



How pastoralists perceive and respond to market opportunities: The case of the Horn of Africa



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ABSTRACT

This article examines how pastoralists of the Horn of Africa negotiate the need for herd mobility (production) under conditions of variable rainfall and grazing conditions, with the necessity to market animals at fixed market locations. It addresses a set of related questions: (1) are herder mobility and other production decisions being altered by improved market opportunities; (2) what roles do markets play in pastoralist drought and drought recovery strategies; (3) which groups of producers are taking advantage of and/or benefiting from which market chains; and (4) what factors other than price help to explain why and when pastoralists sell livestock? The article concludes that macro-economic forecasts about supply response in the region may be overly optimistic and off target, because they fail to appreciate the non-price factors that influence pastoralist households' decisions to sell livestock.

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Introduction

Exports of livestock and livestock products from the Horn of Africa now annually exceed US \$1 billion and an estimated 90% or more of this commerce derives from production systems based on mobile pastoralism (Catley et al., 2012; Tran, 2012). Despite this impressive figure, most of the limited analyses of livestock trade in the region begin post-production with little understanding of pastoral production systems. They fail to acknowledge the ways that pastoralist producers, who assume most of the risk in market value chains, perceive of and interact with different market chains, or whether or not they even benefit from them (Aklilu and Catley, 2010). Indeed, there is a glaring gap between macro-economic analyses of livestock trade and the realities of pastoralist production. For example, national trade assessments in Ethiopia assume a basic “responsiveness of livestock supply to prices” and steady supplies of animals from the pastoral sector (Teklewold et al., 2009: 1), but give little attention to the goals and constraints of the suppliers (i.e., pastoralist households) (Ethiopia Sanitary and Phytosanitary Standards and Livestock and Meat Marketing [SPS-LMM] Program, 2011). Without an understanding of pastoralist production systems and their different income-earning and herd management strategies, it is difficult to assess (or model)

market responses among pastoralists to a range of variables, including price and weather.

To counter these shortcomings, this article examines how herders negotiate the need for herd mobility (production) under conditions of variable rainfall and grazing conditions, with the necessity to market animals at fixed market locations. By doing so, the article addresses a set of related questions: (1) are herder mobility and other production decisions being altered by improved market opportunities; (2) what roles do markets play in pastoralist drought and drought recovery strategies; (3) which groups of producers are taking advantage of and/or benefiting from which markets; and (4) what factors other than price help to explain why and when pastoralists sell livestock? It also discusses the implications of these analyses for macro-economic policies in the region that assume a strong relationship between price and supply with minimal consideration of other factors.

The article begins with an overview of household economy among pastoralists in the Horn of Africa, with a focus on northern Kenya and Ethiopia and an emphasis on the role that livestock sales assume. This discussion mainly relies on household and market data collected during 2000–2004 under the “Pastoral Risk Management Project” (called PARIMA) (see McPeak et al., 2012); and recent information (2011–2013) from an ongoing study of “Climate-Induced Vulnerability and Pastoralist Livestock Marketing Chains in southern Ethiopia and northeastern Kenya” (called CHAINS) (see Little et al., 2012). The PARIMA project included six

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sites in northern Kenya and five sites in southern Ethiopia and a total sample of 333 households (183 Kenyan and 150 Ethiopian). It is a longitudinal study that gathered production, consumption, expenditure, marketing and other socioeconomic data quarterly during 2000–2002, with annual re-visits to households in 2003 and 2004. The CHAINS study, in turn, focuses on two (Didi Hara [Dikale] and Dillo [Kancharo]) of the five southern Ethiopian sites included in the PARIMA project and has a sample of 140 households. The CHAINS household study began in 2012 and is scheduled to be completed in 2015. Unlike the PARIMA study, the CHAINS effort also includes a sample of 76 traders who are interviewed annually about their trading operations and buying relationships with pastoralists.

Drawing mainly on the PARIMA and CHAINS studies, this section of the paper highlights the important distinction between total (cash + subsistence values) and cash household incomes. As will be shown, livestock sales assume a relatively large proportion of cash income but a smaller percentage of total household income, the latter which is dominated by milk production. In addition, the section examines factors that motivate why herders sell animals and its importance for understanding market chain analysis.

The article then turns to herd management strategies of pastoralists in order to assess the extent to which these have changed in response to market opportunities. The main characteristics of different livestock market chains in Ethiopia and Kenya and the significance of agents (traders) are examined. As will be argued, each market demands different animal species, weight, sex, and age specifications that have implications for who can access these markets. Critical questions are: (1) have these different market chains, especially high-value export trade, affected herd off-take rates and herd structures; and (2) what are the benefits/costs that pastoralists accrue from them? In the conclusion, the challenges for policy-based modelers to explain pastoralist market responses and market chain performance is discussed. This section also assesses the relevance of the article's findings for policy makers and development practitioners in the livestock sector.

