



## Creating an Enabling Environment for Smallholder Poultry Producers

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An enabling policy environment is a system of formal and informal rules and regulations that allows smallholder poultry keepers throughout the country to derive a net benefit from their birds, in terms of nutrition, cash income, reduced vulnerability, gender empowerment, crop productivity (fertilizer) and energy (e.g. biogas from poultry litter), i.e. to increase the contribution of poultry to their livelihoods.

Policy makers may formulate and implement dozens of interventions that provide an enabling policy environment for smallholders. Examples include free (or at least subsidized) vaccination against Newcastle disease; provision of supplemental feed for birds; the institutionalization of community animal health workers; financial support to marketing cooperatives, etc. (FAO, 2010). It is however impracticable to provide a blueprint list of appropriate interventions as, to be effective, these must be context-specific i.e. should be consistent with the prevailing agro-ecological conditions and institutional architecture. However, a review of sustainable family based poultry production systems suggests that interventions that create an enabling policy environment:

- comply with three higher-order ‘policy principles’;
- address, depending on needs, up to six major ‘domains’ along the poultry value chain;
- are often designed through systematic experimentation or a trial and error approach;
- require a conducive macroeconomic and institutional context; and
- emerge from collective actions by key stakeholders.

### Higher-order Policy Principles

Poultry sector policies will be likely to succeed if they adhere to three major higher-order policy principles, which are applicable in all agro-ecological conditions and policy contexts (FAO 2010, Rodrik, 2007; Spielman & Pandya-Lorch, 2009).

1. **Appropriate targeting.** Successful public investments in the smallholder poultry sector should focus on specific subsets of producers. There are no examples of successful interventions which have targeted the whole gamut of poultry owners, including the poor(est). Indeed, there exists a variety of smallholder poultry production systems and policies supporting ‘small extensive scavenging’ and ‘extensive scavenging’ rural poultry systems are not necessarily appropriate for sustaining ‘semi-intensive’ or ‘small-scale intensive’ smallholder systems.

2. **Incentives.** Successful investments in smallholder poultry systems should provide poultry keepers with incentives to contribute their own resources, including human and financial, to increase returns from their birds / family farms, i.e. they should be consistent with the household's objectives and risk attitude. This is particularly relevant when attempts are made to promote shifts from scavenging to semi intensive / intensive rural poultry systems.
3. **Public goods and smart subsidies.** Effective investments in the smallholder poultry sector should either supply public goods, such as vaccination against zoonotic diseases (e.g. HPAI), and/or provide smart subsidies to farmers, i.e. one-off support to trigger self-sustaining development of the sector (e.g. grants to build housing for birds). Smallholder poultry farming is a private 'bankable' enterprise and any intervention providing private goods to poultry keepers, such as continuous subsidies for purchasing feed, is acceptable only if based on the evidence that its socio-economic returns (e.g. in terms of poverty reduction or improved nutrition) are higher than those from alternative options (e.g. cash transfer or school milk programmes).

## Poultry Policy Domains

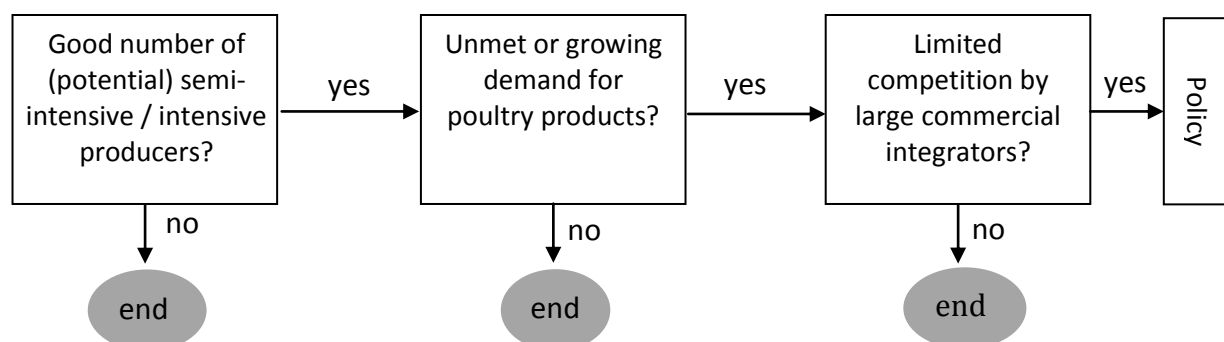
The three high-order principles should underpin all interventions in FP production systems. These relate to six major policy domains, namely sourcing of birds, poultry health, poultry nutrition, basic infrastructure / equipment, marketing, and research (FAO, 2010; Pica-Ciamarra & Dhawan, 2010).

