FOCUS ON LIVESTOCK SECTOR: SUPPLY POLICY FRAMEWORK STRATEGIES STATUS AND LINKS WITH VALUE ADDITION

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GENERAL OVERVIEW OF LIVESTOCK INDUSTRY IN KENYA

1.0 Introduction
The Livestock sub-sector contributes about 10% of the Gross Domestic Product (GDP) and accounts for over 30% of farm gate value of agricultural commodities. Livestock production is a major economic and social activity for the communities that live in the high rainfall areas for Intensive livestock dairy production and in the arid and semi-arid areas (ASALS) for meat production.

The population of major livestock species in 2003 is estimated at 9 million zebu cattle, 3.5 million exotic and grade cattle, 9.9 million sheep, 11.9 million goats, 895,000 camels, 415,200 pigs, over 25 million chicken and 470,000 rabbits.

2.0 Dairy Industry
The Dairy Production, which is a dynamic sub-sector in Kenya, is a major source of livelihood for the families of about 6 - 800,000 small-scale farmers for whom dairy farming is a primary activity. Dairy sub-sector also offers employment along the milk marketing chain (365,000 jobs). It constitutes the largest share of livestock contribution to the country's GDP i.e. 3.5% total GDP. Smallholder dairy production accounts for over 70% of total milk production.

The milk is primarily produced from cattle, camels and dairy goats, their relative shares in the estimated total milk output being 84%, 12% and 4% respectively. These figures basically indicate that cattle (i.e. cows) are the main source of milk in the country. The country contains 70% of the dairy herd in eastern and southern Africa.

The dairy industry is the most developed within the livestock sub-sector and is dominated by the small-scale producers who account for 80% of the dairy industry's output.

As a result of liberalisation in milk processing in 1992, there are over 40 private creameries licensed countrywide for the production of milk products but only 29 are active at the moment and are working under capacity. Total capacity of all these processors is half that of KCC.

The raw milk vendors especially in Nairobi and other major urban centres offer the main competition in the milk marketing. The market segment occupied by the raw milk market (both licensed and unlicensed) is more than 80%.
3.0 Red Meat Industry

3.1 Beef Production
Beef production in Kenya is practiced primarily in the ASAL areas of the country. Although Zebu cattle in the ASAL dominate the national beef herd, there is a significant proportion of beef coming from dairy bull calves and cull cows. The marketing of beef animals currently is conducted on an ad hoc basis with pastoralists, middlemen and butchers playing a major role. The increase in beef consumption is higher than the increase in production and demand is expected to outstrip supply in the near future. This will lead ultimately to an increase in consumer prices. Beef is derived from three major livestock production systems i.e. Extensive Pastoral Beef, Dairy Bull Calves and Commercial Beef Production System.
Kenya’s beef cattle population stands at over 9 million, most of which are kept in the rangelands. Currently, most of the beef produced is consumed locally. There is high potential for export whose exploitation is limited by market accessibility and diseases. The main potential markets for Kenya meat and meat products are other African countries Middle East and Europe. The total meat production is currently estimated at 320,000 MT annually.

3.2 Camel Production
Camels are potentially the most valuable species of livestock for the ASAL areas of Kenya, which are over 75% of country. Their value is seen both in their production and in ensuring a balanced ecosystem of the rangelands in the long term. Overall Northern Kenya is the most important camel producing area in the country, keeping over 95% of the national herd.

The camel population is estimated at 895,100 animals. At present, camels are reared in 17 districts in the country. Total meat production from these animals averages at 8,000 MT annually.

3.2 Sheep and Goats Production
The sheep and goat industry contributes about 30% of the total red meat consumed in the country. In addition, the industry produces other products such as wool, skins and milk. The bulk of the hair sheep and meat goats are reared in the arid and semi-arid areas (ASAL) under nomadic pastoralism and limited ranching systems. Wool sheep and dairy goats are reared in the medium and high potential areas of the country under intensive/semi-intensive systems.
The population of sheep and goats is estimated at about 21.08 million heads, comprising 7.30 million hair sheep; 0.85 million wool sheep, 11.08 million Meat goats and some 0.08 million dairy goats. Estimated meat production from shoats is 68000 MT annually.

4.0 White Meat Production

4.1 Poultry Industry
Kenya has an estimated poultry population of 25.8 million birds (2003). Of these 68% consist of the local or indigenous chicken kept under free range conditions.
Commercial birds consisting of hybrid broilers and layers are kept at the periphery of the main towns such as Nairobi, Nakuru, and Mombasa. This is mainly for ease of marketing and procuring of inputs. These commercial birds make up to 26% of the poultry population. Farmers keep from 100-1,000 birds per batch and in most cases less than 500 birds. The total egg production is approximately 1.182 million. The estimated poultry meat production is 19,058 MT.

4.2 Pig Industry
The Government has continued to encourage pig production as it plays a major role in the tourism sector. Small-scale production constitutes up to 70% of the total pig farmers. Pig population is estimated at around 415,200 with estimated meat production of over 16100 MT.

