

INTERNATIONAL FOOD & AGRIBUSINESS MANAGEMENT ASSOCIATION
WORLD FOOD & AGRIBUSINESS SYMPOSIUM
“Re-inventing the Food Chain: New Markets, Customers, and Products.”
Chicago, Illinois, USA. June 25-26, 2005.

Case Study: Area II: Effective Food Chain Management.

**CONSORCIO PAMPAS DEL SALADO CASE: ORIGIN AND
QUALITY ASSURANCE IN ARGENTINE BEEF.**

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1. Introduction.

CONSORCIO PAMPAS DEL SALADO (CPS) is a collective undertaking of farmers in the Province of Buenos Aires for the certification of origin and quality of cattle. The project started in the fall of 2000, when Eng. Felipe Solá –then the Vice-Governor of Buenos Aires– made a proposal in response to the concern of Raul Bozzano, Mayor of Maipú. The latter represented politicians and cattle farmers from 11 counties in the Salado Basin¹ who wanted to improve the profitability of livestock companies in the COPRODER (Productive Consortium of Regional Development in the Salado Basin) region.

In response to this request made by farmers, different alternatives were identified. The Project was originally intended to implement a Network of registries of self-certified farmers, based on the Good Agricultural Practices (GAP) protocol, and offer “calves with information” to high income consumers. In short, “the strategy consists in having cattle farmers inform the origin of their livestock and comply with protocols of cattle and beef to increase their negotiation capacity in the sector” (Ordóñez, Clarín newspaper March 15 2003).

The CPS is the first self-certification project for cattle in Argentina. It starts with the certification of the calf and then continues with the registration of information for about three years. “In Pampas del Salado” says Ordóñez (Chacra, December 2002), “we talk about building power through the organization of farmers who have the capacity to certify the quality and origin of their cattle and beef by means of a system of identity preservation that ensures traceability during the productive cycle. This is something to be done by the farmers, since this activity takes two or three years in the farm and only one week in the industry and the retailers”.

Abel Colaneri (COPRODER) says that “this business rests on three pillars: the producers, the Municipal Government and the University”. The drivers of the Project (source: CPS Congress, November 2002) add that “Pampas del Salado is a social structure financed by the Province of Buenos Aires, conducted by the Mayors, technically supported by the School of Agronomy and implemented by the farmers. It is a network of networks aimed at granting origin and quality certification and building power on the basis of local knowledge. This, together with the FAUBA² technical and scientific knowledge, results in added value”.

The ultimate objective is to generate a “monopoly of information” on the farmers’ side. “In this way, there is no atomization of farmers to whom meat packers pay as they please... There is a critical mass of animals in the market coming from a single source, a fact that changes the rules of the game”(Ordóñez, Chacra 2002). The surplus resulting from the premium price paid by the end consumer, eager for beef of certified origin and quality, is captured by the farmer, who provides and guarantees the information.

¹ Ayacucho, Balcarce, Dolores, Gral. Belgrano, Gral. Guido, Gral. Paz, Las Flores, Maipú, Mar Chiquita, Monte and Pila.

² The FAUBA technical team was coordinated by Eng. Héctor Ordóñez, as per CFI-FAUBA 4880 and 5642 Agreements.

The CPS is, in short, a new paradigm. It is an implosion in the center of the old paradigm for cattle and beef business that generates more competitive businesses and gets rid of the old way of doing business: Evasion, carcass, double standard, etc. (CFI-FAUBA Report N° 5642). This is a network of farmers who share, guarantee and provide information about the origin and quality of their cattle, thus increasing market power and adding value to global consumers demanding certified meat and safety. Fermín Parissi (Full member of the Maipú Local Committee, CPS Congress August 2003) says “this will be the new way to trade cattle and meat in the 21st Century.”

2. Major Strategies.

Consumers in any market place high value on the information about origin and quality of cattle and beef. This constitutes the essence of creating value, adding value to consumers. The strategy here is to provide differentiation with more information about processes and products. Product origin is very valuable information for consumers and provides a good positioning in the market, especially due to the natural production and industrialization processes.

There are three different alternatives for origin and quality certification strategies:

- 1) “Origin and Quality Consortium”,
- 2) “Registered Trade Name Consortium” and
- 3) “Appellation of Origin Consortium”.

The higher the complexity of the strategy the greater is the extent of legal protection. Here follows a detailed description of each strategy:

- “Origin and Quality Consortium”: Promoting and implementing different systems for origin and quality assurance in agrifood SME’s grouped in a Consortium. These systems are based on the production and certification of traditionally manufactured food products (HACCP, ISO 9000, etc.) and various standardized origin and quality protocols (traceability, GAP, “Pampas Beef”). This is a private, individual, associative strategy.
- “Registered Trade Name Consortium”: Promoting and implementing a Consortium of livestock SME’s that creates a collective trade name and certifies cattle and beef origin and quality. This is a private, associative strategy restricted to the founding group and other livestock SME’s that may further be admitted by the Consortium to join the initiative.
- “Appellation of Origin Consortium”: Promoting and implementing a “Pampas del Salado Appellation of Origin Council”. This project focuses in origin and quality assurance for cattle and beef in the framework of the agrifood strategy of Appellations of Origin. This is a public, associative strategy open to all livestock SME’s in the region willing and committed to comply with high controlled quality standards.

Since the first workshop in Maipú in 2000 to date, farmers have always chosen “Strategy N° 3”. However, as the National Law on Appellations of Origin (AO) has not yet been regulated, the farmers decided to first establish a Consortium for the certification of meat origin and quality. The bylaws of the Consortium can eventually become part of a Provincial or National Law on AO. Therefore, once such legislation is passed, “Strategy No 1” shall be the first choice.

The hard core in the Project in terms of change of paradigm is:

- The associative group of CPS cattle breeders, including farmers from other regions in Buenos Aires as well as agricultural, livestock and agroindustrial SME’s in the Province of Buenos Aires specialized in cattle and beef;
- The strategy of differentiation based on origin identification and quality assurance;
- The strategy of identity preservation, traceability and quality in cattle and beef;
- The strategy of grazing cattle known as “Pampas Beef”; and
- The commercial strategy and the promotion of “green” certified cattle and beef.

During the 2003/2004 Season, the strategy focused on the approval of the System as provided by the SENASA Resolutions 15/2003, 391/2003 y 280/01. This institutionalized the Project and the Consortium as a network of cattle farmers certifying origin and quality, including Identity Preservation, traceability and GAP protocol.

The strategy of origin and quality certification by farmers generates wealth in the form of quasi-rents, as the CPS reduces certification costs from 10 to 20 Kg. –as in the case of NGO's or private certifications, respectively– to 1 kg per animal. Therefore, the CPS means value owned by the farmers with a ten/twenty fold cost reduction. All players involved become owners of the surplus in a democratic, open, voluntary and collective manner³.

