

**INFORMING THE POLICIES AND INSTITUTIONS THAT DETERMINE POOR
PEOPLE'S LIVESTOCK-RELATED LIVELIHOODS**

**Report of a Brainstorming Workshop held in
London, 19 – 20 October 2000**

Background to the workshop

FAO and DFID are planning a partnership, open for others to join, to develop the capacity to inform the global policies and institutions that determine poor-people's livestock-related livelihoods.

This is in recognition of the fact that the nature of livestock farming is determined by policy and institutional frameworks that are not always pro-poor, which distort markets, and sometimes encourage production that threatens long-term environmental stability. Similarly, public goods supporting animal and public health, access to services and markets, and access to natural resources are also often determined by national and international policies, institutions and processes that require international agreement and co-operation, that are subject to international norms, conventions and protocols, or need to be informed from a regional or global perspective.

A six-month preparatory project, starting with this workshop, will define the boundaries of these issues and appraise a major international programme that develops the capacity to inform international decision-making in support of poor people's livestock-related livelihoods.

The goal is an improvement in the global policy and institutional framework surrounding poor people's livestock farming. The purpose is to agree, through a six-month process of consultation and dialogue, FAO's role in, priorities for, and modalities of, informing policies, institutions and processes that determine poor people's livestock-related livelihoods.

The output of this six-month process will be a widely owned and agreed Project Submission for a major FAO headquarters and field programme supported by extra-budgetary funds from one or more donors. Preparatory activities include facilitated dialogue with stakeholders and experts, commissioned studies and consultancies, and an FAO Consultation at which donor support for the wider programme will be solicited.

The workshop program and a list of participants can be found in Annexes I and II.

Thursday, 19 October, morning session

Introduction to the w/s - *Michael Scott*

Michael Scott, Head, Rural Livelihoods Department, Deputy Chief Natural Resources Advisor, DFID, opened the workshop by welcoming all participants (see attached list) and outlining the objective of the two-day programme. He stressed DFID's and the Secretary of State's strong commitment to international development targets of halving world poverty and hunger by 2015. He pointed out some of the major changes in approach to development assistance in the UK introduced by the current Labour government. For DFID these entail doing less project work themselves and working more with others and through international organisations with a strong emphasis on poverty reduction by 'changing the rules of the game'. In this context, Mr. Scott highlighted the comparative advantage of FAO and confirmed DFID's strong interest to co-operate with FAO in the formulation of a major programme to 'inform the policies and institutions that determine poor people's livestock-related livelihoods'.

Contextual statement for DFID - Andrew Bennett

Andrew Bennett, Director, Rural Livelihoods and Environment Division, Chief Natural Resources Advisor, DFID, reiterated the strong commitment of the UK government to contribute to international efforts aimed at alleviation, reduction and ultimately eradication of hunger. He expanded on Michael Scott's statement on the re-orientation of DFID's approach to development assistance by mentioning that a review of past experience had shown that many 'small' development projects, however well designed, did not add up to achieving any major impact. The new focus of development assistance was therefore on influencing policies at local, national, regional and global level rather than on direct intervention through 'projects'. This new approach would have to start at home in the donor countries, e.g. by seriously contemplating revision of OECD protectionist policies and requires true, rather than ritualistic, concerted action by development agencies across national boundaries. In this regard, UN organizations such as FAO have a strong role to play as catalysts for such concerted actions, hence DFID's interest to engage in the process of building alliances with other development agencies through FAO. Mr Bennett concluded by inviting workshop participants to think big, think together and think out of the box.

Contextual statement for FAO - Samuel Jutzi

Samuel Jutzi, Director Animal Production and Health Division, FAO, opened his statement by outlining the external environment currently surrounding livestock production. The challenges and trends listed were:

