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## **Impact of New Rural Goat Marketing Structures through Auction Sales Pens to the Livelihood of Small-Holder Producers under the on-going, Advocacy for Small Livestock Value Addition: A Panacea for Rural Poverty Eradication in Zimbabwe**

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### ***Abstract:***

*Matobo district in Matabeleland South, Zimbabwe has the highest number of small ruminant populations. Small-holder goat producers in this predominantly rural district have for long been selling their livestock using informal systems. Farm-gate sales have been more popular but the returns were not satisfactory. Several initiatives have been introduced to improve on sales and profits but the impact has not been pleasing. This study, therefore, assessed the impact of new rural goat marketing structures through sales pens to the livelihood of small-holder producers and in the on-going small livestock value chains. The study focused on the small ruminant value chain projects being undertaken by a local Non-Governmental Organization operating in Matobo District of Matabeleland South Province. The study specifically targeted two wards, where sales pens had been constructed. A close examination of the project activities, participants including buyers and sellers, and documents was made in order to establish the extent of the impact of the new sales pens. Using key informant interviews and questionnaires, identification of positive changes and marketing challenges in these areas were done. This also included identifying some of the attempts made in trying to find solutions for profitable marketing of goats by producers. Statistical and qualitative data from both primary and secondary sources were collected and analyzed to ascertain the impact of the new sales pens to livelihoods and profitability of the new marketing structures to rural communities.*

**Keywords:** Goat, Small-holder goat producers, Sales, Profit, marketing, rural sales pens

### **1. Introduction**

The role of livestock in Zimbabwe's rural communities is changing rapidly. Goats are increasingly used to augment cash income and enhance food security, thus, serving as an important component in household's livelihood strategies, particularly in drought-prone areas. Although many smallholder farmers are now realising the potential of small livestock in generation of household incomes, attempts to access viable markets remains the major obstacle as, available markets are underdeveloped, with dilapidated infrastructure and the marketing system is characterised with unavailability of market information. This has resulted in farmers' lack of confidence in available markets, high transaction costs on the part of buyers and a general decline in the price of small livestock, particularly goats and their products. It is therefore assumed that improved market access will act as an incentive for farmers hence incite them to invest intensively in the enterprise. Market development is thus singled out as the next important step in further developing the small livestock industry in Zimbabwe.

According to Kusina, and Kusina, (2001), unlike beef marketing, there is no organized countrywide formal marketing system for goats. Most animals are sold within communities where market prices constantly vary and are arrived at through negotiations where farmers have limited bargaining power. Depending on the circumstances and pressure to get ready cash, in a depressed economy most smallholder rural farmers get low returns from goat sales.

Considerable activity by "middlemen" who profiteer by paying low prices when buying goats from smallholder farmers distorts the marketing system as, after purchase, they ferry the goats to lucrative urban markets where higher prices are guaranteed. Faced with such numerous challenges smallholder farmers have no other option but to sell their goats to any accessible markets at relatively meagre prices. It is against this background that the study therefore sought to explore impacts of new rural goat marketing structures

through auction sales pens to the livelihood of small-holder producers, under the on-going, government of Zimbabwe's (GOZ) advocacy for small livestock value addition which is viewed as a panacea for rural poverty eradication.

### *1.1. Background to the Study*

Goats play a vital role in the livelihood of smallholder farmers in developing countries. They contribute to food security and alleviate seasonal food variability and availability directly through milk and meat production and indirectly through cash earned from sales of their products. In semi-arid areas goats have comparative advantages over cattle. Since they are hardy and more tolerant to drought, they utilize a wider diversity of flora and their higher reproductive rate allows rapid multiplication of their populations. As browsers they use different tree species which characterise the savannah and desert vegetations, common in Southern Africa and thus enabling farmers to efficiently benefit from the scarce resources particularly vegetation which has become a victim of climate change.

