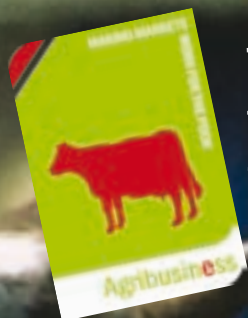


Giving Development a Face

[Eastern Cape Red Meat Project]



The main objective of the programme is to increase the income of communal cattle farmers by assisting them to realise higher prices for their cattle.



- * ComMark is funded by the UK's Department for International Development (DFID)
- * This project is implemented by TLOU Animal Health and Veterinary Consulting



EASTERN CAPE RED MEAT PROJECT >>

'With a little input we can make an impressive difference in the lives of Eastern Cape livestock farmers. Co-ordination and training are required to realise meaningful results.'

why red meat?

WITH CATTLE FARMING SO PREVALENT IN THE EASTERN CAPE, it was a natural choice in ComMark's identification of potential pro-poor development programmes. The majority of cattle in the Eastern Cape are owned by communal farmers.

The livestock industry in South Africa has undergone significant changes over the past decade, with the deregulation of the industry and the closure of the Meat Board contributing most to the shift in the dynamics of the industry. Population growth, urbanisation and income growth all point to an expected increase in the future demand for livestock products and an opportunity for small-scale farmers to respond to the demand and benefit economically.

There is a growing group of 'emerging commercial' black livestock farmers in South Africa who should be able to benefit from new opportunities within the livestock sub-sector. ComMark identified enabling farmers wishing to farm commercially as a viable intervention.

Emerging farmers are realising that they obtain better prices by selling younger animals. A weaner of between 7 and 8 months is the right age to be sold as it has tender young meat and will obtain a better price than an ox.

Dr Xolile Ngetu,

TLOU Animal Health and Veterinary Consulting

Livestock farming in the Eastern Cape

There are 3.1-million cattle in the Eastern Cape, 22% of the South African total

65% of these cattle are owned by communal farmers

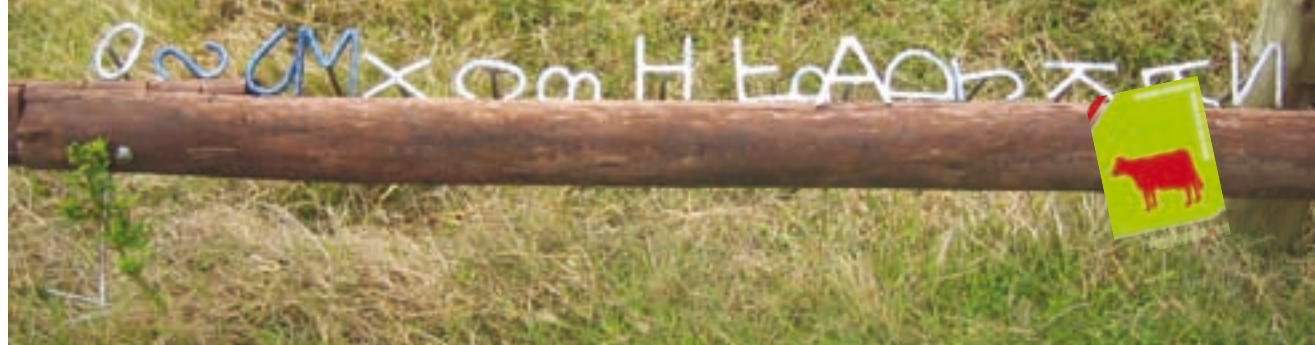
150,000 of the 350,000 households in the Eastern Cape own cattle

84% own between 5 and 15 head of cattle, 12% own between 15 and 25 head and 5% have herd sizes greater than 25 head.

what's the problem?

In developing this initiative, the following issues were identified as severely limiting the opportunities of communal livestock farmers in the Eastern Cape:

- * Control of the conditions of production;
- * Physical access to markets;
- * Understanding of grading processes;
- * Access to good market and price information;
- * Understanding of a market approach; and
- * Information about market procedures and systems.



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what did we do?

By exposing farmers to information about grading, classification, market systems and abattoire procedures, ComMark has been able to move towards the objectives of its agri-business interventions. Success has been achieved in ensuring emerging farmers obtain access to formal markets, which gives them the opportunity to benefit from higher prices and added value for their products.

An in-depth analysis of the beef industry in the Eastern Cape was conducted at the outset of the programme to ascertain the most important issues faced by historically disadvantaged farmers and so shape the development of the programme. The following components were prioritised by the Red Meat Project in the Eastern Cape and form the basis for the intervention:

- * A market-linkage programme;
- * A training programme for local farmers; and
- * The promotion of better animal husbandry.

