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TABLE OF CONTENTS



NO	Item	Page
1.	HIGHLIGHTS OF JUL - SEPT 2020	04
2.	BACKGROUND	04
3.	MONTH TO MONTH ANALYSIS	05
4.	COMMODITY ANALYSIS: MASS AND REVENUE	08

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HIGHLIGHTS OF MAY - JULY 2020



What should be the national picture of smallholder farmer participation in National Fresh Produce Markets (NFPMs) based on the recommendations of NAMC Section 7 committee report published in 2006? This quarterly publication aims to provide an answer to this question by applying the target stating that “30% of the volume should be traded through black commission market agents, starting from year 2014”. This volume is assumed to be obtained from smallholder farmers in South Africa. Data for 17 NFPMs were obtained from South African Union of Food Markets – an official and most reliable source and it covers a period of three month (July-Sept, 2020). Over the period the total volume traded in national fresh produce market was 699 626 metric tons (MT). If the aforesaid target of 30% is applied to this volume, the results show that smallholder farmers should have traded a total volume of 209 thousand MT, matched by a total turnover of 1.3 billion – which is 34% in Jul, Aug (32%) and Sept (34%). The top 5 NFPMs contributing to total turnover include Johannesburg at R680 million (51%), Tshwane at R284 million (21%), Durban at R132 million (10%), Springs at R46 million (3%) and Bloemfontein at R38 million (3%). This finding implies that Gauteng province had the largest contribution of 75% followed by Kwa-Zulu Natal (12%) and Eastern Cape (5%). Four agricultural products (Potatoes, Onion, Tomatoes and Bananas) commanded 61% of the total volume traded over the period under review. Potatoes had the largest contribution at R377 million followed by Tomatoes at R143 million, Onion at R122 million, and Bananas at R99 million. The rest of the revenue was attributed to other fruits and vegetables. These findings have serious policy implications for land reform, food security and strategies for transformation both at farm production and NFPM levels.

BACKGROUND



In the context of South Africa, smallholder farmers are described as farmers who consciously undertake farming at different levels of operation for the purpose of household consumption and markets, implying that farming is a source of food security and income. These farmers are usually new entrants aspiring to produce for market at a profit with a maximum annual turnover of up to R5 million.

Smallholder farmers are broadly involved in the production of various commodities such as livestock, field crops and horticulture especially fruit and vegetables. The fruits and vegetables are collectively known as Fresh produce. The market value chain for fresh produce consists of retail outlets, wholesalers, processors, retailers and National Fresh Produce Markets (NFPMs).

In the NFPMs, there are black commission market agents whose presence is attributed to the NAMC Section 7 committee report published in 2006, and their primary goal is to assist smallholder farmers with market access. However, the lack of data on the specific operations of black commissioned market agents remains a huge challenge towards measuring smallholder market access in NFPMs with precise accuracy. But the South African Union of Food Markets provides an important monthly data on mass, revenue and top trading commodities in 17 NFPMs across the country. This data does permits for the projections of the smallholder market access in these markets, based on the 30% of the total traded volume. This thirty percent volume reflects the national picture of smallholder farmer participation in NFPMs.

Therefore, the report presents the findings of smallholder market participation in South Africa’s NFPMs over the period July to Sept 2020, using data obtained from South African Union of Food Markets.



MONTH TO MONTH ANALYSIS

For the month of July, the national fresh produce market system traded a total mass of 249 thousand metric tons which led to a total revenue of R1.5 billion. Thirty percent (30%) of this total mass was 74 752 metric tons, and this represents the volume traded by smallholder farmers during this month. From this volume a total revenue of R452 million was generated in the national fresh produce market system country wide. According to figure 1 Gauteng province had the largest contribution to the total turnover, estimated at R342 million – which can be translated as 75.68%, followed by Kwa-Zulu Natal at R54 million, Eastern Cape at R20 million, Free State (R19 million) and North West (R9 million). The rest (R8 million) of the contribution came from Mpumalanga, Northern Cape and Western Cape.

