

Making the Case for Livestock:

ECONOMIC OPPORTUNITY



Globally, livestock contribute about **40% of agricultural GDP** and provide livelihoods and incomes for at least **1.3 billion people** worldwide. However, despite its economic importance, livestock receive just a **small fraction of official development assistance** to all of agriculture. With more investment, livestock production can be the **economic driver** for millions throughout the developing world.

CONTRIBUTION TO THE ECONOMY

- **Livestock play an important and fast-growing economic role in the global agricultural economy, contributing 40% of agricultural GDP globally and 5% of total GDP. In spite of this, only 2.5% of total agricultural official development assistance goes to livestock.**



Although livestock's share of agricultural GDP is generally higher in rich countries than in poor, the livestock share of agricultural GDP will grow in developing countries. While this growth will generally benefit livestock producers, they face risks. One is that small- and medium-scale producers will be confined to local and informal markets while commercial producers benefit most from the growth in larger, more integrated markets. Another risk is that,

depending on a given pathway of livestock development, environmental hazards and resource degradation may occur.

While the private sector can capitalize by investing in this livestock growth, public investments are needed in market infrastructure and public-private-partnership mechanisms. In addition, policy support and investments are necessary to drive technologies and strategies that increase livestock resource efficiency and mitigate environmental threats.

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LIVESTOCK INVESTMENTS

- **There is significant public under-investment in livestock compared to its importance for economies.**

National public-sector livestock investments are low in most developing countries. Public resources commensurate with the livestock sector's contribution to economic growth should be invested to ensure increased productivity and participation by smallholders so they can capitalize on new market-driven opportunities. Evidence should be used to prioritize public agricultural investments with highest potential for rural growth and returns to investment.

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MARKET AND TRADE OPPORTUNITIES

- **The demand for livestock products is projected to double in the next 40 years, offering huge opportunities for more than a billion people who rely on the livestock industry for their livelihoods.**



Policies should facilitate trade in under-exploited regional markets by removing non-tariff trade barriers, harmonizing standards and investing in trade infrastructure.

Domestic livestock markets are generally much larger than export markets in developing countries, with 90% of livestock products produced and consumed in the same country or region. Policies should respond to this domestic demand and provide incentives for increased value-addition and supply efficiency among locally processed livestock products, with priority to traditionally consumed products.

Export-oriented policies that require large infrastructure investment should be weighed against realistic assessments of the potential benefits, including an understanding of the constraints imposed by sanitary and phyto-sanitary regulations and product quality standards.

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SMALLHOLDERS AND LIVELIHOODS

- **Smallholders are significant suppliers of livestock products globally, including more than 40% of milk, 70% of lamb, 50% of beef, 60% of pork and 50% of poultry. This is an important source of income, jobs and sustenance for nearly three-quarters of a billion people engaged in smallholder agriculture.**

Given the importance of smallholders in supplying developing countries with livestock products, increased productivity and production of smallholders is essential to meet the growing demand for these products. This will require policy and infrastructure support to help smallholders access critical inputs and services (e.g., animal breeds and feeds and veterinary services).

Approaches are also needed to help small and medium farmers participate in livestock product markets in ways that allow them to comply with increasingly stringent market standards, such as via innovative business-oriented collective action or contractual approaches to gain from economies of scale and joint capacity development. Many poor households rely on livestock assets for insurance and savings and so tend to keep surplus livestock, which may have negative effects on the environment. Policies should provide alternative insurance/financing options such as a weather-based insurance index and reliable savings plans to allow livestock keepers to manage their animals with a more market-driven orientation.

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EMPLOYMENT AND INCOMES

- **Globally, the livestock sector is as an important source of jobs, providing livelihoods and incomes for at least 1.3 billion people. Livestock keeping is one of very few livelihood options in challenging settings such as drylands: Nearly 200 million pastoralists produce food and generate incomes where crop farming is limited, risky or impossible.**



The livestock sector should be integrated into national rural development policies and programs. It has growing potential to create employment for youth and women, not only in livestock keeping but also in processing livestock products, in producing and selling livestock feeds and in providing livestock information services.

Sustainable development policies in dryland settings should balance the goals of improved livelihoods of livestock keepers and environmental conservation. While policies should account for the fragility of many pastoral environments, and support sustainable livestock keeping, they should also help diversify enterprises beyond livestock. New public-private partnerships should also be supported to provide veterinary services in remote pastoral settings.

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