



National Agricultural
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Promoting market access for South African agriculture

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AGRI**P**RENEUR

**Finding an integrated market
standard alternative for
smallholder farmers in South
Africa**

**An analysis of sales in
four NRMDP facilities
in the Eastern Cape
Province**

**Mopani Farmers Association
(MFA) hosts farmer indaba**

***The importance of
traceability in red meat
value chain***

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

PREFACE

This is the fourth 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 fourth publication are the following topics:

- (1) Finding an integrated market standard alternative for smallholder farmers in South Africa
- (2) An analysis of sales in four NRMDP facilities in the Eastern Cape Province
- (3) Mopani Farmers Association (MFA) hosts farmer indaba
- (4) The importance of traceability in red meat value chain

By Prof Victor Mmbengwa

Manager: Smallholder Market Access Focus area

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2. Lindikaya Myeki
3. Victor Mmbengwa
4. Kayaletu Sotsha

1. Finding an integrated market standard alternative for smallholder farmers in South Africa.

By Thulisile Khoza and Victor Mmbengwa

On the 24th to 26th of February 2016, Solidaridad Southern Africa in collaboration with the Southern Africa Food Lab (SAFL) and the World Wide Fund for Nature (WWF), hosted a workshop at the Stellenbosch Institute for Advanced Study (STIAS) in Stellenbosch (Western Cape). The purpose of the workshop was to launch a collaboration platform for stakeholders working with smallholder farmers in the horticultural value chain; develop a set of entry level standard principles; and develop an integrated environmental, ethical, and social market standard for smallholder farmers.

The platform will bring together farmers associations and commodity organisations, service providers, retailers, fresh produce markets and the broader value chain, supply chain certification/auditing fraternity, relevant government departments, financial institutions and development organisation to jointly develop a forum which can accommodate shared agendas; strategic, collaborative partnerships; targeted investments and support to smallholder growers; identify concrete opportunities for adding value to existing and planned smallholder development initiatives.

Solidaridad Southern Africa, presented the launch of a collaboration platform for stakeholders working with smallholder farmers in the horticulture value chain in South Africa on the first day of the workshop i.e. 24th of February 2016. The launch was initiated and made possible by the hosting organisations working in collaboration with Deciduous Fruit Development Chamber (DFDC) and LIMA Development Foundation.

A collaborative platform to drive support for smallholder farmers in a more integrated manner was established with assistance from participants from different stakeholders who are

actively engaged in supporting the smallholder farmer sector. The established platform concretised the forum vision which is to encourage alignment, coordination, and collaboration between stakeholders across the value chain, who are working with smallholder farmers and to increase the efficient use of time and resources put towards enabling, strengthening, and increasing smallholder market access. Furthermore the platform identified themes for collaboration and opportunities for synergies and then convened a 100 day action plan which included the governance structure.



Picture: Stakeholders in their groups discussing the themes for collaboration

The 100 day action plan was informed by the 5 identified key focus areas which are referred to as clusters i.e. 1) Information sharing and mapping initiatives (past and present), 2) Strengthening smallholder voices, 3) Re-positioning of smallholder farmers: Policy and advocacy, 4) Market readiness, 5) Alternative supply chain. In each cluster, an individual representative was selected to drive the process of developing a concrete concept note. The concepts will be discussed on the next Platform engagement in June 2016.



Picture: Thulisile Khoza from NAMC giving a presentation on Market readiness focus area

The second and third day of the workshop (25 and 26 February 2016) was facilitated by the SAFL and the focus was on the development of an entry level standard principles as well as the integration of environmental, ethical and social market standard for smallholder farmers.

The SAFL through the Supporting Smallholder Agriculture (SSA) programme have worked with retailers and other interested organisations to identify relevant standards that would facilitate retailers wishing to integrate smallholder farmers into their value chains. This work led to the definition of a specific entry level localg.a.p. standard that was felt could better accommodate smallholder farmers.

In the development of localg.a.p standard driven within the SSA programme, highlighted the need for an integrated standard and produced some invaluable lessons on how to develop an integrated standard alternative. An integrated standard would prevent duplication of audits, reduce certification cost, and simplify recordkeeping for smallholder farmers, which are some of the main standard barriers faced by these farmers.

Several organisations presented their initiatives useful for developing an entry level standard for smallholder farmers. IFOAM presented a Participatory Guarantee Systems (PGS), Agriplace presented a tool that aims to simplify standard compliance for farmers, and Solidaridad gave a presentation on Rural Horizons which is a tool to organize the

process of continual improvement leading to certification.

