



AGRIPRENEUR

Issue 21 | Jun 2020

**A young
maize
producer**

**Ndawana
cattle auction**

A key programme for the communal red meat sector



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THE AGRIPRENEUR QUARTERLY:

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

PREFACE

W

elcome to the twenty-first 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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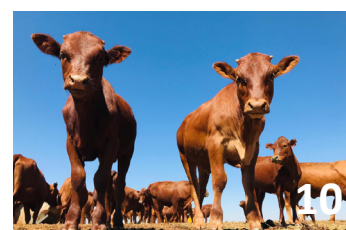
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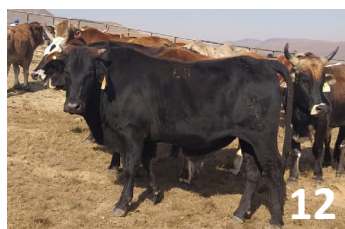
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Editor's NOTE

The novel coronavirus – known as COVID-19 – pandemic has proven to be far more than a health crisis. The World Health Organization (WHO) indicated that there were over 7,8 million confirmed cases and over 431 thousand deaths worldwide as of 15 June 2020. In addition to its impact on health, the virus has also affected societies and economies at their core, mainly through the lockdowns implemented by individual countries as a way of curbing the spread of the virus. While the impact of the pandemic is felt around the globe, some countries are more affected than others in terms of poverty and inequality.


On 27 March 2020, South Africa embarked on its initial 21-day lockdown, where many activities were put on hold with the exception of essential services. Agriculture and its value chain was one of the essential activities, with the exception of cotton, wool and mohair, and wine sales, which were put on hold. The informal trading of food was also shut down.

Almost a week later (2 April 2020), the Minister of Co-operative Governance and Traditional Affairs (COGTA) announced that informal traders were allowed to trade provided they secured permits to do so – a decision that was based on food security considerations. However, this did not seem to alleviate food security concerns among informal trading households and poor households in rural areas and informal settlements.

The reason for this is that the informal traders' (informal market) business is not structured, implying that informal traders are operating in temporal settings with poor ability to maintain the quality of food over time, particularly those that trade mainly with fruits and vegetables (perishables). The target market of informal traders is low-income consumers who buy regularly and in smaller quantities, and this implies that the informal trading market is only viable when there is sufficient demand from this target market. Noteworthy is that informal traders buy from the formal markets in bulk and sell through informal channels. Given the high unemployment rate in the country, informal trading provides some sort of relief to numerous rural and informal settlement households.

Compare this with supermarkets and retail outlets (formal market) that can offer high-quality produce and maintain relatively better food safety standards. The target market for the formal market is both the informal market (including its target market) and the higher-income consumers who can buy in bulk and indicate a relatively particular taste for fresh supplies with specific quality attributes.

Therefore, during the lockdown, with many people not able to go to work to earn some wage income, and some not being able to "hustle" (sell recycled materials or beg on the streets and so on) for cash, the informal traders lost their target market. Take note that the majority of the people who cannot go to work due to the lockdown may not even qualify for Unemployment Insurance Fund (UIF) relief or other tax-compliant and registered relief funds.



In this case, the easing of the lockdown regulations to allow informal traders to trade did not have any considerable impact as there were fewer people in the hotspots of these traders, and their target market experienced a loss of income.

To summarise the impact on smallholder farming, the informal trading of agricultural products and the most vulnerable population, one would consider the following:

- **Loss of income and eroded buying power**

The majority of the working class who live from pay cheque to pay cheque, many of whom did not even qualify for UIF relief or other tax-compliant and registered relief funds, including those that hustle for cash, lost their income and their buying power.

- **Low demand for agricultural products (particularly perishables and meat)**

Local demand for fruits, vegetables and meat were threatened by the closure (and minimum activity in some) of the catering and hospitality industries (e.g. restaurants, hotels and fast-food retailing), while the prohibition of cross-border sales due to the lockdown exacerbated the effect on demand.

- **Loss of farm revenue**

Farmers were able to recoup a bare minimum under the circumstances.

- **Loss of jobs**

As a result, some farmers struggled to pay their employees.

This put more pressure on the ongoing efforts by individuals, companies, non-governmental organisations and government to provide some relief in the form of food parcels, donations, reduction of interest on bonds, UIF pay-outs, tax rebates and loan repayment breaks to assist the most vulnerable households. In addition to these efforts, the government also announced financial relief in the form of increased child support, foster care and old-age grants, as well as the introduction of an unemployment social relief fund and a relief fund for distressed small-scale farmers.

