



Transformation digest

Issue No.: 07

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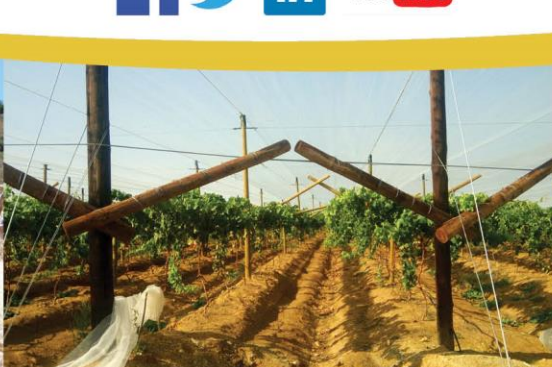
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AGRI-TRANSFORMATION DIGEST

Agri-Transformation Digest is a monthly report that is produced by the National Agricultural Marketing Council through the Agricultural Industry Trusts Division. The publication aims to communicate transformation developments as they happen around the agricultural industries. The focus of this issue is on the factors required to transform South African agriculture, transformation within the macadamia industry, and the participation of youth in agriculture. The division has three digests, covering Food Agriculture Natural Resource Policy Networks (FANRPAN), Agricultural Transformation, and Agricultural Industry Trusts. *Agri-Transformation Digest* reports on the monthly key developments coming from the transformation activities of different Industries and trusts.

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1. WHAT DO WE NEED TO TRANSFORM THE AGRICULTURAL SECTOR? THE CASE OF THE NAMC TRANSFORMATION WORKSHOP WITH INDUSTRY ROLE PLAYERS

By
Elekanyani Nekhavhambe

1.1. Introduction

On 8 February 2019, the National Agricultural Marketing Council (NAMC) convened an agricultural industry transformation workshop with the administrators of statutory measures and agricultural industry trusts. The workshop went well as planned.

The issue of transformation within the agricultural sector is coming a daily topic of conversation in South Africa. The reason for this is because the sector has seemed to remain relatively dualistic in structure, encompassing just over 30 000 large-scale commercial farmers who produce nearly 95 % of agricultural products, and thousands of small-scale farmers who are typically characterised by poor on-farm infrastructure and uncoordinated production systems.

According to the Deputy Minister of Agriculture, Forestry and Fisheries (Hon. Sfiso Buthelezi), the primary objective of transformation in the agricultural sector in South Africa is or should be to elevate previously disadvantaged people into management and land ownership positions, or both, in respect of economically viable land for cultivation. A dual agricultural sector constitutes a bad stigma for the sector, and the public may not be well informed of the strides the industry is making.

1.2. What could transform the sector?

This is the question being asked by industry role players, decision makers and civil societies, along with the question: "What needs to be done to transform the South African agricultural sector?" Several questions always arise in any gathering of agricultural industry role players, in particular when it comes to seeking clarity on

the role of government and the private sector in terms of the transformation of smallholder farmers.

During the workshop, some industry role players pointed out the following as a proxy for transformation:

- The agricultural sector needs a caring and responsible government; in the same way, the government needs the private sector.
- Transformation strategies should investigate youth participation in the agricultural sector for the sustainability and profitability of the sector.
- There is also a need to address and deliberate on the issue of the AgriBEE Charter Sector Code to realise its objectives.
- Government funding should be inclusive of all the industry commodities.

1.3. Highlighted challenges hampering transformation of the sector

According to the Deputy Chairperson of the NAMC (Mr H. Prinsloo), the work being done by the industry associations is highly recognised, in particular, the aim of sustaining the South Africa agricultural sector. However, the issue of climate change is a possible factor that will affect the sector. The issue of land was also mentioned as it is becoming an impeding factor to the funding mechanisms for communal land ownership.

1.4. Conclusion

Considering the above snapshot of what can be done to transform the South African agricultural sector, the need to improve collaboration between government departments and industry was suggested as the key to a successful transformation agenda. The use of statutory levies and trust funds towards transformation is acknowledged. However, more work can be done in this regard.

2. TRANSFORMATION IN THE SOUTH AFRICAN MACADAMIA (SAMAC) INDUSTRY

By
Precious Nengwekhulu

2.1. Introduction

The NAMC was invited by Subtrop to participate in the Limpopo and Mpumalanga macadamia farm visits. The motive behind these visits was to assess the footprint of SAMAC support towards emerging black farmers in the macadamia industry. During the visit, we had an opportunity to engage with the stakeholders affected by the transformation projects.



Figure 1: A photo of Subtrop, SAMAC representatives at Elim Shirly farms

2.2. Enterprise development

The SAMAC enterprise development model marks intervention pillars such as training and skills development, infrastructure development and a 50:50 financing model. It was noted that the model is driven by the promotion and integration of stakeholders, directly affecting the development of the emerging macadamia farmers. It was observed that the model had been successful due to the integration of several stakeholders from the private, public and NGO sectors, with their roles and services being clearly defined for implementation.

