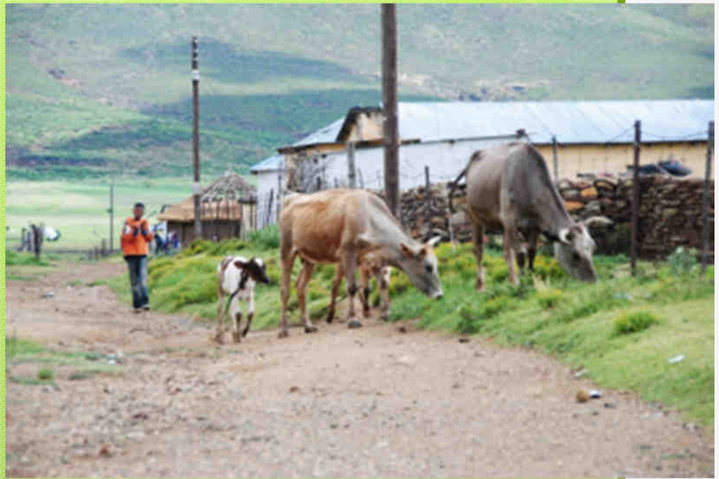

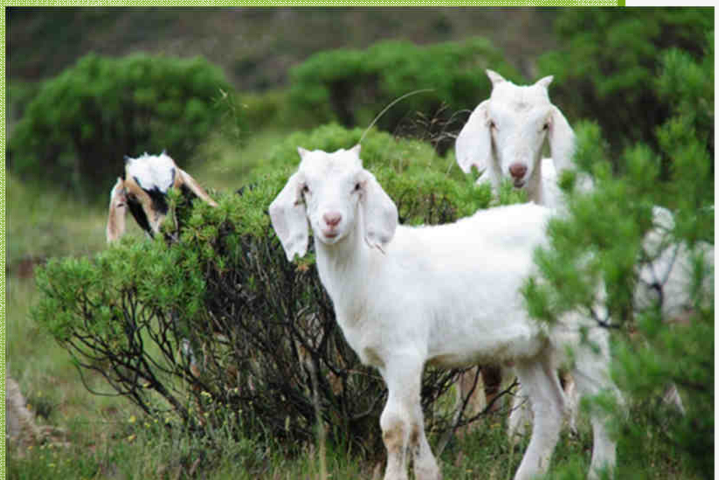

NERPO

The South African emerging producer:

Challenges and options for the future

By:
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The livestock sector of South Africa

- 85% of RSA's agricultural land is suitable for grazing (83,928,000 ha)
- Of the 13.5 million cattle:
  - 60% in commercial sector; calving = 65%
  - 40% (5.4 mil) in smallholder sector; calving = 35%
- Great room for improvement in the developing sector
- Great opportunity to make an impact on agriculture through the livestock sector

The emerging livestock sector

- Commercially oriented (private land holding)
  - Own about 65 cattle; get 10 – 16 calves p.a.
  - Very few farmers

- Commercially oriented (communal land)
  - Have at least 25 cattle; sell regularly

- Subsistence oriented
  - Sell 1 - 3 animals per animal depending on cash needs

Current production scenario in the emerging sector

	%	No. (Mil)	Weaners for sale
Cattle in RSA	100%	13.5	
In emerging sector	40%	5.40	
No. of breeding cows	45%	2.43	
Calving	35%	0.85	595 350

Estimated possible value of weaners (R15.50/kg @200kg) = R1 845 585 000

Possible scenario

	%	No. (Mil)	Weaners for sale
Cattle in RSA	100%	13.5	
In emerging sector	40%	5.40	
No. of breeding cows	60%	3.24	
Calving	65%	2.11	1 474 200

Estimated possible value of weaners (R15.50/kg @200kg) = R 4 570 020 000

Challenges, opportunities & threats

Challenge	Inadequate land with appropriate infrastructure
Opportunity	Land reform Recent government pronouncements on infrastructure
Threats	Slow land reform process Failure to address communal land tenure

