

PART 2

Meat and hides



Introduction

As incomes rise, so does demand for meat. In developing countries, rising purchasing power, increasing urbanization and changing consumer preferences are all creating greater demand for meat; FAO predicts that per capita meat consumption in the developing world will rise by 1.2% per year between 1991 and 2030 – a rise of nearly 45% in all. Meat production will rise faster, by 1.7% a year, more than doubling by 2030 (FAO 2007, p. 141–5).

But much of this demand is supplied by large-scale producers who raise genetically uniform animals under intensive conditions, often indoors. How can small-scale producers with a few animals compete?

One possibility is to differentiate their product in terms of quality. This section describes two initiatives that attempt to do this:

- Umzimvubu Goats: Adding value to an under-utilized indigenous resource in **South Africa**
- Marketing Criollo goat meat under a Protected Designation of Origin seal in **Argentina**.

The South Africa case describes a government-led initiative to generate income for farmers in a disadvantaged part of the country. It involved a major investment in infrastructure (an abattoir, tannery and restaurant), research, training, extension activities and institutional development, as well as developing new products (leather handicrafts, meat cuts and sausages) and market linkages.

The Argentina case required much less investment as the basic infrastructure (an abattoir) already existed. The focus has instead been on obtaining a protected designation of origin seal for an existing product (goat meat) to differentiate it in the market and enable producers and processors to charge higher prices.

Hides are a natural by-product of meat production. They can be tanned and made into a wide variety of products. Many local breeds have hides with attractive or unusual colours and patterns, making them ideal for the production of distinctive leather handicrafts.

Both of these cases refer to goats. While this species is relatively unimportant in the developed world, it is one of the “big five” livestock species worldwide (the others are cattle, sheep, pigs and chickens). Goats are especially important for small-scale livestock keepers and pastoralists because they are hardy, can thrive on a variety of vegetation, produce both meat and milk, and can be quickly turned into cash: if a livestock keeper needs to pay school fees, it is easier to sell a goat or two to pay for school fees than to part with a cow or camel.

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Umzimvubu Goats: Adding value to an under-utilized indigenous resource in South Africa

Merida Roets, Zama Mandisi Madikizela and Mpho Mazubane

Alfred Nzo district certainly is beautiful. Unlike much of arid South Africa, ample rainfall means it is green. Rivers that rise in the dramatic escarpment of the Drakensberg mountains to the north carve deep valleys as they flow down to the Indian Ocean. Indigenous aloes grow 3 metres tall, with heads of spiny leaves and spiked crowns of bright orange flowers.

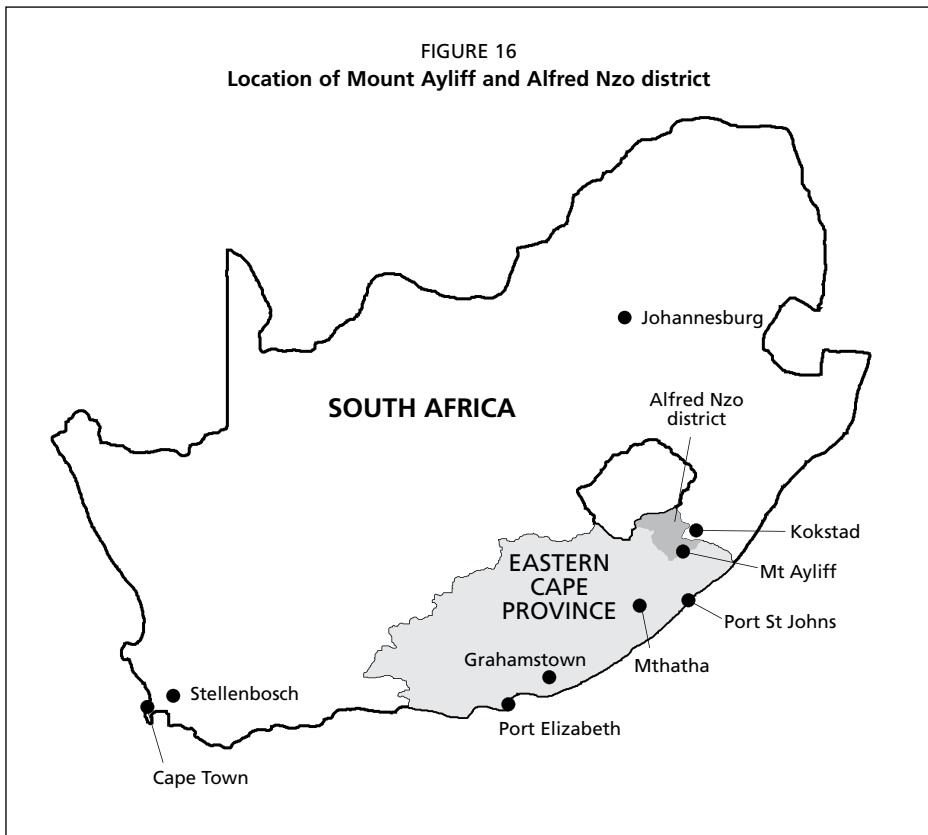
Surrounded by this beauty it is easy to forget that Alfred Nzo is one of the poorest districts in the Eastern Cape province, and this province is among the poorest in South Africa. Part of the independent Bantustan of Transkei, the district was neglected by the central government until reunification with the rest of South Africa in 1994. There is little employment except in subsistence agriculture, so many of the districts' men have left to work in South Africa's cities and mines, leaving women and children to run the farms. Many residents depend on remittances from the men and on government support.

So is the district doomed to remain picturesque but poor? Not if it can take advantage of one of its key resources – its local breed of goats. Alfred Nzo district is home to some 300 000 indigenous goats, the largest such population in South Africa. A typical local household keeps perhaps 15–20 goats, along with 10 cattle, 10 sheep and 20 chickens. The goats are medium-sized and multicoloured (more of that later). Most land in the district is under the custodianship of tribal authorities and is grazed communally.

CHEVON AND CUSHIONS

“Chevon” is goat meat, just as “beef” is cow meat, and “pork” comes from pigs. It is a speciality of the restaurant for visitors at Umzimvubu Goats, a production and processing facility in the town of Mount Ayliff, the capital of the Alfred Nzo district. When they have finished their meal, visitors can stroll through the leather crafting workshop and buy attractive cushions in the adjoining shop. The cushions come in natural brown and white hair-off or hair-on leather, or are dyed various colours: bright blue, green or red. The craft shop has a range of other goat-leather products too: handbags, purses, sandals, shoes, key chains, belts and wall hangings.

