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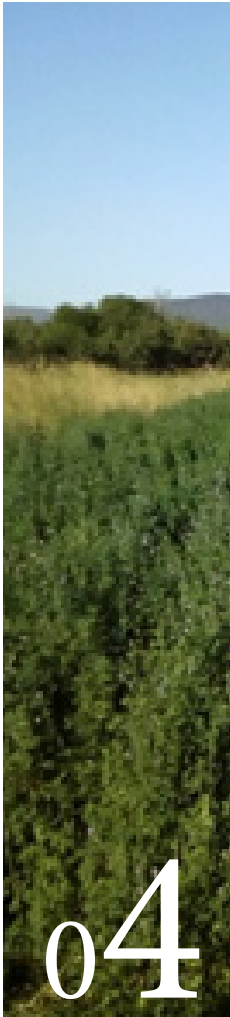
Agripreneur

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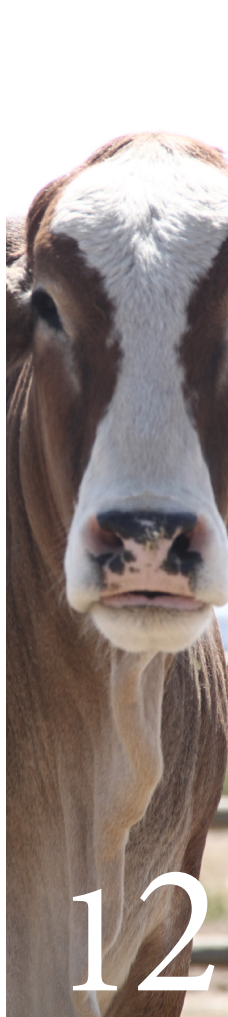
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PREFACE

This is the eighth publication of the Agripreneur edition from the National Agricultural Marketing Council (NAMC). The Agripreneur aims to communicate business-related information among smallholder farmers. Agriculture is a business and therefore this edition was designed to share information on business development and to inform farmers on the dynamics of the farm business in hope of improving entrepreneurship skills of the farmers.

In addition, smallholder farmers face several challenges in their business environment, which negatively affect the marketing of their commodities. Through this publication, the NAMC seeks to create a platform where farmers, particularly smallholders share their knowledge and skills, challenges, experiences, and insights with each other. It is believed that this publication will assist smallholders to learn from each other, develop strategies, adopt models, and become part of the value chain by marketing commodities that meet quality standards and are safe for consumption.

Presented in Agripreneur 8 are the following topics:

- (1) Land redistribution and post-settlement support: a missing link
- (2) South Africa approved marijuana for medicinal use: will hemp be cleared too?
- (3) Tshakhuma fruit and vegetable market, a market for many
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Land redistribution and post-settlement support: a missing link

By Kayaletu Sotsha

The land redistribution is one of the three components of the land reform programme. Its aim is to provide the previously disadvantaged with land for both productive and residential purposes. In this way, it was envisaged that land redistribution would reduce the inequalities of land ownership between blacks and whites. In support of the land redistribution, the government introduced the Settlement and Land Acquisition (SLAG) grant to enhance market-led or investor friendly redistribution. However, the grant was criticized of being small relative to the price of land. Furthermore, this implied that the grant did not link the acquisition of land to support and access to resources that would enable the new farmers to generate livelihood off acquired land.

This led to the introduction of the Land Reform for Agricultural Development (LRAD) programme in 2001, which offered more support (in financial terms) than SLAG. However, LRAD too has been widely criticized for targeting a certain group of farmers as it required that farmers make own contribution. An additional form of support came in the form of the Comprehensive Agricultural Support Programme (CASP), which aims to provide post-

settlement support to the targeted beneficiaries of land reform and to other producers who have acquired land through private means and are, for example, engaged in value-adding enterprises domestically or involved in export.

Unfortunately, these efforts have failed to deliver on the overall under the land reform policy. The most sad part of this is that a number farms have been redistributed successfully, but the lack of post-settlement support has been the most determining factor of whether the farmer succeeds or fail to run the farm. In addition, lack of skills for the new farmers has posed challenges of its own. Mr. Xhamesi (See Figure 1) from Tylden, Queenstown, is one of the affected farmers in this regard. Mr. Xhamesi acquired a 1 165 ha farm through LRAD some sixteen years ago. He farms with a number of different enterprises such as maize, Lucerne, sheep, goats and cattle. He says he used to grow vegetables a lot and this would create more job opportunity for the communities around him, but he has to switch from vegetables due to lack of markets. As a result, he currently employs seven full-time workers.



