



AGRIPRENEUR

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Young
pig farmer

Auction
sales for cattle

The winner of the 2019 SAMIC carcass competition

THE AGRIPRENEUR QUARTERLY:

A PUBLICATION BY THE SMALLHOLDER MARKET ACCESS RESEARCH UNIT OF THE NAMC

PREFACE

W

elcome to the eighteenth edition of the Agripreneur publication of the National Agricultural Marketing Council (NAMC). Through this publication, the NAMC seeks to create a platform where agripreneurs and farmers, mainly smallholders, can share their knowledge and skills, challenges, experiences and insights with one another. It is believed that this publication will assist smallholders in learning from one another, developing strategies, adopting models, and becoming part of the value chain through the marketing of commodities and products that meet market standards and are safe for consumption. Agripreneur also serves to promote and profile aspects of South African agriculture as a brand. Each issue features good stories that will hopefully convince the reader to #LoveRSAAgric.

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List of contributors:

Bongani Radebe
Lindikaya Myeki
Pamela Matyolo
Samella Nozibele
Thabile Nkunjana
Zosuliwe Kala

Edited by: Kayaletu Sotsha

For more information on the Agripreneur publication, contact Prof. Victor Mmbengwa, Manager: Smallholder Market Access Research at the NAMC. Contact information: VMmbengwa@namc.co.za.

A NOTE FROM

THE EDITOR

Smallholder farmers are known to be the drivers of many economies on the continent, although they are also generally known for their limited resource endowment relative to other farmers in the agricultural sector. This does not, however, make them a homogenous group of farmers, as the means whereby they acquire agricultural resources and marketing services differ. Still, a large number of these farmers lack assets, information and access to services, which tends to hinder their participation in potentially lucrative markets. Many of these farmers receive low prices for their products by selling them at their farm gates or local markets.

The major factor in cattle production is that the majority of smallholder farmers are not capacitated with financial and marketing skills and are unable to meet the quality standards set by the consumer. Furthermore, lack of modern production knowledge leads to lower quality in production. On the other hand, in pig production, feed costs, food safety regulations, environmental regulations and animal welfare regulations tend to be the major challenges when it comes to market participation.

In addition to the cost of feed, these regulations require the construction of modern facilities for the smallholder farmers to be competitive with the commercial pig producers, which gives rise to the cost of compliance. As a result, the need for transformation in the sector becomes much more pronounced; otherwise, smallholder farmers remain prone to being squeezed out of business.

As much as these requirements appear to be a prominent challenge for smallholder farmers, they also create new opportunities for these farmers to market higher quality products that meet stricter safety standards and are capable of commanding price premiums.

In conclusion, significant investment is required to upgrade smallholder pig production in the country, along the lines of modernising and expanding production for farmers to reach a viable production level and remain competitive.

The articles presented in this issue paint a picture of how the smallholder farmers in the cattle and pig sectors are performing and also indicate their capabilities, offering a glimpse into what these farmers could do under rapid transformation in the two sectors.

Enjoy the reading, and love South African agriculture!

VUKANI PIGGERY, THE WINNER OF THE 2019 SAMIC CARCASS COMPETITION IN THE DEVELOPING FARMERS' CATEGORY

By: Thabile Nkunjana, Pamela Matyolo, Zosuliwe Kala & Samella Nozibele



Figure 1: Piglets at the Vukani Piggery

A large number of small-scale pork meat producers in South Africa engage in such production for their families, with only a handful of resourceful black pig producers having achieved and/or coming close to achieving commercial status. Challenges faced by small-scale producers in their efforts to commercialise their piggery units include acquiring good genetic material and modern facilities, high feed costs, biosecurity measures and so on. As a result, the country has a number of prospective small piggery farmers that have good ideas and extensive background in the industry but do not have the resources to get started or to expand to a commercially viable level.

This is the story of the Vukani Piggery, a family-owned small-scale piggery farm, comprising a 75-sow unit, situated in Vanderbijlpark. The business is run by Buti Malinga and his sister Cathy. The siblings' father was a worker at the farm for more than ten years, so they grew up with some farming background, although they made other career choices. Buti, for example, studied and worked along the lines of the safety profession. However, in 2008, after purchasing the farm on which his father used to work, Buti decided to quit his job as a safety officer to become a full-time farmer.