3. Design and implementation.

In order to carry out this Project as a change of paradigm it was necessary to first start with gradual approaches (CFI-FAUBA Report N° 5642):

- **DISSEMINATION AND AWARENESS** of appellation of origin as an agrifood strategy; its scope, the rights and duties it entails for each individual company and for the association as a whole, including other players in the system, such as suppliers and customers.
- **TRAINING** in entrepreneurial development, business strategies, marketing and communication, trading, associativism and quality assurance.
- **TECHNICAL SUPPORT**, for each individual company and for the whole group, on the design and implementation of the original strategy including legal, administrative, technical, commercial, promotional and business aspects.

Dissemination of information about the Project started in 2000. Twelve “Workshop-Seminars” were organized in the 11 original counties, with the participation of municipal authorities, Rural Societies and interested farmers. During the “Workshop-Seminars”, which were intended for dissemination and training, the original proposal of origin and quality certification was discussed.

During the 1st CPS-COPRODER Congress, held in December 2000, the outcome of the twelve “Workshop-Seminars” was discussed and the proposal was officially launched at the provincial level and formally presented to the farmers. With the participation of 400 farmers from the “Salado Basin” region, the 1st Congress was intended to define the strategy of the Consortium and the registration of members in the municipalities and/or Rural Societies, to make a survey of farmers, farms and herds, and a preliminary diagnosis to define the starting point.

“Training” continued in 2001 and a survey of meat quality was conducted on 1,000 animals in the “Salado Basin”. The purpose of this survey was to develop local research and provide scientific and technological support to the inclusion of identity preservation and traceability as part of a quality assurance system.

In March 2001, members of the Consortium participated in the “Calf Festival” in Ayacucho, where almost 200 farmers and CARBAP leaders confirmed the commitment taken the year before, thus ensuring the continuity of the project. The President of the Ayacucho Rural Society said on that occasion that “today, more than ever, this project is a priority”⁴.

In winter 2001, a meeting was held in Santa Clara, Mar Chiquita, with the Pro Committees of the 11 counties, made up by farmers and technicians of the region. More than 60 regional leaders discussed during a whole day about the progress made and the first version of the organizational and technological aspects was presented. After that meeting, different proposals for Councils, Bylaws, Internal Regulations, Quality Protocols, Farm Guides, etc. were presented

³ This estimation is based on market prices and on data provided by the Balcarce Rural Society .

⁴ Foot and mouth disease was yet again being reported in Argentina.

to COPRODER. These materials were discussed and worked out in the 11 counties by the farmers participating in the committees, technical experts, other farmers joining the project and all stakeholders. The three categories of farmers participating in the project make up a total of more than 700 producers in the region and a herd of more than 300,000 heads.

There are two milestones in this collective action process: the 2nd CPS Regional Congress in Mar del Plata, on December 21, 2001 and the Workshop in Maipú on March 19, 2002. The 2nd Congress was expected to gather nearly 1,000 participants, since representatives from all “Foot and Mouth Disease Foundations” had been invited. On December 20, 2001 a terrible institutional crisis started in Argentina, siege was laid and the cabinet resigned that evening. Next day, the 21st, the President resigned, while in Mar del Plata almost 350 farmers discussed about organizing the regional cattle breeding activities for the 21st Century on the basis of traceability, origin and quality.

The “Pampas del Salado Project Evaluation and Re-Orientation Workshop” took place in Maipú, on March 19, 2002, twenty months after the core concept and strategies of the Project were first launched. Given the institutional, political and socio-economic crisis the country was undergoing, it seemed reasonable to start all over from “scratch”. The coordination was assigned to a third party in order to ensure objectivity in the development of the Project. The workshop included the participation of leading farmers, technical experts from the project and the CFI (Federal Investments Council), and invited guests (experts from institutional and organizational agencies, the Ministry of Production of Buenos Aires Province and municipal authorities of the region).

These events revolve around conclusive and concurrent axes:

- First axis: The need to have an appropriate institutional framework, i.e. legislation on Appellation of Origin fully regulated and enforced. The consolidation and/or extension of COPRODER to other farmers and regions in the country. The main conclusion arrived at so far is that this pilot experiment should be first consolidated as the core of the project and be further extended to other farmers and regions, only once it proves to be successful.
- Second axis: Formalization of farmer’s organization in each foundation, Rural Society or Municipality. There is certainly a need to create a local organizational framework to guide the project and the farmers participating in it.
- Third axis: Simplified recording of cattle and beef origin data for the systematization of quality protocols. Local Good Agricultural Practices must be shown in the protocol and beef quality data must reflect the consumers’ demands. All this should be clear, simple and, above all, inexpensive.
- Fourth axis: The use of technology to manage information in network format is the key to adding value.
- Fifth axis: Focusing in the promotion and marketing of the network of farmers certifying their own products is key to the commercial success of this proposal.

The 3rd CPS Congress, which included the “First Origin and Quality Assurance Auditors Course” was held on November 20, 2002, with the participation of 850 farmers. The purpose of the Congress was to launch and start the first “Pilot Experiment” in the 11 Rural Societies of the Salado Basin COPRODER Region. “Training” and “Technical Support” continued during 2003 in the counties and Rural Societies of the COPRODER region.

The “Pilot Experiment” was commercially launched at FERIAGRO Agricultural Fair in March 2003, with 65,100 calves tagged in 2002, more than 300 farmers involved and 5,000 calves sold in various auction fairs in the province of Buenos Aires.

In the 2003/2004 Season, an attempt was made to extend the Project to the rest of the province of Buenos Aires in order to achieve critical mass of calves and farmers and to position the

Project, i.e. to stop being a regional Project comprising 11 municipalities to become a provincial Plan for all farmers willing to participate. The key: reach a number of certified calves significant enough to become a market force.

For the design and implementation, 55 meetings in the 11 farmers' associations, 15 CPS meetings, 10 regional workshops between 2000 and 2002 in the COPRODER region, more than 200 extra-regional meetings and 4 congresses were organized with a total participation of more than 8,000 attendants. Two "Origin and Quality Assurance Auditors Courses" were delivered as part of the 3rd and 4th Congress (2002 and 2003).

In the design and implementation stage a "Tight Flow Process" (CFI-FAUBA Report N° 5642) arises, which results in a complex and critical tension –both for opportunities and threats. Tension can be either success or failure. There are two poles of "tight flow:"

- "Pole A:" The tension core is the intrinsic contradiction of this Project. It originally starts as a Project focused in a region, driven by the concern of specific locations, Rural Societies and local cattle farmers around the idea of regional development through COPRODER. It includes a hard core of cattle breeding but does not rule out other agrifood activities. This pole is CPS, which includes 11 local founding Committees. There is another contradiction between the original "Eco" to "Green" Beef and the current "Pampas" Beef, which shows the regional extension.
- "Pole B:" The dynamics provided by real facts, by the contributions of experts, municipal authorities, Rural Societies and the "mandatory support of farmers" changes the original assumptions. The Project is defined as the creation of a network of self-certifying farmers who provide information along with their cattle and beef. The self-quality and origin assurance and certification system is part of the AO food strategy and of the various protocols (from "Eco" to "Green" and then to "Pampas" Beef). The system flows out from COPRODER and is extended to other clusters and counties in the province.

