noted in the literature. Devereux notes that the fighting in 2003 between the Bi'idyahhan Majerten and the Makahil Ogaden which cost 280 lives was very damaging to local livelihoods because 'the disputed area...lies on the main trading route from Shillabo to Bosaso, so this route became inaccessible for several months.'

Estimates, formal or informal, of the number of trucks destroyed are not available. The number would have to include the trucks owned by citizens of Ethiopia hailing from diverse tribes and clans, many (but not all) belonging to clans which are predominant across the border in Somaliland. Although the number of deaths associated with the burning of trucks is minimal, as drivers and loaders are generally asked to get out before the vehicles are set alight, the effect on trade routes has been fundamental. The changes in clan composition of traders in the central Somali rangelands and the decline of Berbera port as the prime Somali port for the export of livestock can be partly attributed to this "battle against trucks"<sup>20</sup>. Costs of trucking to Berbera and Somaliland from southern and central parts of the Somali Region became excessive as alternative but longer routes were adopted. Thus the thriving trade in onions from the rich riverine areas of Kelafo to the populous areas of north west Somaliland was undermined by the trucks having to travel circuitous routes, driving first south to Shillabo, then east to Warder before turning north-west, in order to avoid the central Ogaden lands.

The shift from the camel caravan trains has led to less capitalised, smaller and more frequent movements by more individualised traders 'as trade shifted from the caravan trade's large, highly capitalized operations to micro entrepreneurship' (Goldsmith, 1977). This shift enabled clans, that did not have direct links to the coastal belt and that lacked access to large amounts of start-up capital, like the Gabra of Kenya, to engage in trade.

The rise of Bosaso port over the last decade and the exit of the large *shirkad* from the livestock export business has created space for many smaller traders based in the central parts of the Somali Region to enter into cross-border trade. Ten years ago there were less than five trucks that were owned by residents of Korahe zone, while by 2005 residents of Kebri Dehar town alone owned more than ten trucks. These trucks are used to ferry small stock to the ports, as well as carry back bulk food and other imports. However, the majority of the trucks that were observed during this survey belonged to traders based in Hargeisa and Burao in Somaliland, Harti Shekh and Jigjiga in the Somali Region, and Gal Kayo and Bosaso in the Puntland State of Somalia.

Throughout Jigjiga Zone, and in all Isaaq and Harti areas, there are plenty of trucks for hire. Traders from Somaliland are always eager to send their trucks into the Somali Region, as they may spend days without custom on their side of the border. They form partnerships with traders from the Ogaden to try and gain access for their trucks into the bandit prone central parts of the Somali Region. Trucks for hire can be found in Degah Bur, Kebri Dehar and Gode. In Afder Zone, especially in remote woredas like Gura Damole there are virtually no trucks available. Most of northern Gode and Fik Zones also suffer from a lack of transport. Traders in these remote areas find it hard to enter into the livestock export trade due to a lack of capital. Traders along the established routes that supply the export market only venture into the markets of these remoter places when there is a surge in demand that cannot be satisfied from their usual markets. Prices of stock fall as one moves away from the coastal port areas. As increased demand from occasional surges lifts prices, traders move out to exploit remoter supply zones. Trucks make good profits during peak seasons of small stock exports and when there is demand from the distributors of relief food. At other times they may remain idle unless their owners risk using them for the higher paying dashes into areas where rebels are operating.

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<sup>20</sup> As can be seen from the trader survey carried out in this study, the Ogaden have risen as traders over the last decade, However, the decline of Berbera port is partly due to the Saudi Arabia livestock import ban (see section 2.7 on ports below).

In the eastern Harshin, Gashamo and Bokh areas, in addition to transporting livestock and commodities, trucks are replacing the pack camel for many families and are used to ferry water and fodder. They are also used to transport animals and families. In remote places, vehicles have become mobile shops that move with mobile pastoralists. When drought affects a particular woreda badly, pastoralists are forced to migrate and shops will close as they lose custom. Many of the trucks owned by traders in the village become mobile shops and travel with the pastoralists. If pastoralists settle near a major centre, businessmen in the area have been known to resent the competition from the accompanying mobile shops.

## 2.8 Ports

Berbera and Bosaso are the two major ports for livestock export in the Horn of Africa, followed by Djibouti. In 2004, small stock exported from the ports of Berbera and Bosaso totalled just over two million animals, which is close to the total exports of 2003, 'but significantly less, by almost one million head, than the number exported prior to the livestock bans of 1998 and 2000' (FSAU, 2005). Berbera and Bosaso exported 3.5 million animals in 1997 (Table 4); 96% of these were sheep and goats, 2% were cattle and 1% were camels. Saudi Arabia took 98% of all the sheep and goat exports, while Yemen and the United Arab Emirates took only 2%. A significant proportion of exports are made up of livestock that originated in Ethiopia's Somali Region and were then traded across the borders into Somaliland and the Puntland State of Somalia.

The ports benefit from the custom of the livestock traders who make use of their facilities and services to export animals. Various charges and taxes are levied by authorities on the animals before they board vessels. These monies are easily collected as export animals are clearly assembled together and loaded under supervision. Unlike in the pastoral areas and the borderlands, they cannot be confused with mobile grazing stock or local animal sales to supply domestic meat demands. Vessels pay various docking fees and other charges, and may require servicing. Direct benefits to the port generated by the passage of large volumes of export animals include employment, while indirect benefits include the demand for ancillary services that provide the hay, water and other requirements for animals both waiting to board vessels and travelling overseas. Revenue and employment are also generated by the handling of corresponding imports. Vessels, returning to collect more export animals, come loaded with goods such as food and household items. The trucks that ferried livestock to the port will load up with the return goods, completing the parallel conveyor belt connecting the ports with the pastoral towns and villages.

### Berbera and Bosaso Ports

The natural deep-water port of Berbera is centrally situated in the northern rangelands of Somaliland, and has been the region's main livestock export port for hundreds of years. Livestock are transported to Berbera through routes converging on Burao and Hargeisa. Bosaso port is located in the extreme north of the Puntland State of Somalia, and only started to export livestock after the start of the 1990s Somali civil war.

Prior to 1997, 85% of all small stock was exported through Berbera (FSAU, 2005:14). Though disadvantaged by its distance from the central Somali rangelands and its inability to dock deep-water ships, Bosaso is nevertheless offering serious competition to Berbera for the pastoral trade. The fluctuating fortune of Bosaso and Berbera ports is demonstrated by the data below (Table 4).

The Berbera trade was reduced in the late 1990s and early 2000s by the Saudi livestock import ban. Bosaso, which continued to supply the lesser Gulf State markets of Dubai, Abu Dhabi and Qatar, did not feel the effect so badly. More recently when insecurity on the Berbera route affected Isaaq suppliers, Ogaden traders were able to negotiate access along the Majerten dominated Bosaso corridor, thus boosting the Bosaso port while the Berbera trade declined somewhat. Parts of central Somalia have re-oriented imports and exports towards Bosaso, due to the closure of the insecure Mogadishu port.

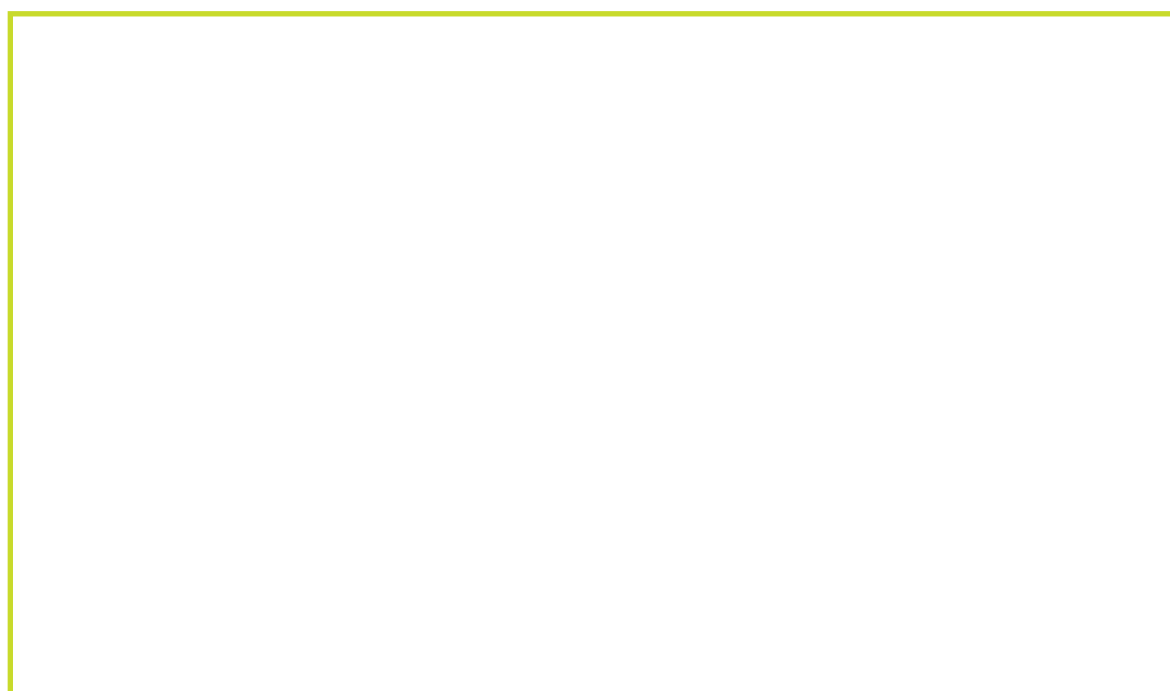
The impact of the Saudi bans on Berbera port is demonstrated by the rapid decline of exports in 1998 and 2001. According to FAO's Food Security Assessment Unit for Somalia (FSAU) the ban led to a collapse in demand and a dramatic fall in the price of animals. In 2002 there was a 60% drop in the price of a sheep from US\$ 25 to US\$ 10 in Berbera.

In the last year before the bans started affecting the trade, the two northern Somali ports exported a total of 3.5 million heads of livestock, of which 3.3 million were small stock. The lowest exports are recorded in 2001 when the total exports were only 0.7 million of which small stock made up 0.6 million head. By 2005, the export trade was recovering with total livestock exports numbering 2.9 million of which 2.6 million were small stock exports. As is displayed below (Figure 6), the Arab ban significantly affected Berbera port in 1998, and basically closed the port down in 2001. By 2005, the port was steadily recovering.

	Sheep and Goats		Cattle		Camels	
Year	Berbera	Bosaso	Berbera	Bosaso	Berbera	Bosaso
1997	2,814,495	494,320	66,939	17,831	50,587	15,499
1998	957,224	517,020	92,213	29,492	11,663	3,938
1999	2,048,136	633,669	89,967	36,586	37,430	15,544
2000	1,601,083	571,455	63,263	27,604	16,984	8,177
2001	42,554	548,853	13,962	42,248	2,660	1,950
2002	178,777	1,280,768	14,938	47,050	12,354	8,246
2003	563,102	1,483,409	84,312	71,328	21,874	4,259
2004	859,405	1,166,480	131,852	80,094	6,156	2,488
2005	1,023,795	1,594,859	148,151	91,910	5,069	26,109

Source: FAO/FSAU 2002:5, FAO/Hadrill 2003:29, FSAU data, 2006

Table 4: Exports from the ports of Berbera and Bosaso



Source: Calculated from FSAU data

Figure 6: Exports of small stock from Berbera and Bosaso ports, 1997-2005

Livestock are moved out by a small number of ships that regularly ply the Berbera route. The majority are owned by Somali and Yemeni businessmen, either individually or through joint Somali-Yemeni partnerships. Other ships, owned by Saudi Arabians, Syrians and Pakistanis, also come to Berbera. Shipping agents based in Berbera make agreements with the livestock exporters and take charge of transporting the animals across the sea. According to such agreements, the exporters will bear up to 1% of any loss of sheep and goats during the sea journey, and up to 2% of any loss of cattle. If any loss sustained exceeds these agreed percentages, the shipping company, through the agent, undertakes to compensate the exporter.



Figure 7: Monthly average of small stock exports from Berbera and Bosaso ports, 2003-2005

Source: Calculated from FSAU data

Seasonal fluctuations are more pronounced for Berbera where monthly exports sink to a low of about 20,000 small stock, from a peak of almost 150,000 head. This is due to the dependence of the Berbera port on the Saudi Arabian market and the *Idd al Arafa* festive season.

A ship with a capacity of 1000 tons will normally carry 800 cattle and 2000 sheep; if it is carrying only sheep it will load 6000 animals. During the months of June, July and the first part of August, strong winds in the Red Sea and the Indian Ocean mean that small boats of less than one thousand tons cannot sail across the Gulf of Aden.

Independent suppliers stock hay (which is gathered from dedicated farms situated in the high plains south of Berbera) and water within the vicinity of the port. Animals rest near the port for a day or two to allow for final preparations and to recover their strength and condition. Health checks for diseases like brucellosis will have been carried out in the main livestock market of Burao; sample checks are then made from every herd waiting to be shipped at Berbera. Animals are loaded onto vessels together with provisions of water and hay. Animals headed for Dubai will be provided with hay and water on three occasions, while those loaded for Yemen will be fed and watered only once. *Raa'i*, paid for by the export traders, accompany the livestock on their journey across the sea, to ensure their safety and to attend to their watering and feeding.

#### Mocha Port, Yemen

Somali livestock in Yemen are sold in the port of Mocha. Business in Yemen has to be conducted under the name and with the partnership of a Yemeni citizen. The person in whose name the livestock arrive in Yemen will have several Somali sub-agents working under him.

The Yemen authorities have been known to reject an entire ship of livestock, so traders mitigate their risk. Instead of one sole exporter taking a ship, many traders now come together, and work through a *wakiil* (agent) in Berbera who hires a ship jointly for them. The livestock exporters break up their herds, and load them onto various ships that will also be carrying stock belonging to several other exporters. In this way, if any misfortune befalls the ship, the loss for any particular trader is reduced.

#### Djibouti Port

The port of Djibouti has become the foremost conduit for Ethiopia's international trade since the Eritrea-Ethiopia war broke out in May 1998. Before this war, the Eritrean port of Assab handled the bulk of

Ethiopia's international trade. Overall it costs slightly more to use Djibouti than Berbera or Bosaso for the export of live animals, and the port is reported to be having difficulties supplying facilities like water and hay. Nevertheless Djibouti has the definite advantage of an internationally recognised government. Djibouti also provides quarantine facilities, vaccination services and certificates that are accepted in Yemen.

Djibouti has made ambitious plans to facilitate the regional export of livestock and set up facilities that would make it the dominant export port to the Middle East. A company to facilitate the exports of livestock from the Horn of Africa under internationally acceptable standards was formed in Djibouti and registered in the United Arab Emirates in 2003. The certification process would involve companies in Egypt. In late 2005, it was reported that Saudi Arabia intended to lift the ban on live animal imports from the Horn of Africa to allow imports through the port of Djibouti in response to a request by Djibouti which had set up a specialised pre-export quarantine centre (Asharq el Awsat, 2005). Saudi Arabia would only need to inspect the facilities and ascertain that proper procedures were put in place.

Hoping to attract a majority of all stock exports from the Horn of Africa, Djibouti held meetings to discuss implementation and invited national representatives. However, Sudan did not participate and Ethiopia declined after attending the first few meetings. Ethiopia argued that the cost of the proposed quarantine systems was equivalent to the cost of the animals, and that the project was against its national interest. The withdrawal of Ethiopia was a big blow to the Djibouti livestock export plan, and as noted by Aklilu, 'the quarantine station...in Djibouti may not be of much use in the future as Ethiopia will quarantine its animals within the country and use Djibouti as a transit point' (2006:198).

The main beneficiary of the plan should have been the livestock exporting ports of stateless Somalia, which could use the Djibouti facility as a transiting point to legally enter the large Saudi Arabian market. Initially it seemed that the Somaliland government was happy with the approaching breakthrough to end the Saudi import ban (Halgan News January 2005). However, resistance developed among the business community and livestock traders who did not see this as an opportunity to create a gateway for live exports from the Horn, rather the authorities were criticised by opposition parties and the Hargeisa daily press for failing to challenge alleged attempts by Djibouti to use its membership of the League of Arab States to gain monopoly control of the Horn's livestock economy (The Republican Newspaper, August 2000). Instead, the Somaliland Minister of Livestock Development travelled to Saudi Arabia in 2005 to seek promotion of the Berbera port, and announced Somaliland's preference for using Saudi Arabia's own proposed livestock quarantine stockyards at its importing ports of entry to screen and treat animals before they were released into the country. In late 2006, the Somaliland representative to Djibouti was expelled abruptly. Commentators related the incident to disagreements over the handling of livestock exports. Somaliland had refused a Saudi Arabian businessman with a contract to supply animals during the Idd-ul-Haj period permission to source bulk quantities of stock in its territories after it came to light that the animals would be transited through Djibouti where they would get health certification (Somaliland.org, December 2006).

## 2.9 Conclusion

This chapter has provided an overview of the historical and geographical elements of the livestock trade in Somali Region and its routes outwards through neighbouring countries. The trading routes and the systems of clan-based guarantees and co-operation still retain many characteristics that were first recorded several hundred years ago, but the limitations of the markets, transport and finance are influenced not only by tradition, a harsh environment and poor infrastructure, but also by the constraints imposed upon the market system by problems such as conflict, import bans, border closures, insecurity and ineffective tax and veterinary arrangements.

### 3. Types and Volumes of Animals

The main species of livestock produced and traded in Somali Region are cattle (comprising oxen, bulls and cows), small stock (sheep and goats) and camels. Animals are graded using a more or less uniform system across all market centres.

Livestock has both a monetary and social worth to pastoralists and it has been suggested that there is reluctance among pastoralists to sell their livestock. However, for Somali Region at least, the volume available for sale is much higher than official records would indicate and there is excess supply in the market.

## 3.1 Species grades

This section describes pertinent production characteristics of livestock species and the grading system.

### Value and use of pastoral stock

The social significance of livestock holdings in Somali pastoral life, and the culturally exalted role of animal rearing, cannot be captured merely by quantitative data and analysis. Apart from the large volumes of animals traded in cash markets, the non-monetary exchange of livestock in a social barter system is significant, in which both material and non-material goods are traded. Livestock transfers maintain the social fabric of the pastoral people, where animals are used to contribute towards clan re-stocking schemes, dowries, interfamily gifts (inheritances), customary fines and compensation.

Camels are traditionally the most prestigious livestock species a Somali family can own. Although the lack of a market for camels limits the livelihood options for pastoral families in the dry areas, clans still aspire to camel ownership for its pre-eminence as social capital. However, in areas where market penetration has been higher, like the plains of Jigjiga Zone, there has been a shift towards keeping cattle and sheep which are more easily marketable. Pastoralists in cattle and small-stock rearing areas can keep smaller herds because the livestock-grain terms of trade and engagements in markets allow them to sustain their family with fewer animals by trading, than by subsisting directly from their animals. However, expansion of cattle and sheep rearing into drier lands generates environmental stress due to the greater grazing pressure exerted by sheep and cattle; it also leads to heavier animal mortalities during periods of drought, as cattle and sheep have lower resistance than browsing camels and goats.

### Cattle

Cattle include mature and young bulls and cows. Although they are adapted to the dry conditions of their homelands, pastoralist cattle are more susceptible to droughts and diseases than all other species of domestic livestock. Pastoralists refer to cattle as *daif* (weak) or *nugul* (soft). Available records and estimates of drought-induced livestock mortality rates by emergency assessment teams invariably show highest rates among cattle populations.

Despite the greater risk of rearing cattle, they are an attractive asset for pastoralist households to include in their species mix, wherever it is marginally possible to raise them. The major consumer demand in the urban centres for red meat is for beef. The price offered for full-grown bulls is very attractive, and young immature bulls can gain body weight at favourable speeds making it attractive to buy and fatten young bulls. Bulls grow to optimum body size after four to five years. However, in many pastoral rangelands resources are too limited to support animal growth beyond three years. The holder of immature stock will calculate the relative benefits of selling stock against the gains to be made by holding on to them and rearing them for sale as mature bulls.

### Small stock

The demand for small stock by the Middle Eastern markets has benefited the sheep and goat rearing areas of Somali Region. Only male animals are sold, and as females can give birth every year (gestation period is about six months) and first parturition is at one and half years, small stock herds grow fast. Keeping a herd with a high proportion of female animals gives the herder the potential for rapid growth. Annual turnover from small stock can be high, due to the short periods needed for breeding and maturing to marketable size. The pastoralist with a reasonable herd of sheep and goats can present animals for sale every year from the natural herd growth. Small stock is jokingly referred to as “petty change”, as the odd sheep can be sold without endangering family herd size. Traders buy young sheep and goats aged between six months and a year, and sell them after a year or year and a half.

The same sheep and goat varieties that are found in Somali Region have been the base stock for breeding and upgrading programmes in various parts of the globe<sup>21</sup>. The Berbera Blackhead sheep is bred in Somali Region (known locally as the *Wanka* breed). With a lower fat content than the highland sheep, it is

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<sup>21</sup> For example, for sheep, the Blackhead Persian breed, the Swartkoppersie (Afrik.) of South Africa and the Somalis Brasileiro in Brazil and the Caribbean (where it has the lowest mortality rate from birth to weaning of all Brazilian breeds, and has been used to breed the Santa Ines and the Morada Nova) are all based on the Somali sheep. (Mason, 1996)

considered a delicacy in the Middle East. Through selective husbandry through the centuries by herders, this sub-species type conforms to the same narrow characteristics over most of the region. The large white goat breeds that are kept by Somalis are sometimes called *Galla* goats. They are hardy animals that can survive in very tough conditions. Somalis consider their meat the best tasting of any species.

Export-oriented livestock trading has impacted on the species composition of Somali herds, and herding systems have changed to accommodate the need to produce large numbers of animals for the market. Elements of a “futures” trading in sheep can be discerned in the sheep exporting belt along the border with Somaliland. Traders (mainly *jebble*) place contract agreements with the client pastoral families for delivery of stock at specific periods, for which advance cash payments are made. The size of the order and cash paid to the producer depends upon herd size and the number of breeding stock owned by the producer. Traders also buy rights to ownership of unborn animals (*uurjiif*) from pastoralists with pregnant sheep<sup>22</sup>. The effect of receiving money to grow stock may turn indebted pastoralists into paid labour, while the system also assures traders competing for stock of supplies. Before the Arab ban, breeding patterns purposively coordinated parturition timing and seasonal spikes in demand<sup>23</sup>.

### Camels

The cash market in camels is quite limited, given the large populations of camels in the region. Camels are valued for their hardiness and as social capital; customary exchanges, like bride price and compensation payments for injury or death, are costed in numbers of camels. In driest bush land with scarce water resources, camels and goats usually provide the optimal species mix. Lactating camels give milk several times a day, providing an important source of sustenance and sales for pastoral families. The milk of camels has found new markets in the major urban areas, as more and more Somali move to an urban livelihood. Camel milk can last for three days, and is thus transportable over considerable distances. Camel milk is transported to Somaliland from Jigjiga and the north parts of the Somali Region, as well as to the large towns within the region.

### Sources of demand for pastoral livestock

Consumers in the oil-rich countries of Saudi Arabia and the Arabian Gulf create demand for large male sheep and goats as well as bulls. Breeds of Somali lowland sheep and goats are the preferred source of mutton in the Middle East. A new niche demand has been found by the Addis Ababa abattoirs which airfreight chilled meat from young goats and sheep to the Middle East. Local demand is driven by consumers of meat, mainly in the growing urban centres of the region and also by pastoralists, who buy to restock, to change species mix, or to build herds by acquiring breeding stock. However, the central Ethiopian highlands prefer mutton from the highland long-tailed sheep and goats, which have higher fat content. As a result almost no lowland small stock are sold in the high demand Addis Ababa-Debre Zeit-Nazareth area. Livestock traders themselves buy young and medium age animals to fatten for later resale at a profit. Such traders are most prominent in the assembly market areas like Harti Shekh. Local sales make up a significant proportion of all market activities.

### Grading of traded animals into categories

Traded livestock should not be viewed as a uniform and standard product. Within each species, individual animals range from the completely immature to the young, mature, fully grown and old animal. A standard measure used to compare animals and differentiate price is live weight. If a reliable measure of an animal's live weight is known, its carcass weight (which is the useful measure for the butcher) can be estimated. If not, local traders make use of a number of criteria, including the animal species, size, estimated age and weight, condition of skin and body and general well-being. Animals are then graded into a number of categories. The system allows traders to engage in discussions of price trends across whole categories of animals.

In the price monitoring survey, the categories used were those defined by local traders at the markets (Table 5). Using these categories allowed comparison within and across markets and over time.

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<sup>22</sup> Personal communication from Head of the Woreda Administration Harshin, 2002-4, Ato Mohamed God, and Aw Mohamed Weyne, member of the Regional *Gurte* Elders Council, Jigjiga.

<sup>23</sup> Rams are isolated, and only controlled mating allowed for optimum and uniform animal size and weight at a future date when demand peaks.