Smallholder farmers' representatives were given an opportunity to give a brief overview of their respective organisations. This included the organizational structure, typical farm size and crops produced, the main markets and arrangements, and their market challenges. Three smallholder farmer representatives were selected to do the presentation and these were Adam Mabunda from Mopani Farmers Association, Brett Sander from Sugarbush Valley Cooperative and Mthetho Mkhungo from Siyavuna.



Picture: Mthetho Mkhungo from Siyavuna giving a brief overview of his respective organisation



Picture: A group of stakeholders drawing out the environmental standard requirements

A set of essential principles were set, which will be incorporated into the entry level standards. An entry level requirements for environmental standards were drawn and also an overview of localg.a.p requirements and levels.



Picture: A group of stakeholders drawing out the social standard requirements

The workshop aimed at establishing a platform or forum consisting of all stakeholders who are involved in supporting smallholder agriculture. The objective of the platform is to develop a hamonised alternative market standard for smallholder farmers in South Africa to enable, stengthen and increase market access for smallholder farmers. This is to ensure that smallholder farmers meet entry level market standards. And to ensure that there is a management system or tool in place leading to the certification for smallholder farmers.

2. An analysis of sales in four NRMDP facilities in the Eastern Cape Province during the last quarter of 2015/16 financial year

By Lindikaya Myeki

The National Red Meat Development Programme (NRMDP) seeks to transform and provide market access for the smallholder farming communities of South Africa particularly in the former homelands. This article provides a snapshot analysis of sales performance in three NRMDP sites in the Eastern Cape Province of South Africa.

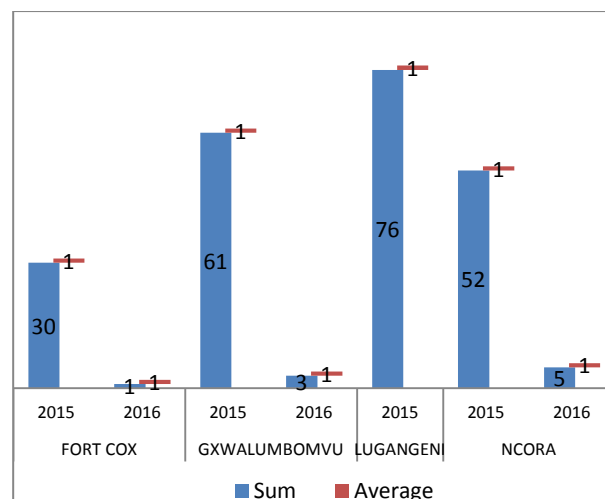


Figure 1: Totals sales and averages

Figure 1 indicates that a large portion of sales took place in 2015 with Lugangeni topping the list at 76 animals, followed by Gxwalibomvu (61), Ncora (52) and Fort Cox (30). In 2016, sales were realized in Ncora (5), Fort Cox (1) and Gxwalibomvu (1). On average each farmer was selling one animal in both years. The reason for fewer sales in 2016 can be attributed to a season of lower demand (i.e. beginning of the year).

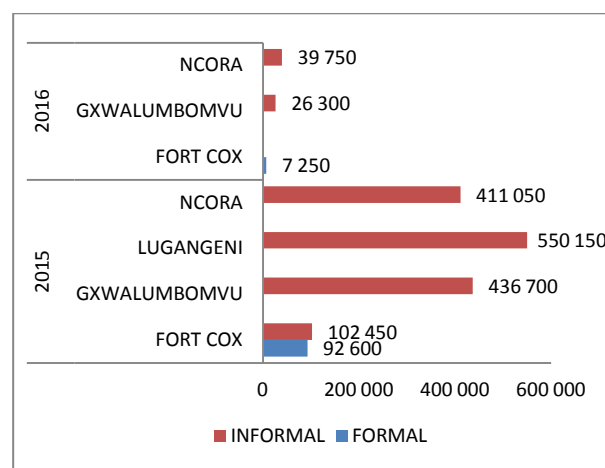


Figure 2: Facility by market channels

Figure 2 depicts the market channels and income generated. The majority of NRMDP custom feeding programmes are servicing the informal market. There are many factors that can be attributed to this and one of them is price. Fort Cox was the only custom feeding

programme servicing both informal and formal market. It is clear from figure 2 that farmers appear to get more money in the informal market compared to the formal market.