Goats have successfully replaced cattle in most African societies becoming one of the most effective poverty alleviation and food security mitigation strategies. A good number of rural households in Southern Africa, mainly in countries like Botswana, Zimbabwe and South Africa keep goats. And these are constantly traded or bartered in the informal sector, contributing significantly to household incomes and constituting the backbone of rural populace's livelihoods (Homann and van Rooyen, 2008).

Goats play an important socio-cultural role like under the African custom payment of the bride price "lobola" and appeasement of the ancestral spirits. Promoting goat production contributes to drought risk mitigation, particularly in drought-prone areas, and facilitates empowerment of vulnerable and deprived groups of people in communities such as women, people living with HIV/AIDS, orphans, the elderly and the poor in general. Goat keeping is therefore viewed as an integral part of the smallholder farming operations. Goats contribute significantly to the supply of animal protein in the form of meat and milk. In Zimbabwe goat milk is mainly used in drier counties of the country, mostly Matabeleland by non-cattle owners (Sibanda, 1992). Consumer taste and preference signifies that goat meat is popular with the local population unlike mutton which is generally preferred in Asian and European markets (Sibanda, 1992). The production of goats has always been the back-bone of rural family sustenance and livelihood development in Zimbabwe. This sustenance was, and still is, in the form of nutritive supply through meat and milk provision, skins for leather products and selling for generation of income. The uses signify the importance of goats to rural communities and therefore justify the need for thorough investigations and in-depth analysis of goat value chains and make discoveries on how profitable markets can be exploited to maximise farmers' beneficiation. Sustainable production and profitable marketing of goats cannot be possible without the empowerment and participation of rural farmers. The active participation of rural producers in goat value chains and effective marketing structures is critical to the industry's development. This is significant as most of the farmers in the district under study depend heavily solemnly on the rearing and production of goats.

The current goat marketing structures in Zimbabwe's communal and resettlement areas is mainly characterized by informal markets, where the majority of sales are conducted within villages. Private abattoirs and middlemen constitute the main buyers and mainly prefer live animals which they purchase with the intention of reselling in urban towns, mining communities and institutions such as hospitals and schools where they fetch lucrative prices. For rural communities this market is however highly unorganized and unreliable (Kusina and Kusina, 2001).

Efforts to upgrade living standards in rural communities should therefore be directed to the shifting of the majority of smallholder farmers from low input to more competitive market oriented goat production systems. It can be hypothesized that if markets are better developed with market linkages strengthened, smallholder farmers will invest in improved technologies to increase production, improve animal quality and consequently increase market-related off-takes. Expectations being that, this will yield immediate (income growth, food security) as well as long-term benefits (reducing environmental degradation, improved sustainability of agro-ecosystems) and will therefore improve the livelihoods and welfare of the rural farmers.

According to the Sarupinda and Tavesure (2006), during the drought period majority of farmers in Matabeleland South Region marketed their goats traditionally at farm gate getting an average price of not more than US\$7 per goat. Statistics reveal that although farmers own goats in large numbers, they still cannot earn enough income to meet their basics such as food, clothes and afford better health facilities hence continue to live in abject poverty. Besides the subdued prices at farm gate level, the prevailing goat marketing systems were highly inefficient as producers were deprived of bargaining powers, a common feature under perfect markets (Sarupinda and Tavesure, 2006). Buyers also faced inconveniences and high transactional costs as they had to spend time uneconomically moving from household to household, negotiating and buying goats from individual farmers. Such disorganised poor marketing systems critically affected viability of the small livestock enterprise. Of which revamping the systems would unlock the potential and viability of small livestock productivity in the smallholder sector hence enable more than 15,000 communal farmers in Matabeleland Region attain better incomes and improved livelihoods.