The role of livestock sales in pastoralist households

Despite recent impressive gains in livestock trade in the Horn of Africa, household income among pastoralists still is largely derived from milk production (also see [Msangi et al., 2014](#)). In [Table 1](#) household income sources, including from livestock sales, are differentiated according to a range of different components. Although the table does not include the value of herd breeding (the so-called reproduction 'dividend'), it turns out to be a significant percentage of total income up to 20% for the wealthiest pastoralist households (see [Little et al., 2008](#)). Herd growth and reproduction are

Table 1
Percentage of Income from different sources, northern Kenya. Source: Based on author's analysis of PARIMA data, 2000–2002.

| | Herd wealth category ^a | | | |
|----------------------|-----------------------------------|------------|------------|----------|
| | <1.0 TLU | 1–1.99 TLU | 2–4.49 TLU | 4.5+ TLU |
| % Of total hhs (180) | 45% | 16% | 19% | 20% |
| Avg per cap TLU | 0.34 | 1.43 | 3.17 | 10.18 |
| Avg hh size | 6.49 | 6.48 | 6.11 | 5.01 |
| % Wage salary | 23% | 36% | 18% | 10% |
| % Milk prod | 34% | 36% | 52% | 57% |
| % Livestock sales | 8% | 6% | 14% | 20% |
| % Trade/business | 14% | 3% | 8% | 8% |
| % Food aid | 9% | 8% | 8% | 4% |
| % Crop value | 12% | 11% | <1% | <1% |

^a Sample is based on 180 households who were visited on a quarterly basis over a two year period.

Table 2

Reasons for selling an animal, 2000–2002. Source: Based on J. McPeak analysis of PARIMA Data, 2000–2002.

| | Wealth category (quartile) | | | |
|---------------------------------|----------------------------|-----------|------------|------------|
| | Highest (%) | Third (%) | Second (%) | Lowest (%) |
| Household expenses ^a | 56 | 68 | 67 | 71 |
| Buy other animals | 2 | 3 | 4 | 2 |
| Buy things for herd | 3 | 2 | 2 | 3 |
| Farming | 1 | 3 | 2 | 4 |
| Repay credit | 7 | 2 | 4 | 3 |
| Ceremony | 4 | 5 | 5 | 6 |
| Health exp | 10 | 4 | 5 | 7 |
| School exp | 5 | 5 | 6 | 3 |
| Other | 12 | 9 | 7 | 1 |

^a Mainly includes food but also clothing.

important goals of pastoralist decision-makers and livestock are a key form of capital. If one looks at total household income (cash and subsistence values) livestock sales is less than one-third of the income earned from milk production. The latter activity accounts for 50% or more of the income for the two wealthiest ownership groups (those with more than 2.0 Total Livestock Units [TLU]¹ per capita). The importance of milk production for pastoral households also is confirmed by numerous other studies on the economics of pastoralism ([Little et al., 2010](#); [Sadler et al., 2009](#); [Behnke, 2011](#)).

What is especially revealing about household incomes among pastoralists is that the cash share of total income often is higher among poorer than better-off households. Poorer households do not have the high levels of milk production so they depend more on cash for food purchases. What does this mean for the role of livestock sales in household marketing and production strategies? Importantly, it implies that herders will pursue strategies, such as mobility, that enhance herd (milk) production and reproduction rather than livestock sales, unless there is a significant change in the returns to these activities and/or increased demand for cash for expenditure purposes. Because pastoralists rely on mobility as a key production strategy, their motivation to expend cash on durable consumer goods is less than for sedentary populations. This does not mean that pastoralists are not adjusting the number of prime market animals (i.e., bulls ages 3–7 years) within those 20–25% of male animals that they keep in their herds.

When herd productivity and milk production is low often during dry seasons, herders' incentives to sell animals increase as they need cash to purchase foods. When pastoralists are asked why they sell animals when they do, a majority (55% or more in some cases) point to the need to buy food as the major reason. This pattern does not mean that price is not an important factor, but only that the initial decision to sell an animal is due to the need for cash to buy food or, secondarily, other expenditures, such as clothes or health services (see [Table 2](#) and [Fig. 1](#)). That is why herders who take animals to market to sell often will select a large market center even if it is more distant than another, because they will use the opportunity to purchase food and other necessities. Consumer goods are more readily available at large centers than at small ones.

Access to grazing and markets

With the importance of milk for household income and, more importantly, for consumption, pastoralists are especially concerned with productivity of their female animals. Because of the highly variable spatial and temporal distribution of rainfall, water points, and vegetation conditions in the Horn, herders are required to be flexible and mobile, especially in the movement of

¹ As defined here, 1 TLU = 1 head of cattle = 0.7 camels = 10 sheep or goats.

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