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PARTNERS
MARCH – JUNE 2007

SOUTH AFRICA
CATTLE

SOUTH
AFRICA

PRETORIA

POLOKWANE,
LIMPOPO
PROVINCE

PARTNER COUNTRY: South Africa

PROJECT: Developing profitable beef business systems for previously disadvantaged farmers in South Africa (LPS/1999/036)

DESCRIPTION: This project aims to encourage community farmers to be self-sustaining by opening up new markets for their beef

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Cattle foster community wellbeing

Although African farmers own 40% of South African cattle, the vast majority of cattle finished in feedlots for the beef market are purchased from the commercial sector. The 'Beef Profit Partnerships' project set about redressing this situation and has helped hundreds of African farmers and their families shape their own destiny

BY BILL WINTER*

Ephraim Majuda is inspirational. He is a man with a vision who sees his African people being empowered to make their own decisions and to enter the marketplace on a fair footing. He sees them uplifted in spirit and economic wellbeing. I count myself lucky to have met Ephraim, even though the first few hours with him were a baptism of fire. During a long, hot drive from Pretoria to Polokwane, he questioned me on the one hand about my motives for exploring the idea of a beef project in South Africa and whether ACIAR was committed for the long haul, while on the other hand he inspired me with his ideas on how his vision for his people could be achieved.

The idea of short-term, quick-fix projects, with limited development of local capacity, was abhorrent to Ephraim—and to me. By the time we arrived at

Polokwane, which is close to his home town, we had a good understanding of how we might work together to make some progress towards that vision.

So what were we talking about? How could Australia contribute to the development of individuals and communities in South Africa? Increasing output from the 5.7 million head of cattle owned by the African farmers was one area worthy of investigation.

South Africans are well known for their love of meat and cooking on the 'braai' (barbeque to Australians), and they place a high value on meat quality. Most cattle are finished in feedlots, but feedlotters have difficulty sourcing cattle to finish. More than 90% of beef in the market is sourced from the commercial farming sector, even though they hold only 60% of the cattle. The African farmers, either as individuals or in various community arrangements, hold the other 40% of the stock, but make up less than 10% of the market.

Typical landscape of Limpopo province, where many smallholder communities raise cattle for sale.

PHOTO: NEIL MACLEOD



Why? The reasons are numerous—some based on prejudice against the breeds of cattle used by the African farmers, some because of the dearth of information about the performance of these cattle, some relating to the lack of experience in marketing by African farmers and some due to profiteering by traders. Ephraim believed that if farmers could get a fair price for their stock, they would become greater participants in the market. But how this negative feedback loop could be broken was not immediately apparent. As scientists, it was time to explore what was and what was not known.

Australian and South African scientists already knew that breeds used by African farmers, such as the Africander and Nguni, were well adapted to subtropical conditions and displayed valuable meat-quality characteristics. This was a positive. However, when presented to the feeder market, these cattle were invariably lighter than equivalent cattle from the commercial sector, and there was no information on how these breeds and other cross-breeds would perform in feedlots after being reared in the ‘non-commercial’ sector. Market data also indicated that these cattle fetched a much lower price per kilogram than those from the commercial sector. This was largely attributed to the poor bargaining position of the African farmers, given that sales were forced rather than planned, marketing costs were high (particularly for transport) and because stock were not always presented in the best condition. There was no direct link between the African farmers and the cattle market.

The twin thrusts of the project, which became known as Beef Profit Partnerships, were soon clear. First, a comparative study of feeder cattle from the ‘non-commercial’ and commercial sectors was needed. Comparisons would be made of growth rates, feed conversion efficiencies, meat yield and quality and disease status, with cattle managed under the same conditions. The second component involved working with farmers to help them become mainstream players in the beef supply chain.

The Beef Quality Cooperative Research Centre, led by Dr Bernie Bindon and Dr Heather Burrow, along with CSIRO and the Queensland Department of Primary Industries and Fisheries (QDPI&F), provided the Australian input, combining with the South African Agricultural Research Council (ARC)—where Ephraim was one of the few African scientists—and the Limpopo and North West Provincial Departments of Agriculture.

