

MIDI-BRIEF: TRANSFORMING the NIGERIAN RED MEAT INDUSTRY

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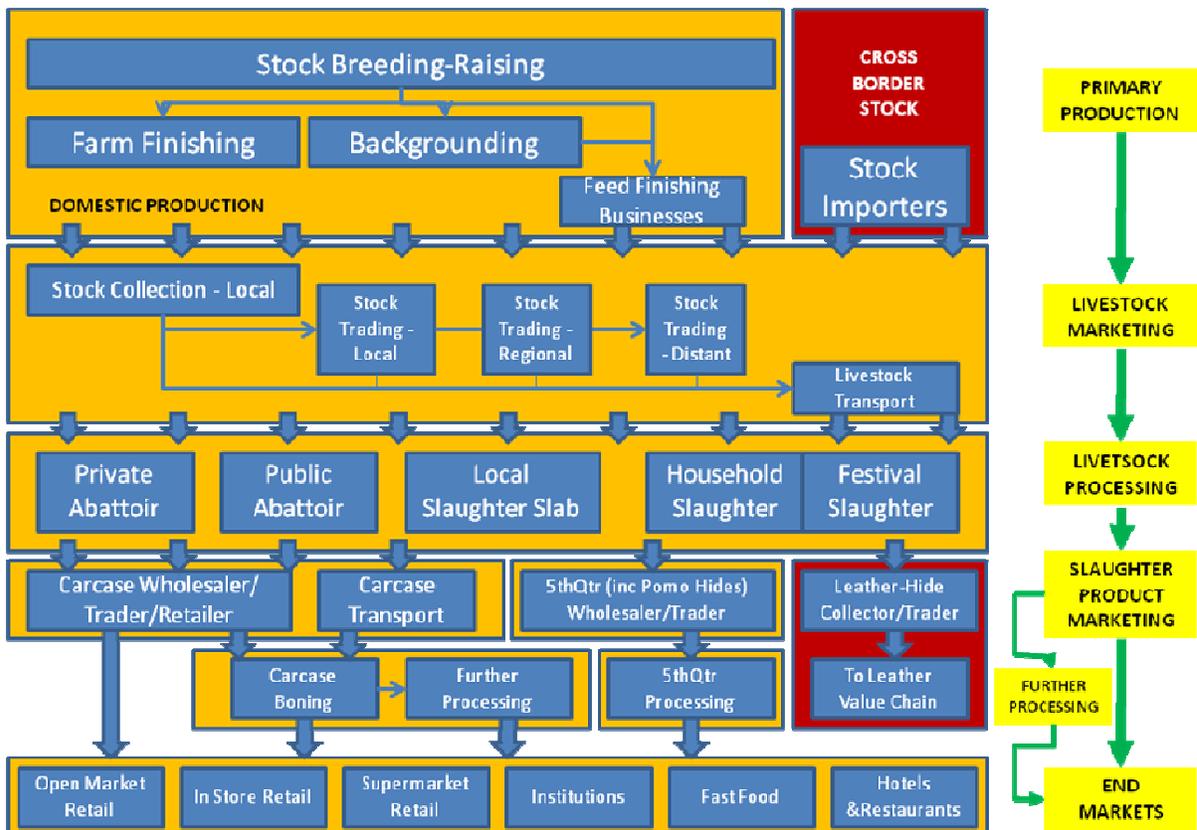
The Growth and Employment in States (GEMS) programme is a five-year programme jointly funded by the World Bank and DFID. Its aim is to increase growth and employment, especially for poor men and women, by improving competitiveness in strategically important Nigerian industry clusters in selected states and nationally, as well as through business environment reform. Wholly funded by DFID, the target market for the GEMS1 component is the meat and leather industry.

As in other target markets, GEMS1 uses the Making Markets Work Better for the Poor (M4P) approach targeting sustainable improvements in market outcomes by altering the incentives that the market as a system provides to participants. It addresses major government and market failures in the system thus bringing about systemic change. Improving the incomes of the poor, especially women and the young, is an explicit goal of M4P programmes.



HOW the INDUSTRY WORKS...