Figure 2: Cathy Malinga

He and his sister started with a nine-sow unit. Later, they received support from the former Department of Rural Development and Land Reform (DRDLR) through the Comprehensive Agriculture Support Programme (CASP) and the Recapitalisation and Development Programme (RADP) with which they acquired pig-rearing facilities. These facilities are split into breeding, weaning and farrowing facilities. In addition, they received 50 sows from the former Department of Agriculture, Forestry and Fisheries (DAFF) in 2017. They are aiming to expand to a 400- to a 500-sow unit in the short to medium term and to an approximate 2 500-sow unit in the long run. However, among other challenges, they are constrained by limited cash flow which restricts their ability to reinvest into the business.



Figure 4: Weaning Facility

Generally, small-scale piggery farmers that aspire to farm at a commercial level tend to face challenges that include lack of finances, experience and training to produce commercially, lack of advice and mentorship to sustain a viable piggery, failure to meet abattoir requirements to market their pigs and so on. As a result, they are more susceptible to the effects of disruptions, such as African swine flu and listeriosis.

In addition, Buti mentioned that feed and electricity costs remain one of the most difficult challenges, particularly for small businesses like his. Therefore, he highlights some, and probably the most important, coping mechanisms as being careful management and the ability to adapt to the challenges that pig farming presents.

He emphasised the importance of good genetic material. The Vukani Piggery practises artificial insemination (AI) using AI stalls. Due to limited infrastructure and the pressure to push the cash flow, the piggery is forced to sell weaners at a weight of 65 to 70 kilograms. According to Buti, this is not an ideal weight at which to sell their weaners, but they are forced to do so by circumstances.

They currently sell to the Dreamland Piggery and have recently secured another take-off agreement with Vereeniging Meat Packers (VMP). Although they are under-supplying the market, their ability to find markets highlights the quality of their pigs and their management capabilities. Indeed, they have the potential to grow.

The Vukani Piggery is a member of the South African Pork Producers' Organisation (SAPPO) and has also benefited from the mentorship of a hired professional mentor. The piggery won the small-scale South African Meat Industry Company (SAMIC) National Carcass Competition at a prize-giving ceremony held in Vryburg on 15 August 2019.

The most necessary form of support at the Vukani Piggery is the development of the infrastructure to allow for expansion. As mentioned earlier, the piggery is struggling to reinvest in the business due to its current herd size.

For more information, contact Thabile Nkunjana at Thabile@namc.co.za or Pamela Matyolo at ayathandm@gmail.com or Zosuliwe Kala at qaqambakala@gmail.com or Samella Nozibele at snozibele@namc.co.za



Figure 3: Buti Malinga

THE DETERMINANTS OF MARKETING EFFICIENCY IN THE SMALLHOLDER CITRUS INDUSTRY: EVIDENCE FROM FOUR PROVINCES

By: Lindikaya Myeki

This article presents the determinants of the successful marketing of citrus in the smallholder farming industry of South Africa. This analysis is based on farm-level household data of 54 smallholder farmers from four provinces, namely the Eastern Cape (11), North West (3), KwaZulu-Natal (2) and Limpopo (38). The motivation is to understand the factors that increase or decrease market participation among these farmers. This work resonates with the objectives of the Marketing of Agricultural Products Act (Act No. 47 of 1997).

In 2016, the National Agricultural Marketing Council (NAMC) established the Smallholder Market Access Tracker (SMAT) project, with the main objective being to estimate, evaluate and monitor the advancement towards achieving “market access for all participants”, focusing on smallholder farmers. The activities include collecting primary data from these farmers, and this was achieved from 68 smallholder citrus farmers during the 2018/19 financial year. However, the analysis in this article is restricted to 54 farmers due to missing data. The key demographic features are presented below.

Table 1: Key Descriptive Statistics (n=54)

Indicator	Category	n	%
Gender	Male	33	61
	Female	21	38
Age (M = 46)	Young	10	19
	Old	44	81
Education	Primary	2	4
	Junior	3	6
	Secondary	14	26
Household size (M=7)	Tertiary	35	64
	Small	6	11
	Big	48	89
Farming experience (M=18)	Low	7	13
	High	47	87

The descriptive statistics presented above indicate that:

- Males dominate smallholder citrus production
- There is low involvement of the youth, implying that the youth need to be encouraged to participate in citrus farming through the creation of opportunities
- Importantly, the majority of farmers are educated
- Since citrus farming is labour intensive, a larger household size is advantageous
- Farmers had a high level (average of 18 years) of farming experience, which may suggest increased market participation due to longer periods of running citrus farming businesses

