

## Enhancing Welfare through Beef Production and Marketing in Arid and Semi-Arid Lands

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### Key Highlights

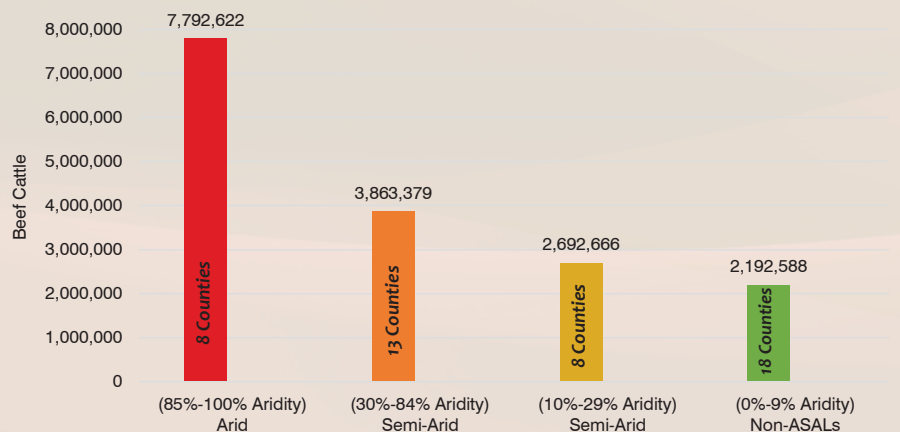
Beef production, that is rearing of beef cattle from birth to slaughter, is one of the vital sources of livelihoods for communities in arid and semi-arid lands (ASALs) of Kenya. It serves as a key source of income and employment. This policy brief focuses on strategies to maximize this livelihood to enhance the welfare of ASAL communities. The key highlights include:

- i) Beef production is an important economic activity in Kenya's arid and semi-arid lands (ASALs), with 87 per cent of the country's beef cattle concentrated in these regions. However, ASAL counties face high poverty rates, pointing to challenges in fully benefiting from the beef sector.
- ii) Beef production in ASALs relies heavily on traditional pastoralism, which faces climate vulnerabilities and limited financial risk management tools. In addition is the geographical remoteness from markets, infrastructure deficiencies in transport and slaughterhouses, unreliable markets and prices, policy gaps in addressing the needs of ASALs, and limited private sector participation.
- iii) Interventions towards enhancing beef production and marketing include enhancing financial inclusion, promoting cooperatives, investing in transport infrastructure, and establishing climate-resilient feedlot operations.

### Introduction

Beef cattle make up 76 per cent of Kenya's total cattle population, with 87 per cent of them concentrated in ASALs.<sup>2</sup> This underscores the importance of beef production as a livelihood strategy in ASAL counties. Moreover, the significance of the beef sector in ASALs becomes more apparent when considering the aridity levels within these regions. The State Department for ASALs and Regional Development acknowledges that climatic conditions profoundly impact communities, potentially leading to economic vulnerabilities. Counties classified as purely arid, with 85-100 per cent aridity, rely primarily on mobile pastoralism and account for 47 per cent of beef cattle.

Figure 1: Distribution of beef cattle in ASALs and non-ASAL regions by aridity



Source of Data: Kenya National Bureau of Statistics (KNBS) National Information Platform for Food and Nutrition (NIPFN), 2020

Semi-arid counties exhibit a more diversified economy due to better access to water resources and infrastructure and account for 24 per cent of beef cattle. Counties with pockets of aridity (10-29%) hold 16 per cent of beef cattle, while non-ASAL areas account for 13 per cent. However, despite the dominance of livestock production, ASALs continue to exhibit high poverty rates and socio-economic marginalization. For example, ASAL counties have an average of 63 per cent multidimensional poverty and 44 per cent monetary poverty, compared to 52 per cent and 35 per cent, respectively, for non-ASAL counties.<sup>4</sup> This points to a disconnect between the substantial contributions of the beef industry and the poverty levels faced by communities in ASAL counties.

## 2. Beef Production and Marketing in ASALs

### 2.1 Beef Production

Beef production forms the backbone of ASAL community livelihoods. The reliance on beef cattle as a primary source of sustenance and income underscores its vital importance in the economic system of ASALs. With the unique environmental conditions in ASALs, traditional pastoralism is the predominant method of beef production. Despite its cultural significance, this mode of production faces significant challenges.

One pressing issue is the irregularity and unpredictability of income generation. The sporadic nature of climate events, particularly droughts, poses a substantial threat to the livelihood of ASAL communities. Additionally, the traditional beef production systems have limited formal mechanisms for financial inclusion. These have hindered investment in essential aspects of beef production, such as cattle acquisition, improved grazing areas, and the necessary inputs such as feed and veterinary care.

Furthermore, the absence of reliable risk management tools exacerbates the vulnerability of ASAL communities to adverse events, potentially exposing their source of livelihood. The current state of affairs in beef production highlights a pressing need for targeted interventions that enhance financial inclusivity and bolster resilience in the face of environmental uncertainties.

### 2.2 Beef Marketing

Beef marketing is a crucial driver for economic development and community welfare. Central to this dynamic is the Kenya Meat Commission (KMC), a state corporation mandated to oversee meat processing and marketing. Although KMC plays a pivotal role, challenges persist in ensuring efficient and equitable beef marketing in ASALs.

One notable challenge arises from the geographical location of many ASALs. The difficulty in accessing markets poses a major hurdle for beef farmers, potentially impeding their ability to derive optimal economic benefits from their produce. Furthermore, without a standardized and reliable market outlet, beef farmers face uncertainty in pricing and quality assurance. These uncertainties could undermine the economic viability of beef production in these areas.