Meat Industry Structure Overview:



Primary Production: While millions of Nigerian households are engaged in the primary production of livestock, the large national herd of cattle, goats and sheep is unable to meet the domestic demand for red meat. As a consequence, and because of a ban and meat imports, Nigeria is the destination of a major informal regional trade in animals that stretches from Senegal to Sudan. There are no livestock or meat exports from Nigeria due to the growing domestic demand, a situation that is not expected to change within the next 10-20 years.

Traditional Livestock Breeding and Raising: Traditional production involves three main steps:

1. Breeding of young animals and retention through to weaning;
2. Backgrounding (i.e. raising of weaned animals to a weight suitable for fattening); and,
3. Fattening (i.e. finishing of backgrounded animals usually with supplementary feed prior to sale for slaughter).

Traditional systems typically combine all three steps into one business activity whereas modern commercial livestock production systems are trending towards the following three separate business activities:

1. Breeding: conducted on properties with poorer natural pasture where female livestock roam widely (breeding is controlled through selection of male animals while calves are produced and removed at weaning);
2. Backgrounding: conducted on properties with improved pasture where the weaned livestock is grown to near-mature animals on a reasonable plane of nutrition; and,
3. Fattening: conducted on properties close to feed supplies where the near mature animal can be grown on a good plane of nutrition to be ready for slaughter.

Meat produced from livestock produced in modern commercial production systems is of superior quality as it is derived from animals that are young and have been grown under a system that provides sound lifelong nutrition. Meat from animals grown under traditional systems is highly variable as the growth rate and finishing of the animal is dependent on access to adequate levels of nutrition from highly variable pasture resources. If nutrition is poor, the animal takes a long time to grow and is often subjected to nutritional stress which results in the production of a poorer quality meat product (i.e. tougher).

The vast majority of cattle and small ruminants produced for slaughter in Nigeria are raised in traditional livestock systems. While some animals may be provided with supplementary feed in order to be ready for slaughter, it is much more common that a mixed herd of females and males of a variety of ages roam together and take advantage of whatever nutrition is available from the localized pasture resource. The keeping of cattle and small ruminants is common throughout northern Nigeria (and surrounding countries including Niger, Chad, Mali, Burkina Faso and Sudan).

Representing about 15% of the Nigerian population, the Fulani people are specialists in cattle-keeping and own approximately 80% of the national cattle herd while handling a part of the rest by taking on animals for grazing through agreement with non-Fulani owners. Some Fulani youth take animals seasonally to far grazing in “transhumant” mode. A minority of Fulani are nomads.

The very poorest Nigerian households produce almost no livestock or products, especially in the more humid regions while households just above this level produce and sell backyard stock. A wide variety of small species are raised, often by women, for sale at local markets including small ruminants. Households also raise work animals, in Northern Nigeria typically cattle, camels, donkeys and horses. The principal use of these is for traction, pulling ploughs and carts. Cattle and donkeys predominate, but environmental degradation has expanded the southward movement of camels since the 1990s. Livestock manure is also a source of income for these households as chemical fertilizer supply does not meet demand.

Large numbers of cattle and small ruminants developed from almost identical livestock production practices as occur in Northern Nigeria are imported into Nigeria in significant numbers (including sheep and goats for the Sallah festival). It is currently estimated that in excess of 2 million cattle are informally imported into Nigeria annually to satisfy the domestic demand shortfall: these cattle are either trekked overland or are transported by truck into Nigeria. However the product outcomes are generally less satisfactory due to the more arid conditions that occur in countries to the North. A portion of the imported animals are feed-finished in Nigeria. There are also differences in traditional breeds across the Sahel.