- *Changes in the role and functions of the state* with its continued withdrawal from functions that the private sector and markets are considered to perform better. Continuing globalization and trade liberalisation leading to growing integration of trade and financial markets increasingly restricting domestic policy options.
- *Persistence of poverty and mounting inequality - a widening of the gap between the affluent and the poor.* Observable trends indicate little congruence between stated goals (such as equity in human, social and economic development) and actual results.
- *Changing demands on agriculture by increasingly urbanized societies.* A rapidly increasing share of the population of developing countries live in cities which has major implications for the role of agriculture both in rural and peri-urban areas. Access to food will become more complex as an increasing proportion is acquired through the market rather home consumption. Increased consumer awareness of food safety and environmental issues will give rise to requirements for enforcing relevant standards in national and international trade.
- *Increasing pressure on natural resources and competition for their use.* The risks arising from pressure on natural resources, in particular water and land, and degradation of the natural resource base are likely to increase as competition for resource use intensifies, particularly where markets fail to ensure efficient management of these resources.
- *Steady progress in research and technological development but a continued inequality in access to its benefits.* Technological developments will occur in all areas, but will not be equally accessible to all countries and which may influence countries' ability to compete in global markets. The needs of resource-poor farmers in developing countries are unlikely to be addressed adequately by the private sector. It is expected that inequalities will be exacerbated since developed countries will have at their disposal the bulk of information technology resources.
- *Changes in nature and composition of funding for agricultural development.* The total pool of external assistance resources is not expected to expand significantly and may, in fact, fall. The part of that assistance delivered by private non-profit organizations,

however, may grow. Total external assistance to agriculture, both from bilateral and multilateral sources, may continue to fall in real terms.

Seen against this background of weakening national and international guardianship of public goods and increasing international linkages, it becomes clear that the Livestock Revolution, i.e. the doubling of demand for, and production of, livestock and livestock products in developing countries over the next 20 years, will pose tremendous challenges to national and international governance. Finding a balance between food security and safety, poverty alleviation and sustainable use of natural resources under the above circumstances will prove an extremely complicated challenge.

Samuel Jutzi gave an overview of the Division's work programme and how it was designed to strategically address the three public goods – equity, environment and health – affected by the Livestock Revolution. This is a radical move away from the traditional FAO programme orientation with its mono-dimensional productivity orientated focus.

He mentioned eight major outputs which the FAO Animal Production and Health Division has committed itself to achieve in the mid-term plan of the Organisation:

At the end of the mid-term (2007) the AGA Division will run a (1) **livestock knowledge framework** with the involvement of a growing number of stakeholders throughout FAO's member countries, backed up with an up-to-date, interactive, comprehensive and **geo-referenced global livestock information system**; in a similarly consultative process, the Division will have built up (2) a facility for the negotiation of **livestock sector development policies and strategies** in view of (3) enabling **small farmer participation** in the dynamic development of the livestock industry, while conserving the resource base. The Division will have established (4) the main **environmental and social externalities of livestock** production for guiding this strategy development, and it will (5) have led to conclusion the **first State of the World report on Animal Genetic Resources** as a basis for country based priority action for the improved management of farm animal resources. The Division will have (6) established **best practices** and will contribute to **codes of conduct for safe food and feed production**, thereby emphasising pre-harvest risks. It will (7) also have mediated the **fully integrated control of African trypanosomiasis** in priority intervention areas of Africa. Finally, (8) the Livestock-EMPRES programme will have achieved its objective of **World Freedom from Rinderpest**.

He closed by stating his expectation that the workshop would lead to a programme and operational alliance since the number of institutions involved in animal agriculture are too few to compete with each other. Furthermore, if those present at the workshop did not address the challenge, then nobody else would.

Imbalances in the Global Livestock Sector – *Henning Steinfeld*

The presentation by Henning Steinfeld, Chief, Livestock Information, Sector Analysis and Policy Branch, FAO-AGA, focused on the nature and causes of imbalances in global livestock production. He introduced the topic by highlighting the dichotomy in the livestock sector, i.e. traditional/rural producers vs. modern/industrial production systems and the associated trends, which are a) widening of the gap, b) mounting environmental problems (in both segments) and c) the growing health risks both through traditional as well as through emerging diseases, again in both segments.

Economic forces and institutional failures were identified as the underlying causes for these trends. Economies of scale, vertical integration driven by risk and cost considerations, and geographic concentration in areas with appropriate infrastructure are the main economic forces. Institutional failures include policy distortions (e.g. taxes, subsidies, exchange rates), information deficits, and externalities, both spatial and temporal, which are not addressed by policy responses, and which occur particularly in the industrial segment.

