



**NATIONAL EMERGENT RED MEAT PRODUCERS ORGANISATION**

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## Business plan for transformation of primary production in the red meat industry

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# 1. Background

## 1.1 Preamble

The National Emergent Red Meat Producers' Organisation (NERPO) has been representing the interests of smallholder farmers as well as facilitating and providing access to technical support and information for over 16 years. In that time frame NERPO developed a programme for supporting smallholder farmers that focuses on the following aspects:

- a. Strategies for optimal utilisation of available land and development of infrastructure.
- b. Improvement of quantity and quality of saleable livestock produced by the smallholder farmers.
- c. Development of entrepreneurial skills of the farmers and other emerging role players in the red meat industry.
- d. Increasing the smallholder farmers' access to markets.
- e. Encouraging collective action by the livestock farmers so that they may attract discounted prices in input procurement and lower transaction costs in bulk marketing.
- f. Providing access to development finance designed to enable farmers to grow their livestock enterprises.

Consequent to the limited resources available for farmer development, NERPO has concluded that the two main areas that would have the greatest impact on farmer developed, and on which the organisation should focus on are farmer training and mentorship and facilitation of collective approaches to accessing information, knowledge as well as input and output markets. The premise is that knowledgeable farmers are more inclined to seek out more information and appropriate resources than the less knowledgeable ones, and that consequent to their small units, it is practical for smallholder farmers to do business together in order to bulk their inputs and outputs and minimise the cost of doing business.

## 1.2 Current smallholder farmer performance

In surveys that have been conducted by NERPO, emerging red meat producers have about 60 cattle on average. The herd is usually about 45% cows with a calving percentage of about 40%. Based on these assumptions, the average calf output per farmer is 12. If the farmers come together in groups of at least 20, the total output per annum from the group would be 240 calves. If the farmers implement the basics from the training and mentorship programme, it is assumed that they could improve their herd structure to at least 55% breeding cows and attain a calving percentage of at least 55% in the four years of the levy funding. That shift would result in a total calf crop of 330 weaners per year per group and hence increased competitiveness in the market.

Very few smallholder farmers have 50 breeding cows in their cattle herds and even fewer have up to a hundred or more. In order to encourage emerging livestock producers to structure their herds in a manner that maximises productivity, grow their herds and also comply with business principles that would enable them to run viable livestock enterprises, NERPO has introduced two voluntary clubs; Club

50 (farmers with 50 – 99 cows or 100 -299 breeding ewes/does) and Club 100 (farmers with ≥100 breeding cows or ≥300 breeding ewes/does). Farmers that are participating in these clubs will be assisted to access a number of support services to improve their livestock businesses. These farmers would also be encouraged to participate in the training and mentorship programme as lead farmers.

### 1.3 NERPO's intervention

NERPO proposes a farmer training and mentorship programme, that is designed along the principles of Farmer Field Schools, and through which smallholder livestock farmers with propensity to progress to commercially-oriented farming will be selected, trained in the basic management of livestock enterprises, and assisted to implement the acquired knowledge to their own farming business through mentorship. Secondly the farmers will be assisted to use collective approaches in procurement of inputs and sale of products in order to engender in the groups, the collective approach to smallholder farmers, in line with the cooperatives approach that is promoted by the government through the Department of Trade and Industry.

### 1.4 NERPO's capacity as a Service provider

NERPO is a training provider accredited by AgriSETA and Services SETA. The Association is also accredited for the implementation of Master Mentorship (a formal mentorship programme that was initiated by DAFF in 2006). The association has been implementing training and mentorship for smallholder livestock producers for over 10 years, out of which some have developed to the extent of being commercial stud breeders.

NERPO's sister company, NERPO Financial Services (Pty) Ltd offers various credit facilities to qualifying smallholder livestock farmers, which enable them to grow their livestock enterprises. As many farmers as possible that have received such loans will be encouraged to participate in the training and mentorship programme.

NERPO will make use of its Field Agents to facilitate training and mentorship, and engage established commercial farmers as mentors. Such mentors will be identified and selected by the participating emerging farmers from around their own farming areas. This approach has worked well over the years because the farmers know and trust each other.

## 2. Approach to the development of smallholder red meat producers

### 2.1 Farmer training and mentorship

**Objective:** To provide technical skills, market information and guidance to at least 300 smallholder farmers per year, and mentorship to the same farmers for at least two years.