In the context of this article, efficiency refers to technical efficiency, which is the ability of farmers to sell maximum output (total volume to market) given a fixed level of inputs. Using Frontier 4.1 software and the Stochastic Frontier production method with technical inefficiency effects, the following determinants were identified:

Table 2: Determinants of Technical Efficiency

Factor	Status
Farm size	0
Labour	+
Distance to market	+
Gender	+
Education	0
Farming experience	0
Access to credit	-
Access to storage	0
Access to packhouse	0
Access to marketing information	0
Location	0
Household size	+
Own transport	-

- As expected, labour, distance to market, gender and household size record a negative sign, indicating that an increase in each variable positively affects technical efficiency for total volume to the market
- Surprisingly, access to credit and own transport decrease marketing efficiency

The mean technical efficiency score was 0,489, indicating a great scope (51 %) to improve efficiency. In other words, for these farmers to attain a higher level of efficiency, input management needs to be improved.

For more information, contact Lindikaya Myeki at lindikaya@namc.co.za.

NEW YOUNG PIG FARMER ON THE BLOCK

By: Bongani Radebe



Figure 1: Nomathemba Langa

“My main challenge at this stage is securing an environmental impact assessment (EIA) needed when applying for funds at Land Bank”
- N. Langa

Nomathemba Langa is an up-and-coming young female farmer situated in Lehlabile in the North West Province. This 27-year-old woman was inspired by the farming activities in which she became involved after her parents purchased a game farm, which is now known as Zvezda Game Farm, in the North West Province. Despite the many activities on the farm, Nomathemba developed an interest in pig farming. She now uses a portion of the farm to run a farrow-to-finish 26-sow unit, which produces 10 to 15 carcasses every month. The entire process – from farrowing and weaning to the market – takes up to four months.

The 10 to 15 carcasses per month she produces are slaughtered in an abattoir and sold to local butcheries. Notably, she does not sell to the abattoir – rather, she slaughters and pays the slaughter fees and sells the carcasses to the butcheries. Nomathemba attempted to secure an off-take agreement with Millennium Meats in 2017; however, she discovered that she did not have sufficient capacity to secure the off-take agreement. She then approached the Land Bank with a request for funding to expand her piggery operation in an attempt to meet the required capacity of Millennium Meats.

Her main challenge at this stage is securing an environmental impact assessment (EIA) for her piggery. It is this challenge that is also delaying her application process at the Land Bank. At this point, she is still attempting to secure the EIA.

Apart from running the piggery, Nomathemba buys and processes meat at her family’s butchery and supplies the local stores. This, to a certain extent, assists her with minor investments into the piggery. Her meat processing project is expanding and she has been receiving assistance from the South African Bureau of Standards (SABS) in terms of branding and labelling. The Small Enterprise Development Agency (SEDA) has also lent a hand in terms of packaging, while the Department of Trade and Industry (dti) is assisting her with barcoding and tracing.

Nomathemba is one of the prospective small pig farmers that have good ideas and an extensive background in the industry but do not have the resources to get started or to expand to commercially viable levels. After recognising their daughter’s interest in pig farming, her parents sent her on a one-year pig farming course at Baynesfield Training Academy in 2015.

Nomathemba’s mother plants moringa and vegetables inside growing tunnels and also hosts students from the Tshwane University of Technology through a placement programme. Please check out her story in the next issue (issue 18) of the Agripreneur.

For more information, contact Bongani Radebe at Bradebe@namc.co.za



Figure 1: Newcastle cattle auction

SMALLHOLDER MARKET ACCESS: AUCTION SALES FOR CATTLE IN THE KWAZULU-NATAL PROVINCE

By: Lindikaya Myeki

Smallholder farmers are known for utilising the informal market which serves buyers for various activities such as funerals, weddings and traditional festivities. However, auctions seem to be prominent in the KwaZulu-Natal Province under the National Red Meat Development Programme (NRMDP), which continues to increase market access for the previously disadvantaged black communal farmers. This article explores the smallholder marketing of cattle in the auction markets of four towns in the KwaZulu-Natal Province. Of the five Ps of marketing, this article focuses on three (place, product and price).

About 538 smallholder farmers sold their cattle through auction markets between March and August 2019. About 36 % of these farmers were from Madadeni followed by Ndawana (35 %), Dannhauser (19 %) and Kranskop (10 %), respectively (see Table 1). Collectively, they sold 669 heads of cattle and generated a total income of more than R3.5 million.