Henning Steinfeld then listed some policy principles which might be used to address the imbalances, e.g. polluter pays and provider gets, trade liberalization and infrastructure development, and the principle of subsidiarity. Application of the polluter pays principle would for example be expected to result in lower 'optimal' production intensities and affect scales of production. Provision of infrastructure is likely to be an important determinant for shifting livestock production from peri-urban into rural areas as exemplified by the relationship between location of production and distance to markets for different levels of national development.

Policy instruments encompass a range of measures, such as regulations, user and property rights, financial incentives, institutional development and the provision of services. Judicious use of these should translate into price signals affecting siting, scaling and linking of livestock production and could thus be used to translate urban demand into sustainable rural development. Steinfeld concluded by relating the suitability of the policy instruments for addressing the three public goods of concern.

The Livestock Revolution and the Poor – *Chris Delgado*

Chris Delgado, Senior Research Fellow, International Food Policy Research Institute, IFPRI, opened with a summary of the main characteristics, driving forces and consequences of the Livestock Revolution, namely a rapid rise in consumption of animal products in developing countries driven by rising incomes, population and urbanization. China, India and Brazil are the main movers of the Livestock Revolution. Predictions for 2020 are that developing countries will produce 60% and 52% of the world's meat and milk respectively (up from 47% and 32% in 1993). These developments will transform world feed markets and livestock technology and grain prices will determine where livestock is produced.

The Livestock Revolution poses severe threats but also offers substantial opportunities for the poor and improved rural livelihoods. Threats arise from the widespread policy of protecting and subsidizing large industrial poultry and pig units near cities supplanting small producers or mixed farmers, displacement of the poor from potentially lucrative markets by sanitary and technological barriers, and increasing cereal prices. Furthermore, the urban poor are most affected by the pollution associated with the Livestock Revolution while currently not seeing much of the benefits. On the other hand, the Livestock Revolution could constitute an important opportunity for rural development and poverty alleviation as livestock and aquaculture are the only significant activities currently undertaken by the rural poor that are growing rapidly, in addition to being a source of insurance and much needed micro-nutrients.

Chris Delegado suggested that the Livestock Revolution can make the sector a 'hero' again if it was managed for inclusion rather than exclusion of the poor and exposed what a pro-poor strategy could look like. In this respect there is a need to distinguish between two approaches, i.e. a) strategies that promote livestock production in a way that helps ALL developing country producers, e.g. through research and the provision of infrastructure (good, but not enough) and b), strategies that promote livestock production specifically by the poor.

Delgado concluded his presentation by providing examples of pro-poor policies, institutions and technologies. Subsidies that create false economies of scale should be avoided while environmental costs should be internalized. Pro-poor institutions should aim to overcome asset, information and social barriers and secure economies of scale in inputs and marketing and institutionalize rights and participation. Examples of pro-poor technologies mentioned included animal health interventions that permit mixing animals from many sources, food handling interventions that increase food safety without unduly increasing cost and interventions resulting in increased uniformity of product under smallholder conditions.

The Political Economy of Livestock and Public Goods – *Joachim Otte*

Joachim Otte, Senior Officer, Livestock Policy, Livestock Information, Sector Analysis and Policy Branch, AGA-FAO, opened his presentation with an overview of major trends affecting the political economy of livestock which encompassed: globalization and internationalization; political and economic liberalization; privatization and the retreat of the state; and concentration of power (financial, technological, etc.), which together have led to a vast increase in the complexity of political and social interactions at national, regional and global scale. The 'livestock policy game' is no longer restricted to governments, but a whole range of players have joined including: a) international organisations (FAO, WTO, OIE, IICA, WHO, CGIAR system, etc.); b) governments (here, however, livestock related matters are usually distributed across various, at times competing ministries); c) the corporate sector (feed, pharmaceutical, food industries, supermarket chains, etc.); and d) civil society (NGOs, academia, producer and consumer groups, etc.). Otte considered the economically, politically or socially marginalized and the non-organized, i.e. the poor, as not being players in the game and their interests being barely, if at all, represented.