Figure 1: Mr. Xhamesi (right) and Dr. Ngetu (left)

The main source of income in Mr. Xhamesi's farm is cattle and wool from sheep. He has about three hundred sheep that generate about nine bales of wool per year. He also has about 204 cattle, of which (on average) he sells about ten animals per year to cover the overhead costs. Maize and Lucerne (one of the Lucerne fields is presented in Figure 3) are mainly for feeding his livestock. Mr. Xhamesi also contributes to community development. He says he assisted a group of women to start a chicken project in 2015. The project currently has about 500 layers. In addition, he is planning to build a mini feedlot and breed bulls for the community. This idea emanated from his observation that the herds of the communities around him are not good for business purposes, so he sees a need to assist his fellow farmers to improve their herds and hopefully generate more income from livestock sales.

Like many farmers, Mr. Xhamesi is faced with numerous challenges that include high input costs, high overhead costs and poor on-farm infrastructure. The main issue here is that the on-farm infrastructure was vandalized (probably) by the previous farmer and therefore he had to start afresh in building the on-farm infrastructure. Some of it is still being repaired on the emergency basis, for example, his water pumps (See Figure 2) for the irrigation system breaks every now and again. He says the river that he uses for irrigation overflows sometimes and breaks the pump. So he feels that he spends a lot of money on repairs and this makes it difficult to generate enough money for the sustainability of the farm business, given that he has to keep up with the overhead costs. He is therefore pleading that he would appreciate any kind of support with on-farm infrastructure to make sure that it works properly and it is in good condition.



Figure 2: The water pump used in Mr. Xhamesi's farm



Figure 3: Lucerne



Conclusion ■■■■

The land redistribution is a very good programme to support land reform. In turn, it has got very good support programmes (e.g. LRAD and CASP) put in place to support it. But, the failure to integrate these programmes has contributed largely to the failure of the land reform programme as a whole. There is a need to focus more on the impact of land redistribution rather than on achieving targets in terms of the amount of land redistributed over a period of time because this affects the national food security, in one way or the other, in the sense that the failure of the new farmers implies that some land is being taken

out of production. This has a profound impact in the long run, given that production must increase to meet the growing demand as the population is growing. Further than that, the programme is aimed at equality and to improve the livelihoods of the previously disadvantaged population. But, how do you achieve this if the targeted group is not capacitated to generate livelihoods from the redistributed resources? And clearly, it makes no difference to own the land one cannot afford to use.

South Africa approved marijuana for medicinal use: will hemp be cleared too?

By Lindikaya Myeki, Thulisile Khoza and Kayaletu Sotsha

Industrial hemp is a multi-purpose agricultural crop which delivers, fibre, nutraceuticals and seed. Just as sweet corn and maize fall under the same family Zea mays, the industrial hemp and marijuana fall under the same species called Cannabis Sativa, but are totally different. For example hemp is mainly cultivated for fibre, oil and because the delta-9-tetrahydrocannabinol (THC) [the intoxicating ingredient that makes one high] content is very low, it cannot satisfy recreation or spiritual use involving the smoking of its leaves. Marijuana, on the other hand, has such a low fibre content but high levels of THC. **Figure 1** below presents essential differences between the two species.

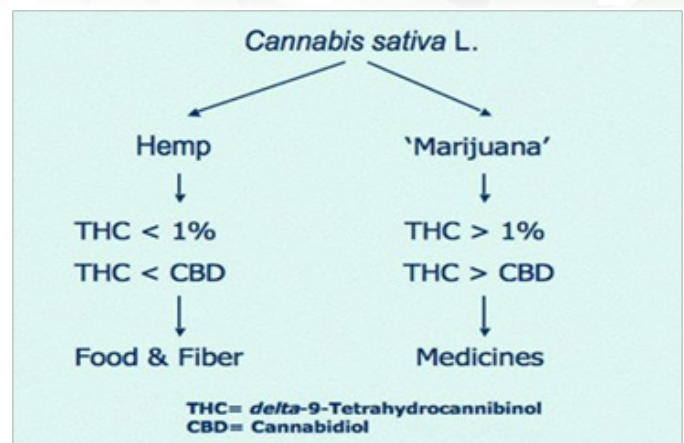


Figure 1: Hemp and marijuana comparison

Clearly, they differ on the basis of drug content. Marijuana has a higher level of THC and grows shorter than hemp, which grows to a height of up to five metres long. In addition, unlike marijuana, industrial hemp is grown for its stalk, seed and leaves which make more than 25 000 different products within agriculture, textile, recycling, automotive, furniture, food, paper, construction, cosmetics, etc. sectors. The NAMC conducted a feasibility study of hemp production in South Africa, where they present some value chains of the abovementioned sectors. Furthermore, hemp production and processing has been legalized in various countries (such as China, Japan, Australia, Canada and several countries in

the European Union) after recognizing the distinction between hemp and marijuana products. However, South Africa has fallen behind in this regard, despite more than 20 years of trials having undergone.

