3. RANCHING: AN ECONOMIC YARDSTICK

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Key Words: Ranching, Boran cattle, management systems, stocking rates, prices of land, game cropping, economics, wildlife utilization, hunting, conservation, food security

SUMMARY

Cattle ranching in Kenya is predominantly in rangeland areas between 100 and 1,800 meters above sea level and the holdings range in size from 6,000 to over 100,000 hectares. Many of these ranches are in Laikipia in ecological Zones V and VI, and these are used as examples to explore the economic viability of ranching. The Laikipia Plateau also hosts one of the largest wildlife populations outside protected areas and these compete directly with cattle. Water is the limiting resource that attracts wildlife onto the ranches and keeps them there. The cost of purchasing an established 20,000 ha ranch, including stock and infrastructure, would be about US $3.5 million. The annual income from cattle would be approximately US $168,000 and the expenditure US $164,400. Projected income from increasing stocking rates from 2,000 to 3,000 head show an increase in profit from approximately US $3,600 to $43,000. Game cropping has been introduced on some ranches on a quota system. A 20,000 ha ranch is estimated to have a mixed wildlife population of approximately 1,500 animals. Cropping could bring in an additional annual income of US $8,350 but if hunting was re-introduced, that income could rise to US $35,000. Many ranchers survive only by diversification, usually into tourism and cultivation of small

H. H. T. Prins et al. (eds.), *Wildlife Conservation by Sustainable Use*

pockets of suitable land, others have had to sell. Some smaller ranches have survived by excluding large wildlife species and increasing their stocking rates. Speculators buy ranches for sub-division but most of the land is marginal or too dry for small scale farming. Ranching is not a viable land use option. It is an attractive lifestyle for some and possible for those who either inherit the land or have surplus money. However, food security, potential export earnings and employment can all be served, if the wildlife resource on ranching land is properly utilised in a mixed wildlife cattle operation.

INTRODUCTION

The term "*ranching*" in Kenya denotes extensive livestock husbandry on natural or improved pasture. Ranching in Kenya is undertaken in rangeland areas between 100 and 1,800 m above sea level with many of the commercial ranches being established by the Colonial Government to act as buffers between different ethnic communities. Soon after independence the Kenya Government created a number of community and privately owned ranches in the coastal region, within Taita/Taveta, Kilifi and Tana River Districts. It also enacted legislation (Group Ranches Act, 1967) which encouraged the formation of community or "*Group*" ranches in what was previously Maasai and Samburu Trust Land. These Group ranches were surveyed and title issued to listed members of the local community. All ranches, whether private, co-operative or community owned, are situated wholly or partly in areas which receive below the minimum required rainfall for sustained crop production. The boundaries of crop production are defined by the Laikipia Research Programme as the 180-days calorie requirements of an average small scale farming household of six persons requiring 2, 500 Kcal per person per day. This can normally be achieved in areas receiving >750 mm of rain per year, with one rainy season of approximately 90 days.

Ranches vary in size from 6,000 ha to over 100,000 ha, with the larger ranches being situated in the semi-arid (300–500 mm annual rainfall) coastal region or in pastoralist areas where the ranches are communally owned. Most privately owned ranches are situated at medium altitudes and average between 12,000 and 20,000 ha in size. The presence of wildlife is a common feature on almost all ranches within Kenya and can not be overlooked when discussing the economic potential of ranching. This chapter looks at commercial, privately owned ranching enterprises and focuses on the Laikipia region of central Kenya as being representative of the dynamics within the ranching industry. It looks specifically at the cost of investing in a typical ranch and calculates the potential returns from such an investment; from livestock alone and when wildlife utilization is included. It highlights the difficulty of making significant returns from ranching and points out some of the reasons for this low profitability. It also includes a discussion on the options available to the landowner in order to make ranching more profitable.