Another alternative pole in this "tight flow" is the issue of wealth generation and distribution. The discussion is specially focused on the Origin and Quality Assurance Systems (OQAS's) creation and distribution of emerging wealth as quasi-rents. The surplus generated by origin and quality certification has three possible appropriations:

- The system is managed by the entrepreneurial private sector, certifying agencies or NGO's that provide services at market price (such as ANGUS, ORGAINVENT, etc.). In this case the surplus appropriation goes for the service providers, who receive a compensation for their service. This is a legal and legitimate way of having a "partial appropriation" of the quasi-rents generated by the origin and quality information. The cost of certification amounts to 20 kg or 10 kg of live calf for private certifying agencies or NGO's, respectively.
- The implementation of OQAS's by the national or provincial government, as provided for by government resolutions or orders. If this is the case, the implementation would be very similar to that of the Hilton quota allocation. If the OQAS's follow the pattern of the Brussels-Buenos Aires Hilton quota, it can be inferred that the resulting profit will be similar to that generated by the Hilton quota, apart from the possible corruption and arbitrariness.
- Cattle breeders come together into local committees to take collective action on the issue of origin and quality certification of their products, including traceability. They work under the coordination of a regional consortium, "Consortio Pampas del Salado." This alternative does not only mean a ten-twenty fold cost reduction, but also allows the appropriation of the potential quasi-rents emerging from the new business: beef with information.

The "Tight Flow Conflict" can be summarized as follows: COPRODER needs to be extended to the provincial level and then further to the national level, which means that "Pampas del Salado

Beef” needs to become “Pampas Argentinas Beef”. The diversity in criteria and standards coming from each individual case generates restrictions. There is no room for the co-existence of alternative systems, since the globalized world market requires homogenization with diversity. This alternative is the network of local committees networks with regional consortia.

Finally, the design and implementation of the Project will find support only if, apart from having farmers providing information about beef origin and quality, promotions are made among consumers willing to pay for that information. In other words, only if a two-end strategy is implemented: “*push*” on the supply side and “*pull*” on the demand side. For that purpose, more than 70 counties were “invited” to join the project in 2003. They signed the framework agreement (Graph 1 and Table 1) intended to provide regional expansion, technological strengthening and organizational consolidation.

The intention is “to walk the way from the calf in the Salado Basin to the steer in the Argentine Pampas, from CONSORCIO PAMPAS DEL SALADO to CONSORCIO PAMPAS, from the Green Beef Good Agricultural Practices⁵ protocol to the Pampas Beef protocol”. The objective: to have 1,000,000 calves in the system for the 2003/04 Season. This would ensure a clear “*push*” on the supply side.

At the same time, we are proposing a “*pull*” on the demand side. There were two actions that have been taken: a) the creation a website (July 2003) (www.pampasdelsalado.com) to give access to the information system that has been developed, and b) Present the Project in ANUGA (Germany) in October 2003. The purpose of this presentation is to encourage the public opinion, the media and the European importers to require exports to be supported by an information system such as that developed by CPS.

4. Discrete Structural Analysis.

Here follows a description of the most relevant institutional, organizational and technological aspect of CPS.

4.1. *Institutional Environment.*

The main innovation that gave origin to this project was the decision taken by the government of Buenos Aires to finance the CPS. As Raúl Bozzano, Mayor of Maipú, pointed out in the Pampas del Salado 2003 Congress “the association between the Government (the initiator of the Project) and the producers (the implementers) is basically the competitive key element for Pampas del Salado. As a result, Pampas del Salado is an interinstitutional activit, a government policy.”

A complex social structure is created: The provincial government, that funds the project; the municipal government, involved in the organization, start-up and control; the farmers, who implement the project; and the School of Agronomy (UBA), that provides the commercial, technical and scientific knowledge. This is the clearest and most permanent livestock policy ever implemented by a provincial and/or national government. One with a clear goal: To promote from the government the creation of wealth in the age of knowledge.

Three strategies have been implemented at the institutional level (CFI-FAUBA Report No 5642):

- Appellation of Origin, geographical origin and quality protocol,
- a collective trade name supported by a quality protocol, and
- a Consortium assuring origin and quality.

⁵ Original name of CPS origin and quality protocol.

The Law 25.380/00 on Appellation of Origin approved by the two Houses of Congress has not been regulated yet. Therefore, AO cannot be used as a commercial and legal strategy to create a competitive edge for regional economies.

With no legal framework for AO's in Argentina, farmers decided to create a Consortium with bylaws, which in the future can be part of a provincial or national law. Therefore, regardless of what may happen in the future, the strategy that has been effectively put in place is the third one in the list: A Consortium assuring origin and quality. The AO law to be enforced in the future will only add the right of intellectual property on origin and quality in the framework of the World Trade Organization. In the meantime, its implementation is restricted or not possible at all.

The Project, also, triggered the approval by the National government of the SENASA Resolutions 15/2003 and 391/2003 for export fattening and breeding farms. As provided for in these resolutions, farmers must tag their animals, document and hand in the information about their farms. The CPS was the first undertaking approved under these resolutions.

At the institutional level, the CPS has to be approved under SENASA Resolution 280/01, which provides for the registration of certifying agencies and protocols applying for certification to export beef to the EU. The purpose is to institutionalize the Project and the Consortium in the framework of a network of farmers that certify origin and quality of their own products, including IP, traceability, and a GAP protocol (Pampas Beef). Thus, the proposal is subject to an audit from the SENASA and the EU, as any other beef business having access to that market.

However, the Project presents some threats at the institutional level: the agents themselves conduct their business informally, evading taxes in a direct or indirect way, sometimes because they are opportunistic and sometimes because the Government is not able or fails to fulfill its role as controller and collector. In this uncertain institutional environment, the potential benefit resulting from origin and quality certification is minimized as a consequence of beef informal economy. Agents are "lured" into informality by the higher margins expected in that market.

4.2. Organizational Environment.

Organizational innovation is not restricted to each individual organization but rather extends to redesigning and optimizing the relationship and transactions of the associative group with the supplier network and the customers. Organizational innovation in this project is focused on the design, institutionalization, organization and start up of CPS, a consortium that assures origin and quality. The network is designed by means of agreements between the various agents.

Graph 2 shows the original structure of CPS. Farmers from 11 counties of the province of Buenos Aires design and implement the origin and quality protocol and the Consortium. Certification is granted by external organizations or by the farmers themselves (self-certification), who thus become assurance agents that give the consumers what they want. The network is funded by the government of Buenos Aires and by the municipal governments of the counties involved. They receive the technological and organizational support of the FAUBA and attract more farmers to the System through the local Rural Societies.