Type	Category	Description
<b>Bulls</b>	Grade I	Large mature bulls; <i>Lambar</i> (usually >4 years old; traded to Yemen
	Grade II	Medium sized bulls (usually 3-5 years old); traded to Yemen
	<i>Ujusha/dhaqmad</i>	Young bulls (<2 years old); traded to Yemen or bought by traders for fattening
<b>Cows</b>	Grade I	Large mature cows; sold for local meat consumption
	Grade II	Medium sized cows; sold for local meat consumption
	<i>Dhaqmad</i> (breeding)	Heifers, breeding stock (<2 years old); bought by pastoralists
<b>Goats</b>	Grade I ( <i>orgi</i> )	Fully mature large male goats; exported to Middle East
	Grade II ( <i>orgi</i> )	Medium sized male goats; preferred locally; also exported
	<i>Dabaxaad</i> (slaughter)	Female mature goats; usually sold to local market
	<i>Dhaqmad</i> (breeding)	Immature female goats (<1 year old); used for breeding. Males are eaten locally as veal and bought by abattoirs in Somali/Somaliland
<b>Sheep</b>	Grade I	Export quality large mature male sheep
	Grade II	Export quality medium sized male sheep
	Grade III	Small sheep; usually bought in local market
	<i>Dabaxaad</i> (slaughter)	Female mature sheep; sold exclusively for local market
	<i>Dhaqmad</i> (breeding)	Immature and breeding stock (<1 year old)
<b>Camels</b>	Grade I	Large male pack camels; bought by pastoralists
	Grade II	Medium-sized medium-aged camels
	Grade III	Small camels; used for veal and bought by pastoralists
	<i>Dhaqmad</i> (breeding)	Young camels; used for breeding

Table 5: Categories of marketed livestock monitored in the survey

## 3.2 Volumes of animal sales and exports

Over the duration of the survey an average of 1,800 animals were sold each day in the four markets of Jigjiga, Harti Shekh, Gode and Tog Wachale which equates to more than 600,000 animals traded every year<sup>24</sup>. The volumes of animals of different species traded show considerable specialisation across markets. Figures 8-12 show the number of animals offered for sale and sold in each of the four markets by species<sup>25</sup>.

### Export animals

The Ethiopian Customs Authority reports that a total of 41,565 live animals were officially exported from all of Ethiopia in 2003/4 (Ethiopian Customs Authority, 2005:16-17)<sup>26</sup>. It is acknowledged that many more animals are exported out of Ethiopia via the illegal cross-border trade<sup>27</sup>.

However, of the animals sold each day in the four markets, we estimate that at a minimum, between 400-800 out of 1800 are destined for export. This translates into a minimum of about 140,000 animals being exported over the year from the two markets of Harti Shekh and Tog Wachale, and a maximum of about

<sup>24</sup> These estimates should be taken as crude approximations only. They are extrapolated from a continuous three-monthly monitoring period of just four markets, and are not adjusted for seasonality or disruptions to market activity. Total trade volumes and revenue are probably substantially higher than our estimates, but are also likely to display high inter-annual variability.

<sup>25</sup> See Appendix 4: Summary of animals sold in survey.

<sup>26</sup> Also see Appendix 7.

<sup>27</sup> See Appendix 11 for estimates.

300,000 animals being exported per year from these two markets and Gode<sup>28</sup>. The estimates of animals exported from Harti Shekh and Tog Wachale alone are 3.2 to 6.5 times the number reported by the Ethiopian Customs Authority. This is a significant trade, that is being missed by the central Ethiopian statistical bodies.

Over the year, the actual volume of animals dispatched for export will be influenced by the effect of seasonality and weather patterns on producer and consumer behaviour, as well as the impact of shocks. Incidences of these are examined below.

## Bulls

By far the most important market for bulls is Tog Wachale, on the border with Somaliland, where 63% of all bulls recorded in the survey were sold, amounting to some 400 per day. Gode was the second most important market for bulls (Figure 8).

Export quality cattle from the plains of Jigjiga and from East Hararghe (including the major cattle markets of Chinahasen, Dawe, Haramaya, Lafe Issa, Gursum, Babile, Jigjiga, Harar, Woter, Qulubi, and Kersa) end up in the Tog Wachale livestock market. The lesser markets where cattle are sourced include: Ejersa Goro, Kombolcha and Dawe in East Hararghe.

The Tog Wachale market is a regional terminal market for bulls being exported out of Ethiopia. The big bulls aged seven to eight years are sent to Yemen. Younger bulls between three and six years old are sent to Dubai. Some *ujusha*, which are between two and four years old, are sent to both Dubai and Yemen, while the smallest immatures, also known as *marmar*, are sent to Yemen. Some of the bulls sold in Jigjiga are likely to end up in Tog Wachale market, while a significant number of the bulls sold in Gode are resold in Harti Shekh or Tog Wachale. Some *ujusha* are sold for fattening locally. Some plough oxen are sold before the rainy season in Jigjiga. Farmers sell older bulls that are then slaughtered by the local butcheries or sent abroad. Pastoralists sell young bulls for use as plough oxen.

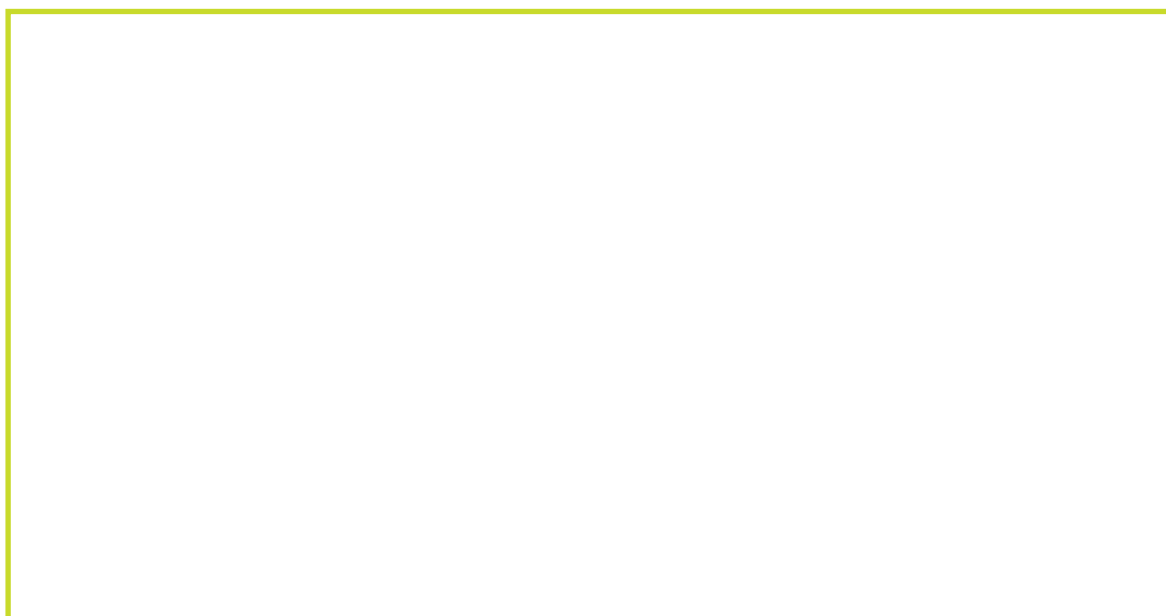


Figure 8: Average daily market activity for bulls in surveyed markets

<sup>28</sup> To do these estimates, we first exclude those species/grades of animals which are not usually exported (all cows and camels, plus *ujusha* bulls, and *dabaxaad/dhaqmad* sheep and goats. (Some *ujusha* bulls are exported but it is not known how many so they have been excluded from the export calculation.) Then, since they are assembly rather than terminal markets, animals traded in Gode and Jigjiga (which may well be sent on to Harti Shekh and Tog Wachale) are excluded. Multiplying the daily number of animals of export grade sold is then multiplied by the number of trading days, 325, to produce the lower estimate. The upper estimates also include sheep and goats from Gode (as these may be trekked across the border with Somalia) and assume 350 trading days per year.

### Cows

Cows, like all female animals, are not exported to the Gulf, but supply the Somali beef market. Cow sales are roughly five times less than sales of bulls. The main markets for cows are Harti Shekh and Tog Wachale (Figure 9) which are also the principal suppliers to the town of Hargeisa in Somaliland. Local demand is also driven by the urban market of Jigjiga, where an average of 26 cows were sold each day during the survey period. An average of 40-50 cattle per day are sent to Hargeisa, Borama and Gebiley for local slaughter. In Dire Dawa short and small cattle are offered, which are purchased by the El-Fora food manufacturing complex. An important steady source of demand for cattle are the local institutions like hotels, colleges and the army barracks around Jigjiga.

### Goats

Gode is the leading market for goats, followed closely by Harti Shekh (Figure 10). 50-66% of the goats sold in these markets were of export quality (Grades I and II). Very few goats of export quality are bought in Jigjiga market, where 70% of the mature goats sold were the *dabaxaad* grade destined for local slaughter (the equivalent figures for Gode and Harti Shekh are 25% and 32% respectively). Tog Wachale is a relatively unimportant market for goats.

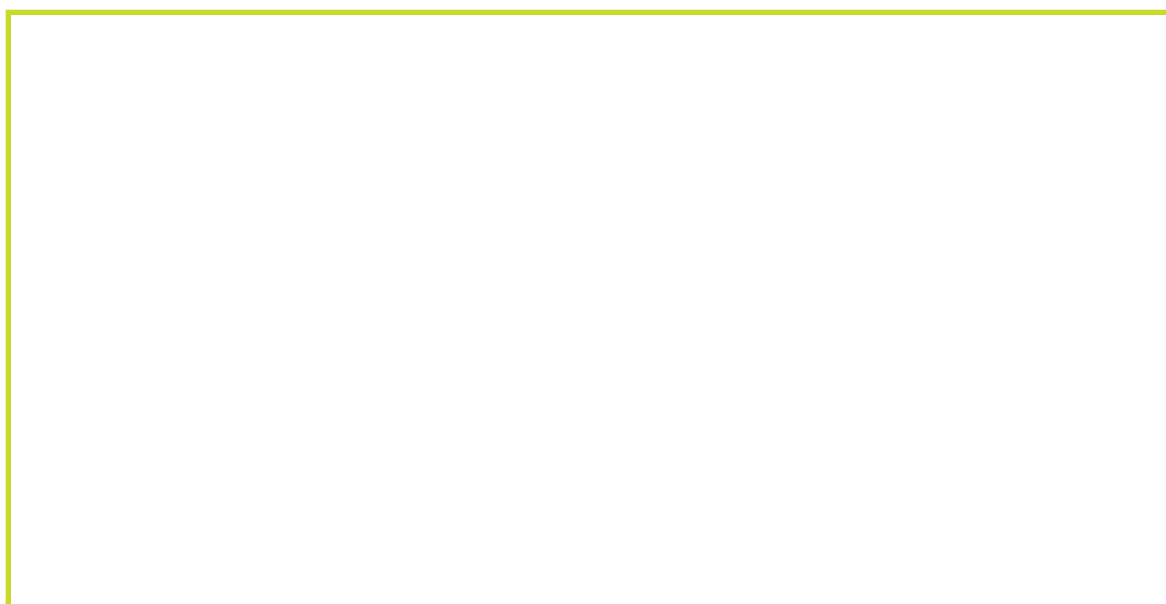


Figure 9: Average daily market activity for cows in surveyed markets



Figure 10: Average daily market activity for goats in surveyed markets

**Sheep**

The leading sheep markets are Harti Shekh and Gode, which sold an average of 245 and 213 animals daily respectively (Figure 11). Between them these two markets accounted for more than 83% of all sheep sold in the four markets. 55% of the sheep traded were of export grades (Grades I to III), while 22% were immature breeding stock. 65% of the mature sheep sold in Jigjiga were female *dabaxaad* destined for local slaughter. Larger quantities of *dabaxaad* are sold in Harti Shekh and Gode, but unlike Jigjiga, it is likely that these sheep are destined for re-sale in markets further to the north.



Figure 11: Average daily market activity for sheep in surveyed markets



Figure 12: Average daily market activity for camels in surveyed markets

**Camels**

Just 65 camels were traded per day across the four markets, mainly in more pastoral Harti Shekh and Gode markets (Figure 12). Although camels are highly valued by pastoralists (as they can resist drought and waterless conditions) lack of demand means that it is difficult to exchange them for cash.

In Gode, the commonly traded grade of camel is the immature/breeding camel. This was the only livestock category in Gode where prices are higher than in the other three markets. Immature camels are bought by pastoralists who use them to build herds. This may be explained by the fact that it is surrounded by dry lowlands with a dominantly pastoralist population.

### Excess supply

Analysis of the monthly data gathered by the Bureau of Agriculture and Rural Development in Jigjiga livestock market shows that many more animals are offered for sale every day than are sold (see Figure 13). Over 2001/2 (Ethiopian year 1994), the average daily number of animals offered for sale in the market was 803, while the number of animals sold was 182. By 2003/4 (Ethiopian year 1996), the average number of animals offered each day had risen to 1,153, but only 249 were sold (see Appendix 8). Although some of the unsold animals would be re-offered for sale the next day in the market, it appears that the markets do not clear in the way that economic theory would suggest.

One possible explanation for the large excess supply would be if there was a systematic undercounting (or under-reporting) by Bureau of Agriculture and Rural Development enumerators of the number of animals sold, in an effort to evade market fees. However the phenomenon of considerable excess supply also shows up clearly from our survey where no under-reporting took place. During the survey on each day of trading in all four of the livestock markets, the number of animals offered for sale greatly exceeded the number of animals sold (Figures 8 to 12). Between March and June 2005, of an average daily total of 1,002 bulls and

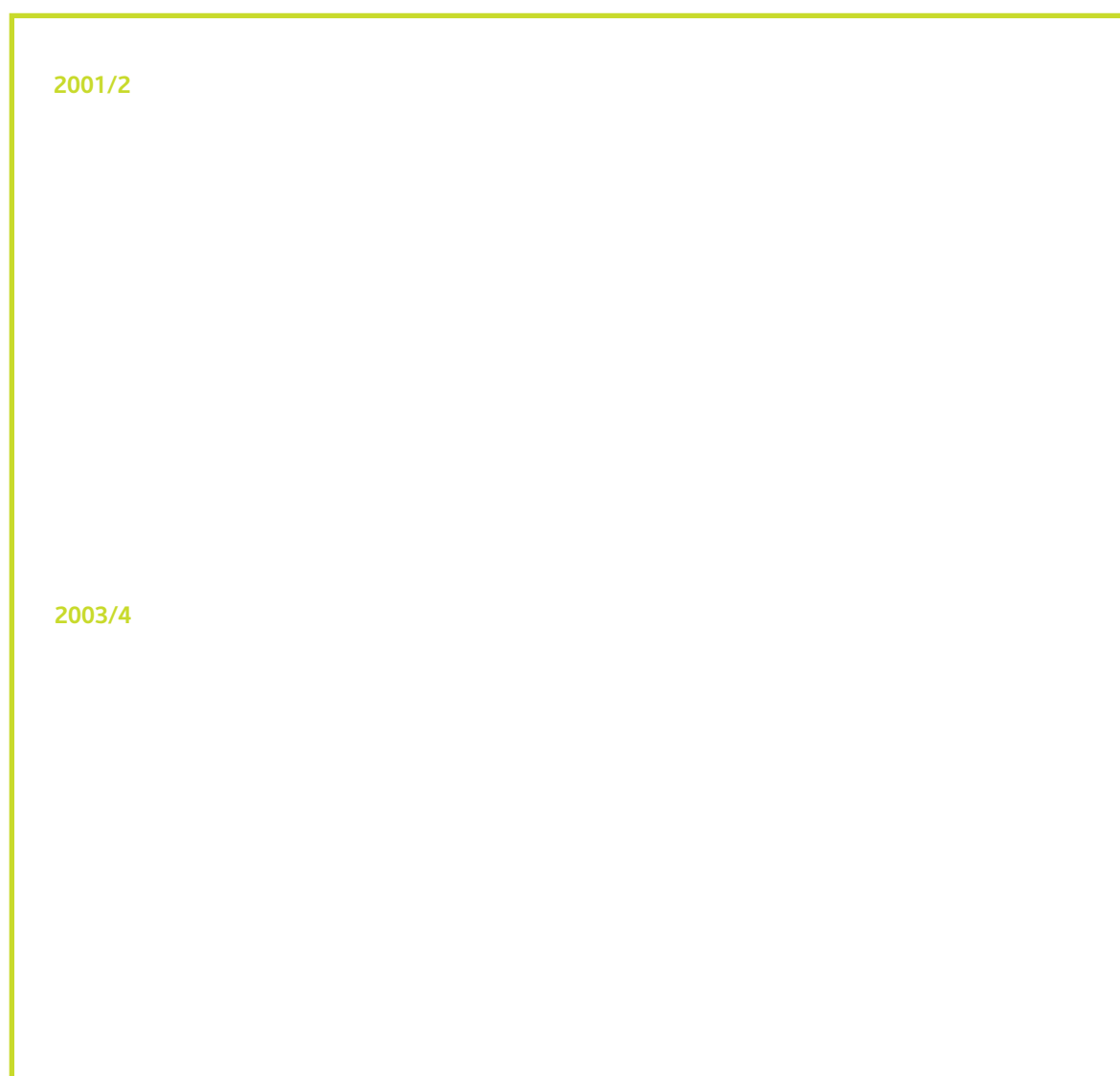


Figure 13: Average daily market activity in Jigjiga, 2001/2 and 2003/4

1,747 sheep and goats offered for sale, a daily average of only 573 bulls and 1,046 sheep and goats were actually sold. This surprising finding is supported by some evidence from research in southern Ethiopia, and by anecdotal data<sup>29</sup>. The phenomenon of excess supply was recognized by Ayele *et al*, in a discussion on differential access to market information: 'Markets are dispersed, with remote markets lacking price information. This effectively suppresses producer prices since the more mobile trader is better informed on market prices, and because the number of animals offered are usually greater than the number demanded, so there is excess supply. Imperfect information and excess supply place the trader in a better position during price negotiation' (2000:5).

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<sup>29</sup> Pastoralists identify lack of markets as a major problem, underlying an assertion that they have the ability to increase supply. The phenomenon of excess supply within livestock markets is hardly mentioned in the literature and would benefit from further treatment. According to Bailey *et al*, (1999) 'Traders buy at low prices in areas and times of excess supply' p13.

## 4. Incomes and Profit Margins for Livestock Trading

The gross income from exports in the region is much higher than expected. For individual traders, however, income levels are low and profit margins are small. There is a profit to be made from trading, but for individual traders it is often a small and risky one.

## 4.1 Income from livestock trading

Estimates of gross revenues across the markets were derived using the daily average volumes of animals sold, multiplied by median prices (which are less likely than mean prices to be affected by outlying extremes) across the different grades of animals. Data from the Somali Regional Bureau of Livestock Marketing was used for the sum of all animals sold over the period of the current survey.

According to data from the Bureau of Livestock Marketing, in the 1996 Ethiopian calendar year (2003/4), Jigjiga market reached average gross daily sales of ETB 103,829 (US\$ 12,215). Average gross daily sales for the 2001/2 and 2002/3 Ethiopian calendar years were ETB 52,026 (US\$ 6,121) and ETB 86,066 (US\$ 10,125), (see Appendix 8).

According to our survey data, sheep and goats represent the highest volumes of stock sold in Gode, Jigjiga and Harti Shekh. Sales of sheep and goats accounted for 70% of volume for Gode market (each species contributing 35% of volume), 77% of volume for Harti Shekh and 65% for Jigjiga. All the sheep and goats originate in Somali Region (Table 6).

Daily sales volumes	Gode %	Harti Shekh %	Jigjiga %	Tog Wachale %	Total %
Bulls	25	8	10	72	32
Cows	2	8	17	8	7
Goats	35	33	29	11	27
Sheep	35	44	36	8	30
Camels	2	7	8	1	4
Total	100	100	100	100	100

Table 6: Proportionate volumes of animals within selected markets

Daily sales volumes	Gode %	Harti Shekh %	Jigjiga %	Tog Wachale %	Total %
Bulls	70	30	17	89	69
Cows	3	15	27	5	8
Goats	13	14	9	2	7
Sheep	9	17	18	3	8
Camels	5	25	28	1	8
Total	100	100	100	100	100

Table 7: Proportions of average gross daily incomes in selected markets

The volume of bulls sold in the markets of Harti Shekh and Gode is small compared to all the animals sold in these markets, but due to the high value of the large animals, they contribute heavily to the gross incomes of these markets. Only one quarter of all the animals sold in Gode were bulls, but they contributed 70% of the gross income for the market. In Tog Wachale, 72% of the animals sold were bulls, and they contributed 89% of the revenue of the market. While all the bulls sold in Harti Shekh, Jigjiga and Gode are produced in Somali Region, a significant proportion of the Grade I bulls sold in Tog Wachale originate from East Hararghe in Oromia Region (Table 7).

The camel, although it is the highest value animal, made a contribution to gross revenues of less than 10%. This is due to the low volumes of camels traded; except in Harti Shekh, less than ten camels per day were traded on average.

	Gode	Harti Shekh	Jigjiga	Tog Wachale	Total
Export grade bulls	131,227	57,298	6,596	417,118	612,239
Immature bulls	66,636	19,731	7,591	189,187	283,145
Local slaughter cows	4,197	26,141	16,278	29,451	76,067
Immature cows	5,651	11,589	6,120	7,540	30,900
Export quality goats	24,424	20,679	2,386	7,439	54,929
Local slaughter goats	7,741	9,033	3,127	2,309	22,209
Immature goats	3,461	6,465	2,027	720	12,673
Export quality sheep	17,949	29,849	8,209	16,043	72,050
Local slaughter sheep	5,068	9,098	4,463	2,131	20,760
Immature sheep	2,624	5,863	2,222	670	11,378
Camels	8,987	54,680	15,685	10,117	89,470
Immature camels	4,457	9,760	6,793	0	21,010
<b>Total</b>	<b>282,422</b>	<b>260,186</b>	<b>81,497</b>	<b>682,725</b>	<b>1,306,830</b>

Table 8: Gross daily revenue across the four surveyed markets (Ethiopian Birr)

There is a possibility of overlap between some of the figures in Table 8, as animals may be moved between markets; from Gode to Harti Shekh, from Harti Shekh to Jigjiga and Tog Wachale and from Jigjiga to Tog Wachale. However in Gode, which does not receive any livestock from the above markets, we see that more than a quarter of a million Ethiopian birr changes hands every day. During the survey period, Jigjiga market supplied mainly its local market, with a few Grade I and II bulls being sent onto Tog Wachale. Harti Shekh also sent some of its Grade I and II bulls to Tog Wachale, and some *dabaxaad* sheep to Jigjiga, but most of its animals were being sent directly across the border to Hargeisa and Berbera. Based on the above figures, we see below (Table 9) that the earnings from the livestock trade in Jigjiga are much greater than official statistics currently record.

Gode	Harti Shekh	Jigjiga	Tog Wachale	Total
102,519,497	87,421,896	27,383,104	229,395,664	446,720,161

Table 9: Annual gross income estimates across the surveyed four markets (Ethiopian Birr)

For Somali Region as a whole, turnovers from other markets within the region must be added and seasonal factors taken into account. In Kebri Dehar, for example, traders and zone and woreda officials estimated that 50,000 export quality sheep are exported for the *Haj* season when demand peaks as the *Idd al Haj* pilgrims travel to Mecca and those who stay at home slaughter sheep. This would bring in a gross income of ETB 115 million to the zone in this season alone. Although affected by drought at the time of the survey, the neighbouring areas of Gashamo, Aware and Degah Bur that export directly to Somaliland, would normally be exporting similar quantities of livestock during the *Haj* season. During the period of survey, in anticipation of the *Haj* season, *jebble* were assembling small stock for export in parts of Warder Zone such as Bokh Woreda.

The usual estimates of unofficial livestock exports from Somali Region are based on estimated percentages of export figures collected from the ports of Berbera and Bosaso, as well as various estimates based on interviews by government officials. All point to a large amount of trade across the borders (see Appendix 11).

### Structure of Ethiopian exports<sup>30</sup>

The total value of Ethiopia's exports almost doubled over the last three years, from US\$ 584 million in 2003/4 to US\$ 1 billion in 2005/6. Ethiopia's exports are primarily agricultural goods and natural products. The leading export item in Ethiopia has consistently been coffee, which makes between 35% and 40% of the total national exports, followed by oil seeds which contribute between 15% and 20%. *Chat* exports to the Republic of Djibouti, Somaliland and Somalia are the third most valuable export item, contributing between 9% and 15% of total exports, with a value of between US\$ 80 and 90 million. Meat, meat products and live animal exports originate largely in the pastoralist regions. Some of the hides and skins, and some of the natural products like natural honey, beeswax and natural gums are produced in the pastoral areas. In 2005/6, meat and meat products plus live animal exports made 4.5% of the Ethiopia's exports. Hides and skins made 6.5% of the exports. These are impressive contributions to the national revenue, but if cross-border exports are factored in, pastoral areas will be contributing as much or relatively more to national exports than their proportion of the national population.

The relative importance of live animal exports in Ethiopia went up over the three year period, from the 18th item in terms of value in 2003/4, to the 10th item in 2004/5 to the 7th in 2005/6. The value of live animal exports increased at a faster pace than the overall growth in value of exports. The value of live animal exports jumped from US\$ 2.3 million in 2003/4 (0.2% of total exports) to US\$ 12 million in 2004/5 (1.6% of total exports) to US\$ 27 million in 2005/6 (2.7% of total exports). In absolute terms the increase in the value of live animal exports presented a ten-fold increase over the three year period from 2003/4 to 2005/6.

In 2003/4 meat and meat products went up from US\$ 6.2 million (1.1% of total exports), to US\$ 15.4 million (1.9% of total exports) to US\$ 18.2 million (1.8% of total exports). Meat and meat products was the 13th item from the top in 2003/4, the 9th in 2004/5 and the 10th in 2005/6.

