

Policy Brief

October 2007



The benefit-cost ratio of the de-stocking intervention in terms of aid investment was 41:1.

When linked to pastoralist communities, two commercial traders purchased 20,000 cattle.

On average, drought-affected households received US\$186 from the sale of cattle.

Pastoralists used the income from de-stocking wisely – they protected their remaining livestock with feed and veterinary care, and trucked animals to better grazing areas.

Commercial De-stocking and Drought Response: Issues for Policy Makers

Background

As part of a drought response in pastoralist areas, de-stocking involves the intentional removal of livestock from the rangelands. It aims to leave a core number of animals for post-drought recovery and provide cash to households, thereby enabling local purchases of commodities and services. In 1993 the National Policy for Disaster Prevention, Preparedness and Management in Ethiopia recognized the value of de-stocking during drought and proposed how de-stocking could be assisted by district authorities. However, the policy was not widely implemented.

Commercial de-stocking in 2006

In 2006 the Department of Fisheries and Livestock Marketing worked with Save the Children US and other actors to facilitate commercial de-stocking in Moyale district in southern Ethiopia. The idea was to link commercial livestock traders to pastoralist communities who wished to sell livestock. Through workshops and field visits, traders were exposed to drought-affected areas and as a result, two traders began buying cattle around Moyale.

During February and March 2006, the two commercial traders estimated that they had purchased approximately 20,000 drought-affected cattle. For the most part, these purchases were made using the trader's own capital – the role of the marketing department and Save the Children US was mainly a facilitating role.

Monitoring information collected by Save the Children US showed that on average, households received Eth birr 438 per animal and sold 3.7 cattle. Therefore, households received approximately Eth birr 1620 (US\$ 186) income from de-stocking. Around 5,405 households benefited from the intervention and the total value of cattle de-stocked was Eth birr 8.76 million (US\$ 1.01 million).

By estimating the costs incurred by Save the Children US during implementation and monitoring, the benefit-cost ratio of the intervention in terms of aid funding was calculated at 41:1.

How did households use the cash from de-stocking?

A participatory impact assessment of de-stocked households looked specifically at the ways in which people had used the income derived from de-stocking. The assessment was based on a random sample of 114 de-stocked families in Moyale woreda.

In general, households used the income from de-stocking in very rational ways. Although the purchase of food for people accounted for the highest proportion of expenditure (28%), pastoralists also invested heavily in safeguarding their remaining livestock.



Expenditure on livestock accounted for 37% of the cash derived from de-stocking, comprising feed for animals (19%), trucking animals to other grazing areas (12%) and veterinary care (6%).

Livelihoods-based interventions such as de-stocking are partly justified on the basis of supporting local markets and economies. With this in mind, 79% of cash derived from de-stocking was used for local purchase of commodities or services, being purchase of food for people (28%), purchase of feed for animals (19%), livestock trucking fees (12%), human medicines (9%), veterinary care (6%) and purchase of clothes (5%). In addition, people were able to use some of the cash from de-stocking to pay school fees, pay off debts, support their relatives and for saving.

Key issues for policy makers

- Although the results of the commercial de-stocking were encouraging, the response was late - an earlier response would have resulted in higher prices for cattle. Government and NGOs need to respond more rapidly by defining and agreeing triggers for de-stocking, making contingency plans and ensuring rapid access to funds. The best time for de-stocking may often be before the official declaration of drought.
- For the commercial livestock traders, a key driver of the de-stocking process was the buoyant export trade for cattle at the time. This shows a clear link between long-term livestock marketing policies, humanitarian response in pastoralist areas and pastoral livelihoods. Both domestic and export livestock marketing needs further policy support such as:
 - Streamlining taxes and bureaucracy
 - Strategic investment in capacity-building government marketing and veterinary systems, particularly in the areas of international standards and commodity-based trade
 - Supporting the upgrading of export abattoirs, to better enable them to meet market demand and sanitary standards
 - Greater policy commitment to privatized clinical veterinary care in pastoralist areas.
- A key disincentive for livestock traders was poor roads and therefore, high transport costs. For marketing systems to expand to more remote areas, roads are needed. Government and donors should conduct benefit-cost analyses of road construction and maintenance in pastoralist areas.
- The availability of holding grounds and feedlots - either on temporary or permanent basis - is critical for the success of commercial de-stocking.
- During drought, people use cash wisely. Although food aid still has a role to play in drought response in pastoralist areas, the emphasis in humanitarian intervention needs to change towards far greater use of livelihoods-based programming.

Further reading :

Dawit Abebe, Adrian Cullis, Andy Catley, Yacob Akllilu, Gedlu Mekonnen, Yodit Ghebrechirstos (2008). Livelihoods impact and benefit-cost estimation of a commercial de-stocking relief intervention in Moyale district, southern Ethiopia. *Disasters* 32/2, 167-189.

Feinstein International Center <http://fic.tufts.edu>

Friedman School of Nutrition Science and Policy, Tufts University, Addis Ababa, Ethiopia

PLI Technical Coordinator: Dr. Berhanu Admassu, email: berhanu.admassu@fic-et.org