Overall, poor households, the informal food trading sector and small-scale producers were hit the hardest amidst the essential status of agricultural value chains during the initial 21-day lockdown.

This issue begins by looking at three case studies of land reform beneficiaries, highlighting the effects of the pandemic at farm level.

The issue ends by looking at the pockets of success which must be celebrated and upscaled as the agricultural sector prepares a recovery plan through the Agriculture and Agro-processing Master Plan (AAMP) led by the Department of Agriculture, Land Reform and Rural Development in collaboration with the NAMC (focusing on the main concept) and the Bureau for Food and Agricultural Policy (BFAP) (focusing on industry-specific value chain analysis).

The success stories shared include good yellow maize production in the Sundwana village in Dutywa and R182 million generated by communal livestock farmers through the National Red Meat Development Programme (NRMDP), including the first export by these farmers under the programme. Noteworthy, Dutywa is also recognized for its wool production potential. There is a custom feeding facility located in the Ngangeqile village in Dutywa, and it is the only facility of the NRMDP that has both cattle and sheep.

Marrying the maize story and the livestock story in the same community justifies the idea behind a renewed focus on areas that still have untapped potential, such as the former homelands and state land. The stories further justify the idea behind a market-driven and district-based development approach, all embedded in the Master Plan.

Play your part. Keep well. Stay home. Stay safe. Maintain social distancing and the highest possible level of hygiene.

Enjoy the reading!

SMAT BASELINE REPORT

A Case of Smallholder Broiler Producers In South Africa

The NAMC is leading a project to develop a dashboard tool as a measure of progress towards achievement of “market access for all participants” and in particular, market access for smallholder farmers in South Africa. The construction of the Smallholder Market Access Tracker (SMAT) tool commenced in April 2016 where the first pilot was conducted on potatoes. A second pilot was then conducted on beef (beginning April 2017). These pilots culminated in a citrus baseline in April 2018. The process was overseen by a group of representatives selected from various agricultural stakeholders in South Africa (referred to as reference group).

The SMAT tool is made of indicators sourced primarily through a survey that is specifically designed to collect primary data on smallholder market access. The indicators were identified using some key market access variables gathered from empirical research and are the heart of the SMAT tool, and could have either positive, negative or neutral effect on the smallholder farmers’ likelihood to access the market.

They are categorized into two groups, where the first group tracks the progress from the supply perspective (farmers’ perspective) and the second group tracks the progress from the demand side (market’s perspective). These indicators are meant to inform the policymakers of the situation per industry tracked thereby enabling the formation and continuation of more effective programmes or interventions towards the achievement of market access. The information is presented in the form of dashboard analysis and will be updated in a two-year interval.

This is a second in a series of baseline studies and it focuses on the smallholder broiler commodity. The report is based on the results that were generated from a survey of 64 smallholder broiler farmers from 8 provinces, excluding the North West.



The report will be available online soon www.namc.co.za

Chamomile Farming Enterprises

By: Kayalethu **Sotsha**, Email: ksotsha@namc.co.za

The Chamomile Farming Enterprise is a small family farm run by first-generation farmers. It is located in Philippi, between Mitchell's Plain and Grassy Park under the Wynberg Magistrate District in the Western Cape. It is a venture that began in 2003 with layers production. The farm operates on 1,6 hectares of own land and an additional 22 hectares that is leased from the Department of Agriculture, Land Reform and Rural Development (DALRRD). The business grew from producing 80 eggs per day to 4000 eggs per day in 5 years between 2003 to 2008, later reaching 9500 eggs per day with 5040 birds. Currently, the poultry section of the business comprises of 10 000 laying hens. The hens are housed in rows of tiers of battery cages from which the manure is removed by manure conveyor belts into a trailer for distribution onto the vegetables section. The eggs are sold to Nu Laid's through an off-take agreement.

The 22 hectares is allocated for vegetables production and is situated approximately less than a kilometre away from the own hen's section. About 19 hectares of the 22 are arable and utilized to plant vegetables like cabbages, carrots, cauliflower, radish, spinach, coriander, etcetera. The vegetables are sold to Fresh mark (Shoprite) through an off-take. The local hawkers also provide a market opportunity. The business is accredited with SA-Gap by the Perishable Product Export Control Board (PPECB). The Western Cape Department of Agriculture (WDoA) provided support through the Comprehensive Agricultural Support Programme (CASP). The department further provided extension and mentorship support.

