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

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ABSTRACT

Exports of livestock and livestock products from the Horn of Africa now annually exceed US $1 billion and more than 90 percent of this commerce derives from production systems based on mobile pastoralism. Despite this impressive figure, most of the limited analyses of livestock value chains in the region begin post-production. They essentially fail to acknowledge the ways that pastoralist producers, who assume most of the risk in the value chain, perceive of and interact with different market chains. 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 this shortcoming, the paper 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 paper 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 (for example, export, regional cross-border, or local trade); and (4) what innovations in communication technologies, fodder and other input markets, and infrastructure are impacting pastoralist access to different livestock market chains? More importantly, the paper discusses the implications of these analyses for policy-based models in the region that seek both to improve pastoralist welfare and livestock market chain performance.

The paper begins with an overview of household economy among pastoralists in the Horn of Africa (especially northern Kenya and Ethiopia) with an emphasis on the role that livestock sales assume. What will be highlighted here is the important distinction between total (cash + subsistence values) and cash household incomes, since sales assume a relatively large proportion of cash income but only a small percentage of total household income, the latter which is dominated by milk production and consumption. In this section the factors that motivate why herders sell animals and the importance of understanding this for market chain analyses are explained. The discussion then turns to herd management and specie (cattle, camel, goats, and sheep) composition strategies to assess the extent to which they have changed in response to recent market opportunities. The main characteristics of different livestock market chains and the significance of agents (traders) within them in northern Kenya and southern Ethiopia are examined. As the paper will argue, each market has different species, animal weight, and animal sex and age specifications, which has implications for the welfare of pastoralists. It is important to know how these different market chains affect herd off-take rates and herd structures and the benefits/costs that pastoralists accrue from them? In the penultimate section, the challenges for economic modelers to explain pastoralist market responses and market chain performance is discussed. The paper's conclusion assesses the relevance of the paper's findings for policy makers and development practitioners in the livestock sector.

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