

Innovative Economic and Trade Systems

Case study: NAMC's National Red Meat Development Programme

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Outline

- The problem
- The innovation
- Lessons
- The future

The problem

- Despite increasing demand for food (red meat in particular), smallholder farmers (communal farmers in particular) are unable to make use of the opportunities as they are at the periphery of the food value chain
- Their farming activities are largely informal with only occasional trading targeting local village markets
- Formal market participation is restricted due to inability to meet market requirements (food safety, quality, environmental standards, etc.)
- Despite good government interventions to support development of smallholder farmers, they are still faced with major market participation challenges
- Although communal farmers own a significant quantity of livestock (65% of all livestock in the Eastern Cape), yet commercial farmers market two to three times more animals than communal farmers – there is a clear opportunity for growth in the communal sector
- Two biggest factors: (1) lack of market infrastructure in the communal areas; (2) lack of information regarding formal markets

The innovation

- National Red Meat Development Programme (NRMDP) initiated in the Eastern Cape by Commark Trust in 2005 – and taken over by the National Agricultural Marketing Council (NAMC) in 2008
- Currently focused in the Eastern Cape, with planned expansion into KwaZulu-Natal and Northern Cape in 2014 – and in future more provinces will be included subject to funding
- Three objectives:
 - Supporting communal farmers to improve production practices in order to meet market requirements
 - Providing information and linking communal livestock farmers to formal markets
 - Development of marketing channels to increase market participation
- Specific interventions:
 - Facilitating visits to commercial auctions, feedlots, abattoirs
 - Dissemination of information on grading and pricing
 - Erection of infrastructure in communal areas (custom feeding pens, auction pens)
 - Education of farmers on animal health, husbandry, and marketing
 - Negotiating pre-slaughter sale agreements between retailers and farmers



Lessons

- The NRMDP has drawn increasing attention of livestock buyers to the potential red meat market in the Eastern Cape – local village market has also expanded
- Several thousand communal farmers trained in animal production and marketing
- Seven auction pens around the province renovated
- About one auction a month resulting in more than 4 000 head of cattle sold realising more than R7.5 million revenue/annum
- Achieving a rate of increase of the weighted average selling price of on-the-hoof cattle which exceeds the rate of increase of the price index of C-grade meat at the East London abattoir
- Establishing three custom feeding programme feedlots in three districts of the Eastern Cape

The future

- NRMDP to be expanded into two other provinces in 2014
- After years of struggling with funding, the programme has been boosted with funding for five years to enable the expansion
- Currently a number of studies are being undertaken to evaluate the programme
- Some questions to be asked:
 - What has been the return on investment over the past eight years?
 - What has been the livelihoods impact at household level?
 - How has market participation improved?