



## **How does the NWGA commercialise communal wool sheep producers?**

*Leon de Beer*

*General Manager: National Wool Growers' Association of SA*

*P.O. Box 34291*

*Newton Park*

*Port Elizabeth*

*6055*

*Tel.: +27 (0)41 365 5030*

*Fax: +27 (0)41 365 5035*

*E-mail: leon@nwga.co.za*

### **Introduction:**

Development is a basic responsibility of Government, especially when it comes to the "poorest of the poor". This is guided by legislation and policies for which the RDP provided a framework.

Development in practice however necessitates a multi-stakeholder involvement to uplift communities to levels where they could eventually take responsibility for their own development and improvement of their livelihoods. Government alone will have very limited success in development if this is not done in partnership with private sector.

Operation Phakisa for example developed plans and frameworks for development that are essentially based on partnerships with commodity groups and private sector, generally referred to as PPP (Public Private Partnerships).

If farmers are not around the table, they are most probably on the menu! (Dr Theo de Jager, President of the World Farmers' Organisation).

### **NWGA Training & Development Program**

The NWGA has identified various challenges in cooperation with communal wool sheep producers and initiated a focused Wool Sheep Training and Development Program in 1997 to address these challenges. This program is funded by the Wool Trust and is implemented by the NWGA on contract with Cape Wools SA (CWSA), the executive arm of the Wool Trust. Partnerships with national-, provincial- and local government, as well as commercial producers, international donors, commercial

banks, input suppliers, tertiary institutions and private sector complement this very successful initiative.

This program involves the following focus areas:

- Organising wool sheep producers into Wool Growers' Associations (WGA) to collectively harvest, class and pack their wool to enable them to access the formal wool market;
- Training and mentorship;
- Market readiness and access;
- Genetic Improvement of communal flocks; and
- Infrastructure development.

Wool sheep farming in the communal areas of the Eastern Cape, KZN and Eastern Free State has already been in existence for centuries. It is therefore an existing enterprise and an asset that communal producers own and where production practices could be improved drastically through appropriate and constructive interventions.

An independent study conducted by the University of Pretoria in 2012 indicated that individual producers own on average 70-113 sheep (De Beer & Terblanché, p109; Tapson p13). Wool is marketed and traded on the formal auction in bales weighing between 100kg and 200kg. These relatively small numbers of sheep consequently yield too little volumes of wool annually to allow for an individual producer to access the formal wool market. Wool is furthermore required to be classed into specified quality lines based on length, strength, fibre diameter and clean yield, which creates a further challenge for small scale producers to have sufficient volumes to access the formal market. ***These producers are therefore forced to sell their wool to hawkers in the informal market at prices that are far less than prices realized on the formal market.***

There are an estimated 4 million wool sheep in communal ownership producing an estimated 8 million kg of wool per annum. More than 90% of wool produced in SA (including wool from communal producers) are exported to mainly China, Czech Republic, Italy, Germany, Bulgaria, India and others, earning foreign currency for these communities in the most rural and extensive farming areas in South Africa.

The first step in the development initiative is to organize wool sheep producers into WGA's so that they can collectively harvest their wool clip, as well as class and pack wool as required by the formal market. Members of these associations are then trained and mentored by qualified and experienced NWGA Production Advisors, empowering these producers to participate in the export market and drastically increase their household income from wool and improving their livelihoods. There are generally between 30 to 40 individual members in an association, supporting at least 240 dependents.

The involvement of private companies (input suppliers in animal health and feed), tertiary institutions (University of Pretoria, Rhodes University, Nelson Mandela University, University of Fort Hare, Elsenburg Agricultural College and Grootfontein Agricultural Development Institute) in partnership with NWGA is fundamental to this important capacity building effort.

Proper infrastructure is however needed to harvest the wool (shear the sheep), handle the sheep, class and pack the wool in bales (using a wool press to ensure bales are at optimum weight to save on transport and marketing costs), as well as treat their sheep against external parasites through dipping them in a proper dipping facility after shearing (included in the infrastructure). Shearing infrastructure is generally constructed in partnership with Government.