Animal and animal by-products, which include hides, skins, live animals and meat and meat products, if combined as a single export commodity, would make the third largest recorded export commodity from Ethiopia by value. In 2005/6, a combined export value of US\$ 111 million of animal and animal by-products were exported. This figure does not include the sale of finished leather, leather products, beeswax, natural honey or natural gums (totalling US\$ 12.7 million in 2004/5).

Animals with a value of US\$ 3.3 million were exported to Somaliland and US\$ 133,320 to Somalia in 2004/5.

## 4.2 Margins, risks and profitability

A criticism of pastoralist traders has been that they make excess profits at the expense of poor producer pastoralists. In reality trading is a risky business with many costs and modest profit margins for most. Profits are there to be made; markets would not be in place if this was not the case. However the lack of a flexible insurance system, daily fluctuations in terminal market prices, external restrictions on the market, transportation and holding costs eat away at profits and can easily wipe them out. As the examples below from across the region demonstrate, trading is a livelihood, but it is a vulnerable one.

The scale at which traders operate affects profit margins. The profits to be made per animal are very low, partly because of the stiff competition between the traders. Thus the gross profit a trader earns depends on the scale of his or her trading operations. The diversity among traders can be seen from the trader profiles (section 2.4). Small-scale traders include those working within one market and those who move animals from one market to another, usually a bigger market. Medium and large-scale traders deal with larger volumes and longer distances, including overseas export. The largest traders tend to have diversified income sources, and if they are engaged in importing bulk food and other items, they may be willing to accept no profit margins on livestock exports, as they will recoup their investment from both the sales of their imports as well as the scale of their enterprise. An indication of the margins received by these traders is given below.

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<sup>30</sup> See also appendix 7: Export earnings from the livestock sub-sector

### Example 1: Small-scale traders

Small-scale traders include those who operate in only one market with tiny mark-ups (*dulsar*) and itinerant traders moving stock between the nearby markets (*salah waato*). Other traders buy animals for fattening, hoping to sell to the nearest market with minimum mark-up. There are many small-scale livestock traders, most of whom are women, who work within one market, or supply it from nearby markets. Their economies are tight and their margins low. Larger-scale, usually male, traders accuse these small-scale traders of driving down prices at the larger markets by moving animals from bush markets at minimal costs. For their part, the small-scale women traders claim they help create demand in the bush markets, and that their activities lift prices in the smaller markets towards those prevailing in the larger markets. There are many examples of *salah waato* and *dilal* who have increased their scale of activities to become *jebble*. With time, effort and luck, some of these traders may make breakthroughs to become larger-scale traders like the women in Kebri Dehar who dominate both the small-scale and the long-distance livestock trade in that zone.

A significant proportion of the stock presented in Jijiga market are brought in by *salah waato*. They purchase sheep and goats from Kebribayah, Harti Shekh, Gursum, Chinahasen, and Babile. Some live in nearby villages, or in nearby centres like Kebribayah and travel to Jijiga to sell their animals. They usually make about two trips a month. Their main market is the hotels and butcheries of Jijiga, as well as the general livestock market in Jijiga.

Small-scale traders spend about ETB 20 (US\$ 2.35) on every sheep and goat for water, pens, hay and trekking. To transport sheep and goats from Babile/Gursum to Jijiga costs ETB 10 (US\$ 1.18) and the journey takes four days. The traders travel in a group that cooperates, taking it in turns to stay on at Jijiga market to sell unsold stock. The profit made on each animal ranges from ETB 0 to ETB 20 (US\$ 0.00 to US\$ 2.35) per animal. They usually work in groups, taking turns to purchase animals, selling in the market and caring for their families. Others work in groups even when buying animals from nearby bush markets. Each contributes about ten animals to the group which are then marketed by one trader on behalf of the rest.

### Example 2: Preparing small stock for the Haj market in Harti Shekh

Most producers herd animals to achieve multiple purposes of which the direct cash link with markets is but one of them. There are however some herds, which are prepared solely for the market. They are bought and fattened to be sold back into the markets after a period ranging from six months to two years, when they have gained added value. Some of the traders who buy animals to hold them or fatten them will wait for the *Haj* period when demand is high and they are assured of sales. Some traders, especially around the sheep rearing areas of Harshin, Harti Shekh, Kebribayah and Aw Bare, purchase sheep during the seasons of low demand and pay for them to be cared for until the season of peak demand, which is usually during the *Haj*. Holding animals like this has the potential for slightly larger profit margins. However with many costs accrued along the way and potential external shocks that cannot be accounted for, this is still a high risk exercise.

One of these traders, based in Harti Shekh, narrated his experience as shown below. He bought 185 sheep and fattened them for nine months. The costs of holding the animals are shown in Table 10.

Trader Expenditure	Cost per unit (ETB)	Total herd cost (ETB)
Purchase price of sheep (18 head)	130	24,050
Cost of <i>dilal</i>	2	370
<i>Herole</i> (in 15 day units)	3	555
Healthcare (9 months)	7	1,295
Herders/ <i>raa'i</i> (9 months)	10	1,800
Hay and pasture (9 months)	14	2,500
Other costs	5	900
<b>Total cost</b>	<b>171</b>	<b>31,490</b>

Table 10: Trader expenditure on fattening sheep for the *Haj*

Seven sheep died during this period. The average price realised when the sheep were sold at the end of the nine months was ETB 230 (US\$ 27), making a gross revenue of ETB 40,940 (US\$ 4,816). The profit realised over these nine months was ETB 9,450 (US\$ 1,112). The gross profit (not considering the cost of the money over the nine months and the labour costs of the trader) is about ETB 51 (US\$ 6.00) per sheep bought, or a gross profit margin on sales of about 22%.

### Example 3: Export of bulls from Jigjiga to Yemen

Among the large-scale traders are those who export bulls to Yemen. There are also medium-scale traders who buy a few bulls in Chinahasen, Jigjiga or Harti Shekh for resale at the terminal market in Tog Wachale.

Trader Expenditure	Cost per unit (ETB)	Accumulated cost per unit (ETB)
Purchase price of a bull in Jigjiga	2,500	2,500
Transport: Jigjiga to Tog Wachale by truck	50	2,550
Costs in Tog Wachale (hay, hamaal)	30	2,580
Transport: Tog Wachale to Berbera by truck	35	2,615
Berbera port charges (water, port cleaning, hay)	109	2,724
Shipping to Mocha	244	2,968
Quarantine in Yemen (22 days)	435	3,403
Market price in Yemen	3750	
Gross profit		347
Gross profit margin on sales		9%

Table 11: Summarised marketing costs and profits of bulls bought in Jigjiga and sold in Yemen

The cost of trucking bulls from Tog Wachale to Berbera, quoted in Table 11, depends on the type of truck that is used. The larger trucks, which are locally known as *warat*, take a larger number of animals, as shown below (Table 12). The smaller trucks, locally known as *shampoo hayran*, take fewer animals. Another factor is the size of the animals. The Grade I bulls are larger and therefore fewer of them can be loaded onto the trucks, thus increasing their transportation costs (Table 13).

	Ujusha	Grade II	Grade I
Shampoo hayran	20	15	10
Warat	35	30	25

Table 12: Truck capacity: Number of bulls that can be carried per vehicle type

The *warat* trucks charge ETB 1,200 (US\$ 141) for one trip between Babile and Tog Wachale, while the *shampoo hayran* charge ETB 900 (US\$ 106) for the same journey. The costs for transporting a particular animal, given the number that can be loaded onto the truck safely, will differ, as shown below.

	Ujusha (ETB)	Grade II (ETB)	Grade I (ETB)
Shampoo hayran	45	60	90
Warat	35	40	48

Table 13: Cost of transporting different grades of bull by truck from Tog Wachale to Berbera

The journey to the border by truck takes twelve hours. The animals are not given food or water on this journey. The loaders in Tog Wachale are called *haras*. Every truck load of animals is accompanied by one *haras*. The *haras* accompanying the bulls between Babile and Tog Wachale is provided by the owner of the vehicle and charges ETB 50 (US\$ 5.88). His job is to ensure that the animals arrive safely at their destination. In Tog Wachale, *haras* in the market herd the animals onto the trucks which take them to Berbera. They charge ETB 70 (US\$ 8.24) to load one truck.

#### Example 4: Exporting sheep to Berbera

Livestock traders along the Berbera corridor typically move animals from the markets in the central or western parts of the Somali Region, cross the Ethiopia/Somaliland border and offer their stock for resale at the Burao livestock markets. Before the Arab bans the Burao market was the largest livestock market in the Horn of Africa. Most of the traders who move sheep across the border are the *jebble*. From Burao, large trading companies, *shirkad*, bulk purchase the sheep and export them to Saudi Arabia. Since the ban, many large-scale traders, the *gana'sade*, purchase in terminal markets like Burao and organise to transport the animals across the sea. Due to the increased competition among the exporters, margins at this level have also come down and *gana'sade* make their profit through the importation of bulk food and household items. Costs of exporting sheep to Yemen from Burao in Somaliland via Berbera port are shown in Table 14.

Trader Expenditure	Cost per unit (ETB)	Accumulated cost per unit (ETB)
Purchase price of a sheep in Burao	300.00	300.00
Payment for animal health certificate	0.25	300.25
Local tax	1.40	301.65
Hay in Berbera	26.00	327.65
Transport: Burao to Berbera by truck	4.35	332.00
Shipping to Mocha	26.00	358.00
Market price in Yemen	396.00	
Gross profit		38.00
Gross profit margin on sales		10%

Table 14: Summarised marketing costs and profits of sheep bought in Burao and sold in Yemen

Along the Bosaso corridor, the typical long-distance trader in the Somali Region transports sheep from the central parts of the region using trucks to reach the port. A number of towns serve as the points of departure for these trucks. Traders told us that typically they individually make about three trips annually. In the case of women traders, several work together taking turns to travel to the coast and return with imports such as bulk food and household items. Many of these traders are medium and large-scale traders who purchase animals from *jebble* in their home woredas and run other businesses like bulk food whole-sale outlets. Traders at this level run many risks as they provide the capital to run the export of livestock, and have to travel long distances to the coastal port cities.

#### Example 5: Exporting sheep from Kebri Dehar to Bosaso

From Kebri Dehar, the capital outlay needed to supply a truck-load of sheep to Bosaso is about ETB 98,800 (US\$ 11,230). The gross profit margin per sheep is ETB 30, 10% of the price obtained in Bosaso, giving a total return of ETB 11,414 (US\$ 1,297) on the shipment (Table 15).

For a trader taking a sheep bought in Kebri Dehar to sell in Bosaso there is no guarantee of the price he will be able to get for the animal when he arrives at the port. In March 2005, the prices of animals in Bosaso dropped, from US\$ 32 per animal to US\$ 28-29 per animal. Consequently, purchase prices in Shillabo and Kebri Dehar had to be US\$ 24.00 (ETB 209) for the traders to break even and make a profit.

Trader Expenditure	Cost per unit (ETB)	Accumulated cost per unit (ETB)
Purchase price of a sheep in Kebri Dehar	220.00	220.00
Local market tax	3.00	223.00
<i>Dilal and khidmad</i>	6.00	229.00
Trekkers and loaders	3.00	232.00
Transport: Kebri Dehar to Bosaso by truck	22.00	254.00
<i>Hero charges, Bosaso</i>	3.00	257.00
Tax, Puntland State of Somalia	3.00	260.00
Market price in Bosaso	290.40	
Gross profit		<b>30.40</b>
Gross profit margin on sales		<b>10%</b>

Table 15: Summarised marketing costs and profits of sheep bought in Kebri Dehar and sold in Bosaso Port

However if a ship is almost loaded up, and needs one or two truck loads to complete the cargo, the price of a sheep can go up to US\$ 40.00 (ETB 352).

Traders face a number of risks:

- Rapid price fluctuations in the Bosaso Port; the trader cannot afford to wait for low prices to improve as it is very hot and expensive to keep the sheep in Bosaso. It is also too far to take the sheep almost two thousand kilometres home;
- Dramatic increases in the cost of delivering animals due to factors such as: insecurity and banditry along the roads, breakdown of trucks, impounding of trucks by security personnel and arbitrary increases in revenue charges by local officials at woreda and zone boundaries;
- Loss of animals through death caused by the stress of the journey;
- High maintenance costs for unsold animals, such as water and camp (*hero*) costs of ETB 3 (US\$ 0.35) per animal per night. In Bosaso the *hero* and *awse'* (grass) for a truck-load of animals costs ETB 1,000 (US\$ 117.65) per night. The nearest hay fields to Bosaso are nearly one hundred kilometres away.

The trader faces these risks with no formal insurance system to safeguard the considerable capital expended. However, traders have devised ways of sharing costs and risks. Instead of one investor loading up a truck and running the risk of losing everything in one unlucky incident a thousand kilometres away, traders tend to break up their loads. Animals belonging to a number of different traders will be loaded together, limiting the damage that can hit any individual trader.

#### Example 6: Livestock exports from Moyale

Traders in Moyale said that trading in livestock across long distances is always risky. Although there are projects that now disseminate market information, prices may change rapidly. The prices depend on conditions at the terminal market which can be affected by a number of factors. For example:

- Orders given by large-scale customers in Kenya (institutions such as the army, colleges and hospitals) lead to spikes in demand. Sometimes large-scale traders from the pastoralist regions win tenders to deliver animals to such institutions. They then telephone their agents and traders in the rural markets, who start buying animals from local markets. As information of the demand spreads, producers flock to supply the local markets independently in expectation of higher than usual prices. Larger quantities of animals are transported to the terminal market. But by the time an individual trader's animals reach the terminal market, prices could have tumbled;
- The price of meat in the terminal market goes up and down due to fluctuations in demand and supply, which in turn affects the demand for and the price of livestock.

The margins for traders are tight, and according to the traders their potential profits are modest. The transport costs for one bull from Moyale to Nairobi averages KES (Kenya Shillings) 3,000 (US\$ 40). While the bull costs KES 17,000 (US\$ 227) in Moyale, it may sell for only about KES 22,000 (US\$ 266) in Nairobi. The entrepreneur can make about KES 500-1,000 (US\$ 7-13) per bull, but quite often he will make a loss and struggle to regain capital<sup>31</sup>.

As one truck carries about twenty bulls (depending on their size), a trader needs a capital outlay of not less than KES 400,000 (US\$ 5,000) to send one truckload of animals. Smaller traders join together to send out one truckload. The average Moyale trader moves one truckload of animals a month. It is quite usual to sell the animals on credit and have to wait for two to three months to get back all the money.

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<sup>31</sup> Exchange Rate, KES 75 = US\$ 1 (May 2005)

## 5. Livestock Price Analysis

In addition to collecting detailed information on the numbers of animals offered for sale and sold each day, the livestock market survey also collected information on the minimum and maximum daily prices at which different grades of animals were sold. Prices are one of the main factors that determine pastoralists' and livestock traders' incomes. They are in turn determined by a number of dynamics, some of which reflect the nature of the market, its strengths, weaknesses and complexities, and others which are the result of policies imposed by external agents<sup>32</sup>.

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<sup>32</sup> This chapter was co-written by Abdi Umar and Bob Baulch

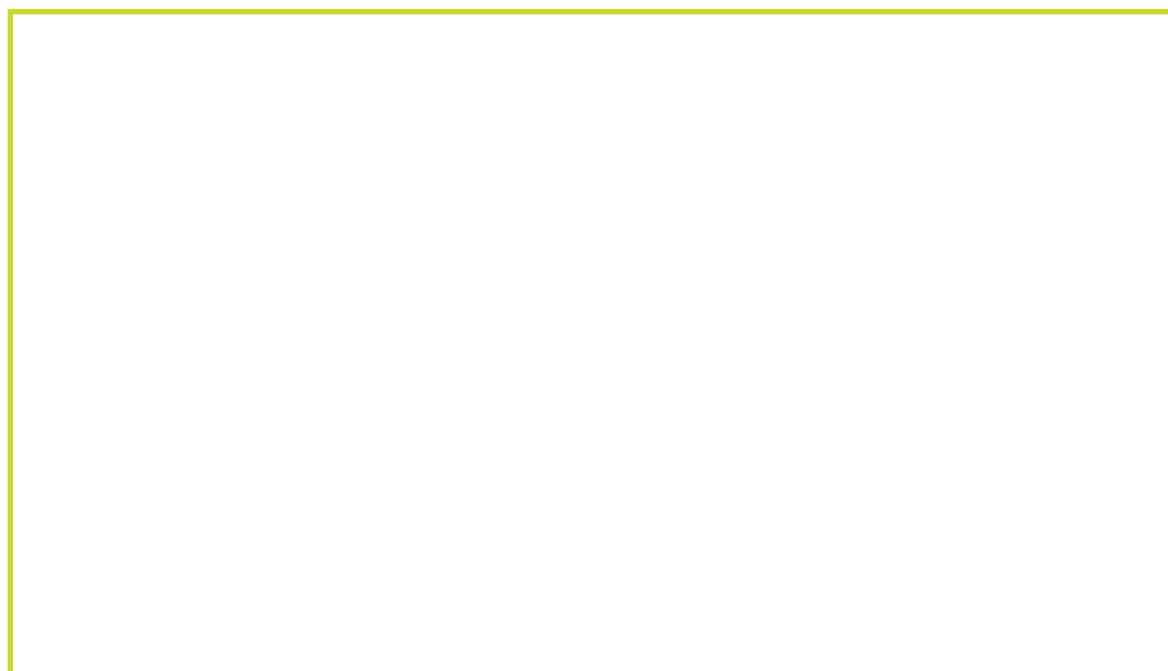
This research shows remarkably low price volatility, indicating the strengths of the market, including specialisation amongst traders, a capacity for risk taking and a rapid response to demand. However, there is also evidence of weakness, brought about by the caution required to ensure a profit in a difficult environment. Rather than one integrated market, the quantitative data (which is unfortunately too limited to be conclusive, but is backed by qualitative evidence) suggests that the market routes are not well connected. Price changes along one route do not appear to have an immediate affect on prices along the other routes.

Supply is highly responsive to demand. When prices are high the number of animals offered for sale rises quickly. Anomalies within the market, which would benefit from further investigation, have also been raised by the research. Excess supply of livestock is evident in the data from all the market places. This contradicts conventional wisdom that considers pastoralist traders unwilling to part with their livestock. Data from Jigjiga indicates that rainfall does not affect prices in the Jigjiga market place. Again this evidence contradicts the literature. Given the possibility that Jigjiga may be a special case due to its higher rainfall and its access to surrounding highland sources of water, it would be valuable to undertake comparable studies in other market places within the region. It should be noted that the rainfall in Jigjiga is less variable than in other parts of the region. The seasonal price patterns in Jigjiga indicate that in the right circumstances the system has a capacity for dealing with seasonal and other changes.

Within this complex framework the markets function and prices are relatively stable<sup>33</sup>. However extremes of climate or unexpected policy changes can have a devastating impact on prices. Uppermost in people's minds is the dreadful impact that extended drought can have on the region. Less recognised is the influence that policy decisions can have on prices; decisions which can halt trade completely. The Saudi ban on live imports from East Africa and the governmental crack-downs on cross-border trade and currency are both examples of this.

#### Price analysis using secondary data

A number of monthly price data series were made available to this study by the Regional Bureau of Agriculture and Rural Development, Save the Children (UK) and Save the Children (US). These have typically not been collected on a systematic basis, so some markets and grades of animals have no price data available, while for others data for some months/years is not available (which means that moving average and lagged specifications are problematic)<sup>34</sup>. Nonetheless, these series provide a longer time window for investigating livestock market behaviour and allow livestock price determination, seasonal price patterns and the livestock-grain terms of trade to be examined in detail.



Sources: Negelle: SC US, Jigjiga: SC UK

Figure 14: Average annual small stock prices in Negelle and Jigjiga

<sup>33</sup> See figure 14 for a view of prices over 1994 to 2004 from a variety of sources and in various towns.

<sup>34</sup> Appendix 1 summarises the main sources of price data that are available in Somali Region for the period.

## 5.1 Livestock price determination

This section uses the monthly data on prices and the number of animals offered and sold, collected by the Bureau of Agriculture and Rural Development in Jigjiga, to examine how livestock prices are determined<sup>35</sup>.

First, as can be seen from the graphs for oxen, cows and sheep in figures 15-17, the number of animals offered for sale is responsive to the price offered in the current period. There is a positive association. This demonstrates that the demand for animals has an impact on prices. Periods in which prices spike tend to coincide with surges in the number of animals offered, indicating that livestock assemblers respond quickly to surges in demand. Regression analysis indicates that each 10% increase in the number of oxen, cows and sheep offered leads to 8.2%, 14.9% and 6.1% increase in their prices respectively<sup>36</sup>.

Second, while the number of animals offered and sold tends to move together, the number of animals sold in the previous period does not have a statistically significant impact on the price. In other words, the number of animals sold in the market the month before does not affect the price the next month. This finding may be explained by the complex holding patterns of livestock traders, who, having purchased animals from pastoralists and other producers, cannot afford to hold these animals for too long before sale<sup>37</sup>. Animals are essentially perishable goods. Holding on to animals for too long costs money and may also reduce the value of the animal. As a consequence, the pairwise correlation coefficients between the number of animals offered and sold are positive but less than one: 0.729 for oxen, 0.755 for cows and 0.572 for sheep. This means, for example, that for every 100 cows offered for sale, only 75 or 76 are sold within the same month. For sheep, only 57 sheep are sold for every 100 offered for sale. This confirms the excess supply of livestock which is shown both in the data of the Bureau of Agriculture and Rural Development in Jigjiga, the data from Jigjiga and the other three markets covered by this survey in 2005. It also suggests that if animals remain unsold, they are taken away from the market rather than held there and offered for sale in the next trading period.

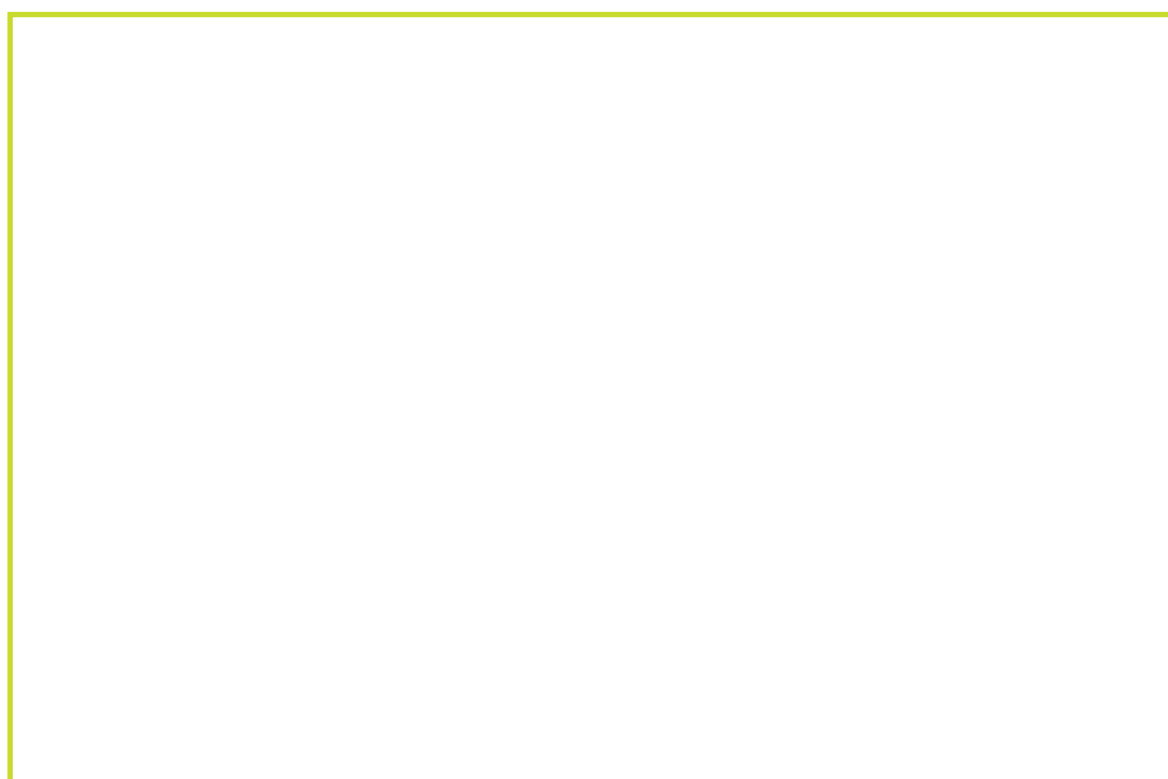


Figure 15: Prices and number of oxen offered for sale in Jigjiga, 1999-2004

<sup>35</sup> See Appendix 8 for a summary of market information from the Bureau of Agriculture and Rural Development in Jigjiga

<sup>36</sup> Using the daily livestock markets survey data, which contains information on the maximum and minimum prices at which animals are traded, we find that the price spread varies positively with the number of animals offered for sale.

<sup>37</sup> This finding is confirmed, to some extent, by the presence of an autoregressive term of order 1 in the correlograms of all the regressions performed with the weekly price data.



