

Livestock, the neglected high value crop for pro poor growth

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“Making markets work for the poor”
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Presentation overview

- 1. The Livestock Revolution
- 2. Opportunities: Income, Employment and Nutrition
- 3. Context for Livestock Markets Research
- 4. Research Strategies for Linking Farmers to Livestock Markets
- 5. Conclusions

Why Livestock?

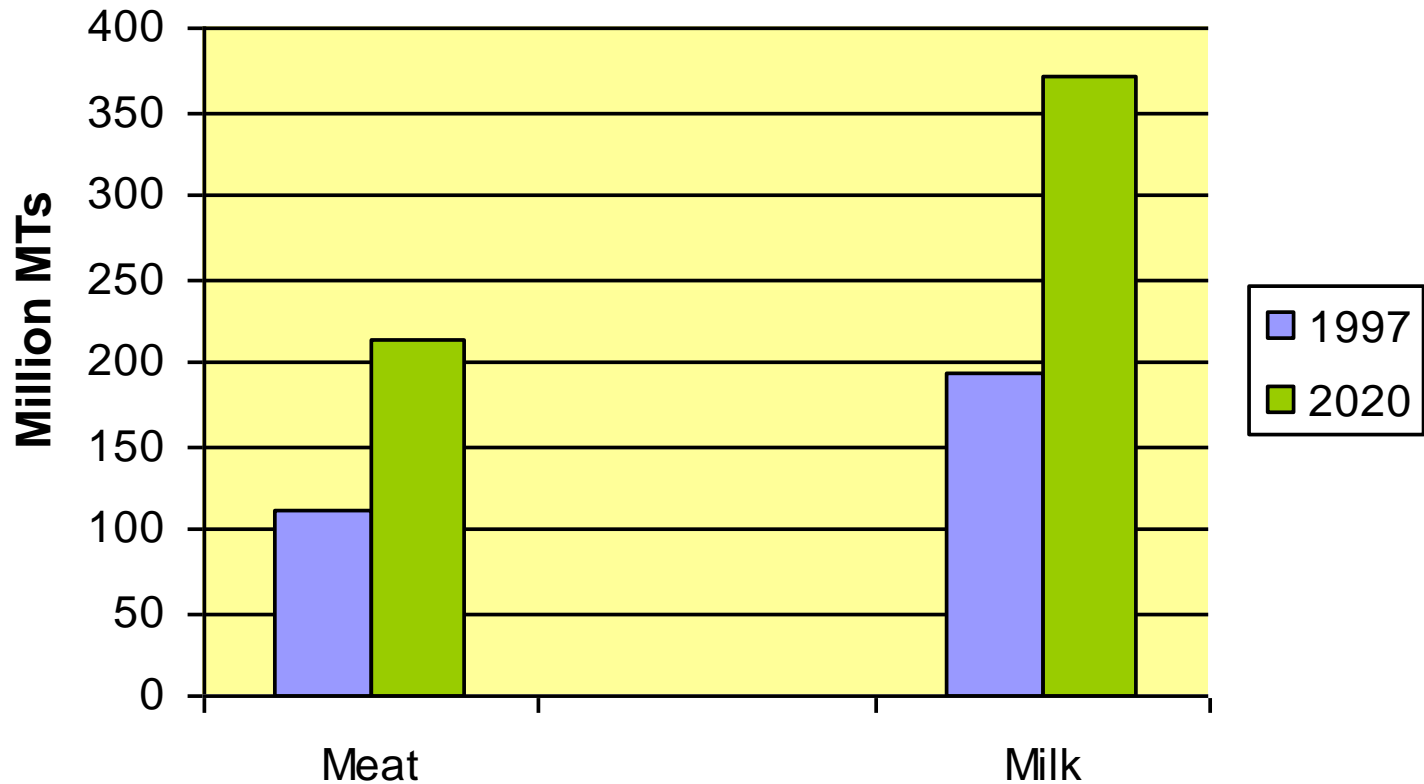
The economic and social dimension of livestock

- Contribution to world GDP ~ 1.5 %; growth ~ 2.5 % p.a. globally, ~ 5 % in developing countries
- Now ~ 40 % of world agricultural GDP
- Almost 1 billion rural poor depend partially or entirely on livestock for their livelihoods
- Livestock – a last resort for people without alternatives

The Livestock Revolution

- In the next 20 years, the demand for livestock products will double
- Feed grain use will double in developing regions primarily for industrial swine and poultry systems
- Acceleration of trends since 1970s

