Financial performance of livestock households in central Botswana: Results of a snapshot survey

In December 2012, a snapshot survey was conducted in two villages (Taupye and Thabala) and one semi-urban area (Serowe) in Botswana’s Central District. The aim was to characterize, using rapid appraisal techniques, value chain actors’ knowledge, practices, structure and performance.

The survey included focus group discussions and individual interviews with farmers, butchers, supermarkets and consumers and discussion of the results with stakeholders in February 2013.

Enterprise gross margin is computed as total revenue accruing to the enterprise, less total variable expenses incurred by the enterprise. Not all farmers sell cattle every year, so gross margin computation for a single year may be negative if the farmer used purchased inputs and sold nothing. Thus, gross margin calculations are only for illustrative purposes; we cannot infer that some farmers are profitable and others are not.

Gross margins are negative for those owning less than 20 animals.

Farmers’ discussion groups identified the following factors as constraints on financial performance:

- Limited numbers of veterinary officers to provide sales permits;
- Technical problems with the bolus, such as read errors and double insertion.

Gross margin by livestock herd size is found to vary positively with livestock herd size. Exceptions are herd sizes 51-100 head and 100-200 head, which recorded lower gross margins than some of smaller herd sizes.
The following two problems restrict producers' access to export markets and promote alternative usually lower-priced market channels for cattle.

- The Botswana Meat Commission's (BMC) monopoly on cattle purchases, making it a local price maker;
- Exploitation by agents/speculators.

Producers claim to be powerless as market decision-makers, particularly in the face of continuing costs when sales dates are uncertain.

Lack of awareness and information about the quality requirements of the markets for beef and small stock, both live animals and meat, is a major problem.

Despite substantial efforts by the BMC to promote and reward beef quality, the messages seem not to reach producers. For sheep and goats, there is even less information available. This prevents good decision-making on topics such as timing of sales, and upsets price negotiations.

The following problems directly affect production levels and access to feed on a seasonal basis, thus reducing opportunities to link to market opportunities:

- Fencing of cultivated lands;
- Prohibition of integrated farming in some areas.

Other constraints identified by livestock producers include animal disease and poor access to drugs and remedies, land and water shortages, high transport costs, and poor access to improved breeds. Many of these issues are the targets of substantial public expenditure so their recurrence among farmers' grievances is of concern.

Steps taken by the Competitive Smallholder Livestock in Botswana project include the preparation of a deeper study on producers’ financial performance and management decisions, along with identification of key factors affecting them. Methods and results are being shared with government agencies to contribute to policy analysis and development of improved training and extension materials.

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The project is implemented by the Botswana Institute for Development Policy Analysis, the Botswana Ministry of Agriculture and ILRI and contributes to the CGIAR research program on policies, institutions and markets.

The project seeks to:

- better define smallholder livestock production systems and to identify the factors affecting the productivity of smallholder livestock producers and assess their competitiveness;
- understand and improve conditions for market participation and value addition in markets for livestock, livestock products and inputs;
- strengthen the capacity of agricultural education and extension.

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