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Competitiveness of Pastoral Livestock Production in Case of Mongolia: Application of Policy Analysis Matrix (PAM)

GANZORIG GONCHIGSUMLAA, STEPHAN VON CRAMON-TAUBADEL

Georg-August-Universität Göttingen, Department of Agricultural Economics and Rural Development, Germany

Abstract

The aim of this study is to analyse the competitiveness of livestock production in Mongolia and policy effects using Policy Analysis Matrix (PAM). Our research focuses on selected livestock production systems that take into account private and social revenues, costs, and profitability of the production systems. Increasing number of goats causes pastureland degradation or environmental pressure exceeding grassland carrying capacity (Social Cost), which is due to eating habit of the cashmere goats. A single reason for growing more goat than other type of livestock is cashmere for cash income (Private Revenue) among herder community. However, there is minor studies touched upon an issue of comparison of profitability of livestock products in private and social perspectives and policy impacts in two senses: 1) nomadic pastoral livestock production system, in case of Mongolia; 2) disaggregated primary data for each herder households, which is not common in PAM studies as traditional PAM requires aggregated secondary data. Latter point is considered to be methodological contribution of the study to similar type of studies. We interviewed 197 herder households in Bulgan Soum, Khovd province of Mongolia in summer 2012, and analysed meat, milk, skin/hides of five types of livestock, including goat, sheep, cattle, horse and camel, and goat cashmere, wool of sheep and camel. Cost estimation is done for multi-products of livestock under an assumption that share of each product in total revenue is equal to share of cost for that product. The goat is socially not profitable livestock, but privately it is comparing to the other four types of livestock.

Keywords: Competitiveness of livestock production in Mongolia, cost of land, domestic factor, efficiency, pastoral livestock production, pastoral nomadic livelihood, private and social cost, profitability, social and private profit of livestock products