Otte then reviewed the different roles the various players in the policy game, concluding that civil society and the corporate sector are probably the key opinion makers/leaders, and that policy makers and regulators tend to be rather reactive to public opinion managed more efficiently by civil society and financial interests. Otte proceeded by analysing the perspectives of various players as they relate to time (immediate, medium term and long term objectives) and space (local, national, regional and global), showing a vast array of contrasting perspectives applied to livestock by the various groups concerned, ranging from 'now and here' for individual farmers to 'global and future' by environmentalist groups. Otte then presented some North – South and local – regional/global differences in concern or priorities. An example of conflicting North –South priorities being the focus on food quality and safety in the North versus food quantity and affordability in the South. The non-action against a contagious disease in a remote area, where it causes minor damage, and the regional (or even global) concern of its spill-over into more valuable livestock populations was given as an example of local – regional conflicts of interest.

Apart from having differences in perspective and priority, players in the livestock policy game may differ in their factual assessment of a particular issue. The example cited was the relationship between animal diseases and rural poverty, where some may argue that diseases are a major cause of rural poverty, while others might argue the reverse, namely that poverty leads to under-investment in disease control and hence to the natural biological equilibrium between hosts and disease agents, which is the 'diseased state'. The causative pathways can be elaborated further to include e.g. environmental and nutritional factors, and, depending on the disciplines of the analysts involved, different elements will receive different weightings.

The combination of potential differences in perspectives and priorities with differences in factual assessments lead to the proposal of addressing the imbalances and conflicts associated with the Livestock Revolution through a process which formally combines stakeholder engagement with research and analysis, the priorities and needs for which are determined through a negotiation and conflict resolution. Formal communication and information channels would constitute the fourth element of the proposed process, to ensure transparency of the process and to provide decision support to the negotiating component. The global process should be managed as a number of regional, decentralized processes in order to be able to cater for regional issues and involve the regional players, which enhances the likelihood of producing clearly defined regional outcomes. The role of FAO in this process would be one of mobilizing skills and resources of diverse actors to form a global and regional policy network, i.e. to act as a catalyst for a coalition for change.

Discussion

A major point of discussion, brought up by Cees deHaan, were the assumptions underlying the IMPACT model used by Delgado *et al.* for their predictions of the growth in livestock production over the next 20 years. In particular, the development of grain prices in the model might change considerably if less optimistic assumptions were used. Delgado replied that the IMPACT predictions were robust under a wide range of scenarios and that even under the assumption on of a 20% increase in grain prices, expected outcomes did not change significantly. Furthermore, he pointed out that the livestock revolution is actually taking place already and that the 2020 Study is only projecting into the future consequences of trends which can be clearly distilled from statistics of the past 10 to 20 years.

The plenary broke for lunch at 12:30 to reconvene at 14:00

Thursday, 19 October, afternoon session

Extraction of ‘key points’ from morning presentations

The afternoon session was started by a moderated plenary group exercise with the objective of consolidating the vast array of issues contained in the morning presentations into ‘key points’ which were agreed to deserve further attention and to be at the core of the ‘initiative’. As a result of the exercise, the following three points were identified as areas to be further developed during the course of the workshop:

- Building coalitions
- Livestock versus people focus
- Level playing field

Presentations on Pathways for Programmatic Implementation

Animal Health – Mark Rweyemamu

Mark Rweyemamu, Senior Officer, Infectious Diseases/EMPRES, Animal Health Service, AGA-FAO, introduced the topic by providing a typology of livestock diseases dividing into killer, trade limiting, productivity limiting, zoonotic and non-infectious diseases. He proceeded with listing some of the most important killer diseases affecting poor people’s livestock and illustrated their potential spread and secondary consequences on trade by giving a summary of recent disease outbreaks world wide (Classical and African Swine Fever, Rift

Valley fever, Peste des Petits Ruminants, etc.) and displaying the recent spatial evolution of the Pan Asian Foot and Mouth Disease topo-type.

Mark Rweyemamu continued by outlining the four main areas of national animal health policy, namely: early warning systems, preparedness and control strategies, public health and food safety, and quality assurance. He further defined the roles of the OIE and FAO in the area of animal health, with OIE being responsible for the elaboration of health standards for trade and international exchange of disease information while FAO's role was seen as more analytical and advisory.