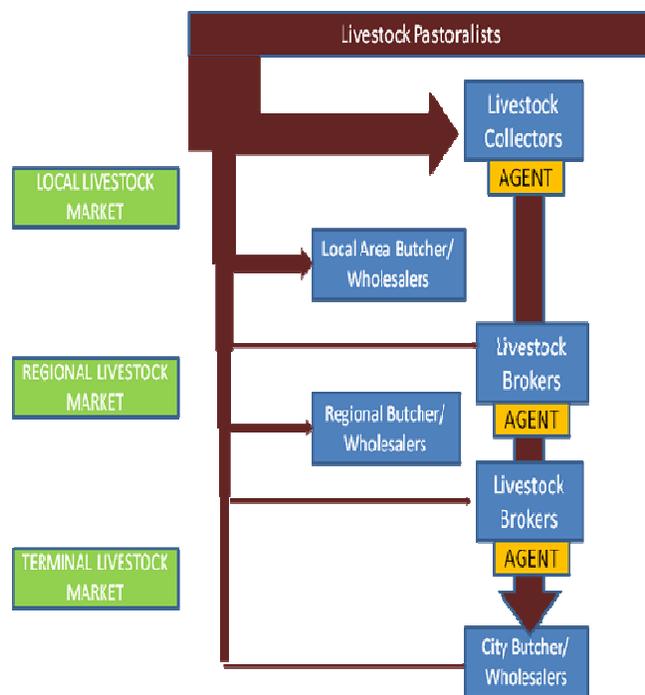
Fattening: The purchase of calves or steers from pastoralists to be fattened for market by farmers is reportedly a profitable enterprise and was long promoted in the 1980s and 1990s by donor projects. However it has been difficult to sustain because advice on feeding regimes and veterinary support is poor, fattened animals are highly attractive to thieves while producers cannot depend on reliably priced purchased feed. The major constraint is that the current livestock marketing system does not result in the realization of any premium for the production of young, well-finished livestock that produce a superior meat product.

While the practice of fattening livestock exists at low levels today, it has potential to increase. The various mills in Kano for example have capacity to increase feed production. Fattening sheep and goat rams for Sallah is an established practice in Muslim towns of the north, but this is principally to avoid paying high prices close to the festival: the wide base of livestock producers do not generally draw the conclusion that the practice of fattening small ruminants for Sallah would result in improved business outcomes.

Marketing: It is estimated that annual domestic and imported slaughtering is around 7.5 million cattle with a livestock value of N525-550 million and 34 million small ruminants (62% goat and 38% sheep) with a livestock value of N125-150 million. About 30% of the annual small ruminant production is slaughtered during the Sallah (Eid el Kabhir) festival. Entire male animals are preferred for the festival and the slaughter profile is estimated to be 85% male sheep and 15% male goats: virtually all of these animals are slaughtered at the household level. Many cattle are marketed leading into the rainy season (May-June) and prices are lowest during this period (as much as 20% below normal market prices). Cattle prices peak during October-January (as much as 25-30% above normal).

There is no structured market pricing system in Nigeria for live animals that addresses quality issues such as animal age, fatness, conformation and carcase weight. There is however a premium paid for larger, entire male livestock in good condition. The premium is however incorporated into a per head price as weigh scales are non-existent at livestock market, slaughter-slab or abattoir level. The annual ex-fifth quarter retail value of cattle and small ruminants is estimated at N850-900 million and N225-275 million respectively generating average margins of 38.5% and 45% (and 37.8% for livestock overall): margins cover costs related to finance, logistics and transport.

Livestock move through a number of markets and incur a number of trading transactions as they move from pastoralist through to the terminal market (see schematic summary below left).



Livestock Traders buy and sell livestock from primary producers and at intermediate markets through until the livestock reach the terminal market (i.e. the market at which the livestock are purchased by meat wholesalers and from which the livestock proceed to slaughter). The farmer/pastoralist is likely to be only selling one or two animals and prefers to be present at the local/village market when the sale is made. There is often no selling strategy matched to prices: animals are sold when the household needs money for such as ceremonies, school fees etc. In Islamic areas wives may frequently not be allowed to sell without permission from their husbands. The number of livestock being sold by any individual farmer / pastoralist is too small to efficiently transport to a regional or terminal market.

Traders at local/village markets are generally small business people who only have access to sufficient capital to accumulate a single load of livestock for reasonably efficient transport to the nearest regional market. At regional markets larger traders are operating with access to finance in excess of N3 million, and are able for example to finance the purchase of sufficient animals to efficiently transport to terminal markets or to Lagos.