Though the significance of goats is undisputable, their marketing which is compounded with numerous challenges calls for intervention of governments and other stakeholders in the region to restore confidence and viability in the enterprise (Homann, van Rooyen and Moyo, 2007) Studies have shown that the marketing of small livestock particularly goats has been undertaken at various macro-scale forums but not at micro-scale situations like village levels. This has therefore become a missing link, as some social strata had been missed and not integrated into, small livestock and rural livelihoods impact assessment or study. Several communities have the m potential to attain sustainable livelihoods if their economic situations are studied and developed in an integrated manner.

### *1.2. Problem Statement*

Rural small-holder goat producers have never viewed their small livestock as of much economic significance as compared to cattle. Goats have only been viewed as suitable for subsistence purposes. This notion has led goats being valued less hence sold at farm gate

or bartered at give away prices to middlemen who deliberately, fanged ignorance on their actual value, hence depriving farmers of any meaningful benefits from the animals. Middlemen profiteer and enjoy super profits by under paying producers and exploitation of lucrative urban markets where they charge and fetch higher prices, thereby distorting the marketing system of small livestock. Faced with poor transport and communication net working systems farmers have no better options but to sell their goats to any accessible markets at relatively meagre prices. Apparently this has led to the declining livelihoods of rural goat producers' and has finally subjected them to soaring poverty levels. It is therefore against such a pathetic background that the study sought to explore impacts of new rural goat marketing structures through auction sales pens, with the intention of finding lasting solutions to the soaring poverty levels affecting the majority of Zimbabwe's rural populace.

### 1.3. Research Objectives

The major objective of the study was to explore impact of new rural goat marketing structures through auction sales pens to the livelihood of small-holder producers, under the on-going, government of Zimbabwe's (GOZ) advocacy for small livestock value addition which is viewed as a panacea for rural poverty eradication.

The specific objectives of the study were as follows:

- To evaluate the impact of new rural goat marketing structures through sales pens on the livelihood of rural goat producers
- To establish the challenges faced by goat producers in marketing small livestock after the establishment of new rural goat marketing structures namely sales pens
- To analyze goat producers' decision making roles and ascertain whether the new marketing structures were demand driven by farmers' own initiative to maximize beneficiation.

### 1.4. Research Questions

The study sought to answer the following questions:

- What impact has the new rural goat marketing structures through sales pens made on the livelihood of small-holder producers in the area under study?
- What challenges do farmers continue to face in marketing small livestock after the establishment of new rural goat marketing structures namely sales pens?
- How are critical decisions that affect social and economic lives of people made in the rural communities

## 2. Research Methodology

### 2.1. Research Methods

Wards 1 and 19 of Matobo District in Matabeleland South Province were purposively selected as they have intact sales pens which were established for community auctions. The population comprised wards 1 and 19 communal farmers, government and NGOs departments working in Matobo district. A sample of 40 households was drawn from a population of 400 of the two wards.

Questionnaires and focus group discussions were chosen for gathering information from the communal farmers, while in-depth interviews were used mainly for buyers, the Rural District Council (RDC) and organizations, while questionnaires were administered to a sample of 40 households. Twenty (20) questionnaires were administered for each site. This means a total of forty (40) households were interviewed for the study. It should be noted that the researcher made sure that all households interviewed stayed within a radius of three (3) km to the sale pen to minimize on the effects of the distance factor.