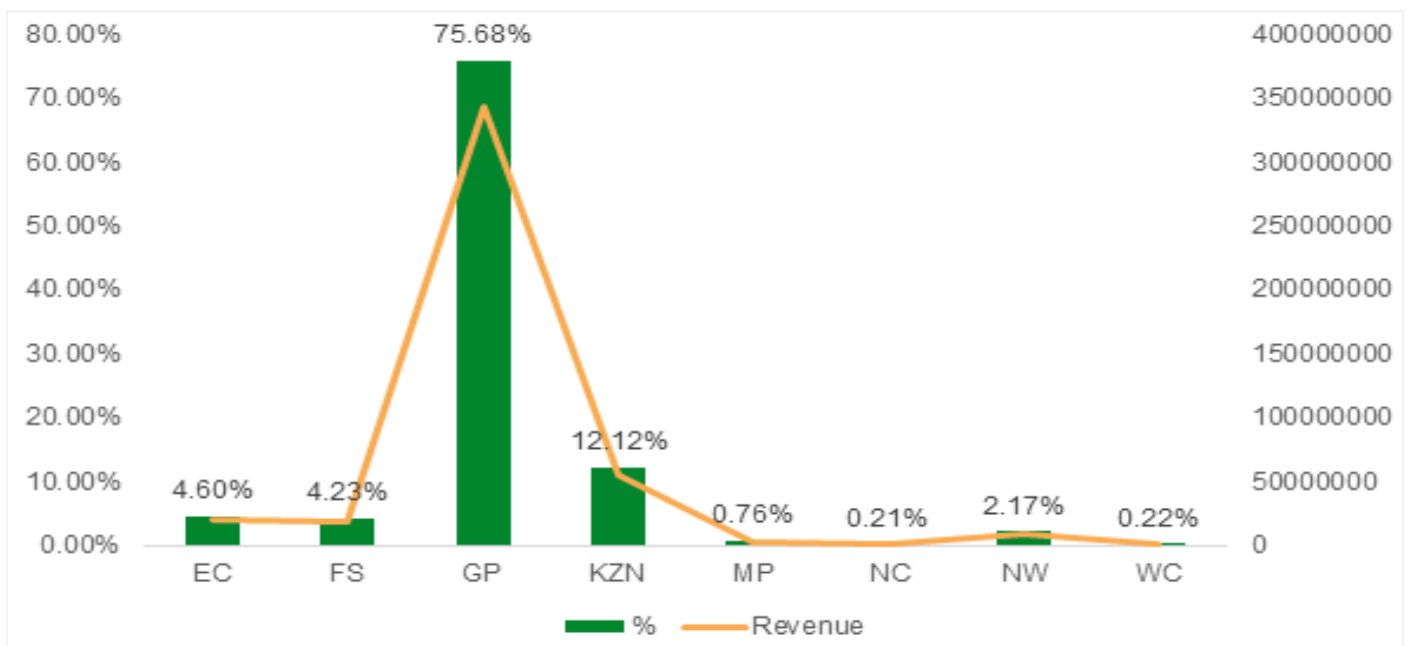


Figure 1: Total revenue of smallholder farmers by province in July

Figure 2 depicts the top 2 NFPMs contributing to smallholder farmers' total revenue. These include Johannesburg at R231 million translated as 51.21% of the total revenue, Tshwane (R93 million), Durban (R45 million), Springs (R15 million) and Bloemfontein (R12 million). Similar to the previous month, Nelspruit was the least contributor at R496 thousand (0.11%).

