The Pro-Poor Livestock Policy Initiative

A Living from Livestock
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WITH THE ADOPTION OF THE MILLENNIUM DEVELOPMENT GOALS, the international community has formally subscribed to halving the proportion of people living in extreme poverty by 2015. A key challenge is therefore to identify and promote income opportunities that may lead to significant economic growth for the poor. In the face of limited possibilities the livestock sector appears to present a real opportunity to enhance the livelihoods of a large proportion of the world’s poor.

Livestock contribute to the livelihoods of an estimated 70 percent of the world’s rural poor: some 630 million people. Livestock provide food and income, a means of reducing risk and increasing assets. Draught power, fuel, manure and transport all contribute significantly to whole farm productivity and the consumption of animal protein improves human health and ability to work.

In many areas of the world the demand for meat, milk and eggs is increasing as a consequence of urbanization and greater affluence. This is coupled with a tendency towards withdrawal of state services and increasing privatization. These trends present real opportunities for poor livestock owners - but also challenges:

- Will the poor be crowded out in the race to satisfy growing demand for livestock products?
- Will cutbacks in public livestock services threaten small-scale producers who cannot afford private suppliers?
- Will poorly developed access rights to land and water become insurmountable barriers to improving livestock production?
In spite of these concerns, the projected growth in livestock offers a unique opportunity: a rapidly growing market of which many rural people already have experience and which they can enter without the need for substantial resources or training. Livestock production does not offer a universal solution to rural poverty but, for many, it represents a practical way to build assets and financial security.

History shows that it is policies and institutions, not technical innovation, that lead to development and that technology adoption follows institutional change. Moreover, in many countries, the livestock sector is heavily distorted in favour of large-scale producers. Therefore the opportunity of achieving pro-poor impact through political and institutional reform is high.

It is for these reasons that the Food and Agriculture Organization (FAO) of the United Nations (UN) has joined forces with the United Kingdom’s Department for International Development (DFID), to establish the Pro-Poor Livestock Policy Initiative (PPLPI). The PPLPI aims to contribute to poverty reduction by strengthening the capacity within FAO’s member nations, FAO and other international organizations, to formulate and promote livestock-sector policies and institutional changes that favour the poor.

The Initiative operates through a central facility, based at FAO headquarters in Rome, and through regional pro-poor livestock policy hubs. In 2001, DFID committed funds to support the central facility for a period of six years. Whilst some regional activities are already being undertaken, further funding is needed to bring the regional hubs to a fully operational level.

It is generally agreed that human well-being has many dimensions, including political voice, access to services, and security against potentially damaging external events. However, in practice, the most widely used means of assessing poverty involves adopting a monetary “poverty line”, a threshold in income or consumption/expenditure below which a household is considered poor. The widely cited US$ 1.00 per day actually refers to a level equivalent to US$ 1.08 per day in 2000, using 1993 purchasing power parity estimates generated by the International Comparison Programme (World Bank 2001). The advantage of adopting an international poverty line is that, within the limitations of such measures, comparisons of income/expenditure poverty can be made across regions, and monitored through time.

In September 2000, at the United Nations Millennium Summit in New York,
Why pro-poor?

It is estimated that 1.2 billion people in the world live below a poverty line defined by US$ 1.00 per day, and that three-quarters of these work and live in the rural areas (Ravallion 2001). This is more than the populations of North America and Western Europe combined.

Apart from the ethical considerations surrounding poverty in a world of plenty, poverty exacerbates issues such as disease risk, uncontrolled migrations, political unrest, violence and crime. On the other hand, increasing the purchasing power of large sections of society would result in a virtuous circle of increasing demand, fuelling wealth generation and creating employment opportunities.

With the adoption of the Millennium Development Goals by the United Nations membership, the global community formally subscribed to the eradication of extreme poverty and hunger. Specific targets are to halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day and the proportion of people who suffer from hunger.