## 3. Results

### 3.1. The General Economic Value of Goats

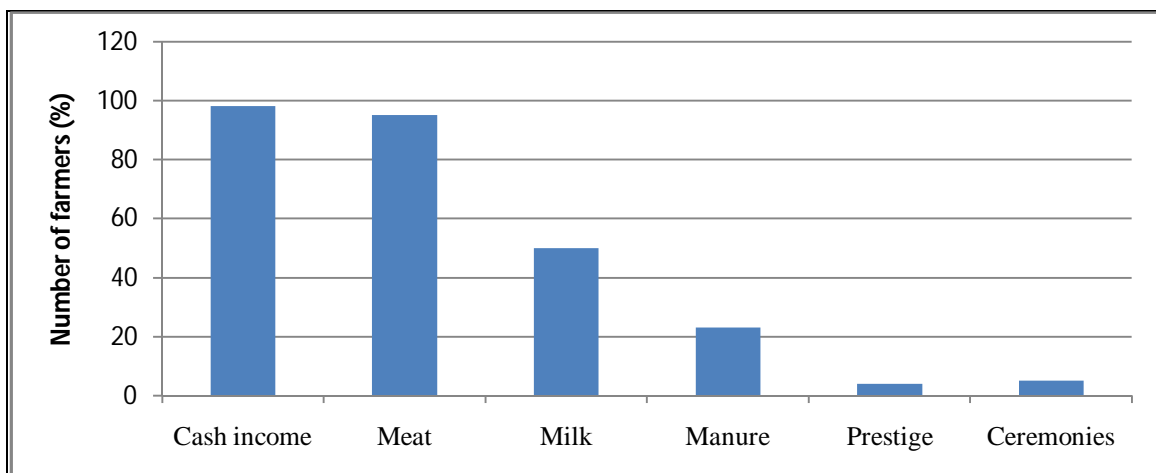


Figure 2: Most important functions of goats: Source-Sabine Homann and Andre van Rooyen (2006)

According to a survey carried by *Sabine Homann and Andre van Rooyen (2006)* involving 825 households in six districts of Matabeleland South (Beitbridge, Gwanda, Matobo) and Matabeleland North (Binga, Nkayi, Tsholotsho) the majority of farmers identified cash as the key function provided by goats (Figure 2) above. The same sentiment was also echoed by farmers in Mfundisi and Searblock villages

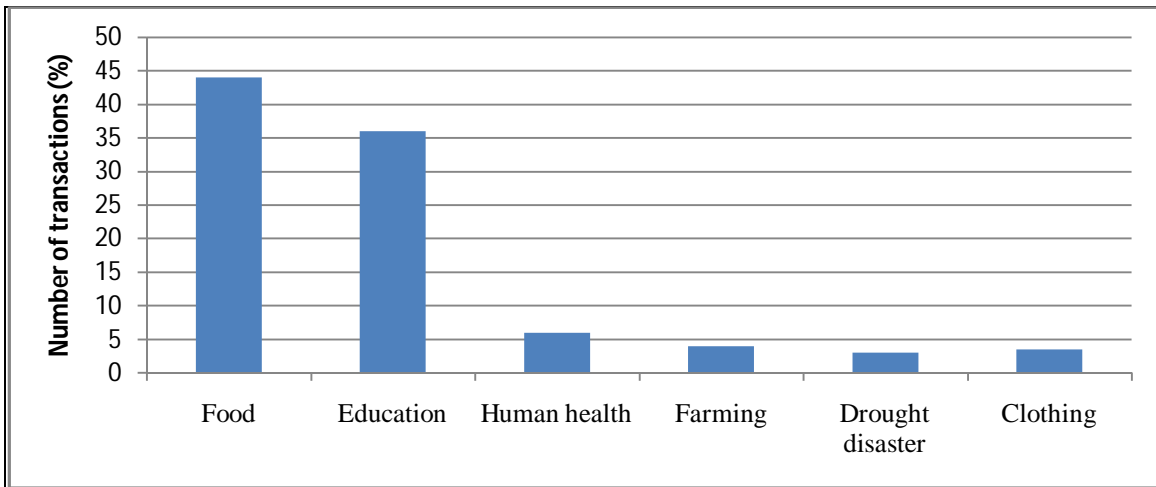


Figure 3: Expenses covered through goat sales: Source-Sabine Homann and Andre van Rooyen (2006)

Goats represented small bundles of cash and served as a buffer against Zimbabwe’s hyperinflation and liquidity crisis. Cash from goats was primarily spent on food and payment of tuition fees, health care and farming inputs (Figure 3). The second most important function was food in the form of meat and milk. Goats therefore contribute directly to food security, and the general welfare of rural communities as they are an important means to empower even vulnerable groups or members of the society such as (HIV and AIDS victims, female and child-headed families, and generally the disadvantaged).