An extensive list of potential animal health entry points was then provided relating back to the first two areas of animal health policy, i.e. early warning systems and preparedness and control strategies. He advocated strongly for livestock-based early warning systems for livestock-dependent regions/communities and for the promotion of pro-poor technologies and livestock service delivery systems. Mark Rweyemamu concluded by stressing the importance of animal health for sustainability of livestock production and as prerequisite for the participation of small-scale producers in the Livestock Revolution.

Veterinary Public Health (VPH) and Food Safety – Jorgen Hansen

Jorgen Hansen, Senior Officer, Parasitology, Animal Health Service, AGA-FAO, started his presentation by listing some of the challenges the Livestock Revolution poses to VPH. Rapid changes in farming methods and geographical redistribution of livestock production; increased trade, travel, animal movement, and growing human-animal interfaces, all lead to significantly increased risk from known, as well as from emerging diseases with the potential to affect human health. These increased risks are exacerbated by generally dwindling resources made available for VPH.

These developments were taken as ample justification for an increased need for VPH functions and structures adapted to the changing patterns of food production and consumption and responding to the increased consumer awareness and demand for wholesome and safe animal products. The adaptation would require review and development of policies, structures and functions of VPH institutions; revised legislation and regulation; enhanced enforcement capabilities; quality assurance in the table to stable process; information systems and research.

Jorgen Hansen then pointed out that the structures and functions of VPH institutions would have to be re-shaped within the prevailing cultural and economic context of different regions and nations and that levels of development can broadly be classified into three stages: a) areas with limited organised agricultural policy and systematic governmental support for livestock production, b) relatively wealthy countries with legislation on VPH and food safety, however, with no quality assurance or good practice approaches, and c), areas with wealthy lifestyles, highly organised livestock production and well developed quality control systems. Many developing countries are still at the first level of VPH development, and their immediate priorities are likely to lie elsewhere. The result of this situation is that it will take some time until these countries engage in the 'western' hygiene culture, unless compelled by strong external stimuli.

Natural Resources – Cees de Haan

Cees de Haan, Senior Advisor, Rural Portfolio and Livestock Development, Rural Development Department, World Bank, first presented an overview of livestock system development pathways in response to population pressure and economic growth. Three overlapping processes were identified: intensification, specialization and organization as crop and grazing systems evolve into mixed systems which then give rise to specialized crop and specialized livestock systems, which finally develop into to area-wide crop livestock integration. Seen from an environmental perspective, poverty induced degradation occurs at the lower end of the development pathway while demand induced degradation is a feature at the higher end.

De Haan then listed some of the causes for poverty-led degradation in semi-arid environments: population pressure, unclear resource access and cost-benefit sharing, and poor market access and banking institutions. Degradation reinforces poverty by further reducing resource access and increasing vulnerability. Cost-benefit sharing, capacity building, decentralization, communal pasture management, eco-services, early warning and response, improved market access and insurance were proposed as possible approaches to address the listed problems. Partnerships between civil society organizations, governments, technical and rural finance institutions as well as with environmental institutions need to be forged.

Poverty-led degradation (deforestation and bio-diversity loss) in the humid tropics was then analyzed as a second example of poverty induced degradation at the lower end of livestock production. Here, incentive policies, population pressure and provision of infrastructure, extensification of food production and unclear ownership as well as ‘perverse’ titling were identified as causes. Sustainable intensification, benefit sharing of eco-services, diversification, land tenure policies, capacity building, decentralization, local empowerment, international agreements and risk management were identified as possible approaches to address the problems, again by engaging in partnerships with civil society organizations, local communities, governments, industry and environmental institutions as well as with research institutions for technology development for sustainable intensification.

Subsequently consumer-led degradation, i.e. nutrient loading by intensive livestock production systems was analyzed and incentive policies, poor governance, poor enforcement of zoning regulations and poor efficiency of input use identified as major causes, leading to direct health effects and to crowding out and loss of opportunities of the poor in urban areas.

De Haan concluded by presenting some methodological, institutional and policy gaps that need to be filled for the LEAD (Livestock Environment and Development) project to be successful, implying that by analogy these gaps would also need to be addressed in any similar poverty-focused initiative. The main need he highlighted was to find ways of how to become an accepted partner in the policy debate.