Livestock Transport: There are no known dedicated livestock support vehicles have been observed at any of the livestock market or slaughter sites visited. Cattle and small stock are transported on general purpose transport vehicles including:

- Small open deck trucks where large ruminants are trussed and transported in a lying position normally only used to move shorter distances between farm and local markets;
- Small to medium trucks with a removable cage fitted where the animals are able to stand during transport (normally used to transport livestock between markets); and,
- Large trucks (40ft trailer) fitted with a cage and overhead rails [preferred for longer transport routes for example from Northern Nigeria to markets in the South (Lagos, Port Harcourt, etc)] and carrying between 30-35 head cattle and 90-110 head small ruminants.



Processing: Red meat production in Nigeria is in the same order of magnitude as production in Mexico, France, Canada, Germany, and New Zealand which are the 8th to 12th biggest global red meat producers. Livestock processing occurs at a variety of levels outlined in the following table...

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TYPE	DESCRIPTION	OPERATING CONDITIONS	VOLUME
Public Abattoir	Public abattoirs are located in significant population centres and they allow access by butchers to slaughter livestock based on the collection of a slaughter fee; most public abattoirs are owned and operated by state government. Some public abattoirs (e.g. Kano Abattoir) are privately owned; all processing labour is on a piecework basis	Poor to very poor; at public abattoirs the slaughter and dressing is generally performed in unsanitary conditions on the floor, in either covered area (e.g. Kano) or open air (e.g. Agege Lagos)	High... The majority of meat traded in urban areas is processed through public abattoirs
Local Public Slaughter Slab	Local slaughter slabs are open air slaughter locations owned and operated by local government. They allow access by butchers to slaughter livestock based on the collection of a slaughter fee. All processing labour is on a piecework basis	Poor to very poor. At public local slaughter slabs the slaughter and dressing is generally performed in unsanitary conditions on the floor, in the open air	Medium... The majority of meat traded at the township level and some traded at urban areas is processed through local slaughter slabs
Household	Household slaughter is performed by individuals at the household level	Completely uncontrolled	Medium... while the meat product is generally for household use, there will be a traded proportion in rural, township and urban areas
Festival	Livestock slaughtered at the household level specifically for the Sallah festival which occurs in the last quarter annually	Completely uncontrolled	Medium... the meat product is used for household use or donated to the needy: festival product must not be traded due to religious injunction
Private Abattoir	The private abattoir is privately owned infrastructure that slaughters livestock for self and/or others using employed operating labour	Generally significantly improved sanitary conditions with trained employees in clean uniforms under some degree of management control	Low... while only a small volume at present, the improved meat product is generally directed at a higher market level and often enters a cold chain

Meat Wholesaling: Meat Wholesalers buy livestock at terminal markets and have the livestock transformed in livestock processing infrastructure into items to sell to the meat retail sector: they sell fifth quarter products (i.e. hides, skins, heads, feet, and intestines) onto informal business that process them to meet market requirements. The Cost of Goods Sold (COGS) sold for cattle and small ruminant businesses is N75-150,000/unit and N9-12,000/unit respectively. Revenues include beef carcass N65-155,000/unit and mutton carcass N9.5-12,000/unit, and fifth quarter revenues N25-45,000/unit and N2,500/unit. Expenses are N3.5-5,000/unit and N900-1,000/unit. The wholesaler's margin on cattle is about 10-12%/ unit of the COGS.

Fifth quarter products produce revenue that is highly important to the business operation of the wholesale meat dealer as the COGS margins before deduction of the indirect costs incurred by the business operator are estimated to range from 6-14%. Processors therefore operate in a highly competitive environment similar to meat wholesalers with relatively low return. The fifth quarter industry size is about 20-25% that of the main meat wholesale industry: sale of fifth quarter produce comprises 20-23% of live animal value.

Further Processing: In Nigeria boning of the carcass is often performed immediately after slaughter and the only impact on the wholesale meat dealer is that a piecework cost for boning is incurred. There are three dimensions of further processing of meat products that occur in Nigeria:

1. **Cottage/Small Industry Sector:** production of products such as pomo (edible hide), suya, kalishi and dambu by companies such as Kada Payless (Kaduna), Yahuza Suya Spots (Kano), and members of the National Suya Spot Association, Al-Mizan Meat Products Co operative Society and other;
2. **Medium Industry Sector:** production of House brand pastry products such as sausage rolls, pies etc., by bakeries; and,

3. **Larger Manufacturing Industry Sector:** Consumer-branded formulated sausage and pastry products containing meat by Lagos-based food manufacturing companies such as UAC Foods, UTC, CHI Foods and Master Meats.