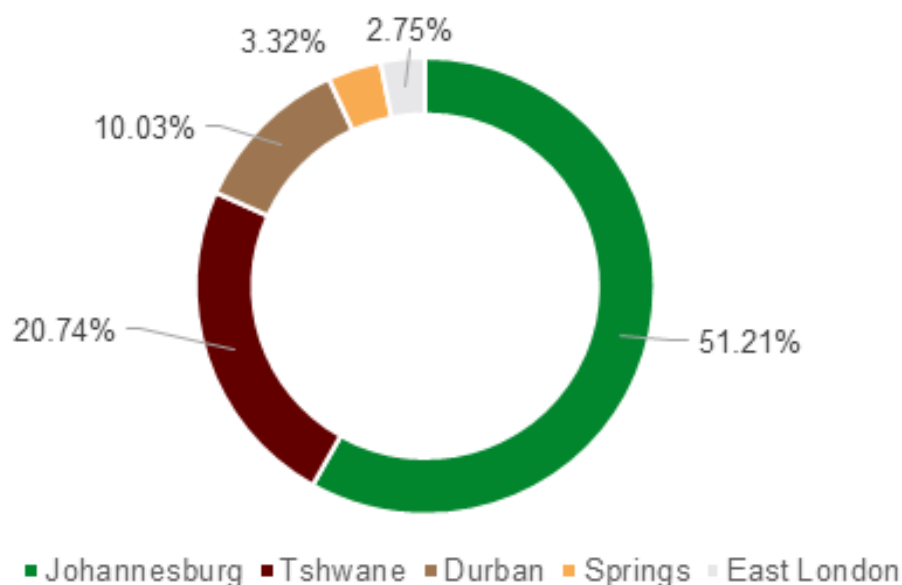


Figure 2: Top 5 NFPMs contributing to smallholder revenue in July

In August, the total revenue and mass were at 1.4 billion and 226 MT, respectively. A thirty percent analysis of this total volume shows that the month under review witnessed a decline of R17 million in total revenue due to a decrease of 6 772 in total traded volume compared to the previous month. This implies that smallholder farmers' revenue and mass were at R435 million and 67 980 MT, respectively. Gauteng with R326 million (74%) followed by Kwa-Zulu Natal at R53 million (12%), Free State at R20 million (5%) and Eastern Cape at R18 million (5%).

Table 1: Total revenue and mass by province in august

Province	Turnover	% Share
Eastern Cape	R18 858 814	4,33%
Free State	R20 150 585	4,63%
Gauteng	R326 943 052	75,12%
Kwa-Zulu Natal	R53 289 637	12,24%
Mpumalanga	R3 364 292	0,77%
Northern Cape	R894 644	0,21%
North West	R10 482 700	2,41%
Western Cape	R1 235 339	0,28%
Total	R435 219 062	100,00

The list of top 5 contributors of revenue to smallholder farmers' total revenue in august were presented in figure 3. The Johannesburg led at R218 million (50%) followed by Tshwane (R91 million), Durban (R43 million), Springs (R14 million) and Bloemfontein (R13 million). Umtata was the least contributor at R358 thousand (0.09%). This finding is worrisome given the large concentration of farmers around this particular town. It suggests that a large number of smallholder farmers are still facing a challenge of accessing this particular NFPM.

