

# The trumpet

Quarterly Economic Research Newsletter | Issue 3 | July 2018 | Pretoria



## Trumpeting: Smallholder participation in agro-processing industries

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# Foreword

*The Trumpet* is an economic research newsletter established as an alternative option for stakeholders to gain access to research outputs of the NAMC. This is the third issue of the economic research newsletter. The newsletter seeks to summarise latest research, along with communicating information on recent and upcoming events of interest to our stakeholders.

We also profile some of the researchers at NAMC with a view to promoting an interactive culture between the NAMC and the readers of this newsletter. Lastly, snippets of important information and statistics on the agricultural sector, locally, regionally and globally, are presented. The information sharing will not only be valuable to stakeholders – it will also assist in keeping NAMC employees in the loop about MERC Division's activities. This newsletter is available through multiple channels, including email, hard copy, website and social media.

Among the topics presented in this issue of the trumpet Newsletter, Bongani Radebe uncovers the issues of health regarding foods that are susceptible to the recent outbreak of listeriosis. It also features some recent NAMC working papers, conference papers, and papers published in journals. A working paper by Lubinga and others finds that Geographic Indication (GI) fosters South Africa's wine exports to the EU. It also plays a fundamental role in fostering the export performance of the Wine Industry.

Phaleng and others assesses countries that receive food aid. A published journal article by Sotsha and others identifies (among others) distance to markets and stock size as being factors that influence participation by Communal Livestock farmers in the National Red Meat Development Programme (NRMDP) in South Africa. Mmbengwa and others recommend the improvement of support to boost participation by smallholder farmers in agro-processing, and that the strengthening of market linkages be prioritised so as to ensure the meaningful participation of smallholder farmers in the agro-processing sector.

A conference paper by Mmbengwa and others identifies the need for the development of a robust value chain model for the poultry and piggery smallholder sectors. Finally, Lubinga and Phaleng look at the current market trends in Horticulture Products, focusing on the domestic market across 19 Fresh Produce Markets (FPMs), with a focus on 5 commodities (oranges, lemon, peaches, nectarines and avocado). The overall results suggest that there is a high demand for these commodities, despite the low supply in the markets.

For more information on NAMC's economic research publications, go to <http://www.namc.co.za/category/research-publications/publications/>

Happy reading.

*S Ngqangweni*

Senior Manager: Markets and Economic  
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National Agricultural Marketing Council

# TO EAT KOTA OR NOT? THAT'S THE QUESTION

- By Bongani Radebe

When news report beamed around the country that there were 967 confirmed cases and 183 deaths from listeriosis, I just sat wondering what would happen to my favourite township burger. According to the World Health Organization (WHO), listeriosis is a treatable disease caused by bacteria which can be found in soil, water, vegetables, and the faeces of some animals. It was indicated that the current outbreak of listeriosis could be deadly. I ventured into my hometown, Mamelodi, to assuage my worry. For some of us, the township burger is a not up for discussion— it is a type of food that we feel obliged to see, hear, smell, and sense no wrong in it.

To my surprise, most people I had engaged with were continuing with their lives as normal. It sunk deep in my conscious that not much awareness about listeriosis had travelled into township areas or had made any impact. Health experts say that the most common foods to be contaminated are raw or unpasteurised milk, soft cheeses, vegetables, processed foods, ready-to-eat meats, and smoked fish products. These types of food are usually consumed in townships, especially the famous township burger, which is known by many names – kota, sphaltlo, VR 6, Sbhengu, and skambane (burger).