The legal status of hemp in SA

The industrial hemp and marijuana belong to Cannabis Sativa family species which falls under controlled substances in the legislation of South Africa. This means it is illegal to cultivate, analyse, research, possess, use, sell or supply cannabis without the necessary authorization from the Department of Health as per the legislative requirements.



Figure 2: Production of Cannabis Sativa is guided by legislation

Source:<https://btl.co.za/sign-the-petition-to-legalize-industrial-hemp-in-south-africa-now/>

Since hemp is not marijuana and many countries in the world are legalizing it; “South Africans are faced with the choice of becoming competitors in the race to seek economic advantage from hemp or to allow other nations to carve out their niches in the hemp market at South Africa’s expense” - Legislative Research Unit of the Eastern Cape Provincial Legislature (1998).

Approval of Medicinal use of marijuana

The Medicines Control Council (MCC) is South Africa’s drug regulatory authority governed by the Medicines and Related Substances Act, 1965 (Act 101 of 1965). Under this Act, medical practitioners can apply to the Council for permission to access and prescribe unregistered medicines - including cannabis - for their patients in certain exceptional circumstances. During the National Assembly



committee meeting held on the 24th November 2016, the MCC indicated that permits that allow the controlled cultivation and supply of cannabis for medicinal use will be issued starting from February 2017. To many, this could present hope for approval of hemp as well, since one of the obstacles to legalizing this enterprise in South Africa has been the issue of marijuana.

Implications

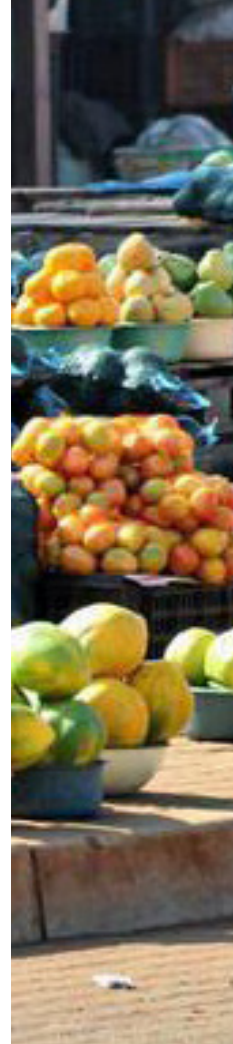
Since hemp is not marijuana, the approval of medicinal use of marijuana should imply that hemp is off the hook. Research conducted over the last 24 years has proven beyond doubt that hemp is not dangerous (it has low THC) and that some cultivars are adapted to the South African conditions. Furthermore, there are opportunities to use hemp for socio-economic development of rural and resource-poor farmers and hemp has potential to create

employment in processing as it offers a wide variety of products in several sectors of the economy.

“Hemp means the potential for houses, jobs and nutrition without costing the planet. It represents a move back to a sustainable green planet.” says Tony Budden

Conclusion

Following legalization of marijuana, there is no reason to restrict industrial production and processing of hemp in the country, particularly now that there is no need for extra government resources in terms of policing production of marijuana. However, industrial hemp would be more viable and effective in South Africa if the monopoly structure that has been created by legislative control over licensing is broken through allowing competition and competitive prices – getting many players involved.



Tshakhuma fruit and vegetable market, a market for many

By Hangwelani Mathagu

Limpopo Province is widely known as the “garden of Eden” because of its vast production of a variety of fruits and vegetables. The Province is located at the northernmost part of South Africa, bordering Zimbabwe, Mozambique and Botswana. It comprises of 5 districts, namely; Capricorn, Waterberg, Sekhukhune, Mopani and Vhembe districts (see Figure 1).



Figure 1: A map of the Limpopo Province

Tshakhuma fruit market is an informal market for fruits and vegetables. It is situated in Tshakhuma village, under Makhado local municipality of the Vhembe district. The market is situated along R524

to Makhado town, formally known as Louis Trichardt. **Figure 2** shows Vhembe local municipalities, where the market is situated (in Makhado).



Figure 2: A map of Vhembe district

The market sells a variety of fruits (mangoes, litchis, avocado, banana, macadamia nuts, sweet potatoes, papaws, tomatoes, nartjies, guavas, etc.) and vegetables (spinach, cabbage, etc.) depending on the season. Could this be the biggest fruit and vegetable informal market in South Africa? **Figure 3** below presents the produce displayed in the Tshakhuma fruit market.



