



AGRIPRENEUR

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Agriculture
insurance

Certification
programme

Environmental impact assessment regulations effect



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THE AGRIPRENEUR QUARTERLY:

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

PREFACE

Welcome to the twentieth 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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AGRICULTURE INSURANCE

COULD PLAY A ROLE IN HINDERING ENTRY OF SMALLHOLDER FARMERS IN CERTAIN COMMODITIES AS

CLIMATE CHANGE INTENSIFIES

By: Kayaletu Sotsha

Most, if not all, South African smallholder farmers do not have insurance for their farming endeavours as compared to their commercial counterparts. This is mainly because there are often no suitable insurance packages for smallholders and this presents a huge concern regarding the resilience and coping of these farmers with the effects of climate change, particularly in capital intensive commodities. To try and clarify the situation, this article uses the pears production profile.

According to HORTGRO, the deciduous fruit is the largest sub-sector of the South African fruit industry in terms of area planted, which stood at 93 350 hectares in the 2018/19 season of which pears took up about 13 percent. Noteworthy, the area planted with pears has been showing an increasing trend since 2010, from just below 11 500 hectares to around 12 350 in 2019, and this arises from increasing investment derived from increased export earnings (USDA, 2019). Ceres is a major growing area for pears, accounting for 37 percent of the total area planted in the country (DAFF, 2018).

According to DAFF, the production of pears has increased from about 350 000 tons in the 2007/08 season to about 426 533 tons in 2016/17 season. Whereas, the USDA (2019) report indicated that production was around 410 000 and 415 000 tons in the 2017/18 and 2018/19 seasons respectively. South Africa is second only to Argentina in production of pears in the Southern Hemisphere, where the rest of the countries are Chile, Australia and New Zealand (WAPA, 2019).

The pear is an export-oriented sector, with 43 000 tons consumed locally in the 2018/19 season, while 240 000 tons went into the export market (USDA, 2019). Figure 1 indicates the top 5 importers of South Africa's pears in 2019 by share of value of exports to the world. United Kingdom was the biggest market taking up a share of about 12%. The appearance of Malaysia and Nigeria in the top 5 indicates the level of diversification of markets, which is a good approach to marketing.

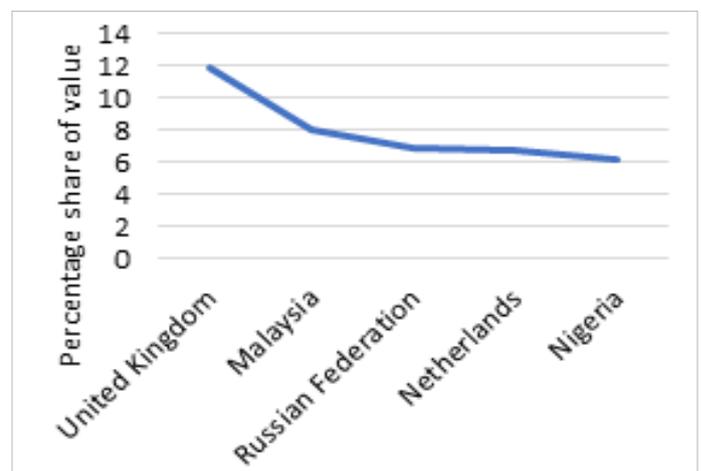


Figure 1: The share of value of South Africa's exports of pears to the world in 2019

Source: TradeMap

Notably, the effect of drought in the Western Cape had a negative impact in the production of pears in the country. Figure 2 shows the effects of this on the quantities exported between 2017 to 2020, the latter being an estimation. There was a decline of exports from 2017, mainly due to the drought that affected the Western Cape province. It was anticipated that the normal production levels would pick up again in 2020, mainly due to young orchards coming into production and a bit of recovery from drought in 2019.

However, so far, the early pears have been negatively affected (in terms of the appearance and size) by the heatwave (HORTGRO, 2020). In addition, hail and ice that hit the Ceres region could contribute to about 15% decline in quantity of pears packed for exports and therefore leading to increased quantities sold in the local markets and that which goes for processing into juice.

“Staying away from smallholder farmers is not an ideal option for agriculture insurance providers”

- Kayaletu Sotsha

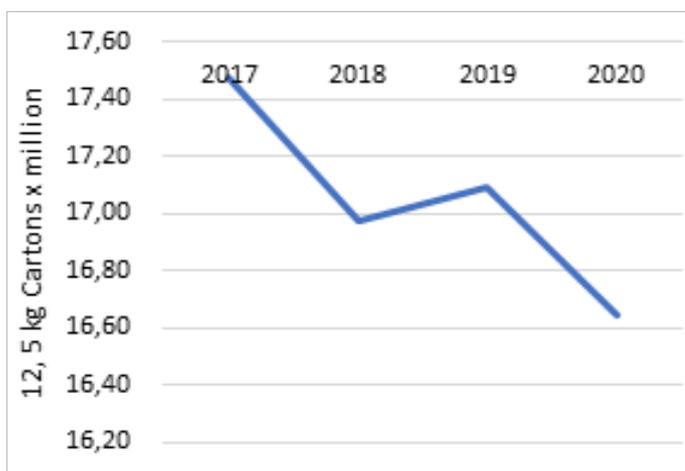


Figure 2: Pears export quantities

Source: HORTGRO

This is an indication of the harsh conditions that the farmers are operating under, bearing in mind that drought was a factor in the previous seasons and now its ice, hail and heatwaves. One would imagine therefore that farmers without insurance would find it hard to stay in business and are likely to be squeezed out of business due to losses incurred. As climate change increases the frequency and severity of extreme weather events smallholders are becoming more and more at risk, hence perhaps the appetite for insurance companies to cover risk-prone smallholder farmers could diminish further and further at a time where agricultural insurance is needed the most.