To compare ‘breeds’, more than 200 head each of nine types of cattle (four commercial, five ‘non-commercial’) were assembled at Irene, near Pretoria, and fed for 120 days under feedlot conditions. The surprising outcome was that differences in growth rates, meat quality, disease status and feed-conversion efficiency were of no commercial consequence. Why



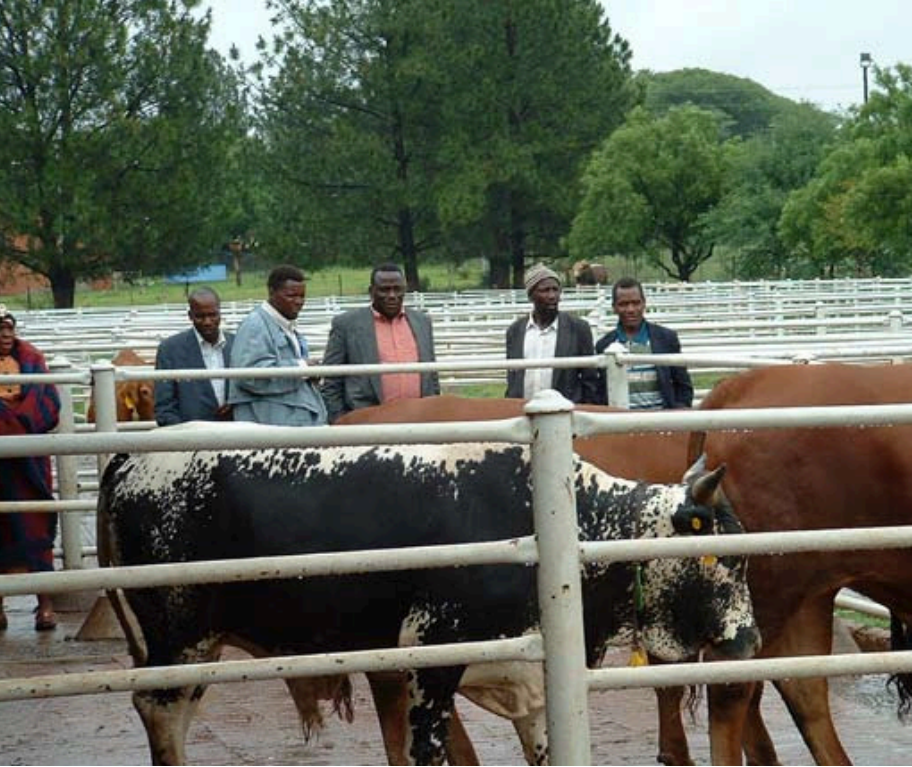
Ephraim Matjuda from the ARC and Albert Ntsoane, Limpopo Department of Agriculture.

is this surprising? Because the commercial breeds had been selected for these characteristics for many generations, but had apparently made little, if any, progress, and because the ‘non-commercial’ breeds were much lighter when they entered the feedlot, which would usually be expected to lead to slower growth rates.

The outcomes of this component of the project have been impressive. Some commercial farmers and the ARC (which provides a bull-evaluation service) were forced to question the effectiveness of their breeding programs and have subsequently adopted more rigorous technologies for assessing the quality of their sires and herds, with significant input from the Australian team. Members of the South African Feedlotters Association, who have been project partners from the outset, have increased the use of cattle from the non-commercial sector, and an African community organisation is considering the establishment of a feedlot closer to this source of cattle in Limpopo province. Further, discussions are being held with a large retail food company to market an African breed of community-farmed beef as part of its drive to source more product from African farmers.

The approach used to help African farmers become mainstream players in beef marketing was groundbreaking in South Africa. The service providers (scientists, extension workers and so on) did not simply tell the African farmers what to do. Such ‘instructive dialogue’ does not encourage sustainability. Rather, in this case the team felt that it was better to encourage farmers to set their own course and priorities for development of their beef enterprises, and for the service providers to bring knowledge to the farmers consistent with their objectives.

This second element of the project started with the training of about 250 African beef cattle producers from Limpopo and North West provinces in the



Project farmers inspect their cattle, which were raised under feedlot conditions at the ARC research station in Irene.

management of their small enterprises. The primary training tool developed was called the 'continuous improvement and innovation' (CI&I) process (see box page 13). Improving profitability was the main focus, with profit defined as income less expenditure. On the expenditure side, farmers were encouraged to weigh up the cost of inputs against the likely returns, and to compare returns from one potential input with another. As a consequence, expenditures fell as people thought more carefully about whether they would get a return on their investment. The income side is far more complex and interesting. CI&I defines income as throughput (number of cattle through the sale gates) multiplied by price. Most of the technologies promoted by livestock scientists and extension staff pertain to increasing throughput, for example by increasing weaning rates, improving growth rates, reducing losses due to diseases and increasing stocking rates through pasture management. However, in this case the farmers unanimously chose to focus on improving the price they received for their stock: "Why produce more for such a low return?" was their rationale for this priority.