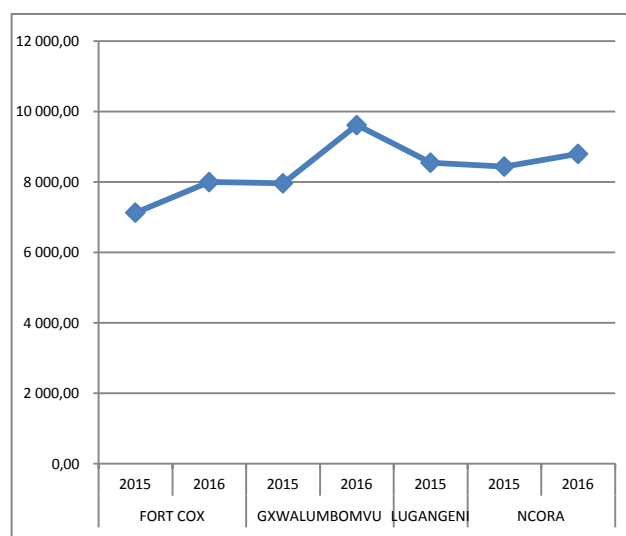


Figure 3: Average price per unit

Figure 3 presents the average price per unit (i.e. per animal). The Gxwalubomvu commanded the highest average price at R9 000, followed by Ncora at R 8 400, whereas Fort Cox had the least average price per unit.

Table: Farmer's income in NRMDP facilities

Facility	Sum	Average	Sales
FORT COX	R202 299,50	R6 321,86	31
2015	R195 049,50	R6 291,92	30
2016	R 7 250,00	R7 250,00	1
GXWALUMBOMVU	R463 000,00	R7 123,08	64
2015	R436 700,00	R7 043,55	61
2016	R26 300,00	R8 766,67	3
LUGANGENI	R550 150,00	R7 748,59	76
2015	R550 150,00	R7 748,59	76
NCORA	R 450 800,00	R 7 640,68	57
2015	R411 050,00	R7 612,04	52
2016	R39 750,00	R7 950,00	5
Grand Total	R1666 249,50	R7 340,31	228

Table 1 shows farmers income by facility in 2015 and 2016. A total of 228 animals were sold generating an income of approximately R1.6 million at an average price of R7 340. The

major contributor was Lugangeni (R55 150), followed by Gxwalubomvu (463 000) and Ncora (450 800).

The main objective was to report the progress of sales from the NRMDP Sites of NAMC during the last quarter of 2015/16 financial year. It appears that, as the programme continues the farmers are getting more geared to keep livestock for business purposes as opposed to own household consumption purpose. However, more work still needs to be done to mainstream these farmers to the formal beef market value chains. This will have huge impact to the entire economy of South Africa.

3. Mopani Farmers Association (MFA) hosts farmer indaba.

By Kayaletu Sotsha and Thulisile Khoza

Mopani Farmers Association is formed by different commodity associations in five local municipalities of Mopani District municipality, i.e. Giyani, Tzaneen, Letaba, Ba-Phalaborwa and Maruleng. These associations include, among others, Dzumeri farmers association, Merekome Farmers Association, Itireleng Development and Educational Project Trust. The food sovereignty also forms part of the MFA to ensure that the right to use and manage land, territories, water, seed, livestock and biodiversity are in the hands of those that produce food.

MFA is coordinated by Itireleng Development and Educational Project Trust. This is to ensure that the association moves into a positive direction by organising capacity building activities and information sharing workshops. MFA accommodates both horticulture and Livestock farmers in all the five local municipalities within the Mopani district municipality.

The MFA in collaboration with the South African Food Lab (SAFL) hosted a farmer indaba on the 22nd of March 2016. The Indaba was held in Dzumeri Community Hall in Giyani

(Limpopo province). The purpose of the Indaba was for information sharing among farmers and organisations working with smallholder farmers. This is for consultation purposes, ensuring better communication between parties and sharing ideas which will assist in smallholder farming development or improvement.



Picture: MFA farmers engaging in the indaba

The focus was on marketing of agricultural products, including all the aspects needed to ensure that farmers meet market requirements and standards.

Organisations and departments working with and supporting smallholder farmers were invited to be part of the indaba, and they shared their roles as well as initiatives in place for supporting smallholder farmers. These organisations include Brianston organic and natural market, National Agricultural Marketing Council (NAMC), Limpopo Department of Agriculture (LDoA), Department of Water Affairs (DWF), and Small Enterprise Development Agency (Seda).