So, my conclusion is that staying away from smallholder farmers is not an ideal option for agriculture insurance providers. The reason is that, on one hand, smallholder farmers are still trying to establish themselves in the sector that is characterized by the “survival of the fittest” strategy due to liberalized markets and reduced protection for local producers.

On the other hand, they are most vulnerable to climate change effects. Therefore, it is important rather that agriculture insurance providers take an initiative to find ways in which they could play an effective role to accommodate smallholder farmers and offer them an opportunity to participate in highly capital-intensive agricultural subsectors while at the same reducing vulnerability to the effects of climate change.

NB: References could be made available on request.

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ENVIRONMENTAL IMPACT ASSESSMENT (EIA) REGULATIONS EFFECT ON EMERGING FARMERS: THE STORY OF NOMATHEMBA LANGA

By: Bongani Radebe

Nomathemba Langa is an up-and-coming young female farmer situated in Lehlabile south of 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, known as Zvezda Game Farm (which means star in Russian).

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 is reaching for the highest limit, as she desires to progress and become one of the youngest commercial farmers. 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. Mzansi Agricultural Talk recently published an article on dominant regulations affecting emerging farmers production and economic progress.

It is said that an estimation of more than 60% emerging farmers in South Africa were aware of the existing government regulation protecting the environment but knew little of the associated implications.

The EIA is one of the factors limiting and preventing emerging farmers to progress to commercial agricultural farming. Nomathemba had applied for funding at the Landbank, her application has been pending due to not having an EIA at hand. She has been waiting for over two years now.



This 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 due to this regulation. As a result, the North West farmer lost opportunities in the formal market due to these regulations and these are one of the reasons why formal markets do not interest emerging farmers.

More youth is getting involved in the sector, they are getting skilled however poor financial capital and limited access to markets increases the negativity in being part of agriculture. The government must improve its efforts in giving full support to emerging farmers. Most of the emerging farmers continue to be trapped in a small cycle of functioning within the given market.

These implemented regulations gazettes may need to be reviewed in order to have an efficient process in the sector that could easily bring assist particularly to the emerging farmers and help identify the old ways that needs to be modernized to the new digital time. The road to commercializing farmers needs to be shortened by creating a huge support to South African agricultural economy.

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A SNAPSHOT OF THE SMALLHOLDER FARMER CERTIFICATION PROGRAMME

By: Lindikaya Myeki

The SA-GAP Certification Programme for Smallholder Producers of Fresh Produce is an initiative of the former Department of Agriculture, Forestry and Fisheries (DAFF) in collaboration with Perishable Produce Export Certification Agency (PPECB) and provinces in South Africa. It seeks to address environmental, economic and social sustainability for on-farm processes and result in safe and quality food and non-food agricultural products.

During the year 2018/19, the programme covered 275 participants, 210 pre-audits and 93 final audits. In addition, the following were successfully certified: 78 smallholder farms, 8 pack houses and 66 projects (re-certified). The specific provincial details are shown in Table 1 below.

Table 1: Progress of the programme

Province	Visits	Workshops	Pre-audits	Final audits
Eastern Cape	6	-	2	-
Western Cape	4	2	-	3
Northern Cape	-	2	51	6
Free State	2	4	2	-
KZN	-	-	3	-
Mpumalanga	6	3	9	9
Gauteng	2	2	5	2
North West	4	-	-	-
Limpopo	-	1	10	1

Source: DAFF, 2020



As can be seen from the Table 1, in 2018/19, 24 farm visits were conducted in various provinces along with 14 workshops, 82 pre-audits and 21 final audits. These results led to the support and approval of 2019/20 business plan, which was guided by post-harvest plans and memorandum of agreement (MOA) among the collaborating stakeholders. The activities (farm visits) and the outcomes in the 2019/20 financial year are presented in Figures 3 and 4, respectively.



Figure 3: Farms visits by month

Figure 3 shows that a total of 39 farms were visited between April and September in 2019. Most of the visits (46%) were conducted in June and not much was done in August and September.