The FAUBA team believes that the Project is viable only with a critical mass of certified calves, which would be achieved with more breeders from other counties in Buenos Aires who certify calves and steers. This would increase the market power and help reach the European consumer demanding "beef with information".

Graph 2 shows the future organizational structure of "CONSORCIO PAMPAS." Calf breeders associate with other calf and steer breeders from the province to scale up the business and to

increase the market power (supplying beef with information), and, thus, a global network of industrial entrepreneurs and exporters is created.

This newly defined cattle and beef business is based on a Network of farmers from the province of Buenos Aires, who organize as a “Network of Certified Farmers” with the institutional support of the provincial and municipal Governments, the technical assistance of the School of Agronomy and an origin and quality protocol.

The organizational environment entails the following activities:

- Promotion of “Consortio Pampas”,
- Training focused on “Consortio Pampas”,
- Making up of a group that promotes the Consortium,
- Drafting the Consortium bylaws,
- Creating product, quality, technology and commercial committees, and
- Defining a quality strategy.

Participants have free and open access to the project. For a farmer to join the consortium, the Rural Society to which he belongs must comply with the provision of the “Consortio Pampas” bylaws which states: “Rural entities willing to join the Consortium must submit a formal request and must prove at least the following:

- That it has an effective and valid legal personality;
- That the object of its bylaws is compatible with that of the Consortium;
- That it is based on the region covered by the Program;
- That it is expressly willing to comply with the Consortium rules;
- That its members have stated in writing their willingness to join the Program;
- That, in case it is admitted to the Consortium, it is willing (or not) to be appointed as member of the Executive Board in the period following its admission to the Consortium”.

With reference to farmers willing to join the Program, the Consortium Bylaws state that “farmers willing to participate in the Program, must contact the local rural entity in his area and apply for admission in writing showing:

- Status of livestock farmer in the region;
- Compliance with Protocols and Regulations;
- Willingness to become a member of the entity Internal Special Committee;
- Willingness to abide by the decisions of the Consortium and the authority of its management and administration bodies;
- Commitment to comply with mandatory herd health regulations;
- Compliance with any other requirement of Consortium as long as said requirement applies equally to other farmers in the Program ”.

Once the basic requirements have been formally met, the rural entity shall register the farmer and shall hand over the application to the Consortium. The Executive Board shall then carry out the relevant inspections and procedures to include the farmer in the Program.

Breeders of grazing cattle have a competitive advantage in the information they can provide about their product. Additionally, the network of farmer’s networks, governments and School of Agronomy contributes to the generation of wealth and establishes a policy of democratic, open and voluntary appropriation for the whole group of farmers involved (Tight Flow Process).

In this appropriation of wealth surplus is where limitations arise. Farmers join the Program only to have premium prices for their cattle, and very few of them do so because they are really convinced about the benefits the program can generate for them and their cattle. If in the short term no premium price is achieved, farmers get “disappointed” and loose commitment. On the other hand, there are many agents that want to keep the wealth surplus resulting from origin and

quality certification. Farmers are the only ones than can provide such information. Premium prices, i.e. appropriation of quasi-rents, is only possible if the critical mass grows in a way that farmers can gain market force. Farmers must then be convinced about the long-term benefits of the project and there must be leaders with an ability to communicate those benefits to other farmers. In the meantime, the projects and its participants will continue to be attacked.

4.3. *Technological Environment.*

The origin and quality protocol is defined in the technological environment. The protocol includes procedures referred to processes and to products, but is mainly concerned with the “*know how*” and the “*know what*” in terms of consumer needs and environmental conditions of the region. Process and product technologies that distinguish the Consortium are likewise established and there is a registry for animal traceability.

According to GAP, the British and Continental breeds and their crossbreeds are the most suitable for beef production, although other biotypes are accepted as provided by SAGPyA and its agencies in order to comply with the Hilton quota and with other markets.

Animals must be respected and have sufficient space to wander freely, they must have broad access to water and feed in a healthy environment to prevent negative effects on the quality of the end product. Under normal conditions, animal feed should be home-produced, mostly pasture. Supplementation should be only strategic and will consist of hay, silage or grain. The use of animal products, such as meat and blood and bone meal in the ration is absolutely forbidden.

Animals are to be identified before they are 90 days of age following the CPS protocol, SENASA Resolutions 15/2003 and 391/2003 and any other method authorized by SENASA. The information to be collected includes identification number and month of birth. The data is recorded in the “Farm Guide” together with any other information needed to identify the animal, e.g. calving date, sanitary treatments and dates thereof, diseases, feeding regime, origin, sale, destination, etc.

Farmers must enter data in the electronic register of the local Rural Society which, in turn, is linked to the other associations in the network participating in the project, in order to develop a file with information of the whole Consortium. This completes the first stage of self-certification that involves process control in farms certified and guaranteed by auditors trained at the CPS Congresses. The auditors visit the farms at least three times during the tag application and weaning.

Technology was used to establish the nature of beef produced by animals fattened in the fields. A sample of 1,000 animals of the COPRODER herd reared under normal standard conditions was examined. This study on cattle and beef carried out by the FAUBA Meat Laboratory (CFI-FAUBA Report N° 5642) is the largest ever in the country. It established the quality of the meat produced by grazed steers. The Rib Eye Area (REA) was measured by ultrasound together with dorsal fat. The red line in Figure 4 shows the REA while the yellow line represents the animal’s dorsal fat. The latter is the result of averaging fat thickness measured at one fourth and three fourths of the length of the steak.

In 2002, after sampling 454 male calves and 201 female calves of different farms, significant differences were found in the Rib Eye Area. By 2003, 298 steers and 260 heifers had been tested following the model described for the 2002 test. The farm*-category interaction had such an impact that further testing within each category was done to compare farms. Significant differences between farms were also detected. Schindler’s study (CFI-FAUBA Report N° 5642) concluded that Rib Eye Areas from weaning to the age of fifteen months are quite

homogeneous, unlike those of finished animals for slaughter. Heifers did not present as many differences as steers.

The tests conducted by FAUBA also measured the color, tenderness and meat pH of slaughtered steers. In order to determine tenderness, 21 samples from steers of two different farms in the region were examined under a “Warner-Bratzler” knife mounted on an “Instrom”. As a result, it appears that the quality attributes of beef are very variable in spite of coming from animals of the same category.

As a result of the data collected, processed and evaluated, the quality of beef produced by animals fattened in the fields is consistent with that found in the local and international literature. Given that the purpose of the Project is to certify origin and quality (traceability, safety and customer satisfaction), and that the Pampas Beef Protocol (feeding on grass) is followed, the dispersion in the Rib Eye Area, dorsal fat, tenderness and other quality attributes represents no barriers to the positioning of the product in high income markets. The main limitation within the technological environment is having employers and employees understand fully protocol specifications and registers.