The farm is equipped with electricity supply and 3 dams with water pumps and an installed irrigation system. The farm has been presented in a couple of awards in the Western Cape province.

Before the Covid 19 pandemic, the farm had been working towards heaving a healthy cash flow and creating employment opportunities. Currently, there are 13 employees in the business. The impact of the Covid 19 virus has amounted to reduced demand in the market, which subsequently resulted to wasteful expenditure in seedlings which could not be planted due to lack of markets. As such, the working hours for the employees have been reduced and they are working alternative shifts.

Overall, this implies that the cost of operation stays the same while income is reduced. However, the farmers acknowledge the need for adjustment and the need to adapt to the new norms.

The farmers will still continue with their planting programme and they hope that the demand will improve sooner. They also believe that a relief support could keep them going and assist them to avoid having to put employees off work and, if it does come, it has to come as soon as possible.



The story of Cebile Buthelezi

Cebile Buthelezi is a 37-year-old female farmer from Vryheid in the KwaZulu-Natal Province. Cebile grew up in a farming family, but she says she did not like doing farm activities when she was young because it felt like “abuse”, having to wake up at around 03:00 or 04:00 in the morning. Her situation forced her to learn about agriculture. She attended Owen Sithole College to study animal production and home economics from 2008 to 2010. At the same time, she applied for land from the former Department of Rural Development and Land Reform (DRDLR) and was successful in 2012 through the Proactive Land Acquisition Strategy (PLAS) – acquiring 750 hectares.

Cebile began farming that same year (2012), cultivating small vegetable plots until she received support from the DRDLR through the recapitalisation programme. Although the support was meant for beef production (supported with 50 cattle), she decided to focus more on expanding her vegetable production due to a foreseeable challenge of expanding beef production on 750 hectares in the medium to long term.



Figure 1: A cabbage plot



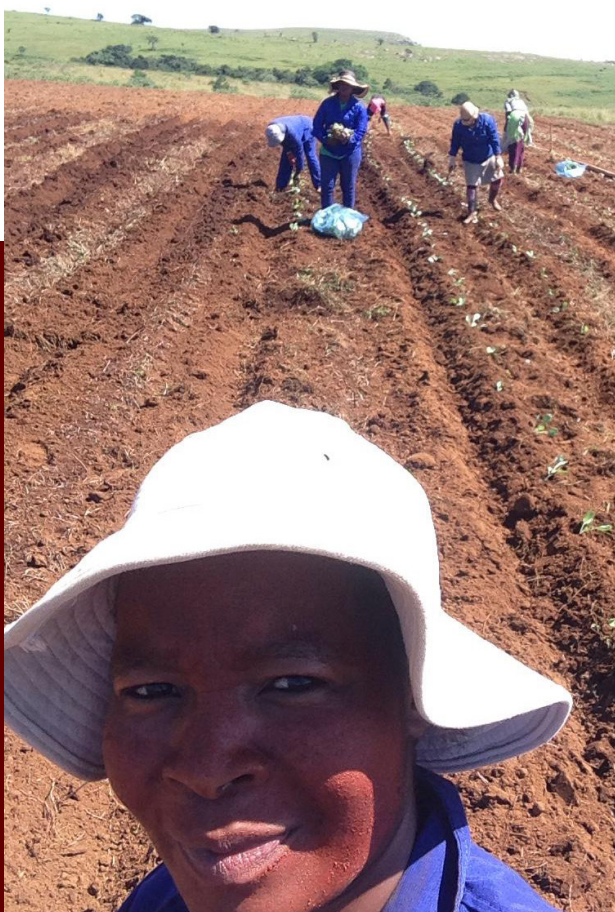
Figure 2: Cebile's livestock

She also decided to keep the employees of the previous farmer in order to sharpen her farming skills further. In addition, she leased 30 hectares of her land to Just Veggies, a decision that allowed her to participate in Just Veggies' skills development programme while also earning some income from the lease agreement. She currently employs seven permanent workers and 20 seasonal workers.



Figure 4: Produce ready for the market

Figure 3: Employees on the farm, with Cebile in front



The market for cattle is abattoirs in Vryheid and the informal market consisting of people from neighbouring communities. The sales do not exceed 10 cattle per annum and are often aimed at generating extra income to complement vegetable production. The market for vegetables is also situated in Vryheid and comprises retailers (Boxer Super Store and Spar), schools, hawkers and individuals from the neighbouring communities. However, there are no contracts or off-take agreements with the aforementioned two retail outlets.

