



## Analysing cattle production and marketing activities among smallholders in Swaziland

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### Background

As in many Southern African countries, cattle is the traditional indicator of wealth in Swaziland and, since prestige is derived from the number of cattle owned rather than their quality or commercial value, overgrazing is rife. There are now opportunities for smallholder livestock keepers to increase their income from livestock sales as national and regional demand for meat is increasing and there are unmet export quotas to Europe. Increased access to irrigated land through rural development programs such as the Lower Usuthu Smallholder Irrigation Project (LUSIP) also offer new opportunities — especially to start grass or forage based fattening of animals that significantly reduces production costs and improves quality.

In April 2013, the International Livestock Research Institute (ILRI) and the Swaziland Water and Agriculture Development Enterprise (SWADE) started a 3-year project on “Innovative Beef Value Chain Development Schemes in Southern Africa.” It aims to improve smallholder livelihoods from cattle production and marketing by facilitating delivery of quality fattened cattle by smallholders to slaughterhouses.

The project joins with existing projects to establish grass-based fattening systems that add value to by-products of the sugar industry, crop by-products and residues, and on available pastures. It promotes innovative and comprehensive models facilitating access to financial and marketing services for beef value chain stakeholders.

The research on cattle producers, fatteners and traders’ production and marketing behaviour and access to credit aimed to inform the development of a financial instrument (a loan) to help producers, fatteners and traders improve their competitiveness.

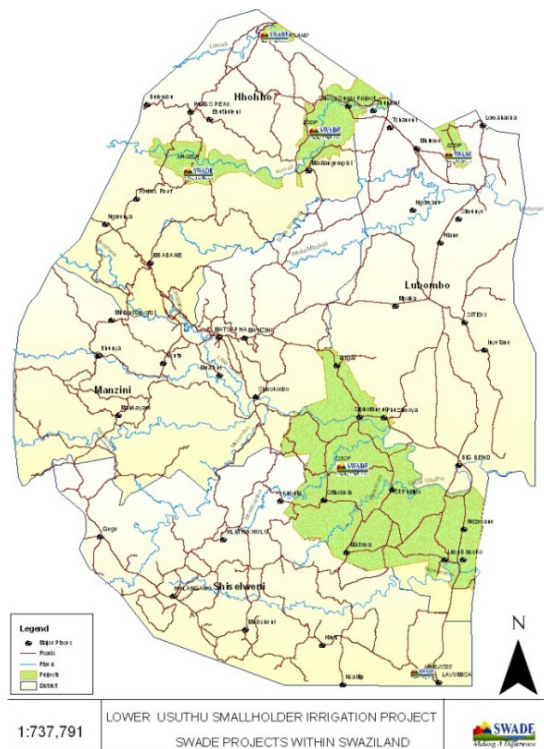


## Methodology

The initial study (focus group discussions) was conducted between October 2013 and February 2014 followed by individual in depth interviews. In total, 111 people were interviewed: 53 cattle producers, 36 cattle fatteners and 22 cattle traders.

## Project area

Figure 1. Selected study areas (in green)



Fifty eight percent of cattle producers had formal education and nine percent had informal education. Almost one third were illiterate (respondents older than 60 years). Cattle fatteners had the highest percentage of secondary school education (36%). More cattle traders (14%) had undergone tertiary education compared to cattle fatteners (6%) while cattle producers had none. On average cattle farmers were in-between informal and primary school education level.

Table 1. Socio-demographic characteristics of the sampled actors

Characteristics	Level	Cattle producers (n=53)	Cattle fatteners (n=36)	Cattle traders (n=22)
Gender (%)	Male	71.7	55.6	90.9
	Female	28.3	44.4	9.1
Age (years)	Mean	50.3 (13.1)	45.4 (13.2)	51.3 (11.8)
	Min/Med/Max	28/53/75	21/46.5/70	29/51.5/82
	Education (%)			
	Illiterate	32.1	25.0	0.0
	Literate	9.5	8.3	22.8
	Primary	35.8	25.0	50.0
	Secondary	22.6	36.1	13.6
	Tertiary	0.0	5.6	13.6