3.2. Highest Average Prices before and after Sales Pen Construction

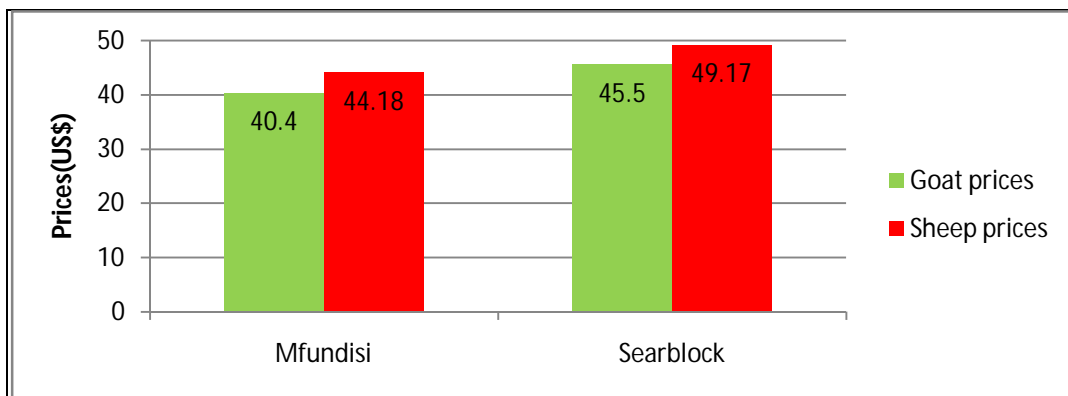


Figure 4: Average highest prices before sale pen construction (Source-Primary data)

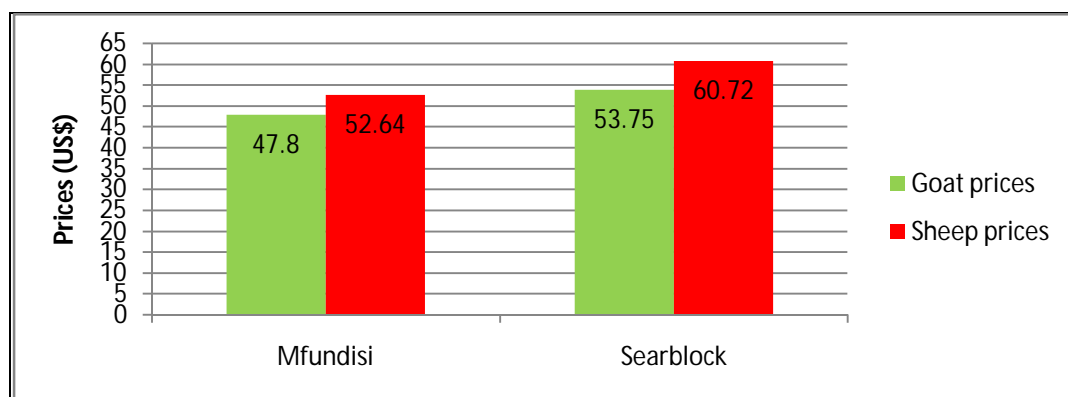


Figure 5: Average highest prices after sale pen construction (Source-Primary data)

Average prices before and after sales pens were critical in the assessment of the impact of the sales pens to livestock producers who adopted the innovation of pens as a new marketing system. Figs. 4 and 5 above summarize the highest average prices for the two sales pens during the 2013 marketing season. Fig 4. analyses the average prices before the sale pens were constructed and Fig 5 analyses the average prices after the launch and operational phases of the sales pens.

The figs reveal the impact of the new marketing structures on the livelihoods of local communities. It has been noted that average prices for goats before construction of sales pens staggered at \$40.40 and after the introduction of sales pens as a new innovation, a goat with a live weight of 30-40kgs fetched \$47.80. The difference of \$7.40 between the prices was a significant indicator of the impact of the new marketing structures on the producer price of an animal.

