

MONTHLY DIGEST (Livestock Sub-sector)



RECENT DEVELOPMENTS IN LIVESTOCK SUB-SECTOR IN THE EAC (February, 2015)



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1. NEWS IN THE LIVESTOCK SUB-SECTOR IN THE EAC: FEBRUARY 2015

1.1 Fiscal Incentives for Animal Feeds in Rwanda

An analysis of recent development in the livestock sector in the EAC allude to continued pursuit of production/productivity augmenting strategies by both public and development partner initiatives. These include fiscal rebates such as in Rwanda where the government recently included processed animal feeds in the VAT exempt category in a bid to boost production of livestock and its constituent products. This was as a result of year-long lobbying by industry players through the Private Sector Federation of Rwanda, implicit of the role of advocacy in shaping conducive policy environment in the agriculture sector

There are anticipated benefits to the upstream actors in the livestock value chain emerging from fiscal incentives especially given that in many cases, benefits from such measures only benefit a few 'industry giants'. For example, as reported by the News Times (2015), removal of VAT on animal feeds will save farmers RW75 per Kg of soya cake, making it more affordable and consequently, increasing sales by animal feeds dealers. It is also expected that these gains will trickle down to final consumers of animal products in form of lower prices, putting into perspective the multiplier effects of such incentive regimes.

(<http://www.newtimes.co.rw/section/article/2015-03-30/187389/>).

1.2 Calls for Use of Animal Feeds to Increase Livestock Production in Rwanda

It is noteworthy that there is renewed appreciation by industry players of the benefits of using commercial feeds in livestock production against the backdrop of increasing competing uses of land that was hitherto used to grow animal feeds. Indeed, use of commercial feeds the News Times (2015) reported, can increase eggs production by 25% and dairy by 75%. Recent calls by the government of Rwanda for the private sector to invest in animal feeds production in Rwanda to substitute imports 'pulled' by demand for the commodity by farmers is indicative of an industry that is on a positive trajectory. <http://www.newtimes.co.rw/>

1.3 Participatory Tool for improving availability and quality of Feeds in Uganda

While Rwanda is moving towards incentivizing commercial production of animal feeds as a way of increasing productivity of the country's livestock sector, experts in Uganda are using technology to impart knowledge to farmers on how to mix feed concentrates at farm levels. This is especially critical to ensure proper animal diets, for a country that is reported to be marred by commercial production of sub-standard feeds which are sold to farmers at exorbitant prices.

Despite an abundance of energy and proteins raw materials for feeds formulas in Uganda, farmers have been subjected to high prices of commercial feeds which are of poor quality. This not surprising as a recent study revealed that there is neither a feed quality regulation policy nor a certification framework for actor in the animal feed value chain in Uganda. Therefore, as a coping strategy, livestock farmers in Uganda have resorted to formulation of homemade feeds in spite of glaring lack of knowledge about the process and animal requirements (Lukuya B. et al., 2013). In such an unregulated market, it is thus critical to empower especially small-scale livestock farmers whose livelihoods largely depend on farming to control costs and quality of feeds. It is against this backdrop that a recent capacity building exercise for non-technical feed experts, private and public extension workers in community-level pig feeds formulation facilitated by the International Livestock Research Institute (ILRI) in Uganda is a step towards the right direction if increased

productivity of the livestock sector that contribute nearly 2% of the country's GDP ((Lukuya B. et. Al. 2013) is to be achieved. The Feed Assessment Tool (FEAST) is a systematic method used to assess local feed resource availability and use through a participatory approach. The tool uses community's knowledge on their own resources to design interventions to optimize feed utilization and animal production.

<http://www.ilri.org/feast>, <http://www.thepigsite.com>

<https://cgspace.cgiar.org/bitstream/handle/10568/34469/Concentrate%20Feeds%20Supply%20chain%20in%20Uganda.pdf?sequence=1>

<http://www.thepigsite.com>

1.4 Private Sector Investment in Feeds seen as a 'Game Changer' in Revitalizing Livestock Industry in the EAC

Increasing calls by governments for private-sector investments appear to be shaping the landscape of the livestock sector in EAC perhaps as a recognition of its under-utilized potential. This is exemplified in the recent calls for private sector involvement in the feeds sub-sector in Rwanda, dairy in Tanzania and aquaculture in Uganda. In Rwanda, increasing commercial feeds production is demand driven and is anticipated to be transformative of especially the dairy sub-sector that contributes minimally to the 33% total contribution of agriculture to Rwanda's GDP. On the other hand, prospects for the dairy sector in Tanzania seems to be bright in the light of increasing population, urbanization and a burgeoning middle class (Tanzania Dairy Board, 2014). However, the production potential is not commensurate with these changes as private investment is hampered by an unfavorable business environment typified by red tape in obtaining permits and multiplicity of documents from different regulators. These challenges as well as those of limited research and training has solicited attention from the government and which has rendered the work of the newly inaugurated Tanzania Dairy Board well cut out.

<http://www.dailynews.co.tz> , <http://www.tanzaniadairyboard.or.tz/?q=news/opportunities-investors-dairy-industry-tanzania>

<http://www.newtimes.co.rw>, <http://www.dailynews.co.tz> and

<http://www.thefishsite.com/fishnews/25138/uganda-to-increase-aquaculture-production/>

1.5 Addressing challenges in marketing of Milk is Key to adoption of Dairy Hubs in Tanzania

Findings of a study conducted to determine factors that would affect adoption of the dairy hub model by value chain actors in Tanzania revealed that market dynamics are key in influencing adoption of dairy hubs. The study was conducted in Mvomero district in Morogoro region and Handeni and Lushoto in Tanga region towards improving informal milk markets and capacity of actors to upgrade value chains contributing to higher quality and safer dairy products for consumers. The research analyzed adoption, construct measures, attitudes and opinions of respondents who included farmers, input providers and milk traders and revealed that different categories of actors have divergent reasons for adopting dairy hubs. On one hand, producers are motivated by access to markets, storage, transport and credit while on the other, traders are incentivized by sales volume, guarantee of payment and business networks. Input suppliers are interested in sales volume, payment guarantee and improved access to larger markets.

However, the study did not substantiate whether perceived access to markets will sustain participation of actors in the hubs, considering increased profits may not be realized immediately.

Nonetheless, findings indicated that the participation of smallholder farmers in markets can contribute to higher output and income growth thus endorsing inclusion of all value chain actors in business development approaches.

<http://livestockfish.cgiar.org/2015/02/25/tanzania-dairy-hubs/>

1.6 Inadequate security of Land Tenure continues to perpetuate conflicts between Farmers and Herders in Tanzania

It has emerged that policy deficiencies and contradictions, insecurity of land tenure, inadequacy of capacity of community based institutions, corrupt practices, poor coordination in resettling migrants, and inadequate capacity of planning of land use at village level are fueling perpetual conflicts between farmers and herders in Tanzania. This was revealed in a study conducted in Morogoro and Pwani regions of Tanzania to establish causes of conflicts between farmers and herders amidst escalated conflict between these two groups. This was despite government's efforts to halt the incessant skirmishes. The study that involved individual farmers, herders, village and districts leaders concluded that the most profound cause of conflicts is lack of security of land tenure to smallholder farmers and herders who hold and use land intermittently rendering it susceptible to alienation through acquisition and encroachment. Researchers recommended review of land policies to ensure security of land tenure geared towards curbing land grabbing and corrupt practices.

<http://www.ijsrp.org/research-paper-0215/ijsrp-p3862.pdf>