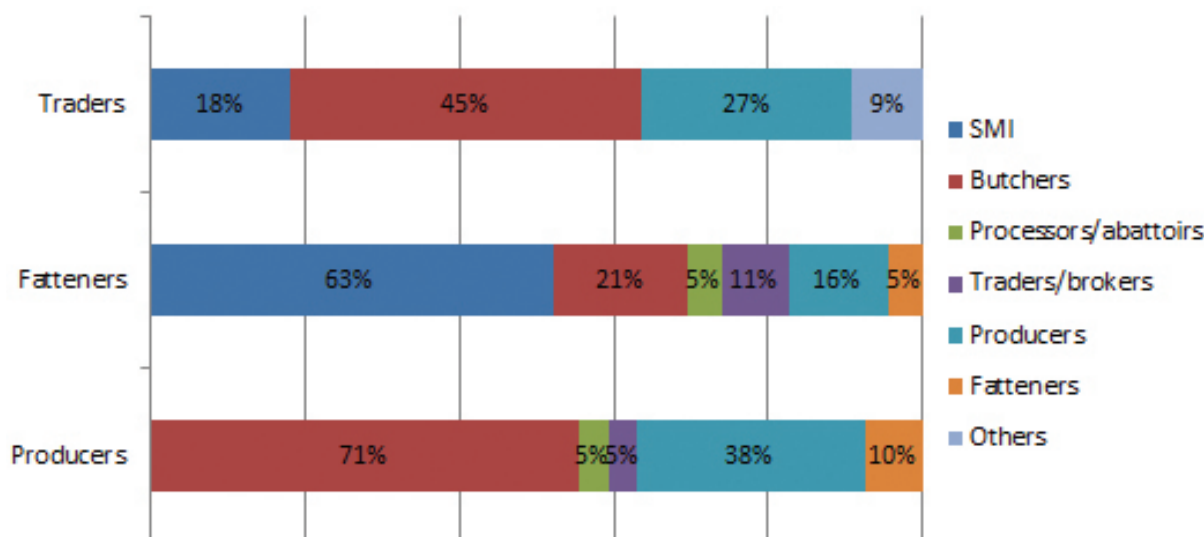
\*Figures in parentheses are standard deviations

The average land size for cattle producers, fatteners and traders interviewed was 3.5, 2.3 and 3.8 hectares respectively. This land is mainly used for vegetables, maize and cotton farming. During the off-season, cattle are allowed to graze in the fields. Apart from land and cattle ownership, farmers own a number of assets such as vehicles, ploughs, and permanent houses.

## Sampled stakeholders' characteristics

Most individuals who own cattle were males, especially the cattle producers and traders. Women were more engaged in cattle fattening activities (table 1). The average age of cattle producers was 50.3 years, and 51.3 years for cattle traders. Cattle fatteners had the lowest average age (45.4), and this group had more females (44%) than the producer and trader groups.

Figure 2. Major sources of income among the different actors



## Results

**Sales of beef cattle are the main source of income for all three groups.** This is because many of them are unemployed and have no other source of income. Selling cattle helps pay for household expenditures. About one third of cattle producers interviewed had not sold cattle in the past two years. Revenues from sugarcane farming contributed 30 to 35% for producers and fatteners. Traders obtain more than one third of their income from other agricultural activities such as livestock production, fattening, transport, etc.

**All three groups deal with multiple livestock species** (cattle, goats, sheep, pigs and chickens). Forty one percent of cattle producers own less than ten animals. For cattle fatteners, livestock ownership is almost evenly distributed for herd sizes of up to 50 cattle. Almost all the traders have been involved in cattle trading activities with different intensities during the past 12 months. Herd composition varies; more than half of the herds of producers are cows older than 4 years. Fatteners have mostly animals less than 24 month of age for both sexes.

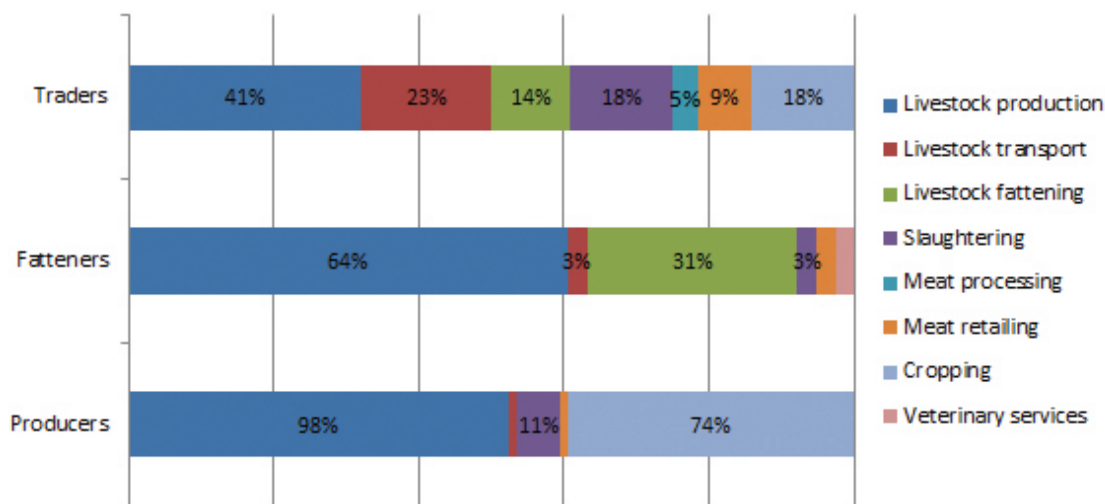
**Cattle traders are involved in different livestock activities compared to the other two groups.** Livestock producers are mainly concerned with livestock production and cropping, with a few also providing slaughter services. Almost the same pattern is observed for fatteners who are mostly involved in two types of activities: livestock production and livestock fattening. Occasionally

some fatteners are involved in other related activities such as transport, slaughter or meat retailing

As expected, traders are involved in many livestock and agricultural activities which enable them to reduce risk by diversifying their activities and generate additional incomes and liquidity. These activities include livestock production, fattening, transport and slaughter as well as meat processing and retailing. Almost a fifth of the respondents from the traders' group said they also grew crops.