End Markets: Livestock moves to satisfy the major demand areas of the south, southeast and southwest, especially the Lagos-Ibadan Axis. The red meat end markets are a part of the broader protein market which includes poultry pork and fish. Traditional open air market stalls dominate the red meat retail sector accounting for around 85% of all trade, and sell all items including meat and fifth quarter products. The other small but growing end markets segments and their market share are in-store retail (3%), supermarket retail (1%), institutions (3%), fast food (5%), and hotels and restaurants (3%).

The red meat trade is based on same-day slaughter and retail sale in fresh (unrefrigerated) form. Red meat is largely consumed on the day it is purchased. There is little product differentiation due to carcass or cut quality. Price is negotiable and weigh-scales extremely seldom in evidence or used. Due to a lack of enforcement of regulations, food safety and meat hygiene regulations are badly abused. The traditional value chain supplying same-day slaughtered fresh meat is highly cost-efficient due to large numbers of business operations competing at each horizontal level of the value chain. For small sophisticated markets, high quality meat is informally imported from South America and South Africa to satisfy a growing demand in the high level hospitality sector.

Traditional Open Air Market stall operators secure meat from the wholesale dealers at the abattoirs and slaughter-slabs, arrange transport to the stalls by whatever means, and retail the product to customers. Operators at major markets are often organized via a market association, and these associations can sometimes act to limit participation and development of this sector. While prices (negotiable) are quoted on a per kg basis, there are only a limited number of stall outlets that actually weigh the product for the customer (e.g. Al-Mizan Meat Products Co operative Society, stalls in major CBD markets in Abuja).

While there is some product deterioration that will occur in the value chain, due to the high value of red meat the levels of wastage are relatively low. Retail operators always have in place a strategy to move any meat that is left at the end of the day, even if it is simply to sell it at a significant discount. Short term cold storage is seldom available even though this would allow product not sold on day one to be sold on the following day and thereby reducing discounting. Major markets are owned by municipal and state governments who have generally failed to invest in upgrading the facilities resulting in congestion, lack of good handling and storage, and general unsanitary conditions.

Convenience stores that service middle to high income consumers are increasingly installing frozen retail cabinets particularly to provide for the retail of poultry, fish and other further processed frozen goods. Convenience stores are supplied by a combination of traditional open air market stall operators who pack meat themselves for retail sale, further processors that bone and pack the product into retail packs, or dedicated supply companies. As the wholesale red meat supply sector currently only exists in a very rudimentary form, most red meat products supplied at convenience stores are largely in rudimentary packaging after handling within a refrigeration system that undermines the appearance of the product.

Dedicated supply companies such as Master Meats and Best Foods provide products through enhanced processing supply chains. Shoprite and Spar are the only **supermarket chains** that have been observed to display chilled overwrap red meat products in Nigeria. Some convenience / supermarket stores in Abuja have been observed displaying whole unpackaged cuts in refrigerated display cabinets from which a store employee will prepare a sale for the customer. Most other stores only have a very limited range of rudimentary-packaged frozen red meat products.

Food Service (HRI) Sector: Nigeria's food service sector consisting of hotels, restaurants and institutional contracts (HRI), the largest and fastest growing segment of which is fast food restaurants. In recent times Nigeria has experienced a rapid expansion of fast food chains: the leading chains are domestically owned. This development is a response to lifestyle changes caused by increasing participation of women in the workforce particularly in the rapidly growing middle class with fast food stores offering convenience and value. The focus of these chains is however of poultry-based menus reflective of a significant degree of concern regarding the supply chain for red meat products. All sectors of HRI are challenged to develop reliable, cost effective supply chains for domestically produced foods including meat. However the growing commercial poultry sector is able to comply with supply chain demands. The HRI sector is principally supplied by integrated companies (e.g. IAC Foods and IAC Restaurants) and dedicated supply companies (e.g. CHI Foods, UTC, Master Meats, Best Foods, Kada Payless), or product is purchased directly from traditional wholesale meat dealers. The integrated and dedicated supply companies appear to be increasingly capturing supply to the HRI sector.