Figure 3: Produce displayed in the market

The market is said to have been running for more than 60 years. It caters for a wide variety of consumers, given that it is well-positioned for those that travel on R524 to other Provinces as well as those travelling to and from the neighbouring countries like Zimbabwe and Mozambique. Furthermore, the market operates 24 hours a day and 7 days a week. Sellers take turns to sell at night.

The market is exclusive to women, as men are not allowed to sell – this is due to the belief that women should be the ones supporting their households through fruit and vegetable sales (vendor trade). In addition, the market caters for Tshakhuma women only, meaning that no women from outside Tshakhuma are allowed to sell in it. Currently, there are about 400 women selling fruits and vegetables in this market. There is a committee responsible for ensuring that the day-to-day operation of the market runs smoothly. The committee was elected by the women themselves through the Chief of Tshakhuma because there were several complaints emanating from business fairness related matters/ issues in the market. These women stock the fruits and vegetables from the nearby commercial farms of Levubu. They use own (hired) transport and pick the fruits by themselves to ensure quality – this is one of the cost-cutting mechanisms because they do it as groups.

The users of the market (sellers) indicate that, in many cases, the market is their only source of



income and it has brought them some success in their livelihood endeavours. For example, they are better able to put food on the table, pay school fees, etc. It has been indicated elsewhere that informal markets are significant in political and economic health of a society (Dagada et al., 2015). This is what the Tshakhuma market is doing for the Vhembe community.

Challenges

Some of the challenges that the sellers face includes:

- Insufficient quantities of fruits and vegetables available from the commercial farms of Levubu. The sellers indicated that one of the reasons for this is the transfer of ownership from the previous farmers to the Land Redistribution for Agricultural Development (LRAD) beneficiaries, which has resulted to a decline in productivity. Hopefully, this will overcome in the near future.
- Lack of infrastructure - the structures they have currently leak when it rains and this poses challenge to the quality of stock. However, the former Minister of Small Business Development, Lindiwe Zulu launched a project to upgrade the fruit market of Tshakhuma (Mukwevho, 2016) "Fruit sellers at the Tshakhuma Fruit Market expressed joy and happiness after the Department of small Business Development launched a R4.8 million infrastructure project that will see the development of the market" (Mukwevho, 2016).

Conclusion

Tshakhuma fruit and vegetables market has been one of the main sources of income for Tshakhuma community. Therefore, there is a need to support more of such initiatives in other communities too.



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The innovative beef value chain development schemes project

By Lindikaya Myeki

In April 2013, the International Livestock Research Institute (ILRI) and the Swaziland Water and Agriculture Development Enterprise (SWADE) started a 3-year project on “Innovative Beef Value Chain Development Schemes in Southern Africa” which aims to improve smallholder livelihoods from cattle production and marketing by facilitating delivery of quality fattened cattle by smallholders to slaughterhouses. The Innovative Beef Value Chain Development Schemes project engages with existing projects to establish grass-based fattening systems adding value to by-products of the sugar industry (i.e. molasses), crop by-products and residues, and on available pastures.

It promotes innovative and comprehensive models facilitating the access to financial and marketing services to beef value chain stakeholders.



Figure 1: The beef project and stakeholders involved

Mini feedlots have been established, with a maximum capacity of 30 animals, utilized by target groups or beneficiaries as depicted in the picture below. These are divided into three: (a) smallholders (graziers); (b) Smallholders (potential fatteners) and: Smallholders (traders).



Figure 2: Sekuyakhona-ngoni feeding facility

The feed production

The project uses fodder based ration which consists of grass, cow peas, maize and other products (see the figure below). Some projects uses hominy chopper and chicken litter as protein supplement.

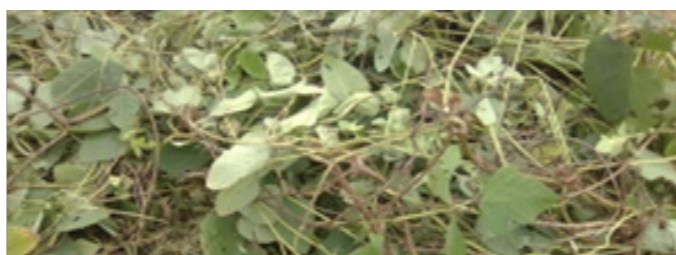


Figure 3: Fodder components

The hammer mill below is used to mix the above ingredients to produce feed.