The process of turning a goat into steaks, salami and sandals begins with the goat-breeders. Over 3 000 breeders in the surrounding area, organized into six regional cooperatives, raise goats under contract with Umzimvubu Goats. A typical producer with 20 goats can sell perhaps 15 kids a year to Umzimvubu Goats. The producer delivers the animals to the regional cooperative, where a vehicle picks them up according to a predetermined



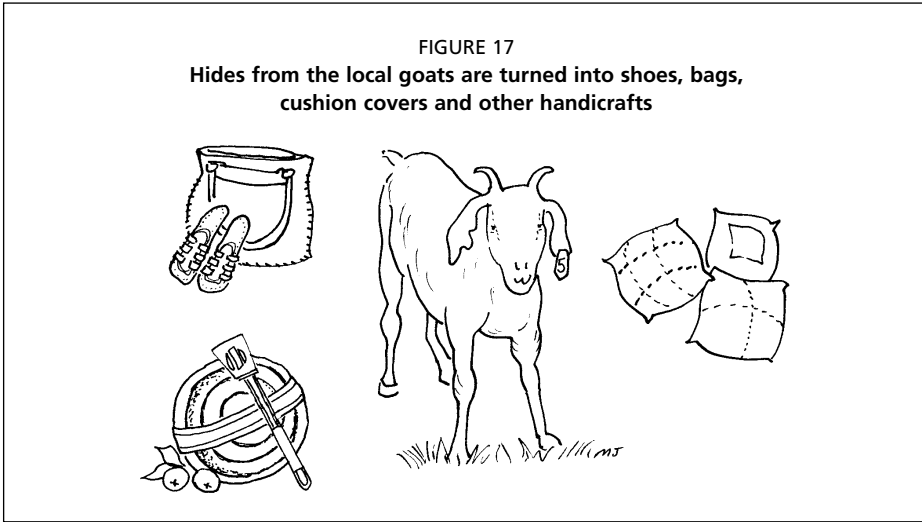
collection schedule. They are offloaded at the processing plant, weighed and recorded. The breeder is then paid directly into his or her bank account, and the regional cooperative is paid a percentage of the price as a handling fee.

The processing plant keeps enough goats in the feedlot on site for 2 weeks' worth of production. From there, they go into the abattoir, which can handle up to 40 animals a day. The goats are slaughtered using certified *halaal* techniques: the biggest market is South Africa's large Muslim population.

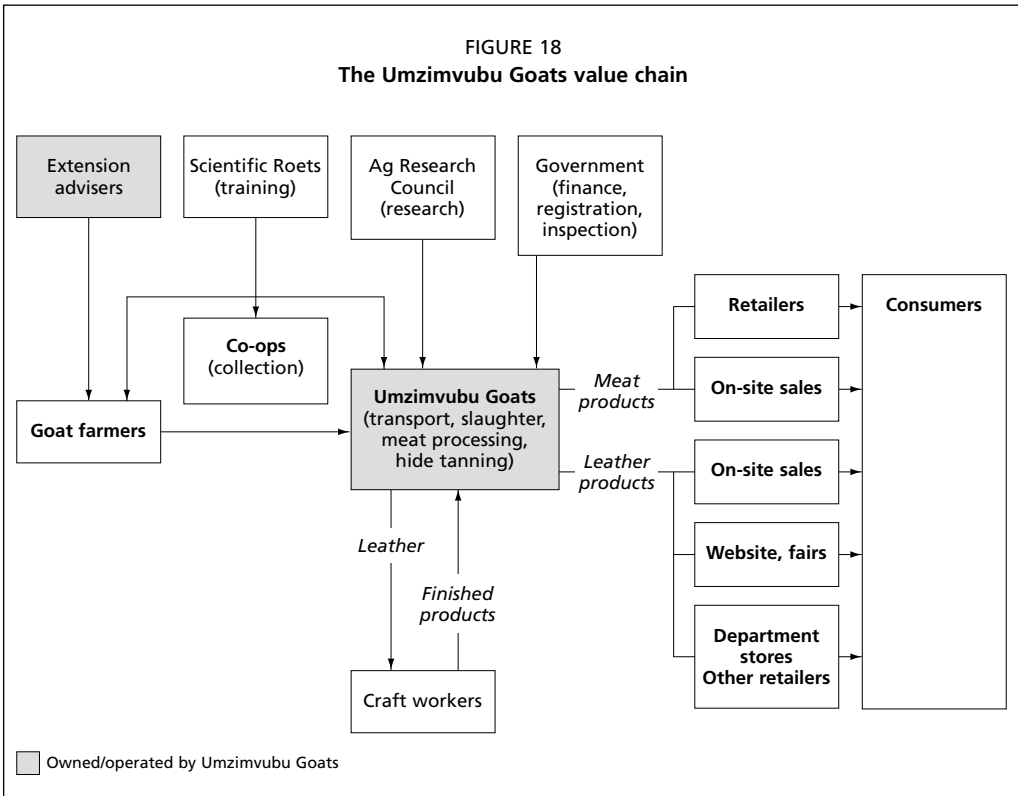
The carcasses go into a meat processing plant where various cuts, as well as ground (minced) meat, patties (burgers), sausages and salami are prepared, spiced, vacuum packed and labelled. The meat is stored in a cold storage room until it can be taken to retailers or served to visitors in the on-site restaurant.

The hides go to a tannery next door, where they are processed into hair-on and hair-off leather. The tannery also buys skins of animals slaughtered elsewhere, and can handle the skins of small game animals on commission.

Eight cooperatives of local artisans, associated with the six regional goat-raising cooperatives, work the leather into cushion covers and many other products. These products can be bought from the leather-craft shop on-site, or through various craft outlets in Johannesburg, Port Elizabeth and Stellenbosch. Umzimvubu Goats products have also become a regular feature at the Grahamstown National Arts festival every year.



The value chain from farmers to consumers is supported by various service providers: public and private donors and funders; the district municipality; the extension and public health divisions of the Department of Agriculture; providers of feeds, pharmaceuticals, and training; bankers, and legal and business experts.



FROM IDEA TO OPERATION

The idea of developing Umzimvubu Goats came from an Agricultural Research Council exhibit at the South African Parliament in 1999. When he viewed the exhibit, Geoff Doidge, a Member of Parliament from nearby Kokstad, realized the potential for a goat processing industry in the Eastern Cape. His idea was to build a facility that would bring together small-scale farm cooperatives, slaughtering, processing and manufacturing in the Alfred Nzo district.

In 2000, a series of demonstrations of goat production and products was held at several villages in the area, organized by the local branch of the United Nations Office for Project Services (UNOPS). Numerous goat farmers in the area supported the idea of establishing a processing plant. Consultations by the district administration with local people also showed goats were a priority, so the district municipality quickly took ownership of the project concept and helped design a funding proposal to submit to the national government, which provided funding through its Integrated Sustainable Rural Development Programme. The district municipality managed disbursements through its Local Economic Development Programme. So the project was supported at three levels: grassroots, local government and national government.

