

Ethiopia

Pastoralist Livelihoods Initiative-Livestock Marketing (PLI-LM)



With an estimated 41 million cattle, 26 million sheep, 23 million goats and 2 million camels, Ethiopia has Africa's largest livestock population, largely concentrated in pastoralist areas of the country. Pastoralism is a cultural and economic system that is founded on livestock rearing as the primary economic activity. It determines social structure, resource management, productivity, trade, and social and welfare mechanisms in communities. Pastoralist communities hold the intangible resource of a strong local knowledge of livestock rearing, which has helped these communities subsist largely from their animal wealth for generations. However, this livelihood is highly vulnerable to drought, animal disease outbreaks or other shocks. The 8 to 9 million pastoralists in Ethiopia subsist on an annual income of around \$92, most of which is derived from the sale of livestock and livestock products.

USAID's Pastoralist Livelihoods Initiative (PLI) increases pastoralists' food security by strengthening their resiliency against drought and other economic hardships, while laying the foundation for long-term economic growth in the livestock subsector. ACDI/VOCA implements the Live-

stock Marketing component of PLI (PLI-LM) using a strategy that links value chain and livelihoods approaches. This strategy recognizes that pastoralism is inherently not market oriented and that pastoralists are focused on minimizing risk and vulnerability rather than on maximizing profits. The program aims, however, to help pastoralists both minimize risk and maximize profits by creating access to more lucrative markets. This is based on the premise that strengthening the competitiveness of the Ethiopian livestock industry will sustainably improve pastoralist livelihoods and increase their economic resilience.

The three components of the PLI-LM project are described below. The third component was added in 2006 in response to the severe two-year drought in Somali and southern Oromia regions.

Export market development and value chain integration

Through workshops and trainings, ACDI/VOCA develops the business skills of pastoralists, livestock traders, exporters and abattoir owners. This has resulted in an increase in pastoralists' profits from livestock sales and has stimulated a more supportive enabling environment for the livestock industry. It has, in particular, improved



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pastoralists' market access, and strengthened performance, integration and coordination throughout the Ethiopian livestock subsector as a platform for long-term industry growth and competitiveness.

Key market infrastructure construction and operation

ACDI/VOCA has established sustainable marketing facilities that enable pastoralists to sell their livestock for fair prices. After identifying appropriate sites in pastoralist areas, ACDI/VOCA constructed 25 livestock markets. Pastoralists, traders, government officials, project partners and other stakeholders were involved in the selection process. Many of these markets have increased business activity, both in terms of livestock trade and in terms of supporting markets in the adjacent areas.

Emergency response

ACDI/VOCA piloted market-oriented interventions to support drought-affected pastoralists and their livestock. This strategy enabled pastoralists to sell livestock commercially to reduce the number of animals in advance of collapsing prices and animal deterioration caused by drought. The strategy supported one of the objectives of USAID's Famine Fund—to find improved ways of addressing root causes of poverty.

ACDI/VOCA accomplished this through two main activities: 1.) emergency credit provision, with loan schemes based on livestock off-take business plans rather than collateral, and 2.) the dissemination of livestock market information. Under the first loan scheme, ACDI/VOCA staff appraised loan applications from livestock traders and cooperatives that purchased livestock from drought-affected areas in southern Ethiopia. They then made 12 loans, totaling \$150,000. Under the second, ACDI/VOCA provided \$250,000 in guarantee funds for a commercial loan scheme with the Bank of Abyssinia.

In conjunction with this credit provision, ACDI/VOCA compiled and disseminated a market information bulletin designed to accelerate commercial off-take of livestock as well as increase coordination among NGOs. This bulletin is disseminated on a weekly basis to traders, NGOs, government officials and other stakeholders.

Market data collected in selected secondary markets of Oromia, Somali and Afar is compiled, analyzed and distributed via the livestock marketing bulletin to over 264 recipients at various levels of the livestock marketing chain. It was distributed on a weekly basis during the emergency and then on a semi-weekly basis. Several of the livestock marketing bulletins were translated into Amharic, Oromiffa and Somali in order to reach a wider readership.

Other PLI-LM interventions include the organization of trader trips to drought-affected areas and the facilitation of direct marketing linkages among pastoralist groups and traders, cooperatives and exporters. Local government bodies and pastoralists have been pleased to see buyers in their villages and have taken the opportunity to sell their drought-affected animals for cash. During these encounters, seller groups have obtained information on buyers' requirements and market timing.

Program is extended

The project has been extended to September 2010 and will increase pastoralists' income through efficient off-take of livestock at well-organized livestock markets.

The program will strengthen efficient and financially viable livestock market management systems in the current 10 model livestock markets and will establish a sound management system for 10 more livestock markets based on lessons learned. To achieve this, the program will build the capacity of government offices, local communities and livestock marketing groups and link communities and marketing groups to input suppliers, traders and exporters.

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