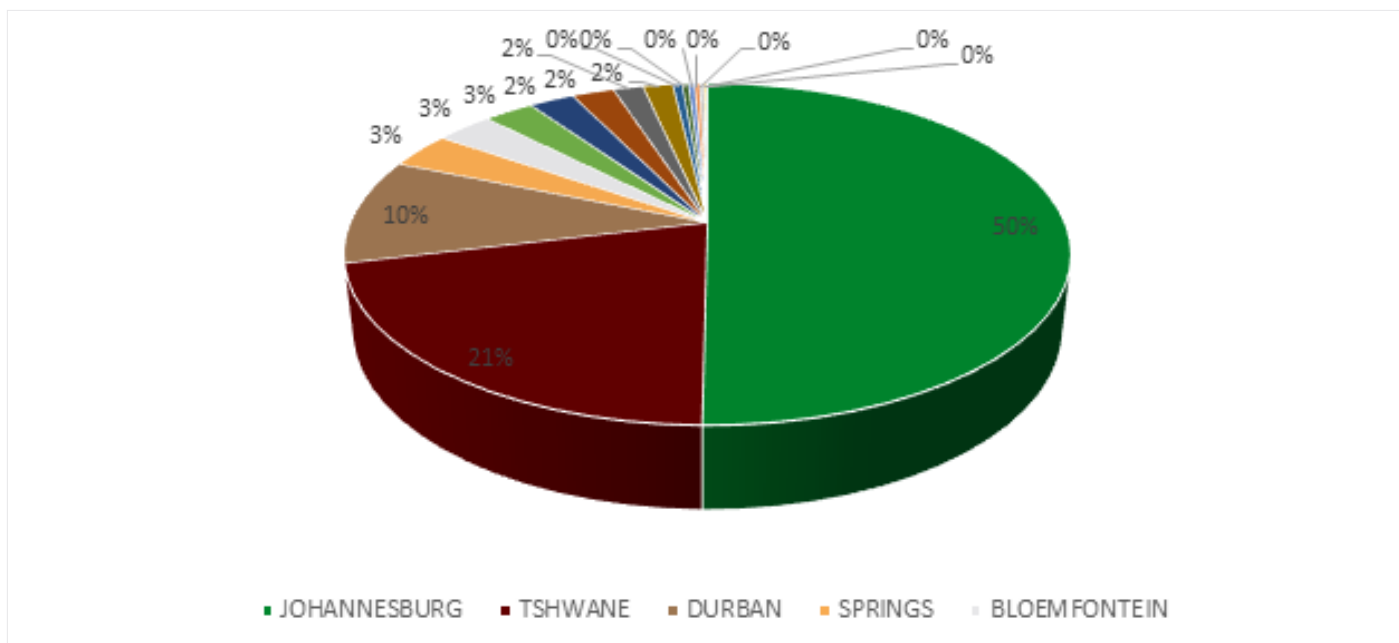


Figure 3: Top 5 NFPMs contributing to smallholder revenue in Aug

Sept 2020, recorded a total mass and revenue of 223 thousand MT and R1.5 billion, respectively. A thirty percent analysis of this total volume shows that the month under review had the highest total revenue of smallholder farmers at R456 million. This implies an increase of R21 million and R 4 million compared to July and August during the same year; but the same month had the lowest total volume over the period. This suggest that food price inflation could be the reason for high revenue during this month. Gauteng province had the largest contribution to the total turnover, estimated at R347 million – which can be translated as 76%, followed by Kwa-Zulu Natal at R52 million (12%), Free State (R20 million), Eastern Cape (R19 million,) and North West (R11 million). The rest of the total revenue was contributed by Mpumalanga, Northern Cape and Western Cape, respectively.

Table 2: Total revenue of smallholder farmers by province in Sept

Province	Turnover	% share
Eastern Cape	R19 546 672	4,28%
Free State	R20 241 683	4,43%
Gauteng	R347 143 595	76,05%
Kwa-Zulu Natal	R52 831 936	11,57%
Mpumalanga	R3 089 165	0,68%
Northern Cape	R1 122 685	0,25%
North West	R11 331 690	2,48%
Western Cape	R1 140 494	0,25%
Total	R456 447 924	100,00%

The top 5 NFPMs contributing to smallholder farmers' total revenue were Johannesburg at R229 million translated as 50.36% of the total revenue, Tshwane (R99 million), Durban (R43 million), Springs (R16 million) and Bloemfontein (R13 million). Similar to the previous month, Umtata was the least contributor at R194 107 (0.04%).