Figure 4: Hammer mill

There were demo sales on the day of the site visit. The animal below was bought on the 2nd February with live weight of 407 kg and on the 23rd February the same animal weighed 437 kg. This implies that the project would gain approximately 7% of the purchase price of the animal.



Figure 5: An animal weighed at a demo sale

Table 1: The comparisons between the National Red Meat Development Programme (NRMDP) and the Innovative Beef Value Chain Development Schemes in Swaziland

Variable	National Red Meat Development Programme (NRMDP)	Innovative Beef Value Chain Development Schemes project
Initiated	2005	2013
Initial stage	Funded by NGO_ UKAID	Funded by NGO_ IFAD
Current	Government funded	NGO & Privately funded
Feeding	Commercial feeds	Fodder based ration
Facilities	Custom feeding	Mini feedlots
Capacity	Min = 80; Max =500	Min = 25; Max =30
Markets	Predominantly informal	Predominantly formal

Conclusion

Swazi Innovative beef value chain development schemes project model aims to support entrepreneurship of smallholder farmers in the country. In comparison with the South African NRMDP, the Swazi beef supports farmers who are already advanced in terms of entrepreneurial adventures. This is evident from the source of support, which are loans as opposed to grants, types of animals as well as cost-cutting measures (efficiency) measures employed.

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From 70 to 750 cattle herd: a story of the Madi family

By Khathutshelo Rambau, Hangwelani Mathagu and Kayaletu Sotsha



Figure 1: Mr and Mrs Madi

Mr and Mrs Madi (pictured in Figure 1) from Amersfoort, a small town in Mpumalanga Province saw their cattle herd grow from 70 to 750, thanks to their determination and hard work. The couple aged 77 and 74 respectively have been married for over 50 years and they have been farming, like most households do in farming communities. They have a backyard garden where they grow vegetables. They also keep livestock. Mr and Mrs Madi are illiterate and grew up under subsistence farming families.

The couple owns 549 hectares (ha) of land at their Siyaphambili CPA. They obtained this land in 2003, through the land reform programme, and are currently using it for livestock grazing and fodder production. This season (2016/17), they grew maize on 30 ha, lucerne on 70 ha and the rest of the land is allocated to 220 cattle herd, 75 goats and 60 sheep, which is not divided into grazing camps.

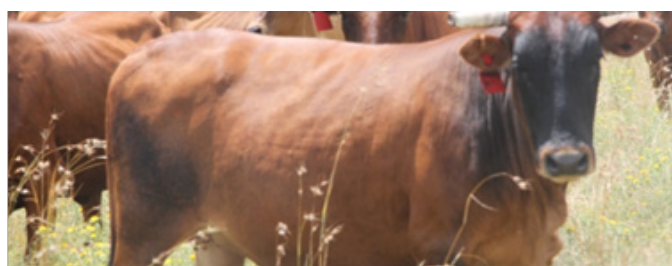


Figure 2: Cattle on a 549 ha farm

In 2013, the Madi family acquired another 620 ha through a lease agreement. They currently use this piece of land for grazing of 430 cattle herd. They also have pigs and horses. Their two sons oversee the day-to-day activities on the farms and they live on the farms on a full-time basis.



Figure 3: Cattle on the 620 ha farm

The Madi family are very passionate about what they do and love farming. This is one of the underlying factors of their success. Mrs Madi said they started out with 70 cattle herd and have been focusing on building the herd, more than anything. They currently employed 4 permanent workers to look after the livestock.

Marketing and challenges

The Madi family sell about 20 cattle a year through auctions. They also sell about 27 pigs a year to the local butchery. The main challenge with the Madi family is lack of entrepreneurship skills. Examples include:

- They own more than a thousand heads of livestock, yet they do not keep records. As a result, they do not know how much they make or lose in their farm business
- They are focusing so much on building stock, to an extent that they sell weaners and buy old cows for breeding
- They produce about 20 litres of milk per day but they do not know what to do with it

These challenges are compounded by lack of government support, such as extension service.

Future plans

They plan to build a small abattoir so that they can process the meat on their own in order to earn a higher income than what they are getting from selling live animals. This sounds like a great idea, but can it be achieved without a proper plan?

Conclusion

A lot has been achieved by the South African government in terms of assisting small black farmers to grow. However, the support is not sustained – this is one of the factors that underlie the failure of land reform projects. Black farmers have potential to farm at a commercial scale like their white counterparts; however, this requires proper support structures and systems in place. The farming environment is dynamic, with the new challenges and new technologies as well as new methods. Therefore, farmers must keep up with the new developments. Extension support is one of the crucial components in this regard. The Madi family is one of the many examples.



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