A kota burger is usually made from a loaf of white bread, cut into half, allowing the crust of each quarter to make a kota. A chunk of the bread from inside the loaf is taken to serve as a cover to the prepared food mix that is put into the middle, which includes processed meat items like Polony, Russians, Viennas, and fried potato chips. This meal is convenient for school learners, as it is compact, affordable and uses convenient, ready-made processed foodstuffs. Take Thabang Bambo (20), a student at Tshwane University of Technology, who views the whole listeriosis issue as a conspiracy that has existed for more than 40 years: “why would it kill us now? The Minister of Health said the bacteria dies when it gets high heat, the processed meats in the Kotas are fried, so I think we are safe.”

why would it kill us now? The Minister of Health said the bacteria dies when it gets high heat, the processed meats in the Kotas are fried, so I think we are safe.  
- Thabang Bambo

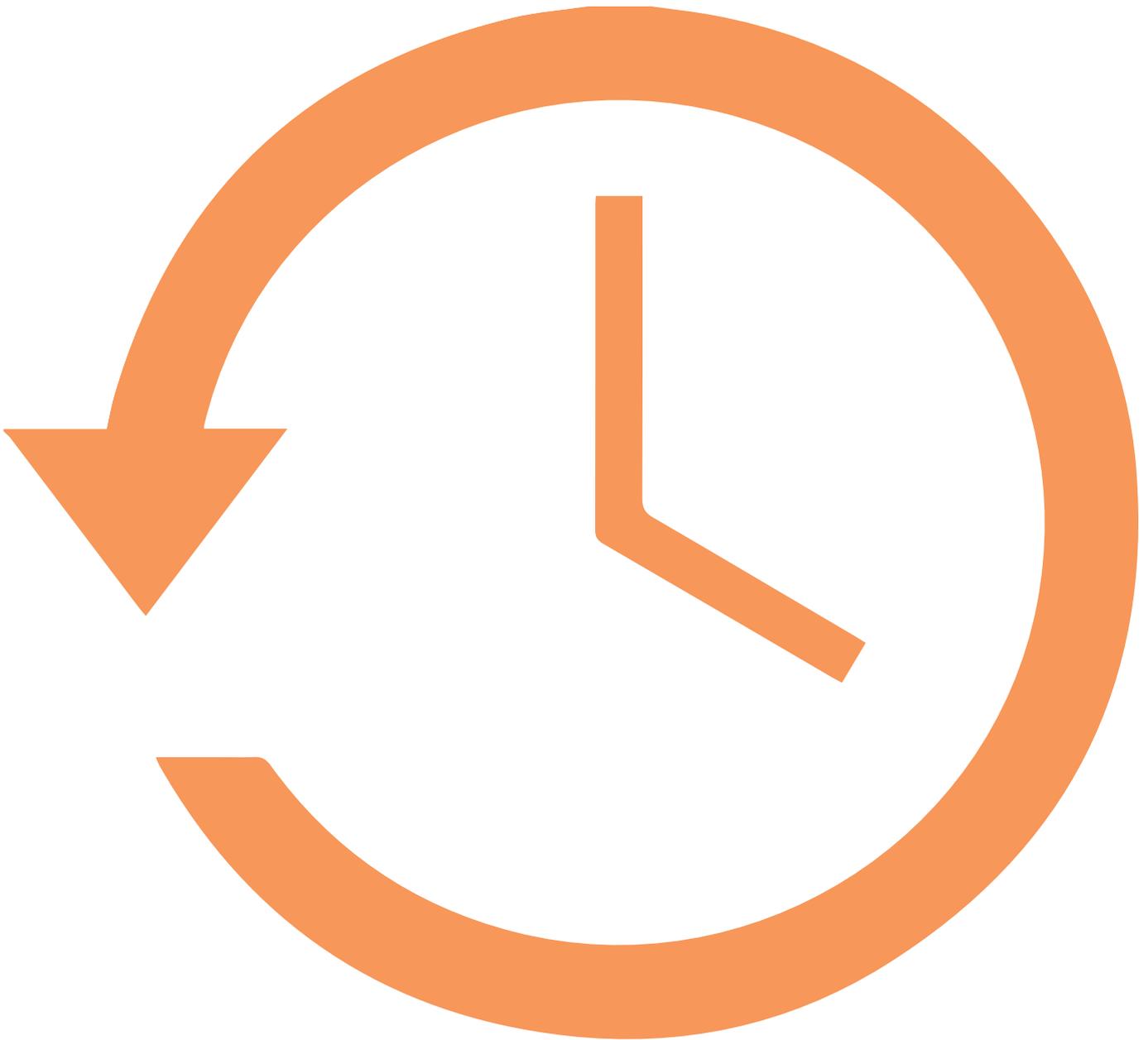


we are safe.”