The National Department of Agriculture also took up the idea. The Agricultural Research Council was commissioned to conduct research into how farmers can use their goats, and their knowledge about goat-raising, to generate income and develop the local economy. That was followed by a full market survey. Focus groups tasted chevon products and gave their opinions about various leather products. An in-depth study in the country's biggest cities tested consumer awareness of the products and introduced them to the public. The study found that a number of products could be developed from goats and the whole process could be commercialized.

Poultry, beef, mutton and pork are regarded as commodities in South Africa, and their prices can be followed in the agricultural media. But goat meat is not an established commodity, so does not follow such formalized marketing channels. That means that goat items can be successfully marketed only as niche products.

FOUR ELEMENTS

The research showed that there was indeed a potential market for chevon and for goat-leather products. It was time to develop the project in earnest. The project consisted of four elements: infrastructure development, institutional development, social facilitation, and technology transfer and training.

Infrastructure

Building the processing facility in Mount Ayliff began in 2003 and cost R10 million (around \$1.3 million). The construction was managed by the Consulting Engineering division of Scientific Roets, a private company based in Kokstad that specializes in development activities. That included the construction of holding pens, the abattoir, the processing plant, tannery, an administration building, the restaurant and retail outlet, craft production units, as well as an infirmary to deal with sick animals, stores for feed, equipment and medicines, an

effluent treatment plant, washing facilities and security housing. Craft production units, goat-handling facilities and training venues were also built in nearby villages. The processing plant was officially opened in 2005 by Mrs Thoko Didiza, Minister of Agriculture and Land Affairs.

Institutional development

All this infrastructure is designed for specific products and depends on a reliable supply of live goats to keep it running and profitable. Ensuring such a supply meant it was necessary to work closely with the area's goat producers. The solution was to organize a series of cooperatives, linked to Umzimvubu Goats through contracts specifying the responsibilities of each party. Scientific Roets set up these institutional arrangements.

The central institution is Umzimvubu Goats itself. This is a private company, 95% of which is owned by the district municipality and the remaining 5% by a central cooperative, which has the regional cooperatives as members. The company has two main functions: running the processing and marketing facility, and promoting goat farming in the area. It helps organize the regional cooperatives and will buy all the goats they produce that meet the required standards. It advises and trains the producers on how to manage, breed and care for goats to meet these standards. It provides these services to the regional cooperatives on payment of a membership fee. Umzimvubu Goats holds shares of its member regional cooperatives in trust. It pays them a dividend out of its profits, as well as an annual bonus if the member cooperatives reach their production targets.

The company employs 48 staff, including managers, extension officers, slaughterers, meat processors, leather tanners and restaurant personnel.

The central cooperative, as the implementing partner of the company, is managed by a board of nine directors representing each of the member regional cooperatives, plus the District Municipality, the Department of Agriculture, Veterinary Public Health and specialist expertise as required.

The six regional cooperatives coordinate the production of goats by their members. They plan when members will deliver animals to a collection point and arrange for the central cooperative to transport them to the abattoir. They ensure that the supply of animals is consistent and good quality, and that each animal can be traced back to its owner (this is done through a system of ear tags and branding).

Each regional cooperative is legally registered and has its own board of directors. Its members are farmers who live in the villages it serves: between 300 and 750 farmers per cooperative, from 7–15 villages. The individual members pay a fee to join the cooperative; this was introduced by the cooperatives themselves to ensure that the members are committed to the venture.

Each year, each individual producer has to estimate how many goats he or she will deliver, on which dates – and then actually deliver the number pledged. The goats must be of the quality specified in the contract-producers' manual, and the producer must keep adequate records for each animal.

The leather workers receive leather and leather-craft materials from the central facility and make the items to specifications. They return them to the central shop and are paid for their work on each item.

Social facilitation

How were these organizations established? The district municipality contracted Scientific Roets to facilitate the process, which followed 13 steps outlined in a manual developed by Scientific Roets (Roets, 2004a). This company organized campaigns at churches, youth groups and farmers' associations to raise awareness about goat production and marketing, and to start forming interest groups. It then trained the groups how to set up their own cooperative, design a constitution, draw up a business plan, elect leaders and eventually register the cooperative. Once they were registered, Umzimvubu Goats offered the cooperatives a contract growers' agreement. The new cooperatives had to open a bank account and register a branding mark for their members' animals before they could start producing goats under the contract agreement.

Technology transfer and training

What technologies should the various actors in the chain use: the goat-raisers, abattoir, meat processing plant, tannery, and the artisans who make the craft products? Several studies were conducted at the Agricultural Research Council on goat nutrition and management as well as the qualities and processability of chevon and goatskin. Meat and leather product ranges were developed based on the results of these analyses (Roets, 2004c), and their market potential was investigated.

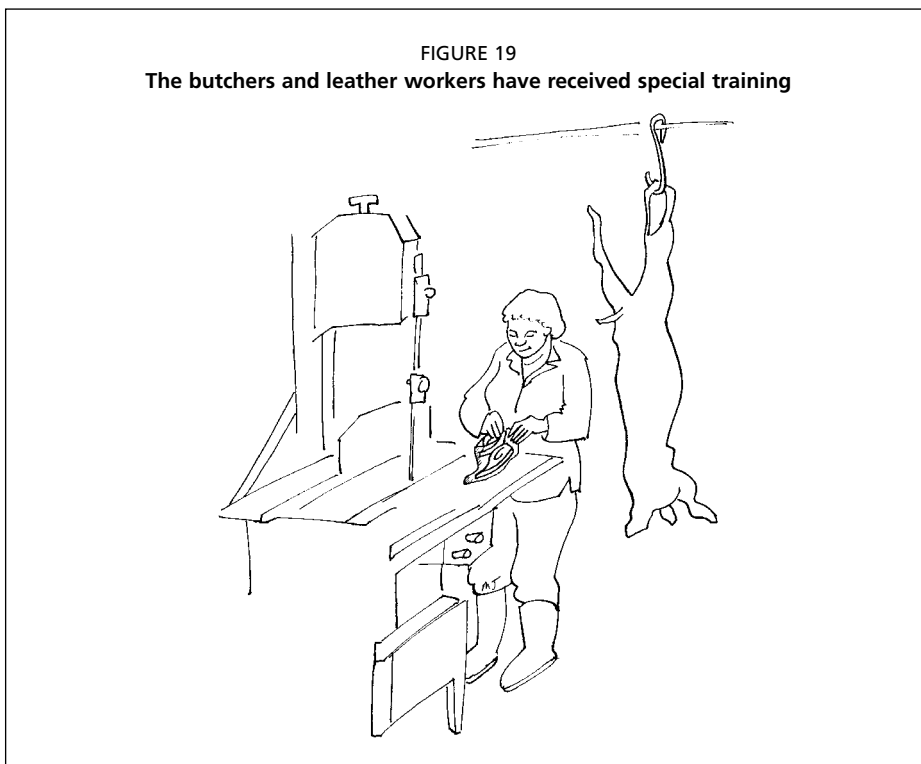
Selecting technologies is one thing: training people how to use them is another. Various groups had to be trained: the staff of the processing facility, extension workers, the cooperative boards, the leather crafters and the goat producers.