Regulatory Environment: Laws, regulations and codes of practice for the meat sector include Code of Hygienic Practice for Fresh Meat [Standards Organization of Nigeria (SON)], Code of Hygienic Practice for Processed Meat and Poultry Products (SON), draft Meat Inspection and Hygiene Act 2008 of the Federal Government of Nigeria (intended to replace the Veterinary Public Health Meat Hygiene Decree), Meat Edict 1968 [Kano State Ministry of Agriculture and Natural Resources (KSMANR)], and Slaughter Prohibition Edict 1987 (KSMANR). However, these are substantially ignored as there are no adequately-resourced, functional organizations providing monitoring and control. None of the slaughtering, transport and processing infrastructure in current operation complies with the regulatory environment.

POPULAR MEAT INDUSTRY MYTHS and REALITIES...

Myth: *It would be advantageous to slaughter and process meat in Kano and Kaduna and transport the meat products to Lagos (the theory being that animal weight loss during livestock transport will be avoided)!*

Reality: Meat produced in Kano or Kaduna for Lagos will need to be processed in a sound hygienic environment and refrigerated in a robust cold chain. While carcass weight loss during transport (including bruising loss) is likely to be in the order of 2-3%, carcass and product weight loss due to evaporation and drip is likely to be of the same order of magnitude. The costs associated with processing meat and incorporating a cold chain are considerable and estimated to be in the order of N65-75/kg or about 10% of the wholesale value. The costs of transport of a kilogram of meat as livestock in a general transport vehicle compared to the cost of transporting a kilogram of meat in a refrigerated vehicle generally work out to be similar on a per kilometre basis.

Myth: *High north-south livestock transport costs undermine the competitiveness of the Nigerian meat industry!*

Reality: A recent GEMS1 study confirms that the transport of livestock from north to south in Nigeria is considerably more competitive than major producers such as Botswana, Australia and Uruguay; opportunities also exist to reduce costs.

Myth: *The critical issue for improving herd productivity is the introduction of new and improved and breeds/cross-breeds!*

Reality: Herd productivity will mainly improve through a combination of: (1) increasing the proportion of females in herds; (2) offtake of animals for slaughter at a younger age; (3) improved feed-finishing of younger animals; and, (4) access to information on productive livestock management (including pastoralists and farmers managing their herds as businesses rather than asset banks).

INDUSTRY DYNAMICS...

Growth, Drivers, Prospects and Risks: There are in excess of 50,000 meat wholesale/retail businesses in Nigeria with average annual turnover estimated at N25 million (\$US 160,000 per annum) which is equivalent to trading 160-180 cattle carcasses. Red meat prices have increased sharply at a rate of 20% per annum for the last twenty years against an underlying inflation rate around 12%. This is representative of the demand-supply shortfall in an era of rapid population growth especially in the Lagos-Ibadan Axis (the economic powerhouse of West Africa): at current growth rates, Nigeria's population is expected to double to around 340 million by 2030.

Market prices for beef in 2010 were about N800-1000/kg (less expensive in the north and more expensive in the south) which is considerably higher than the cost of imported red meat from major international production countries if the import ban were lifted. The 7.5 million cattle slaughtered annually in Nigeria produce 1 million tonnes of carcass beef while the 34 million small ruminants produce 0.37 million tonnes of carcass mutton. At a livestock level, the red meat sector is worth an estimated N1.1 trillion and at retail level about 1.3 trillion (excluding fifth quarter).

In addition to the supply shortage and population growth, red meat consumption growth is driven by consumers (in Nigeria and globally) being increasingly demanding on quality issues. Many Nigerian communities are enjoying rising economic fortunes leading to consumption of increased quantities of protein (red meat, poultry, fish, etc). Accompanying economic strength is consumers who are more knowledgeable, discerning and who enjoy access to a wider range of food sources and protein choices. Investment in the critical area of eating quality, food safety and supply consistency is therefore a priority for red meat.

Within the red meat end market segments sector, open market retail is already commencing to lose share to the other growth market segments. While small at present, the in-store retail segment is growing as refrigerated retail moves indoors led by dairy, poultry, fish, etc. The very small supermarket retail segment may be about to enter a period of rapid growth.

