

WHY LIVESTOCK MATTER

How do livestock bring prosperity to smallholder farmers?

With greater investment, livestock production can be an economic driver for people throughout the developing world.

Despite their central importance for hundreds of millions of poor people, the livestock sector receives a minuscule fraction of official development assistance to agriculture.

Several of the most important outcomes associated with livestock keeping and production are economic because food-producing farm animals contribute directly to the livelihoods of even the most resource poor people and communities. Not only does the sales of animals, milk and eggs generate regular incomes, for women as well as men, but the assets that the animals represent in themselves provide important insurance and savings mechanisms in settings where people have little access to alternative sources for those services. This function is embodied in the very noun we use for such animals: live-stock.

The following are just a few research examples of the wide range of livestock-related interventions that have been shown to benefit people's economic opportunities.

LIVESTOCK TRANSFERS

Livestock transfer programs provide live animals to rural households, to keep and multiply over time, leading to many positive impacts. The benefits range from increased incomes to more diversified diets in livestock-keeping households. In addition, such households subjectively self-report improved welfare. Furthermore, complementary training in husbandry and related practices provided with the

livestock asset transfers have been demonstrated to significantly benefit the welfare of recipients in terms of milk productivity and income. Due to the insurance functions mentioned, livestock asset transfers can increase household resilience, and reduce the chances of households falling back into poverty, and generally lead to enhanced household income diversity, asset accumulation and fewer households existing below the poverty threshold.

MARKET-BASED LIVESTOCK LIVELIHOODS

Studies have identified many livestock investment strategies that lead to market-based livelihood gains. For example, investing in cattle fattening enterprises for markets can provide rural households with income opportunities. In other settings, investing in goat value chains in remote areas can lead to significant household income increases for poor people. Dairy farmer hubs, a form of collective action among farmers that allows them to link closely to milk markets and service providers, are shown conclusively to increase both milk productivity and farm net returns. At a more macro level, investment in livestock policy analysis and advocacy can have large and consequential positive impacts on rural and urban poor. In the case of Kenya, dairy policy advocacy efforts have led to industry wide gains of over USD30 million each year. Generally, coordinated, well-managed dairy development programs generate employment and income gains for poor producers and consumers.

PRODUCTIVITY AND RESILIENCE

Farm-level livestock related interventions have impacts on productivity and resilience, which in turn translate to improved economic outcomes. Climate change risk coping strategies related to livestock keeping have been found to also increase productivity and household welfare. Innovative index-based livestock insurance schemes in dryland areas improve the resilience of pastoralists to climate shocks. Also in extensive areas, improved grazing management and fodder availability interventions can increase rural household income in poor areas. Even where smallholder dairy systems are long-established, well-targeted investments in capacity and market development can enhance rural livelihoods, and work in Bangladesh showed that smallholder poultry projects can enhance income among the poorest households.

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