On the other hand, vendors who sell these township burgers are aware of the associated health hazards, although no one personally came to warn them officially. “We don’t turn customers away, we simply inform them we don’t buy those food products from the company that was mentioned in the media”, said one of the vendors who has been selling Kota for over 15 years.

One would have thought that by now, the listeriosis debacle would have prompted food stores to start serving healthy kota burgers. The listeriosis outbreak was a chance for the youth to debate the food we eat, and how it may affect future foods. Sadly, some of the kota enterprises that serve the youth did not contemplate introducing a healthy kota burger. I am afraid that if we, as the youth, continue to remain silent, we might find Kota Burgers being made extinct, especially with calls for the establishment of a Food Agency.

# Working papers



Available on the **Agecon Search international**  
**online platform:** <http://ageconsearch.umn.edu>

# Geographical Indication (GI) in the wine industry

M.H Lubinga, S. Ngqangweni, B. Nyhodo, X.Y Potelwa, S. van der Walt & L. Phaleng

**T**he export performance of South Africa's wine industry has improved over the years, with over 50 percent of the wine produced having been supplied to export markets since the mid-2000s. The competitiveness of South Africa's wine industry has been generally assessed, and findings suggest that a number of factors influence the industry's good performance. The identified factors (good and bad) include macroeconomic factors, market size, crime and theft, inefficient governance systems, inadequately educated workforce, and infrastructure limitations. Despite the increasing competitiveness of South Africa's wine industry, globally, and the industry's outstanding number of geographical indications (GIs), the impact of these GIs on wine exports has not been assessed, and if it has been assessed, such work is not publicly available. Understanding the impact of the GIs is critical in enhancing informed policy decisions towards securing greater numbers of geographical indicators for wines and other products. In addition, the evidence that is unearthed might be the basis for further government interventions in support of the initiative, while protecting the good reputation in communities where production occurs. This study analyses the effect of GI on South Africa's wine exports to the European Union (EU). The results suggest that GI fosters South Africa's wine exports to the EU. It also plays a fundamental role in fostering the export performance of the wine industry.

In the modern globalised world, Geographical Indications (GIs) have become of political, as well as economic, significance as marketing tools and drivers through which rural development can be attained. They are perceived as constituting a vehicle through which rural communities can penetrate into domestic and international markets so as to benefit from their cultural/natural identities, while conserving indigenous knowledge. The analysis contributes to the better understanding of the role of GI in South Africa's wine industry. The presence of more protected wine GI names in the EU has a deterrent effect on South Africa's exports into the EU. This is a crucial observation for South Africa's wine industry, implying that there is a need to have more wines with protected GI names, if there is to be hope in remaining competitive in the EU market. Given that South Africa's wines have a good reputation in the EU, among other international markets, there is a need for the industry players to work towards implementing quality assurance policies so as to provide consumers with the right information and to discourage those wine producers who may masquerade or misrepresent by providing wrong information. This will help to minimise the likelihood of opportunists affecting the sector, and thus uphold the good reputation of South Africa's wines. Further research, focusing on wine with protected GI names accounting for the Protected Designations of Origin (PDO), is required.

For the full article go to:

<https://ageconsearch.umn.edu/record/262912/files/Geographical%20indication%20and%20the%20wine%20industry.pdf>



## Assessing selected countries that receive food aid with specific reference to top imported agricultural products

L. Phaleng, T. Ntshangase & B. Nyhodo

**F**ood aid is known to comprise sources of internationally funded food that is provided to tackle hunger, either in emergency situations, or to assist with deeper, long-term hunger alleviation and to achieve food security. It is based on the three different categories that are meant to contribute towards food security, being programme food aid, project food aid, and emergency food aid. Despite the role that has been played by global food aid, there are still many countries that require humanitarian assistance from donors.