'The main objective of the programme is to increase the income of communal cattle farmers by assisting them to realise higher prices for their cattle.'



partnerships

Successful partnerships have been developed with the following stakeholders:

- ❖ Agricultural Research Council (ARC);
- ❖ National Agricultural Marketing Council (NAMC);
- ❖ Pfizer Animal Health;
- ❖ National and provincial departments of Agriculture; and
- ❖ District and local municipalities.

sub-sector analysis of the beef industry in the Eastern Cape

It was recognised at the start of the project that a fuller understanding of the role and potential of historically disadvantaged farmers was required to ensure their successful integration into the commercial livestock industry. A study analysing the livestock sub-sector of the Eastern Cape was important to the development of a successful intervention and was undertaken by ComMark, in association with Triple Trust, in 2004. This formed the basis for the design of the programme, which was initiated in 2005.

emerging commercial farmers

The analysis of the livestock sub-sector confirmed that most communal farmers keep cattle for a variety of reasons, which often do not include their potential for a steady financial income. Current practices needed to change for farmers to realise increased gains from the cattle industry.

The study identified the difference between small-scale communal farmers and those with more than 25 head of cattle. Many of the latter aspire to become commercial farmers if they can gain access to private land. There are about 4,150 large communal farmers, who make up approximately 5% of the total of 90,000 communal farmers in the Eastern Cape.



‘Some of the participants are older people who require training at a slower pace, although increasingly, training sessions are being attended by younger participants keen to extend their skills base.’

Dr Xolile Ngetu, TLOU Animal Health and Veterinary Consulting



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improving skills and knowledge through training

One of the ways in which ComMark’s commitment to empowering emerging farmers is realised is through improving their knowledge and skills levels. Successful farmers need to understand the formal marketing process and be able to negotiate effectively with buyers. The following activities are conducted in an effort to achieve these goals:

- * Training days;
- * Trips to commercial auctions; and
- * Trips to abattoirs.

The training programme is run by Dr Xolile Ngetu of TLOU Animal Health and Veterinary Consulting and has been designed, evaluated and adapted to suit the needs of those taking part in the sessions. Issues of low literacy levels and special needs of participants have been taken into account in the development of the programme. An interactive approach to training has been adopted, which includes simulating auctions with ‘buyers’ and ‘sellers’ using ‘monopoly’ money to ensure a full understanding of the process.

Training covers a range of issues, including the grading and classification of meat, market systems and pricing. One of the main issues covered is the importance of better herd profile balancing and increasing herd sizes so that they operate more efficiently. Understanding the value of selling animals at younger ages than has traditionally been done is a key element tackled in the training process and involves a change of thinking on the part of herd owners. A positive shift has been the increase in the number of younger people attending training days. Aspiring to become successful commercial farmers, some of them are also enrolled at an agricultural college and receive training from the Department of Agriculture.

‘Our training DVD is a powerful tool which was a successful output of ComMark’s partnership with the Triple Trust.’



new ways of doing things

Cattle farming by communal farmers is multi-purpose in nature. It is evident that emerging farmers need to increase the off-take rates of their herds to become more commercially viable.

The majority of communal farmers in the Eastern Cape are older people who own cattle as it is expected of them. There has not been an expectation of regular cash generation from livestock; rather, ownership of cattle is associated with wealth storage and savings, draught power, manure and milk production and customary purposes.

Livestock is therefore sold only occasionally, depending on the financial needs of a household, and it is usually an older animal that is traded. In the interests of increasing the economic benefits to communal farmers

of owning and selling cattle, it would be necessary for them to change farming practices significantly.

While traditional communal livestock farming is low output, it is also low risk and requires low input, especially since cattle can be farmed on communal land.

Emerging farmers with expectations of increased commercial gain from their herds are faced with obstacles imposed by their inability to control the environment within which they are farming. For example, communal land tenure systems present a significant barrier. One of the other main adjustments to be made is in the age at which cattle should be sold.



the market linkage programme

Dr Xolile Ngetu is the man on the ground in the Eastern Cape. Based in King Williamstown, he travels throughout the Amatole District Municipality overseeing the implementation of the ComMark initiative to develop sustainable and direct linkages between communal farmers and the formal sector.

Communal farming of livestock has traditionally relied on local, informal 'village level' marketing. ComMark's role has been to promote activities that bring formal cattle buyers into the rural areas of the Eastern Cape. This has been achieved through the organisation of auctions and regular buyers' days.

Exposing communal farmers to the auction system has been the flagship of the programme. At the Loverstwit auction in November 2006, a total of 160 head of cattle were sold at a total revenue of R578,000, excluding value-added tax, with Mr Maswana earning R42,500 from the 14 weaners he sold and Mr Ntanjana securing the record price of R7,850 and R7,520 respectively for two of his cattle.

The Eastern Cape Red Meat Project has been bolstered by the improvement of cattle handling facilities at auction premises, thanks to the support of the Eastern Cape Department of Agriculture and the Amathole District Municipality. Some of the pens were so run down that they were unsafe and causing distress to the animals. On more than one occasion bolting cattle had to be destroyed.



Going, going, gone!