Company staff. Training in new technology was accompanied by upgrading the business skills of staff who work at the central facility, cooperative training and manual development. For example, 15 abattoir personnel were trained in animal slaughter and meat processing at the Meat Industry Centre of the Irene Animal Nutrition and Products Institute of the Agricultural Research Council. Three tannery staff were trained in tanning techniques at the International School of Tanning Technology in Grahamstown. The restaurant staff were trained in food preparation and handling.

Extension workers. The provincial Department of Agriculture initially pledged support from its extension officers to support the farmer training drive. Scientific Roets trained 25 of these staff in the project concept, goat management practices, value-adding opportunities, and farmer facilitation and cooperative development processes. However, a lack of vehicles, low levels of competence and poor supervision meant that these staff (with just two exceptions) were ineffective, so it was decided to train the farmers internally.

Goat producers. Scientific Roets had already trained the farmers how to set up their own cooperative (see above). For goat production skills, it developed a qualification (equivalent to a Grade 9 school certificate) on animal production aligned with the requirements of the South African Qualifications Authority (Roets 2003). This 10-month training programme teaches small-scale goat farmers the intricacies of goat contract growing to market specifications, with 25% theory and 75% practical assignments. Aside from giving the trainees a full understanding of goat farming, it also provides them with a formal tertiary qualification which learners can use to get a job in other sectors. Funding for this training was provided by the Agricultural Sector Education and Training Authority (AgriSETA)

FIGURE 19
The butchers and leather workers have received special training



and the Mineworkers Qualifications Authority (which draws many migrant labourers from this part of South Africa). A total of 162 farmers were trained on this programme, at a total cost of around R3 million (about \$400 000). Each member farmer receives a specially developed manual in Xhosa, the local language, which explains important goat management principles, goat specifications (weight and age), and how a farmer can become a grower for Umzimvubu Goats (contracting and delivery issues) (Roets, 2004b).

Leather crafters. Approximately 50 leather crafters were provided with in-depth leather crafting training of 3 weeks each. Follow up training was also provided after they had a few months of practical experience.

Cooperative boards. Scientific Roets also offered a 3-day training course on cooperative management to the boards of directors of the regional cooperatives that had signed contracts with Umzimvubu Goats. This course also informed the participants about goat management and how to handle contract growing.

BLACK DIAMONDS AND LEAN EATERS

The market for goat meat products includes various consumers:

- Muslims, who require meat that is *halaal*. Umzimvubu Goats' *halaal* certification means that this community is its largest market.
- The "New Black Diamonds", as they are called in South Africa: newly wealthy black people who are familiar with goat meat from the communities where they grew up.
- Health-conscious people: goat meat is leaner than other meats.

- The local Zulu and Xhosa consumers who buy meat at small butcher's or grocery shops in the region, including Kokstad, Mthatha and Port St John's.
- Tourists at the Mount Ayliff restaurant, which caters for the adventurous interested in tasting the local cuisine.

DO YOU HAVE A RED-AND-WHITE GOAT?

Ensuring a steady supply of goats is a challenge. Goat breeders see their animals as a ready source of income when required. Goats are sold to neighbours, traditional healers and speculators on an *ad hoc* basis. Every goat sold in this way means one fewer at the abattoir. Many producers fail to fulfil their delivery contracts for this reason.

Goats have always been used as a source of food and for traditional purposes in South Africa. They are slaughtered for various traditional celebrations, such as births or birthdays, or for religious rituals and dowries. The colour, age and sex of the goat are important, but their significance varies from tribe to tribe. Goats of different colours are slaughtered for different reasons. The Zulus, for example, believe black goats possess the most powerful magic, reddish-brown goats prevent conflict and bloodshed, and red-and-white goats are used in thanksgiving for the end of a conflict. Other colours are used by various tribes for wedding or circumcision ceremonies, by traditional healers to celebrate the end of their training period, to chase away bad luck, or to ask forgiveness.

This means that producers are sometimes reluctant to part with their animals: someone who needs to get rid of bad luck or celebrate a wedding may insist on buying goats with particular colours, and may be prepared to pay high prices to get the animals he or she wants. The owners hang on to their animals in the hope of getting good prices; because the animals are grazed on communal land, the cost of keeping a few extra animals is virtually zero. Those animals are older, so less valued as meat, when they arrive at the abattoir – if they ever make it there.

The management of Umzimvubu Goats wants to buy goats from outside the Alfred Nzo district, but the board has vetoed this idea: it says that commercial farmers outside will benefit more than local producers. But the limited supply of animals is stunting the growth of the company. If it cannot get goats from local farmers at the meat commodity price, and farmers who sell for the meat trade are not allowed to enter the business, Umzimvubu Goats will not be able to expand its operations.

BENEFITS TO PRODUCERS

So have the goat producers benefited? They can now get a regular income by selling their livestock to a consistent market each month. They can earn a bonus from profits generated by the facility, and because the entire system is owned by producers, they are empowered as business owners. The municipality is a "silent" partner and does not draw dividends from the proceeds. It basically owns the infrastructure and wants to see it properly used.

- A typical producer who owns 20 goats can sell perhaps five ageing goats a year through the traditional market, earning R900 per animal, or a total of R4 500. Because buyers want older goats or certain colours, the income is uncertain.
- By selling to Umzimvubu Goats, the same producer can sell 15 kids a year at around R580 each, bringing in an income of R8 700 a year. And the market is reliable: the

producer can sell at any time as long as the animals meet the minimum weight requirements.

Umzimvubu Goats pays R16.50 per kilogram live weight (kids weigh about 35 kg each). This price is fixed: varying prices according to demand would confuse and deter farmers from supplying animals.

Umzimvubu Goats can earn mark-ups ranging from 30% (for meat products) and 92% (for leather-craft). It earns more if it sells directly to buyers on-site or at festivals, fairs and shows; less if it markets through retail outlets that must earn their own margins. In fact, a deal to supply a chain of department stores with high-end cushions fell through because the stores could not sell the products at an attractive price without eating into their own profit margin.