Figure 16: Prices and number of cows offered for sale in Jigjiga, 1999-2004



Figure 17: Prices and number of sheep offered for sale in Jigjiga, 1999-2004

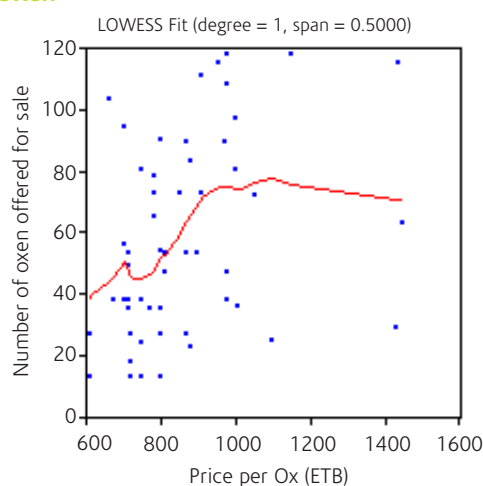
Third, the graphs show that more animals are brought to the market than are sold. An excess supply of livestock contradicts conventional published literature which has portrayed pastoralists as economically irrational and reluctant to sell their stock, even in the face of drought-induced mass stock mortality. This reluctance, termed the 'cattle complex', was supposed to stem from pastoralist sentimentality where stock was only valued for idiosyncratic reasons (Herskovits Melville 1926:230-273). The evidence of excess supply suggests the contrary. The reality may be that although pastoralists are willing to sell their animals, they cannot always do so, either because in some areas the infrastructure does not exist, or because the market for their stock is limited by low demand.

## Reserve price

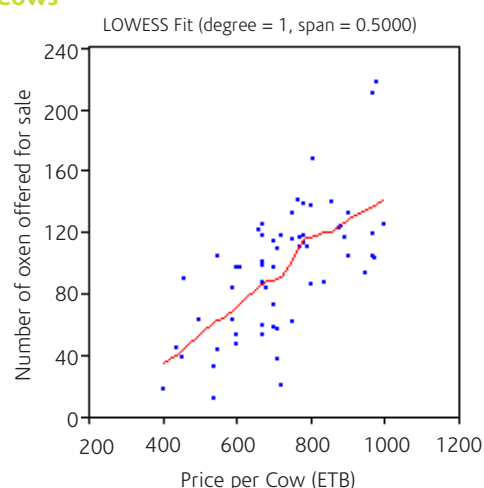
It is sometimes suggested that pastoralists have a minimum or reserve price below which the number of animals offered for sale drops dramatically. To examine this phenomenon, we constructed supply schedules (in which price is plotted against the number of animals offered for sale) and local regression functions in which the number of animals offered for sale is regressed on price using LOWESS smoothing<sup>38</sup>. If there is a reserve price below which the number of animals offered for sale drops dramatically, one would expect there to be a kink in the slope of the local regression function, which would become steeper above the reserve price.

As the three graphs in Figure 18 show, there is very limited evidence of this. While all three local regression functions have the expected upward slope, the cows graph is close to linear, while that for sheep is rather flat – though with some evidence of an increase in the number of sheep offered for sale above a price of ETB 140 (US\$ 16) per sheep. The graph for oxen does have a steep segment after ETB 800 (US\$ 94) per ox but is also very irregular. Furthermore, like the sheep graph the local regression function starts to decline at the very high prices – presumably because of limits to the number of oxen and sheep that can be procured at any given time. The demand for male animals by the markets (especially the high volume export trade) could impose further limits as pastoral herds are geared towards reproduction with most herd structures having a large proportion of female animals. Pastoralists do appear to have a reserve price at which they will not sell, but it varies with season and necessity. Livestock have a number of uses outside the market, serving social functions and also a payment or bartering function within the clan structure. Therefore selling their animals is not their only option.

### Oxen



### Cows



### Sheep

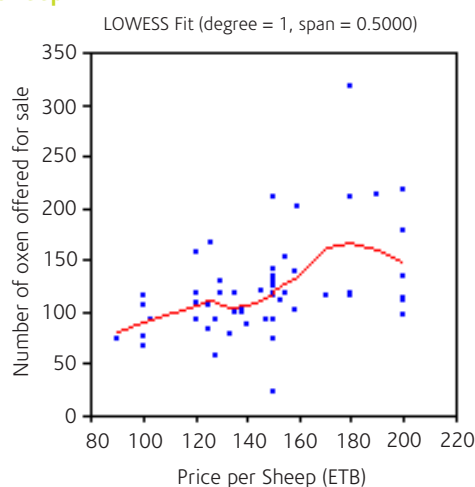


Figure 18: Scatter plots with local regression functions of price against number of animals offered for sale in Jigjiga,

<sup>38</sup> LOWESS is a statistical technique for plotting a smooth curve through a set of data points in a scattergram.

## 5.2 Impact of seasonality on livestock sales and prices

According to both pastoralists and traders, seasonality has a significant impact on the demand and prices of livestock. Here, seasonality describes the recurring patterns of behaviour followed by market participants over the course of the year; which are determined by episodic factors such as the climatic seasons, festivals and other annual events.

### General pattern of price seasonality

The general patterns of seasonality are climatic. Traditionally the year is divided into four seasons of equal length. The *jilaal* is the hot dry season (mid-December to mid-March). Livestock are often cheap during this period because pasture and water are scarce, animals are susceptible to disease and pastoralists have a greater need for purchased food so they are prepared to sell their animals at lower prices. Animals lose condition in the harsh weather becoming thin and low in weight, decreasing their desirability within the market.

During the *gu'* rains (mid-March to mid-June), prices tend to go up. Pasture and water are available, animals are calving and are in milk; and consequently pastoralists are no longer under pressure to sell animals to purchase as much food. Also, many pastoralists are buying animals for fattening, creating increased demand and therefore pushing up prices. Animals gain weight and are generally in better condition, increasing their desirability and therefore commanding better prices.

During the *hagaa* dry season (mid-June to mid-September) prices go down as exports are limited by shipping constraints caused by strong winds blowing on the Red and Arab Seas.

During the *deyr* rainy season (mid-September to mid-December), prices start to rise again.

### Demand and supply

The main demand, especially for small stock, is driven by factors within the importing nations of the Middle East. This demand, which is transferred down the chain by traders, is also affected by supply conditions and it is not independent of the weather conditions in the Somali Region. However, according to some pastoralists in Gashamo Woreda, an area coping with severe drought when the survey was made, there are only two main “seasons” in the market. Livestock marketing seasons are either good or bad, according to supply and demand conditions rather than rainfall – though the two are related.

Good seasons are *iga ibi* (literally, “Please sell to me!”), when demand for livestock is so high that it becomes a sellers’ market and traders offer high prices to induce pastoralists to sell. Prices can rise as high as ETB 250 (US\$ 29) for one sheep.

Bad seasons are *iga ibso* (“Please buy!”), when demand for livestock is low, and pastoralists “beg” traders to buy their animals. During severe droughts, the price of a sheep can fall as low as ETB 60 (US\$ 7). Pastoralists who are forced to sell at these distress prices often say, ‘*wan tuurey*’ (‘I threw away the animal’). The price is so low that he cannot claim to have made a sale; ‘The drought would take away the animal, so I might as well sell it’.

### Market seasonality in the northern part of Somali Region

The northwest part of the Somali Region, which abuts the Ahmar mountain massif, differs from the lower-lying lowlands stretching across to the Indian Ocean. While the seasons have the same names as in other Somali areas, there is an additional rainfall season, known as the *karan*, which falls mid-year. The annual average amounts of rainfall received are significantly higher than in the lowlands, and the relatively densely settled population is sedentary and practices agro-pastoralism. According to traders in Jigjiga, the price of camels goes down from ETB 1,700 to ETB 1,300 (US\$ 200 to US\$ 153) when the rains come. However, during the rains, some cattle become more expensive. Small cattle are bought for fattening in the Jigjiga plains. The demand for goats rises during the drought time.

According to *dilal* in Jigjiga market, prices come down for some categories of stock due to the seasonal oversupply during the rains. The categories affected are: sheep and goats, young bulls (*ujusha*), breeding cattle, breeding camels and grade 2 cattle. For grade 1 and 2 camels, grade 1 and 2 bulls, and grade 1 cattle, prices do not change because there are few in the market.

The price of grain goes up when the rains start as seeds are required at this time and stored grain from the last harvest is running out. Families are busy with farming, planting and weeding, for which they need finance. If they have stored grain, they sell it as soon as the rains start.

### Market seasonality in the southern part of Somali Region

Prices in the southern parts of the Somali Region are influenced by both the Middle Eastern and the Kenyan markets and, according to traders in Moyale, seasonality plays a significant role. On the supply side, the volume of animals offered in the wet season goes down, as pastoralists do not generally sell animals at this time. Instead pastoralists move their animals to remote wet season pastures which lack permanent water and conserve exhausted, overcrowded, dry season, permanent-water grazing grounds. Prices are low at the start of the rains, as animal conditions take some time to improve. The rainy season ends around June, and from June to September market participation improves. Volumes pick up by up to a factor of five. Thus, in the Kenyan Moyale market, while about 100 cows are offered daily in the middle of the wet season, during the *hagaa* over 500 animals are offered daily. The increase is said to be partly due to the effect of the end of the rains. The dry period from June to September is also known as the peak supply season from Liban Zone pastoralists, who will have enjoyed the March-May rains during which their animals will have regained live weight and body condition.

On the demand side, it is said that the Nairobi market regularly picks up after the June 15th Kenyan Budget reading and that demand keeps increasing until the peak month of December, when the festival season brings a rise in meat consumption. In January, the sobering requirement to pay out large proportions of income on annual school fees, books and uniforms places a heavy burden on many Kenyan families, reducing the surplus income available and curtailing consumption of meat.

### Religious festivals and holidays

Between the Islamic months of *Ramadan* and *Idd al Arafa* (the seasons of which shift every year according to the lunar calendar), the prices of sheep and goats rise as demand grows in both export and local markets. There are many festivals during the *Ramadan/Idd al Arafa* period when Muslims are encouraged to gather together for meals and give *sadaqa* (gifts). During *Idd al Haj*, pilgrims travel to Mecca and those who remain at home slaughter a sheep. Large numbers of live sheep are exported to Saudi Arabia from Somalia, Somali Region and Sudan during these periods.

It is one of the five pillars of Islam that all Muslims make a pilgrimage to Mecca during the *Idd al Haj*. More than three million pilgrims stream into the holy region to participate in the annual *Haj* over its ten day period with a series of religious set-piece rituals. Among these is the re-enactment of the slaughter of a sheep by the Prophet Abraham when asked to sacrifice his son Isaac. The main activities take place over a very short timeframe, and the Saudi authorities have introduced many innovations to cope with the massive human pressure on the historic sites. However, the basics, including the need for each pilgrim to have a sheep slaughtered are retained, and contemporary industrial-scale slaughter facilities have been set up. Over the *Idd al Arafa* all Muslims try to carry out the ritual slaughter of a goat or sheep between day break and the mid morning prayers. All the towns of the Somali Region, and across the border in the larger towns of Hargeisa, Burao and Mogadishu drive the demand, along with those of the Middle East.

During November 2004, in eastern Warder, *jebles* could be observed accumulating animals in speculative preparation for the peak demand as the festive period neared. Three to four lorries ferrying sheep and goats were reported to be leaving Bokh and towns of eastern Warder every day.

In Jijiga, where there is a large Orthodox Christian population, the fasting seasons (when a vegan diet is observed) and the various religious festivals (when a sheep is usually slaughtered in each household) also have an impact on demand.

### Seasonal price patterns

As discussed above, livestock prices are generally expected to be low during the dry *jilaal* and *hagaa* seasons (when there is also limited demand for cattle and some distress sales) and high during the rainy seasons of *gu'* and *deyr*. In addition, there are certain times of year, such as *Idd al Fitr* and *Idd al Haj*, when a sharp increase in the demand for sheep (and, to a lesser extent, goats) from both local and export markets contributes to higher prices.

To examine such seasonal price patterns simple exploratory data analysis was conducted using the monthly price data collected by the Regional Bureau of Agriculture and Rural Development in Jigjiga from June 1999 to May 2004. The Bureau prices used relate to the first week of each month and, unlike the 2005 data collected for this report, do not distinguish between different grades of the same animal, just their sex. Nonetheless, unlike the 2005 survey, the period is long enough to examine seasonal price patterns. To do this, the prices of different types of animals were initially regressed on dummy variables for each month, a time trend and dummies for *Idd al Fitr* (which occurred in December or January in these years) and the *Idd al Haj* (which occurred in February or March) for sheep and goats; and the border closure period (between February and July 2002) for the oxen and cows<sup>39</sup>. A correction for a first-order autoregressive process was also made, as this process was strongly indicated. The monthly price dummies that resulted, all of which were statistically significant at the 1% level, are shown in Figures 19 and 20:

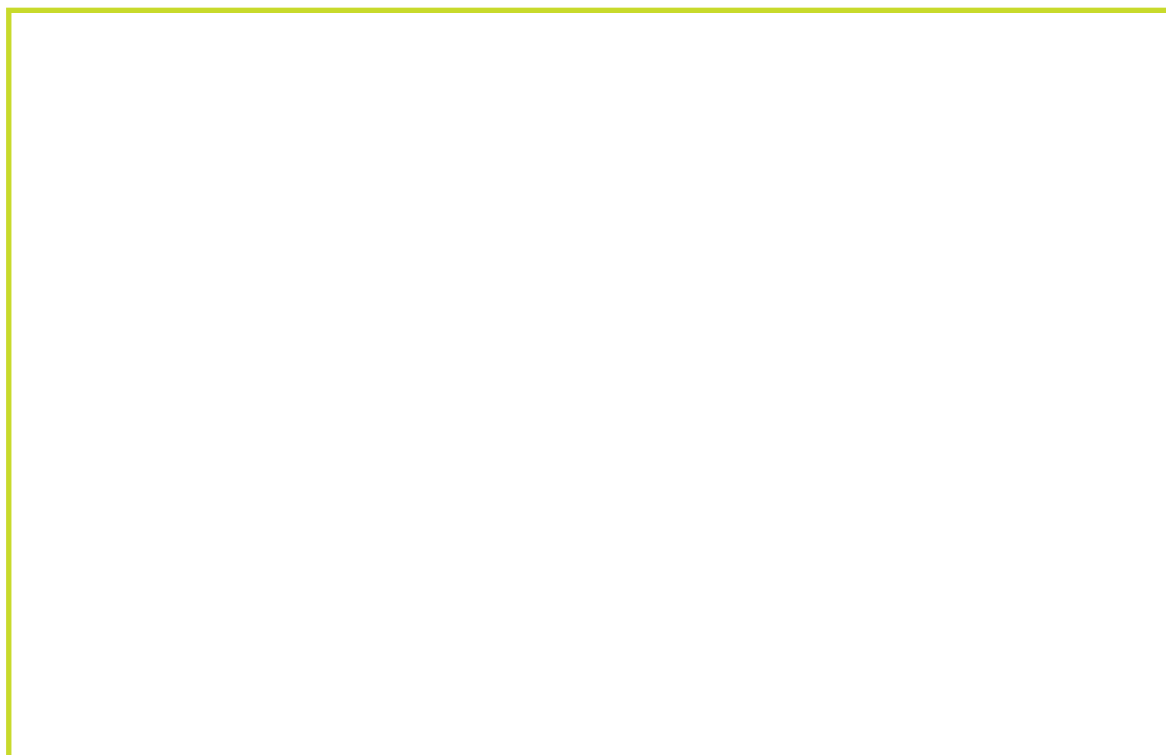


Figure 19: Seasonal price patterns for large stock in Jigjiga market, 1999-2004 (Ethiopian birr)

The seasonal price pattern for oxen is much as would be predicted from the sequence of the rainy and dry seasons (Figure 19). The price of an ox falls steadily from the end of the *gu'* rains in April/May until August, and rises gradually from September to October with the onset of the *deyr* rains, before falling again. Oxen prices, however, peak in December at the beginning of the *jilaal* (dry) season for reasons that are unclear.

The seasonal price pattern for cows shows a sharp peak in April towards the middle of the *gu* rains. Sharp increases in the price of cows are recorded in four of the five years covered but not in 2002, when cow prices fell between March and April. A similar strong surge in camel prices in the second quarter of the year is also found (graph not shown).

The border closure period between February and April 2002 had a negative impact on the price of cows, which on average declined by ETB 75 (8.8%) per animal during this period. However, the statistical significance of the border dummy is weak (P-values of 0.275) so not too much should be extrapolated from this finding. The border closure period in 2002 did not have any significant impact on the price of oxen. Neither did *Idd al Fitr* nor *Idd al Haj* exert a significant impact on the prices of cows and oxen.

<sup>39</sup> Since there was no evidence of a cyclical component to livestock prices, an additive rather than multiplicative form was preferred for this regression.

The seasonal price patterns for sheep and goats are shown in Figure 20. The prices of male goats are lower than those for male sheep. The prices of both animals reach a peak between April/May, which coincides with the *gu'* rains during which many kids and lambs are born, and many young animals are purchased for fattening. Thereafter, however, the seasonal price patterns for goats and sheep diverge with goat prices rising but sheep prices falling during the dry *hagaa* period. Both sheep and goat prices fall at the beginning of the *deyr* rains but then diverge, with goat prices remaining relatively flat but sheep prices peaking in January. This divergence in prices is likely to be due to the increased demand for immature sheep for fattening and export prior to *Idd al Haj*.

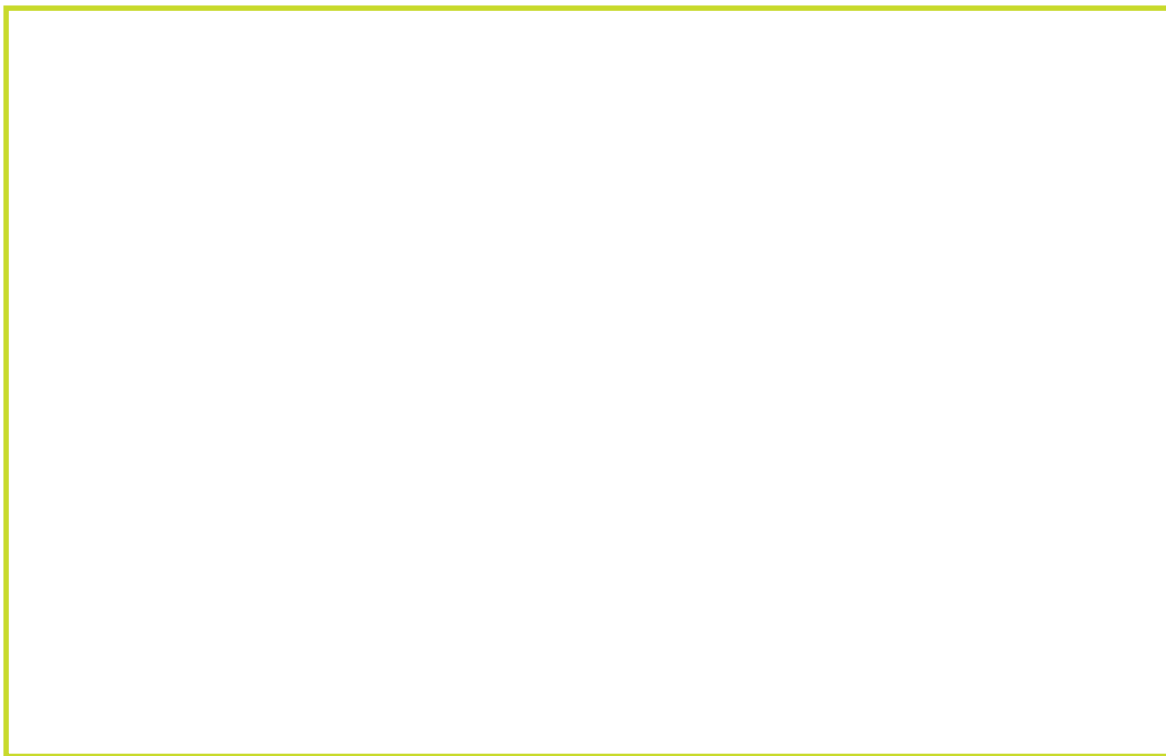


Figure 20: Seasonal price patterns for small stock in Jigjiga market, 1999-2004 (Ethiopian birr)

*Idd al Fitr* does not exert a significant impact on the seasonal price patterns for sheep or goats, but sheep prices rise by an average of ETB 15 (10%) per animal in the period before *Idd al Haj*. Since this is the period when export demand for sheep is at its highest, this is only to be expected. This effect is, however, only weakly statistically significant with a P-value of 0.30. The dummy variable for border closures does not have a strong impact on the price of sheep and goats.

### Impact of rainfall in Jigjiga

Rainfall in the Jigjiga area is less variable than in other parts of the region. The seasonal price patterns in Jigjiga indicate that in the right circumstances the system has the capacity to deal with seasonal and other changes. While patterns of seasonal rainfall are believed to have an impact on prices, data on the impact of rainfall in Jigjiga indicate that rainfall does not appear to have a statistically significant impact on either livestock prices or the number of animals offered for sale. Various distributed lag specifications were tried, including dummy variables for the *Idds* and periods of border closure. In none of these specifications does either current or lagged rainfall have an effect on the prices (of sheep and bulls) that is statistically significant at conventional levels. It may well be that the Jigjiga rainfall series (which is limited to the period between June 1999 and December 2002 and to a limited area) is simply too short to allow the effect of rainfall on livestock prices to be detected with any degree of precision.

Certainly, rainfall is commonly said to have an impact on the prices pastoralists receive for their livestock. However, the impact that higher rainfall has on livestock prices is ambiguous. In a study of livestock pricing in northern Kenya, Barrett *et al* (2003) argue that livestock prices are increasing with rainfall over the last three months and the last twelve months, reflecting the greater grazing pasture for livestock that rainfall

provides. In contrast, in their study of livestock price determination in Niger, Fafchamps and Gavian (1997) argue that herders keep more animals on the range after good rains, make more pasture available and then sell these additional animals when rainfall returns to normal. So 'good rains should raise livestock prices today,' but depress them tomorrow. It is also possible that both of these effects occur in the Jigjiga data, and cancel each other out. The lack of correlation may also be explained by the fact that Jigjiga has a slightly more stable rainfall pattern than other trading centres in the region or that traders are able to draw on supplies from areas with higher rainfall. Further research would be valuable to find out if Jigjiga is an exception which can be explained by local factors or if this pattern is replicated in other areas in the region.

## 5.3 Price analysis

We investigated the volatility of livestock prices and then the extent to which livestock prices co-move across different grades/species of animals and markets. When inter-market price variation is examined, the degree of price co-movement is quite limited, with negative bivariate correlation coefficients between a surprisingly large number of market pairs. This suggests that trade between markets is of a discontinuous nature and/or that prices may take several weeks to adjust to supply, demand or other shocks.

### Price volatility

Price volatility indicates how predictable prices are. Predictable prices with low volatility are useful for traders and pastoralists. The 2005 price data allows the volatility of livestock prices to be examined for the period between mid-April and early-July 2005 for both export and local grade animals; a period which aligns with the *gu'* rainy season. Table 16 shows the coefficients of variation, a measure of price volatility for the main grades of livestock traded. Coefficients of variation (CVs) that are between 5% and 20% indicate low levels of price

Type	Category	Gode %	Harti Shekh %	Jigjiga %	Tog Wachale %
<b>Bulls</b>	Grade I	9.0			13.5
	Grade II	7.0	13.4		16.1
	<i>Ujusha/dhaqmad</i>	20.1	13.0	15.9	13.0
<b>Cows</b>	Grade I		15.8		8.7
	Grade II		9.3	9.0	10.7
	<i>Dhaqmad</i> (breeding)		16.0	10.3	14.5
<b>Goats</b>	Grade I ( <i>orgi</i> )	10.0	18.0		11/1
	Grade II ( <i>orgi</i> )	8.4	19.4		17.1
	<i>Dabaxaad</i> (slaughter)	8.0	16.7	18.8	16.7
	<i>Dhaqmad</i> (breeding)	11.6	18.1	14.4	
<b>Sheep</b>	Grade I	6.8	17.9		
	Grade II	9.3	19.3		
	Grade III	19.2	23.4		
	<i>Dabaxaad</i> (slaughter)	12.2	20.6	22.6	12.8
	<i>Dhaqmad</i> (breeding)	12.0	13.5	14.0	7.8
<b>Camels</b>	Grade I		14.6		
	Grade II		15.5		
	Grade III		15.0		
	<i>Dhaqmad</i> (breeding)		14.8		

Table 16: Coefficients of variation for daily livestock prices, April-June 2005

volatility; CVs between 20% and 35% indicate moderate price volatility; and CVs above 35% indicate high levels of price volatility. Because coefficients of variation can be highly erratic for thinly traded markets, they have not been calculated for markets in which less than ten animals of each grade were traded each day or for which less than 55 days of price data were available during the 86 days covered by the markets survey<sup>40</sup>.

The results indicate a low level of price volatility for all grades of animals. The price volatility of grade I animals, which is the most popular export grade, is the lowest for all animals except camels. CVs for grade I animals are sometimes lower and sometimes higher but usually lower than those for grade II animals, and almost always lower than for *dabaxaad* and *dhaqmad*, the main grades of animals that are locally traded. Prices in the main export markets (Tog Wachale for bulls and cows, and Gode and Harti Shekh for sheep and goats) are also generally less volatile than in markets that act primarily to service local demand or as assembly points for the export trade (such as Jigjiga).

Given the nature of demand from Saudi Arabia, Yemen and the Gulf countries, together with bottlenecks in the export ports of Berbera and Bosaso and the periodic closure of the Ethiopia-Somaliland border, one would expect greater price volatility for export grade animals than local grades. On the other hand, the prices of both export and locally traded animals are affected by droughts and other supply-side shocks. There are two possible explanations for the lower volatility of the export grades. First, the export grades may be more homogenous than the locally traded grades. This heterogeneity is likely to be especially true of *dhaqmad*, which are immature animals intended for fattening and subsequent sale to the export market. Second, as the volume of export grades sales is usually larger than that of locally traded animals, this may allow export prices to adjust to changes in demand and supply on a more incremental basis.

