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Livestock Plan to Boost Economy and Lift Millions out of Poverty

Report Categories:

Livestock and Products

National Plan

Grain and Feed

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Report Highlights:

In July 2015, Ethiopia released a summary of its forthcoming Livestock Master Plan (LMP), which is the governmental blueprint for directing the continued transformation of the country's livestock sector. The LMP's implementation is intended to strengthen the livestock sector, enhance Ethiopia's nutritional and food security situation, improve resilience, and spur economic growth that will lift nearly 2.36 million households out of poverty. The LMP could spur demand for certain imported feed inputs (e.g. soy), some of which may come from the United States.

Preview of Ethiopia's Transformative Livestock Master Plan:

In late July 2015, the Ministry of Agriculture and the International Livestock Research Institute jointly released a brief [summary](#) Ethiopia's five-year Livestock Master Plan (LMP) which covers the period of 2015-2020. (Note: The full text of the [LMP](#) was recently published online.) The LMP, which is aligned with the country's second Growth and Transformation Plan (GTPII), is primarily focused on enhancing livestock production in three value chains: chicken and eggs, red meat, and milk. In order to achieve the LMP targets, public and private investments, totaling USD \$388.1 million, are needed in livestock genetics, feed, and animal health.

According to the summary, in order to maximize the impact of these anticipated investments, the Government of Ethiopia (GOE) will need to implement the proper mix of policy interventions to transform these value chains. The proposed interventions will target enhancing veterinary care, improving feed and food quality and safety, promoting exports, and stimulating an investment-friendly environment. Tables 1 and 2 at the end of this report illustrate the proposed investment and policy interventions along with their corresponding desired outcomes.

The overarching and long-term intent of these investments and policy interventions is to strengthen the livestock sector, enhance the country's nutritional and food security situation, improve resilience, and spur economic growth that will lift nearly 2.36 million households out of poverty. In addition, these actions are expected to temper the rising prices of milk, meat and eggs in urban city centers, while at the same time producing surpluses for export that will contribute to increased foreign exchange earnings. At the same time, the LMP may create opportunities for imports of certain products for use in the livestock sector, such as soybeans and feed supplements.

LMP Sets Ambitious Production Targets, With Emphasis on Chicken & Eggs:

According to the LMP summary, the GOE has set ambitious production targets for red meat, poultry meat and eggs, and milk. See Table 3 for details. By the end of 2020, milk production is forecast to grow to nearly 6 million liters, up more than 90 percent from current levels. Of this amount, roughly 3.5 million liters will be consumed at the household level, while 2.5 million liters is expected to be available for sale into the commercial marketplace. Annual per capita milk consumption is forecast to climb to 0.6 liters by 2020 which, while still relatively small, is expected to continue growing into the future. See table 4 for per capita consumption figures.

Red meat (beef, camel, goat, and sheep meat) production is projected to increase to nearly 2 million metric tons, up slightly more than 50 percent from existing levels. However, demand for red meat is expected to outpace production by an estimated 75,000 metric tons, meaning consumers will have to substitute red meat with other proteins, like chicken and eggs. From post's perspective, while red meat production is expected to increase over the next five years, rising local demand will likely reduce the availability of exportable supplies. In the case of beef, high domestic prices relative to the international market prices combined with strong demand within the country will likely constrain the exportable quantities of beef.

The production of eggs and chicken is forecast to grow exponentially in the coming five years in order to meet consumers' growing demand for inexpensive protein and reduce their dependence on the more expensive red meat. The egg production target is set at 32 billion, up almost 830 percent from current

levels. This production figure translates into per capita consumption of roughly 6 eggs per week, whereas consumers are currently eating less than one egg per week.

Meanwhile, chicken production is expected to climb 467 percent from current levels, reaching 102,000 metric tons in 2020. Of this amount, only 18,000 metric tons is forecast to be available for sale in the commercial marketplace, with the rest being consumed at the household level. Annual per capita chicken consumption is forecast to more than double from less than 2 kg to a little more than 4 kg each year. Although chicken production is expected to increase, Post believes it will not be sufficient to keep up with consumers' growing appetite for inexpensive protein. Imported chicken could help meet this unmet demand.

Potential Market Opportunities for U.S. Feeds and Soybeans:

There are a couple of the trade-related policy interventions of interest mentioned in the LMP summary. First, policies eliminating excessive customs duties on feed ingredients could open opportunities for certain feed supplements from the United States and elsewhere. Details on current import taxes can be found in GAIN [ET1507](#). Second, policies to stop food oil imports and expand the number of local oil crushers could lead to potential prospects for imported U.S. and other origin soybeans. Presently, the domestic supply of soybeans is insufficient to meet both food and feed demands which are only expected to increase as the country's economy and population continues to grow.