Table 1: Key Characteristics

CPF site	Sellers (n)	Herd sold (n)	Average price (R)	Total income (R)
Dannhauser	102	122	5 884	717 800
Kranskop	53	53	6 340	336 000
Madadeni	195	259	5 776	1 495 975
Ndawana	188	235	5 712	1 342 250

Of the total mass and income generated, Madadeni and Ndawana were the top contributors.

Of the four study sites (as illustrated in Figure 1), only two specified the product (cattle) in terms of gender, namely Kranskop and Ndawana with a total of 241 animals sold (162 males and 79 females). Ndawana sold 106 oxen, 51 cows, 20 bulls and 11 heifers. For Kranskop, oxen topped the list of sales at 19, followed by bulls (17) and bulls (14). Oxen were the most sold animals, whereas heifers were the least sold animals in these auction markets.

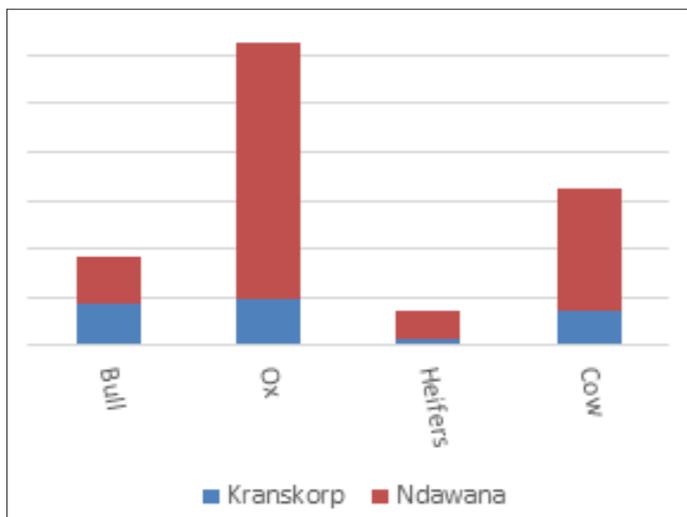


Figure 1: Sales Statistics for Ndawana and Kranskop

The data also indicates that Kranskop had the highest average kg/head (346), followed by Madadeni (324) and Ndawana (299). Dannhauser had the lowest average kg/head at 292.

Figure 2 below depicts the price measured in rand per kilogram. The first observation is that price differs from town to town. For instance, Ndawana had an average of R24 per kg, whereas Kranskop had the lowest price of R18 per kg. It is beyond the scope of this article to examine the factors that contribute to these price differences.

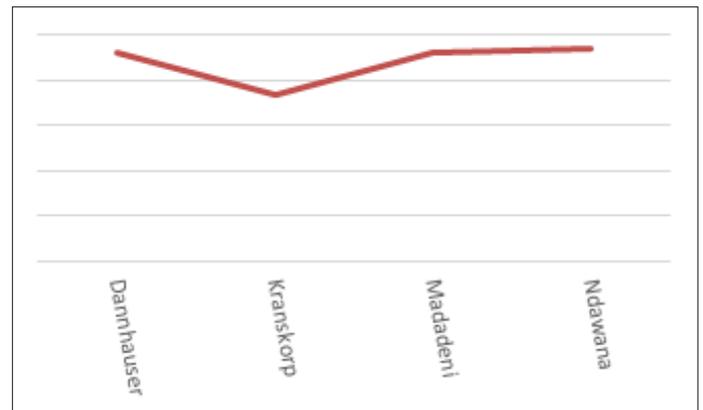


Figure 2: Price per Kilogram

Significant efforts have been made to improve market access for smallholder farmers. As shown by increased market participation in auctions, the results imply that farmers are moving from informal markets to more formal markets. In some instances, custom feeding programmes have been established to assist in the gradual shift towards commercially oriented smallholder livestock production. Therefore, with increased appropriate policy interventions, positive outcomes will be achieved in the long run.

For more information, contact Lindikaya Myeki at lindikaya@namc.co.za.

For more information, contact:

Prof Victor **Mmbengwa**,
Manager: Smallholder Market Access,
Marketing and Economic Research Centre (MERC)
Email: VMmbengwa@namc.co.za
Postal address: NAMC, Private Bag X 935, Pretoria, 0001
Tell: 012 341 1115

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