### Price co-movement

The price co-movement of livestock prices determines how linked markets are across different routes. The co-movement of livestock prices can be studied using bivariate correlation coefficients, or more advanced regression methods. In this section, we explore the contemporaneous co-movement of livestock prices in the four surveyed markets, distinguishing between (i) different species and grades of animals in the same market and (ii) the same grades of animals in different markets. If individual livestock markets were functioning well, one would generally expect to see positive bivariate correlation coefficients between animals that may substitute for one another (for example, different grades of bulls or cows, or sheep and goats) in the same market. Similarly, if markets for a particular grade of livestock in a number of different locations are functioning well, one would expect to see positive bivariate correlation coefficients in markets that are likely to trade with each other on a regular basis. Following Blyn and others, markets are said to be integrated if the bivariate correlation coefficients exceed +0.6 or +0.7 (Blyn, 1973:56-59).

As with the analysis of price volatility using coefficients of variation, it is unwise to calculate bivariate correlation coefficients for thinly traded grades of livestock. Based on the volume of animals sold, grades II and III bulls (*ujusha*), grades I, II and III cows, grades I, II and IV sheep (*dabaxaad*) and grade III goats (*dabaxaad*) have been selected for this analysis. Because price collection started later in Gode than other markets, and because of the problematic nature of the price data collected in the first few weeks of data collection, the analysis below is restricted to livestock prices collected between May 23rd and June 10th 2005. While this time period is too short to draw any conclusive observations, it is enough to indicate the level of co-movement and suggest directions for further research.

### Price co-movement between different species/grades of livestock in the same market

Appendix 7 shows the degree of price co-movement between different species/grades within the same markets. Strong positive price co-movement ( $p > 0.7$ ) is observed between different grades of bulls and cows in Gode, in addition to different grades of cows in Harti Shekh. Somewhat surprisingly, however, the prices of grade II bulls and cows vary negatively in some markets, particularly Gode and Tog Wachale. This may be explained by a relatively limited market, in which traders only have the ability to buy a few animals per day.

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<sup>40</sup> The coefficient of variation is a commonly-used measure of short-term price volatility, and is calculated as the standard deviation of a series divided by its mean. The daily price series show no marked upward or downward trend, which if present would tend to inflate the estimated coefficients of variation.

The prices of sheep and goats co-vary positively in all markets, except for grade II sheep in Gode and grade IV sheep in Tog Wachale (which is a relatively unimportant market for small stock). The strongest level of co-movement ( $0.543 < p < 0.633$ ) is in Harti Shekh, although the volume of sheep and goats traded in this market is similar to that in Gode. In Gode, price co-movement is sometimes positive and sometimes negative between sheep and goats, but of relatively modest strength. It may be that the higher proportion of animals offered for sale, compared to those actually sold in Gode, contributes to these countervailing trends. As expected, there is no clear pattern to the co-movement of large stock and small stock prices, indicating the limited degree of substitutability between bulls/cows and sheep/goats. In addition, the markets which specialise in large stock and small stock are distinct.

#### Price co-movement between the same animals/grades in different markets

Appendix 8 shows a series of correlation matrices showing the bivariate correlation coefficients for the same grades of animals in different markets. With the exception of immature grade III cows in Gode, Harti Shekh and Jiggiga, the degree of price co-movement between markets is rather limited. In a large number of market/animal pairs, the correlation coefficients are even negative, while in the remaining cases they are close to zero (indicating no correlation in prices).

There are three possible explanations for the observed lack of co-movement in prices across markets for the same grades of animal. First, some of the market pairs do not trade the relevant grade of animals on a regular basis. This is likely to be the case for bulls and cows in Harti Shekh and Tog Wachale, goats and sheep in Gode and Harti Shekh and all trading of sheep in Tog Wachale. Second, where trade does occur it may be of a very discontinuous nature, which will bias bivariate correlation coefficients toward zero. Third, it may take several days for prices to adjust between markets (most previous price analysis using bivariate correlation coefficients uses weekly or monthly price data). However, when the prices of different markets are lagged or led by three days, a clearer pattern of price co-variation is not detected.

## 5.4 Shocks to the livestock trade

Traders face shocks to the market which are far more difficult to manage than the regular cyclical effects of the seasons. Extremes of climate or unexpected policy changes, such as the Saudi bans on live imports from East Africa in 1998 and 2000 or governmental crack-downs on borders and currency, can have a devastating impact on prices.

#### The impact of drought

Drought is a recurrent climatic phenomenon in Somali Region, but the more severe episodes can lead to hardship in the local rain-dependent economy. The vulnerability of pastoralists is demonstrated by their desperation during extreme drought periods when the condition of animals collapses to such an extent that there is no market at all for a time. However, drought has always been an intrinsic part of life in the region. The strength of the system is also confirmed by the ability of pastoralists and traders to rebuild their livelihoods after severe droughts; in areas hard hit by severe drought in the past there are functional markets today.

*"Droughts can not be accurately predicted, but they are expected and pastoralist systems are well adapted to drought cycles. It follows that, while drought is a major risk factor affecting livestock-based livelihoods, the main source of vulnerability derives from the inability of pastoralism and related livelihoods to cope with drought. In other words, it is not drought as such that makes pastoralists vulnerable, but factors that constrain highly evolved drought-response mechanisms"* (Devereux, 2006:93).

While major droughts can impact throughout Somali Region, there are also small but probably sharp local droughts. Gode was the worst hit by the 1999-2000 poor rains while Shinile was worst hit in 2002. In 2004, when drought struck the region again, Gashamo Woreda was worst affected. Localised drought in Gode in 1999 and Gashamo in 2004 weakened animals, reducing their desirability in the market. Prices of livestock collapsed as low as ETB 13 (US\$ 1.53) for a grown sheep, meaning that the entire sheep was then only as

valuable as its skin. Many *jebble* were driven out of business, as purchased animals they were accumulating died in their hands. The larger-scale merchants, the *shirkad*, did not have enough *jebble* to supply the quantities they needed to satisfy customer orders in importing markets.

Drought is associated with livestock health collapse and when it is severe with livestock mortality. The 2004 drought led to the temporary collapse of the market in Gashamo Woreda. According to traders and administration officials in Gashamo, the effects of the 2004 poor rains were exacerbated by the poor rains in 2003. The lack of forage caused animals to become weak and lose weight, which greatly reduced their marketability. This led to the failure of livestock marketing by the second half of 2004. Some of the wealthy traders changed to other businesses. For example, one of the large livestock businessmen stopped trading livestock and started exporting locally burned charcoal to the Arabian countries.

According to a livestock owner, in Mohollin village in Gashamo, during the drought, "Pastoralists were just *nolol nolol ku nol*" (Literally, "living being living upon another living being, and all *nolol* (living beings) are fragile and very vulnerable.")

*"Why don't we sell animals in the face of drought? We hope for and anticipate the rain, and live for the recovery of our herds. They are our biggest investment."* Gashamo pastoralist

In drought situations pastoralists try to sell what they call 'marginal cows'. These drought stricken cattle are painfully thin, and are clearly in a bad condition. Pastoralists are forced to offer these animals at very low prices. Traders are not willing to buy them, even at this low price because they will not be able to sell them in the market.

*"These weak animals are too bony and weak to push into the export market; even local butcherries will not want to sell very bony meat, and hotels are afraid of losing customers if they offer dry bony meat. There is no demand for the famished bony animal."* Gashamo trader

Pastoralists need only apply marginal labour to keep an extra cow alive. Therefore, as the prices offered for these cattle are very low, some speculators buy the animals and purchase hay to sustain them. If the rains come, these animals have the potential to recover quickly and be sold for a good profit. However, if the drought is prolonged, the speculators lose their investment, as the costs of hay and water rise.

### The Saudi Arabian ban

The biggest and most lucrative livestock market for the Horn of Africa is the Middle East, especially the Kingdom of Saudi Arabia. Saudi Arabia is the largest market in the world for live sheep and goats, 'importing over 6 million head in both 1998 and 1999.' This accounted for about '14% of total world imports of lamb, mutton and goat in 1998' and demand 'will increase at 7% per annum' (USDA, December 2003). It is estimated that Saudi Arabia slaughters over 11.5 million sheep annually, including about 2 million that are slaughtered at Arafat over the *Idd al Haj* pilgrimage. The Horn of Africa has traditionally been the primary source for this market. Between 1970 and 1976, Somalia alone provided more than 70% of the small stock imported into Saudi Arabia. The Saudis tend to prefer meat from the animal breeds kept in the lowlands of the Horn of Africa, particularly in Somalia and Sudan.

Within the last ten years, however, East African access to this market has twice been severely disrupted by the imposition of a ban on livestock imports from East Africa to the Arabian Peninsula. The first ban was imposed by Saudi Arabia for just over a year between February 1998 and April 1999. The ban came about because of an outbreak of Rift Valley Fever in East Africa, which caused widespread livestock mortality, especially of sheep. The viral disease, which is spread by mosquitoes and which proliferated during the El Nino floods, was actually identified in Kenya. Pastoralists all over the Horn, including those interviewed in 2004 in Somali Region reported strange diseases affecting all animals. It is transmittable from animals to people and it has no effective vaccine. In 2000 it broke out in Jizan, Saudi Arabia and, according to the Saudi Arabia Health Ministry, resulted in the death of about twenty people. The effects on trade were more dramatic than the mortality itself. Livestock prices fell throughout East Africa. Exports through the port of Berbera in Somaliland (about half of which originate from Somali Region's hitherto vibrant livestock markets) buckled under the pressure of the pincer-like squeeze of local livestock deaths and external bans on the export of livestock. FAO described the situation in 2001:

*"Pastoralists in Somaliland, Somalia, Zone V of Ethiopia [Somali Region] and Eritrea, where most of the Gulf imports originate, saw the volume and value of livestock exports tumble. Exports from the major livestock-dealing port of Berbera in Somaliland dropped from nearly three million head in 1997 to just over one million in 1998, equivalent to around US\$100 million of lost exports. It is estimated that half of these livestock originated in Somalia and half in Zone V of Ethiopia. Prices of livestock fell by around 30 percent in Eritrea, Ethiopia and Somalia as a result of the ban. Other Horn countries included in the ban were only marginally affected as the Gulf is not a significant importer from these countries." (FAO, 2001)*

As a result of falls in the volume of livestock sales, competition between the Somali traders for a smaller market increased dramatically, leading to a glut in supply and a price collapse. Almost immediately traders started to export livestock to Yemen, and later to the Gulf States as contraband, and most of them were said to be smuggled across the desert border to Saudi Arabia. Before 1998, Yemen recorded no exports of sheep, and between 1994 and 1997 imported less than 100,000 sheep annually. However, in 1998, Yemen imported more than 400,000 head of sheep and it recorded exports of sheep to Saudi Arabia for the first time, which rose to 410,000 by 2000. The figures show likely movement of animals from the Horn of Africa to Saudi Arabia through Yemen, and there were concerns that 'the magnitude and extent of clandestine livestock movements in the region is not known. A substantial proportion of livestock trade is likely to avoid detection at conventional checkpoints, by clandestine movement across unmarked borders in remote areas which are difficult if not impossible to monitor' (Bourne, 2003:44).

The first ban was lifted in April 1999. Then in September 2000, Bahrain, Oman, Qatar, Saudi Arabia, United Arab Emirates and Yemen banned livestock imports from eight East African countries after an outbreak of the Rift Valley Disease in the southern provinces of Saudi Arabia, which was blamed on imported animals. In May 2001, the United Arab Emirates announced that it had lifted the ban on the importation of live animals from East Africa. In mid 2001, Oman and Qatar lifted the ban and Yemen lifted the ban by the end of the same year. However, the Kingdom of Saudi Arabia, the main destination for live animal exports from the East Africa, had yet to do so by mid-2006.

One beneficiary of the collapse of the exports from the Horn of Africa was Australia, which quickly became one of the main suppliers of live sheep to the Saudi Arabia<sup>41</sup>. Australia was not itself immune to the ravages of disease. In August 2003, a shipment of 57,000 Australian sheep was stranded on the high seas for 80 days after being rejected as diseased by the Kingdom. Saudi veterinarians decided that 6% of the animals had scabby mouth disease, although this was contested by Australian veterinarians who held that the diseased animals constituted less than the 5% allowable threshold. Australia suspended further shipment of stock to Saudi Arabia until "effective mechanisms" to allow imports were negotiated; this happened in 2004 (Royal Embassy of Saudi Arabia, December 2004).

Saudi Arabia began to seek suppliers to replace the lost market. A ban on imports of sheep from Argentina was lifted in September 2003. In May 2004, a memorandum of agreement was signed between Saudi Arabia and Australia, paving the way for the subsequent resumption of live animal imports. Following a visit by the Ethiopian Minister of Trade and Industry to the Kingdom, the ban on chilled, frozen and canned meat of sheep and goats was lifted for Ethiopia in August 2002 (Abdul Ghafour, 2003). Chilled meat does not carry the Rift Valley Fever virus. In November 2002, the ban on live animal imports from the Sudan was lifted.

One consequence of the ban seems to be a consolidation of the grip of large-scale Saudi investors. Saudi importers and Sudanese exporting traders complained that an exclusive agreement between the Sudanese government and one Saudi mega-company to import Sudanese sheep and meat was illegitimate and would hurt their interests; but the Sudanese Foreign Ministry said that it signed the agreement after efforts to find markets elsewhere had failed (Abdul Ghafour 2003).

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<sup>41</sup> In 1995, Australia exported only 74,506 sheep, and in 1996 these exports fell to 34,200 animals; no sheep were exported to Saudi Arabia in the following years of 1997, 1998 and 1999. Then in 2000 and 2001 Australia exported 640,500 and 2,130,500 sheep respectively. (Bourne, 2003:12.) See also: <http://www.meatlivestockaustralia.com/uploads/templates/otherpdf/FFSheep01.pdf>

Within Somali Region, as word of the 2000 ban spread, traders stopped buying animals. In the rural markets, demand went down as those who fatten and prepare the animals for resale to export traders ceased buying. By 2006, pre-ban volumes of Somali Region livestock exports still had not been realised.

### Border closures

Trade across the Ethiopia/Somalia border has been fraught with danger since the 1960s due partly to the history of hostility between the two countries. After the fall of the *Dergue*, Somalis were allowed to move freely across the border, and many former refugees came back home to Ethiopia's Somali Region. However, this policy changed as Ethiopia started to bring in tighter controls over its territorial boundaries. A much tighter border policy was adopted following the Ethiopia/Eritrea war (1998-2000) and the heightened focus on global terrorism post September 11th, 2001.

In February 2002, the Ethiopian authorities closed Ethiopia's borders with Somalia/Somaliland and deployed security forces along the border to enforce the closure. Goods crossing the border were deemed contraband and liable to confiscation. Trading centres that depended on the cross-border trade, like Harti Shekh, were badly affected. The closure came shortly after the 1999 dry period which affected large parts of Somali Region, and the ban on imports of live animals from East Africa by the governments of the Arabian Peninsula.

As of mid-2006, border crossings remained officially restricted, and closures were being enforced with erratic frequency and strictness. Exporters of livestock suffer from this more than the importers of food into the region, as the rules were eased for imports after August 2002. During the data collection period (2004-5), many livestock export traders complained that entire lorry loads of livestock were confiscated, together with the lorry that was transporting the animals. Despite the criminalisation of the trading system, due to a lack of alternatives, small stock traders still try to run animals across the border to the markets where buyers and exporters are to be found. The border situation increases risks and costs.

In mid-March 2005, more than 50 trucks ferrying food imports to Somali Region were impounded in various stations in Warder, Korahe and Gode Zones. Warder alone had over 30 trucks, each loaded with more than twenty tons of food imports, lying in military compounds. More trucks from the Somali Region that were loaded up with livestock exports for the port of Bosaso in the Puntland State of Somalia were also impounded. Each truck was loaded with between 360 and 380 sheep and goats, and these had to be released to graze locally after a few days to avoid animal deaths.

The immediate effect was a ceasing of all truck movement in both directions between Somali Region and Bosaso. Bosaso is one of the main ports for imports of food into Somali Region, food which the populace depend upon. The export of livestock essentially finances the imports of sugar, rice, pasta and cooking oil

Type	Operating	Closed	Total	% Closed
Tea shop	33	49	82	60
<i>Bibito</i> - cold drink parlour	6	4	10	40
<i>Bukhar</i> - wholesale and distribution shop	14	32	46	70
<i>Dukan</i> - general retail shop	41	57	98	58
<i>Hotel</i> - restaurant	7	15	22	68
Pharmacy	2	2	4	50
Vegetable retailer	41	4	18	22
Clothes shop	4	3	7	43
Garage/fuel shop	3	1	4	25
Beer hall	4	0	4	0
<b>Total</b>	<b>128</b>	<b>167</b>	<b>295</b>	<b>57</b>

*Physical count carried out on 11th and 12th April 2005*

Table 17: Impact of March-April 2005 restrictions on business premises in Shillabo town

that are the staples for large parts of the Somali Region. By early April, the 80 or more trucks were still impounded, food stocks in many markets were running low, food prices were starting to rise and some businesses had to stop operating (Table 17). On the whole however, traders remained hopeful that the food piled on the trucks would be released, and that trading would resume as normal. On April 8th and 9th, it was reported that a combined force of military, police and local security officers raided the popular “Taiwan” markets of Jigjiga and Harar towns and confiscated contraband goods. Food prices rose. On April 14th, the food trucks were finally released, and prices started to tumble again along the route as supplies were delivered to the stores.

On April 23rd 2005, 36 trucks from Burao and Bosaso, and five trucks from Mogadishu drove into Gode. They were carrying rice, cooking oil, pasta, flour, and *baggage*<sup>42</sup>. Prices of food went down. 50kg of sugar, which had sold for ETB 330 (US\$ 39) fell to ETB240 (US\$ 28) on April 22nd. On April 27th, prices started to rise again as roads closed due to the rains. Gode flooded and a 50kg sack of sugar reached a price of ETB290 (US\$ 34).

While many of the factors that lead to food price volatility are beyond the command of the local people and their government, some factors, like the border controls and regulatory frameworks, can be directly managed by the authorities.

According to Aklilu (2006:200) ‘policy impediments in Ethiopia emanate from unnecessary bureaucratic procedures, lack of information or reluctance to change established policies and guidelines... Exporters needed to visit least twelve offices and institutions to process their export documents, a procedure so lengthy that shipments could be missed.’ According to Ayele *et al* (2000) ‘Excessive regulation may be a reason why exporters resort to unofficial channels when exporting... The only measures to mitigate livestock export losses have been temporary increases in inspections by “finance police”’.

### Currencies

The economies of Somali Region, Somaliland, the Puntland State of Somalia and Somalia are intimately connected and common currencies are used throughout the region. Money-changers in all major villages readily change one currency for another and the exchange rates fluctuate sometimes markedly against one another.

Throughout the period of this study, (April 2004-June 2005) by far the most common currency used was the Somalia shilling, in its 500 and 1,000 denomination notes. This currency dominates in the Puntland State of Somalia, Somalia, eastern Somaliland and in the Haud, Riverine and Warder trading corridors of Somali Region. The Ethiopian birr is the main currency used in Jigjiga Zone west of Harshin. The Somaliland shilling is used in a few places, west of Daror and near the Somali border. The US dollar is used for large deals and as the basis for calculating exchange rates.

The Ethiopian birr is more stable in exchange against other currencies in use in the region. It is backed by a central government and central bank, it has bank notes in usable condition and denominated in amounts that can be carried around conveniently. However it is a currency that is not freely convertible.

Most of the livestock traded through Burao, Bosaso and Mogadishu are priced in Somali currencies, resulting in a flow of Somali shillings into Somali Region. Most of the goods (especially food and *baggage*) sold in all the major Somali towns are priced in US dollars. Effectively this has “dollarised” the local economies. The US dollar is very unstable against the Somaliland shilling and even more so against the Somalia shilling. Falls of the US dollar have a huge impact on the Somali currencies, devaluing them greatly and resulting in loss of wealth for those with Somali shillings. However, despite the Somali currency gaining value against the US dollar, the price of food remained high throughout 2004 and 2005. Another source of insecurity reported was the new banknotes that the so-called “warlord” leaders of Somalia occasionally print and which result in general devaluation of the Somali currency.

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<sup>42</sup> Imported items are divided mainly into food, electronic equipment (white goods which usually are just transported across the region to the highlands), and *baggage*, which includes various household items like torches, batteries, mattresses, plastic containers, utensils, etc.

In May 2005, the Ethiopian government embarked on a campaign to stamp out the use of Somalia currencies in its territories. Trade in all other currencies except the Ethiopian birr was banned. Members of the armed forces patrolled towns, searched shops and monitored sales and purchases. Anybody found using Somalia currency was liable to imprisonment, and any Somalia currency found was confiscated. No exchange was offered for monies held in Somali currencies, which was the dominant currency used to purchase small portions of retail goods affordable for the poor. Many of the poorest residents of the region lost considerable savings. The most affected areas were the Riverine areas of Kelafo, Mustahil and neighbouring woredas like Shillabo and Kebri Dehar. Woredas to the east and north were able to offload their Somalia currencies into The Puntland State of Somalia before the crackdown was fully implemented. Livestock buyers from the Bosaso and Mogadishu areas stopped buying livestock from Somali Region and farm produce from the rich Shabelle valley. This resulted in a sharp collapse of the livestock trade in the riverine and central parts of the region where it was easier to enforce the 'no-Somalia currency' policy.

## 5.5 Conclusion

To understand how the market works it is necessary to consider both day-to-day and seasonal factors along with the effects of extreme conditions. The market generally manages to recover despite the devastating effects of extreme environmental conditions and shocks on prices. The market is responsive and functions well. Traders minimise risks by operating within their clan corridors. However this also has a limiting effect and ensures that the market is not fully integrated. Producers, who have been labelled irrational and unwilling to sell, have been shown to be rational and responsive to demand. Evidence suggests that excess supply and inhibited mobility are in fact the issues. There is a need for stimulated demand and recognition of the rationality of the producer and market actors. Further research to examine the excess supply and low market integration phenomena would be valuable, as would more data on the effects of rain on prices in Jijjiga and the rest of the region.

## 6. Trading Food and Other Commodities

Along with livestock exported through the ports of Somalia and Djibouti, to the markets of Kenya and to the abattoirs of Addis Ababa, Somali Region also exports perishable food products to Somaliland and The Puntland State of Somalia and *chat*<sup>43</sup> to Djibouti, Somaliland, and The Puntland State of Somalia. The region also imports staple food goods (such as rice, sugar, wheat flour and cooking oil), clothes, dry goods and electronics.

Food and commodity imports are very important to livelihoods in the region, creating jobs and generating income for the region. They also represent a more stable and cheap source of food and goods than can be found within the country itself.

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<sup>43</sup> A plant widely chewed as a narcotic in the Horn of Africa and the Middle East

### Food imports to Somali Region

The image of nomadic pastoralists attempting a food self-sufficiency strategy and living off a milk and meat diet does not reflect the reality. Research by Ahmed Mohamed Abdullahi in central Somalia showed that only 36.2% of the household calorific intake is derived from milk and meat. Grains, sugar, tea, beans, pulses and cooking fats, which all have to be purchased by pastoral families, contribute 62% of the household calorific intake. Ahmed concludes, 'These figures underline that one must explode the myth that East African pastoralists live entirely on milk and meat from their animals. They do not.'

The main food items consumed in the pastoral areas of Somali Region are rice, sugar, wheat flour (*daqiiq*) and cooking oil. Imports of food are therefore vital to the well-being of pastoralists in the region. Imported foods, like rice from Thailand, are more widely available and the price is more stable and often cheaper than food sourced from central Ethiopia. The price of food is affected by sanctions, border closures and fluctuations in exchange rates. There are significant differences in the price of food from one part of the region to another. Similar food items are purchased from different ports at varying costs.

In much of Somali Region east of Harshin, including Gashamo, Bokh, Danot, Galadi and Warder Woredas and Kebri Dehar and Gode Zones, food items are exempt from the contraband order. Purchased food items from the Bosaso corridor are cheapest, followed by those from the Berbera Zone. The eastern parts of northern Somali Region are allowed to trade in food trucked in across the border, but in Jigjiga and Shinile Zones, such food would be considered contraband by the authorities. As a result some food items, like the sugar that is used so excessively by Somali pastoralists, is more expensive in Jigjiga Zone. However, the restrictions on food imports from across the border are enforced in some places and not in others. For example, although officially both subject to the same restrictions, the price of sugar in Tog Wachale is almost half that in Shinile. The price of food can also be affected by fluctuations in the exchange rate. In late 2005, for example, as the US dollar strengthened against the Somali currencies, the price of food in local currency rose.

The food business creates jobs in trading centres and generates income in the region. However, shop owners can be hit hard by drought. In Gashamo, where rains were poor in 2003 and 2004, shop owners complained that they were not able to make the usual volumes of sales and had to lay off staff. In some villages, shops were closing down, as pastoralists moved on to find fertile grazing land and they ran out of customers.

### Livestock-grain barter terms of trade

Somali pastoralists, when surveyed, explained that they sell their livestock for a number of reasons. The reasons they gave included:

- to buy food like grains, cooking oil, sugar, tea, rice, wheat flour and local cereals;
- to buy goods such as torches, plastic items, containers, clothes and shoes;
- to contribute financially to cultural and social commitments like festivals, marriages, and health;
- for investment purposes such as education or constructing homes;
- to purchase veterinary medicine in order to maintain herds;
- to buy water and hay for the livestock in periods of drought.