Cebile's main challenge before the COVID-19 pandemic included the slow process of acquiring a long-term lease from the DRDLR. The COVID-19 pandemic has posed its own challenges by reducing market access, increasing the operational costs as Cebile adapts to the health and safety measures required to limit the spread of the virus, and reducing production due to poor access to inputs (such as fertilisers) and infrastructure maintenance services. The combination of these effects has led to poor cash flow and financial instability.

Cebile is hopeful that the situation will improve before the beginning of the next planting season to enable the production of vegetables to continue and to avoid the loss of some of her employees.

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The story of **Keith Middleton**

Keith Middleton runs an 1184-hectare (300 hectares under irrigation) farm in Kimberley in the Northern Cape Province. He acquired the land through the Land Redistribution for Agricultural Development (LRAD) programme in 2008. He is a very passionate black farmer, having grown up in a farming household but venturing into IT before later returning to farming – not as a “farm boy”, but as a farmer himself. He acquired a dairy, but he was interested in crops and vegetables and later converted to mixed farming, adding pecan nuts and livestock.

K eith acknowledges networking with his farming counterparts as being key to his success. His network provided support in terms of skill, expertise and access to machinery, of which he did not own a sufficient amount when he started farming. Being innovative, he leased out a certain portion of his land to improve his cash-flow status. Things improved in 2011 when he received support from the former Department of Rural Development and Land Reform (DRDLR) in the form of the Recapitalisation and Development Programme. Keith currently has 15 permanent employees.

Keith uses direct marketing to sell his produce. The challenges he faced prior to the COVID-19 pandemic included poor access to water (lack of water-use rights), limited infrastructure and high input costs.



Figure 5: Keith's livestock



Figure 6: Lucerne harvest



Figure 7: Merino sheep

The pandemic has made the situation worse by reducing demand (particularly for red meat) and causing a reduction in prices, leading to poor cash flow. These effects spilt over into limited farming operations, including a reduction in employees' working hours and their salaries. Operational costs have further increased due to the need to follow health and safety measures on the farm. Lockdown levels 5 and 4 caused some delays in the transportation of seed and fertilisers. The servicing of irrigation infrastructure, farm equipment and vehicles also became a challenge during this period. Keith was hopeful that he would be able to plant

30 hectares of wheat and 20 hectares of lucerne in June, and that the relief fund would go a long way towards enabling this plan to come to fruition and to avoid an extended strain on the income of his employees. If he were to receive funding, he would have to have received it in May for it to have the desired impact.

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The summary of Ndawana cattle auction sale under the **National Red Meat Development Programme**

The purpose of this brief report is to present a summary of the results for the auction held in Ndawana village of Kwa-Zulu Natal province. It is divided into two sections, namely – the general and specific findings, discussed in Tables 1 and 2.

Table 1: Sales summary (N=287)

Parameter	Mass	Price	Income	No Sold	Total Income
Mean	400	17.79	7 056.79	1.02	7 175.61
Minimum	159	9.19	2 500.00	1.00	2 500.00
Maximum	735	28.65	14 700.00	3.00	15 000.00



Figure 8: Cattle inside the auction pen

According to the results 287 cattle were sold during the auction. The average mass measured in kilograms was 400 kg, ranging from 159 to 735. This was matched by the mean price per kg of 17.79 with a range from 9.19 to 28.65. Consequently, this led to an average income of R7 056.79 ranging from R2 500 to R14 700. The total income was derived by multiplying the income with the number of cattle sold. As can be seen from Table 1, the number of cattle sold per farmer was ranging from 1 to 3. Ultimately, an average farmer went home with an average income of R7 175.61, ranging from 2 500 to 15 000. Table 2 presents the specific details by focusing on type of livestock.

Table 2: Summary of sales by cattle category

Livestock type	No sold (n)	Mass (kg)	Price (R/kg)	Total income (R)
Bull	31.00	476	17.92	R8 535.48
Cow	76.00	403	14.26	R5 852.63
Heifer	1.00	416	16.59	R6 900.00
Ox	179.00	386	19.27	R7 503.35

Note. Mass, Price and Total income are averages

The results show that an average live weight for bulls was higher by 76 kg, compared to the average for the whole sample (400). While cows and heifers, also weighed 3 kg and 16 kg higher than the average. On the contrary, the live weight for Oxen was 14 kg lower than the average. However, the oxen were priced higher than all the other categories at R19,27 per kg,

followed by the bulls at R17,92 per kg. Both cows and heifers received a lower than average price of R17,79. The farmers who sold male animals during the auction obtained higher incomes relative to those who sold female animals.