The following calculation shows the value-adding potential of processing goat meat. By selling a 35-kg goat for R16.50/kg, a farmer can earn R577.50. Selling the goat's meat in an unprocessed form does not increase this value very much, and competes directly in price with other, more familiar meat types. Consumers are reluctant to pay extra for (relatively unfamiliar) goat meat when they can buy (more familiar) mutton or beef. Processing the goat meat increases its value: for example, making cabanossi (a type of sausage that is considered a delicacy) can earn R842 per animal. Obviously, the overhead, spices and other costs must then be covered by the profits generated.

ROLE OF POLICY ENVIRONMENT

Umzimvubu Goats is a government initiative – it would not have happened at all without the support and initiative of various government agencies and individuals. A Member of Parliament, Geoff Doidge, gave the initial impetus. The Department of Agriculture and the Agricultural Research Council provided vital support, and the national government provided funding through the Integrated Sustainable Rural Development Programme. The local authority, the Alfred Nzo district municipality, managed the project and owns the majority of the enterprise. The government's National Skills Development Act enabled the Agricultural Sector Education and Training Authority and the Mineworkers Qualifications Authority to fund the cost of training the farmers.

No policies limited or hindered the development of Umzimvubu Goats. The company did have to comply with various regulations, however. It had to register the abattoir with the Department of Agriculture's Public Health division, and had to employ a meat inspector. *Halaal* certification came with its own stringent rules and requirements (for example, the employment of a certified slaughterer and regular inspections by the *Halaal* Authority).

The cooperatives also have to comply with new legislation about branding: abattoirs may now slaughter only animals that have a registered brand or tattoo. This is to curb the high levels of stock theft in some parts of South Africa. This requirement meant informing farmers about the new law and getting them to brand their animals. At R150, registering a brand is too expensive for individual farmers, so a rule was introduced to allow cooperatives to register a single brand on behalf of their members. Umzimvubu Goats devised a system where the cooperative brand is applied as an ear-tattoo, while the farmer member number and animal number appear on the animal's ear-tag. In this way the animals are all legally branded and the farmer's individual animals can be identified.

FINANCE AND GOVERNANCE

As the majority owner and supporter of Umzimvubu Goats, the district municipality has subsidized the salaries of the staff-members of the enterprise since its founding. But this was never intended to be a permanent arrangement. The business is currently (2008) undergoing a critical management and procedural makeover to move it to greater independence from its major benefactor. This is proving to be a painful process with several problems now being exposed that have gone unnoticed due to the subsidy from the district municipality.

One such problem occurs in management decision-making. Business decisions made by the professional management team (the general manager and marketing manager) need to be approved by the Board of Directors, but they are largely uneducated in the field of business. This has created an almost hostile situation where, for example, the board vetoes purchases of necessary and legitimate items (such as spices or packaging) but approves its own transport and per diems.

To deal with this situation, a new constitution or set of rules is needed and must be accepted by all the members of Umzimvubu Goats. This should make it clear that the management is allowed to run the business, and that the Board of Directors is responsible for helping source supplies of the raw material from their cooperative farmer members. The district municipality has contracted a management consulting company to help sort out these issues.

OVERALL IMPACT

Umzimvubu Goats has had a substantial impact on the local economy. It provides a consistent, reliable market for local farmers, as many as 3 000 of whom have sold animals to the company since 2005. It has created an up-market product range from previously underused goat skins and meat, and sells these both locally and nationally. Building the facility created temporary employment for 300 local people, and permanent employment for 48, including animal handlers, abattoir personnel, crafters, management, restaurant and curio-shop personnel and administrators. It draws tourists to the Mount Ayliff area. Off-site, several groups turn leather into craft products. The company is starting to employ agents in the villages to source goats for the facility on commission.

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MORE INFORMATION

Umzimvubu Goats: www.umzimvubugoats.com

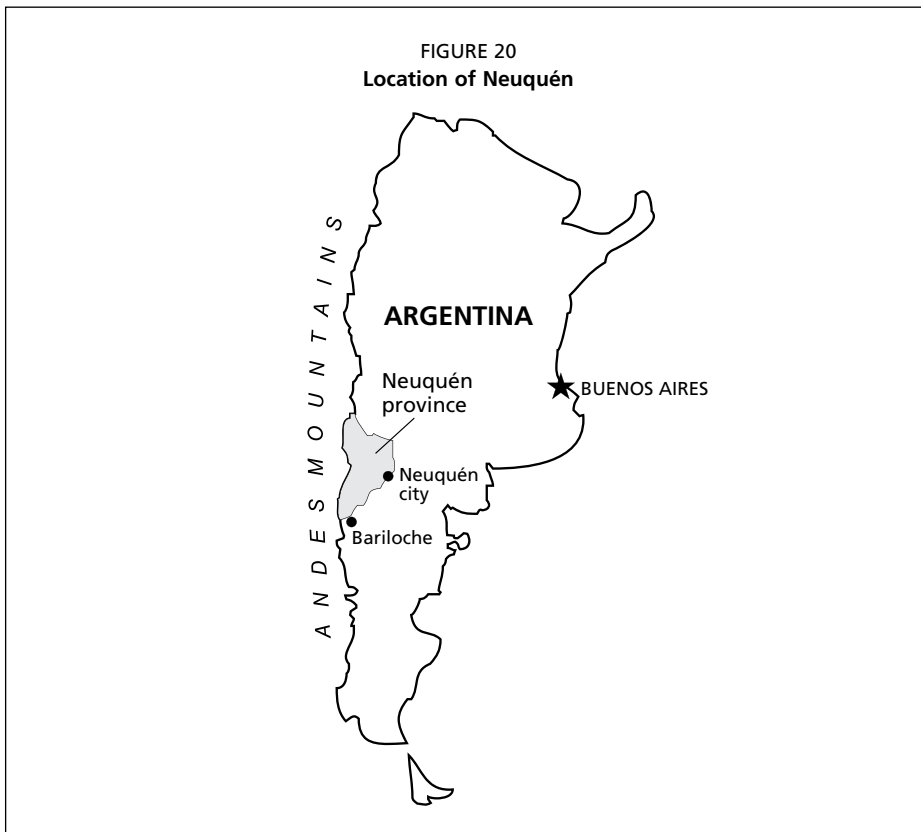
Scientific Roets: www.scientificroets.com