Extraction of ‘key points’ from afternoon presentations

The afternoon presentations were followed by a moderated plenary group exercise. As a result of the exercise, the following four points were identified as areas to be further developed during the course of the workshop:

- Pro-poor institutions
- Public vs. private sector
- Vulnerability

- Diseases affecting trade

Group Work

Four working groups were formed with the task of relating the seven ‘key points’ identified previously to:

- Sustaining livestock-related livelihoods at the lower end of the production intensity continuum (Groups 1 and 2)
- Sustaining livestock-related livelihoods at the higher end of the production intensity continuum (Groups 3 and 4)

The groups convened to work on their tasks until 17:30. It was decided that reporting back of the results of the group work would be postponed to the next morning.

Friday, 20 October 2000, morning session

Ahmed Sidahmed (IFAD) presented a proposal on the “Global Initiative for the delivery of Livestock Services to the Poor” (GILSP). This initiative, potentially supported by several donors and stakeholders, would increase knowledge and provide communication services on the subject. It would address the issue of service delivery to the poor by applying an holistic approach, involving scientists and development specialists. Under Sidahmed’s definition, livestock services would include livestock management, breeding services; land titling, credit, animal health, and feed and nutrition.

Outputs of GILSP would include increased knowledge, information exchange as well as support to development. GILSP would be based on a multi-donor trust fund overseen by a steering committee. Various options exist as to which institution should host the secretariat. GILSP is envisaged to go through two stages: the 1st stage would comprise a global study to identify the key issues and priorities, and a workshops. This would result into a project document for the 2nd, main operational phase.

The costs for the 1st stage are estimated at 420,000 USD while the 2nd phase will be 680,000 USD per year for a period of two years.

Jan Slingenbergh (AGA-FAO) then illustrated how GIS and Remote Sensing tools may be applied to produce digital maps on livestock distributions, livestock agro-ecology and land utilization, and farming systems. He proposed to use these layers in a basic analytical framework in order to clarify and explain why diseases in man and livestock are spreading into new areas and why we are confronted with an apparent upsurge of (re-) emerging diseases. In addition to the management of plagues and pests, spatial analysis of farming and land use patterns may also serve to address the two remaining public goods at stake, poverty reduction and environment protection.

The working groups thereafter reported back on the “Issues”

Group 4 (Margaret Gill, Rapporteur)

This group dealt with the impact of growing demand for livestock products on the public good triangle. The group primarily dealt with the ‘level playing field’ , diseases of trade and building and managing coalitions; the issues were subsumed.

As for the level playing field, the group primarily dealt with the impact of intensification, often resulting in a marginalization of the poor which to a large extent was the result of unfair competition. The root causes for this were seen in unfair “rules of the games”, in particular the quality of these rules and their implementation. Institutional gaps were identified in the monitoring of impact of intensification, and the absence of a charging system for environmental costs. Information gaps were identified as the scarce public knowledge of environmental costs of both intensive and extensive production systems.

Group 4 singled out facilitating market structures for poor producers, identifying products which lend themselves to different schemes of different size operations, and fair implementation of equitable rules as possible solutions. While intensive systems can more easily access export markets, the presence of diseases can create large distortions. The root causes are seen in the limited institutional capacity and access to information. Solutions were identified in raising awareness about the costs of diseases and control, improved risk management and better targeting of veterinary services.

Regarding the building or managing coalitions it was seen as important to extract from the experience of other initiatives. Coalitions had to be founded on common objectives. Any major programme in the area of livestock should, apart from the traditional partners in research and development, also seek coalitions with conservation groups, large corporation and other groups within the civil society.

A possible constraint to building effective coalitions was identified in the fact that intergovernmental institutions such as FAO and the World Bank are mandated to work with governments. However, in the case of poor governance, bi-laterals can work with the demand side (target group)

Group 3 (Joachim Otte, Rapporteur)

Results of this group indicated that the seven chosen “issues” (level playing field, people versus livestock orientation, building coalitions, diseases of trade, pro-poor institutions and vulnerability) actually represented a mixture of outcomes, strategies or outputs, and were not quite at the same level of analysis.

The group’s view was that building coalitions was an activity that would shape pro-poor institutions in order to achieve the objective of a ‘level playing field’. The causes that tilt the playing field away from the poor were identified as uneven access to capital, knowledge, technology (and a related research bias), false economies of scale and non-evaluation of externalities. However, there are also “true” economies of scale such as those related to transaction costs and relative ease of control of certain diseases in integrated systems.