Achieving these targets will only be possible if three requirements can be met. These are that economic growth must be substantially faster than population growth; economic growth must be focused on sectors in which the poor have a major stake, and the vulnerability of poor people to shocks, such as disease and drought, must be reduced (DFID 2000).
IN MOST AREAS OF THE WORLD, POVERTY IS STILL LARGELY A RURAL
phenomenon. Around 630 million rural poor rely on livestock for their livelihoods
(Livestock In Development 1999). A key feature of livestock-keeping is the variety
of ways it supports the livelihoods strategies of the poor. Livestock can provide a
steady stream of food and revenues, help to raise whole farm productivity and are
often the only livelihood option available to the landless as they allow the use of
common-property resources for private gain. In addition, at the smallholder level,
livestock are often the only means of asset accumulation and risk reduction that can
prevent a slide into abject poverty by rural poor in marginal areas.

Recent statistics reveal that an estimated 70 percent of poor people are women for
whom livestock play an important role in the improvement of status and represent
one of the most important assets and sources of income (DFID 2000). Livestock
ownership also tends to increase consumption of milk, meat and eggs – all providing
essential nutrients – and creates employment opportunities within and beyond the
immediate household.

Human population growth, increasing urbanization and rising incomes are
predicted to double the demand for, and production of, livestock and livestock

Livestock can provide an asset base for poor households through
accumulation of stock. They are often the sole instrument for savings
and insurance because banks are inaccessible to the poor (World Bank
2001). Livestock, particularly small stock such as sheep, goats and
poultry, can be sold to make cash available when necessary. Livestock
also contribute to the social ties within a community through borrowing,
sharing and lending of animals.

Although many products are sold, milk, meat and eggs are consumed
at home and are important sources of nutrition, particularly for children.
A recent study in Kenya has shown that supplementing the diet of

Why livestock?
children with animal protein has positive effects on cognitive performance (Neumann et al. 2003).

Family labour is an important asset for poor households and livestock can increase the returns to household labour. The elderly and young who are not fit to work in the field can tend livestock, and the use of draft power can free labour for other household activities. Because most farm work is seasonal, livestock can be managed to make good use of household labour in off-peak times.

Keeping livestock gives the landless poor an opportunity to convert common grazing land into private assets. In many areas, household land size diminishes with each generation and many families survive on small plots. Effective use of livestock can enhance their productivity: livestock can be fed crop residues, and their manure returned to the soil to maintain fertility.

Moreover, livestock keeping increases household food security by spreading farm risk through diversification, and by creating employment opportunities, both on and off the farm.
DEVELOPMENT INTERVENTIONS IN THE LIVESTOCK SECTOR HAVE, generally, not been very successful. Undoubtedly inappropriate technologies and the failure to deliver services to poor farmers have contributed greatly to the lack of success of many livestock development projects. However, even in cases where the technologies were appropriately targeted and the focus was distinctly pro-poor, technical projects have in many cases failed to deliver significant and sustainable improvements to the livelihoods of the poor. Analyses of these issues clearly indicate that an enabling institutional and political environment is indispensable in maintaining a pro-poor focus, enhancing the sustainability of pro-poor interventions, and ensuring that agricultural intensification strategies have impact at the desired social levels (Livestock In Development 1999; IFAD 2001).

The history of agricultural development in Europe and North America, for example, shows that development was not primarily constrained by the absence of technology, but that farmers were only willing and able to adopt existing technologies once an enabling policy and institutional environment was in place. Such an environment allowed them to access new technologies and reap the benefits of their adoption. This enabling environment is influenced by economic and institutional factors that are beyond the households’ immediate control (Birner 1999).

In many countries, the policies and institutions within the livestock sector are heavily distorted in favour of large-scale producers. This presents an opportunity to improve the livestock-related livelihoods of large numbers of the world’s poor, through political and institutional reform.

