



## Policy Issues in Livestock Development & Poverty Reduction

Globally, agriculture provides a livelihood for more people than any other industry. Agriculture has a key role in reducing poverty since most of the world's poor live in rural areas and are largely dependent on agriculture, while food prices determine the cost-of-living for both rural and urban poor. However, at current levels of assistance to agriculture the global objective of halving poverty levels by 2015 is unlikely to be reached.

Livestock provide over half of the value of global agricultural output and one third in developing countries. They contribute to rural livelihoods, employment and poverty relief. Livestock integrate with and complement crop-production, embody savings and provide a reserve against risks. Rapid growth in demand for livestock products, in the developing countries, is viewed as a “food

revolution”. But, as local production cannot keep pace, growth in consumption of livestock products in developing countries occurs at the expense of increasing net imports.

The case for promoting increased livestock production is pressing given the rapidly growing demand for animal products in conjunction with the global aim to halve, by 2015, the proportion of the world population living in extreme poverty, most of whom are dependent, at least in part, on food and income derived from livestock.

Benefits from livestock development will in particular accrue to the landless and rural women. Meeting the needs for promoting livestock production “while, at the same time sustaining the natural resource base (soil, water, air and bio-diversity), is one of the major challenges facing world agriculture today” (Bruinsma 2003).

### What Policies to Pursue?

Policy instruments fall into three main groups: (a) price policies, (b) institutional policies, and (c) policies promoting technological change. Price policies are the responsibility of national governments, although they may be influenced by international agencies, such as customs unions, the World Bank or the WTO. However, institutional and technological changes are introduced not only by national and local governments but also by private individuals or associations, development agencies and Non-Government Organisations.





Price policies can be categorized into (i) trade policy, (ii) exchange rate policy, (iii) tax and subsidy policy, and (iv) direct interventions such as floor and fixed prices. Trade policy, from a developing country's perspective, should include continued pressure, through international fora such as the WTO, on developed countries to reduce tariffs and other barriers aimed at supporting their own producers. However, greater benefits might be achieved by reducing levels of protection for industrial sectors within the developing countries, as such protection raises input costs and effectively taxes agricultural producers. Taxes, subsidies and governments' direct market interventions have usually failed to bring lasting benefits. There remains a case for limited use of subsidies for disaster relief and to promote the use of new inputs, such as vaccines or drugs. Alternatively moderate taxes on livestock producers might be used to recover costs of providing public goods such as disease control or eradication programmes.

Policies for the promotion of appropriate institutions have a major impact on livestock development. The authors of a review of about 800 livestock development projects found that most had failed to bring about significant sustainable improvements in livelihoods of the poor. They conclude that "The key lesson to emerge from our review... is the importance of institutions in defining the success of pro-poor measures." (LID 1999). Benefits would accrue to livestock producers, as to all members of society, if along with improvements to the physical infrastructure the institutional infrastructure of law and order, respect for property rights and contractual agreements were strengthened.

Institutional development is also needed for the provision of credit, animal health services and genetic material. The introduction of new technology must be accompanied by the strengthening of the institutional framework required for its implementation. The other key area, where institutional change is essential for the success of livestock development, is that of marketing, including transport, processing and selling. As marketing activities exhibit economies of scale, large commercial operations are most likely to be cost-effective. Unfortunately, in negotiating contracts with such companies, small-scale producers are in a weak position, lacking market power and information on patterns of supply, demand and prices. Thus in promoting institutional development, there is a need for dissemination of market information, and encouragement of co-operative group action and participation by small-scale producers to strengthen their bargaining position.

Technological change may be promoted by supporting research and development and the dissemination of information to farmers. Public funding for agricultural research, and particularly for livestock research, has declined over recent decades. Since much research output provides public goods it is unlikely to receive adequate funding from the private sector.

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The decline in public sector funding should therefore be reversed. An appropriate institutional framework must be developed to integrate a farmer participatory systems approach with science-based adaptive and applied research, depending on collaboration between producers, and natural and social scientists. The national research organisations must take responsibility for research prioritisation, ensuring that it is appropriate for relative resource availability, taking into account the needs of the poor, and co-ordinating donor assistance.