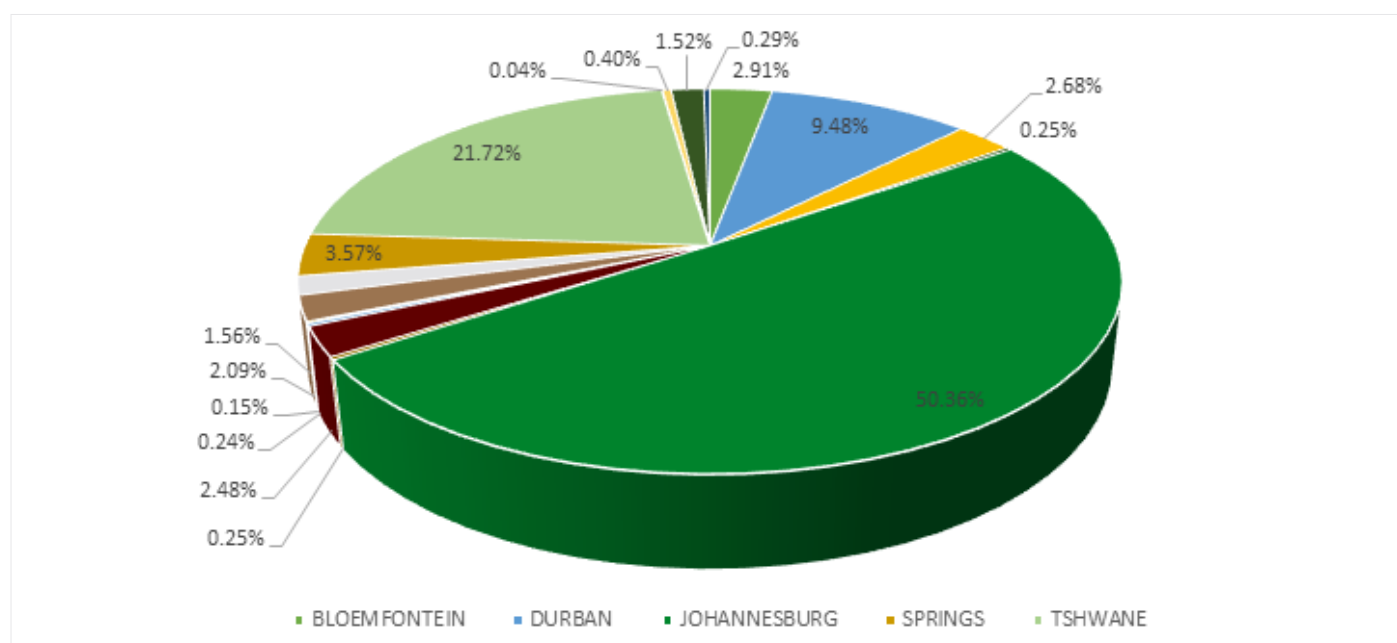


Figure 4: Top 5 NFPMs contributing to smallholder revenue in Sept

COMMODITY ANALYSIS: MASS AND REVENUE



Over the study period potatoes traded 68 709 MT which can be translated to 34%, Onion at 27 210 MT (13%), Tomatoes at 18 107 MT (9%), and Bananas at 13 028 MT (6%). This implies that the four commodities commanded 61% of the total volume traded by smallholder farmers in the national fresh produce market system in South Africa.

Potatoes commanded the largest contribution at R377 million (28%) followed by Onion at R122 million (9%), Tomatoes at R143 million (11%), and Bananas at R99 million (7%). The rest (47%) was attributed to other fruits and vegetables.

Table 3: Proportion of mass and revenue by top commodities

Commodity	Mass (%)	Revenue (%)
Potatoes	33	28
Onion	13	9
Tomatoes	9	11
Bananas	6	7
Total	61	55



Table 4: The specific details of total volumes of top four agricultural commodities traded in 17 NFPMs in South Africa

NFPM	Potatoes	Onion	Tomatoes	Bananas
Bloemfontein	1 733	479	586	503
Durban	6 311	3 449	1 726	1 764
East London	2 192	661	190	765
George	603	3	1	0
Johannesburg	30 475	15 456	9 995	4 252
Kimberley	52	38	135	64
Klerksdorp	2 156	389	489	375
Mpumalanga	579	104	54	1
Nelspruit	190	71	0	0
Pietermaritzburg	2 428	440	152	588
Port Elizabeth	1 998	404	284	424
Springs	3 382	680	744	566
Tshwane	13 882	4 667	3 293	3 502
Umtata	192	7	0	5
Vereeniging	672	39	56	26
Welkom	1 399	260	356	162
Witbank	465	61	46	31
Grand Total	68 709	27 210	18 107	13 028

Table 5: The specific details of total revenue of top four agricultural commodities traded in 17 NFPMs in South Africa

NFPM	Potatoes	Onion	Tomatoes	Bananas
Bloemfontein	R9 595 234	R2 416 901	R5 336 763	R4 033 662
Durban	R34 481 937	R17 784 555	R13 533 276	R14 070 355
East London	R12 428 767	R3 860 914	R1 711 779	R6 388 272
George	R2 976 417	R19 128	R3 801	R0
Johannesburg	R168 106 761	R66 712 218	R77 808 358	R32 294 030
Kimberley	R237 008	R173 003	R1 068 173	R540 734
Klerksdorp	R11 717 064	R1 727 536	R4 059 563	R2 637 764
Mpumalanga	R3 414 304	R462 171	R268 078	R12 935
Nelspruit	R1 227 636	R201 517	R0	R0
Pietermaritzburg	R12 642 528	R2 253 470	R1 198 028	R3 857 007
Port Elizabeth	R10 102 659	R2 303 513	R2 553 165	R3 758 174
Springs	R18 706 372	R2 855 261	R5 462 695	R4 021 288
Tshwane	R77 353 495	R20 359 171	R26 730 178	R26 219 153
Umtata	R877 809	R37 500	R0	R28 068
Vereeniging	R3 660 065	R210 362	R321 134	R190 559
Welkom	R7 570 772	R1 293 286	R3 306 003	R1 323 300
Witbank	R2 736 170	R279 486	R329 977	R205 069
Grand Total	R377 834 997	R122 949 992	R143 690 971	R99 580 369



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