This study did not look into the proportion of income spent on the various items, but it is likely that the situation in Somali Region is likely to be similar to that in southern Ethiopia, where most income is spent on food. According to McPeak (2006:52) 'studies show that 88% of the reason for livestock sales by pastoralists is to obtain food.' A useful way to show how price variation affects pastoral livelihoods is the livestock-grain barter terms of trade. These show how many kilograms of a food-grain (for example, rice or sorghum), can be purchased when one animal (for example, a goat or sheep) is sold. The data from examining the livestock-grain terms of trade in Jigjiga shows that the terms of trade for imported rice are much more stable than for locally grown sorghum in Jigjiga market.

The term "barter" is used to indicate that the terms of trade are invariant to either the currency in which prices are measured or the units in which prices are collected. The price data used to construct the livestock-grain barter terms of trade presented in these sections is very disparate, and is drawn from three different sources: the Bureau of Agriculture and Livestock monthly price data for livestock in Jigjiga, Save the Children (UK) price data for food prices in Jigjiga and Save the Children (US) price data for both livestock and food prices in Negelle.

The graphs in Figures 21 and 22 below show the livestock-grain barter terms of trade for sheep in Jigjiga, a large primary/assembly market in the north of Somali Region, and for goats in Negelle, a smaller assembly market close to the southern border of Somali Region (inside Oromia Region). Since sheep and sorghum are more important in the northern part of the region, the terms of trade between them are shown below. The livestock-grain barter terms of trade between goats and maize in Jigjiga show a similar pattern to sheep and sorghum. However, in the southern part of the region, relatively little sorghum is grown and goats are more common than sheep, so the terms of trade between goats and maize were calculated.

The terms of trade are shown for the years 1996, 1998, 2000 and 2002. With the exception of 2002, which as noted above was an unusual year due to the drought in the south of Somali Region, the terms of trade decline in the first half of the year and then rise in the second half of the year. Note that the terms of trade cannot be calculated for Jigjiga in 2000 as, although livestock prices are available for this year, food-grain prices are not.

In Jigjiga, the terms of trade between sheep and sorghum are highest in the first quarter, with one sheep having a value equivalent to between 150 and 220 kilograms of sorghum. This peak in the terms of trade probably reflects the impact that the annual *Idd al Fitr* and *Idd al Haj* celebrations have on the demand for sheep. Thereafter, the terms of trade fall gradually throughout the year, so that by the last quarter, a sheep only buys 50 to 90 kilograms of sorghum. This coincides with the dry season, when sheep prices are lowest and more distress sales occur.

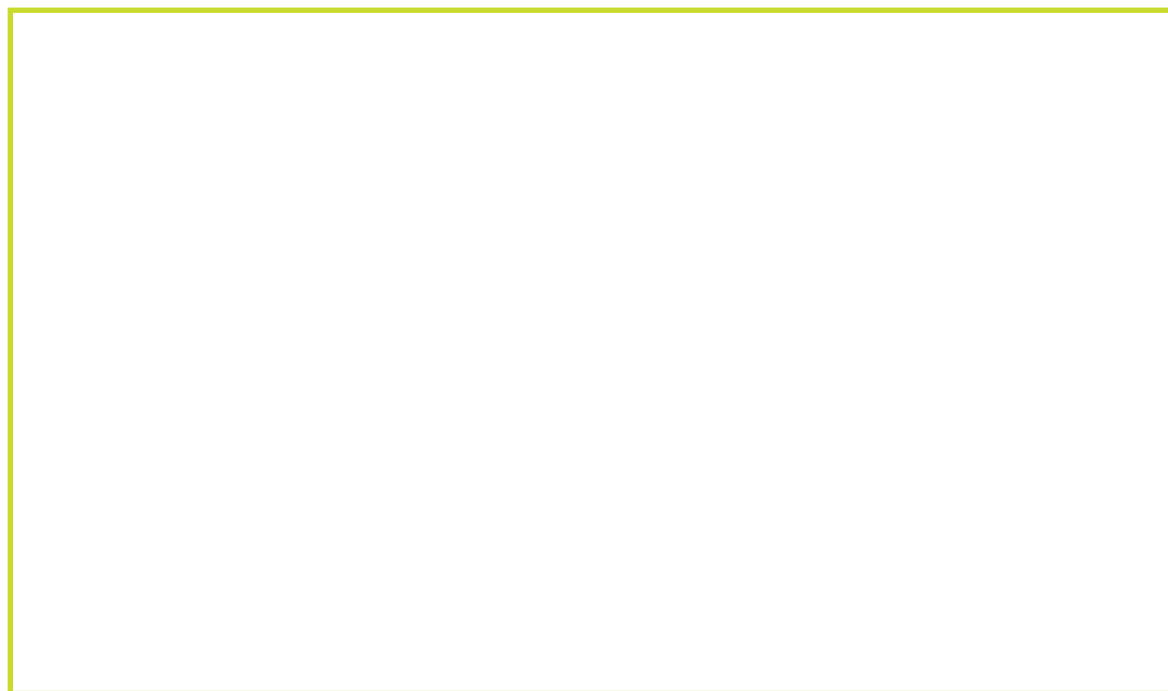


Figure 21: Livestock-grain barter terms of trade in Jigjiga, selected years 1996-2002 (Kg sorghum per sheep)

The livestock-grain barter terms of trade in Negelle are much more erratic than in Jigjiga, with one male goat being equivalent to between 55 and 180 kilograms of maize depending on the month and the year. The terms of trade are generally highest in the first and last quarters of the year and lowest during the middle two quarters. However, the volatility of the terms of trade suggests that pastoralists in the southern part of the survey area are more exposed to changes in market conditions than are those in the north.

For 2002 only, the price data in Jigjiga allows us to compare the terms of trade between livestock and either domestic or imported food-grains. Since rice is the most common commercially imported food-grain in the region, its price is used in these calculations. For both bulls and sheep, Figures 23 and 24 show that terms of trade with rice are much more stable than with sorghum. Since changes in the prices of large and small stock are common, this indicates that variations in the prices of locally produced food-grains are a key driver of the terms of trade. By switching to imported food-grains, pastoralists are able to stabilise their consumption even when the prices of locally produced grains more than double (as they did for sorghum in



Figure 22: The livestock-grain barter terms of trade in Negelle, selected years 1996-2002 (Kg maize per goat)

Jijiga between May and October, 2002). To the extent to which livestock and grain prices in Jijiga in 2002 are representative of those facing pastoralists in other locations and years, this suggests that ensuring a stable supply of imported food-grains into the region is crucial to reducing the vulnerability of pastoralist livelihoods. It would be valuable to repeat this exercise across the region to determine if the Jijiga results are replicated. In general the data indicates that terms of trade can be very volatile and this can be damaging to the livelihoods of the poor.

#### The *chat* trade in and through Somali Region

*Chat* selling is one of the most dynamic businesses in Somali urban centres throughout the Horn. As the *chat* leaves have to be consumed within three days of being harvested from the tree, an efficient distribution system works to ensure its timely deliverance to remote villages. The transportation system used to ferry *chat* also operates to connect villages and transport light goods. *Chat* is a cash-intensive business that requires quick turnaround of capital. Due to the effect of large sums of money leaving the Somaliland centres everyday, the *chat* business has the de facto effect of being the largest determinant for the exchange rates of Ethiopian birr against the Somali currencies.

*Chat* exports from Ethiopia have consistently been the country's second or third biggest foreign exchange earner for the last five years. Ethiopian *chat* is exported to Djibouti, Somalia and Somaliland. The value of annual exports from Ethiopia rose from US\$ 86.2 million in 2003/4 to US\$ 88 million in 2005/6, representing in the Ethiopian fiscal year 2003/4 approximately 15% of the country's total exports<sup>44</sup>. In that year, *chat* was only second to coffee in the 'Major Products by Category'. It fell only to third place in 2004/5 and 2005/6 due to a surge in oilseed export. In 2005/6 fiscal year, almost two thirds of the Ethiopian *chat* exports went to Somalia and Somaliland (16% and 48% respectively), while 30% went to Djibouti. While most of the exports to Djibouti are clearly indicated in the national export records, substantial quantities of *chat* entering Somalia and Somaliland go underreported.

#### Other goods exported through the Somali Region

Various goods are exported to Somalia and Somaliland from the Somali Region, or through the Somali Region. These include vegetables and fruit produced in the riverine areas especially Kelafo and Gode

<sup>44</sup> Ethiopia Customs Authority, October 2005



Figure 23: The livestock-grain barter terms of trade in Jigjiga, 2002 (Kg sorghem/rice per bull)



Figure 24: The livestock-grain barter terms of trade in Jigjiga, 2002 (Kg sorghem/rice per sheep)

Woredas, grains from the Jigjiga plains and vegetables from Harar. The national statistics value vegetable exports to Djibouti in 2004/5 at US\$ 5.4 million. However, while an equally large amount of vegetables were being exported to Somaliland, these are not captured in the export figures. Some data is available for animal product exports to Somalia. For example, exports of camel milk valued at US\$ 22,026 and cattle milk valued at US\$ 12,544 were exported through Jigjiga to Somalia in 2004/5. These exports rose to US\$ 65,965 for camel milk and US\$ 13,335 for cattle milk in 2005/6. Most of animal products exports went through the border town of Tog Wachale although the recorded amounts are a fraction of the overall exports. Most of the exported milk is consumed in the towns of Gebile and Hargeisa.

## 7. Traders' Perspectives

This chapter summarises and concludes the study by putting forward traders' own perspectives on the difficulties they face. 'Lack of market' is the number one constraint reported by traders in Somali Region. High transaction costs, high risk and high levels of competition all play their part in this situation. The chapter goes on to look briefly at public sector interventions in the livestock trade and reports that traders have responded best to interventions that have eased the flow of livestock trade, in effect increasing demand.

## 7.1 Trade issues

Traders' perspectives on the issues that affect their businesses and how their situation could be improved is vital to understanding trade in the region. The trader survey included a question on the main problems and constraints to trade. Respondents were first asked to identify which problems and constraints they had experienced and then asked to rank them. Traders listed eleven problems. The leading constraint, ranked first by the majority of traders interviewed, was lack of markets, or lack of demand. The constraint most often mentioned second was low margins, followed by harassment. When all problems mentioned were cumulated, the total number of problems, ranked by the number of times they were mentioned is illustrated in Figure 25.

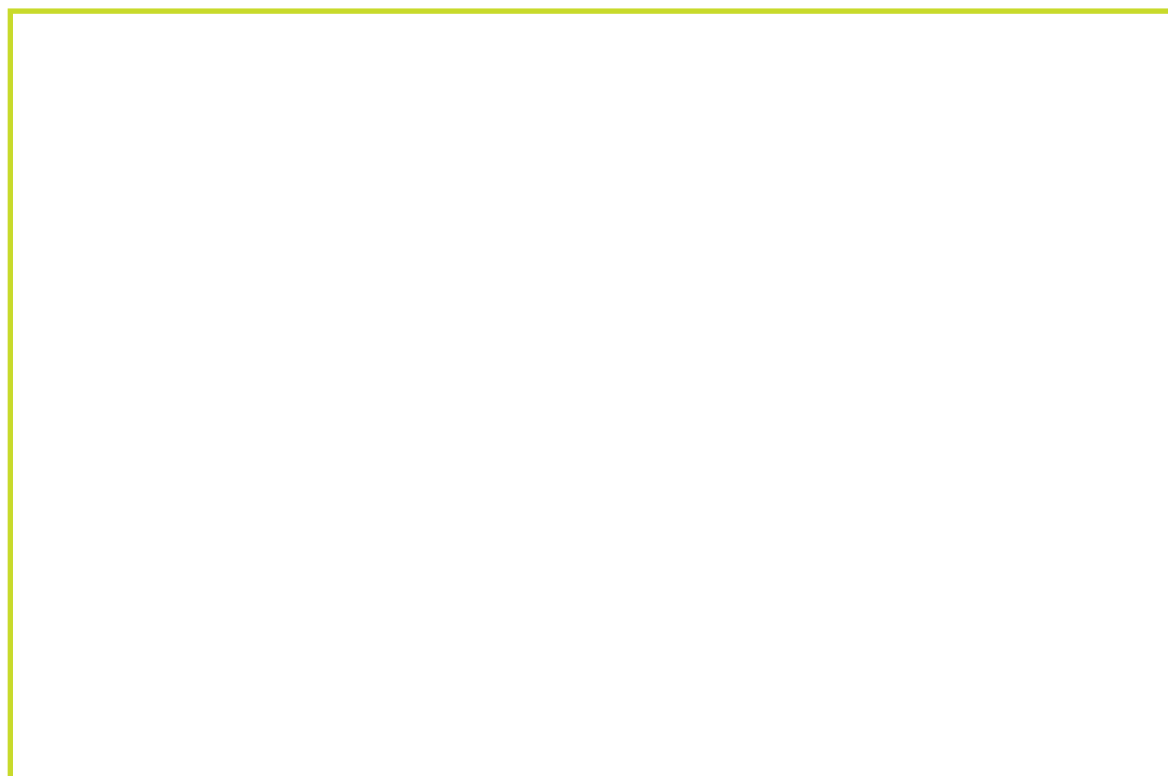


Figure 25: Livestock traders' top listed constraints

The problems and constraints identified by the traders can be grouped into the following categories: trading issues (including lack of demand or markets, low margins, low prices, competition, lack of capital, and the Saudi ban), governance issues (including harassment, insecurity, and taxes) and environmental and technical issues (including drought and disease). Lack of demand, low margins, low prices and excess competition were identified as some of the most common problems facing traders.

### Lack of markets

Pastoralist traders want to sell livestock, but, they find accessing markets (i.e. low demand for their products) a challenge. The phenomenon of excess supply in the volumes of animals offered against those sold reflects this complaint. Demand levels have been particularly affected by the Saudi government ban on livestock imports from East Africa. Traders in Warder identified the Saudi ban as the primary problem facing traders.

One Harti Shekh trader described how the ban has affected his trade.

*'I have been a trader for twelve years, mainly importing goods like food and clothes, and exporting livestock. I used to export livestock to Saudi Arabia, but now I only take animals to Hargeisa and Harti Shekh. The worst year for me was 1998 when I bought 260 animals at a cost of ETB 180 each. The Saudi ban caught me before I exported the animals, and I had to hold them for one year at an*

*additional expense of ETB 70 per animal. After losing some of the animals to disease, and realising that the ban may take longer to be lifted, I trekked the animals to Djibouti hoping that I could export them. Eventually I had to sell them at a loss in Djibouti.'*

The lack of market, along with the competition between many traders, may also be related to the problem of narrow margins and low prices. There is a profit to be made from trading but for most individual traders, it is a modest and risky one. Individual income levels are low and profit margins are small. In Kebri Dehar traders claimed that they did not make much money and were struggling just to make ends meet. They gave a number of reasons for this:

- too many competing traders was fragmenting the market, causing a "race to the bottom", driving down profits and discouraging traders with more capital;
- a lack of co-operation between the traders and a lack of innovation in business means everybody is crowding into a few activities;
- the presence of many desperate women traders who are not organised among themselves to set prices, accept very low profits;
- competition in the local distribution of food from large-scale port-based wholesalers can drive the prices down and drive middle-level traders out of business;
- the lack of a market for sheep and goats in highland Ethiopia.

An itinerant trader from Jigjiga described her situation.

*'I trade in livestock like camels. I started with a capital of ETB 3,500. I bring them from Babile. I go to the market every Monday and Thursday which are the market days. I buy about 7 or 8 camels. The tax for every animal is ETB 25. I pay ETB 5 for the pen. I only spend one day in the market, carefully examining the animal, and I purchase the animals that I believe will be of demand in Jigjiga. The next morning I depart and take the public transport back, for which I pay an ETB 10 return fare. I pay ETB 35 for the trekking of every camel to Jigjiga. I follow the market closely to avoid major losses, and I also deal in smaller quantities to avoid loss. I usually make a profit of about ETB 50-100 per camel. From my efforts I support my family, my three children. I have two boys in school and I pay all their costs. I have managed to buy a plot in Jigjiga, which I hope to develop.'*

### Governance issues

Governance issues were the next most common group of problems and constraints identified by traders. Harassment ranked along with trade issues as one of the most serious problems traders face. Harassment encompasses various acts by administrative and other government workers perceived to be unfair, and covers issues like the frequent border closures and the clamp-downs on the movement of livestock.

In Moyale, traders complained about general harassment at the border. According to interviewees the Ethiopian authorities do not discriminate between livestock leaving the country and livestock entering in search of markets.

In Kebri Dehar, border closures and the illegality of trade are also a major problem. Illegality means that there is no comprehensive insurance system despite the great risks undertaken on large capital outlay. While the informal clan systems of insurance provide the potential for relief they tend to be limited on the amount that they can offer individual traders who suffer specific misfortunes. Many traders, especially in Gashamo Woreda, who suffered from a complete collapse of business due to the loss of their trucks to episodes of truck destruction that swept the region, have not been able to re-enter the trade.

Many of the small ships that ply the Indian Ocean and Red Sea to the Middle East are completely uninsured. Some of these vessels capsize in the stormy seas, leading to complete loss of inventory. There are cases where laden ships coming from the Gulf have burst into flames, consuming all goods being ferried. No compensation system exists to cover such losses. On the other hand, authorities in the Arab countries reserve the right to reject entire shiploads of animals outright, usually citing public safety requirements. Other more mundane losses include price collapses which happen at the port, especially when several ships unload Somali livestock simultaneously leading to corrosive competition.

In Jigjiga, traders also raised the issue of corruption by petty officers and border closures by the authorities. They drew attention to the panic and fear generated by the authorities' behaviour. One example given from March 2004 involved two businessmen from Jigjiga Zone who bought 200 bulls from Gode which they proceeded to trek to Harti Shekh. These bulls were detained by administrative forces for security reasons. However, traders suspected it was because some prominent persons had acquired Letters of Credit and were using trucks to transport bulls from Jigjiga to the same Somaliland market that was targeted by traders trekking animals from Gode. As there was no evidence to continue holding the animals, they were released to the owners on April 22nd 2004. Unfortunately, fear had spread throughout the business community, who now had to factor in the possibility of their stock being impounded.

A Jigjiga bulk food trader described the pressures of trading illegally:

*'I bring bulk food into the city at reasonable prices. Yes, my business can be said to be contraband, which is extremely risky as you know. What should I do when trying to bring in anything legally is made so impossible? In my view the officials are only legal bandits, who search for us day and night, and use the weapons they have to loot our property. If they manage to stop us, they will confiscate everything we have, including the vehicles that we are using. If they fail to stop us, they will mercilessly rain bullets on us. Countless numbers of our people have died in the hail of bullets; many maimed survivors live in Jigjiga. The regional government developed a system of licensing allowing importation of food items. The system is not recognised by the Customs Authorities stationed in Jigjiga who report directly to Addis Ababa. Whatever licence the regional authorities give us, we are hunted down along the routes to the border, and force is used to take over our property. After a number of months, all the confiscated property is sold into the market by government, at prices lower than market rates. All the money realised is declared to be state income, the original owner is never compensated at all!'*

Taxes were not seen to be a problem *per se*, but rather the demands that exporters pay multiple taxes. At the sales-yard a market tax is paid, then at every crossing of a zone or woreda boundary further taxes are paid and finally another tax is paid for crossing the international border. That these various payments are described as *limat*, which is local revenue, and not as state tax does not make a difference to the individual trader. In Kebri Dehar traders complained that there are too many taxes and the amount charged is too high. Gashamo traders pointed out that the payment of local *limat* taxes does not even confer legality on the trade, since the Ethiopian Customs Authority can still confiscate vehicles.

Insecurity was also mentioned as a problem, and it affected many parts of the Somali Region. In Gashamo, one of the major problems identified by traders who imported goods from across the border was insecurity. Jigjiga traders also discussed the increased banditry between Babile and Jigjiga, and in Kebri Dehar traders complained of insecurity and banditry problems on routes where traders are open to serious risk of injury and death.

When responses citing insecurity were cross-tabulated against clan, it emerged that more Ogaden traders see insecurity as a significant problem than any other group, followed by the Riverine traders. The central parts of the Somali Region, where the Ogaden dominate, are the areas of highest conflict and this violence has tended to exclude outsiders from trading with and coming into these central Ogaden areas. As trucks belonging to traders from other regions are targeted by attackers as they traverse these areas, the perception is that it is non-Ogadenis who are threatened by venturing to trade in Ogaden lands. However, the people living in these areas, who have to travel to markets outside them, suffer as well. Ogaden traders run the risk of suffering personal injury, and also the loss of a considerable investment if transport vehicles are attacked and the goods carried in these trucks are lost. Thus while other clans find it impossible to travel safely in the insecure parts of Ogaden clan rangelands, it would be wrong to assume that the Ogaden traders travel these lands without risk or extra cost.

### Environmental issues

Disease and drought, as well as issues like stock routes and water provision, are the traditional problems recognised by livestock development technicians. However only 19% of traders listed drought and 16% listed disease as problems. This is in contrast to the results of the Vulnerable Livelihoods Survey in which

animal disease was mentioned as a major issue (Devereux, 2006). Disease is probably of less consequence to traders than to pastoralists because animals that are brought to the market tend to be healthy. Pastoralists incur costs taking animals to market and therefore will try to avoid the further loss of one of their animals being diseased and subsequently rejected at the market.

Jigjiga traders bemoaned the lack of veterinary services and the lack of holding grounds for the quarantine periods required to obtain necessary certification. In Kebri Dehar traders described the very long journey to the Bosaso port along difficult roads with many transport problems, during which animals spend many hours on vehicles, which is not good for their health.

A Jigjiga trader said;

*'Our livestock do not get any assistance. Sometimes a bull that we have paid for will die slowly in our hands. Some catch diseases that nobody knows. We only buy some rudimentary medicine, and sometimes we just give it to the animals as an experiment; if it lives, it lives. We do not get expert assistance from the government.'*

Drought may be low on the list of problems because it has always been an intrinsic part of life in the region; pastoralists and traders have learned coping mechanisms and are able to rebuild their livelihoods after severe droughts. In Gashamo, traders were experiencing a severe drought at the time of the survey and there was a much greater focus on the harmful impact of drought on trade and livelihoods<sup>45</sup>.

## 7.2 Investment in livestock marketing

In 1971 the Government of Ethiopia initiated a four year US\$ 18 million project to fund 'the establishment and operation of livestock markets, stock routes and transportation services, the development of specialized stock fattening enterprises, the construction and supervision of slaughter-houses, hides and skins sheds, and tanneries and the training and organization of technical services connected with these developments' (Ayele *et al*, 2000). In 1976, a further US\$ 114 million was obtained for a five-year programme with similar objectives. Under a 1985 FAO-assisted five-year master plan, livestock sales projections up to 1992 were made for every large rural market. Along with recommendations for the introduction of stock routes, grazing reserves, and staging posts, new systems of auctions were proposed. In 1988, the 'Livestock Marketing Information System' was initiated to collect data for policy decision-making and promote equal market access to all. Information on throughputs, grades, prices and live weights (using machines) was collected from twenty livestock sales yards. However, the Ministry reported in 1996 that no weighing scales were functional, and that the project had been abandoned partly because of lack of funding.

Providing market information became the choice method for increasing the bargaining power of producers against traders. McPeak notes that 'it does not appear that access to market information prior to sales impacts price distribution in any significant way' in the area he researched (2006:86). Lack of information may be just one of the problems restricting market participation by primary producers. If nobody is buying in a particular area, knowledge of prices at distant terminal markets may be of little help. General provision of information may have limited use, as traders and exporters have subtly different information needs to producers and may get it more effectively from relatives and partners (Mahmoud, 2003:231). Pastoralists also have their own sources of information that they trust more.

### Designated stock routes

The geographical orientation of lowland trade, and the methods and routes for exporting livestock out of Ethiopia are sensitive and controversial issues. Historically, the imperial government and the military regime that followed it preferred to emphasize a national integration model that would link the highland and lowland regions, with an underlying theme of a need to discourage uncontrolled cross-border trade. The

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<sup>45</sup> See Appendix 12: Time Line for Livestock Traders in Somali Region 1992-2005

military government viewed cross-border livestock trade in an extremely negative light. Various government documents spoke of 'losses' due to the contraband trade in livestock, estimated variously between ETB 50 million (US\$ 5.9 million) and US\$ 136 million (ETB 1,156 million)<sup>46</sup>.

In 1971, FAO proposed nine stock routes (Hollyer, 1971). The shorter routes in northern Ethiopia terminated in nearby meat factories that were set up in Gondar, Kombolcha, Mekelle, Dire Dawa and around Addis Ababa. Five routes covering western and southern Ethiopia terminated in Addis Ababa. The routes covering the vast pastoral areas of the south and east which include the Somali areas were designated as follows:

- The southern parts of the Somali Region were covered by two routes.
  - the Bale/Arsi route which originates in Afder zone, goes through Bale in Oromia, and terminates in Nazareth and Addis Ababa;
  - the Borana/Sidama route which originates in Dolo, goes through Filtu and Negelle to Awassa, and terminates in Addis Ababa.
- The main central, western and northern parts of the Somali Region were covered by the "Ogaden-Hararghe" route.
  - This route originates in Gode, goes through Kebri Dehar, Degah Bur, Jigjiga and Harar and terminates in Dire Dawa;
  - It is joined at Kebri Dehar by a route from Warder;
  - It is joined at Kebribeyah by a route from Harti Shekh and Harshin;
  - It is joined at Jigjiga by a route from Tog Wachale;
  - It is joined at Babile by a route from Fik zone towns of Segag and Garbo.