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Figure 9: Cattle brought for an auction

The National Red Meat Development Programme – **a key programme for the communal red meat sector**

The National Red Meat Development Programme (NRMDP) is one of the flagship programmes in the communal red meat development space. The programme is funded by the Department of Agriculture, Land Reform and Rural Development (DALRRD), implemented by the NAMC and championed by Dr Xolile Ngetu. It has been a prominent feature in this publication since 2015 – only two years after the current funder came on board. The reason for this programme's prominence is the impact it has on the rural economy and the livelihoods of people living in rural areas.



Figure 10: Dr Xolile Ngetu

The programme aims to improve communal livestock breeding systems and formal market access for communal livestock farmers. The programme entails teaching farmers about formal market requirements and ways of breeding livestock for formal market access, as well as facilitating the removal of unproductive stock through custom feeding facilities and livestock auctions.

The programme is often criticised for its dependence on state support in the initial phase. Such criticism often neglects the impact of the programme on the economic and social aspects of rural livelihoods, including the programme's role in reducing the effects of the triple challenge of poverty, food insecurity and inequality, now and more so in the long term.

The programme employs more than 130 personnel and has benefited more than 5611 communal farmers. Thus, it is only fair to benchmark correctly as we level our criticism against the programme.

While it is ideal to require full independence of the programme and save government resources, the realities of the situation and an adequate timeframe of support must be fairly assessed to avoid a miscarriage of the programme. A report by the Kasser Commission (1992), which gave rise to a deregulated sector, clearly articulates the timeframe and resources used to support the “white commercial farmers”, and this should be used as a benchmark.

Figure 11: Cattle in a custom feeding facility



Figure 12: Social distancing observed at the Ndawana auction



Figure 13: A truck loading cattle destined for the export market from a custom feeding facility

Similarly, the European Common Agricultural Policy and the United States of America Farm Bill do provide rich evidence of the timeframe required for programme support to the red meat sector. It is important to understand that there are three phases of commercialising the red meat sector:

1. Market infrastructure and understanding the market value of the animal
2. Productivity improvement and quality assurance
3. Value chain integration for viable independence and sustainability

This process entails domesticating the feeding components, vaccines and other related components. For the past five years, the NRMDP has been on phase 1.

So far, the programme has extended from the Eastern Cape, where it started as the Eastern Cape Red Meat Development Programme, to KwaZulu-Natal and the North West Province. To date, there are 19 custom feeding facilities in operation across the three provinces.

The income generated by communal farmers through the programme stands at over R182,3 million from an investment of R132,9 million. The sales in the Eastern Cape have been dominated by the informal market. The sales in KwaZulu-Natal have been dominated by auctions, whereas sales in the North West have been dominated by abattoir sales. During the period of the lockdown, the programme has generated R3,3 million from the sale of cattle and goats, benefiting about 200 communal farmers.

For the first time, the programme is set to export 77 cattle from custom feeding facilities in the Eastern Cape. The export market is Mauritius. As of 17 June 2020, the cattle that are destined for export are being quarantined in East London and will depart for Mauritius on 28 June 2020. This is indeed a proud moment in the communal red meat sector.

For more information, contact Kayaletu Sotsha at ksotsha@namc.co.za



Figure 14: Sive Mntumni

Sive Mntumni,

a young maize producer from the Sundwana rural area of Dutywa, Eastern Cape

Sive Mntumni is a 31-year old male farmer located in Dutywa in the Eastern Cape Province. He is farming with yellow maize on a 10-hectare piece of land under the "permission to occupy land" ownership arrangement and has been doing so since 2016.

In 2015, the Sundwana community took the initiative to fence their arable fields, with support from the Department of Agriculture and Rural Development (DARD). The idea was to stimulate maize production in this area, which is also recognised for livestock. The communal arable land referred to amounts to 52 hectares, and Sive is farming on 10 hectares.