The NWGA T&D program is furthermore supported through a comprehensive genetic improvement program (in partnership with Government: Department of Rural Development and Land Reform) and marketing support (in partnership with commercial wool brokers i.e. BKB and OVK/CMW) to ensure full participation in the export market.

Wool is auctioned on a weekly basis in Port Elizabeth after a sample is tested for its qualities (to determine the price) at the Wool Testing Bureau.

The Wool Industry has record of more than 1400 organized wool producing communities (Wool Growers' Associations) in the Eastern Cape and KZN, producing wool from approximately 2000 sheep/community.

The impact of this very successful program is reflected in the following table (CWSA).

<b>Impact: Wool marketed through the commercial market (auction) and income of communal wool producers (CWSA)</b>				
Season	Kilogram	Value (R)	Nat. Price (c/kg)	Comm. Price (c/kg)
97/98	222 610	1 502 908	1 225	675
99/00	336 700	1 965 557	1 102	584
01/02	535 911	6 927 640	2 277	1 293
03/04	2 029 556	17 768 955	2 109	876
08/09	2 666 933	43 149 706	2 548	1 618
12/13	3 461 937	131 842 578	5 537	3 803
13/14	3 806 993	137 919 368	6 016	3 623
14/15	3 582 123	130 849 388	6 863	3 652
15/16	4 462 089	233 618 025	7 668	5 235
16/17	5 812 641	299 882 008	8 156	5 159
17/18	5 422 122	383 607 431	9 967	7 075

Cape Wools SA is a non-profit company that is mandated to keep independent records and statistics according to a statutory measure overseen by the National Agricultural Marketing Council (NAMC) under the Agricultural Marketing Act (Act No. 47 of 1996).

From the table it is clear that the T&D program already had a drastic impact on the income generated from wool over twenty years. The potential income could still be doubled should, amongst others, proper infrastructure be put in place to empower these producers to improve the harvesting practices and classing of their clip. The result of proper infrastructure utilised optimally will significantly increase the average price of communal producers, which is currently about 60% of the national average price (see table above). This, combined with more wool marketed through the formal export market (versus the informal wool market) will all contribute to the improvement in wool income, an asset that is already in existence and ready to be explored through this comprehensive intervention!

### **Social indicators**

Since 2004 Dr Dave Tapson (University of Rhodes) conducted an independent survey of the social influence this program has in the communal areas. The latest survey report was published during July 2015.

The social impacts of the wool development program in the rural areas of the Eastern Cape were surveyed in 2004, 2006, 2009 and 2015 (Tapson, p15). Some of the significant results are:

- The number of households with children going to bed hungry has declined from 41% in 2004 to 24% in 2015 and appears set to continue downwards;
- The number of households with savings accounts has increased from 49% in 2004 to 84% in 2015 and seems set to continue upwards; and
- The number of households having to borrow money for school fees has decreased from 77% in 2005 to 48% in 2015.

Tapson (p.16) made the following comments in his July 2015 report: ***“The strongest indicator of the value of the NWGA programme is that it has persisted now over a long period and has expanded rapidly, while not losing focus and impact. This is probably the most important indirect finding of the survey”.***