The sale begins at 10 in the morning and farmers await the arrival of cattle in the auction pen, with both sellers and buyers discussing the expected profits and losses that the day will present.

Dr Ngetu explains the auctions' importance for farmers in the area – not only do they provide a link for communal farmers to the formal market, they are also a means of assessing the prices that other farmers obtain for their livestock.

The auctions further provide a reality check for farmers; while they are able to negotiate pricing to a certain extent, they also learn to recognise what buyers look for in the cattle they purchase and what the important qualities are that must be fostered.



Auctions are a numbers' game. A balance between the numbers of buyers and sellers is necessary. Significant discrepancies between supply and demand will cause disillusionment, since buyers and sellers both incur costs during an auction. To be successful, an auction must reward both parties.



'Nguni cows are an ancient symbol of wealth and they are also the flavour of the month, so they are much sought after. You will see, he [the seller] knows what he can get for those cows, he won't settle for less.'



animal husbandry

An additional element of this project addresses the problem of poor animal health. Together with veterinary suppliers, ComMark has developed a programme to train and build the capacity of para-vets who sell and administer single-dose veterinary treatments, cattle licks, etc.

Para-vets are young school-leavers trained by ComMark to provide primary health care services for the livestock of communal farmers. They are equipped with animal medication and vaccines which they can sell to communal farmers in small, cost-effective quantities rather than the bulk quantities sold at co-ops. In return they are able to add a small mark-up to the animal health supplies for the service they provide.

Pfizer Animal Health donated R200,000 worth of vaccines and dips which farmers were given to test selectively on their herds to demonstrate the benefits of pre-treatment – the cattle that had been dipped and treated with vaccines quickly grew into larger, stronger and healthier livestock.

This component ensures that size-appropriate veterinary and feed products are readily available for sale to communal farmers.



challenges faced by the programme

- * The communal land tenure system and the resultant lack of control over grazing conditions and herd management make it very difficult for individual farmers to increase the production of animals for commercial purposes.
- * Communal farmers are typically elderly, retired men who are not career farmers and so often do not see the value in changing their ways or the purpose for which they keep cattle.
- * Attitudes of individuals within the municipalities and extension officers have a significant impact on the involvement of the Department of Agriculture and therefore the implementation of the programme.



positives of the programme

- ❖ A market approach to the red meat sub-sector is now on the agenda of the Department of Agriculture;
- ❖ Higher prices are starting to be realised by emerging farmers;
- ❖ Farmers have gained an understanding of market-related pricing and grading;
- ❖ Farmers are beginning to understand the value of selling young stock and the numbers of weaners presented at sales points are increasing steadily; and
- ❖ ComMark's programme has involved the traditional authorities. Negotiations with these authorities have helped to shape and define the programme.

what's next?

- ❖ Karan Beef, a premier supplier of high-quality beef and beef products in South Africa, has expressed an interest in partnering with ComMark around its livestock programme;
- ❖ Improving the access of emerging farmers to livestock price information via local community radio broadcasts and bulk short message service (sms) mailings; and
- ❖ Replicating the programme in other district municipalities.

'The programme is going to be replicated in Chris Hani and O.R. Tambo District Municipalities. They say that we're miles ahead.'

'The livestock programme is now a priority with the Department of Agriculture.'

Dr Xolile Ngetu, TLOU Animal Health and Veterinary Consulting



Abafazi meat traders

'Abafazi' (women) are an established tradition in the Eastern Cape, impacting significantly on the red meat market in the province. These women club together to purchase cattle which they slaughter and butcher informally and sell at taxi ranks. Commuters alighting from taxis can select their cut and toss it onto a nearby fire, seasoning it with salt, pepper and aromats.

These women have limited transport costs, no abattoir costs and do not follow accepted health regulations, yet they are such a force that they have significant bargaining power and farmers are eager to sell to them at lower prices. ComMark acknowledges the clear gap in the market, yet seeks to educate these traders about the inherent hazards of informal butchering and ensure that adequate health precautions are introduced.



maximising value

Izilo

On the Kingwilliamstown Peddie Road, three men lead an ox towards a nearby homestead for an 'izilo' to celebrate the anniversary of the death of one of the elders. The ox is skittish, veering wildly onto the road as one of the clansmen directs traffic with a red flag. This informal type of marketing is a very common feature of the meat market in the Eastern Cape hinterland and is a lucrative source of income for communal and even commercial beef farmers because there are no rules to control the pricing. Farmers can charge what the market will bear. Conversely, the informal market is uncertain and irregular. This ox was purchased by the clansmen for R4,500. It will be slaughtered and the entire

animal will be consumed during the one-day anniversary remembrance. One of the components of ComMark's Red Meat Project enables communal farmers to grade their cattle according to accepted market standards and ensure that they receive market-related prices.

Communal farmers are usually not aware of how to maximise the value of their cattle, so the project provides comprehensive information about breeding cattle that will fetch the highest prices on the auction floor and selling them while their meat is still young, soft and tender.