The group looked at coalitions more narrowly within the sector. Examples in disease control, such as the contracting out of certain operations, co-operatives and public-private alliances were given. It was noted that the lack of good governance still hampers private investment.

The group felt that it was important to raise awareness about public goods as affected by the Livestock Revolution and to assess economies of scale under various conditions. Furthermore, it was critical to identify which policies enhance cooperation rather than

competition. Exploring ways of internalizing externalities was also felt to be important as well as finding ways of providing incentives to government to address public goods issues.

Group 2 (Simeon Ehui, Rapporteur)

The group started off by the premise that the poor cannot be ignored and livestock are an important asset and offer an entry point for poverty reduction. It was recognised that the Livestock Revolution can have a negative impact and marginalize the poor but, with appropriate policies, it has the potential for a significant positive impact on rural livelihoods - much depended on the role of public and private institutions.

The group stressed that poverty reduction is a public good which cannot be left solely to the market forces and that privatization cannot solve all problems. Governments need to be clear about what they can and cannot deliver. The magnitude of the problems related to the livestock-public good/equity interface called for collective action to create coherent policies and an enabling environment.

The group discussed the *pros* and *cons* of a people or livestock orientated approach, and agreed that a people focus was the more appropriate one in terms of poverty alleviation. For example, considerable environmental degradation occurs out of desperation and a poverty reduction approach could have a positive environmental impact. Although the group was concerned that a pure environmental approach has the danger of maintaining people in subsistence farming.

With regard to managing vulnerability, it was stressed that pastoralist and small farmers remain isolated and are subject to greater climatic and other natural and economic risks. It is important to help them manage these risk. Intensive systems also face risk and economies of scale are also driven by food safety issues as well as by environmental issues.

The group suggested elements of strategies for building institutions and shaping policies that address the public goods issues at the lower end of the production intensity scale. These included early warning systems, insurance schemes, diversification out of livestock as well as various types of contract farming that can give small-scale producers some access to the benefits of economies of scale.

On 'building/managing coalitions' the need for greater group coherence was emphasised. People-centred institutions needed to be targeted, starting at the national level and developing mechanisms to ensure all stakeholders to participate and share in the benefits.

On diseases of trade and related poverty aspects, current disease patterns and trade restrictions carry the risk of further marginalizing the poor and contributing to the expansion of industrial systems of livestock production.

Group 1 (Ahmed Sidahmed, Rapporteur)

Group 1 discussed in detail the people versus livestock oriented approach. It was agreed that there was a large window of opportunity for the poor to engage in the livestock revolution but that action had to be taken soon. Smallholders, however, face serious risks such as climatic variation, wars, overpopulation, diseases as well as a lack of market access. The tools to reduce this vulnerability include early warning, analysis of disease dynamics and an analysis

of trade barriers. The group pointed to the absence of pro-poor institutions and the presence of entry barriers, such as diseases. It was stressed that a pro-poor approach needs to capitalize on the capacities and skills that are available locally. While there are notable exceptions (India, Brazil, Argentina, some African countries) public sector livestock services have often deteriorated over the past decade.

Friday, 20 October 2000, afternoon session

Elements of a Future Programme

Group 4 proposed:

- Goal: “to reduce poverty (while safeguarding the environment and public health)”
- Purpose: “to create a level playing field”
- Activities: - to create opportunities (invitation to play)
- to increase empowerment
- to reduce vulnerability (fitness)

The group expressed the importance of thoroughly exploring the opportunities offered by the livestock revolution, i.e. which poor could enter which markets and with what products. This requires detailed economic analysis to determine the optimal balance between public and private sectors involvement. Empowerment, through the creation and enforcement of equitable rules, both formal and informal, was deemed essential. This could gradually shift power to the disadvantaged; but for this to happen, it is critical to understand which are the key rules, who sets those rules for assembling ‘game plan’.

To address the vulnerability of small scale producers, new instruments and strategies to manage diseases, natural risks and markets need to be developed, including the provision of relevant knowledge and greater “preparedness”.