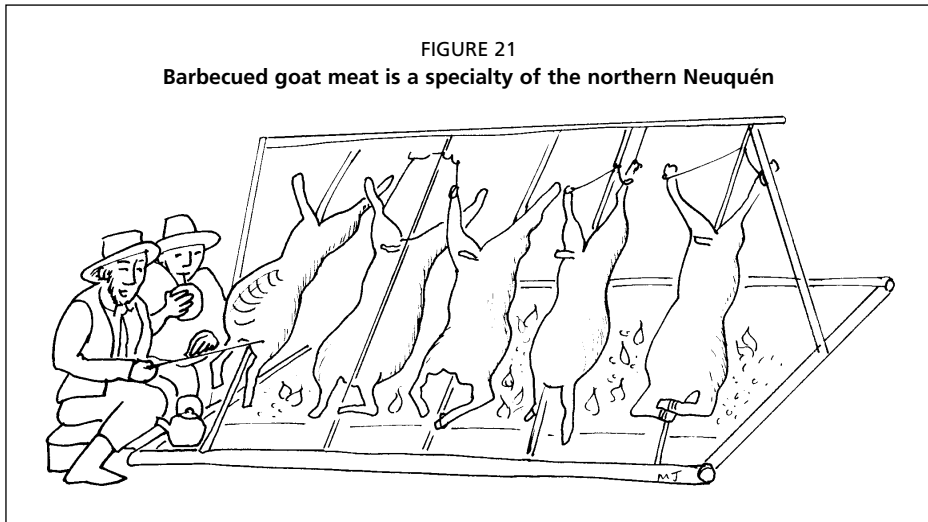
Marketing Criollo goat meat under a protected designation of origin seal in Argentina

Facundo Lopez Raggi, Marcelo Perez Centeno, María Rosa Lanari, and Julieta von Thüngen

Christmas and New Year are barbecue time in Neuquén province, in the Andes Mountains of northern Patagonia. Local families get together to enjoy the festivities, and the area's beautiful scenery attracts many tourists. Barbecues in restaurants, gardens and parks are an important part of the celebrations.

The ribs and chops that sizzle on barbecues are special, too. Local people say the meat, from kids (young goats) of the local Criollo breed, tastes better than any other. Many visitors agree – and they are prepared to pay more for it. That opens an opportunity for local goat keepers to earn more from their animals.





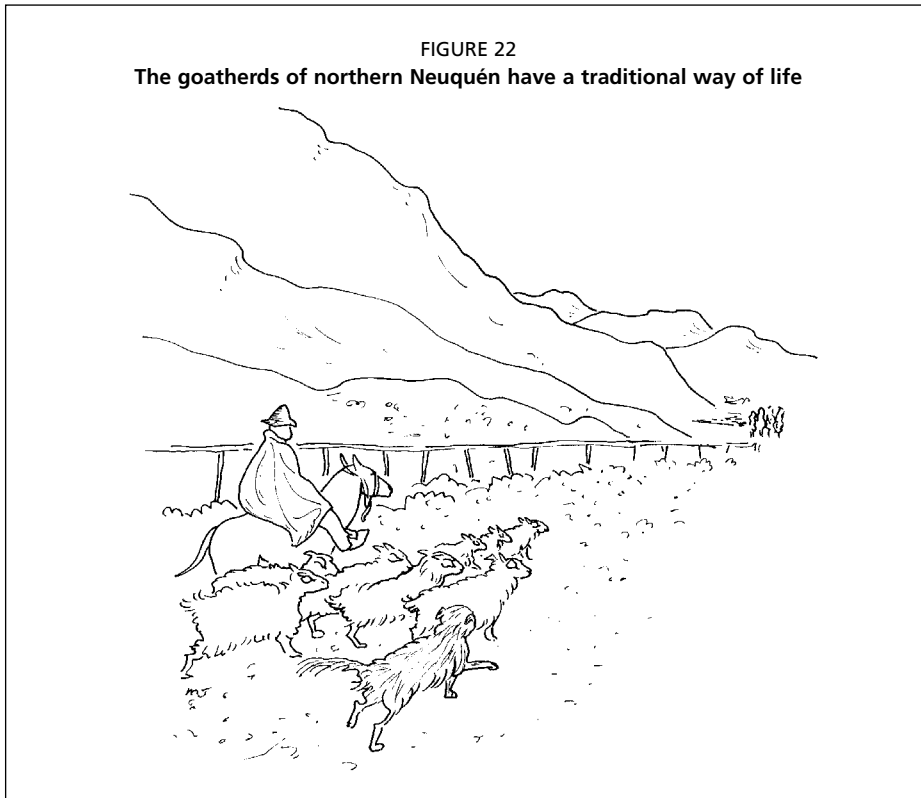
The locals and the visitors are right: the meat from young Criollo animals does in fact taste better than other types of meat sold in Neuquén. There are two main reasons that these goats are special:

- **The breed itself.** Thought to have been introduced by the Spaniards in the 17th century, the Criollo goat was the dominant breed in the area until the beginning of the 20th century, when Angora and other goat breeds arrived in the region. The Criollo goat is hardy and prolific, and grows well in the harsh environment of the high rangelands of the Andes. This adaptation means that it is unlikely to be replaced completely by the more fastidious Angora and other exotic breeds.
- **The high rangelands.** The goats are raised by transhumant herders known as *crianceros*. Every summer, they drive their flocks to pastureland in the mountains, returning to the warmer valleys in the autumn. At lower altitudes, a thorny shrub known as neneo (*Mulinum spinosum*) is common; it imparts an unpleasant taste to the meat of animals that graze on it. But neneo does not grow at higher altitudes, so the meat of kids born and raised in the highlands do not have this taste.

RAISING THE KIDS

About 1 500 *criancero* families herd their goats in the Andean Cordillera and the front ranges of northern Neuquén province. The average *criancero* keeps a flock of 360 goats, plus some cattle and a few horses, and grows some vegetables on the side. Selling kids and goat skins is their main source of income, though many families also work part-time in the towns. These people have close ties to the land: traditional collective agreements determine where each owner may graze his or her flocks. The herders are almost all family members. The kids are born in the spring, before the flocks leave for the high pastures, and are ready for slaughter in November to January, the southern hemisphere summer. Northern Neuquén produces some 115 000 Criollo kids a year.

It is a hard life: the long seasonal migration, difficult living conditions and low incomes are unattractive for young people, who are increasingly moving to the cities, leaving an



aging cadre of herders and a shortage of labour to look after the animals. It is a long way to markets, and production is highly seasonal. Scattered on public land and in inaccessible areas, the *crianceros* are not well organized, despite their strong sense of identity. Winter ranges are being reduced by desertification, and transhumance routes to the summer foraging areas are being restricted by land-ownership changes and by competition from forestry, mining and development.

SEEKING A MARKET

How can the *crianceros* earn more from their goats? Two main ideas arose: barbecues and cultural identity.