It is increasingly recognized that the process of development is strongly influenced by policies and institutions, which are “the humanly devised constraints that structure human interaction”. These comprise formal constraints (e.g. rules, laws, constitutions) and informal constraints (e.g. often unwritten norms of behaviour, conventions, self-imposed codes of conduct) and their enforcement characteristics (North 1994). Rules governing access to resources, both between and within households, transactions between
individuals and collective action are examples. Organizations are the subset of institutions associated with group or communal activities. They include farmer associations, co-operatives, other clubs and societies, farm households, commercial firms, local government and the state.

For economic development to proceed, people need to trade with others, often strangers from outside the village community. The more complex and impersonal the trading links become, the higher are the transaction costs. Thus for economic change and development to occur, a society must adapt existing institutions, or create new ones, that will permit increasingly complex market exchanges across time and space. It is argued that “the inability of societies to develop effective, low-cost enforcement of contracts is the most important source of both historical stagnation and contemporary underdevelopment in the Third World.” (North 1990).
The Pro-Poor Livestock Policy Initiative

In addition to providing technical assistance, FAO has a mandate for normative activities, which fall broadly under five areas (FAO 2000):

- maintaining databases of statistical information;
- providing a world centre of food and agriculture knowledge, information and expertise;
- providing a neutral forum for policy dialogue among nations and for the preparation of international agreements;
- developing international norms, standards and conventions; and
- disseminating information in support of member nations.

There is growing consensus among member nations that the Organization’s role in setting national and international norms and standards through informing policies and institutions is of paramount importance, and represents FAO’s unique comparative advantage.

DFID’s strong commitment to the Millennium Development Goals has increasingly oriented its activities towards international efforts aimed at reducing hunger in the world. DFID’s focus on influencing policies at local, national, regional and global levels includes support to the UN’s contribution to international development.

FAO and DFID have forged an alliance to facilitate national and international policy processes through the creation of a Pro-Poor Livestock Policy Initiative (PPLPI). The Initiative develops the capacity of FAO’s member nations, the Organization itself and other international organizations, to inform national and international decision-making in support of poor people’s livestock-related livelihoods. This is achieved through a central facility based at FAO headquarters in Rome, funded by DFID, and through regional pro-poor livestock policy hubs.
The central facility

The central facility builds on FAO’s comparative advantage as an intergovernmental organization with a global mandate for guiding national and international policy towards the achievement of the Millennium Development Goals. In addition, the central facility guides, co-ordinates and provides technical support to the Initiative’s regional activities. The core functions of the central facility are the following:

*Information management and dissemination*

The central facility compiles and collates datasets required to inform and guide the development of pro-poor livestock policy, at global, regional and national levels. Policy analysis is conducted based on relevant information such as the distribution of poor livestock keepers and the constraints that they face. Spatial databases are to be supported by detailed inventories and reviews of livestock-related policies, by bibliographic databases that make relevant information accessible to policy makers and analysts, by the development of Internet-based tools for the dissemination of information and of project outputs, and by the development of systems to monitor and evaluate the effects of implementing policy change.

*Decision support tools and harmonization of methodological approaches*

Decision support tools are under development to analyse the effects of existing policies on poor livestock keepers, to model the impact of changing institutional and market environments on the outcomes of existing policies, to predict the impact
of policy changes on different groups of livestock producers and consumers and to identify opportunities for intervention through adjustment of livestock-related policies.

To obtain comparable results in the various regions, the central facility is developing standardized methodological approaches. Core issues addressed include sector linkages, the impact of policies and institutional changes on different actors within the livestock sector and the identification of appropriate policy instruments for different circumstances.

Regional assessment of key issues
The central facility conducts regional and global assessments of issues having a major impact on the livelihoods of poor livestock keepers in the regional debates. Recurring issues include trade liberalization, the increasing market and political power of the multi-nationals, the impact of rising food safety and environmental standards, access to common-property resources and harmonizing the private and public sectors. Such assessments provide support to policy makers and negotiators from the regions as they engage in policy dialogue at the international level.

