

Commercial destocking in Ethiopia

This case study presents the results of an impact assessment of a commercial destocking intervention in Moyale, southern Ethiopia, in 2006. Two private livestock traders were linked with pastoralists to facilitate the offtake of cattle and were provided with loans of US\$25,000 each from Save the Children USA. The intervention led to the purchase of cattle far exceeding the value of these loans, as the traders then invested substantial sums of their own funds. Overall, an estimated 20,000 cattle, valued at \$1.01 million, were purchased. Approximately 5,405 households sold cattle and, on average, each household received \$186 from cattle sales. The estimated benefit–cost ratio of the commercial destocking intervention in terms of aid costs was 41:1.

During the drought, income from destocking accounted for 54 per cent of household income and was used to buy food, care for livestock, meet various domestic expenses, support relatives, and either pay off debts or add to savings. Seventy-nine per cent of the income derived from destocking was used to buy goods or services locally. An estimated 37 per cent of the derived income was spent on the remaining animals and included trucking of livestock to better grazing areas. The buoyant export trade in live cattle and chilled meat in Ethiopia was considered an important driver for commercial destocking, demonstrating a positive linkage between livestock and meat exports and pastoral vulnerability during drought.

Source: Abebe, D., Cullis, A., Catley, A., Aklilu, Y., Mekonnen, G. and Ghebrechirstos, Y. (2008) 'Impact of a commercial de-stocking relief intervention in Moyale district, southern Ethiopia', *Disasters* 32(2): 167–186, <<http://dx.doi.org/10.1111/j.1467-7717.2007.01034.x>>.