For the formulation of the proposed programme, the involvement of key stakeholders, including other donors is imperative. It was also suggested to make this a global programme with regional focus areas.

Group 3 proposed:

- Goal: “to reduce poverty in poor livestock-keeping communities”
- Purpose: “to translate urban demand for livestock products into sustainable rural development”
- Outputs: - standards and guidelines
- strategies & policies
- implementation plans
- concrete implementation projects
- impact assessment
- information systems
- mechanism for sustaining the process and outcomes

The approach would follow that outlined in the FAO-submitted Concept Note.

With regard to the programme formulation, the group made the following suggestions:

- to establish a committee or task force
- need harmonize goals and purpose
- to invite potential donors & other stakeholders
- visit relevant stakeholders (international, regional)

The group raised the question what to do with the LEAD project once this programme becomes the suggested major initiative. It was also felt that the duration of 5 years was not enough for the programme to reach a sustainable outcome.

Group 2 proposed:

- Goal: “to improve the livelihoods of poor who depend on livestock link with other broad goals: food safety/public health and environment”;
- Purpose: “to assist develop pro-poor institutions and policies at national, regional and international levels”
- Outputs: as listed in the Project Concept Note

With regard to the approach, it was suggest that the main clients would be governments who primarily make and influence policy and institutions. National coalitions for livestock development need to be put in place to promote improved and informed decision-making. Activities would include national capacity building, the provision of decision-support, research and analysis, information and communication; technical support and conflict resolution. The process should be overseen by a management or steering committee.

During the preparatory process, various scenarios/approaches should be developed and tested in the field. Clarification would be required as to the composition of the national livestock fora – would they be advocacy or advisory groups? There should also be a consultative process in selected countries or a region, to assess their needs and to test various scenarios. Other donors needed to be involved and their collaboration sought.

The programme should essentially be a multi-agency, multi-donor Initiative, overseen by an umbrella steering group. Technical committees should deal with the various interfaces at a technical level, namely livestock and poor, livestock-environment (LEAD), livestock and food safety.

As outputs, the groups suggested pro-poor livestock related institutions and pro-poor polices.

Group 1 identified:

- Goal: “to directly target at improving sustainable livelihoods of 70 % of the world’s rural poor”
- Purpose: “reduction the transaction cost barriers and increasing their participation”
- Outputs: "options for public policy to promote growth at different scales"

The group proposed the following activities:

- to explore options for reducing the transaction costs
- to facilitate negotiated agreements on best practices
- to identify technological needs

- to develop options for improved service delivery

In summary, the plenary agreed that the goal of the programme should be to assist in the development of pro-poor institutions and policies at national and international levels.

The group suggested to develop a management plan for the preparatory phase. There was a need to identify information gaps, including the identification of key stakeholders as well as a needs assessment. This would define the geographical priorities of the programme. The group also suggested to create a “without project scenario” to be part of the final programme document.

Final Plenary Session

The following information gaps were identified which also need to be addressed in the programme document”

- institutional environment: there was a need to expand on the stakeholder analysis, to list the existing “rules of the game “and how they impact on poor people
- inventory of success stories of institutions reaching the poor
- an assessment of environmental and other externalities and their likely implications
- identification of target groups: which poor, which products and in which regions
- an analysis of who benefits from the expansion of the sector and who does not, under different scenarios
- further understanding of decision-making process by rural poor producer
- identification of risks and appropriate instruments for risk management
- what are the important policy distortions and who they impact upon
- alternative scenarios to the Livestock Revolution
- what inhibits opportunities; what prohibits empowerment, what increases vulnerability

With regard to institutional collaboration, ILRI, IFAD, IFPRI, and MLURI expressed their interest to work with FAO in the formulation process. Representatives of these institutions would form a task force for the development of the programme document. It was critical to involve other institutions such as WTO, OIE, WHO and other donors in the process. To enhance interaction, it was suggested to open a web-site or electronic discussion group

The overall responsibility for the formulation process would be with the director of FAO-AGA

In closing the workshop, Samuel Jutzi thanked all participants for their contribution which resulted in a particularly fruitful meeting. While initial expectations had been ambitious, the meeting had more than served its purpose to advance the formulation process by adding substance and creating involvement of both individuals and institutions at this early point of programme formulation.

The workshop closed at 17.00