- **Barbecues.** The *crianceros* know that meat from their goats is prime quality. It is especially tasty when barbecued, and barbecues are an important part of local and national celebrations.
- **Cultural identity.** Producing goats is part of the *crianceros'* identity, a major thread in their lives. Without goats, they cannot make a living where they live. In this environment, no other animals perform as well the Criollo goats.

The combination of these two ideas can be used to increase demand for the meat. That requires by marketing it under its own label, enabling consumers to recognize that it is special. Until recently, the meat was sold without such labelling, so the consumer had no way of distinguishing it from other types of goat meat. By applying a “designation of

origin" label, it should be possible to carve out a niche market for Criollo goat, enabling retailers, and ultimately producers, to get a higher price for the produce.

But applying a label is not as simple as it sounds. How can the *crianceros* be sure that a market for their goats actually exists? How to organize themselves to market their animals in the most effective way? What is to prevent other producers from outside the region using the same label? And how to organize the value chain so as to maximize benefits for the livestock keepers?

EXPLORING MARKETS

To explore the Criollo goat's potential and answer these questions, in 2004 a group of local institutions formed a collaborative forum. This forum has grown into a platform for local development based on upgrading and raising the value of the goats. It includes *crianceros*, traders, professional organizations, development officers and researchers from various disciplines. It agreed to develop a designation of origin for the goats to benefit the producers, the meat industry and consumers. A research and development project began in 2005, funded by the National Science and Technology Agency, the Municipality of Chos Malal (a town in northern Neuquén province), and Institute of National Agricultural Technology (INTA). This project aimed to:

- Organize the value chain for Criollo goat
- Determine the technical aspects of the product to be designated.

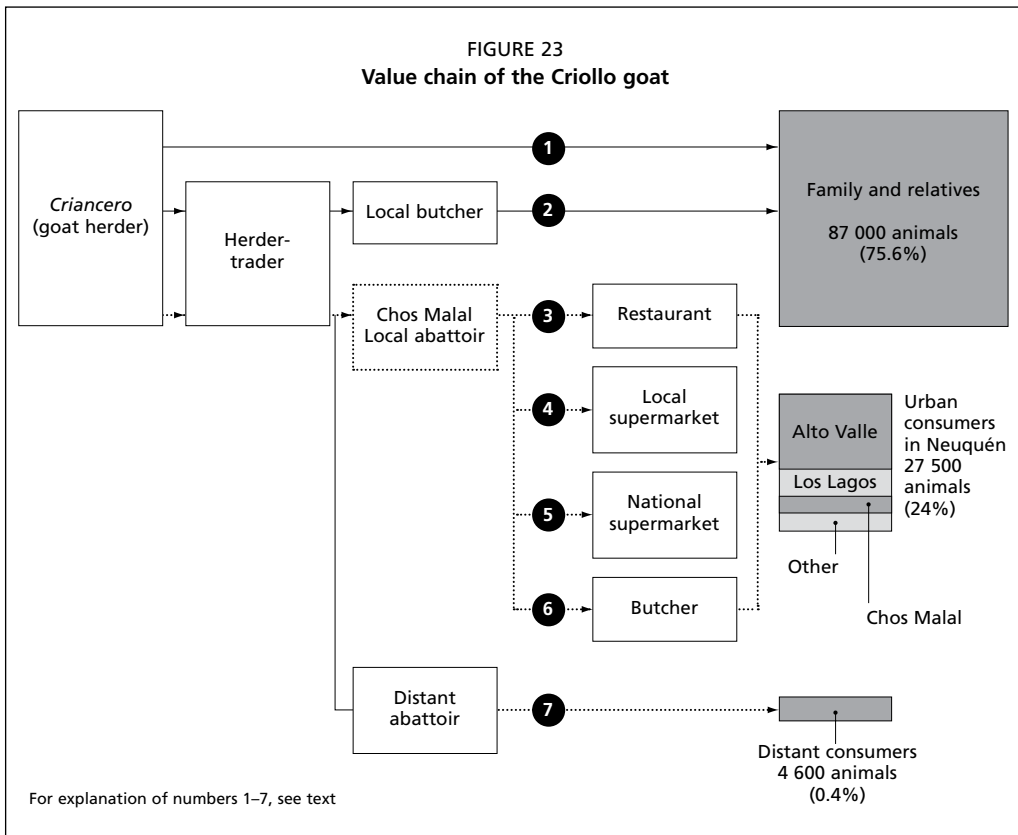
Organizing the value chain

Crianceros raise goats mainly to supply their families and other relatives with meat. If they have a surplus, they sell the kids to local traders, most of whom used to be (or still are) *crianceros* themselves. They know the area well, and the *crianceros* trust them. For the *crianceros* in their isolated homesteads, these traders are an important link to the outside world: they provide them with food, information, medicine and other items. The animals are slaughtered by local butchers and by the households themselves. These two channels (1 and 2 in Figure 23) account for about 87 000 (75.6%) of the 115 000 kids slaughtered each year.

Another 27 500 kids (24% of the total) are slaughtered at the area's main abattoir, in Chos Malal, in the centre of Neuquén province. This is run by the municipality, has a cold storage room and complies with all health regulations, enabling it to provide meat to local, national and even international markets. Most of the animals that pass through the abattoir are sold through local supermarkets and butcher's shops (channels 3 to 6 in Figure 23). These retailers specialize in Neuquén goat meat and use its origin as a selling point. They buy the meat directly in Chos Malal and have access to stocks that enable them to be the sole suppliers of the product out of season. Restaurants do not account for significant volumes, approximately 0.35%.

A small number of animals, less than half of one percent of the total, are slaughtered in other abattoirs further away (channel 7 in Figure 23). These slaughterhouses handle large volumes of meat from various sources. They supply small quantities of Criollo kid meat to restaurants, small supermarkets and butchers outside the region.

Of the animals slaughtered in the Chos Malal abattoir, 54% were destined for sale in



Alto Valle (around the city of Neuquén), and another 20% in Los Lagos (a tourist area in the south of Neuquén province, around the city of Bariloche). A further 12% were sold in Chos Malal itself (the destination of the remaining 13% was not specified).

Prices

The criancero generally sells live animals for \$26 each. The trader sells the animals for the same price, but takes the hide (worth \$1.30) in payment. The local butcher slaughters the animal and sells the meat for \$34. Butcher’s stores and supermarkets sell meat for \$71 (they have to pay for transport, which costs \$1.67 per animal). Restaurants may sell the same amount of cooked meat for \$150.

A survey of tourists conducted in 2008 found that 70% would be willing to pay a premium for meat certified as higher quality, and nearly half of those would be willing to pay 15% extra. This finding supported the idea to obtain a label to differentiate the Criollo meat from its competitors.