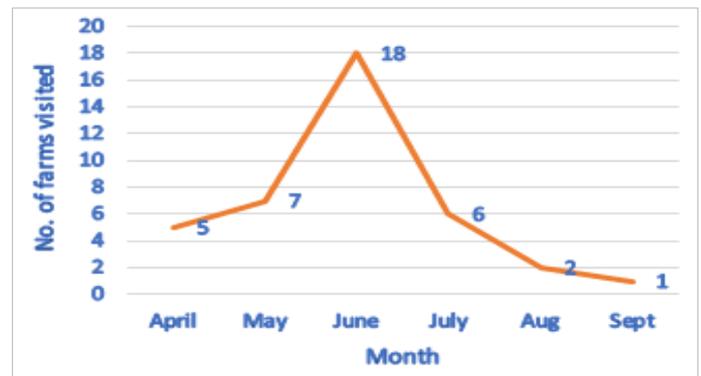


Figure 4: outcomes of the programme

The first observation here is that the programme has largely conducted the pre-audits, followed by re-certification, which has been dominated by the Northern Cape province. Another observation is that very few farmers were able to successfully obtain certification and this implies access to markets (especially export markets) by majority is still likely to be a challenge. Therefore, more work needs to be done to ensure that most participants in the programme achieve the final certification, as this is more likely to improve the marketing the agricultural products in smallholder farmers in South Africa.

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ROSINAH SIAGA – A SMALLHOLDER FARMER IN TSHIOMBO VILLAGE OF

LIMPOPO

By: Lindikaya Myeki

“When my husband passed, this was the only hope for me” said Rosinah Siaga – a smallholder farmer in Tshiombo village at Thulamela local municipality in the Limpopo province.

She uses a hired labour, farrow irrigation – whose water schedules are managed by the local tribal authority to ensure equal distribution to all the farmers in the village.

Rosinah produces ground nuts, sweet potatoes and maize in a 1-hectare farm obtained from the local tribal authority under the land tenure of permission to occupy (PTO).

She sells her agricultural produce mainly to the local village and informal traders. For instance, a 20 kg bag of groundnuts is sold at R200. This money is used to finance household expenses and education for the children.



Figure 5: Produce from Rosinah’s farm

Some of challenges faced by Rosinah include, lack of access to formal markets, limited scope to expand production due to issues of access to land, water interruptions, pests and diseases. The picture below shows representatives from various stakeholders (“Xihlobo Xa Ndivhu”, Oxfam South Africa, Nkunzi and NAMC) during the market access campaign, assessing her farm and the assistance required to overcome the aforesaid challenges.



Figure 6: Farm visit

Rosinah receives assistance mainly from farming colleagues, tribal authority, agricultural extension personnel and Thulamela local municipality. Her strength lies on the efficient use of time, land and informal traders.

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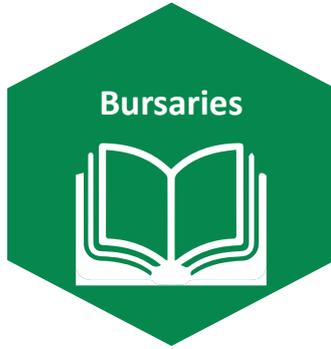


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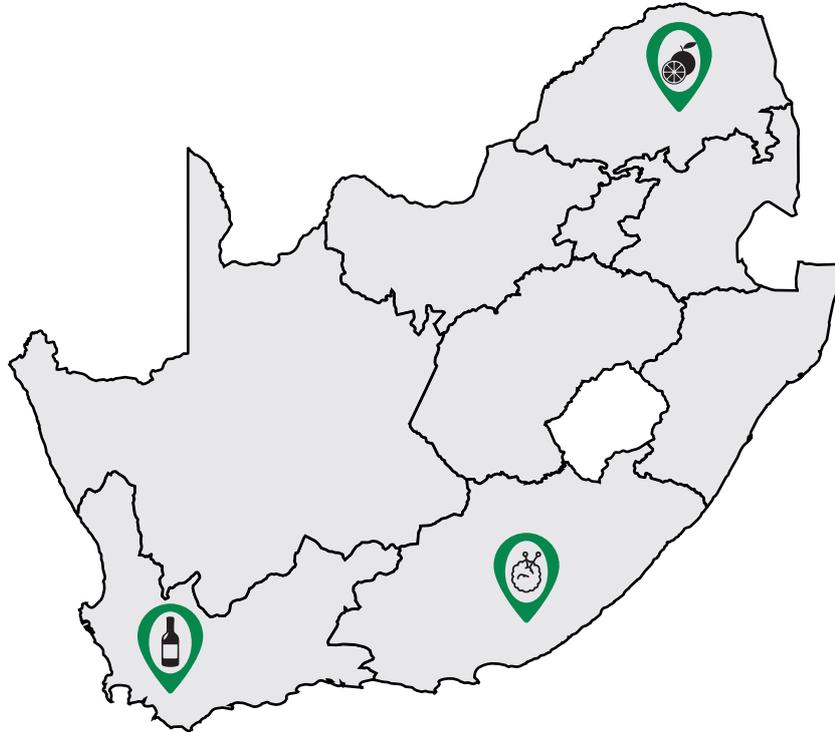


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CITRUS PRODUCTION

The citrus production in South Africa has been increasing in the past few years, and Limpopo (43% of the total area planted) is the largest citrus producing area. Oranges are the biggest citrus type produced in SA, accounting for 53% of the citrus produced

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