



Government of Botswana



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## Private Sector Development Programme, Botswana

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## Public Private Dialogue on Beef Value Chain Development From Assets to Investments

## De-Regulation of Beef Industry in Kenya

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# Background

- Prior to liberalisation of beef industry, Kenya Meat Commission and Livestock Marketing Division played key complementary roles.
- KMC had certain exclusive rights to:
  - Erect, and operate any abattoirs in the country;
  - Run wholesale beef business; and
  - Export or supply meat products to ships.
- LMD carried out activities to facilitate organized livestock marketing in Kenya.

# Background

- LMD and KMC established stock routes, holding grounds and quarantine areas.
  - Kenya was divided into disease prone and Disease Free Zones
  - 112 holding grounds, 34 routes and 34 water points were established
- Meat and livestock prices were controlled and other slaughterhouses were prohibited from entering urban areas.

# Process of De-regulation

Major policy changes adopted by the GoK in the 1980s were:

- Ending controls on meat prices and livestock prices.
- Ending controls on animal feed prices.
- Transfer of dipping services and livestock drugs to private sector.
- Privatisation of artificial insemination and clinical services

# Process of De-regulation

- LMD's role was limited to:
  - Supervision and maintenance of holding grounds and quarantine facilities; and
  - Maintain a livestock marketing information network.
- KMC's exclusive rights were repealed. Private players were allowed to open and operate slaughter houses anywhere in Kenya.
- DVS was assigned the role of licensing of slaughter houses, prevention and control of diseases.

# Impact of De-regulation

- Increased number of private agents i.e. slaughter business, traders, butchers and middlemen.
  - Currently there are 84 slaughterhouses and 952 slaughter labs, With 5 and 15 respectively located in Nairobi.
- Private Institutions have been established to promote organised marketing of livestock, such as Kenya Livestock Marketing Council and the Livestock Traders Society of Kenya.

# Impact of De-regulation

- Kenya's livestock marketing infrastructure ( holding grounds, quarantine stations and stock routes) broke down.
  - LMD developed 31 stock routes during its period of operation, but only 14 of these are still in use.
  - Country's former Disease- Free Zones ( DFZs) were lost, leading to loss of European markets.
  - Out of 112 holding grounds, no more than 60 are still in place but in poor condition.
- Low usage of in AI services ( Currently 29% of 1981 levels) and high degree of inbreeding.



# Impact of De-regulation

- Proportion of beef from cross border trade animals has increased significantly now accounting for over 25%.
- GoK reduced funding to the sector.
- Prices of beef cattle have generally remain static whereas the cost of feeds keeps rising.
- Most commercial beef ranches were sold by land buying companies and co-operatives as a result of low profitability in the sector.

# Way Forward

- Under Kenya Vision 2030 key interventions in sector involve:
- Planning and implementation of 4 to 5 DFZs and livestock processing facilities to enable products meet international market standards.
- Transforming key institutions in the sector to spur growth.
- Unifying efforts of different GoK agencies and other stakeholders.

# Way Forward

- Increasing availability of animal feeds through targetted programmes such as seeding ranches and rangelands.
- Stemming the decline and re-energising use of AI services.
- Purchasing of breeding bulls and cows for targetted parts of the country.

Thank You