



National and Regional Livestock Markets: Opportunities for Growth in SADC

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*Livestock products such as fresh milk and meat are important to dietary diversity and nutrition in rural households.
Photo: S Sridharan, ICRISAT.*

Introduction

The last forty years has seen a continuous rise in the demand for meat, milk, and other livestock products worldwide. Fueled by trends such as increased urbanization, growing populations, and income growth in the urban areas, it is clear that this demand will only continue to grow (Delgado *et al.*, 1999).

Although decision makers in agriculture have traditionally focused on crop production, the growing demand for livestock products makes a good case for improving the livestock sector. Gains made here will ultimately benefit the many small-scale farmers who collectively own more than 80% of the livestock in southern Africa (SADC RISDP, 2006).

Snapshot of SADC livestock trade

The great diversity in economic development of the different Southern African Development Community (SADC) countries gives rise to great variations in the livestock sector. Countries with relatively strong trends of urbanization and high national incomes rub shoulders with countries that are economically stagnant or

unstable. Consequently, countries with well-developed livestock markets and fully-fledged supply chains share borders with others that have weak markets and poor infrastructure. The juxtaposition of these contrasting national livestock sectors creates interesting opportunities for trade within the region.

Today SADC is a net importer of livestock products. If livestock production were increased and regional trade promoted, SADC countries would be able to capitalize more from the livestock sector and not lose important revenue through imports.

South Africa: the engine for intra-regional trade

With relatively strong urbanization rates and high national incomes, South Africa has one of the fastest growing demands for livestock products in SADC. This demand shifted the country from an exporter in the early 1990s to a net importer of beef, mutton and goat meat in 2000 (Figure 1). Since then, beef imports have increased more than seven times. Imports of mutton and goat meat have also increased during the same time. A major proportion of South Africa's meat imports originates in South America and Oceania, primarily Australia. In 2010 the total red meat imports were worth USD 110 million. If countries in the region increase quality production and create cost-effective supply chains, they could capture a greater share of this revenue.

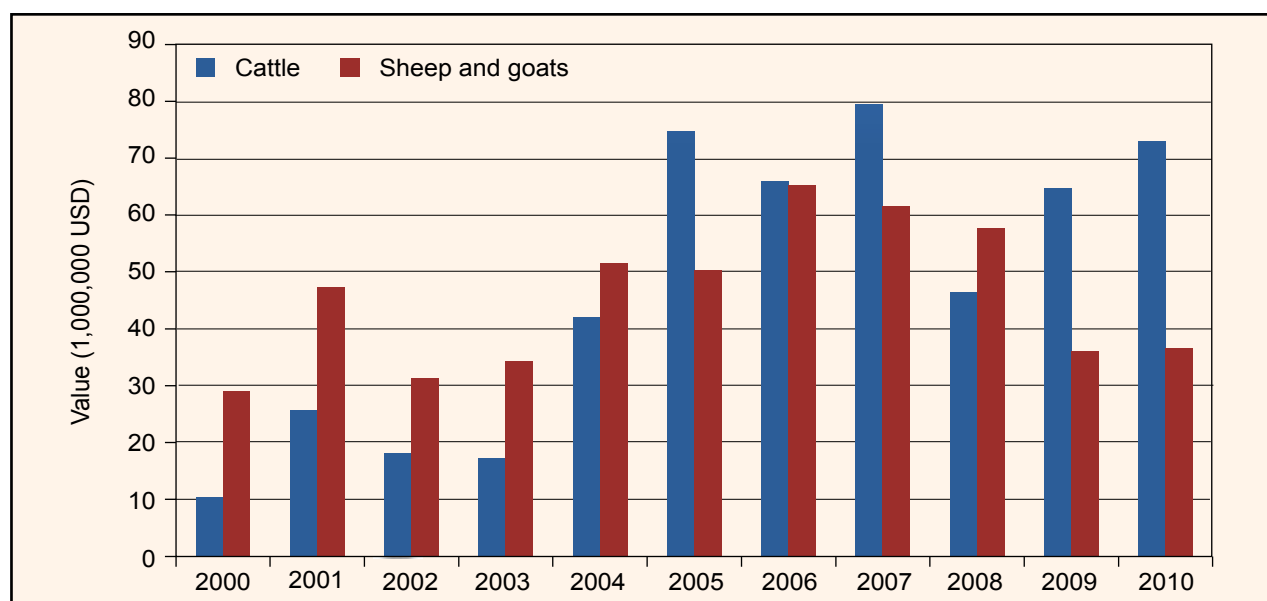


Figure 1. Recent trends in South Africa's imports of cattle, sheep and goat (meat and live animals), 1990 – 2010. (Source: <http://www.fao.org>, accessed 6 March 2013).

Namibia: export success

Despite Namibia's agriculture sector contributing only 11% to the national GDP (World Bank, 2008), livestock accounts for almost 80% of the agricultural GDP (FAO, 2005). Namibia trades 90% of its marketable livestock and livestock products; about half is destined to the EU and the other half to South Africa. While large-scale commercial farmers dominate the EU export markets, small-scale producers contribute substantially to local and regional markets. The Namibian Meat Board estimates that enhancing exports from Northern Communal Areas to South Africa can double Namibia's agricultural GDP.

