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**APPROACHES AND ISSUES FOR  
DEVELOPING LIVESTOCK SERVICES  
IN UZBEKISTAN**

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**JEL Classifications:** Q13

**Key words:** Livestock services, livestock market, agroservice modernization.

**Abstract:** This article considers issues concerning improvement and development of livestock services in Uzbekistan. The author argues on efficiency of broader approach to development livestock services that assumes better coordination of involved different service-providers. Growing efficient institutional environment where different stakeholders participate and coordinate their operations and strategies plays important role in achieving the balanced growth of livestock sector. Based on review of different concepts the author draws economic policy recommendations to further develop the cattle industry in Uzbekistan.

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Economic development in Uzbekistan requires the steady development of agriculture sector, strengthening of agriculture and the possible expansion of the level agroservice services to agricultural industries. Government of the country pays increasing attention to the development of livestock services. Livestock occupies a special place in national economy in provision of food supply to population and supplying food and light industry with livestock commodities.

Livestock makes a major contribution to rural development in developing countries (Steinfeld and Mack, 1995). However, researchers study different areas related to cattle production and livestock services. These research areas include poverty reduction strategies, competitiveness of national livestock production, conservation the natural resource base. Cees de Haan (2000) notes that livestock development programs can play an important role in reducing rural poverty in the developing world; and that support for livestock development will remain an important element of the international development agenda. Minimal public-sector investment and inefficient and poorly coordinated support services limit the development of livestock production in many developing countries (Steinfeld and Mack, 1995).

Today the livestock sector in Uzbekistan accounts for over 40% of gross agricultural output (Lerman, 2008). Livestock production is mostly carried out in farmer households (dehkan farms). Dehkan households have more than 90% of national cattle. During the 2005-2010 the cattle stock in these dehkan households increased by 2.2 million heads or 138%.

Despite the growth of cattle production the designing and implementing the effective and balanced sectoral policy remains as important issue in agricultural and economic policy framework of the country. In such a context it is very important to study approaches and views which can be useful in developing national strategies and patterns on central, regional, and local levels to develop livestock sector.

The structure of livestock services in modern agriculture is quite complex: it includes broad range of services provided by public, private and non-

government institutions - genetic improvement, animal health programmes, breeding technologies, artificial insemination, access to financial services, export quarantine and documentation, transportation and insurance, production and management consulting, livestock handling and production equipment, feasibility studies and business plans, training and technology transfer. Public policies targeted to the development of national live-stock growth play important role in sustaining quality and accessibility of livestock services.

Analysis of policy approaches to the development of livestock market allows distinguishing two main concepts. The first is the technology-based approach suggesting introduction of advanced technologies and techniques in livestock production. Second one is so called institutional which calls for better participation of different stakeholders in developing livestock services, better horizontal exchange and coordination among these stakeholders. The institutional approach emphasizes capacity of involved institutions in performing marketing, coordination, knowledge sharing and exchange.

Tuong Vu (2007, p.iv) argues that "... the traditional concept of livestock services that encompass research, extension, credit and veterinary programs is no longer adequate. This concept is too narrowly centered on technology with insufficient attention to actor linkages, patterns of interactions, institutions, information and marketing".

Thus, Tuong Vu puts forward the "concept of response capacity". "The basic insight offered by the idea of response capacity is that producers need to innovate constantly in response to the conditions of dynamic markets. Their capacity to innovate in turn depends not only on their technical or entrepreneurial skills and learning ability but also on a host of other factors that serve as interlocking support systems. These factors include patterns of interaction such as partnerships and networks, ways of working such as routines and organizational culture, and of course, government policy. In short, not just knowledge and technology inputs are needed but also the processes that make knowledge available and enable its use, and government

policies that safeguard the livelihoods of poor producers” (Tuong Vu, 2007, p.5).