5. Company and Markets.

The first CPS “Pilot Experiment” was launched at FERIAGRO Agricultural Fair in March 2003. By then, the Consortium had 65,100 calves from 339 producers certified in 2002. 5,000 calves were offered to the market at various auction fairs in the province of Buenos Aires. The purpose was to test the institutional, organizational, technological and commercial aspects of a temporary certification process in order to fine-tune its implementation throughout the province.

Figures 5 and 6 show the number of calves and producers registered by county as part of the first “Pilot Experiment”(2002/2003 Season). There is great variability among animals and producers from different counties involved in the program. For example, in the county of Ayacucho, 93 producers registered 6,500 calves, while in Chascomús, there were only 11 producers who registered 775 animals.

The average of animals per producer also varied from county to county as shown in Figures 7 and 8. Producers in Pila and Tordillo, for instance, have around 400 animals per producer, while in Ayacucho, Coronel Brandsen and Chascomús producers have approximately 50 animals each. The overall average of animals per producer is 192.

Adherence of each county to the project is influenced by several factors:

- high/low number of animals per producer per county (in general),
- high/low commitment of producers in those counties,
- high/low leadership by pioneer producers in those counties,
- high/low trust of producers in the success of the Project.

Following are Project figures for the 2003/2004 Season:

- Animals by county (average): 4,068.75.
- Producers by county (average): 18.62.
- County with largest herd: Gral. Guido (8,250).
- County with smallest herd: Cnel. Brandsen (125).
- County with highest number of producers: Ayacucho (91).
- County with lowest number of producers: Gral. Madariaga (2).

The launching effort at FERIAGRO (2003) was rewarded with the sale of calves certified for their inherent quality, although no premium or bonus for the certification was paid. The price offered for those animals resulted from the intrinsic value of the fattening business.

The price obtained at the Junín auction during FERIAGRO (2003) was considerably attractive since prices per live kg of calves that week averaged \$2.20 /kg at other district auctions, with a maximum of \$2.45 /kg. CPS calves were sold for similar prices in other auctions. Nevertheless, such prices disappointed farmers. “We expected selling at a premium of about 15%, but there were few lots sold for a premium (5% to 10%) while others were sold at normal market values or at the same price offered for tagless animals at the same event,” complained one producer.

Despite the fact that brokers announced the advantages of certification and certified animals, it seems that the market has yet to recognize the explicit added value and pay accordingly. The main constraint lies in having a small critical mass unable to generate new business and the lack of incentives from the industry and the distributors to obtain a premium price. As a result of the first pilot experiment for the 2003/2004 Season, the Project was extended to the whole province of Buenos Aires with a view to offering a critical mass of certified animals during the 2003/2004 Season (calves born in 2003).

Over 55 local meetings were held in the province of Buenos Aires, 3 regional meetings, and 14 CPS meetings, as well as 3 workshops. The 4th Pampas del Salado Congress was held in Mar del Plata on August 15 2003 as opposed to previous Congresses that had been celebrated towards the end of the year in order to evaluate actions taken in each season. The CPS Congress used to be a retrospective view of what had been accomplished, and what was still pending.

This time, the 4th CPS Congress was held at the time the calves were being born, encouraging producers to identify their animals with ear tags. The Congress was aimed at attracting new members to the Project and meeting the goal of certifying 1,000,000 calves. Aside from the workshops, a business round was organized to connect buyers and sellers for the next Season.

The Congress also decided to hold auctions for certified calves alone. The first auction took place in the town of Ranchos on June 20, 2003 with the purpose of positioning the differentiated animals with information, namely, the “Pampas del Salado Certification System.”

By extending the scope of the project, 31 counties of the province of Buenos Aires joined (see Table 2 and Figure 9), with 31 local committees of producers in each locality and 138,050 ear-tagged calves⁶. Of those counties that had originally agreed to sign the framework agreement (about 70), less than half adhered, mainly for lack of interest on the part of producers, Rural Societies and municipal governments.

Figure 10 illustrates the evolution of tag requests and the recruitment of producers from August 31, 2003 to December 2003. 550 producers participated in the new Pilot Experiment (2003/2004), an average of 251 calves per producer –30% higher than the previous Season (2002).

In the 31 districts that make up “Consortio Pampas” there are only 10 producers with about 1,000 calves registered, 20 producers with 300 to 800 calves, while the rest certify 50, 100 or 150 animals. On an individual basis, there are very few animals registered in the system compared to the number of animals owned by the mentioned farmers.

Following are the highlights of the 2003/2004 Season:

- Animals per county (average): 4,453.22.
- Producers per county (average): 17.74.
- County with the largest herd: Benito Juárez (19,425).
- County with the smallest herd: 25 de Mayo (550).
- County with the highest number of producers: Maipú (64).
- County with the lowest number of producers: Guaminí (2).

⁶ It must be remembered that the second Pilot Experiment aimed at recruiting one million calves in the Project.

Figure 11 shows the amount of animals per Productive Cluster. COPRODER has the highest number of animals registered. This may be due to the fact that COPRODER is the original region of the Project and producers were probably more aware of the Project or had participated the year before and decided to register more animals this year. Figures 12 and 13 point at the fundamental differences among counties comparing the 2002/2003 and the 2003/2004 Seasons.

During the 2003/2004 Season some counties that had participated in the 2002/2003 Season registered more animals (Maipú, Castelli) than others (General Guido, Tordillo). Counties that had not participated in the 2002/2003 Season have not been represented. One of the factors leading to such poor adherence to the Project was the low premium price collected by farmers during the Pilot Experiment.

6. Case Constraints and Limitations.

The business strategy for 2003 failed. Actions targeted to supply and demand were never implemented. The goal to incorporate 1,000,000 calves was never attained and the trip to ANUGA to promote the product and increase demand was never made. Specific conditions related to the dynamics and maturity of member producers in COPRODER as in the rest of the region, i.e. the 60 locations, only contributed with a little over 100% as compared to the previous Season (138,050 calves).

On reviewing the Committee Minutes, it is obvious that the FAUBA and the Consortium had different criteria. FAUBA team aimed at a more expanded supply heading towards the global market; a supply supported by a critical mass of ear-tags in an information system. In turn, delegates of Local Committees who represented CPS, were targeting the local markets by selling calves for fattening producers. This caused tension and differences of opinion between the FAUBA and the CPS teams.

In November 2003, FAUBA broke away, leaving CPS without technical and commercial support. Further, the government of the province of Buenos Aires stopped funding the technical, organizational, institutional and business activities of the Consortium. Producers then decided to continue on their own. Towards the end of 2003 and beginnings of 2004, around 140,000 animals were ear-tagged. Producers failed to attain the necessary critical mass for development, implementation and market leverage associated with origin and quality certification.