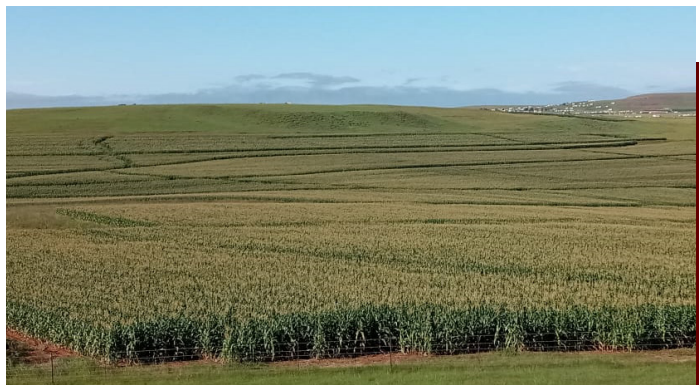


Figure 15: Maize fields in Sundwana

Sive says that he chose yellow maize because it is used to feed cattle, sheep and chicken, so there is a demand for it. He has improved his yield over the years and now he gets five tons per hectare, adding up to a production of 50 tons per season. He attributes his yield improvement to an improved understanding of maize production, including the input-output relationship. He uses hired equipment and owns a maize crusher.

He sells 40 tons to the local supermarkets and uses 10 tons to feed his livestock. Sive employs 30 people during harvesting, but this season he reduced this number by half due to the COVID-19 pandemic. As a result, the harvesting took longer than usual.

He is still facing challenges besides the COVID-19 pandemic, including lack of storage facilities, long distances to markets, lack of access to machinery and implements, and no guaranteed access to markets. Due to the lack of storage within the community, the farmers all harvest at the same time and sell all their stock at the same time.

As a result, the market becomes saturated and the prices go down. The cost of getting the stock to the market exacerbates the challenge. Sive hires machinery and implements and this means the timing of his operation is dictated by the availability of these items for hire. Furthermore, the fact that the market is not guaranteed implies that sometimes he does not necessarily sell the amount of stock that he plans on selling. At times, he opts to sell at lower than the prevailing market price just to get rid of the stock.

For more information, contact Kayaletu Sotsha at ksotsha@namc.co.za



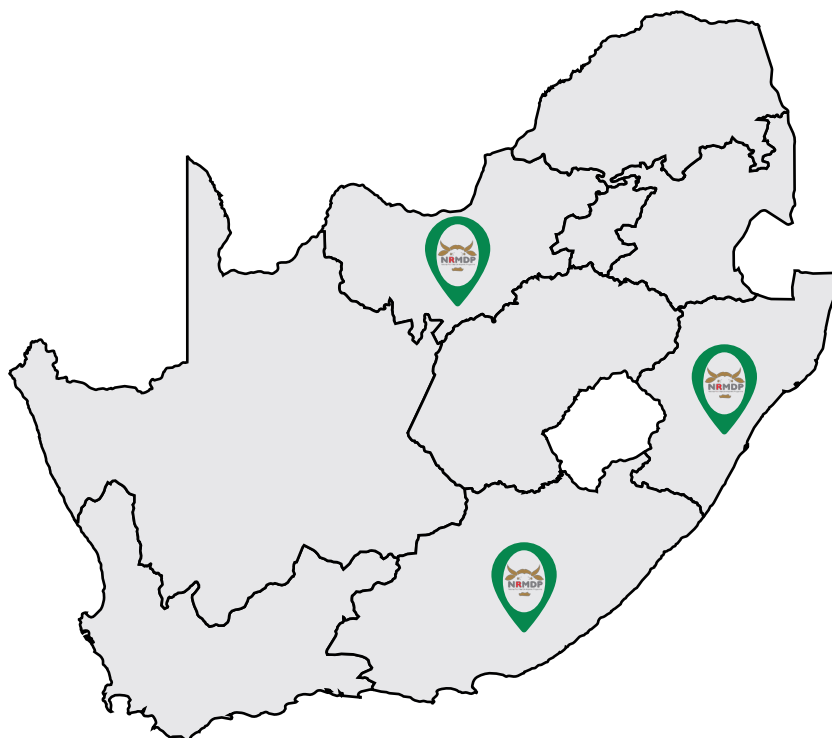
Figure 16: Maize harvest



Figure 17: Crushed maize



NATIONAL RED MEAT DEVELOPMENT PROGRAMME



NORTH WEST NRMDP CFPs

1. Greater Taung
2. Mohelo
3. Moses Kotane

KWAZULU-NATAL NRMDP CFPs

1. Emadlangeni
2. Impendle
3. Jozini
4. Maphumulo
5. Mhlumayo
6. Nongoma

EASTERN CAPE NRMDP CFPs

1. Fort Cox
2. Gxwalubomvu
3. Ikhephu
4. Kamastone
5. Komani
6. Lahlangubo
7. Lower Hukuwa
8. Matatiele
9. Mhlonto
10. Mquma
11. Mount Frere
12. Ncora
13. Ngangegqili
14. Njiveni
15. Senqu

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