Increase in Developing Country Demand for Livestock Products 1997 – 2020



Over 90% increase in demand for both meat and milk to 2020

Delgado et al, 2001

Livestock Market Benefits: Income, employment and nutrition

- 1. Direct employment in livestock sector
- 2. Sub contracted farms for livestock production to meet expanding urban and /or export demand
- 3. Income multipliers - poor communities, additional demand for non tradable goods and services
- 4. Nutrition from Animal Sourced Foods

Direct Employment Among Livestock Producers

Direct full-time employment created through dairying at the farm level in Kenyan highlands

	Small & medium scale	Large scale	Total employment in the dairy as % of the agric labour force
Self-employment	245,000	10,960	10
Long-time hired labour	454,000	93,000	22
Casual labour	35,900	2,300	2
% of total	87	13	

Fully one third of total agricultural labour force employed on dairy farms, majority smallholders

Source: SDP dairy farm data, and JICA 2003 for total agricultural labour figures



Employment in traditional markets

Number of jobs created per 100 litres milk handled daily

	No. of direct full-time jobs	Main milk product
Kenya mobile traders	1.7	Liquid
Bangladesh sweet makers	5.6	Traditional sweets
Ghana milk/snack retailer	10.0	Milk snacks

- **More than 5 times the no. employed in formal sector per unit milk**
- **Most pay higher than minimum wage**

FAO/ILRI 2003



Livestock as a key component of high value agriculture

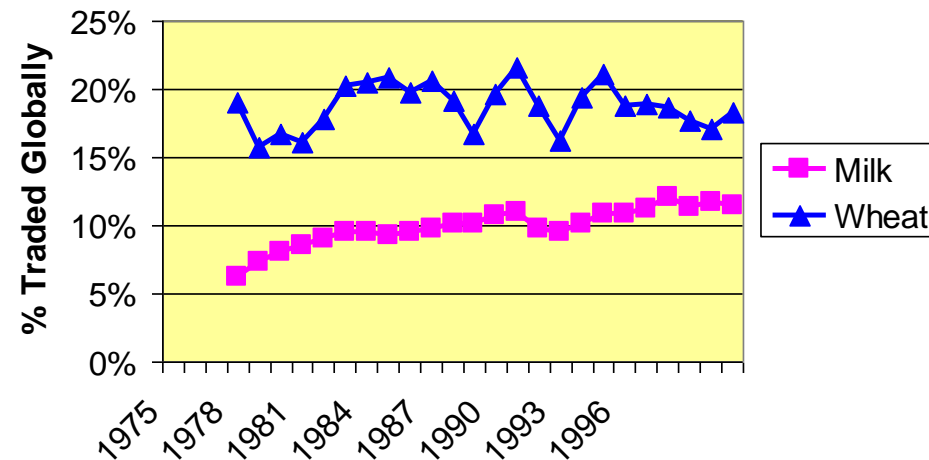
- 1. Income elasticity
- 2. Scope for scaling up, and attracting investment along the value chain
- 3. Potential for internalising transaction costs
- 4. Dependence on international trade
- 5. Knowledge and technology requirements
- 6. Public policy requirements

Context for Livestock Markets Research



Domestic livestock product markets dominate

- Livestock Rev. analysis predicts that supply increase will occur in same countries/regions as demand
- Generally only around 10% of global livestock production is traded internationally
- However, export markets create opportunities in some settings and regions



Context for Livestock Markets Research

- Food safety, quality, SPS issues becoming increasingly important
 - Driven by international concerns about animal and zoonotic diseases
 - Driven by local consumer demand for quality and food safety



Research Strategies for Linking Farmers to Growing Livestock Markets



International/Regional Markets:

- Document and promote lessons of organisational examples that facilitate small farmers to meet SPS requirements in trans-boundary markets

- E.g. Farmer' Choice (Kenya) – exports pork products in spite of endemic FMD – half of production from small out growers

- Identify regional livestock trade flows and policy and infrastructural constraints

- Livestock trade barriers in West Africa – informal taxation reduces farm gate animal prices by 4-6%



Research Strategies for Linking Farmers to Growing Livestock Markets (cont)



Domestic and Informal Markets:

- Document and promote organisational examples that facilitate small farmers to participate in vertically integrated, high end markets
 - E.g. Smallholder pig producers participating in contract farming in Vietnam
 - Pilot test new approaches to formalize traditional markets, and engage in policy advocacy
 - Engage with policy-makers to develop



Conclusions

Large and growing markets for livestock products in developing country markets

Poverty reduction opportunities along the value chain, not just in production

Public interventions critical to achieve pro poor outcomes



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