Based on the records, SAMAC has recorded 37 transformation projects to date, which are located in Mpumalanga, Limpopo, Eastern Cape and KwaZulu-

Natal. The participating emerging farmers were registered through Subtrop before SAMAC left Subtrop.

2.3. Training and skills development

Training and skills development is critical for the development of an industry. SAMAC, through Subtrop in the previous four years, took the lead in terms of engaging with relevant stakeholders such as the NAMC, ARC, Provincial Department of Agriculture, processors, agricultural and mechanical service providers, and commercial macadamia farmers in an attempt to provide skills through training. SAMAC/Subtrop engaged with the affected stakeholders to develop a yearly plan for study groups and agricultural information events. These initiatives have borne significant fruits. We salute the investment made into the industry, thus noting the growing trend of macadamia trees planted in SA. Through the skills development initiatives, approximately 80 % of the macadamia farmers have a production manual and yearly production plan aimed at providing reference information for farm operations.

2.4. Infrastructure and financing

The SAMAC/Subtrop funding model requires a 50 % farmer/co-operative contribution equivalent to the approved fund from SAMAC. The model motivates farmers to take ownership of the assets funded. However, it was noted that those farmers who were individually operating their farms ran the risk of losing the opportunity to be funded due to the inability to raise the 50% contribution. Even though SA has an alarming rate of failing co-operatives, the SAMAC funding model promotes the development of primary and secondary cooperatives.

The SAMAC funds cover activities in the primary and secondary farm operations, ranging from clearing the bush/land, to operational equipment such as sprayers, tractors and de-husking machines, and services such as pest control (spraying programme), electricity connections, and water services and equipment. Actively registered farmers who participate in the annually planned study groups are short-listed, screened and selected for funding. In cases where the project includes the community, the Provincial

Department of Agriculture is likely to fund the equity through public-private partnership agreements.

2.5. Conclusion

The macadamia industry is among the fastest growing industries in South Africa. If supported, many smallholder farmers may be transformed and will also enjoy the benefits of international export markets.

3. PARTICIPATION OF YOUTH IN AGRICULTURE IS POSSIBLE: THE STORY OF MPHO AND KHULISO, FOUNDERS OF “MULILO HOT SAUCE”

By

Elekanyani Nekhavhambe and Daniel Mashudu
Rambau

3.1. Introduction

The involvement of youth in agriculture has become a prominent topic in South Africa and elsewhere in the world. It is encouraging that government programmes like the Black Industrialist Scheme (dti), through the Agro Processing Support Scheme, aim to produce more agricultural processors. Many such agro-processors, especially the youth, are hidden in the far corners of the country.

In 2018, two young men, Mpho Mpfuni (26 years old) and Khuliso Gumani (27 years old), started an agro-processing company to process chillies into “Mulilo Hot Sauce”. However, not many outside the Limpopo Province know of this particular sauce.

3.2. What is Mulilo Hot Sauce?

Mulilo Hot Sauce contains ingredients such as garlic, onions, chutney, vinegar and serrano chillies. In terms of health benefits, Mulilo Hot Sauce is no different from other sauces existing in the market. Among other benefits, it is effective for body weight management and contains high levels of antioxidants which can help to lower blood pressure, along with vitamins such as vitamins C and A.

Mulilo Hot Sauce was laboratory tested at the University of Venda and there is high evidence of its demand by

local consumers, especial in the Vhembe region where the founder resides. Mpho and Khuliso pointed out that numerous consumers have indicated that they like the product.

3.3. Marketing strategy

Mpho and Khuliso mentioned that currently, Nando’s sauces are their biggest competitors in the Vhembe region. However, they use personal sales strategies as a form of market promotion, in particular through hosting braais and selling their product in the metropolitan markets’ areas such as at taxi ranks. Although the number of black participants in the sauce industry is unknown, Mpho and Khuliso are proud to be two of the few black people participating in the agro-processing industry.



Figure 2: A photo of Mulilo Hot Sauce

3.4. Future plans

To date, Mpho and Khuliso have been able to produce 60 crates of chillies on a weekly basis from their farm and are able to generate about R10 000 on a monthly basis from their hot sauce sales at a unit cost of R28.00. These figures reveal that Mpho and Khuliso are able to market approximately 360 units of Mulilo Hot Sauce per month. Moreover, they are proud to brand their sauce with the Venda slogan “*to u difha*”, meaning “the sauce is good”.

With regard to their future plans, they want to introduce another two brand flavours into the business in the next two years. They also want to sell crushed chillies as a bottled powder. Their biggest goal is to open a new

branch in the Gauteng region, as well as to plant 10 ha of land to boost their agro-processing unit, at the same time targeting a high-profit margin.

3.5. Conclusion

There is no doubt that this project has the potential to contribute to the growth of the South African economy. More support for this project would mean reduced poverty, more employment and improved incomes.

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