Areas of research deserving attention include animal and veterinary public health measures, improvements in forage crops and utilisation of crop by-products, and improvements in husbandry and management of production systems. Local breed improvement is a slow process and increases in production are generally more easily achieved by cross-breeding with, or adopting, exotic breeds. Technical research has to be complemented by socio-economic research into the institutional framework for the allocation of natural resources, credit, and labour hire, the delivery of inputs and the processing and marketing of livestock products. Research is needed to describe and analyse the strengths and weaknesses of existing institutions and to propose and test alternatives for improvement. In addition, socio-economists are needed to contribute to the research prioritisation process, by assessing likely costs and benefits of proposed research projects.

### What Could the Benefits Be?

The primary benefit from increases in livestock productivity is a sustainable improvement in the livelihoods of livestock producers, many of whom are resource poor, many of these being women and some of whom are landless. Some of the benefits will be reflected in improved levels of nutrition, while increases in market sales will provide income for other uses.

Increases in domestic production and supply of livestock products may result in falling prices. These will benefit consumers and accelerate the growth in demand. However, the fall in price is unlikely to be large enough to cancel out the benefits to producers of the increases in productivity. The main effect for most developing countries will be the substitution



of domestic products for imports. This effect will bring additional benefits by saving scarce foreign exchange.

Improvements in animal and veterinary public health not only save farm costs and increase productivity and incomes, but also reduce risks of losses and of human disease and, for countries producing more than enough for domestic consumption, also improve access to world markets.

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## IGAD

The Intergovernmental Authority on Development (IGAD) assists and complements the efforts of the Member States to achieve, through increased cooperation:

- Food Security and environmental protection
- Promotion and maintenance of peace and security and humanitarian affairs, and,
- Economic cooperation and integration.

Read more on IGAD at: <http://igad.int>

### THREE agreed areas of capacity building:

- Capacity to develop policies through broad participation, so that policies reflect the voice of poor men and poor women whose livelihoods depend on livestock;
- Capacity to employ information and analysis in the elaboration of policies, so that policies are evidence based;
- Capacity to understand and respond to the livelihoods needs of the poor and of women, rather than aspects of the livestock sector which may well not benefit poorer groups.



## IGAD LPI

### ONE clear purpose:

The IGAD LPI's purpose is to strengthen the capacity in IGAD, its member states, and other regional organisations and stakeholders, to formulate and implement livestock sector and related policies that sustainably reduce food insecurity and poverty.

This means raising capacities to do things differently, in terms of making the policy making process inclusive of the poor, evidence-based and livelihoods focused.

### TWO areas of focus:

To achieve its purpose, IGAD LPI has established multidisciplinary stakeholder fora in all IGAD member states, through which the project supports engagement with two policy areas;

- At the national level, livestock and Poverty Reduction Strategy Papers (PRSPs)/National Development Plans
- At the regional level, the Regional Policy Framework on Animal Health in the Context of Trade and Vulnerability (RPF).

### FOUR project outputs:

IGAD LPI is developing these capacities by making sure that the necessary support mechanisms are institutionalised into government planning. In so doing, IGAD LPI delivers the following four outputs:

- Increased awareness among stakeholders of the potential contribution of livestock sector to growth, food security and poverty reduction, by improving the process of PRSP formulation in each IGAD member country in order to ensure that livestock's potential is understood and well articulated into the process and strategically built into PRSPs;
- Policy options and implementation strategies in place for the livestock sector identified, by supporting IGAD member states to formulate and implement a regional policy framework on animal health in the context of trade and vulnerability;
- Systems in place for livestock policy information, analysis, decision-support and monitoring of policy change, by putting in place the capacity for livestock information management in the governments of IGAD member states;
- Established networks of professional and grassroots organisations for effective stakeholder representation in policy-negotiation by institutionalising the participation of civil society and community based organisations in policy dialogue.