



I. Introduction

Funded by the Walmart Foundation and Heifer International, the *Rural Entrepreneurs: Connecting Field to Table* project supported 6,269 entrepreneurs in Chiapas, Oaxaca, Puebla and Yucatán to increase and diversify their incomes from beef, cage and stress-free eggs and honey. Entrepreneurs scaled their businesses using environmentally-friendly practices, meeting demand for food in urban areas in a sustainable way. With support from Heifer Mexico, the farmers increased production and productivity, strengthened their businesses and management skills, and built connections to food companies, accessing new markets for their products.

This document outlines a series of key learnings from Heifer Mexico's work with producers in the beef value chain through the Rural Entrepreneurs project.

II. Context

Cattle production covers about 57% of Mexico's agricultural land yet a small number of large producers and national distributors dominate commercial meat supply chains. In 2016, the country reported 16.6 million head of cattle, 515,000 less than in 2015. Cattle numbers had fallen to the lowest numbers in 59 years, as farmers were reliant on traditional grazing, leading to low productivity levels. Gaps in the meat supply chain, together with rising consumer demand for healthier, natural meat products present an opportunity for farmers to adopt environmentally-friendly and sustainable practices to improve productivity. Socially responsible companies are willing to pay a premium to small-scale farmers for their products. To meet this demand, farmers need technical assistance and support.

III. Intervention Methodologies

Heifer International's community development model builds a platform for other partnerships that support farmers to grow their businesses. These include the deployment of different technologies and innovations in support of farmers, targeted financial support through Heifer International's impact investing program and broader values-based partnerships with corporations. Drawing on this, the *Rural Entrepreneurs* project's intervention model incorporated the following four strategies to improve productivity and increase incomes:

1. The **Productive and Technical Competencies** and **Business and Financial Skills** helped producers gain a set of core skills that they further developed throughout the duration of the project. As they improved production, farmers developed additional business management skills and strengthened their relationships with other producers.
2. An initial \$235 investment per farmer provided 220 pounds of fodder (Pasto Cuba 22) and 1,500 to 2,000 moringa and/or guaje seedlings, as well as training and technical assistance improved herd management. This resulted in an average additional weight gain of one pound per cow per day.
3. **Value Chain Mapping** was undertaken to visualize key actors, their functions and product and information flows from production to end consumer (Annex 1).
4. **Strategic Alliances** were established, as part of a market systems approach to increase impact and sustainability. One key alliance is with Zoetis Laboratories, which provides farmers with access to low cost veterinary products. Through this partnership, the company can create business units or points of sale for its products, increasing farmers' access to veterinary services.

IV. Project Highlights (December 2019)

Using the resources provided through the project, farmers improved their productivity, enabling them to build sustainable businesses. By the end of the project, the following activities were accomplished:

- 41% of project participants worked in the beef value chain
- 23% supplemented their animals' diet with protein sources (7.22% in 2018)
- 72% established fodder banks (only 5% established in 2018)
- 74% managed an annual vaccination program (14.46% in 2018)
- 1,464 head of cattle were produced (934 in 2018)
- 12 head of cattle per farmer on average, compared to 10 per farmer in 2018
- 82% used a corral for cattle management (78.35% in 2018)
- 80 enterprises devoted to producing bull calves (41 in 2018)
- Average cow weight gains of 59%, resulted in improved yields, better quality meat and reduced production cost
- Between 2018 and 2019, sales to middlemen decreased from 46% to 22%, because ranchers received higher prices in other markets, including through an alliance with SuKarne and direct buying by gathering centers.



V. Lessons Learned

As a result of the training and assistance on technical, productive, administrative and entrepreneurial competencies, and value chain analysis provided by the project, farmers were able to strengthen their businesses. The training sessions enabled participants to comply with requirements for selling their products in formal markets. At the beginning of the project, ranchers doubted their ability to make formal sales, as it was easier to sell to an intermediary. By participating in the project, they gained a better understanding of the value chain and realized they were losing \$20 – \$45 per head when selling to middlemen (coyotes). With support from the project, farmers set up two aggregation centers where cows were weighed and ranchers learned how to negotiate the prices. They were able to use these improved sales practices to support their business partner, SuKarne. This reduced time and delivery costs, and eliminated the first intermediary layer in the value chain.

One of the main bottlenecks identified at the beginning of the project was limited access to high-quality animal feed in the implementation areas. The project promoted training and technical assistance to encourage ranchers to adopt new climate-smart agricultural practices such as mineral salts, nutritional blocks, protein banks, fodder and silage storage, to improve cattle feeding and increase output. In the course of the project, a need for further training was identified to increase adoption of fodder banks with a variety of vegetative materials. Previous government-run initiatives placed heavy demand on resources such as water and required extensive maintenance. After researching and exploring other options, the project settled on using Cuba 22, an adaptable fodder rich in protein that is easy to manage.

These practices, together with technical herd management, contributed to a daily weight gain of approximately 1.5 pounds per head compared to the traditional model which achieved only 0.55 pounds a day. In addition to improving nutrition and weight gain, the project reinforced compliance with quality standards required by buyers such as SuKarne – where males must weigh over 618 pounds, and females up to 770 pounds. The animals must be free of warts and hernias, free of any injuries and ear-tagged.

Through the project, some rural entrepreneurs set up community veterinary businesses, enabling them to generate additional income and increase access to low-cost medicines, improving animal management in their communities.

VI. Success Story

Gaspar Cortes-Montoya grew up in Los Corazones, Mexico, and decided to stay and work as his own boss on his farm. He is an active member of the community cattle-raisers association. With support from Heifer International, the group has created protein banks, planted guaje trees and sugarcane, and is practicing optimal cattle handling.

The cattle farmers originally wanted to start a cheese plant with the milk their cows produce but decided to set up a veterinary clinic due to limited funds.

A group of 23 farmers joined the project and began developing a protein bank. The group knew the struggle of attempting to plant and harvest in the dry, windy seasons. They knew the protein bank would enable them to have access to quality animal feed during dry seasons.

Gaspar noted that he and other farmers experienced a growing camaraderie amongst themselves as they worked. Not only are they helping each other, they are also going above and beyond to give back to their community.

Gaspar has also been appointed to a local community office. He believes the project has shifted the communities' mindset about their work. "A change was proposed, things were explained, and we attended lectures," Gaspar said. "Heifer gave us workshops, and that helped us come together."

Group members are increasingly involved and committed to their work. The training enabled them to consolidate and understand the tracking process – increasingly building ranchers' commitment.

Gaspar is determined to keep training and growing the group so they can continue processing and improving their work. The group's membership has now more than doubled from the original 23 members. Gaspar's goal is to increase his group's commitment, while making sure they follow the formal guidelines so the meat can be sold to larger markets.

ALLIES NETWORK – CATTLE VALUE CHAIN

ANNEX 1

