

Briefing Document : Launch of the WBHO– ComMark Umzimvubu Red Meat Project's Custom Feeding Programme

The Launch

The Umzimvubu livestock farming community, WBHO Construction and the ComMark Trust invites you to the official opening of the **Umzimvubu Red Meat Project's Custom Feeding Programme**.

Where: WBHO-ComMark Feedlot, Lugangeni (near Mount Frere), Eastern Cape Province
When: 11h00, 25 June 2009

The official opening will be followed by the award of prizes to the owners of best performing animals in the feedlot and a celebratory lunch. A detailed programme will be forwarded shortly.



Communal cattle farmers discussing custom feeding



Award ceremony at the Ngqushwa Feedlot.

WBHO Construction's Commitment to Community Upliftment



Ngqushwa feedlot award-winners' delight



WBHO's Roads Team grading the road to the Umzimvubu Feedlot

WBHO Construction (Pty) Ltd is a leading force in construction in southern Africa and is principally involved in building construction, civil engineering and roads & earthworks. With a rich history of achievement that dates back to its establishment in 1970, the group is presently one of the largest construction companies in southern Africa and is listed on the Johannesburg Securities Exchange.

In January 2006, WBHO Construction was awarded a 3-year contract to construct the first phase of a three phase construction of a new road between Mt Frere and Matatiele, in the Alfred Nzo district of the Eastern Cape. Considering the high levels of poverty in the entire Alfred Nzo area, and particularly the area along the path of the proposed road, WBHO made a decision to implement a community upliftment project in tandem with the construction of the road. WBHO's objective was to engage in a project that would have a long-term sustainable positive impact on the standard of living of the targeted beneficiary communities, rather than one which merely represents some form of charity.

An initial assessment of the target beneficiary community indicated the importance of livestock production, in an environment of widespread existing livestock ownership and very limited alternative local employment opportunities. Given the potentially significant impact of a strategy to increase the commercial value of livestock, together with improved market access, WBHO decided that a livestock-based development programme would represent the most effective utilization of corporate responsibility resources.

After much research WBHO decided to pursue a Joint Venture partnership with the ComMark Trust in this venture, given the latter's experience in the Eastern Cape Red Meat Project since 2005. ComMark's strategy to change the way markets operate, so that the poor can participate long after the donor has withdrawn, suited WBHO's long term sustainability requirement.

ComMark's Goal and Approach to Rural Development

The ComMark Trust is a non-profit Southern African pro-poor regional development organization. Its core business is to alleviate poverty by increasing the participation and returns of economically poor communities through agribusiness, manufacturing and services sector activities. Established in South Africa in 2003, its staff of 12 development innovators now work in 34 locations throughout the Southern African Development Community. Its network includes more than 30 partners, affiliates and associates.

ComMark's goal is to contribute to the reduction of the incidence of poverty and inequality in the region by putting into practice the development approach known as "making markets work for the poor", be they workers, consumers or entrepreneurs.

ComMark initiates and implements interventions to address the unique challenges and opportunities rural communities face. It directly engages the complexities of under-development in rural areas – low rates of employment, limited opportunities to

accumulate social capital and very thin or non-existent economic markets – all factors which result in high rates of rural-urban migration that lead to high rates of social dislocation and to additional stresses on urban infrastructure and service delivery. Within this context, ComMark identifies and develops viable economic opportunities to promote rural economic growth.

Where it appears that a particular market is not generating the benefits for poor households that it should, the structure and functioning of the market are researched to understand why this occurs and pilot interventions are designed and implemented accordingly. Such pilots are only undertaken where sufficient scope exists for up-scaling to achieve broad-based change across the industry.

The Umzimvubu Red Meat Project

Research

Research carried out by ComMark in 2003-4 showed that emerging and communal farmers in the Eastern Cape earn far less income from their livestock assets than commercial farmers. There are 3,1 million head of cattle in the province – 22% of national herd – of which about two thirds are owned by emerging/communal farmers. Yet commercial farmers market two to three times more animals than emerging/communal farmers and realize gross margins per head that are three to four times greater.

The research also showed that promising opportunities existed for communal farmers to increase their income through making more extensive use of formal meat marketing channels. To do this, it was necessary:

- To build capacity amongst communal farmers to engage with the operation and requirements of formal red meat markets
- To develop marketing channels that will increase their participation in formal red meat markets
- To improve the age, health and breeding of the animals that they market

Interventions



ComMark launched the Eastern Cape Red Meat Project in 2005 with the objective of assisting emerging and communal farmers in the province to meet these challenges so as to take advantage of the opportunities offered by formal red markets. From its starting point in the Ngqushwa-Peddie area of the Amathole District Municipality, the project now operates at various levels in five district municipalities.

The Umzimvubu Red Meat Project, a joint WBHO-ComMark initiative, was launched early in 2008 with the objective of using the experience gained by ComMark in other parts of the province to assist cattle farmers in the Alfred Nzo District Municipality, starting in Umzimvubu, to increase their income through making more extensive use of formal marketing channels.

The Chairman of the Philani Farmers Association discussing cattle growth rates at the Ngqushwa Feedlot.

Solid buy-in from farmers and the Eastern Cape Department of Agriculture – both of whom have been instrumental in planning the project – as well as from the Umzimvubu Local Municipality has given the project a firm foundation. The programme of visits to

auctions and abattoirs and on-site training to develop experiential learning is well under way and is helping to provide successive groups of farmers with a firmer understanding of how formal red meat markets work and what is needed to take advantage of the opportunities they offer.

The knowledge gained is creating a firmer appreciation among farmers of the importance of the age, health and breeding of their livestock, which, in turn, is laying the foundation for action to improve these characteristics. A full-time animal production specialist recently joined ComMark's team to accelerate this process.

Innovations



Cattle being tagged and inoculated for intake at the Umzimvubu Feedlot

demonstration effect of the Amathole pilot has been extraordinary: farmers have been able to see for themselves what 3 months of intensive nutrition and veterinary care can do for correctly selected animals and how a market-ready animal can be bred in 9-12 months, as opposed to the conventional 5 or more years.

Following visits to the Amathole pilot, support for a similar programme grew among Umzimvubu farmers, providing ComMark with the platform to proceed. After consultation with farmers and the Department of Agriculture, a site at Lugangeni, offered by Inkosi Nosizwe Makaula, was selected, close to the road being constructed by WBHO and about 15km from Mount Frere. Beyond being central and having a reliable source of water, the site forms part of a node being developed by the Department. The basic infrastructure was completed early in 2009 and the first cohort of cattle was admitted during March.

On the strength of the results being achieved in Ngqushwa-Peddie, WBHO and ComMark believe that the CFP will help Umzimvubu farmers to realize substantial, sustainable increases in income from their livestock and that this can be replicated in other communities. A third such programme is now being established at Fort Cox Agricultural College, in conjunction with the college.

It gives the Umzimvubu livestock farming community, WBHO and ComMark great pleasure to invite you to participate in the opening the community's custom feeding programme.

Without doubt, the intervention that has most directly caught the imagination and enthusiasm of farmers is the project's innovative custom-feeding programmes.

The programmes operate through simplified, low cost feedlots, modelled on commercial feedlots – a new concept and the first of its kind in the Eastern Cape.

Livestock are admitted for 90-100 days, for intensive feeding (the costs of which are borne by farmers pro rata) and veterinary care (the costs of which are borne by the respective owners) before marketing, usually through abattoirs. Along with the resumption of auctions in the area, which the project is also facilitating, custom feeding programmes open up new channels for farmers to participate in formal red meat markets.

The programmes are also a powerful vehicle for increasing the effectiveness of training. The