Informing policy debates
The central facility endeavours to feed the materials and insights emerging from policy analyses and regional assessments into high-level global debates to ensure that local concerns are included in the international livestock policy dialogue. The aim is to increase policy makers’ awareness of the impact that their decisions have on poor livestock keepers. This requires the development of appropriate partnerships and careful selection of priority topics and relevant policy arenas. The central facility aims to inform stakeholders about the trade-offs and distributional implications of alternative courses of action, and of linkages between policy measures at various levels.

Forming coalitions for change
There is a significant number of producer and civil society organizations, both at national and international levels, that have a strong interest in improving rural livelihoods. The central facility forms coalitions with like-minded initiatives to push jointly for pro-poor policies, both in developing and developed countries.
The regional hubs

The regional hubs are an essential part of the Initiative. They provide the link between the concerns of poor livestock keepers in the selected regions and the central facility, which focuses its efforts to support pro-poor livestock interventions at regional and global levels.

**Stakeholder engagement and identification of issues**

One of the principal tasks of the regional hubs is to engage in dialogue with poor livestock keepers and to identify and analyse a range of issues affecting their livelihoods at local, national and regional scales. Characterising the different types of livestock keepers, and identifying the main policy and institutional constraints they face, are important steps towards identifying the issues to be addressed.

**Knowledge sharing**

The regional hubs bring together individuals and organizations who can gain by sharing information and knowledge. These networks would include local and national governments, national and international research organizations, non-governmental organizations (NGOs), civil society organizations (CSOs) and the donor community.

**Capacity building**

Another important aspect of the regional hubs is to enhance local capacity for policy impact analysis, policy formulation and policy negotiation, particularly among groups representing the interests of poor livestock keepers.

**Negotiation and fostering the policy dialogue**

The regional hubs endeavour to identify and establish equitable negotiating fora for policy dialogue within these regions, and to empower poor livestock keepers in the policy arena by fostering pro-poor alliances that increase their representation and strengthen their lobbying power.

The following pages are an overview of selected regions.
Countries in West Africa are among the poorest in the world. Agriculture is the principal livelihood option in rural areas and, in the high-risk environment of the Sahel, livestock are crucial to survival. As human populations have increased, conflicts over land and water resources between nomadic/transhumant and sedentary livestock keepers have become increasingly serious. Sustainable livestock production, and the appropriate management of natural resources, have therefore become key issues.

UEMOA countries share a common currency and are seeking ways to further enhance economic cooperation and trade. Rural livestock farmers could benefit from this trend if policies and institutions are in place that facilitate their integration into the market. However, poor producers in the sector remain relatively unorganized and disadvantaged in the policy formulation process. Offering support for local-level, independent organizations may help strengthen organizational capacity of livestock producers and increase their influence in policy formulation.

There is an urgent need to address issues related to food safety. An increasingly urban consumer base is demanding food that meets higher standards of safety. Under the liberalized trade regime that favours large-scale importers, the expanding urban market is being lost to livestock producers from developed countries.

Greater autonomy for local government service units and the integration of private service providers are required to give poor livestock keepers access to better services, especially in remote rural areas.

The meat sector suffers from unduly high transaction costs. A legal framework to regulate and protect microfinancing institutions, would give poorer people better access to credit.
Projections for the Horn of Africa show a significant increase in the demand for livestock products over the next 30 years. Economic growth in the Horn of Africa is likely to stay modest and much of this growth in demand will result from population increases. Nevertheless, projected growth in per capita consumption of livestock products is generally well above increases in the consumption of other food items, and in the absence of viable alternative opportunities, this growth offers opportunities for improving the incomes and livelihoods of the livestock-dependent poor. The projected demand can be covered largely by local (in-country) production, particularly if ‘dumping’ of livestock products and the Organization for Economic Cooperation and Development (OECD) subsidies for livestock production and exports are phased out, as foreseen in the latest round of the World Trade Organization (WTO) negotiations.