1. **Sourcing of birds.** An enabling policy environment ensures that there is a regular supply of birds, of appropriate breeds, for rural households. This is not particularly challenging for extensive poultry systems, as local / indigenous birds self-reproduce by natural incubation. Some form of public intervention is required in semi-intensive and intensive poultry production systems because the initial cost of setting up a system of distributing improved / exotic birds in rural areas can be high, with the initial investment recovered only in the medium- to long-term.
2. **Nutrition.** Adequate feed is critical improve poultry productivity, in terms of growth rate and egg production. In scavenging production systems – where birds forage seeds, grains, kitchen waste, worms and insects – extension messages, which promote small simple changes in feeding practices (e.g. adding crushed snail shells to feed) are often effective. In semi-intensive and intensive production systems, where feed contributes up to 70 percent of all production costs, some government action may be required to stimulate the development of a market for feed, particularly in sparsely populated areas.
3. **Poultry health services / veterinary supplies.** Access to poultry health services / veterinary drugs is essential in all production systems to avoid / control the negative effects of epidemic and zoonotic diseases. Public intervention may occur either directly – i.e. with the public sector itself providing animal health services / drugs – or indirectly, when governments provide incentives to veterinarians / animal health assistants / community based animal health workers to supply services and drugs.

4. **Basic infrastructure / equipment.** Housing / cages for birds, drinkers, feeders and some lighting are essential to increase bird productivity. In scavenging poultry systems information / advice on the investment cost for cages / shelter using locally available material (e.g. paddy straw) is important. In intensive production systems, some one-off support could be given to farmers for infrastructure / equipment as rarely, if ever, farmers have enough savings to make this type of investment.
5. **Marketing.** Marketing is rarely an issue in scavenging systems. Local / indigenous birds have ready markets available locally, and local live birds / local eggs tend to receive higher prices than eggs and broilers from exotic breeds. In semi-intensive / intensive poultry systems access to a reliable market is essential and some government support may be needed, particularly in the early stages of system development, to ensure that farmers can profitably access and utilize markets.
6. **Research.** Research results are largely public goods as all stakeholders, including non-payers, may benefit from research outputs. Incentives to invest in research are thus reduced. Even when research outputs are private goods, the private sector rarely invests in activities that benefit smallholders as these have limited purchasing power and are seldom seen as potential clients. Public investments in research (which can be conducted either by the public or the private sector or by both) targeting small-scale poultry production systems are thus essential for the long-term development of FP systems.

Depending on constraints in the different poultry systems, decision-makers should design policy and institutional interventions in one or more of the above domains. While in extensive systems interventions in one or few domains suffice to generate positive returns, semi-intensive and intensive systems can only thrive, in the short to medium term, if all policy domains are sufficiently enabling (e.g. supplemental feed to improved birds would make little sense with no access to a reliable market). Indeed, for these systems integrated interventions often prove effective, but should be implemented only after an assessment of the potential for sector development. This assessment should ensure that: there is a significant number of potential semi-intensive and intensive producers; there is an unmet or growing demand for poultry products in nearby markets; and there is limited competition from large commercial integrators.

**Fig.1.** Opportunities for family poultry development policies



## Policy Experimentation

In each policy domain dozens of different interventions can be formulated. For instance, there are a variety of alternative and complementary options to improve the delivery of animal health services in rural areas. These include decentralization; sub-contracting of private service providers; support to veterinarians to open animal health clinics in remote areas; provision of vouchers for farmers to purchase animal health services; joint supply of human-animal health services to reduce delivery costs; institutionalization of community-based animal health workers; support to membership-based organizations providing animal health services to their members (FAO, 2010). A focus on allegedly first-best institutions or policies risks creating blind spots, leading to overlooking institutional designs that might achieve the desired objectives at lower costs (Rodrik, 2007).

Decision makers need to work out a strategy for picking the most appropriate instrument and making sure that it is implemented as it should be. Some instruments may be ruled out altogether because of budget constraints (e.g. there may be no funds to provide grants to private veterinarians to set up their own business in rural areas) or because they are inconsistent with the broader policy and institutional framework (e.g. there are no NGOs to which to sub-contract the delivery of veterinary services). As to the potentially feasible alternatives, decision makers should concentrate on one or two that appear most promising on the basis of evidence on research and experiences from other countries. A trial and error but systematic approach, i.e. experimentation, is often the most effective means to identify a suitable policy option (Banerjee & Duflo, 2009).

## The Political Economy of Smallholder Poultry Policies

The success of policies targeting FP production systems depends on the existence of sound macroeconomic fundamentals (e.g. low inflation rate) and functional institutions (e.g. effective judicial system), which are not determined by decision-makers in the Livestock Ministry/Department.