Extensive systems are the most common for cattle producers and cattle fatteners. Twenty-five percent of fatteners said they only use stall-feeding system (zero grazing), while other cattle producers and cattle fatteners say they rely mostly on grazing supplemented in the dry season. Only seven percent of the fatteners use commercial feed. The use of sugarcane tops is very low among farmers despite this feed source being plentiful in the region.

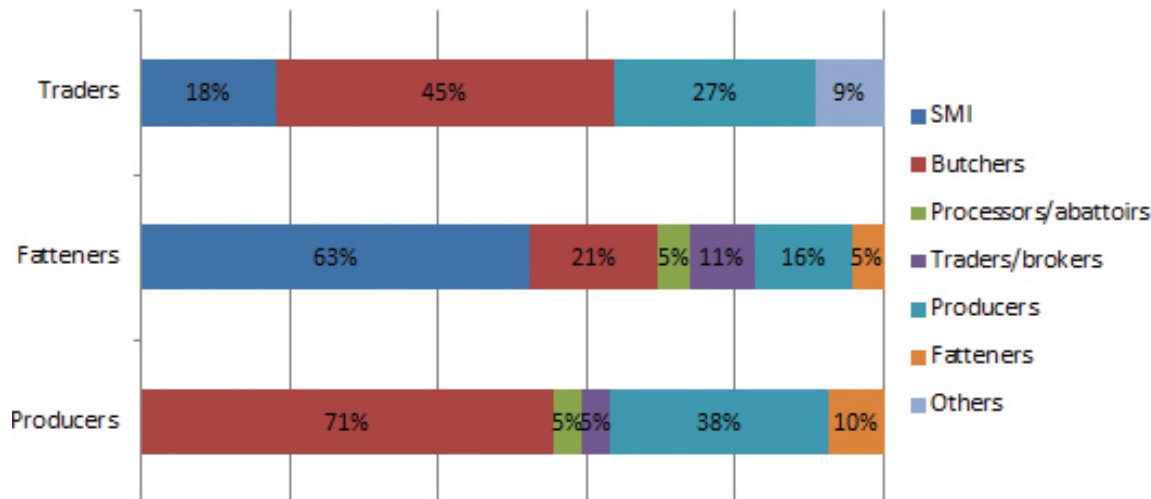
Figure 3. Farmers' livestock and agricultural related \*Multiple selection was possible



The average number of cattle sold during the last 12 months varies per group. Cattle producers sold 3.47; traders sold 37 and fatteners 18. The two main market channels for all groups are butchers and Swaziland Meat Industries (SMI). For producers, selling to other producers is also important. Producers are the most important cattle suppliers. There is a preference to purchase animals up to 2 years old, although purchase of 3-5 years old male cattle and old cows during

also happens. About half of the traders indicated that the quantity of animals on offer was less than in previous years, while the others thought it had remained the same or even increased. Seventy three percent of traders operate only in the Lubombo region. For producers, the mean selling price of cattle is E4382.68/animal (360USD/animal). Cattle fatteners mostly sell animals on the basis of live weight (in Emalangeni per kilogram), the mean price being 20.51 E/kg (2USD/Kg).

Figure 4. Marketing channels\* \*Multiple selection was possible



**All agreements among the different groups are verbal.** During purchase, the following aspects are considered: time of sale, price, body condition, weight, age, animal health, feeding regime followed, conditions and timing of payments and transport of animal at the time of sale. Most respondent groups are willing to use written contractual fattening agreements with the other stakeholders. Almost two-thirds of both cattle fatteners and cattle traders were willing to bear these operational costs. Most cattle producers prefer to share the benefits with the traders rather than ask for a fixed amount.

Access to extension services is below forty percent. Knowledge on the use of suitable feed resources to fatten the animals is limited or inexistent among respondents. Access to market information is high (over sixty four percent); for other farmers, extension services and buyers are important sources of information.

Almost all the cattle fatteners and traders have a bank account compared to seventy percent of producers. Only around half of all respondents have access to credit for livestock/farming activities, mostly due to lack of collateral. Informal sources of credit such as friends and relatives were the most cited source of borrowed money for cattle producers and cattle fatteners. Almost two thirds of the traders said that they prefer getting loans individually and directly from financial institutions.

## Implications

The information gathered is currently being used to develop a business case for a loan product that will initially target 5 selected groups of cattle producers, fatteners and traders that are interested in alternative fattening activities that rely on fodder and crop residues rather than commercial feed. The loan is intended for the group, not an individual.

More information is available in a technical report: "Cattle producers, fatteners and traders' production and marketing behaviour and access to credit: A case study from Swaziland".

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This document is an output of the project financed by the International Fund for Agricultural Development (IFAD Grant No: EB2011/102/R.28) entitled "Innovative Beef Value Chain Development Schemes in Southern Africa" implemented by the International Livestock Research Institute (ILRI) together with the Swaziland Water and Agriculture Development Enterprise (SWADE). Other project partners are the Ministry of Agriculture Micro Finance Unit (MFU) and the University of Swaziland (UNISWA).



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