This study was conducted to examine selected countries in Africa that had received food aid as imported agricultural products, as well as South Africa's role in providing humanitarian assistance to needy countries. The selected countries include Ethiopia, Mali, Kenya and Lesotho. Results revealed that most of the African countries require humanitarian assistance due to low food productivity and their increasing populations. There is high competition against the produced food and natural resources such as land for production. Most African farmers are less productive than other international farmers are.

There is consensus between NGOs and government that providing support and training to small-scale farmers is the best possible solution to achieving future food security and reducing dependency on food aid. A combination of aid, education in low-tech methods, such as planting better cereals and improving irrigation, and the introduction of better seeds and fertilisers could spark a 'green revolution' in Africa, such as the one that transformed south Asia in the 20th century.

The recent severe drought that has been reported in Africa has affected agricultural production, with the majority of African countries experiencing failed harvests, which resulted in rising food prices and brought severe food shortages. As a result, the UN Office for Co-ordination of Humanitarian Affairs has predicted that around 10 million people in parts of East Africa will face chronic shortages and be in need of humanitarian assistance. It is recommended that African governments should implement relevant and effective strategies that will address the issue of food insecurity through improvement of agricultural production.

For access to the full paper, please contact Lucius Phaleng at [Lphaleng@namc.co.za](mailto:Lphaleng@namc.co.za) or 012 341 1115

# Journal Articles





## Factors Influencing Communal Livestock Farmers' Participation into the National Red Meat Development Programme (NRMDP) in South Africa: The Case of the Eastern Cape Province

K. Sotsha, B. Fakudze, T. Khoza, V. Mmbengwa, S. Ngqangweni, M.H. Lubinga, N. Mazibuko, T. Ntshangase, B. Nyhodo, L. Myeki, and X. Ngetu.

The various categories of livestock in South Africa, as in other developing countries, comprise one of the important sources of livelihoods for the poor, and livestock has also been shown to constitute a good commodity for providing a steady and growing income to the rural poor. For households affected by poverty, the supply of livestock products remains one of the few rapidly growing market opportunities within the agricultural sector. Communal livestock farmers are characterised by having to cope with a lack of marketing infrastructure, such as regulated grazing (camps), auctioneering facilities and rural feedlots, as well as having to endure other challenges. These challenges potentially prohibit these farmers from fully participating in the formal marketing of livestock. Non-participation in these markets by livestock farmers in communal areas represents a lost opportunity for them to increase household food security, reduce poverty, and gain export earnings. Therefore, the properly organised marketing of livestock is important for the development of the communal sector.

Hence, the country embarked on the Red Meat Programme, with funding from the Department of Rural Development and Land Reform (DRDLR), and in collaboration with partnerships with the provincial departments and the municipalities. It has been more than ten years since the programme started in the Eastern Cape Province, and it is of interest to undertake an empirical analysis of the programme. The objective of this study was to determine the factors that influence farmers' participation in the programme, focusing on the Eastern Cape Province, since it has expanded effectively within the Province. It is worth noting that the programme has been rolled out to other provinces as well; hence, it is now known as the

National Red Meat Development Programme (NRMDP). The initiative emanated from the observation that the local demand for beef outstrips production, resulting in the importation of additional beef. This was against a background where there was untapped potential in the communal farming areas, where 40% of beef production takes place in South Africa, and where 3.3 million head of cattle are found in the Eastern Cape. Although the programme has had a significant contribution so far towards communal farmers' participation in formal markets, as well as their understanding of the value of formal market participation, it is still desirable to gain empirical evidence to support this notion.

This study sought to determine the factors that influence farmers' participation in the programme. The results indicated that distance to markets, stock size, days of fattening, and the contribution of the programme (income earned from livestock sales through the programme) significantly influence farmers' participation. This is an indication that farmers are slowly beginning to understand how they can best make use of the opportunity presented by the programme. Hence, as regards policy, it is recommended that communal livestock farmers be encouraged to participate in the programme. In other words, the introduction of supportive policies and institutions could substantially improve productivity and income generation, and make a major contribution to poverty reduction in the communal space.

