



CONTEXT...

Funded by the World Bank and DFID, the Growth and Employment in States (GEMS) programme aims to increase growth, income and employment, especially for poor men and women, by improving competitiveness in strategically important Nigerian industry sectors in selected states and nationally. 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. The GEMS1 component is being implemented over 5 years (2011-15).

This GEMS1 Output Fact Sheet summarizes Project **support to markets and linkages for improving meat processing and retailing** to boost meat eating quality traceable from source through processing.

STRATEGY and RATIONALE...

Red Meat Industry Support Strategy: Responsive to critical red meat industry competitiveness constraints identified by stakeholders as well as major growth opportunities exploitable during the life of the GEMS1 Project, the core responsive, interdependent strategies of are supporting markets and linkages for: (1) **good meat eating quality traceable from source through processing**; and, (2) efficiency gains through 'feed finishing' of younger animals (see GEMS1 Fact Sheet on Support to Markets and Linkages for Feed Finishing).

By the end of the 5-year GEMS1 Project, the expected results for support to markets and linkages for quality meat processing and retailing includes additional industry growth of \$18 million. As the strategy involves a shift from the traditional red value chain to the emerging value chain, there is an employment creation trade-off between jobs lost and jobs gained.

Rationale for Support to Markets and Linkages for Quality Meat Processing and Retailing: Red meat is a part of the broader protein market competing mainly with poultry, pork and fish products as well as lower quality protein products in rural areas such as cowpea and soybean. Red meat prices have increased sharply at a rate of 20% per annum for the last twenty years against an underlying inflation rate of around 12%.

The growing demand and high prices for red meat is fuelled by a combination of: (1) the ban on red meat imports; (2) low domestic livestock productivity such that everything that the meat sector can currently produce is sold within Nigeria (the demand-supply shortfall supplemented by livestock imports); (3) a rapidly growing population (especially in the Lagos-Ibadan Axis, the economic powerhouse of West Africa) expected to double to around 340 million by 2030; and, (4) emerging protein product growth market segments servicing middle and upper income consumers such as in-store retail, supermarket retail, institutions, hotels, fast food and restaurants.

Growth in the consumption of red meat is also driven by consumers such as returning diaspora and the emerging Nigeria middle class being increasingly demanding on quality issues. Within the red meat end market segments, the dominant open market retail is already commencing to lose share to other emerging growth market sectors. The traditional red sector operates with little regard to animal health or food safety.

To retain protein market share while protecting/creating jobs, the red meat industry must competitively shift from the dominant traditional value chain to the emerging value chain supplying growth market segments, especially the supply of high value steak and round cut products with eating quality traceable from source through production. The increasing proportion of customers and consumers in the retail and food service sectors demanding improved products are likely to pay a premium to offset value chain transfer costs.

GEMS1 is therefore focusing on production of improved quality refrigerated red meat for the urban market, and for two main reasons: (1) its growth potential; and, (2) because it can be a driver of change in encouraging livestock producers towards younger herds and higher herd productivity with consequent growth and employment consequences.

ABUJA RED MEAT DELIVERY SYSTEM BASELINE CONSIDERATIONS...

In formulating responses, the Project Team and stakeholders will carefully consider the findings and recommendations of the recent GEMS1 Meat Delivery Systems Baseline Survey in Abuja.

OUTPUT FACT SHEET: MEAT PROCESSING & RETAILING

Key constraints to improving the red meat delivery system throughout Nigeria include (1) lack of/weak/outdated standards and laws/rules and regulatory arrangements concerning all aspects of the meat delivery system; (2) weak capacity of public and private stakeholders in the delivery system (i.e. low appreciation of a functional modern meat delivery system); (3) traditional actors (livestock traders, butchers, transporters, etc) resisting and frustrating delivery system reforms (especially the introduction of modern private management and investments in public abattoirs); and, (4) lack of political will or interest from governments in system improvements.

The **general recommendations** for system improvement are: (1) holistic reform of the entire delivery system, i.e. establishing/strengthening/updating standards and laws/rules as well as regulatory arrangements covering all aspects of the meat delivery system (to include a programme for registration, training and certification of all actors as well as regular inspections and monitoring ideally undertaken by a single regulatory agency); and, (2) establishing an alternative model delivery system based on best practices in partnership with the private sector.

Abuja-specific improvement recommendations with broader urban implications include: (1) developing hygienic neighbourhood meat markets; (2) facilitating access to fleet and facilities upgrading finance for existing transporters and meat shops; (3) assisting private sector operators to develop and introduce alternative delivery models; and, (4) conducting a series of stakeholder sector reform sensitizations to promote buy-in.

OBJECTIVES, INTERVENTIONS and INDICATORS...

The **expected outcome of GEMS1** is to “improve the performance and inclusiveness of meat and leather sector market systems that are important for poor people” (the Brief on GEMS1 Support to the Meat and Leather Industry provides additional information on target impact and outcome indicators).

Carrying a contribution weight of 10% to these GEMS1 impact indicators (i.e. impact outreach and value, and employment) and outcome indicators (i.e. firm growth and value, and systemic competitiveness changes), the **target output of support to markets and linkages for quality meat processing and retailing** is “new and/or improved inputs, services and products that benefit poor people within the meat processing markets are introduced through GEMS1 facilitation”.

GEMS1 is facilitating the development of the emerging value chain within the red meat sector geared towards producing high quality refrigerated meat. The **key interventions** are: (1) working with partners to establish a classification and branding system that addresses both food safety/hygiene and meat quality; (2) establishing the system in (1) above at selective slaughtering establishments; and, (3) developing business models for partners to take advantage of cut differentiation from the improved meat quality carcasses (e.g. how to improve revenue from cuts differentiation and further processing).

Indicator information for the GEMS1 Meat Processing and Retailing output is summarized below....

Indicator	Baseline 2011	Target 2015
1. Number of livestock processed with improved compliance with food safety and hygiene standards in target enterprises	0	83,000
2. Number of enterprises in the meat processing that apply and benefit from improved levels of knowledge and skill and/or use improved inputs and services	0	8
3. Number of service providers that offer and benefit from offering new and/or better inputs and support services to the meat processing sector	0	8

Sources of verification for indicators include: impact assessments sub-sector guides; sub-sector analysis and baselines; intervention control frameworks (containing impact summary); GEMS1 applies the Donor Committee for Enterprise Development (DCED) results measurement and reporting standards including Value for Money

Assumptions:

- Drought and animal health crises are avoided;
- Livestock and meat import/export trade conditions do not undergo dramatic step changes

Risk Rating: (LOW)

Processing is urban-based and less likely to be influenced by security issues, but total turnover will be influenced by feed finishing (i.e. GEMS1/Output1) performance

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