Few producers found the project attractive since animals with information on origin and quality had not been sold at a premium price. Nevertheless, according to Daniel Frade (Delegate from Balcarce, personal interview 2004) “there will be no bonus unless more animals are registered.” However, producers insisted that they would not register any more animals in the project unless they got paid higher prices for producing in compliance with the protocol. Unless farmers recognize the magnitude of the business and follow a joint strategy towards a shared vision, mission and goals, there will be no demand for such products and, consequently, no premium. In this scenario, tax evasion and double sanitary and fiscal standards jeopardize the Project.

In interviews to experts participating in the protocol, the main restriction to this multidimensional model has to do with the farmer’s culture. A survey on performance and satisfaction (see CFI-FAUBA Report N° 5642) designed and implemented by the FAUBA team⁷, showed that the main factors attracting producers to the project were “its high impact on the overall farm business” (44%), and the “opportunity to improve individual business” (40%). However, the same survey showed that only 46% of the farmers interviewed were willing to register between 60% to 100% of their calves during the 2003/2004 Season. Farmers do not seem to consider it important.

⁷ The survey was conducted in February and March 2003. The study population included producers from the COPRODER region. The total sample accounted for 35% of the population studied (120 producers).

The major problem of the Project is the prudent attitude of participants and the attacks coming from those who do not participate in the project. The problem does not lie with those who adhere but with those who do not, particularly those who overtly criticize the Project. Carlos Pujol (Manager of Frigorífico COCARSA, at the “Tranqueras Abiertas” Seminar 2004) offered an explanation to the situation: “In the cattle and beef sector there is no culture of working in a chain; there is no alliance between producers, manufacturers and government”.

Additionally, there was much criticism directed to the Consortium, to FAUBA and to the Ministry of Agricultural Affairs. There was a strong lobby of companies that would benefit from managing that large amount of animals with information –certification agencies, meat packers, retailers, exporters, importers, etc.–, and those who would lose in the face of transparency and traceability, namely, those operating informally and evading fiscal and sanitary regulations. Indeed, besides the normal resistance to change brought about by these types of projects, there were a number of agents associated with corruption that systematically attacked the project (CFI-FAUBA Report N° 5642).

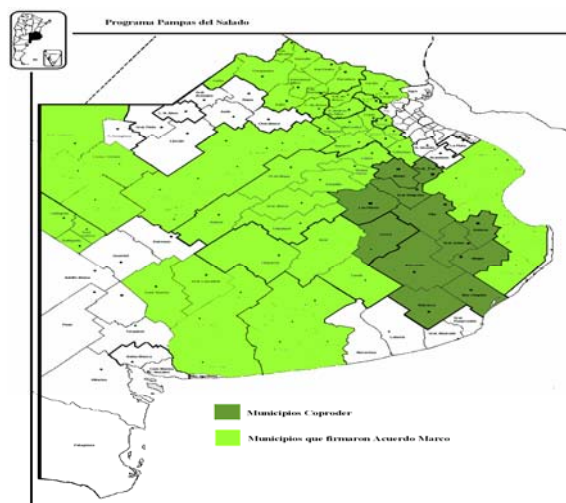
In conclusion, Pampas del Salado is an open and dynamic project. It involves institutional, organizational, technological and commercial innovation. It means creating new business and opening new markets. Pampas del Salado is a window into the future and presents a new form of leadership. The CPS can be a great success but it still has a long way to go. Success and failure coexist in the project. Only participation, commitment and united farmers will ensure sustained innovation for the final implementation of the new paradigm. In those terms, CONSORCIO PAMPAS DEL SALADO is as close to failing as it is to succeed.

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ANNEX.

Figure 1. Scope of the CPS Framework Agreement.



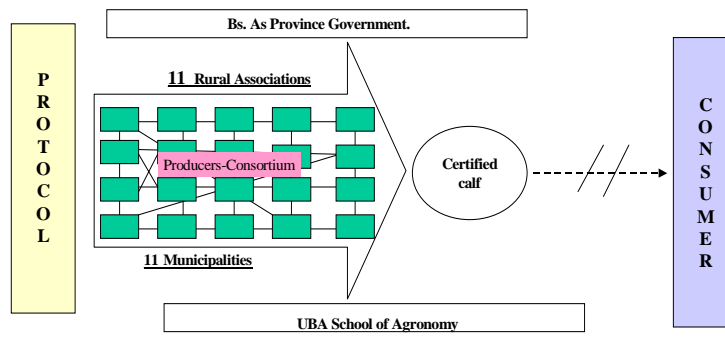
Source: Consorcio Pampas del Salado.

Table 1. Clusters and Municipalities that Signed the Framework Agreement.

Entity	Districts
COPRODER	Ayacucho, Balcarce, Dolores, Gral. Belgrano, Gral. Guido, Gral. Paz, Maipú, Mar Chiquita, Las Flores, Pila y San Miguel del Monte.
COPROSAL	Gral. Lavalle, Gral. Madariaga, Tordillo, Castelli, Chascomús, Punta Indio, Magdalena.
CIDERE	Benito Juárez, Gonzalez Chaves, Tres Arroyos, San Cayetano, Laprida, Cnel. Suarez, Dorrego.
Municipios al MERCOSUR	Suipacha, San Andres De Giles, Mercedes, Lujan, Navarro, Marcos Paz, Las Heras, Gral. Rodríguez, Cañuelas.
CODENOBA	Pehuajo, Bragado, Alberti, 9 De Julio, Viamonte, Casares, H. Irigoyen, Trenque Lauquen, Rivadavia, Tejedor.
COPRONOBA	Junin, Chacabuco, Lincoln, Gral. Pintos, Rojas, Gral. Arenales, Chivilcoy.
Zona de Crecimiento Común	Saladillo, Lobos, Roque Perez, 25 De Mayo, Tapalque, Gral. Alvear, Bolivar.
COPRONE	Ramallo, San Nicolas, San Pedro, Baradero, Zarate, Campana, Capilla Del Señor, San Antonio De Areco, Carmen De Areco, Arrecifes, Pergamino, Salto, Colon, Moreno, Pilar, Escobar.
Other locations	Gral. Villegas, Guaminí, Salliqueló y Pellegrini

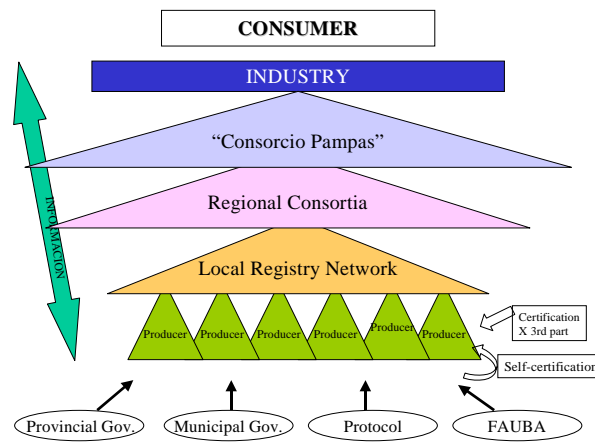
Source: Based on CPS data.