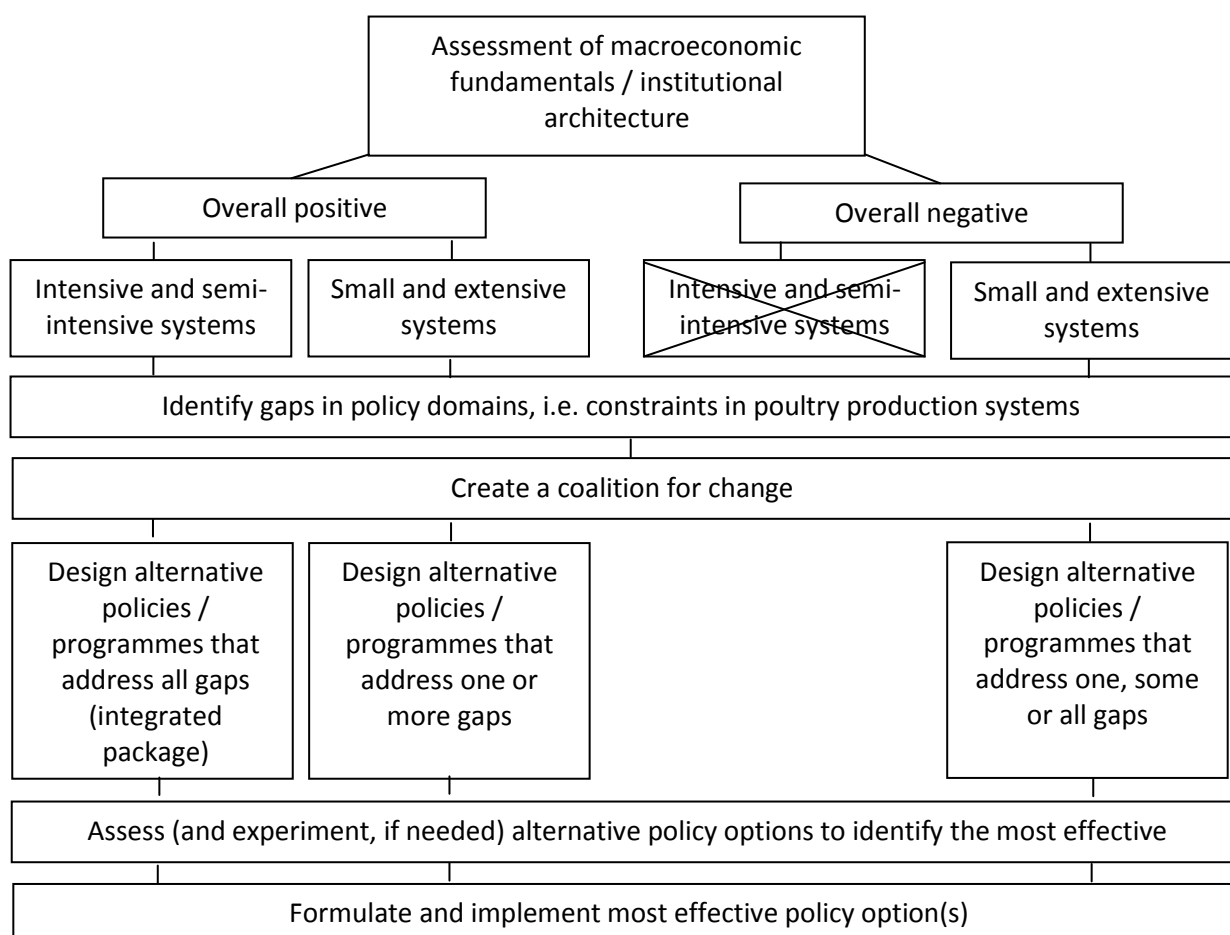
At the same time, the value of FP production systems is to a large extent unappreciated because the contribution of birds to livelihoods is largely non-monetary and because smallholders are disadvantaged in the national political arena. Often being poor, female, poorly educated and dispersed, they face high opportunity costs of collective actions. Some support to smallholders to form a 'coalition for change' is thus needed. This involves the facilitation of policy processes, which includes assisting smallholders to access different sources of knowledge, managing conflicting interests and ideologies, learning from experiences of other stakeholders within and without the country, and incorporation of those lessons in policy dialogues and implementation (Otte et al., 2009; Otte et al. 2012; PPLPI, 2008). Such processes are, by nature, iterative and lengthy. They require combining long-term engagement and consistency in commitment with flexible and adaptive process management, which only ensures that enabling policies be designed and implemented.

### Poultry in the Orissa State Livestock Sector Policy, India

In 2002, the Orissa State Government in India endorsed the Livestock Sector Policy, which includes a specific focus on poultry. The poultry development plan explicitly targets local birds in backyard units, which account for over 80 per cent of all birds in the State. The policy foresees that the six State Poultry Farms be transferred to the Orissa State Poultry Products Cooperative Marketing Federation (OPOLFED). The latter is transformed into a development cooperative with the responsibility of developing and supplying appropriate genetic inputs and technologies to backyard poultry producers, i.e. to produce birds that thrive well in rural areas, have faster growth rate and higher body weight than local breeds, and at least the same level of egg production. The Cooperative also assists farmers in marketing their birds and poultry products. A poultry breeders' association is promoted to provide animal health services and extension to backyard poultry farmers; the association is also expected to train farmers to set up self-help groups, which facilitates access to credit. The Orissa University of Agriculture and Technology College provides necessary technical inputs and support in matters relating to livestock (and poultry) sector development.

Source: Government of Orissa (2002)

**Figure 2.** Decision making-tree: formulation of effective family poultry policies



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