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Value Chain Development of Cashmere: An Option to Improve Livestock Production of Herders in Mongolia?

JOHANNA GYSIN

Berne University of Applied Sciences, HAFL, Switzerland

Abstract

Livestock husbandry is the most important sector of agriculture in Mongolia and the main employment opportunity in rural areas. Herders keep their livestock in nomadic systems and live of the sales of livestock and its products. Herders' livelihood depends on the pastures as the fodder basis of livestock. In recent years pasture degradation and erosion have been identified as major threats for the livelihood of herders. Overgrazing caused by increasing livestock numbers is the main reason for pasture degradation. An option to improve the situation and decrease herders' vulnerability is to destock herds. Destocking will only be feasible, if herders can have a similar income with destocked herds as they have with the present number of livestock. The present study analyses the potential of value chain development as a means to support destocking of herds in the region of Tariat; the option analysed is labelling of cashmere.

Data analysis showed that most herders are aware of the problem of decreasing pasture quality but at the same time most herders don't want to decrease their livestock numbers. Herders with large herds have been found to have lower intentions on increasing their herd size further. These herders seem to be more open towards engaging in cooperation outside of kinship. Since they also own more than half of the region's livestock, they could be targeted for the development of a project on labelling. Herders seem to be positive towards value chain development: most herders would be willing to work on the quality of their products if it would be rewarded by higher prices. The experts and retailers interviewed were rather positive on the potential of labelling cashmere. If a CBA-model is calculated on a project scenario, cashmere labelling would not be profitable in the short term. In the long term labelling could be profitable if the assumed effect of decreasing pasture productivity would be taken into the model. Although the prospect of eco-labelling is positive and promising as a means to support destocking, it is only feasible, if improved pastures can be enforced and livestock numbers can effectively be controlled.

Keywords: Cashmere, labels, Mongolia, overgrazing