Linking small-scale livestock producers to the expanding markets for livestock products, with the aim of reducing poverty, requires significant policy shifts both at national and international level. Thus, even in the absence of significant economic development, the livestock sector provides a number of potential interventions that would lead to improvements in the livelihoods of the large majority of the livestock-dependent poor.

These interventions include, for example, the implementation of policies and institutional changes that improve access for poor people to livestock services, that facilitate the development of livestock sector grass-roots organizations, that enhance disaster preparedness and response capacity, that empower marginalized groups and increase control and ownership over their productive assets.

* Intergovernmental Authority on Development (IGAD)
www.igad.org
South Asia is home to around one-third of the world’s poor. Many are landless people and small marginal farmers who own livestock to support their families and generate small amounts of income. Livestock has the potential to improve their livelihoods because relatively high value products, for which there is a growing market, can be obtained from small amounts of land and from the use of agricultural by-products and common-property resources.

At present, however, institutional constraints prevent poor livestock owners from realizing the full potential of their animals. Livestock policies are unlikely to reflect the interests of small, rural producers unless such producers organize themselves into groups that can lobby effectively on behalf of their members. Building the capacity of producers to act collectively is therefore essential. Developments in the smallholder dairy sector have shown that producer co-operatives can be successful although excessive political interference often undermines their performance.

Livestock keepers who are dependent on common land are vulnerable both to restrictions on access and to any decline in the quality of resources. Measures that improve the condition of common resources and protect access rights have the potential to safeguard and enhance poor producers’ livelihoods.

Reforms to livestock services, already under way in some parts of South Asia, should be implemented in a way that poor livestock keepers can also benefit. Building capacity to implement reforms, and developing incentives for pro-poor behaviour and attitudes, is therefore an important prerequisite for change.
Although agriculture in the Mekong countries is still strongly dominated by rice production, rural development will require increasing agricultural intensification, which entails shifting from rice to higher value production per hectare and per unit of labour. Livestock production, particularly in the context of an agrarian structure dominated by very small farms, offers the opportunity to achieve this higher production value per unit of land.

However, agricultural policy making and implementation is hindered by political ambivalence towards rural development, resulting in a restrictive land policy that inhibits the potential of rural producers while restricting the growth of off-farm employment opportunities that may benefit the poor. Existing policies tend to favour large-scale production for exports at the expense of small-scale producers and domestic consumers.

There is latent political support to be mobilized for a vision of rural industrialization and modernization through small-scale household production as the means both to reduce rural poverty and to avoid exploitation of resources. In the face of trade liberalization, balanced policies in the trade of livestock products need to be implemented that encourage domestic production, and also consumption of domestic products.

Greater autonomy for local government service units, the reorganization of these units to create a better synergy in service provision, the strengthening of services in remote areas, and the establishment of a legal framework to regulate and protect microfinancing institutions, could all benefit the poor.
Livestock remain central to the livelihoods of a large portion of the rural poor in the Andean Region, particularly to those living at higher altitudes unsuitable for sustained crop production. Markets for livestock and livestock products are rapidly growing due to human population growth, increasing urbanization and rising incomes, and the region has seen significant growth in industrial poultry and pig production around its rapidly expanding urban centres. Large segments of the livestock products market, such as dairy, small-ruminant meat, camelid meat and fibre, continue to be supplied by small-scale producers. Continuing growth in demand presents excellent opportunities to reduce poverty among small-scale livestock producers provided they can be linked to these growing markets.

Linking small-scale livestock producers to the expanding markets for livestock products with the aim of reducing poverty, however, will require the strengthening of small producer organizations and institutional reforms and capacity increases at the local and national level.

Given the relatively weak capacity of the state and the neo-liberal economic models adopted in most Andean nations, the range of public policies that could be implemented to foster pro-poor development is limited. As such, donors and other influential organizations within the international community may have to assume the bulk of the responsibility for promoting policies that favour small producers in this region, at least in the near future.
References


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The Initiative will contribute to poverty reduction through the formulation of international and national livestock policies that will ensure equitable, safe and clean livestock farming.