The fast food segment is expected to enjoy rapid growth dominated by poultry while moderate growth in the hotel and restaurant segment is expected to continue. The Institutions will also continue to enjoy stable, moderate growth but is increasingly concerned with food quality. The catering industry had reported to have sales of \$2.5 billion for 2004, growing at 20% p.a., with the fast food sector estimated as \$385 million.

The risks for red meat sector actors and the employment it creates are: (1) the open market retail segment will decline in the future with red meat clearly losing market share of the overall protein market (i.e. red meat, poultry, fish, etc) unless it can produce products that satisfy the growing market segments including in-store retail, supermarket retail, institutions, hotels, fast food and restaurants; and, (2) a considerable drop in red meat prices arising from lifting the import ban.

Employment Creation: Formal employment in the meat sector is very low. Labour resource requirements are almost exclusively provided on a piecework basis. Estimates based on the approximate number of Full Time Equivalent (FTE) jobs in the red meat sector are thought to be 750,000 nationally and comprises those working directly in the both the slaughter and retail subsectors. In Kaduna and Kano states alone, close to one million households are reported to keep

livestock. Employment in the slaughter and butchering sector business is dominated by traditional family relationships. In Northern Nigeria, there is poor representation of women in the labour force.

Competitiveness: The most critical factor bearing on the Nigerian meat industry is the presence of the import ban which creates a protected market for Nigerian producers, insulating them from foreign competition, driving up prices for Nigerian consumers, providing producers with higher prices than they could otherwise get outside of the country, and providing an active disincentive to upgrade. The industry does not really face any foreign competition and effectively enjoys a captive market. Demand exceeding supply in conjunction with the import ban, means that everything that the meat sector can produce is sold.

The meat sector can be characterized as highly dependent on basic factors resulting in competition that is based solely on cost. The sector offers two related advantages in input costs for meat production: the plentiful supply of labourers and resultant competitive cost to hire them.

However, these advantages are accompanied by a series of disadvantages. The quality of the livestock is low due to the fact that they are not well tended (largely due to lack of feedback from the market suggesting that higher-quality meat will result in higher prices). The quality of infrastructure in use is also low while the industry is characterized by low levels of productivity (again due to lack of market signals on higher quality/prices).

Links between the meat sector and its related and supporting industries are weak. No service providers exist since there is nothing in the value chain to service while links with related industries such as the fast food industry are weak.

Competitor products for red meat in the closed domestic market are poultry, pork and fish. These are much better positioned to take advantage of the growing sophistication of the Nigerian consumer and the emerging growth market segments as well as increasing diversification of the protein supply chain since they better satisfy the need for consistent product eating quality while addressing food safety and hygiene requirements of the developing Nigerian consumer. Competing products, food service, fast food and retail formats will inter alia require the red meat sector to build key competitive advantages by developing more differentiated (sophisticated) products: related investments can only be recovered from the end market.

Systemic Value Chain Constraints: The principal constraint to the development of the meat sector in Nigeria is product-related: there is insufficient product to meet market demand while the quality of the product (eatability, food safety and hygiene) is inadequate to take advantage of the growth sectors in the food industry.

Constraints that need to be addressed to increase production include access to effective feed finishing techniques, and to information on productive livestock management. Product quality constraints that to be addressed include establishment of an improved meat processing sector that adheres to meat inspection, food safety and hygiene principles as well as access to improved quality carcasses (i.e. young feed finished animals). Market access constraints relate to productivity, capacity utilization, infrastructure and transaction costs. Challenges also exist for the Nigerian Meat Industry when it comes to supporting markets such as finance, labour training, and advisory services.

Business enabling environment constraints include policy implementation, regulation and Inspection-related constraints. At the global level enabling of trade in meat products requires compliance with international animal health and food safety standards with the enforcement of appropriate regulations administered through a competent authority. Animal health and food safety requirements will address issues such as in-country animal vaccination and disease control programmes, ante and post mortem inspection procedures, building and equipment standards, hygiene standards, product traceability requirements, and animal welfare standards.