The Brianston organic and natural market presented an initiative called Participatory Guarantee System (PGS). This system is a locally focused quality assurance system which certifies producers based on active participation of stakeholders. The system is built on a foundation of trust, social networks and knowledge exchange. It is coordinated by International Federation of Organic Agriculture Movements (IFOAM). The Brianston market provides market for farmers who are members

of the PGS. However, these farmers should comply with the PGS standards and requirements. Currently, there are 19 farmers from 16 farms who are PGS certified. These farmers are located in Johannesburg and Giyani.

The NAMC gave a presentation on the findings from the building local economies (BLE) study which was conducted in Mopani district. The purpose of the study was to map smallholder farmers' market segments and identify the challenges they experienced in attempting to access new markets and also find out how smallholder farmers make markets work for them. The study was done in collaboration with the SAFL. The SAFL conducted similar study in Kwazulu-Natal at Umkhanyakude district. Hence, the aim of the presentation was to give an overview of the differences and similarities of Mopani and Umkhanyakude smallholder farmers.

The SAFL presented an opportunity available for smallholder farmers on the supporting innovation in water stewardship and agro-ecosystem awareness innovation (AeAi). Five farmers will be selected from the MFA and will be taken to Johannesburg for 3 months to train them as agro-ecological trainers and to introduce them to PGS and localg.a.p. They will then return to Mopani to lend support to farmers wishing to employ more sustainable agricultural methods. The successful trainees will have to conduct three half-day workshops in the district to train other farmers.



Picture 4: Deneo Ndlazi facilitating speed dating

The training is set up in a way that it requires 3 groups to circulate, and so the ideal pilot group for the training needs to consist of 12 people. However, the SAFL has funding for five people, thus it requires funding for 7 more at a cost of R50 000 per head, all-inclusive for 3 months.

This group will be selected using a set of strict criteria and an interview process. Some of the requirements are that the participants/students need to be fluent in English and prove it through their motivation for the application; and that they won't be held accountable to repay the cost of the training if they drop out, but can have them work back the equivalent value in time, by supporting MFA for the remainder of the AeAi.

The department of water affairs shared the process of acquiring water rights, while the Limpopo DoA gave an outline of the services available within the department in support for smallholder farmers. Seda shared the opportunities available for the benefit of smallholder farmers.

After the presentations, farmers were requested to outline what they have understood about the work done by the government and non-government organisations mentioned. And also how they are supportive to their work as farmers. Thereafter, farmers were allowed to ask clarifying questions.

MFA shared their views on how they can work better with institutions of support. The institutions of support also drew ways on how they can work better with MFA to strengthen the support they are offering.

4. The importance of traceability in red meat value chain

By Kayaletu Sotsha and Thulisile Khoza

Traceability has become a popular tool that is required by food laws and food safety standards in order to be able to trace food production, processing and distribution, from producers to consumers. The animal production sector uses animal identification, recording and traceability (AIRT) as a tool to promote food safety and to improve livestock data quality and analysis. This tool is envisaged to reduce stock theft and enhance market access and competitiveness. It serves to aid access of lucrative trade markets.

To some degree, AIRT serves to fill in the gap that was left after the abandonment of a movement permit system that provided a degree of traceability for disease monitoring. The system encouraged record keeping by farmers and stock inspectors. It also assisted in providing the state with accurate livestock statistics. However, the system was abandoned because it was deemed costly and not sustainable.

Traceability was voluntary at the time when a movement permit system was still in place, but now it has become a standard requirement throughout the world as many countries have established AIRT systems. This is encouraged by the specific general principles for animal health identification as required by the world organization for animal health. South Africa uses the Animal Identification Act (AIDA, of 2000 and the Animal Improvement Act (AIA) of 1998 to adhere to the animal health requirements. However, some farmers, feedlots and producer organizations still have voluntary functional individual animal

identification and traceability systems, which implies that there are numbers of stock that are not incorporated into a national database.

Access to markets by smallholder farmers is becoming complicated due to safety food standards and food safety requirements. In order for these farmers to access formal markets they need to adhere to certain food safety standards, including compliance to animal identification and traceability systems. Noteworthy, animal products can still get away with not complying with these systems, but the food safety standards are becoming popular and important in the global market. This implies that smallholder farmers need to familiarise themselves with the requirements and attempt to adhere to them in order to enhance their participation in the formal markets, thereby increasing the income derived from livestock production.

For more information contact the Department of Agriculture, Forestry and Fisheries at: www.daff.gov.za or call them on 012 319 6000.

References

DAFF, 2015. Animal production, health and food safety

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