



National Agricultural
Marketing Council
Promoting market access for South African agriculture

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AGRIPRENEUR



Traceability guidelines
for regulated agricultural
products



**Capacity building and
development**



The National Red Meat
Development Programme
(NRMDP): Jozini auction

*The Zanyokwe irrigation
scheme: a potential SIP 11
project?*

THE AGRIPRENEUR QUARTERLY: A PUBLICATION BY THE SMALLHOLDER UNIT OF THE NAMC

PREFACE

This is the third 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 update farmers on the dynamics of current and future markets. Smallholder farmers face several challenges in their business environment which negatively affect the marketing of their commodities. Through this publication, the NAMC will communicate research findings and business practices that address smallholder challenges, including development in the agricultural sector. It is believed that this publication will assist smallholders to 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 this third publication are the following topics:

- (1) Traceability guidelines for regulated agricultural products
- (2) Capacity building and development
- (3) The National Red Meat Development Programme (NRMDP): Jozini auction
- (4) The Zanyokwe irrigation scheme: a potential SIP 11 project?

By Prof Victor Mmbengwa

Manager: Smallholder Market Access Focus area

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1. Traceability guidelines for regulated agricultural products

By Gwynne Foster (CARA)

The Traceability Standard Operating Guidelines (T-SOP) were developed in response to traceability requirements of the European Union (EU) General Food Law Regulation EC 178/2002, which took effect in 2005.

Food laws and food safety standards require products to be traceable through production, processing and distribution, “from farm to fork”. There might be many role-players in a supply chain, with backwards (supplier) linkages and forwards (receiver) linkages between parties. If something goes wrong, food business operators are expected to provide relevant information about a product or batch of products. If there is a risk to consumers, products may need to be located and quarantined in the supply chain, or even withdrawn or recalled.

Therefore, traceability provides the what, where, who, when and how of record keeping. It gives the reference framework for linking data to a product during production and distribution. It helps retailers and their suppliers to satisfy consumer demands for information that shows that the food offered for sale is produced safely and sustainably using practices that are environmentally-friendly and ethical.

The guidelines postulate that food companies must be able to show that their products are produced and handled in a way that is safe. In which case, customers might require that a company is audited and certified for good practice.

Regulations and food safety standards require that a food product is traceable to where it was produced, and backwards and forwards through the supply chain. Locations where the

product was produced, handled, processed or stored must be identified and recorded.

A producer must be able to provide relevant information about a product or batch of products if requested by an official, customer or partner. In cooperation with other parties in the supply chain, a producer must be able to locate and if necessary withdraw or recall a product or batch of products.

Traceability supports such activities by requiring that a business do the following five things:

- Know what products the business received from whom, one step back.
- Know what happened to products whilst under control of the business.
- Know what products the business sent to whom, one step forward.
- Use records to recreate what happened when there is a query or alert.
- Keep relevant records for 5 years.

International food regulations have “discretionary clauses” that allow products to be banned from entering the market on suspicion of a problem. Products from a whole sector or even a country could be banned as a result of a few suppliers not meeting mandatory requirements.

Some countries set minimum requirements for products that are exported. Companies that export their products must meet the requirements of the target country. These conditions apply to all businesses including smallholder producers – the law makes no distinction based on size.

Traceability is becoming a norm in the local market, and producers and companies with supply chains that do not meet the basic requirements could be negatively affected. Traceability will bring new procedures and additional records. Everyone who works with

products must understand what traceability is and why it is important. Implementing traceability takes time and resources. Therefore, each business must set its priorities, guide the implementation of a traceability system and commit to ongoing improvements.

Each person working in a food business must know what is expected of him or her with regard to traceability, and the rules that apply to the areas of the business within which he or she operates. The global nature of food supply chains encourages the use of standards with regard to how locations, parties and products are identified and described, and what information each company records and shares about its operations. This can be equated to maps all using the same name for a particular town and railway station and all trains operating under a common signalling system.