This paper was published in the OIDA International Journal of Sustainable Development Volume 11, Issue 01, Pg. 73-80, 2018. For the full article go to: <http://www.oidaijds.com/Files/11-01-04.pdf>



## Assessment of the participation of smallholder farmers in agro-processing industries of Gauteng Province

V.M Mmbengwa, T.M Khoza, K. Rambau and J. Rakuambo

Smallholder farmers in South Africa have been known to have a limited scope for participating in the agro-processing sector. Hence, part of the transformational agenda of the country is to ensure that smallholder farmers are empowered to meaningfully participate in the agro-processing industries.

The existing global and South African theoretical agro-processing framework does not clearly attract smallholder farmers to participate in agro-processing industries. Consequently, government policies and educational programmes lack their much-needed impact in ensuring the participation of this important stakeholder sector in the agricultural industries of South Africa. The lack of a theoretical framework for the participation of this part of agricultural sector might explain their lack of significant contributions in job creation for the advancement of the socio-economic sphere of South Africa.

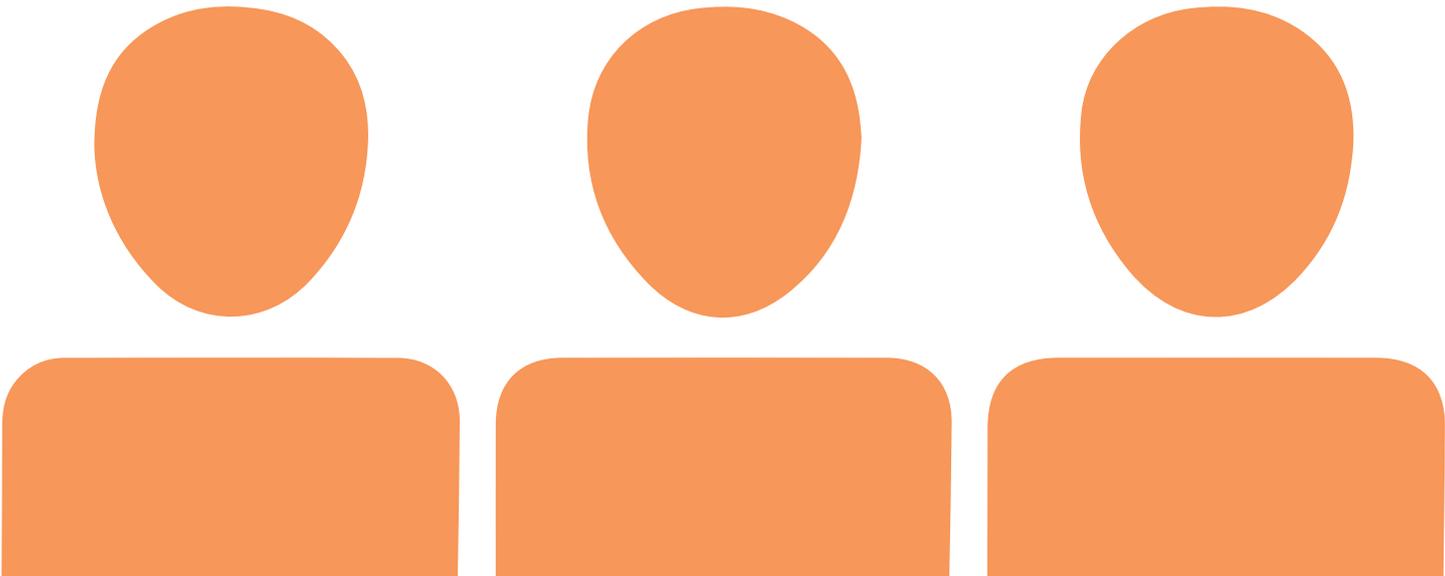
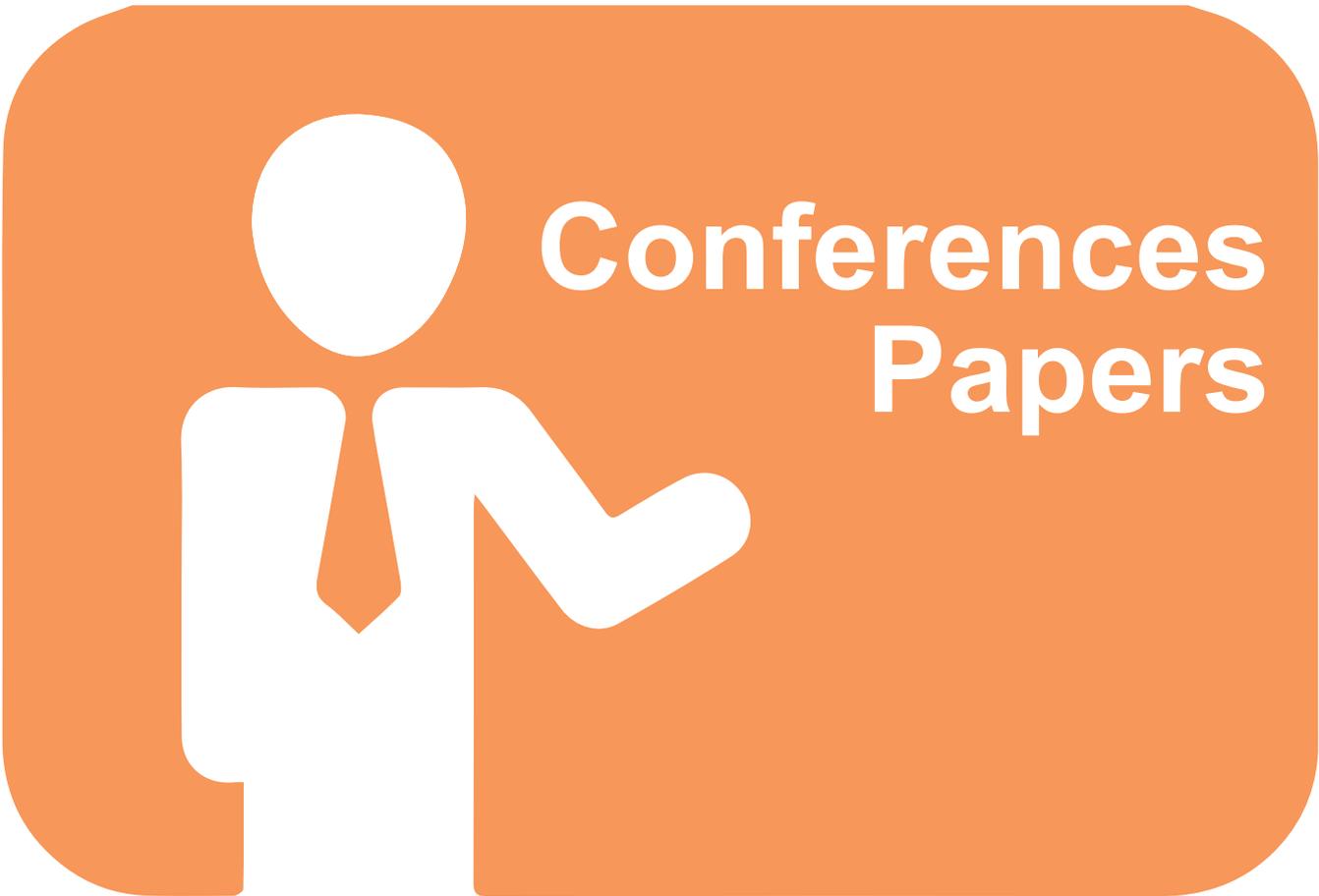
The vision contained in the National Development Plan (NDP) 2030 has shown that smallholder farming is amongst those critical stakeholder sectors that have greater chances of contributing to rural job creation, as compared with the commercial agriculture. This makes their participation in this industry an enabler in their quest for their economic viability. In other words, smallholder agro-processing participation could be likened to the restoration of rural poor economic development. Generally, it is known that most of the agro-processing firms are based in Gauteng Province. This study was conducted with the aim of evaluating the participation by smallholder farmers in the agro-processing sector in Gauteng Province.