Challenges, opportunities & threats

Challenge	Quality & quantity of livestock
Opportunity	• Development finance • Livestock improvement programmes • Research on livestock improvement • Animal health management strategy • Farmer training and mentorship
Threats	• Uncoordinated programmes with little/ no impact • Failure of support programmes • Failure to explore broader options (e.g. CBT)

Challenges, opportunities & threats

Challenge	Entrepreneurial skills of farmers
Opportunity	Farmer training & mentorship Extension services
Threats	Dysfunctional and uncoordinated support systems

Challenges, opportunities & threats

Challenge	Access to markets
Opportunity	• Preferential procurement programmes • Cooperatives • Farmer training & mentorship • Unsaturated meat market
Threats	Failure to successfully implement the support programmes

Challenges, opportunities & threats

Challenge	Access to development finance
Opportunity	New drive to increase access to development finance (e.g. Land Bank, SEFA of IDC) & International funds (IFAD)
Threats	Failure of support systems to address farmer needs

Challenges, opportunities & threats

Challenge	Collective action
Opportunity	Cooperatives; other collective approaches
Threats	Failure to successfully facilitate collective approaches

Challenges, opportunities & threats

Challenge	Limited opportunities in the secondary value chain
Opportunity	• Improve productivity in the emerging sector • Government's commitment to agro processing
Threats	Failure of support systems (e.g. meat inspection)

Herd size of a farmer group

Number of farmers	31
No. of cattle	2 918
Smallest herd size	9
Largest herd size	765
Average herd size	94

No. of cattle sold in 2011

Oxen	77
Weaners	147
Cows	76
Bulls	16
Heifers	57
Pregnant	9
3-in-1	2
Total	384
Slaughter stock	300

What we need for a 2 or 20 Unit abattoir

Number of cattle needed by abattoir per day	20 unit	2 unit
Number of cattle needed per week	100	10
Number of cattle need per year (50 weeks)	5,000	500
Our current supply in a year	300	300

Group potential

	%	31 farmers	District level (200 farmers)
Total cattle for	100%	2 918	18 825
No. of breeding cows	60%	1 751	11 295
Calving	65%	1 138	7 342
Calves for sale	70%	796	5 139
Abattoir size		2 unit/day	20 unit/day

Our recommendations (Options)

- Develop primary production through co-ordinated, comprehensive support programmes
  - Land with appropriate infrastructure
  - Farmer training, mentorship & advisory services
  - Access to development finance (CASP, DFIs)
  - Collective approaches to input & output markets & management of communal resources
- Fill in the 15% meat production gap

Interaction with smallholders or smallscale agri-entrepreneurs?