The importance of social and physical capital in beef marketing also merits attention. Strengthening social networks and investing in transportation infrastructure are critical for enhancing market access and trade. While KMC endeavours to address these challenges, further targeted strategies are required to ensure a robust and inclusive beef marketing ecosystem in the ASALs.

### 2.3 Policy Environment in Beef Production and Marketing

The policy and legislative framework has made commendable strides in bolstering the beef sector. However, certain critical policy issues need to be tackled, particularly in addressing the unique challenges faced by communities in ASALs:

- i) The National Livestock Policy of 2019 underscores the critical role of livestock in food security and economic development. However, the country faces various policy gaps. These encompass deficient infrastructure, particularly in transportation and aggregation, which hinders efficient trade. Inadequate capacity for animal husbandry practices and safety verification pose challenges to product quality. The underdeveloped distribution system allows market exploitation and wastage during surplus periods. Moreover, absence of robust market information systems leads to distortions. Additionally, the influx of low-quality, inexpensive imported livestock products swamps the local market, undercutting domestic prices.<sup>5</sup>
- ii) The Livestock and Livestock Products Marketing Board Bill of 2019 proposes the establishment of a regulatory body dedicated to overseeing and advancing the marketing of livestock and their products. Among its mandates are price setting, licensing of market operators, and the facilitation of marketing infrastructure development.<sup>6</sup> Additionally, the bill outlines the creation of a fund to support the Board's operations. However, notable gaps exist. Firstly, the bill does not have provisions for regulating contract farming arrangements, potentially exposing producers to inequitable terms. This oversight may impede the cultivation of a fair and sustainable beef industry. Secondly, there is no stipulation for the Board to gather and disseminate crucial market information to beef producers, potentially hindering their ability to make well-informed selling decisions.
- iii) The Kenya Meat Commission Act of 2012 established the Kenya Meat Commission to regulate and advance the meat industry in Kenya. It outlines the Kenya Meat Commission's functions, powers, and funding mechanisms. However, gaps persist. First, the Act does not address the specific challenges beef producers face in ASALs, neglecting factors such as limited market access and climate-induced adversities. This omission undermines the effectiveness of the Act for ASAL producers. Second, by granting the Kenya Meat Commission exclusive rights over slaughter stock,<sup>7</sup> the Act restricts the

private sector's involvement, potentially stifling competition and innovation. Lastly, the Act misses an opportunity to promote value addition in the beef sector, a vital avenue for job creation and income augmentation for producers.

- iv) The National Drought Management Authority Act of 2016 established the National Drought Management Authority to oversee drought risk management in Kenya. While it outlines crucial functions and funding mechanisms, significant gaps remain. First, it does not offer specific provisions addressing the distinctive challenges livestock producers face in ASAL communities, such as access to water, resilient livestock breeds, and veterinary services. This oversight hampers effective drought risk management for the beef sector in ASALs. Additionally, the Act does not mandate explicit coordination with other pertinent sectors such as agriculture, water, and trade, essential for beef production. This could result in disjointed drought management efforts. Moreover, the Act fails to sufficiently emphasize community-based approaches, which are pivotal in tailoring interventions to the specific needs of local communities, particularly in ASALs.

#### 2.4 Challenges to Beef Production and Marketing Faced by ASAL Communities

ASAL communities face various hurdles in engaging effectively in beef production and marketing, impacting their livelihoods and well-being. These hurdles include:

- i) **Formal financial inclusion obstacles:** ASAL communities grapple with severe limitations in their financial capital. The limited access to formal financial services hinders the accumulation of financial assets crucial for investments in the beef sector. Without savings, credit, and insurance mechanisms, these communities struggle to build economic resilience, perpetuating cycles of poverty and vulnerability.
- ii) **Infrastructure Gaps:** Insufficient physical capital, particularly in transportation and other market infrastructure, such as abattoirs, exacerbates the challenges the ASAL communities face. Inadequate slaughterhouses and road networks directly impact their physical capital, making it difficult to engage in commercial livestock farming. Investing in infrastructure development is imperative to enhance physical accessibility, allowing communities to diversify their livelihoods and strengthen their economic base.

- iii) **Aridity-Induced Vulnerabilities:** Natural capital, which includes the climate and ecosystem services, plays a pivotal role in ASAL communities. Regions with extreme aridity levels experience heightened vulnerabilities due to limited access to water resources and forage. Introducing innovative and adaptive strategies is vital for managing natural capital in ASALs. By providing a controlled environment for livestock, these initiatives harness and enhance the value of limited natural resources, thereby transforming the beef production landscape.

### Policy Recommendations

Drawing from the identified gaps and challenges, the following policy recommendations offer actionable pathways:

#### i) Enhancing financial inclusion

Establish strong partnerships with mobile money providers to enhance access to formal financial services in ASALs while fostering public-private collaborations for innovative insurance products, such as weather-indexed insurance, addressing the unique needs of beef cattle farmers.

#### ii) Galvanizing cooperative endeavour

Actively stimulate and nurture the emergence of cooperatives or associations within the beef cattle farming fraternity. These collective ventures band together resources, amplify market reach and wield enhanced negotiating leverage. One benefit of this can be exemplified by beef cattle farmers being able to engage in contract farming.

#### iii) Investing in transport infrastructure

Examine and raise the priority accorded to pivotal transportation channels or routes for livestock in ASALs, thereby allocating resources for their enhancement and maintenance.

#### iv) Establishing feedlot initiatives

In purely arid counties, the introduction of feedlot ventures represents an innovative approach that can invigorate beef production and marketing endeavours. These controlled environments offer multifaceted advantages such as climate resilience and disease control, especially during climatic shocks.

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