The primary objective was to identify the critical factors that influence participation by smallholders within the agro-processing industries. The results indicate that market linkages comprise the most important factor that influences smallholder participation within the agro-processing sector. Theoretically, this study has added value to existing theory in that market access is key.

Practically, it may require efforts be made to ensure that farmers are supported in accessing these markets. Furthermore, farmers should be assessed as to whether they benefit from the market access created. Therefore, it could be concluded that, in order for the Gauteng Department of Agriculture and rural development (GDARD) to initiate and improve participation by smallholder farmers in agro-processing, the strengthening of market linkages should be prioritised.

There is thus compelling scientific rationale for conducting the research to endeavour to ascertain the extent of smallholder farmers' participation in agro-processing industries. This could be useful not only to inform government policies, strategies, and farmer support, but also to access the progress of agrarian development and societal transformation.

This paper was published in OIDA International Journal of Sustainable Development Volume 11, Issue 02, Pg. 11-18, 2018. For the full article go to <http://www.oidajsd.com/Files/11-02-01.pdf>





## Value chain analysis for poultry and piggery in Gauteng Province; A case of smallholder farmers

V.M. Mmbengwa, T.M Khoza, K. Rambau, K. Sotsha and T. Molebo

**V**alue chain approach in Gauteng Province is applied mainly by commercial agriculture, while few or no value chain processes are used by smallholder farmers in their businesses. The latter do not have their own tailor-made value chain, and thus they appear to be struggling to become incorporated within the existing commercial value chain. This shortcoming greatly hinders the smallholder farming sector in creating jobs and reducing poverty, which the linkages of a value chain processes would normally enable them to do.

The existing producer standards (which constitute the entry criteria for getting agricultural products to market) are structured in such a way that they effectively exclude smallholder farmers from supplying their products into these value chains. However, the democratic dispensation has, to date, introduced transformational legislation and policy instruments that encourage the agricultural sector to integrate the smallholder farmers into the existing value chain system.

This study aims at determining the factors, status and needs of smallholder farming value chains. The results indicate that the lack of participation by smallholder farmers in the poultry and piggery value chains seems to be influenced by the lack of private sector partnerships, and lack of labour mobility and skills, as well as low investment in infrastructure. The study identifies the need for the development of a robust value chain model for the poultry and piggery smallholder sectors in Gauteng Province. It also recommends the development of a private sector partnership and collaboration strategy, development of skills and labour mobility for smallholders, and investment in infrastructure.

This paper was presented at the 11th Annual GDARD Research Symposium 2018. This paper won the best oral presentation award under the category, Natural Resources and Agro-processing. For access to the full paper, please contact Victor Mmbengwa at [VMmengwa@namc.co.za](mailto:VMmengwa@namc.co.za) or 012 341 1115.



# The Current Market Trends of Horticulture Products

VM.H Lubinga & L. Phaleng

**T**he horticulture industry produces a range of products for both local and export markets. Export-oriented horticultural commodities are, to a great extent, produced by commercial farmers. This paper focuses on the domestic market across 19 Fresh Produce Markets (FPMs), looking at 5 commodities (oranges, lemon, peaches, nectarines and avocado).

Overall, the Johannesburg FPM accounts for the largest (43%) market share for fresh produce in South Africa, followed by Tshwane (19.8%). Between 2007 and 2016, the volume of horticultural produce sold through the 19 FPMs ranged from 2.76 million tons in 2009 to 3.37 million tons in 2015. On average, 3.03 million tons were sold per year. During the same period, the average price per ton also generally increased by about 121%, representing a 12% annual rise. Johannesburg and Tshwane are the most important FPMs in South Africa, by volume sold and price per ton.

Nectarines cost the highest (per ton) among the 5 commodities, followed by peaches. Across all markets and fruits (considered in this study), Tshwane pays the highest price per ton. Prices are generally increasing, but respond drastically to changes in the volumes available in the market(s).

The prices of commodities in Vereeniging and Witbank are relatively higher than those in the FPMs in this category are. This could suggest that there is a high demand for the commodities, despite the low supply in the markets.