NB: The current per capita meat consumption is estimated at about 10.8 kg of red meat and 1.1 kg of white meat. The consumption level is expected to shift upward as people's purchasing power improves. Therefore, there is hope for an improved demand for livestock products within the domestic market. The main meat market opportunities exists in Africa, Middle East and European Union.

5.0 BEEKEEPING
Beekeeping is well established in Kenya and can be successfully carried out in about 80% of the country. It is especially suitable in the semi-arid areas where other modes of agriculture are not very possible. Beekeeping contributes to incomes as well as food security through provision of honey, beeswax and pollen as food and propolis, bees venom and royal jelly in medicine. It also contributes to seed and food production through crop
pollination and conserves the natural environment. The country’s potential for apiculture development is estimated at over 100,000 metric tons of honey and 10,000 MT. of beeswax. At the moment only about one fifth of this potential is being exploited.

6.0 Emerging Livestock
Emerging livestock are animals that have not received adequate attention in terms of research and development. These include the ostrich, guinea fowls, the donkeys, buffalo, crocodiles and snakes. Ostrich farming is the major enterprise in this sub-sector due to the current awareness of its immense potentials in the global market. To-date there are about sixty (60) ostrich farmers in Kenya concentrated in the arid and semi arid lands with a population of approximately 10,000 birds valued at about KSh 1 billion. Mamba Village near Bamburi Cement factory in Mombasa is the largest crocodile farm in Kenya and Africa. The crocodile is reared largely for its meat and skin. The donkey and the buffalo are important draft animals and future plans aim at addressing their nutrition, breeding and disease control. Other non-conventional livestock like the quails, guinea fowls, snails, snakes and frogs exist in the wild and are a source of meat and skin for export markets. All these need to be developed largely to target the export markets.

7.0 Livestock Breeding services
For the livestock increased productivity the following services need to be strengthened - the provision of animal health services, Livestock breeding services and extension services.

8.0 Major Constraints in Livestock Industry in Kenya
- Fluctuations in weather. Droughts, floods and unpredictable weather patterns have direct effect on livestock feed and water supply and consequently the quality and quantity of production.
- Marketing: Many farmers cannot access markets due to poor infrastructure. Some roads are impassable during the rainy season, hence a lot of waste of livestock products.
- Expensive breeding services such as A.I. services as well as expensive quality breeding stock.
- Unavailability of suitable credits to livestock farmers especially the quality breeding stock.
• Unavailability of suitable credits to livestock farmers especially the small-scale sector.
• Lack of commercialisation of the smallholder sector.
• Poor storage for farm produce. There is a lot of wastage during times of plenty and very high demand during times of scarcity.
• Unfavourable international trade environment and trade barriers.

9.0 Future of Livestock Industry in Kenya
In order to improve performance in livestock production the government will:-
• Develop a clear policy on milk production, processing and marketing emphasising health and safety standards.
• Promote animal health by reactivating and expanding dipping, breeding and clinical services including monitoring and control of animal diseases. In this regard, the government will consider allowing the stocking of animal drugs by animal health technicians to enhance availability to farmers.
• Promote dairy goats as an emerging source of milk as well as small stock activities such as poultry farming and bee keeping.
• Support the development of facilities for milk handling such as collecting and cooling centres.
• Encourage the private sector and local authorities to establish small abattoirs and meat processing facilities.
• Encourage the establishment of value adding process.
In conclusion, growth in Agriculture and Livestock production and improved rural incomes has a significant and direct impact or reducing overall poverty in the country. This is because the sector provides raw materials to the manufacturing sector and in turn stimulates large indirect growth effects in non-farm incomes and employment.

10.0 Policies and strategies to increase livestock production
• Promote increase in productivity of livestock
• Promote increased consumption of high quality livestock products
• Ensure stable production levels throughout the year
• Institute programmes to enhance accessibility to improved livestock technologies and inputs.
• Finalise the reviews of the various relevant policies and legal framework to guide the livestock industry.
- Enhance competition of livestock products processing and marketing to increase efficiency.
- Promote value adding and production of diverse products in livestock industry.
- Promote stakeholder representation in the industry
- Promote sustainable natural resource management.
- Strengthen animal health services.
- Promote information management system.

**Key strategies to be pursued include:**
- Strengthen livestock extension services
- Promote and encouragement of processing of long self life livestock products e.g. dairy products, camel milk, meat and honey/beeswax.
- Complete the process livestock reforms including finalisation of the various livestock policies and legal framework.
- Establishment mechanisms for the production of e.g. milk powder and butter oil strategic reserves as a food security tool.
- Provide incentives to investors and entrepreneurs in livestock industry and skills for managing cottage inclusive.
- To source for funds to undertake comprehensive livestock census
- Development of infrastructure e.g. roads, power; etc.
- Strengthen the implementation of standard code of hygienic practise for production, handling and distribution e.g. milk and milk products by farmers dairy co-operatives, other farms associations and processors.
- Develop a clear policy on livestock production, processing and marketing emphasising health and safety standards.
- Encourage the establishment of value adding processes.
- Enhanced private sector participation
- Participatory development i.e. enhance stakeholder participation in the sector development
- Access to local, regional and global markets through improved access in domestic market and expanded access to regional and global markets.
- Improved productivity and competitiveness of the livestock through sustainable increase in livestock resource base and improve efficiency in livestock production systems.
10.0 Agro-processing and value addition
The characteristic feature of Kenya's livestock is the dominance of primary production. There is very little on-farm and off-farm processing of livestock products; which translates to low income for farmers and less jobs for Kenyans. Reasons for encouraging agro-processing:

- It improves rural incomes by adding value to products thereby saving on transport cost by delivering high-value/low volume products and creating opportunities for the use of by-products as inputs in other farm operations such as animal feeds, manure, and fuel.
- It provides an opportunity for reducing farm losses through the conversion of perishable products into more durable products.
- It will help create jobs in the rural areas thereby contributing to the reduction of both poverty and rural-urban migration.

Processing and value addition of livestock products prolongs shelf life and enhances packaging with increased earnings. To increase value addition, the following measures will be taken:

- Providing appropriate incentives for the establishment of agro-industries in the rural areas.
- Focus research on value addition especially processing, storage and packaging of the livestock products.
- Promoting partnership between smallholder farmers and agribusiness.
- Encouraging the development of supportive infrastructure services such are rural access roads, electricity, water and telecommunications.
- Capacity building of farmers and farmer organisations in value addition and agro-processing.

The major livestock products for value adding are milk, Red meat, White meat, hides and Skins; Honey/bee wax, whereas the relevant livestock products for value adding food products are milk, Red and White meat, and Honey.

11.1 Milk Products
Investing in the processing of milk to milk by-products such as Butter, Cheese, Ghee, e.t.c. Will guarantee returns both to the investor and the milk producers as currently most of the milk by-products (value added products) consumed in the country are imported with very high price tags.
Export potential for Kenya milk products exists, however there is need to make products more competitive. Potential areas for investments in dairy industry are:

- Milk processing industries
- Value adding milk industries
- Establishment of cooling network and bulk collection
- Milk processing and cooling equipment's manufacture
- Dairy support services establishment.
- Animal feed mill and mixing services
- Improved infrastructure in the milk producing areas
- Institutional support and technological transfer.

Others areas that also need to be looked into are the causes of high cost of processed and value added products e.g. high cost of power, high VAT on value added products; under utilised capacity of processing and poor infrastructure (mainly roads).

The global market is highly competitive with great diversity of milk and milk products of high international standards. Therefore, there is a need to have intense co-operation between farmers industry, research institutions and government, to have high processing efficiency, which leads to lower consumer price and developed diversified global products.

11.2 Meat Products

There is great potential to increase meat production through:

- Improved disease Control and Management to reduce mortality rate and increase growth rate.
- Breeding for quality in terms of size and growth rate.
- Intensification of production.

Poor market outlet for the country's livestock has been disincentive for investment to exploit the potential. Factors that have contributed towards the inability of our livestock and livestock products to access international markets:–

- Run down disease control and marketing infrastructure.
- Inefficient production that make our products not competitive in the internal market.
- Stringent sanitary and phytosanitary measures imposed by importing countries as technical barrier to trade.
• Unfair competition in the world market from highly subsidised production from developed world.

In meat industry there is a need to invest in the following areas:
• Development of quality abattoirs for meat processing particularly in the production areas.
• Focus on enhanced productivity and profitability by producers to produce according to market demands and agro-processing initiative to be in accordance to standards set.
• The promotion of private/public sector and trader/producer partnerships. This will ensure access to markets of value added livestock products.
• Strengthen animal health services for increased productivity and high quality products. Establishment of disease-free zone to facilitate access of the E.U. market for animal and animal products.
• Provision of credit facilities.
• Value addition in various forms and packaging.

11.3 Honey Products
Honey is processed and it appears in the market in various forms:
• Crude and semi-refined honey always packed in lacquered debes, jerry cans etc.
• Liquid honey packed in glass or plastic jars
• Comb/chunk honey - this is honey in natural form and is common in health shops.
• Honey and bee wax are used as ingredient in many items e.g. cough syrup; shoe polish, cosmetics etc.

Areas for investment in Bee-keeping Industry also include:
• Improved infrastructure
• Processing of honey and its products
• Institutional support and technological transfer
• Establishment of quality control inspectorate services.
• Value adding through processing and packaging

12.0 Legislation affecting Livestock Development
Some of the legal aspects affecting livestock development are:
• The annual Diseases Act, CAP 364, 1972 (Revised 1989)
• The meat Control Act, CAP 356, 1972 (Revised 1977)
• The Government Standards Act, CAP 496, 1974 (Revised 1981)
• The Dairy Industry Act, CAP 336
• The Pig Industry ACT CAP 361
• The Uplands Bacon Factory Act, CAP 363
• The Kenya Meat Commission Act, CAP 363
• The Hide Skin and Leather Trade Act, CAP 359.