Tuong Vu (2007, p.6) distinguishes three levels of response capacity - producer’s response capacity, systemic response capacity, and government response capacity. In his view, the systemic response capacity (macrobusiness environment) should encompass the following elements:

- government mentality supportive of livestock private enterprises;
- competitive markets and effective legal system;
- stable regulatory framework not restricting long-term sectoral growth;
- efficient and accessible input markets;
- effective information system;
- well-developed industrial standards and vibrant business associations;
- well-integrated market structure: intensive interaction among market players, financiers, researchers, government agents.

Steinfeld and Mack (1995) say that “institutional changes, including the structure and function of support services covering input supply, research, extension and training, processing and marketing and credit. Institutional programmes often complement technical interventions and aim at providing a support framework for livestock production that should be both cost-effective and congruent with overall government policies” (p.20).

In our view, those two approaches are complimentary, and effective implementation of both traditional and institutional approaches will provide better achievements in different domains of livestock development including economic growth, health and environment.

Analysis of Uzbekistan livestock market gives the situation with a mix of problems and issues related both with traditional (resource-based) approach and institutional (behaviour-based) approach. The analysis indicates on the following barriers hindering development of livestock services:

- problems connected with financial resources of the livestock services consumers - dehqan households and farmers;
- problems in contracting between service providers and service consumers (dehqan householders, farmers);
- problems of organization and economical character in the activity of service providers;
- lack of management and skills in dealing with marketing and prognosis of livestock market production and trade;
- problems in accessibility of service providers to bank loans;
- problems in the insurance system.

The world’s global experience in the development of agriculture suggests many policies based from experience of various national or regional economies. One of the attractive cases is the

experience of China in developing the module of unified system of information-communication technologies (Hi-techs) that allows intensive introduction of science and technology into agricultural production.

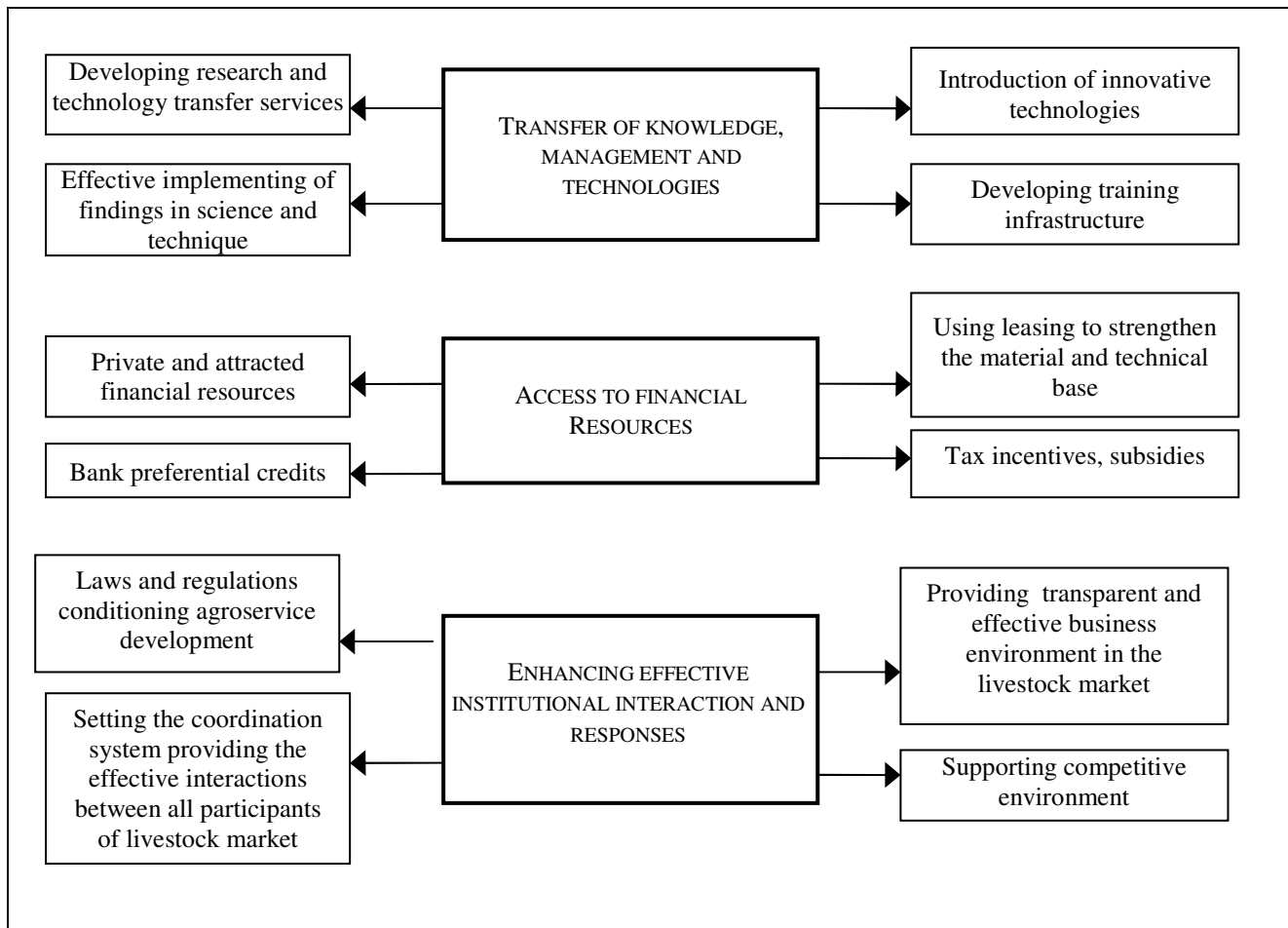
In our view, Chinese model of agricultural policies effectively combines traditional and institutional approaches to agriculture development. The scope of model being implemented by central and local government in China embraced many policies the following ones:

- intensive introducing of modern achievements in science, engineering and technology in the agricultural sector and the relationship between them is based on their joint functioning. Developing research and knowledge-based institutions in the market of livestock services will promote innovativeness of livestock production and, respectively, its competitiveness;
- establishment of the coordinating council in economical sphere which provides processing, storage and delivery to consumers of agricultural products and services;
- provision the guaranteed state subsidies for buying farm machinery and equipment;
- providing financial and taxation privileges for producers;
- supporting national research institutions and agricultural enterprises in R & D to attain high-tech agriculture;
- training technical instructors to extend high-tech agriculture;
- increasing investment in agricultural technology;
- promoting agricultural technology exchange and cooperation with developed countries.

In our opinion, the most acceptable for developing the national livestock services in Uzbekistan is the Chinese experience, which is based on the single system of information-communication technologies that allows intensive introduction to science and technology achievements in agricultural sphere as well as in livestock service market.

Using the positive aspects of different countries we can offer some generalized scheme of livestock services market development. Figure 1 suggests complex of institutional and economic policy factors contributing to agroservice modernization in cattle-breeding. In this approach, we see different types of policies and these policies assume that different institutions should be involved including central and local authorities, firms and research organizations, nongovernmental organizations. Therefore, there is a need for effective coordination of these policies. Such coordination is very important as the analysis suggests increasing and sustaining of the above mentioned “response capacity.” Research made by Yusupov et al. (2010) shows that the perspectives of livestock sector is closely related with overall pace of reforms in agricultural industry. Then, it makes more essential issue of coordinated action program which would target and direct processes and results.

FIGURE 1. MECHANISM OF AGROSERVICE MODERNIZATION MODEL IN CATTLE-BREEDING



Today the Uzbekistan Government and involved international development programs develop programs targeted on all areas outlined in the Figure 1.

The policy actions cover measures aimed to improve the feed quality, feed distribution, artificial insemination, animal health; to train and deploy extension agents and livestock specialists that will teach and encourage the dehkans to adopt better production practices in the interest of increasing yields and incomes (Lerman, 2008). The UNDP project (2007) "Support for Sustainable Development of Livestock Sector in Uzbekistan" aims to create a better regulatory and institutional framework through provision of necessary changes into existing laws and policies that will enable livestock sector to function efficiently under market conditions. This project also aims to enhance capacity of farmers through demonstration of best management practices in livestock breeding for various categories of farmers.

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