This paper was presented at the 10th Provincial Extension and Advisory Services Conference and Outreach Programme, Bojanala Platinum District, Hartebeespoort (Eagle Waters), South Africa. For access to the full paper, please contact Moses Lubinga at [hlubinga@namc.co.za](mailto:hlubinga@namc.co.za) or 012 341 1115.

# Fezeka Matebeni's Journey

## as an Agro-food chain Researcher

**F**ezeka matriculated in 2005 at the age of 16. It took time for her to figure out what she wanted to do as a career. Hence, she took a 2-year break before registering for a Bachelor of Science Degree in Agricultural Economics at the University of Fort Hare. She grew up in an agriculturally adapted rural family and community, which influenced her career choice.

This also contributed to her curiosity as to how to bring about development in a rural setting, with agriculture being the pivotal point for rural economic development or transformation. As such, she came to acknowledge the fact that agriculture is a major part of the global economy, and chose to become a part of it. Fezeka furthered her academic studies at Stellenbosch University and graduated with a Master of Science in Agricultural Economics on the 20th March 2018, which co-incidentally happened to be her birthday.

Fezeka is currently working as an Agricultural Economist in the Agro-Food Chain Unit in the Markets and Economic Research Centre. Thus far, she has efficiently delivered the following publications: Macroeconomic digest reports, Farm to Retail Price Spread reports; Input prices-input cost monitoring and Food Cost Review. She feels honoured to be part of the secretariat for the Executive Committee attending to the implementation of the Agricultural Information Management System (AIMS) and Section 7 of the Drought Committee.

The knowledge and skills acquired during her period of working for the NAMC has contributed to her gaining a better understanding of the movement of food prices within various industries, as well as of the importance of the effect of prices among consumers and producers. This has also influenced her career growth in gaining an understanding of the issues pertaining to trade and policy influence, as well as in liaising with industry role-players on issues of mutual interest. She has also acquired expertise in various research techniques, which has assisted in improving her analytical skills, and this contributed greatly in accelerating her master's study.

Fezeka regards the NAMC as a warm and friendly environment, yet professional: "Even when I was an intern, everyone treated me with tremendous respect", she said. To be nominated as the best intern (AgriSeta awards) at the national level was her proudest accomplishment in working for the NAMC. She urges prospective economists to conduct themselves with integrity, which will then pay dividends far into their futures.

What excites her most at the NAMC is the opportunity she frequently gets to engage an audience with a mixture of sharp intelligence and inspiring motives





# Media



## Developing climate smart Agriculture

Click the picture or go to: [Developing climate smart Agriculture](#)

## Fruit Trade Flow July 2018

Click the picture or go to: [Fruit Trade Flow July 2018](#)



*Portal Coming Soon*



Mark Your Calendars

# EVENTS



**28**  
Jul

30<sup>th</sup> International Conference of Agricultural Economists (ICAE),  
Canada, British Columbia, July 28 - August 2, 2018.

**14**  
Aug

International Conference on Sustainable Development 2018,  
Oxford (London), U.K. August 14 - 15, 2018. <http://www.ontariointernational.org/icsdconference.htm>

**25**  
Sep

The 56<sup>th</sup> annual conference of Agricultural Economics Association  
of South Africa (AEASA) 25 – 27 September 2018 at the  
Lord Charles Hotel, Somerset-West, Western Cape. <https://centeqevents.wixsite.com/aeasa2018>

**12**  
Sep

Cape Wine 2018, 12-14 September 2018, Cape Town International  
Convention Centre. [www.capewine2018.com](http://www.capewine2018.com)

**23**  
Nov

4<sup>th</sup> International Conference on Agriculture, Aquaculture, Fisheries  
and Animal Science (ICAAFAS 2018), 23 to 25 NOVEMBER 2018,  
CEBU, PHILIPPINES, <https://icaafas2018.weebly.com/>

**18**  
Feb

13<sup>th</sup> International European Forum on System Dynamics and  
Innovation in Food Networks (Iglis-Forum), February 18-22, 2019,  
Garmisch-Partenkirchen, Germany. [www.fooddynamics.org](http://www.fooddynamics.org)

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