Opportunities: Opportunities to induce systemic change including sustainable business triggers that will address red meat industry constraints and enhance competitiveness include:

Production: Opportunities exist to feed finish livestock in Nigeria for both the regular and Sallah markets to increase livestock production in Nigeria and displace the livestock imports currently required to meet domestic demand. The volume of meat produced in Nigeria from domestic livestock production can be enhanced through a combined strategy of feed-finishing younger livestock and encouraging higher numbers of female animals in the herd/flock structure. This strategy can have a very significant impact on meat production: herd productivity will improve as the proportion of females in the herd rise while a small increase in herd productivity results in a significant production increase (herd productivity for cattle rising from 12% to 14% gives an 11% increase in cattle production with a similar scenario for sheep and goats). With the establishment of sound feeding regimes there is an opportunity for livestock producers to deliver well-finished male livestock for the Sallah festival (last quarter of the year).

Marketing: The opportunity which is available for livestock marketing is to reduce the number of trading transactions that exist in the current livestock marketing chain. It however

Further Processing: The major issue for the medium and larger further processing sectors is access to safe meat raw material which can be addressed through undertak-

needs to be recognized that the relationships between sellers and buyers in the current system are strong and have been built up of long periods and will be difficult to change. Changing the value chain structure is likely to provide an opportunity for change in the livestock marketing value chain. Preferably, fattening businesses would buy feeder livestock direct from the pastoralists and sell finished livestock direct to the meat sector. The development of livestock fattening businesses would allow the development of alternative livestock trading mechanisms with two transactions with both possibly based transaction prices set on live-weight and body condition parameters.

Slaughter Operation: Due to the strong traditions embedded in the public abattoir and slaughter slab sector, it is considered that it would be extremely difficult to get significant change in this sector given the resources and time frame of the project. The private abattoir sector will lead supply into the developing demand for improved meat products that needs to carry a 10% premium to cover the extra costs involved and therefore it is considered that this is the slaughter operations sector that provides opportunities for growth. Operations in this sector also provide the opportunity to address issues such as improved food safety and hygiene, improved employment practices, and improved CSR outcomes addressing social and environmental conditions.

ing activities with the private abattoirs to provide improved “quality” products. The cottage and small industry sector needs training and advice to move into compliance with the SON code of hygienic practice for processed meat products in order to access wider markets and grow their businesses. The availability of improved “quality” red meat may also lead to the production of increased volumes of fresh and frozen branded processed meat products to compete with the items that are currently being imported (e.g. frozen branded sausages).

Red Meat Market Opportunities: The biggest opportunity at the customer end of the red meat market chain is the ability to service the growth sectors including convenience, supermarkets and food service sectors with an improved supply chain delivering an increased range of improved “quality” red meat products. A number of opportunities arise at the different retail level that could also incorporate better “quality” red meat products with increased differentiation.

Business Enabling Environment: The constraint of poor supervision by competent authorities can be improved if the meat sector addresses advocacy issues and speaks with a voice that represents the whole value chain.

GEMS1 RESPONSIVE SUPPORT...

The **target impact** of GEMS 1 is “to increase growth, income and employment, especially for poor men and women, in meat and leather markets in selected states and nationally”. The **expected outcome** is to “improve the performance and inclusiveness of meat and leather sector market systems that are important for poor people”.

Complementing the strategies of the Nigerian Beef and Smallstock Transformation Agendas while ensuring high local ownership by the private sector, and responsive to sustainably resolving major competitiveness constraints while optimizing growth and employment opportunities, the core red meat industry strategy for GEMS1 is strengthening chain efficiency and quality by supporting markets and linkages for the following interdependent areas:

- **Increasing Adoption of Livestock Feed Finishing:** Working with partners involved in feed finishing livestock and those that supply inputs and services to develop and implement feed finishing techniques that are cost-effective, and to develop appropriate feed finishing business models.
- **Improving Red Meat Quality:** Working with partners involved in processing improved quality red meat products (edibility, food safety and hygiene) to develop and establish sustainable business models.

Other important areas of potential intervention under consideration include: (1) supporting access to information and training to increase herd productivity; (2) supporting markets and linkages for improved red meat marketing; and, (3) strengthening support functions to improve sector coordination and information management.

Prepared by GEMS1, the DFID-funded programme supporting the Nigerian Meat and Leather Industry implemented by GRM International Limited