The trainees formed 17 focus groups, some comprising members of a community group and others comprising individual farmers. These groups met regularly and fed data on their farming enterprises back to the team for the life of the project.

What the farmers needed was a better balance of power in the marketplace. The focus groups were part

of that empowerment, but the farmers also needed to know the animal weight at sale (given that payment is based on a price per kilogram live weight), current and seasonal price fluctuations at accessible markets, the links of traders and middlemen to the feedlots and how to reduce the cost of marketing.

The project set about providing information on prices, weights and traders, even supporting farmer visits to the markets to observe and learn. Project team members visited the focus groups to weigh potential sale cattle, collect data and generally keep the communication channels open.

The monitoring showed two important changes during the life of the project: the number of stock sold by the groups increased from 23 in 2002 to 389 in 2005, and the price received per kilogram rose from 3.3 rand to 10.5 rand, with these prices about 25% and 90% of the price paid for commercial cattle at livestock markets.

The important problem of how to reduce the cost of marketing (and not being forced to sell) was solved by the farmers themselves. They hold markets within their communities, with traders coming to them rather than vice versa. In some cases, several focus groups combined stock to increase numbers and to improve the attractiveness of the markets.

The success of this collaborative program was reported at a national Beef Profit Partnerships Forum in Pretoria in April 2006. The most inspirational and compelling sessions were those presented by representatives of the focus groups. I heard that one of the earliest community-run cattle sales, where 100 head were up for sale, was deemed a great success, even though no animals were sold. The farmers had flatly refused to take the price offered and sent the traders packing. What a feeling of empowerment this must have been for these farmers. They held their ground and, over the ensuing weeks, all those cattle were sold at a reasonable price. The farmers had sent a strong message to the buyers that they were not going to be taken advantage of. That same community-managed market continues and has grown to be an all-encompassing market for local wares.

Other focus groups reported similar successes, with stock numbers increasing, sale prices rising and community coffers growing. The majority of the presentations were given by women, demonstrating their importance in their communities, and in all cases the presenters and members of those focus groups were immensely proud of their achievements. This aspect has special relevance in South Africa where these

The farmers flatly refused to take the price offered and sent the traders packing.



Community farmer groups hold regular meetings to share information about ways to improve their cattle enterprises.

people have largely lived a life of disempowerment. It also seems that the CI&I methodology actually works, because several groups indicated that now that they were satisfied with the price component of income, they were ready to tackle the throughput element in the equation. Issues such as veldt management, reducing inter-calving intervals and improving growth rates have become areas of interest to these farmers.

What of the future? The National Department of Agriculture and the two provincial agencies are keen to adopt the CI&I approach as their standard extension model. Institutionalising the methodology was the term used by leaders from those agencies. This is an excellent outcome, but it will require coordination through the education and training systems and the development of appropriate extension materials.

There was no prouder man at the forum than Ephraim. His own institution, the ARC, has undergone substantial change to work in partnership with the provincial agencies and with the African farmers, and the project has demonstrated that his people can be active players in the commercial cattle market. But more importantly, hundreds of African farmers and their families are now in a position to shape their own destiny and to do so with dignity. Ephraim has every right to feel proud, and those of us who know him are honoured. ■

** Dr Bill Winter is the research program manager for ACIAR's livestock production systems program.*

Continuous improvement and innovation

The 'continuous improvement and innovation' (CI&I) process encourages beef farmers to set their own priorities for developing and managing their business enterprises. Rather than the scientists telling farmers what to do, CI&I empowers farmers to set and achieve their own targets. The CI&I process has clear steps and questions that help focus thinking and action, enabling people to work in partnership in an upward-spiralling process of improvement and innovation.

THE KEY STEPS ARE:

STEP 1 – SITUATION ANALYSIS

- Q. What is the current situation, considering current practices and performance?
- Q. What are the opportunities for improvement and innovation?

STEP 2 – IMPACT ANALYSIS

- Q. Which opportunities will make a real difference to the situation?
- Q. What criteria and evidence do I/we have to decide which opportunities to invest in?

STEP 3 – ACTION DESIGN

- Q. What specific actions do I/we need to implement to make a real difference?
- Q. How will I/we measure the effects of my/our actions?

STEP 4 – ACTION AND MONITORING

- Q. What specific actions am I, and others, taking?
- Q. How are we tracking the effects of my/our actions?

STEP 5 – ASSESSMENT AND EVALUATION

- Q. What happened as a result of my/our actions?
- Q. What made a real difference? Why?

STEP 6 – CREATION AND SYNTHESIS

- Q. What new questions and ideas do we now have?
- Q. What new and different needs and opportunities should I/we focus on next?