There are many factors that contribute to Namibia's success. The government has capacitated small-scale livestock producers and successfully linked them to local and regional trade by providing appropriate infrastructure and support services that encourage high-quality production. Producer associations in the country pave the way for their members to develop their production and marketing skills, as well as lease and manage government constructed sale pens, facilitated by the Namibia National Farmers' Union. Information on livestock marketing including prices and how they are structured is disseminated effectively through mass media (weekly price lists for different grades of animals in newspapers, radio and SMS services). This enables farmers to make decisions in production and marketing based on market demands. A farmers' mentorship program providing practical training encourages farmers in the Northern Communal Areas to make contractual agreements with formal buyers in order to increase throughput of the export abattoirs. The private sector also plays an active role by investing in marketing infrastructure as well as providing animal feed and health inputs at competitive prices. Quality is ensured through a formal grading system and maintained by observing stringent animal health requirements and a traceability system.

Mozambique and Zimbabwe: rebuilding after crises

Mozambique and Zimbabwe lie closer to the other end of the spectrum where the livestock sector is not yet fully developed. Zimbabwe's agriculture sector contributes 19% to its GDP (World Bank 2009) and the share of

livestock to the agricultural GDP is 35% (FAO, 2005). Although the country used to export large quantities of livestock products to the EU and South Africa, Zimbabwe has lost this ability with the collapse of commercial agriculture beginning in 2000. Livestock production today rests solely in the hands of small-scale producers who struggle with poor access to technologies and markets and policy frameworks that are not yet adjusted to serve their needs.

Mozambique's reconstruction after the civil war has been slow and the livestock sector has been left behind with much of the country's resources invested in crop production. Livestock contributes very little (less than 15%), to the Mozambican agricultural GDP (FAO, 2005). However, the number of people depending on agriculture for a living is high. The country cannot satisfy its fast growing demand for livestock products and the 2006 trade balance reflects a deficit of almost USD 1 million from beef imports and USD 0.04 million from goat meat and mutton imports (www.SADCtrade.com).

In both countries animal production is low, markets perform poorly, infrastructure is very poorly developed and support services limited. While the reasons for the poor performance of the livestock sectors may vary in the details, the end result is the same – both countries fail to meet the demand for livestock products and consequently import large volumes of livestock and livestock products.

What is to be done?

Increasing the contribution of livestock to the GDP and successfully exploiting intra-regional trade opportunities requires, first and foremost, an increase in livestock production and offtakes by small-scale farmers in each of the SADC countries. This increase in production can be achieved through the following three recommendations.

Initiating alternative technology delivery options

Small-scale livestock producers are usually limited in their access to appropriate inputs and technologies, particularly those related to animal health and feed. It is clear that alternative delivery systems that bring inputs, technologies and information closer to farmers are required. The LiLi: Markets project in Mozambique, Namibia and Zimbabwe tested Innovation Platforms (IPs) as one approach to identifying entry points for interventions and developing technology delivery systems. Results revealed that in countries such as Namibia with functioning livestock markets, private input suppliers were easily encouraged to expand their business to rural communities by partnering with farmers' associations. In countries such as Mozambique and Zimbabwe, it is important for governments to play a stronger role in facilitating effective delivery systems. This can be done by identifying short- and medium-term interventions to incorporate appropriate technologies in programs (e.g., using farmer field schools to promote technology packages or promoting agro-dealers to stock and display inputs for livestock as well as crops at markets).



A cattle auction taking place in rural Namibia. Suitable infrastructure and functional markets for livestock mean the possibility of high prices for farmers who understand the market requirements. Photo: A van Rooyen, ICRISAT.

Promoting livestock market development and linkages

The IPs also revealed different entry points along the market development curve. Countries such as Namibia with functional markets required options that enhanced farmers' abilities to successfully participate in these markets, e.g., training on price-quality relationships or collective action. For countries such as Mozambique and Zimbabwe the first step is to establish the markets themselves – a task that ranges from investing in basic infrastructure to creating grading systems that reward farmers for producing quality products. In all countries, the flow of information along the value chain must be promoted through media and institutional innovations to help farmers and other market participants make informed decisions about market requirements and trends.



An innovation platform meeting in progress in Gwanda, Zimbabwe.
Photo: S Sridharan, ICRISAT.

Facilitating effective partnerships

An important outcome of the IP approach is the creation of successful partnerships. Engaging all value chain participants (input suppliers, producers, market intermediaries, service suppliers, regulators etc.) in a process of participatory analysis and identification brings technology and market development together and provides an environment that creates sustainable change. Such partnerships however need substantial facilitation and this generates a new role for the national agricultural research organizations and extension services – to mobilize and facilitate initiatives on the ground and be in a position to provide services based on farmers' needs. Critical issues for creating enabling policy frameworks include effective production support services, improved markets and infrastructure as well as regulations such as those related to animal health or product quality. As solutions emerge, local level policy makers can begin to link to national and regional policy levels.

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