Each business that produces processes or handles food products, including those that are imported, must meet requirements of South African regulations and standards. Products that are exported must also meet requirements of regulations and phytosanitary agreements of the target markets for which they are destined.



Picture: Gwynne Foster

For more information please contact Gwynne Foster on 082 578 4201, or email at: g.foster@mweb.co.za

2. Capacity building and development

By Thulisile Khoza

Capacity building involves the development and strengthening of human and institutional resources by empowering individuals to have the skills and ability to initiate, plan, manage, undertake, organise, budget, monitor and evaluate project activities.

Why capacity building



Senior Manager: Agribusiness Development – Mrs Khumbuzile Mosoma

National Development Plan (NDP) Vision 2030 states that education, training and innovation are the core elements in eliminating poverty and reducing inequality. With the guidance of the NDP the Department of Higher Education and Training formulated a National Skills Development Strategy (NSDS) which focuses on skills development with the aim of empowering people to create opportunities and make a living for themselves, not just training people for employment.

Having recognised the skills deficiencies within the country's agricultural sector, the National Agricultural Marketing Council (NAMC) has contributed to capacity building efforts by designing and facilitating the delivery of various training programmes through various partnerships and collaborations. The Agribusiness Development Division (ADD) within the NAMC has been assigned to facilitate the training programmes (AGRIBIZ for Women and

Making Market Matter) and building capacity for the developing producers.

These programmes entail training on marketing, financial and strategic management which are facilitated to assist smallholder producers in building successful and thriving businesses. The training programmes take place every year in May in Cape Town.

AGRIBIZ for women



Women entrepreneurs engaging in an AGRIBIZ workshop

It has been noted that many woman-owned agribusinesses lack the managerial and technical training to enter and compete successfully in the local and international markets. Hence the NAMC has joined forces with MMM Inc. and Buhle Academy to offer a management training course specially designed for women entrepreneurs in agribusiness which has been branded AGRIBIZ.

The AGRIBIZ programme was first introduced in 2008 and continues to date. Since initiation the programme has trained 287 farmers at an average of ± 35 trained farmers per year.

The AGRIBIZ workshop offers training in key business development areas, such as marketing, financial and strategic management with the aim to assist South African women entrepreneurs in building successful and sustainable businesses.

Selection criteria for AGRIBIZ

To qualify for the training you should be a woman entrepreneur engaged in on- and off-farm production and services throughout the entire agribusiness value chain; engaged in an active business on time of application; reside in South Africa; completed grade 10, formally known as standard 8; have ability to communicate and write in English; ability to use calculator and perform cash flow calculations; and aged below 55 years.

Making Markets Matter (MMM)



MMM workshop held at the Lodge Charles Hotel

MMM is an Agribusiness training and mentorship programme aimed at emerging agribusiness entrepreneurs in order to develop entrepreneurs in agribusiness, provide necessary business skills and sustainable competition locally and internationally.

MMM has been driven by the need for human capital development in agriculture to meet the goals of South Africa and to redress past imbalances. It helps enterprising companies to develop growth strategies that enhance their competitiveness and empower them to develop local markets as well as access resources to compete in regional and global markets. About 150 farmers have received the MMM training since 2008 with an average of ± 15 trained farmers per year.

Selection criteria for MMM training

The criteria are the same as that of AGRIBIZ. The difference is that the MMM requires that an applicant has a minimum Grade 12 qualification. Also, the MMM accommodates both men and women and bigger enterprises.

How can interested farmers participate?

Interested farmers who wish to participate in the capacity building and development programs can visit the NAMC website at: www.namc.co.za or call the NAMC offices at 012 341 1115. Alternatively, you can contact the capacity development officer Ms Kedibone Shai directly by email at kshai@namc.co.za.

3. The national red meat development programme (NRMDP): Jozini auction

By Lindikhaya Myeki

Livestock is one of the largest auction industry sectors. This sector provides an important platform where buyers and sellers meet in strategic point at regular times. This suggests that livestock auctions are important marketing channels that are capable of unlocking market access for smallholder farmers. This is no exception to communal cattle producers.