Figure 2. “CONSORCIO PAMPAS DEL SALADO” – Basic Structure



Source: Own elaboration.

Figure 3. “CONSORCIO PAMPAS” – Future Structure



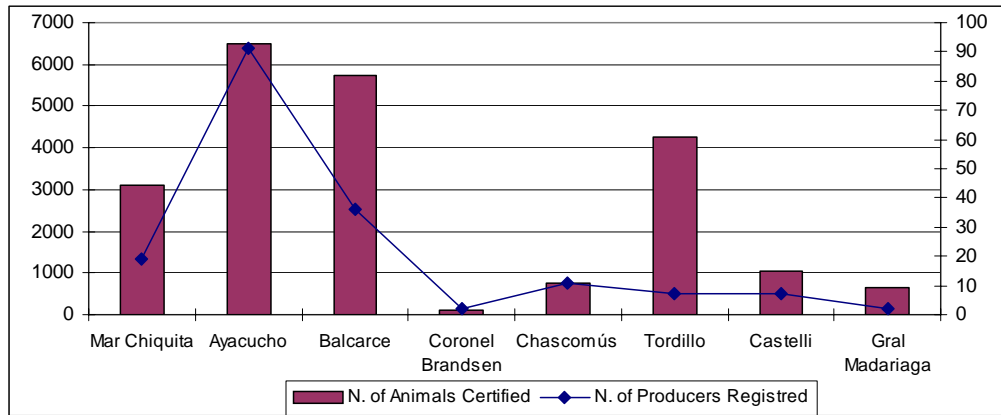
Source: Own elaboration.

Figure 4. Dorsal Fat Thickness and REA of Type Animal.



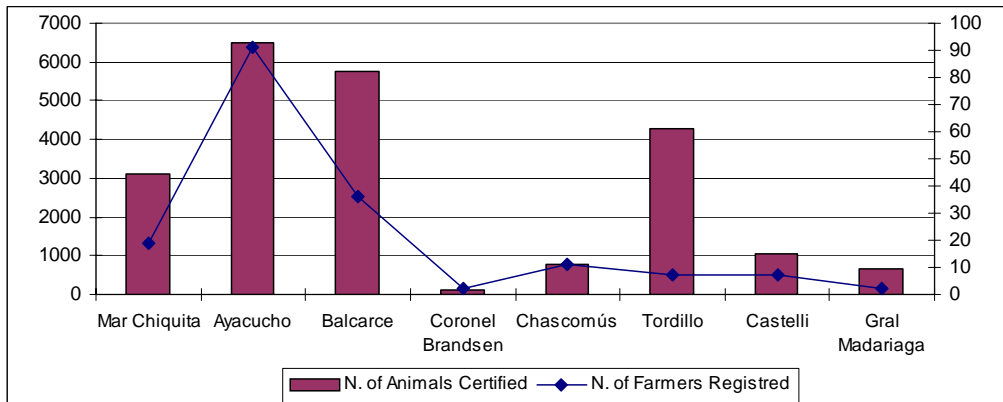
Source: CFI-FAUBA Report N° 5642.

Figure 5. N° of Animals Certified and N° of Producers Registered (2002/2003 Season).



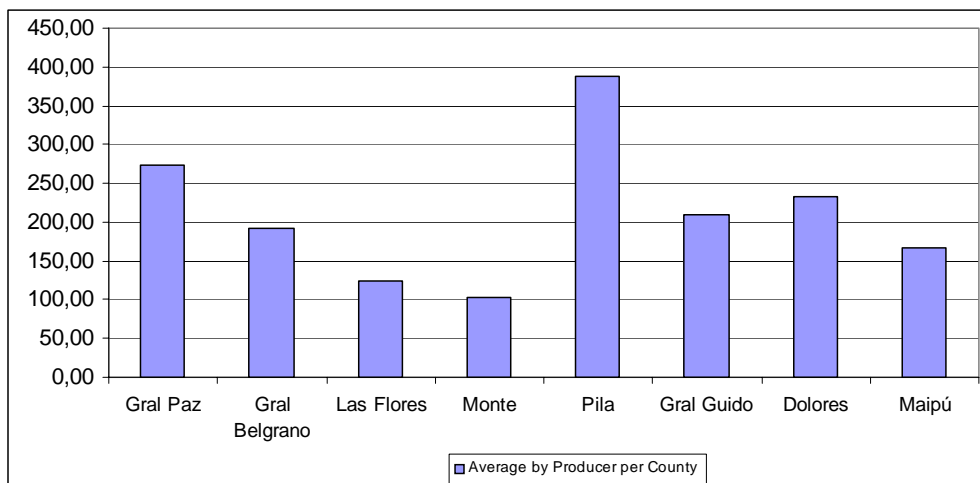
Source: CPS data.

Figure 6. No. of Animals Certified and No. of Producers Registered (2002/2003 Season).



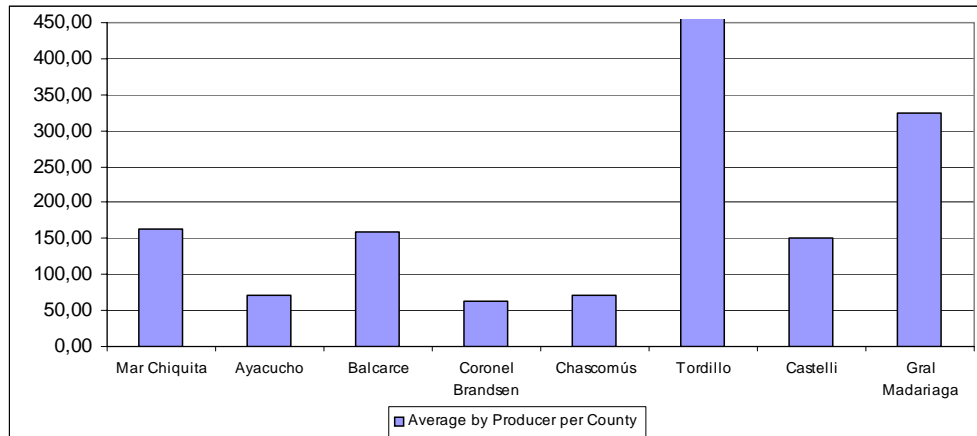
Source: CPS data.

Figure 7. Average by Producer per County (2002/2003 Season)



Source: CPS data.