Table 1: Priority Investment Interventions to Improve Ethiopia’s Livestock Sector

Investment Areas	Required Investment Interventions	Desired Outcome
Dairy cattle improvement.	<ul style="list-style-type: none"> • Breeding and artificial insemination programs. 	<ul style="list-style-type: none"> • Higher income and animal productivity.
Local breed animals' productivity enhancement.	<ul style="list-style-type: none"> • Genetic selection (recording schemes, etc.), vaccinations and parasite control programs. 	<ul style="list-style-type: none"> • Increased productivity.
Improvement of feed and animal management.	<ul style="list-style-type: none"> • Range and pasture lands rehabilitation programs. 	<ul style="list-style-type: none"> • Reduced young and adult stock mortality.
Promote importation and dissemination of improved semi-scavenging poultry breeds.	<ul style="list-style-type: none"> • Investments by private sector, public-private partnerships. • Improving capacity of animal health services. • Promotion of extension services in improved feeding. 	<ul style="list-style-type: none"> • Genetic and health enhancements. • Increase in number of animals.
Enhancement of specialized commercial production units.	<ul style="list-style-type: none"> • Adoption of appropriate genetic, health, and feed technologies. 	<ul style="list-style-type: none"> • Achievement of GTP II objectives.

Source: Ethiopia Livestock Master Plan (2015-2020) Brief, July 2015.

Table 2: Proposed Policy Interventions to Develop Ethiopia’s Livestock Sector

Proposed Policy Areas	Required Policy Interventions/Measures	Desired Outcome
Provision of Veterinary Service.	<ul style="list-style-type: none"> • Streamline public-private roles in veterinary service rendering. • Expand public oversight and quality regulations. 	<ul style="list-style-type: none"> • Provision of clinical services by private sector.
Promote private sector establishment of flour and oil mills to produce feeds using agroindustry by-products.	<ul style="list-style-type: none"> • Introducing protective policies against importation of flour and cooking oil. 	<ul style="list-style-type: none"> • Increased number of flour and oils mills. • Increased production of animal feed.
Promote land lease and offer tax incentive for animal production.	<ul style="list-style-type: none"> • Provide land at subsidized rates and tax benefits to incentivize private entrepreneurs. 	<ul style="list-style-type: none"> • Increased animal production by the private sector.
Promote feed production efficiency.	<ul style="list-style-type: none"> • Eliminate double taxation and excessive customs duties on feed mill ingredients. • Introduce quality control measures. 	<ul style="list-style-type: none"> • Enhanced production efficiency of feed mills.
Promote livestock exports to attractive markets.	<ul style="list-style-type: none"> • Introduce livestock traceability system. • Design food safety and animal health programs by monitoring of abattoirs and disease surveillance. 	<ul style="list-style-type: none"> • Increased livestock exports to lucrative markets.
Promote increased private sector investment in livestock sector.	<ul style="list-style-type: none"> • Support value added processing by creating enabling environment for agribusiness investment. • Streamline regulations and procedures. 	<ul style="list-style-type: none"> • Increased investment and transformation of the livestock sector.

Source: Ethiopia Livestock Master Plan (2015-2020) Brief, July 2015.

Table 3: Livestock Interventions, Production and Growth Targets

S/N	Area of Intervention	Performance Indicator	Actual Production in 2014/15		Growth Target b/n 2015 & 2020 (GTP II)
1	Crossbred dairy cow development	Increase in national cow milk production.	Total Milk Production	3.072 million liters ¹	93%
					5.929 million liters
			Surplus Milk Production ²	N/A	2.501 million liters
2	Red meat/milk and feedlot development	Increase in total red meat production.	Total Red Meat Production	1.275 million tons	52%
					1.933 million tons
3	Poultry development	Increase in chicken meat production.	Total Chicken Meat Production	164,000 tons	147%
					405,080 tons
			Surplus Chicken Meat Production	18,000 tons	467%
				102,000 tons.	
		Increase in chicken egg production.	Total Eggs Production	3.9 billion	728%
			32.3 billion		
				477%	

¹ CSA Livestock and Livestock Characteristics Report 2014/15, Page 29.

² Surplus means the volume not consumed at home and available for commercial sale.

			Surplus Eggs Production	537 million	3.1 billion
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Source: Ethiopia Livestock Master Plan (2015-2020) Brief, July 2015.

Table 4: Forecasted Annual Per Capita Consumption³ of Milk, Red Meat, Chicken and Eggs

Value Chain	2014/15		2020		% change	
	Production	Per capita ⁴ consumption	Production	Per capita consumption	Production	Per capita consumption
Milk	3,072,000 L	0.03 L	5,929,000 L	0.06 L	93%	68%
Red meat	1,275,000 MT	14.5 kg	1,933,000 MT	19.1 kg	52%	32%
Chicken	164,000 MT	1.9 kg	405,080 MT	4.0 kg	147%	115%
Eggs	3,900,000,000	43.3	32,300,000,000	319.8	728%	621%

Source: Production estimates are from Ethiopia's Livestock Master Plan (2015-2020) Brief, July 2015.

³ Production is assumed to equal consumption.

⁴ The Central Statistics Agency estimated the country's population at nearly 88 million in July 2014. Assuming a 2.3% growth rate, which is consistent with CSA estimates, Ethiopia's population would be slightly over 100 million by 2020. In contrast, UN population estimates for Ethiopia are about 10 million higher for both time periods and, if used, would lower per capital consumption.