Protected Designation of Origin

After studying the value chain, the platform for local development decided that the best way to differentiate the Criollo meat was to apply for a Protected Designation of Origin for Criollo meat handled by the Chos Malal abattoir. There were several reasons for this decision:

- The Chos Malal abattoir has good facilities and all the certifications required.
- Centralizing the application at a single location would allow rigorous controls.
- The abattoir is publicly owned.
- It would enable four of the seven marketing channels to be covered by the designation: restaurants, local supermarkets, national supermarkets and butcher's shops (channels 3–6 in Figure 23). Some 11 500–20 000 animals that currently pass through the abattoir would qualify for the designation.

The designation would not cover the local markets represented by channels 1 and 2 in Figure 23, but granting a designation to those channels is not necessary since local consumers are aware of the origin of the product and its high quality. The designation would also not cover animals sold to distant abattoirs (channel 8).

The first step towards registering a Protected Designation of Origin was for the platform members to develop a common vision. INTA organized a series of stakeholder workshops to create a forum to discuss the proposed designation. These discussions led to an agreement to designate the “Northern Neuquén Criollo kid” based on three elements:

- **The breed:** the Neuquén Criollo goat, with its adaptation to the local climate and conditions, producing a meat with superior taste.
- **The production system:** natural rearing of animals involving transhumance, extensive husbandry, and a great deal of care.
- **A common identity** based on the pristine Andes mountains, their climate, vegetation and water, as well as local customs.

The designation of origin covers young Criollo animals raised in their original area of distribution – the area of northern Neuquén province where these three elements coincide. This covers the entire departments of Minas and Chos Malal in the far north of the province, and parts of the neighbouring departments of Pehuenches, Ñorquin, Añelo and Loncopue (Figure 24).

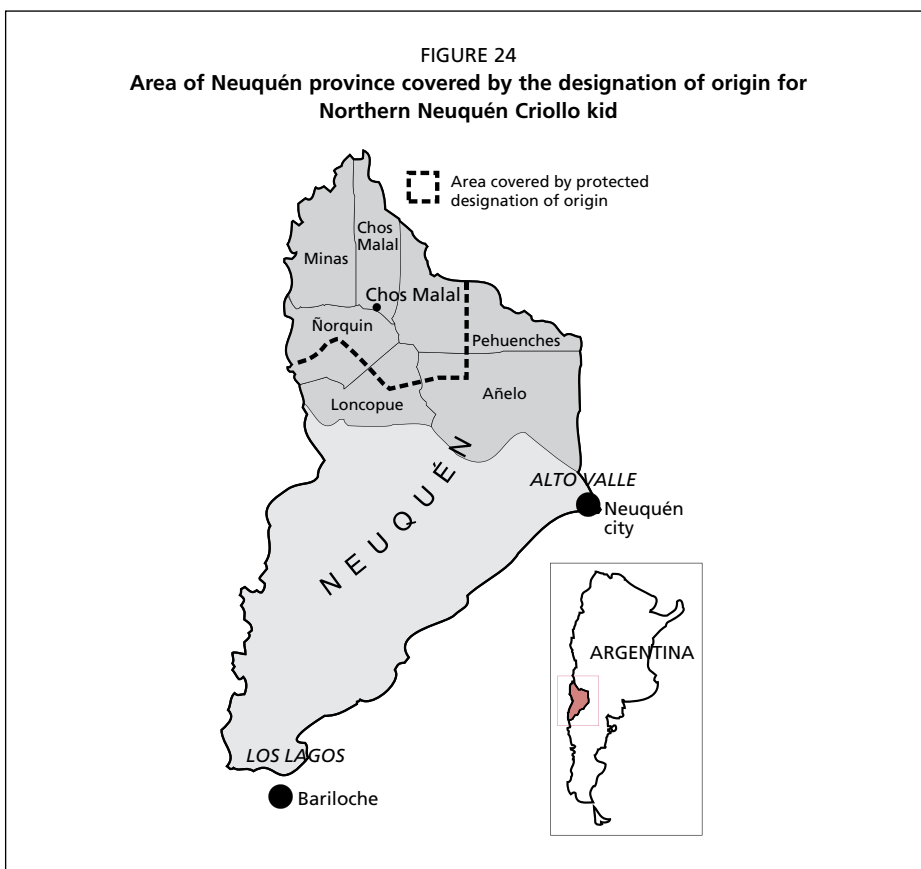
Successful marketing requires positioning the product in the market by communicating its outstanding characteristics in a consistent way. A strategy for each market segment is necessary to guide the actors in each of the channels and to create demand for the product.

To manage the designation of origin, a Protected Designation of Origin Board was formed, composed of representatives of nine producers and two traders. An Advisory Board was also formed to bring in expertise from technical and development institutions and to facilitate communication among the various actors. One aspect of this is to strengthen organizations of herders and improve their ties with other actors.

The Protected Designation of Origin Board prepared a report detailing the quality aspects of the Neuquén goat kid and submitted it to the National Secretariat for Agriculture, Livestock, Fishing and Food (known by its Spanish acronym SAGPyA) in December 2005. This application was the first formal request under the law that governs designations of origin in Argentina, and is expected to be the first to be approved under this law.

During the first year the designation of origin was implemented, the producers were able to get prices 10% higher by selling animals under the new seal.

The general policy environment for *crianceros* also seems to be improving. At the national level, SAGPyA has created a special secretariat for rural development and family



agriculture to support small producers. The Protected Designation of Origin Board and the northern Neuquén goat producers are working closely with the Neuquén provincial Ministry of Territorial Development to develop policies. The Board and producers want the provincial government to promote local production and grant tax incentives for meat produced under the Protected Designation of Origin seal. The *crianceros* also want guaranteed access to public rangelands. They say the authorities should stop thinking they cause desertification, but see them rather as valuable managers of public land.

The work to develop a designation of origin has spin-offs for other fields too: it fits well with efforts to develop the region as a whole, foster the local culture and identity, attract tourists, and ensure the sustainability of the pastoralist system.

CHALLENGES

- A mechanism is needed to ensure that *crianceros* and traders benefit from the additional price earned from meat marketed under the Designation of Origin seal, through “fair trade” arrangement.
- A marketing strategy must be agreed by all commercial operators.
- A control system for products labelled with the Protected Designation of Origin is vital, and traders must be part of such a system. It is important to be able to ensure

that the meat is traceable back to the original flock. Only then can consumers be sure that the product they are buying really is what the label says it is.

- There are no infrastructure constraints to the current regional marketing effort. But to sell the meat in Buenos Aires or export markets, additional cold-storage and transport infrastructure, and perhaps new commercial operators, would be needed.
- It is necessary to expand the programme to cover more producers.