On the 19th February 2016, a cattle livestock auction was conducted at Jozini Auctions in KwaZulu Natal Province of South Africa. This was a joint initiative of the National Agricultural Marketing Council (NAMC) and Department of Rural Development and Land Reform (DRDLR). This event was honoured by the presence of the Honourable Deputy Minister Mashego Dlamini of DRDLR who mentioned that her department aims to:

“(i) Assist farmers with what they have (cattle in this case); (ii) Establish infrastructure to unlock market access through custom feeding programmes; and (iii) Ensure value addition and employment creation”.

These have the potential to stimulate the rural economy and ensure that farmers embark on farming for business purposes. In a long run, this would ensure the achievement of the National Development Plan goals articulated in chapter six.

Auction sales

The total number of livestock presented on the day of auction was 454 cattle with 254 cattle sold and 200 were not sold. The sales generated an amount of approximately R1.1 million Rands. On the other hand, the average price per kg was estimated at R13, 69 with the highest price at R7 400 and lowest price at R2 200. This is summarized in Table 1.

Table 1: Auction sales in Jozini

	Unit	Actual (N=454)
No. Of sales	Count	254
No. Of unsold	Count	200
Highest price	R	7 400
Lowest price	R	2 200
Average price	R/kg	13.69
Total value of cattle sold	R	1 116 352

Source: Jozini Auction data, 2016

The unsold cattle can be attributed to dissatisfaction of seller about the prices offered by the auctioneer, absence of the seller during auction, among other factors. The average price per kg can be attributed to; (i) the forces of market supply and demand, (ii) Age, (iii) Genetic make-up and; (vi) Weight of cattle. Generally, the live weight of the cattle on the auction was relatively low. This can be attributed to the severe drought incident in the province.

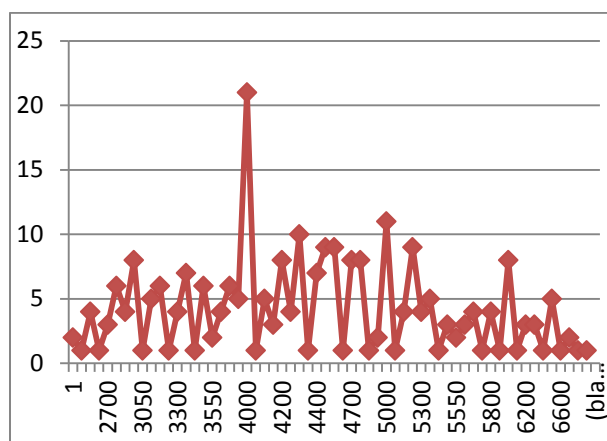


Figure 1: Mass and price relationship

Source: Jozini Auction data, 2016

Figure 1 indicates that over 20 cattle were sold at a price of R4 000, followed by approximately 12 cattle sold at an estimated price range of R4 400 to R5 300. The average income received by sellers (farmers) was at R18 921. The sellers who have benefited a lot from the auction are those who sold more than one cattle.

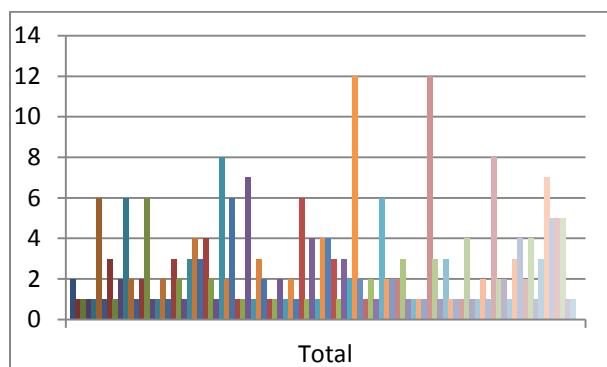


Figure 2: Off-take per seller

Source: Jozini Auction data, 2016

Figure 2: presents the off-take per seller. It is clear that the market off-take per seller is very low since the majority are selling one animal per auction. However, it is evident from the figure that some farmers sold more than one animal. This also went to approximately 12 cattle per seller. There are two possibilities for these results, namely; (i) sellers taking farming as a business and; herd liquidation due to drought. Nonetheless, the rising market off-take is commendable among these smallholder farmers as far as business is concerned.