Figure 8. Average by Producer per County (2002/2003 Season)



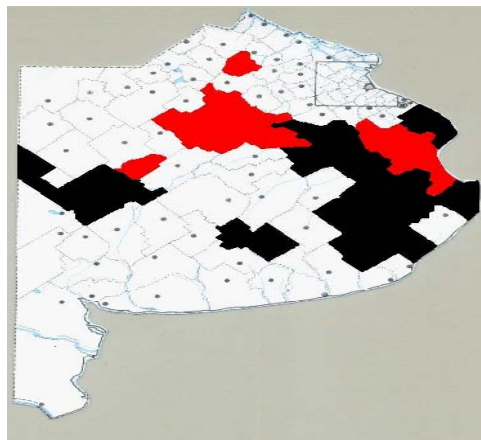
Source: CPS data.

Table 2. Counties and Ear-Tagged Calves (2003/2004 Season)

County	Number of animals	County	Number of animals	County	Number of animals
25 de Mayo	550	9 de Julio	1.475	Alberti	1.275
Ayacucho	5.550	Balcarce	6.925	Benito Juárez	19.425
Bolívar	2.025	Bragado	1.475	Castelli	6.100
Chascomús	4.950	Daireaux	1.075	Dolores	10.975
Gral. Belgrano	7475	Gral. Guido	1.850	Gral. Lavalle	4.400
Gral. Paz	3.675	Guaminí	1.975	Hipólito Yrigoyen	2.675
Las Flores	5.575	Magdalena	3.000	Maipú	12.500
Mar Chiquita	2.950	Pellegrini	4.925	Pila	10.050
Punta Indio	3.150	Roque Pérez	875	Saladillo	1.725
Saliqueló	1.550	Salto	825	San Miguel del Monte	3.875
Tordillo	3.200				

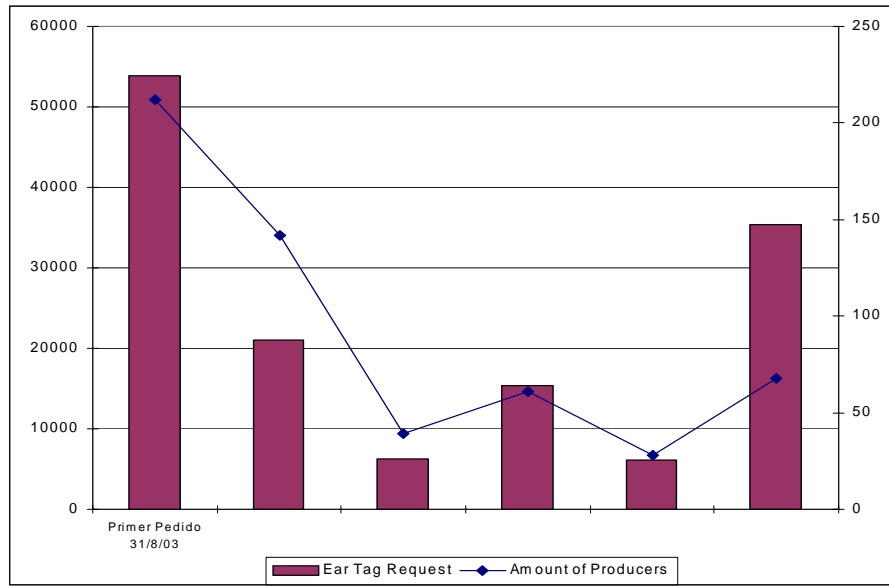
Source: CPS data.

Figure 9. Geographic Distribution of Participating Counties (2003/2004 Season)



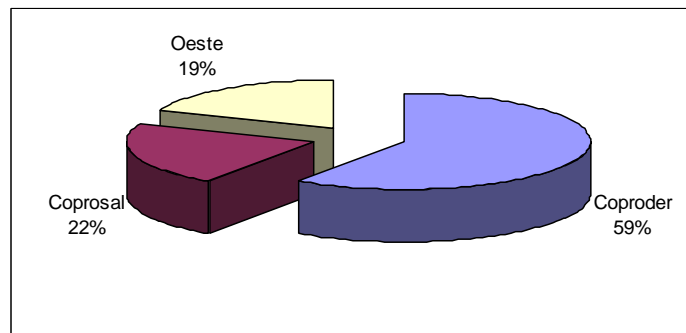
Source: CPS data.

Figure 10. Evolution of Ear Tag Requests and Producers (2003/2004 Season)



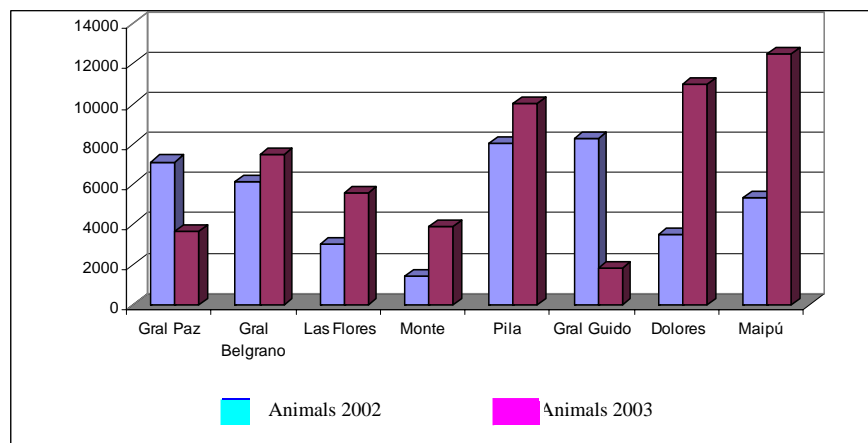
Source: CPS data.

Figure 11. Animal Distribution in Productive Clusters (2003/2004 Season)



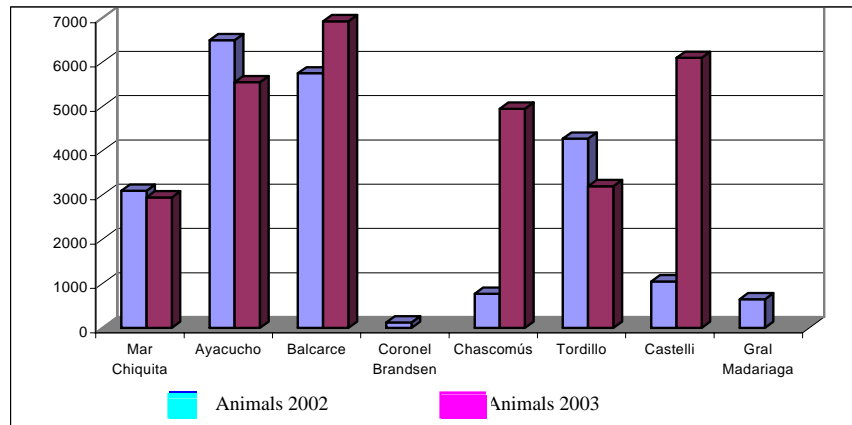
Source: CPS data.

Figure 12. 2002/2003 vs. 2003/2004 Seasons



Source: CPS data.

Figure 13. 2002/2003 vs. 2003/2004 Seasons



Source: CPS data.