### 3.3. Price satisfaction scale

Category	Mfundisi Sale Pen	Searblock Sale Pen
1-Not satisfied	0	0
2-Nearly good	4	0
3-Good	9	0
4-Better	7	5
5-Satisfied	0	15

Table 1: Price satisfaction scale for producers (Source-Primary data)

The above table shows a price satisfaction scale of 1 to 5 which reveals whether producers are content with the prices offered by buyers participating in the new auction system. Table 1 above indicate that Mfundisi households still expected more to happen so that they are satisfied with the prices offered at sales pens. A majority of the interviewed Searblock households however showed that they were satisfied with the prevailing prices offered for their livestock at the sales pens.

## 4. Conclusions and Recommendations

From the above case, it was generally concluded that new sale pens had a positive impact on the livelihoods of local communities in Matobo District of Matabeleland south province, especially to households residing within a radius of not more than three kilometers from sales pen sites.

Positive issues that emerged included that: Since most of the farmers in the area were goat producers and derived their livelihood from the enterprise, lack of properly organized formal markets was a drawback for the livestock industry. The sale pens had therefore come at an opportune time for them to formalize marketing of their livestock and boost viability.

The sales pens have attracted buyers from different areas to converge in one place thereby allowing producers to bargain and get competitive prices in the process. Thereby realizing huge profit margins, which could have been inaccessible under private and farm gate sales. Profits realized have allowed producers to improve their standards of living, characterized by improved their diets, farmers' ability to access better health facilities, better accommodation and payment of tuition fees in expensive schools.

Reduction of Stock theft cases has been registered as marketing is done in an open system. Various stakeholders are made to converge at designated points and these normally include producers with their stock registers, local leadership, the local responsible council, police and other sister government departments. The new marketing structures encourage sharing of ideas and information on new market linkages as they promote dialogue between producers and buyers. Producers are made to realize the need to view livestock production as a viable business and also the essence of grouping together for easy marketing and lobbying for better trading conditions.

### 4.1. Negative Issues which Emerged are

Due to poor planning and scheduling of sales by the local responsible authorities (RDC), the markets are usually characterized by a poor turnout of buyers and sellers thereby affecting competitive pricing of the farmers' livestock.

The RDCs demand prohibitive levies of about 10% of the selling price of an individual animal thereby affecting the smooth sailing of transactions and viability of the marketing system.

The poor quality of stock reduced the potential profits which producers could realize. There was a need for improvement of stock quality to realize better prices during sales.

In light of the conclusions above, the following are some of the recommendations arrived at:

- The construction of new livestock auction sale pens should be done in areas which do not have them to improve on accessibility and proximity.
- Strong marketing committees that help in auction sales pen management must be put in place to complement the rural district council in the organization, planning and scheduling of sales. A joint sales calendar may be generated and advertised through one known media to avoid confusion of sales dates. This brings transparency and buyers will attend the sales to improve competitiveness during biddings.
- Livestock producers must form groups for marketing and lobbying purposes. These groups may also help producers to join national farmer associations or unions like Zimbabwe Farmers Union and Zimbabwe Commercial Farmers Union.
- Livestock producers need to be trained to view farming as a viable businesses and to demand access to better selling opportunities guided by standardized livestock grading systems. This will motivate producers to improve the quality of their

stock through introduction of exotic breeds such as the Boer goat into their flock which will help maximize profits during sales.

- Research and specialist services/extension should disseminate information to farmers through organized shows & field days to enhance farmers' expertise on livestock management and existing marketing linkages through government's department of Agricultural Marketing Authority AMA.
- Constant engagement of all stakeholders and other relevant players in the small livestock value-chain is crucial for solving challenges which may prohibit continuity and sustainability in the use of the sales pens and negatively affect the formal marketing systems, thereby denying producers a chance to derive maximum benefits from their livestock.

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