Areas for further improvement

There are two critical factors that determine success of beef cattle production, namely; economic and management factors. The economic factors include, among other things, prices of feed, grain prices, purchase price of cattle whereas the management factors have to do with herd management, genetics, nutrition, etc. The management factors are within the control of the sellers (farmers). Therefore, the farmers need to improve on the management factors because in most cases it is impossible to receive a definite cattle breed among the smallholder cattle farming community

4. The Zanyokwe irrigation scheme: a potential SIP 11 project?

By Kayaletu Sotsha and Ndumiso Mazibuko

Zanyokwe irrigation scheme is located in Keiskammahoek, Eastern Cape Province. It comprises 5 villages, Zingcuka, Kammafurrow, Ngqumeya, Lenye and Burnshill. The scheme covers 412 hectares (ha), with 112 ha under irrigation. The scheme comprises of 83 individual farmers each owning 1 to 5 ha with some farmers leasing more land from individuals not involved in farming. The scheme seeks to expand its irrigation infrastructure – the plan is to install a centre pivot in one of the plots, which is about 180

ha. The Zanyokwe irrigation scheme is made up of a primary cooperative and a secondary cooperative. The Secondary cooperative oversees the primary cooperatives.



Figure 1 Sandile Dam

The scheme is served by the Sandile Dam, which is situated along the Keiskamma River. The dam was established in 1983 and serves mainly for irrigation purposes. The capacity of the dam is 30 960 000 cubic metres, and is currently at 80% of its capacity. The current irrigation infrastructure consists of piped irrigation. The irrigated land consists of scattered plots between the 5 villages. The irrigation infrastructure and the water use rights were funded by the Department of rural Development and Land Reform (DRDLR). The scheme grows vegetables and grains (maize) and the latter is sold to a dairy farm in the surrounding area and the farmers are contracted for the sweet peppers.



Figure 2 Maize plots

The National Agricultural Marketing Council (NAMC) was invited to a stakeholders meeting that was held at the Eastern Cape Development Corporation (ECDC) offices in East London on the 16th of March 2016. As part of its involvement with farm operations, the NAMC has been tasked with coordinating Strategic Integrated Project (SIP) 11, which entails identifying, supporting and monitoring

potentially catalytic investment in agro-logistics and rural infrastructure. As part of SIP 11, the NAMC then reports on a quarterly basis to the Presidential Infrastructure Coordinating Commission (PICC) on the status of projects under SIP 11. SIP 11 is one of the 18 SIPS and focuses specifically on agro-logistics and rural infrastructure. It looks at two broad issues:

- Promote and coordinate investment in infrastructure aimed at reducing the cost of doing business and therefore enhances agricultural competitiveness
- Promote and coordinate investment in infrastructure aimed at promoting broader participation and equity in the agricultural economy

However, it is the role of government and the private sector to invest in these developments. The role of the NAMC is to keep track of the investments in each agro-logistic project and identify blockages. The NAMC keeps track of new infrastructure projects at various stages; concept, feasibility, construction and close-out phases.

The stakeholders meeting had two legs; a site visit and the actual round table meeting. The NAMC was able to identify the following positive aspects of the scheme:

- There is production going on
- There are plans to expand irrigation infrastructure
- The scheme has a processing facility for potatoes

However, the scheme still faces numerous challenges. These include:

- There is no full ownership of land
- Funding is limited
- Lack of market for other enterprises
- Poor maintenance of the buildings, facility and equipment



Figure 3 Potatoes seeds

It is however admirable that the scheme is pushing forward and trying other (lucrative) options in order for the cooperatives to be viable and be able to support the people involved financially. The farmers' plan is to produce potatoes in the next growing season. The stumbling block to this plan is the lack of production skills required for producing potatoes.

For more information on the operation of the scheme you can contact Mr Mpengesi on 083 577 3725.

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