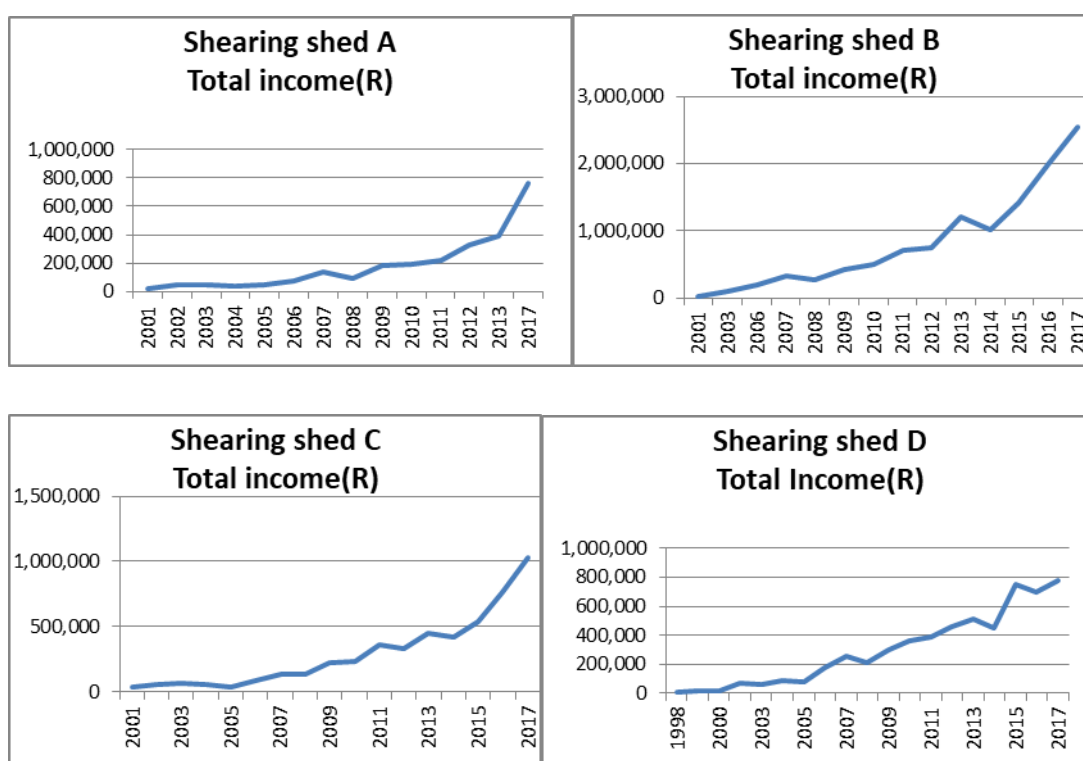
The success of this development initiative is well documented and recognised widely for its consistent performance over two decades already. The NWGA also has a proven track record of successful partnerships with various departments (i.e. Agriculture, Forestry and Fisheries; Rural Development and Land Reform;

Provincial- and Local Government; International Funding Agencies and Private Sector companies).

### Examples of impacts on wool producing communities through the NWGA T&D Program:

The improvement in the wool income of four shearing sheds in the Eastern Cape due to the T&D program is presented in Figure 1.

**Figure 1.** Change in wool income of four communities in the Eastern Cape participating in the NWGA T&D program (Account sales reports).



- The income of Shearing shed A increased from R17 000 per annum in 2001 to R390 000 in 2013 (**2 194%**); R764 000 in 2017 (**4 394%**);
- Shearing shed B from R17 000 (2001) to R1,2million (2013) (**6 985%**); R2,5million (**14 900%**);
- Shearing shed C from R32 500 (1995) to R445 000 (2013) (**1 269%**); R1.03million (**3 069%**); and
- Shearing shed D from R7 000 (1998) to R510 000 (2013) (**7 185%**); R778 000 (**11 014%**).

**References:**

**Cape Wools SA.** [www.capewools.co.za](http://www.capewools.co.za). Statistics and Reports. Statistical Review of Wool Sold in South Africa (2016/2017).

**De Beer, L. & Terblanche, S.E. 2015.** Improving the livelihoods of wool producers in a sustainable manner by optimizing the woolled sheep production systems within communal farming area of the Eastern Cape. "A vision that is future directed". *S.Afr. J. of Agric. Ext.*, Volume 43.

**NWGA.** 2017. Cape Wools SA Tender: Production Advisory Services. Annual Report 1 July 2016 – 30 June 2017. Unpublished.

**Tapson, D.** 2015. National Wool Growers' Association Support Program. Program evaluation: Eastern Cape, 2015 Survey. Unpublished.