Although Ethiopia is landlocked, the export of livestock across its borders by lowland traders was considered illegitimate. Livestock movements that did not follow the designated routes which channel stock towards the centre were considered undesirable, even by contemporary research writers and development commentators. Many measures were put in place to control livestock movement and trade. Under the *Dergue* regime, the Meat Development Enterprise (MDE), a government organization concerned with the export of livestock, was established with buying places located mainly in the pastoral areas. It had the power to resort to unacceptable and unpopular methods to acquire stock. Aklilu (2006) gives a short history of the procurement system of the MDE, which became the sole supplier to the meat factories, 'effectively sidelining private traders from the market.' According to Aklilu, 'a cash bartering system was introduced in order to compete with the Somali traders.' This does not seem to have worked, as a quota system was introduced whereby every family was expected to supply a given number of animals 'much to the chagrin of pastoral families' (p193). The MDE exported cattle and sheep, occasionally by air, from Gode. According to Aklilu, while the MDE brought in foreign currency 'whether it made a profit was questionable'. Immediately it took power, the EPRDF government dissolved the MDE.

### Recent opportunities

A new opportunity to export Ethiopian livestock products has been opened up by the development of meat-exporting abattoirs which airfreight chilled meat to the Middle East from the main Ethiopian international airport at Bole, Addis Ababa. The five abattoirs have a capacity to process about three million small stock annually. Export of lowland stock through meat processing plants near the capital conforms to the ideal of livestock marketing routes converging on the centre. The export abattoirs gained direct institutional and donor support, including financing, tax breaks and exemptions, as well as government backing in trade negotiations. The export of chilled meat has risen tremendously. In 1998 the quantity of chilled meat exported was 2,500 metric tonnes. In 2004, a total of 6,378 metric tonnes was exported (or the carcasses of about 800,000 heads of small stock). The stock that was being exported was from lowland pastoralist areas, mainly from pastoral areas of southern Ethiopia. According to Desta et al (2006), '85-90% of the stock for one particular abattoir came from the Borana plateau and Gujji lowlands.' There is as yet no demand for

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<sup>46</sup> See Appendix 11: Estimates of Numbers of Unofficial Livestock Exports

meat from Ethiopian highland sheep in the Middle East. Such meat is known as “black meat,” which is easily identified since it changes colour when chilled; the leaner lowland types of sheep are preferred both as live imports or chilled meats.

The meat exporting abattoirs have expanded demand for lowland products, opening up a new market. Under the impact of modernisation the Middle East market is changing. This is due to the emergence of vertically integrated supermarket chains, which build franchise arrangements for directly importing meat. There is also more concern about health issues.

Desta *et al* report, however, that all the meat exporting abattoirs were ‘operating at far below capacity’ (2006:115). The exporters stated that their main problem was a lack of adequate and timely supply of stock. The export abattoirs use a number of methods to acquire stock. Buying agents are placed in the towns of Negelle and Yabello, making linkages with producer unions and co-operatives, while traders deliver orders for animals at the factory gate. The producer co-operatives and unions have attracted the support of external assistance and funding, which is partly motivated by desires to displace lowland livestock traders who are seen as exploitative middle-men<sup>49</sup>. An outreach project in Borana Zone of Oromia by GLCRSP/PARIMA has provided useful documentation of practical efforts to enable pastoralists to manage some marketing functions directly. The results show a mixed outcome. The number of animals supplied by the pastoralist co-operatives and unions to the meat exporting abattoirs make less than 5% of the total (Desta, 2006:124). The animals supplied by the co-operatives and unions were overwhelmingly sourced from traders, because members owned very little stock themselves. Group member interviews revealed that most of the animals originated from North Eastern Kenya (ibid). It is interesting that the Addis Ababa based exporters are actually deeply engaged in and benefiting from cross-border trade. The lowland traders who are closely linked with the primary producers are still an intricate part of the meat abattoirs’ procurement system. The practical results of trying to enable pastoralists to engage in trading to limit the participation of “middle-men traders” seems only to have supported a new constellation of enterprising cross-border traders.

Competition among livestock buyers in southern Borana in 2004 in Yabello, Moyale and Negelle led to an increase in prices from ETB 3.5 to ETB 5.5 per kilogram live-weight. The Ethiopian Livestock Exporters Association, which brings the meat exporters together, then ‘collaborated and set a price ceiling’. The price dropped over the next few months to around ETB 4.00 (Desta *et al* 2006:120). It may be wise to accept that the trader’s role is a necessary function, and that pastoralist producers are able to look out for their interests and react to market signals, like price and demand.

The first project to look into mechanisms to allow exports through the neighbouring countries to the lucrative Middle East market was the FAO EXCELLEX project. The project aimed to balance the Ethiopian national interests and those of the countries involved in cross-border trade. The project used ‘persuasive methods to change the mindsets of the officials of government’ (Aklilu 2006:197) and was the first institutional attempt to bring about “win-win situations”. This initiative helped to legalise the export of cattle through the border town of Tog Wachale and the port of Berbera.

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<sup>49</sup> See, for example, Aklilu, 2006, page 201. He proposes ‘support for strong integration between exporters and producers’. This is seen to have the beneficial effect of ‘reducing unnecessary transaction costs by reducing/removing middle-men.’

## 8. Conclusions of the Study

The major challenge for the traders of Somali Region is the overall need for economic growth, including growth in infrastructure, demand and an increase in the volume of animals being traded. On the side of government, improving infrastructure, provision of adequate security and putting in place enabling policy and legislation require concerted work by the various arms of the administration. In addition, achieving required levels of growth also calls for exertion by traders and entrepreneurs in the pastoralist regions. The ancient trading system has proved its resilience and its capability to supply, but also its conservatism. Accessing new markets and increasing demand for Somali Region's products means modernisation; it means reducing the inefficiencies in the system and expanding its reach. Growth requires an easing of the barriers of both bureaucracy and tradition in an effort by both traders and the state to add quality and value, find new markets and open up new arenas for investment.

There is a need for a fresh look at the role of entrepreneurship. State recognition of the trade would improve trader relations with export markets, trader co-operation with the state and improve efficiency within the market. A legal framework that formalised the existing traditional and informal trading practices would enable traders to maximise market opportunities, including responding to demand and expanding the range and quantity of private sector investment into a diversified economy.

Traders face a great deal of uncertainty. The prospect of confiscation leads to a climate of fear and causes traders to respond by being overly cautious and evasive. The trading system is entirely reliant on clan arrangements to provide finance, protection of shipments and contracts and insurance against losses. The trade routes are not quickly interchangeable and there is little incentive for traders to break out of their established and highly restricted networks. As such there is little capacity in the system to absorb increased supply, or to respond to changes in demand at the terminal markets.

To increase efficiency, accessible systems for trader insurance and finance need to be opened up. This requires the private sector to develop a more flexible insurance system which would provide protection, thus allowing traders and companies to trade in multiple corridors. Traders need to have the security to adapt quickly to changes in the market, and the freedom to look to new markets. Freeing the insurance system would mean supply and demand would be better integrated across the market corridors, prices would respond more quickly to opportunities in distant markets and the market would work more efficiently.

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. Effective export promotion and acceptable taxation alongside a more flexible insurance system would ensure that trading takes place openly within a stable system, profiting all involved. By lifting restrictions and rationalising incentives the state would be strengthening the producer, the trader, the economy and its own revenues. An affordable taxation system, incentivising growth, could bring substantial government revenue on the one hand and reduce corruption and uncertainty on the other. With a more predictable and supportive regulatory system, traders would be able to adapt more easily to new market conditions. New areas of investment in communications, transport, veterinary and other services would also open up. At the same time vigorous international negotiation is also needed to lift restrictions and expand opportunities to trade with key markets. The state has an important role to play in opening new international markets and consolidating or re-opening old ones.

Traders and producers must adapt to a fast-globalising world where sources of supply can quickly change along with consumer tastes and stipulations. They will not be able to fully exploit new markets unless they modernise the system they have used for hundreds of years. While the market chains are strong, competitive and durable, they are constrained by certain outmoded practices and the rigid adoption of aspects of clan-based protection systems.

If it is to prosper, the private and public sectors must build on the system's dynamic and adaptive elements. By working in harmony rather than at cross-purposes, traders and the state have the potential to develop and grow an already significant economy that provides for the livelihoods of millions.

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## Appendix 1: Sources of price data in the Somali Region of Ethiopia

Source of data	Animals/commodities covered	Period	Markets covered	Use
<b>Bureau of Agriculture and Rural Development</b>	Bulls, cows, goats, sheep, camels	Monthly: June 1999-May 2004	Jijiga	Construct seasonal price indices; Construct livestock-grain terms of trade
<b>Save the Children (UK)</b>	Bulls, cows, goats, camels, maize, wheat, sorghum	Monthly: April 1995-Dec 1999; Sept 2001-June 2003	Harti Shekh Jijiga	Construct livestock-grain terms of trade
<b>Save the Children (US)</b>	Bulls, cows, goats, camels, maize, wheat, sorghum	Oct 1994-Feb 2004	Negelle	Construct livestock-grain terms of trade
<b>UN OCHA-PCI Livestock Markets Survey</b>	Bulls, cows, goats, sheep, camels - grade disaggregated	Daily: 19 March 2005-10 June 2005; 11 April 2005-10 June 2005	Harti Shekh Jijiga Tog Wachale Gode	Measure price volatility; Assess price co-movement Examine demand-supply balance

## Appendix 2: Quantitative survey form

<b>Market</b>				
<b>Date</b>				
	<i>Inta soo gashay</i> (offered)	<i>Inta la iibsaday</i> (sold)	<i>Qiimaha u hooseeya</i> (minimum price)	<i>Qiimaha u sareeya</i> (maximum price)
<b>Dibida (bulls)</b>				
Grade I				
Grade II				
<i>Ujusha/dhaqmad</i>				
<b>TOTAL</b>				
<b>Lo'oda (cattle)</b>				
Grade I				
Grade II				
<i>Dhaqmad</i>				
<b>TOTAL</b>				
<b>Riyo (goats)</b>				
Grade I ( <i>orgi</i> )				
Grade II ( <i>orgi</i> )				
<i>Dabaxaad</i>				
<i>Dhaqmad</i>				
<b>TOTAL</b>				
<b>Ido'o (sheep)</b>				
Grade I ( <i>wanan</i> )				
Grade II ( <i>wanan</i> )				
Grade III ( <i>wanan</i> )				
<i>Dbaxaad</i>				
<i>Dhaqmad</i>				
<b>TOTAL</b>				
<b>Geela (camels)</b>				
Grade I				
Grade II				
Grade III				
<i>Geela Hilibka ah</i>				
<i>Dhaqmad</i>				
<b>TOTAL</b>				

## Appendix 3: Animals offered (Livestock survey price monitoring, 2005)

Animals Offered		Code	Harti Shekh	Jigjiga	Tog Wachale
<b>Bulls</b>					
<b>Grade I</b>	Sum	2534	1087	166	14041
	Count	55	77	59	80
	Average daily volume	46	14	3	176
<b>Grade II</b>	Sum	4002	1224	588	12730
	Count	55	78	68	80
	Average daily volume	73	16	9	159
<b>Ujusha/Dhaqmad</b>	Sum	5333	2389	3231	26317
	Count	55	78	69	79
	Average daily volume	97	30	47	333
<b>All bulls</b>	Average daily volume	216	60	58	668
<b>Cows</b>					
<b>Grade I</b>	Sum	366	1385	1066	1948
	Count	55	77	70	79
	Average daily volume	7	18	15	25
<b>Grade II</b>	Sum	428	1431	3012	1257
	Count	55	78	70	80
	Average daily volume	7	18	43	16
<b>Immature: breeding (dhaqmad), veal (dha')</b>	Sum	719	1994	3243	1228
	Count	55	76	70	80
	Average daily volume	13	26	46	15
<b>All cows</b>	Average daily volume	26	63	105	56
<b>Goats</b>					
<b>Grade I (orgi)</b>	Sum	5610	4729	545	1195
	Count	58	78	63	79
	Average daily volume	97	61	9	33
<b>Grade II (orgi)</b>	Sum	6452	4330	2339	1076
	Count	58	78	69	80
	Average daily volume	111	56	34	13
<b>Female local slaughter (dabaxaad)</b>	Sum	4382	4808	5539	1122
	Count	58	77	70	79
	Average daily volume	76	62	79	14

Animals Offered		Gode	Harti Shekh	Jigjiga	Tog Wachale
Immature/breeding ( <i>dhaqmad</i> )	Sum	2125	5510	4469	221
	Count	58	78	70	28
	Average daily volume	37	71	64	8
All goats	Average daily volume	320	249	186	69
Sheep					
Grade I Male export ( <i>wanan</i> )	Sum	3198	4942	266	985
	Count	56	77	58	73
	Average daily volume	57	64	5	13
Grade II Male export ( <i>wanan</i> )	Sum	5747	4084	1385	893
	Count	58	77	69	66
	Average daily volume	99	53	20	14
Grade III Male export ( <i>wanan</i> )	Sum	4374	4000	2946	0
	Count	58	78	71	0
	Average daily volume	75	51	41	0
Female local slaughter ( <i>dabaxaad</i> )	Sum	192	227	178	27
	Count	18	15	31	3
	Average daily volume	79	45	92	12
Immature and breeding ( <i>dhaqmad</i> )	Sum	2981	6670	4079	160
	Count	59	77	67	28
	Average daily volume	51	87	61	6
All sheep	Average daily volume	361	300	219	45
Camels					
Grade I	Sum	156	723	114	259
	Count	57	74	58	70
	Average daily volume	3	10	2	4
Grade II	Sum	143	951	303	12
	Count	55	77	62	18
	Average daily volume	3	12	5	1
Grade III	Sum	390	1329	847	0
	Count	55	77	70	16
	Average daily volume	7	17	12	0
Immature breeding ( <i>dhaqmad</i> )	Sum	198	1482	1497	73
	Count	57	76	69	19
	Average daily volume	3	20	22	0
All camels	Average daily volume	16	59	41	4

## Appendix 4: Animals sold (Livestock survey price monitoring, 2005)

Animals Sold		Code	Harti Shekh	Jigjiga	Tog Wachale
<b>Bulls</b>					
<b>Grade I</b>	Sum	1831	827	62	7537
	Count	55	77	54	80
	Average daily volume	33	11	1	94
<b>Grade II</b>	Sum	2932	815	181	7134
	Count	55	78	66	80
	Average daily volume	53	10	3	89
<b>Ujusha/Dhaqmad</b>	Sum	3665	1620	776	14312
	Count	55	78	69	80
	Average daily volume	67	21	11	179
<b>All bulls</b>	Average daily volume	153	42	15	362
<b>Cows</b>					
<b>Grade I</b>	Sum	171	931	308	1433
	Count	55	77	70	79
	Average daily volume	3	12	4	18
<b>Grade II</b>	Sum	224	955	783	965
	Count	55	78	70	80
	Average daily volume	3	12	11	12
<b>Immature: breeding (dhaqmad), veal (dha')</b>	Sum	444	1355	714	928
	Count	55	76	70	80
	Average daily volume	8	18	10	12
<b>All cows</b>	Average daily volume	14	42	26	42
<b>Goats</b>					
<b>Grade I (orgi)</b>	Sum	3798	3796	118	974
	Count	58	78	59	79
	Average daily volume	65	49	2	28
<b>Grade II (orgi)</b>	Sum	4380	3320	408	877
	Count	58	78	69	80
	Average daily volume	76	43	6	11
<b>Female local slaughter (dabaxaad)</b>	Sum	2641	3312	1297	960
	Count	58	77	70	79
	Average daily volume	46	43	19	12

Animals Offered		Gode	Harti Shekh	Jigjiga	Tog Wachale
Immature/breeding ( <i>dhaqmad</i> )	Sum	1544	3879	1113	162
	Count	58	78	70	27
	Average daily volume	27	50	16	6
All goats	Average daily volume	213	184	42	57
Sheep					
Grade I Male export ( <i>wanan</i> )	Sum	2370	4077	46	838
	Count	56	77	53	73
	Average daily volume	42	53	1	11
Grade II Male export ( <i>wanan</i> )	Sum	3191	3128	273	773
	Count	58	77	66	66
	Average daily volume	55	41	4	12
Grade III Male export ( <i>wanan</i> )	Sum	2023	3009	534	0
	Count	58	78	71	0
	Average daily volume	35	39	8	0
Female local slaughter ( <i>dabaxaad</i> )	Sum	2889	3687	1602	765
	Count	57	77	70	70
	Average daily volume	51	48	23	11
Immature and breeding ( <i>dhaqmad</i> )	Sum	1769	4988	1145	134
	Count	59	77	67	28
	Average daily volume	30	65	17	5
All sheep	Average daily volume	213	245	53	39
Camels					
Grade I	Sum	84	521	67	232
	Count	55	74	57	70
	Average daily volume	2	7	1	3
Grade II	Sum	81	673	135	8
	Count	55	77	61	18
	Average daily volume	1	9	2	0
Grade III	Sum	236	837	229	0
	Count	55	77	69	16
	Average daily volume	4	11	3	0
Immature breeding ( <i>dhaqmad</i> )	Sum	156	989	344	37
	Count	56	76	69	18
	Average daily volume	3	13	5	0
All camels	Average daily volume	10	40	12	4

# Appendix 5: Qualitative survey form and respondents

## 1. Respondent Locations

	Frequency	%	Valid %	Cumulative %
<b>Gode</b>	9	20.9	20.9	20.9
<b>Harti Shekh</b>	4	9.3	9.3	30.2
<b>Jigjiga</b>	6	14.0	14.0	44.2
<b>Kelafo</b>	5	11.6	11.6	55.8
<b>Kebri Dehar</b>	3	7.0	7.0	62.8
<b>Mustahil</b>	9	20.9	20.9	83.7
<b>Shillabo</b>	3	7.0	7.0	90.7
<b>Tog Wachale</b>	4	9.3	9.3	100.0
<b>Total</b>	43	100.0	100.0	

## 2. Trader Questionnaire

### 1 Identity of trader

1.1 What type of trading are you involved in? (*Ganacsigeed kujirta?/sheeg Nooca*)

- Livestock trade – Exporter / Local market supplier / *Dilal*
- Local grains – Exporter / Local Wholesaler / Local Retailer
- Cereals, sugar and cooking oils - Importer or Supplier / Local retailer
- Baggage* - Importer / Supplier / Local retailer
- Chat* - Exporter / Local Wholesaler / Local retailer
- Transport – Export - Import trade routes / Local inter-district / Local district
- Vegetables and perishable food - Exporter / Wholesaler / Local retailer
- Contracter (*Qandarasle*)

1.2 Gender of trader

- Male
- Female

1.3 Age of trader

- Youth (*dhalin yar*)
- Middle-aged (*da'dheexe*)
- Elder (*oday*)

1.4 Residence of trader

- Present day residence
- Original residence for first ten years of life (*miyi...tullo...magalo...*)
- Original residence of father for his first 10-15 years of life (*miyi...tullo...magalo*)

- 1.5 Clan of trader
- 1.6 Number of years spent in education facilities
  - a. Number of years in formal school in Ethiopia
  - b. Number of years in formal school in Somalia
  - c. Number of years in *Dugsi* schooling
- 1.7 Do you do other things (besides trading) for a living?
  - a. Livestock rearing
  - b. Farming
  - c. Salaried employment
  - d. Remittance
  - e. Other
- 1.8 Do you have any (other) income generating assets?
- 1.9 Where do you invest your wealth?
  - a. Increase capital in business
  - b. Give credit to family and friends
  - c. Purchase livestock to rear
  - d. Build own residential house (where?)
  - e. Building houses to rent (where?)
  - f. Educating young members of the family
  - g. Assisting members of the family to emigrate
- 1.10 Do you have any other family members who are dependent on you?
- 1.11 Are there social roles/responsibilities that you also carry out?
  - a. Political responsibility
  - b. Clan or hereditary leadership
  - c. Administrative post
  - d. Religious role
  - e. Other

## 2. Entry into business

- 2.1 Why, when and how did you start trading?
- 2.2 Was your father/mother a trader?
- 2.3 Are there any special skills needed to become a good trader?
  - a. Numeracy
  - b. Literacy
  - c. Interpersonal skills
  - d. Knowledge of religion
  - e. Social skills
- 2.4 How did you learn the skills for this trade?
  - a. From father and/or mother
  - b. From brother and/or sister
  - c. From other relatives
  - d. Was apprenticed to an experienced trader
  - e. From my own employer
  - e. Worked alone and learnt from the market
- 2.5 Where did you get the capital to get started?
- 2.6 Did you get assistance from friends from relatives to get started?
  - a. Yes, from relatives
  - b. Yes, from friends
  - c. No, I didn't get any assistance
- 2.7 If yes, what type of assistance did you get?
  - a. Credit
  - b. Capital and/or gifts
  - c. Inheritance
  - d. Knowledge and skills about trading
  - e. Information about markets and contacts

- 2.8 The kind of trading I am engaged in is usually carried out by:
- |               |               |
|---------------|---------------|
| a. Men only   | b. Women only |
| c. Youth only | d. Other      |
- 2.9 Is it advantageous to come from certain clans to trade in:
- |                       |                      |
|-----------------------|----------------------|
| a. This market (name) | b. This route (name) |
|-----------------------|----------------------|
- 2.10 The commodities traded in this market/route are:
- |              |                |
|--------------|----------------|
| a. Livestock | b. <i>Chat</i> |
| c. Grain     |                |

### 3. Capital and partnerships

- 3.1 How much capital do you deal with?
- |                |                 |
|----------------|-----------------|
| a. Small-scale | b. Medium-scale |
| c. Large-scale |                 |
- 3.2 Do you work alone or in partnership?
- |                 |                           |
|-----------------|---------------------------|
| a. Alone        | b. One partner            |
| c. Two partners | d. More than two partners |

### 4. Commodities traded

- 4.1 What kind of livestock do you deal with? (tick all that apply)
- |                  |                |
|------------------|----------------|
| a. Camels        | b. Large bulls |
| c. <i>Ujusha</i> | d. Large sheep |
| e. Small sheep   | f. Large goats |
| g. Small goats   |                |
- 4.2 Which seasons are the best for livestock trade?
- 4.3 Which are the main commodities you usually trade in?
- 4.4 Have you shifted from one commodity to another?
- 4.5 If so, why did you change?
- 4.6 Are the commodities you trade the same all year round, or are there differences from one season to another?

### 5. Trading routes

- 5.1 How would you describe your involvement in trading?
- |   |
|---|
| a. Large-scale trader who orders in commodities                           |
| b. Large-scale trader who exports out commodities                         |
| c. Small-scale trader who brings in commodities to the district           |
| d. Small-scale trader who travels out of the district to sell commodities |
| e. Other  |
- 5.2 If you trade in commodities that are brought in, which are the commodities, and where are they brought from? (Names of buying points along the route)
- 5.3 If you trade in commodities that are taken out, which are the commodities and where are they taken?



- 7.6 How was your trading affected by droughts in the past (e.g. in 1999-2000)?
- 7.7 What did you do during the drought?
- 7.8 Are there any traders that stopped trading because of the collapse of the market?
- |                                |                        |
|--------------------------------|------------------------|
| a. Stopped trading for a while | b. Traded less         |
| c. Changed routes              | d. Changed commodities |
| e. Other                       |                        |
- 7.9 How has your trading been affected by the drought this year?
- 7.10 Are some traders going out of business because of drought and other problems?
- |         |         |
|---------|---------|
| a. None | b. Few  |
| c. Many | d. Most |
- 7.11 Are there traders profiting from the drought by buying animals cheaply?
- |         |         |
|---------|---------|
| a. None | b. Few  |
| c. Many | d. Most |
- 7.12 How was your trading affected by the border closure?
- |                  |             |
|------------------|-------------|
| a. Very negative | b. Negative |
| c. No effect     | d. Positive |

## 8. Problems and solutions

- 8.1 Which are the main constraints to your trade? (rank the following)
- |                                  |                     |
|----------------------------------|---------------------|
| a. Disease                       | b. Tax              |
| c. Lack of Markets               | d. Saudi ban        |
| e. Drought                       | f. Low prices       |
| g. Low margins                   | h. Too many traders |
| i. Harassment by the authorities |                     |
- 8.2 What solutions would you suggest to overcome these problems? (List and rank them)

## 9. Future

- 9.1 Would you want your children to become traders? If so, why? If not, why not?
- 9.2 Is it better to be:
- |  |                                |
|--|--------------------------------|
| a. An employed clerical worker (If so, why?) | b. A trader (If so, why?)      |
| c. A farmer (If so, why?)                    | d. A pastoralist (If so, why?) |

## Appendix 6: *Gacmaha lagu igu ibshay*

### The hands by which I was sold

*Afka reer magaluhu yaqaan, waan ka awood lehey,  
Anigo arkay gacmaha, la iguu ibsaday,  
Amankaaga goortay wankii, Adhaxda tuujiyey!  
Allayalki horey noogu keceen, Aadhii dilaal ki  
Asaartan kood ayaa qalbiiga, Aad wax idhimaye  
Anoogo arkayna gacmaha la iguu ibshey  
Amakagey gorti ay, wanka arahda tujiyen,  
Abitkeyba maa arag, iibsi lacageed  
Ee Waxaan laa maakagey, Idor faraha dirta  
Waxaa qeyli dhacaysa, Waa iga gaad, iyo kaa gaadi mayo!*

I have powers lifting me, beyond the cunning speech of the city folk,  
I who witnessed the hands by which I was sold,  
Surprised was I when they assessed the sheep's flanks,  
Even as they woke of us, those sheep *dilaal's*,  
My heart and sides were affected, reducing effectiveness,  
I who witnessed the hands by which I was sold.  
Surprised was I when they squeezed the sheep's flanks,  
Never having seen good stock exchange for mere cash;  
But truly was I amazed when they fondled each others fingers,  
As their voices rang out: Accept this offer; and no I cannot!