**Approach:** 15 groups of at least 20 farmers will go through a two year training and mentorship programme, during which the following activities will take place:

**1<sup>st</sup> year:** - Farmers will be trained in four basic components of NERPO's training and mentorship programme:

- **Record keeping**, through which farmers are assisted to keep basic records of their livestock and finances.
- **Business planning**, through which farmers are assisted to build a simple five year business plan towards the optimal utilisation of the land that is available to them.
- **Herd health management**, through which farmers are assisted to develop and implement a basic herd health management schedule to address critical disease and parasite risks in their area of production.
- **Basic nutrition**, through which farmers are assisted to develop a basic feed and supplementation programme.
- **Financial management**, through which farmers are assisted with basic financial planning and management.

Training materials will be drawn from NERPO's Skills Development Programmes that are accredited with the AgriSETA and later (when applicable), training programmes in line with relevant Occupational Qualifications that are accredited with the Quality Council for Trade and Occupations.

**2<sup>nd</sup> year:** – Farmers will be assisted to implement the aspects that they have been trained in to their livestock enterprises. Mentors will be brought in to advise the farmers on these and any other aspects that may concern them in relation to their livestock enterprise (e.g. breed selection, management of grazing, etc.).

**Selection of participating farmers:** As much as is practicable, groups will be encouraged to include as many younger farmers (of less than 50 years) as possible. From previous training and mentorship experience, we have observed that there is a much higher uptake and application by the younger farmers than the elderly. Unfortunately the farming community is heavily skewed towards the older farmers, who tend to be keen and have the time to participate in farmer development activities but are generally slow in applying what they have learnt. Fortunately in group learning, younger farmer have tended to take the lead in applying the knowledge and assisting the older and less literate ones in the process. Farmers in NERPO's Club 50 and Club 100 will also be encouraged to participate as lead farmers.

**Outputs:**

- a. At least 300 smallholder livestock farmers (in at least 15 study groups) trained in basic entrepreneurship in livestock production.
- b. Records illustrating the developing of each of the 300 farmers' progress during the period of NERPO's intervention.

## 2.2 Collective approach to input and output market access

**Objectives:** To encourage farmers to work collectively so as to take advantage of bulk purchases and sales, and reduce overhead costs. The ultimate aim would be that the study groups eventually form/join secondary cooperatives at district level, where input procurement and market access could be further coordinated.

The development of secondary marketing cooperatives is being promoted by the national government through the Department of Trade and Industry, and it is likely that a number will be established in the medium term and hence it would be prudent to assist smallholder farmers to effectively participate in this initiative.

**Approach:** The study groups that are participating in the farmer training and mentorship programme will be continuously encouraged to engage in collective approaches, especially in the procurements of inputs. Data from their records of input procurement will be used to illustrate how they could reduce costs if they procured veterinary remedies, feed supplements and other such inputs together, with the aim that the smallholder farmers would ultimately continuously do so at study group level, and later at local municipality and then at district levels. The intention is also that once the farmers have strengthened cooperation on input procurement, they would develop more trust in the cooperative approach to also use it for marketing their livestock.

**Outputs:** At least 15 study groups that are increasingly engaged in collective approaches for procurement of inputs, and ultimately for access to markets as illustrated by:

- a. Records showing the potential inputs that could be acquired by members of the group as a collective and volumes of marketable livestock from the participating farmers as a collective.
- b. Records and comparisons of cost savings and accrued benefits amongst farmers that used collective approaches versus those that did not.

## 2.3 Monitoring and evaluation of project impact

The main tool for monitoring and evaluation of the progress that is made by the farmers will be through the records that are submitted by the farmers through the Field Agents. Secondly, farmers will be encouraged to use an electronic database for their livestock enterprises, which will show all the livestock and all the management activities that have been performed on them.

**Outputs:**

- a. Quarterly reports to the RMIF (if required) on progress with the groups.
- b. Quarterly news articles in NERPO News for the training of non-participating farmers.
- c. Annual progress evaluation report of the participating groups.

### 3. Budget: November 2014 – October 2018

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
Organising 15 farmer study groups & training for 2 yrs	R 1 120 438	R 1 232 482	R 1 355 730	R 1 491 303
Mentorship of farmers in the 15 study groups for 2 yrs	R 461 860	R 508 046	R 558 851	R 614 736
Monitoring & evaluation of farmer training and mentorship	R 450 077	R 495 085	R 544 594	R 599 053
Project direct costs	R 2 032 376	R 2 235 613	R 2 459 175	R 2 705 092
Administration fee (10%)	R 203 238	R 223 561	R 245 917	R 270 509
<b>TOTAL</b>	<b>R 2 235 613</b>	<b>R 2 459 175</b>	<b>R 2 705 092</b>	<b>R 2 975 601</b>