Impact of COVID-19 on livestock systems in the drylands of the Horn of Africa

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C-19 AND HOA LIVESTOCK SYSTEMS

Rapid study of livestock market systems in the Horn of Africa

Overview
Study approach
Initial Findings
Recommendations

COVID-19 AND LIVESTOCK MARKET SYSTEMS
The impact of COVID-19 on livestock-based economies in the Horn of Africa
AUGUST 2020

multiple country-specific & regional studies

- Somali Regional Livestock Market studies (Kenya, Ethiopia, Somalia)
- Economic Impact of COVID-19 in Somali Region (Ethiopia)
- COVID-19 and Conflict Analysis in Karamoja (Uganda)

additional primary data collection & routine market monitoring data

- Livestock market monitoring – Karamoja, Ethiopia, Somalia, Kenya
- Rapid market study – Kenya, South Sudan & Sudan

follow-up market analysis (ongoing)

- Impact of the reduced Hajj on livestock markets in Sudan and Somalia
- Impact of COVID-19 on financial sector in Somali Region, Ethiopia
- Impact of COVID-19 on livestock markets in Afar, Ethiopia

study approach

- Data collection: April – July (August & September)

key informant interviews

- Livestock traders (medium & large)
- Livestock producers (smallholder)
- Animal health input suppliers (small & medium)
- Butchers (small)
- Slaughterhouses
- Milk traders & processors
- Program staff
(Agro-) Pastoralist Production Areas:

- South & Central Somalia
- Somali Region, Ethiopia
- Northern Kenya
- Karamoja, Uganda
- Juba & Border States, South Sudan

Consumer Markets:

- KSA
- Mogadishu
- Jijiga
- Addis Ababa
- Nairobi
- Juba
COVID-19 & Seasonal Context (March – August)

- Good seasonal rains
- Herd recovery & growth
- Milk production & sales
- Planting

- Localized flooding
- Rift Valley Fever
- Orthodox Easter (Ethiopia)
- Ramadan & Annual Hajj
- Locusts
Livestock Trade

- Loss of urban demand for meat
  - Loss of consumer income shifting urban diets
  - Closure of bars, restaurants, street vendors
  - Closure of institutions and events
- Increased cost of doing business
  - Transport costs (time, fees)
  - Informal tariffs
  - Processing fees (water, labour)
- Loss of specialized jobs
  - Brokers & small scale traders
  - Livestock fatteners
  - Producers focused on holiday sales
- Quick shift in trader behavior
  - Temporarily left livestock trade
  - Bypass marketplaces
  - New supply chains & suppliers/buyers
- Variable change in live animal prices
  - End-market orientation
  - Species
- Highly localized change in meat prices
  - Nature of urban economy
  - Changes to live animal supply chain
Livestock Market Systems

Animal health input & service providers
- Border closures stopped supply chains (S. Sudan, Somalia, Somali Region Ethiopia)
- Closure of local markets limited supply to rural areas
- Loss of consumer income (producers)

Lost jobs - support services
- Day labourers (loaders, meat processors)
- Transporters
- Fodder / rope sellers
- Food sellers

Winners & Losers
- **Those who adapted quickly won**
  - Integration/expansion remote communication
  - Delivery services
  - New business
- **Those who extended credit lost**
  - Loss of working capital
- **Those that did not adapt / diversify lost**
  - New partners
  - New business
Livestock Producing Households

Good rainfall across the region:
- Recovery of livestock numbers (births / reduced mortality) from 2016 drought
- Increased milk production
- Good body condition / weight gain

Mitigation measures further marginalized communities/ households economically
- Loss of alternative livelihoods
- Increased cost of basic needs
- Reduced access to crop/livestock inputs
  - Loss of income
  - Movement restrictions limited local availability
- Fear of marketplaces (health)

Women disproportionately disadvantaged
- Prioritize cash holdings for household needs
- Burden of paying higher costs
- Movement restriction + Fear of marketplaces

Financial services inaccessible
- Table banking / VSL overextended
- Financial institutions risk adverse & overextended
- Informal lending overextended
- Loss of family remittances
C-19 AND HOA LIVESTOCK SYSTEMS

Responses

» Change in market orientation & product preferences
  • Priorities domestic markets
  • Fill new supply gaps
  • Change in species traded

» Change in trading practices

» Diversification of suppliers

» Rapid adoption of mobile communication & money

» Rapid (seasonal) change in livelihoods
  • Vegetable production & sales
  • Herding
  • Petty trade (local)
Unkowns

» Recovery of working capital
  • Restock supplies
  • Return to trade (ability + scale)
  • Pay debts

» Impact of loss of integrated businesses
  • Livestock traders = Suppliers of basic needs

» Livestock sales vs Demand for meat
  • Increase in need-based livestock sales
  • Delayed recovery of urban markets

» Rangeland health - La Niña & Locusts
Recommendations

Monitoring for humanitarian response
- Monitor weather forecasts & rangeland health
- Monitor animal body condition (*localized monitoring*)
- Monitor terms of livestock-cereal
  - Compare with seasonal norms
- Monitor conflict

Livestock Market Recovery
- Monitor livestock prices (over/under supply)
  - Monitor prices in diverse end-markets
  - Consider urban stimulus to increase demand for meat
  - Don’t come in quickly
- Evaluate availability of working capital for diverse market actors (type, size, location)
- Support regional governments to provide stimulus benefits to micro & small enterprises
- Seize opportunities for import substitution and growth of local industry.

Focus on constraints & opportunities unique to women and youth
- Support meeting basic needs for women and youth to use resources for livelihood recovery or diversification
- Seize increased adoption/use of mobile systems (comms & money) – expand rural services for improved use
- Assess availability of working capital
- Evaluate health of local savings activities; reinvest as needed
- Seize opportunity to strengthen diversified skills that meet market demand

Livestock production recovery & protection
- Protect smallholder livestock holdings as part of social protection interventions.
- Monitor livestock disease outbreaks
- Expand livestock insurance (*La Niña & Locusts*)