*Poem by Ismail Mirre (d 1890s)*

## Appendix 7: Ethiopia Export Earnings from Livestock Sub-sector, 2002/3-2003/4

Commodity	2002/3		2003/4	
	Quantity (tons)	Value (US\$ 000s)	Quantity (tons)	Value (US\$ 000s)
Meat and meat products	1,700	2,400	3,317	6,335
Live animals	10,372	480	41,565	2,377
Semi-processed skins	7,894	43,657	5,345	38,239
Semi-processed hides	2,284	5,284	3,935	3,930
Leather products	323	3,259	30	858
Sub-total		55,080		51,739
Total national earnings		<b>482,700</b>		<b>596,521</b>
Livestock sub-sector as % of national total		<b>11%</b>		<b>9%</b>

Source: Ethiopian Customs Authority, Oct 2005, Ethiopian Foreign Trade 2004/5 Ethiopian fiscal year, Addis Ababa, Annex 1: pp16-17

## Value of Ethiopian Exports by product category

### 2003/4 Ethiopian fiscal year

No.	Product category	Volume	US\$	As proportion %
1	Coffee		204,044,954.5	34.9
2	Oil seed		89,110,068.2	15.3
3	<i>Chat</i>		86,254,795.5	24.8
5	Hides		37,453,579.5	6.4
13	Meat and meat products		6,204,227.3	1.1
16	Natural gum		4,277,522.7	0.7
17	Skins		3,848,500.0	0.7
18	Live animals (head)		2,327,318.2	0.4
20	Beeswax		1,360,545.5	0.2
21	Leather and leather products		839,647.7	0.1
	<b>Total</b>		<b>584,289,545.5</b>	<b>100.0</b>

## 2004/5 Ethiopian fiscal year

No.	Product category	Volume	US\$	As proportion %
1	Coffee	159,989.4	332,092,784.1	41.3
2	Oil seed	173,094.3	125,679,329.5	15.6
3	<i>Chat</i>	20,906.9	82,398,511.4	10.2
4	Skins	8,790.8	52,131,000.0	6.5
9	Meat and meat products	7,753.8	15,447,079.5	1.9
10	Live animals (head)	21,059.0	12,946,375.0	1.6
12	Hides	5,999.4	9,721,363.6	1.2
16	Natural gum	3,791.9	4,899,465.9	0.6
17	Leather and leather products	540.2	4,340,193.2	0.5
21	Beeswax	400.5	1,163,693.2	0.1
	<b>Total</b>		<b>804,980,181.8</b>	<b>100.0</b>

## 2004/5 Ethiopian fiscal year

No.	Product category	Volume	US\$	As proportion %
1	Coffee	153,155.1	364,170,909	36.3
2	Oil seed	263,251.4	208,957,614	20.8
3	<i>Chat</i>	22,125.3	87,987,045	8.8
5	Skins	8,829.7	58,000,795	5.8
7	Live animals (head)	163.4	27,148,068	2.7
10	Meat and meat products	7,855.7	18,220,341	1.8
15	Finished leather	168.4	7,623,182	0.8
17	Hides	6,272.6	7,226,250	0.7
19	Natural gum	3,529.3	5,337,386	0.5
23	Leather products	220.7	1,990,455	0.2
24	Beeswax	352.8	1,510,341	0.2
33	Natural honey	28.3	78,864	0.01
	<b>Total</b>		<b>1,003,881,364</b>	<b>100.0</b>

## Appendix 8: Summary of market information

Summary of market information from the Bureau of Agriculture and Rural Development, Jigjiga

2001/2 Ethiopian fiscal year

Species	Type	Count	Offered	Sold	Median price (ETB)	Gross daily income
<b>Bull</b>	Messina	22	4	2	1,000	2,000
	Steer	46	36	7	400	2,950
	Ox	46	48	10	81	7,467
	Male calf	28	5	2	200	357
<b>Cow</b>	Cow	46	82	15	710	10,912
	Heifer	46	29	7	310	2,253
	Female calf	25	5	2	195	412
<b>Goat</b>	Male goat	47	173	22	80	1,792
	Female goat	44	134	19	70	1,360
<b>Sheep</b>	Ram	46	118	20	133	2,613
	Female sheep	21	107	62	120	7,492
<b>Camel</b>	Male camel	46	22	7	1,150	7,610
	Female camel	47	40	5	980	5,219
<b>Total</b>			803	182		52,026

### 2002/3 Ethiopian fiscal year

Species	Type	Count	Offered	Sold	Median price (ETB)	Gross daily income
<b>Bull</b>	Messina	6	2	1	1,080	878
	Steer	12	49	15	538	7,850
	Ox	12	96	20	975	19,277
	Male calf	12	5	1	259	283
<b>Cow</b>	Cow	12	127	38	890	34,154
	Heifer	12	13	3	433	1,416
	Female calf	9	5	2	285	439
<b>Goat</b>	Male goat	12	114	32	117	3,699
	Female goat	12	124	22	116	2,588
<b>Sheep</b>	Ram	12	121	18	148	2,698
	Female sheep	12	102	1	229	149
<b>Camel</b>	Male camel	12	37	6	1,700	9,385
	Female camel	12	15	3	1,000	3,250
<b>Total</b>			809	162		86,066

### 2003/4 Ethiopian fiscal year

Species	Type	Count	Offered	Sold	Median price (ETB)	Gross daily income
<b>Bull</b>	Messina	17	22	7	1,100	7,590
	Steer	74	39	11	460	4,870
	Ox	73	25	25	980	24,797
	Male calf	56	7	2	300	714
<b>Cow</b>	Cow	66	175	28	800	22,642
	Heifer	66	42	11	400	4,475
	Female calf	45	5	2	200	429
<b>Goat</b>	Male goat	78	245	32	145	4,590
	Female goat	71	156	26	117	2,986
<b>Sheep</b>	Ram	71	190	62	156	9,687
	Female sheep	70	157	28	138	3,852
<b>Camel</b>	Male camel	71	30	7	1,250	9,160
	Female camel	67	59	7	1,100	8,036
<b>Total</b>			1,153	249		103,829

## Appendix 9: Bivariate correlation coefficients between different animals/grades by market

### Gode

	Bulls2	Bulls3	Cows1	Cows2	Cows3	Goats3	Sheep1	Sheep2	Sheep4
Bulls2	1.000								
Bulls3	0.842	1.000							
Cows1	-0.605	-0.770	1.000						
Cows2	-0.785	-0.820	0.941	1.000					
Cows3	-0.557	-0.648	0.907	0.524	1.000				
Goats3	-0.018	0.110	0.066	-0.494	0.321	1.000			
Sheep1	0.056	-0.002	0.006	0.218	-0.225	0.399	1.000		
Sheep2	0.595	0.502	-0.474	0.113	-0.572	-0.112	-0.032	1.000	
Sheep4	0.577	0.481	-0.434	-0.244	-0.363	0.256	0.296	0.478	1.000

### Harti Shekh

	Bulls2	Bulls3	Cows1	Cows2	Cows3	Goats3	Sheep1	Sheep2	Sheep4
Bulls2	1.000								
Bulls3	0.416	1.000							
Cows1	0.104	-0.181	1.000						
Cows2	0.077	-0.151	0.722	1.000					
Cows3	-0.215	-0.068	0.277	0.431	1.000				
Goats3	0.388	-0.159	0.034	0.166	0.069	1.000			
Sheep1	0.080	-0.376	0.152	0.045	-0.094	0.544	1.000		
Sheep2	0.432	-0.188	0.354	0.213	-0.111	0.565	0.539	1.000	
Sheep4	0.339	-0.294	0.255	0.145	-0.007	0.632	0.584	0.826	1.000

## Jigjiga

	Bulls2	Bulls3	Cows1	Cows2	Cows3	Goats3	Sheep1	Sheep2	Sheep4
Bulls2	1.000								
Bulls3	0.224	1.000							
Cows1	-0.017	-0.010	1.000						
Cows2	0.006	0.312	-0.209	1.000					
Cows3	-0.051	0.121	-0.209	0.494	1.000				
Goats3	0.451	0.522	0.086	-0.057	-0.360	1.000			
Sheep1	0.190	0.035	0.079	-0.009	-0.237	0.446	1.000		
Sheep2	-0.307	0.329	0.261	0.083	0.042	0.271	0.312	1.000	
Sheep4	-0.184	0.405	0.494	-0.137	-0.376	0.479	0.051	0.557	1.000

## Tog Wachale

	Bulls2	Bulls3	Cows1	Cows2	Cows3	Goats3	Sheep1	Sheep2	Sheep4
Bulls2	1.000								
Bulls3	0.333	1.000							
Cows1	0.022	0.160	1.000						
Cows2	-0.196	0.005	0.647	1.000					
Cows3	-0.009	0.007	-0.089	-0.081	1.000				
Goats3	-0.065	-0.270	0.096	0.082	-0.160	1.000			
Sheep1	0.075	0.436	0.106	0.153	-0.224	0.393	1.000		
Sheep2	-0.165	-0.108	0.297	0.366	-0.217	0.357	0.292	1.000	
Sheep4	-0.039	0.057	0.222	0.327	0.045	-0.030	0.102	0.229	1.000

## Appendix 10: Bivariate correlation coefficients for same grades of animals in defferent markets

### Bulls, Grade II

	Gode	Harti Shekh	Jigjiga	Tog Wachale
Gode	1.000			
Harti Shekh	0.430	1.000		
Jigjiga	-0.671	-0.148	1.000	
Tog Wachale	0.319	0.137	-0.001	1.000

### Bulls, Ujusha/Dhaqmad

	Gode	Harti Shekh	Jigjiga	Tog Wachale
Gode	1.000			
Harti Shekh	-0.105	1.000		
Jigjiga	-0.118	-0.006	1.000	
Tog Wachale	0.019	-0.339	-0.264	1.000

### Cows, Grade I

	Gode	Harti Shekh	Jigjiga	Tog Wachale
Gode	1.000			
Harti Shekh	0.388	1.000		
Jigjiga	-0.464	0.085	1.000	
Tog Wachale	0.367	-0.226	-0.275	1.000

### Cows, Grade II

	Gode	Harti Shekh	Jigjiga	Tog Wachale
Gode	1.000			
Harti Shekh	0.456	1.000		
Jigjiga	0.089	-0.332	1.000	
Tog Wachale	0.710	0.057	0.269	1.000

### Cows, Grade III

	Gode	Harti Shekh	Jigjiga	Tog Wachale
Gode	1.000			
Harti Shekh	0.763	1.000		
Jigjiga	0.700	0.052	1.000	
Tog Wachale	-0.256	-0.159	0.090	1.000

### Sheep, Grade I

	Gode	Harti Shekh	Jigjiga	Tog Wachale
Gode	1.000			
Harti Shekh	-0.241	1.000		
Jigjiga	-0.340	0.068	1.000	
Tog Wachale	-0.413	0.339	-0.093	1.000

### Sheep, Grade II

	Gode	Harti Shekh	Jigjiga	Tog Wachale
Gode	1.000			
Harti Shekh	0.045	1.000		
Jigjiga	0.220	-0.132	1.000	
Tog Wachale	-0.088	-0.237	0.153	1.000

### Sheep, Dabaxaad

	Gode	Harti Shekh	Jigjiga	Tog Wachale
Gode	1.000			
Harti Shekh	0.073	1.000		
Jigjiga	0.055	-0.113	1.000	
Tog Wachale	-0.124	0.045	-0.089	1.000

### Goats, Dabaxaad

	Gode	Harti Shekh	Jigjiga	Tog Wachale
Gode	1.000			
Harti Shekh	-0.293	1.000		
Jigjiga	0.038	-0.424	1.000	
Tog Wachale	-0.067	-0.131	0.373	1.000

## Appendix 11: Estimates of number of unofficial livestock exports<sup>2</sup>

Source of data	Reference period	Cattle (head)	Sheep/goats (head)	Camel (head)
Concerned ministries 1983 <sup>3</sup>	1981-1982	225,450	758,200	n/a
AACMC 1984 <sup>4</sup>	1983-1984	55,000	330,000	n/a
Ministry of Foreign Affairs 1987 <sup>5</sup>	1985-1986	260,000	1,200,000	n/a
FAO 1993	1987-1988	150,000	300,000	n/a
World Bank 1987	1987	225,000	750,000	100,000
MEDaC 1998	1998	260,000	1,200,00	n/a
Belachew and Jemberu 2002	2001	325,000	1,150,000	16,000

<sup>2</sup> Source: Ayele, Solomon, Assegid Workalemahu, Jabbar M.A., Ahmed M.M. and Belachew Hurissa, 2003, "Livestock Marketing in Ethiopia: A review of structure, performance, and development initiatives". Socio-economics and Policy Research Working Paper 52, ILRI, Nairobi.

<sup>3</sup> Ethiopian Government Committee of Concerned Ministries, unpublished data, 1983.

<sup>4</sup> Australian Agricultural Consulting and Management Company

<sup>5</sup> Ministry of Foreign Affairs, unpublished data

## Appendix 12: Timeline for livestock traders in Somali Region, 1992-2005

1992-1993	Good years - unrestricted trade, supply and demand both high and reliable
1994-1995	" <i>Malable</i> " ("honeyed years"): ' <i>Dhirta malab ka kacay</i> ' (Honey poured out of the bushes); it rained from <i>gu'</i> until <i>jilaal</i> and money was plentiful.
1996	" <i>Qeyla weyn</i> " ("big shout out"); there was no water, so everyone was shouting out for external assistance – a very bad year for livestock and people.
1997	" <i>Deyr biyo badan</i> " ("plentiful waters") – heavy rains, the <i>El Nino</i> flooding, but only minor negative impact on livestock trading.
1998	Rift Valley Fever: livestock died, prices collapsed; Saudi Arabia banned imports; exports through Somaliland collapsed – a terrible year for traders.
1999-2000	" <i>Sima</i> " ("equaliser"): severe drought around Gode caused an increase in distress sales by pastoralists.
2001	Second import ban by Gulf States; Government of Ethiopia authorities started intervening against contraband trade (border closures, confiscation of vehicles, livestock and commodities) – these interferences with trade caused great hardship to pastoralists (who had to slaughter sheep intended for market) and traders.
2002	The government of Ethiopia imposed a strict "border closure" policy with Somalia and Somaliland (February) and banned all foreign-registered vehicles to eradicate contraband trade; In February the policy was strictly implemented from Dolo to Djibouti; in Warder and along the Somalia border the border reverts to its usual porous nature. Border closure was relaxed in August, especially for food imports. Exporters started buying livestock as "innovative smuggling" through Yemen which reduced the effect of Saudi ban.
2003	Good year. Sheep production was good and sales were good; the exchange rate between the Somalia Shilling and the US dollar was favourable for traders. (US\$ 100 exchanged for two million Somalia shillings).
2004	" <i>Tuur ku qaat</i> " ("Carry on your back") - Severe drought in northern parts of the Somali region caused even the hardy pack camels to die; this drought "touched everyone". Many pastoralists lost all their animals; livestock traders were forced to abandon trading; exchange rates became unfavourable - US\$ 100 exchanged for Somalia Shillings 1.4 million. In July US\$ 100 exchanged for Somaliland shillings 790,000 and in November it exchanged for 650,000.00. Gashamo was the epicentre of this drought.
2005	The government of Ethiopia continued its "war on contraband", impounding vehicles, confiscating livestock and commodities, ransacking markets and banning use of all foreign currencies inside Ethiopia – traders lost heavily, businesses closed.

Source: Fieldwork interviews with traders in Somali Region

## Appendix 13: Preliminary tabulations from Somali trader survey

### Gender

		Frequency	%	Valid %	Cumulative %
Valid	Male	29	67.4	67.4	67.4
	Female	14	32.6	32.6	100.0
	Total	43	100.0	100.0	

### Age group

		Frequency	%	Valid %	Cumulative %
Valid	Young	11	25.6	26.2	26.2
	Middle-aged	28	65.1	66.7	92.9
	Elder	3	7.0	7.1	100.0
	Total	42	97.7	100.0	
Missing	System	1	2.3		
Total		43	100.0		

### Age group / scale / gender cross-tabulation

Gender			Scale			Total
			Small	Medium	Large	
Male	Age group	Young	2	2	1	5
		Middle-aged	3	15	3	21
		Elder	2	1		3
	Total		7	18	4	29
Female	Age group	Young	6			6
		Middle-aged	3	2	2	7
	Total		9	2	2	13

### Years in livestock trade

		Frequency	%	Valid %	Cumulative %
Valid	5.00	12	17.9	28.6	28.6
	8.00	2	4.7	4.8	33.3
	10.00	19	44.2	45.2	78.6
	15.00	6	14.0	14.3	92.9
	20.00	3	7.0	7.1	100.0
	Total	42	97.7	100.0	
Missing	System	1	2.3		
Total		43	100.0		

### WAS-PARE / Gender / Scale Cross-tabulation

Scale			Gender		Total
			Male	Female	
Small	WAS-PARE	Yes	2	2	4
		No	5	7	12
	Total		7	9	16
Medium	WAS-PARE	Yes	1	2	3
		No	17		17
	Total		18	2	20
Large	WAS-PARE	Yes	2	2	4
		No	2		2
	Total		4	2	6

### Type of livestock traded / gender cross-tabulation

		Gender		Total
		Male	Female	
Camels	Sum	7	1	8
Large bulls	Sum	11	4	15
Small bulls	Sum	9	3	12
Ujusha	Sum	15	7	22
Large sheep	Sum	10	7	17
Small sheep	Sum	15	7	22
Large goats	Sum	10	7	17
Small goats	Sum	16	5	21
Chat	Sum	0	3	3
Baggage	Sum	8	3	11

### Small-stock trader / large-stock trader Cross-tabulation

			Large-stock trader		Total
			No	Yes	
Small-stock trader	No	Count	18	3	21
		% of total	41.9	7.0	48.8
	Yes	Count	10	12	22
		% of total	23.3	27.9	21.2
Total		Count	28	15	43
		% of total	65.1	34.9	100.0

### Number of traders trading in different species in different markets

	Camels	Large bulls	Ujusha	Sheep	Goats
Gode		2	2	4	4
Harti Shekh	1	3	3	3	3
Jigjiga	1	1	1	4	4
Kelafo	1	1	1	2	3
Mustahil		1	1	1	1
Hebre Dehar		3		5	5
Shillabo				1	1
Tog Wachale	1	4	4	2	2
Total	4	13	10	18	18

### Frequency of top listed constraints identified by traders

		Frequency	%	Valid %	Cumulative %
Valid	Competition	2	4.7	4.7	4.7
	Disease	2	4.7	4.7	9.3
	Drought	2	4.7	4.7	14.0
	Harassment	4	9.3	9.3	23.3
	Insecurity	2	4.7	4.7	27.9
	Lack of capital	3	7.0	7.0	34.9
	Lack of markets	10	23.3	23.3	58.1
	Low margins	8	18.6	18.6	76.7
	Low prices	3	7.0	7.0	83.7
	Saudi ban	4	9.3	9.3	93.0
	Taxes	3	7.0	7.0	100.0
Total		43	100.0	100.0	

# Glossary of Somali Terms

<i>Abbaan</i>	Guarantor or Protector; <i>Abbaan</i> were important in pre-colonial trading along the Somali coast. They would oversee the passage of caravans through hostile clan territory through reliance on their own clan networks
<i>Alamadiye</i>	Branders of animals, who mark bought stock after sale
<i>Asha kushi</i>	Pejorative reference to small scale women traders who are satisfied with (or are so desperate that they have to accept) extraordinarily small margins
<i>Awse'</i>	Sellers of hay at the livestock market
<i>Baggage</i>	Commonly used as a Somali word meaning household goods like plastic utensils, batteries, hurricane lamps
<i>Bibito</i>	Cold drinks' shop
<i>Birr</i>	Ethiopian currency (ETB)
<i>Bukhar</i>	Large wholesale store which sells bulk food items
<i>Chat</i>	or <i>khat</i> . Leafs and twigs of the plant <i>Catha Edulis</i> widely chewed as a mild narcotic in Horn of Africa; also known as <i>mira</i> in East Africa
<i>Da'dheexe</i>	Middle-aged
<i>Dabaxaad</i>	Female animals, usually sheep, which are locally consumed and not exported
<i>Daif</i>	Weak, usually referring to vulnerable people or stock
<i>Daqiiq</i>	Flour, usually wheat flour
<i>Deyr</i>	Short rains season, which falls between September and October
<i>Dhalin Yar</i>	Youth; although the term literally means 'middle-age', as in the division of society into Children, Youth and Elders
<i>Dhaqmad</i>	Immature breeding stock
<i>Dilal</i>	Transaction facilitators present in markets as the link between different traders. They are an ancient part of the traditional trading system
<i>Dugsi</i>	Koranic school
<i>Dukan</i>	General goods' shop
<i>Dulsar</i>	Actors at livestock markets who buy and sell within one market with very small mark ups
<i>'El'eliya</i>	Herders within the market place guarding over the animals
<i>Fonio</i>	Communication system used in remote Somali areas, based on HF radio
<i>Galla</i>	Term used to refer to the white goats typical of the Somali Region
<i>Gana'sade</i>	Large-scale traders
<i>Gara'a</i>	Controllors of stock, especially the wild bulls at markets and slaughter houses
<i>Gu'</i>	Long rains season which falls between April and June
<i>Hagaa</i>	Long dry season which falls between July and September
<i>Haj</i>	Annual Islamic pilgrimage to Mecca for those who can afford it; One of five pillars of the Islamic faith
<i>Hamaal</i>	Casual workers who load trucks and carry loads
<i>Haras</i>	Another word for <i>hamaal</i> used in the Tog Wachale area
<i>Hawala</i>	Money wiring system or company that transfers funds across the Horn of Africa and globally
<i>Heer</i>	The Somali customary law system
<i>Hero</i>	Thorn fence enclosures used as livestock pens
<i>Herole</i>	Owners of stock pens for hire near the livestock market
<i>Idd al Arafa</i>	Common name for <i>Idd al Adha</i> which is the celebration on the tenth day of the <i>Haj</i> ; <i>Adha</i> means animal sacrifice, usually lamb in commemoration of the prophet Abraham

<i>Idd al Fitr</i>	The festivities on the day of breaking the fast at the end of the fasting month of <i>Ramadan</i>
<i>Idd al Haj</i>	Synonym of <i>Idd al Arafa</i>
<i>Iga ibi</i>	"Sell to me" - saying denoting a seller's market
<i>Iga ibso</i>	"Buy from me" - saying denoting a buyer's market
<i>Jeble</i>	Medium-scale pastoral traders who link various actors and sometimes supply capital to smaller traders; used synonymously with <i>urursade</i> in some parts of Somali Region
<i>Jilaal</i>	Hot and dry season which falls between January and March
<i>Karan</i>	Additional rainfall season that falls from June to September in northern Somali Region. This season is equivalent to the long wet season known as <i>kremt</i> in the Ethiopian highlands.
<i>Kebele</i>	Lowest administrative unit in Ethiopia
<i>Khidmad</i>	Guarantors who take responsibility for paying out large amounts of money: used in northern Somali region
<i>Lambar</i>	Bulls of high quality and good weight (Grade 1 bull); used in Jigjiga-Tog Wachale areas
<i>Mamul</i>	Administration or association or <i>hamaal</i>
<i>Marmar</i>	Synonym of <i>ujusha</i>
<i>Muqahiley</i>	Small hotel keeper / tea seller
<i>Nugul</i>	Soft; used to describe livestock vulnerable to drought or susceptible to disease and stress
<i>Oday</i>	Elder in Somali customary system
<i>Raa'i</i>	Trekker who is trusted to move livestock across the rangelands; used in northern Somali. Referred to as <i>siwaaqi</i> in central Somali Region
<i>Ramadan</i>	Month in the Islamic calendar when Muslims fast from sunrise to sunset
<i>Ration</i>	Term adopted into the Somali language to mean bulk food provisions
<i>Qararaf</i>	Small-scale itinerant women trader
<i>Sadaqa</i>	Islamic tax on wealth. The term is also used for gifts
<i>Salah waato</i>	Small-scale traders in livestock markets who usually sell small numbers of stock brought in from nearby markets
<i>Shampoo hayran</i>	Small truck capable of carrying about fifteen medium-sized bulls
<i>Shirkad</i>	Large scale companies which operate multi-pronged businesses such as communications, bulk imports and high volume livestock exports
<i>Siwaaqi</i>	Livestock trekkers; used in the central Somali areas, usually referred to as <i>Raa'i</i> in northern Somali Region
<i>Sunle</i>	"Barefoot" vaccinators delivering <i>sun</i> (literally poison) at sales-yards, usually with no training
<i>Ujusha</i>	Immature bulls offered for sale
<i>Urursade</i>	Collector of livestock; used synonymously with <i>jeble</i> in some parts of the Somali Region
<i>Uurjiif</i>	"Sleeping in the belly", refers to the contract purchase of unborn sheep
<i>Wakiil</i>	Agent or representative
<i>Wanka</i>	Berbera Blackhead breed of sheep
<i>Wan tuurey</i>	'I have thrown it away', pastoralist description of distress sales
<i>Warat</i>	Large truck capable of carrying about 30 medium-sized bulls
<i>Woreda</i>	Ethiopian administrative unit roughly equivalent to a district; a number of woredas make up a zone and a number of zones make up a regional state

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Communication Initiative



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