How do the issues inform the scale of our work

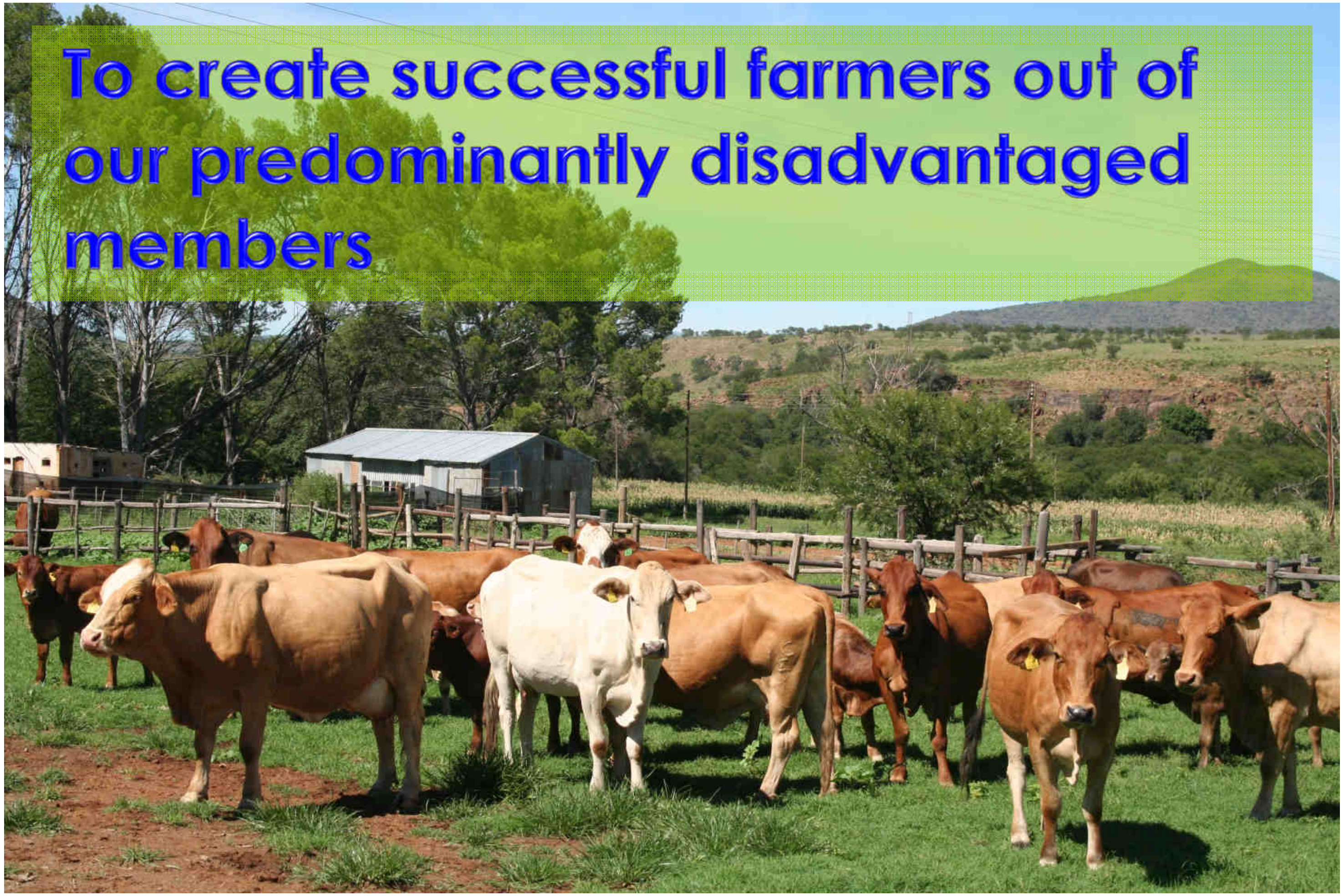
NERPO

- NERPO Section 21
- NFEDT Ltd
- NFS (Pty) Ltd
- NERvest Ltd
- SAYA Co-op Ltd

- NERPO Section 21 – **Members association**
- NFEDT – **NERPO Farming Enterprises & Development Trust**
- NERvest – **NERPO Investments Ltd**
- SAYA Co-op – **South African Youth Agribusiness Cooperative**

Vision

To create successful farmers out of our predominantly disadvantaged members



Main Objectives

- Lobbying & advocacy for government legislation and policies that promote and support emerging red meat producers
- Facilitate access to technical support, credit facilities and markets
- Facilitate linkage to business opportunities within the supply chain

Farmer support & development

Target 1000 farmers on private land & at least 10 Rural Livestock Co-ops on communal land for support over a period of 3 – 5 years.

Farmer mobilisation & resource audit

Business Plans

Resources required to achieve business plan

External:
- Land
- Infrastructure
- Finance

Skills required To achieve Business plan

NERPO:
- Training
- Mentorship
- Finance
- Breeding stock
- Access to markets