



AGRIPRENEUR

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**Creativity in
the time of
COVID-19**

**You can always
change a plan**

A Company thriving on traditional sorghum soft porridge



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THE AGRIPRENEUR QUARTERLY:

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

PREFACE

Welcome to the twenty-third 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. The Agripreneur publication 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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Co-operatives and business creativity IN THE TIME OF COVID-19

A business analyst with a degree in chemical engineering sounds like an unlikely candidate to get her hands dirty on a chicken farm. But Ellen Mokau is no ordinary woman. She sees potential where others are blinded by obstacles. While physically confined during the lockdown, Mokau unleashed a long-held interest in chicken farming and, in the process, created opportunities for at least 50 other aspiring broiler growers.



Figure 2: Ellen Mokau



Figure 1: Chickens in grandmother's backyard

When COVID-19 forced South Africa into lockdown in March 2020, Ellen found herself at home with the luxury of time on her hands. Unlike many others who turned to baking or binge-watching television, Ellen decided to learn about chicken farming.

"I've always been interested in poultry," she says, "but there was never time to learn about it." Ellen grew up with chickens in the backyard, and her father, who is a salesperson of veterinary products, used to say that she would be good at agriculture. Having pursued a career in engineering, it took a global pandemic to return Ellen to that long-held interest.

She did an online course with a friend, watched loads of YouTube videos on the subject, joined social media groups and took the plunge. “I applied for payment holidays on my mortgage and other loans, and, in partnership with my uncle Piet Sithole, invested the money in 200-day-old chicks that I put into a tin house in my granny’s backyard in Pretoria.”

The experiment was a success: “It went well. I’m a big talker and can sell just about anything!” laughs Ellen. She knew this about herself, having run an online company, La Elle Creatives, which trades in a variety of products, since 2017. These days, customers can also order chickens through La Elle’s website.

Buoyed by her success, Ellen embarked on a second cycle, this time with 500 chicks. But she knew that this was the limit of what she could do in her grandmother’s backyard. To grow the business, she needed access to land.

In the meantime, Ellen’s social media prowess had attracted a following of chicken farmers. “As I was posting, people asked me for advice,” she says. Ellen, the entrepreneur, spotted the opportunity and put an online course together. It was nothing fancy, just a few slides that answered people’s questions and set the scene for a Zoom session. “As questions came out, I amended my presentation,” she says.

The burning topics were sales and marketing and how to start farming without land.

Ellen quickly realised that she was not the only one wishing to expand her business operation, from raising a few hundred chickens to stocking a bit more. Like her, many other farmers want to grow their businesses but are limited by lack of access to land.

The answer, she decided, lay in bringing people together in a model inspired by stokvels. The concept is simple and sustainable: a group of farmers pool their resources to rent land, set up the infrastructure and get the necessary working capital together. In this co-operative structure, they all contribute equally and share the profit equally.

Ellen’s first co-operative had 20 members, each of whom contributed R10 000 to establish the broiler business near Hammanskraal. In its first cycle, which started on 3 August 2020, the co-operative raised and sold 1 000 chickens.

The second co-operative followed a slightly different model, with 31 members who each contributed R4 500 over a period of three months, and with the land being rented from one of the members. On 6 October 2020, they placed their first 1 000-day-old chicks, which were ready for sale by mid-November.

Figure 3: Some members of the co-operative





Figure 4: Group of farmers

Ellen acts as operations manager for the co-operatives, taking care of governance matters such as putting procedures and policies in place, registering the businesses with the Companies and Intellectual Property Commission (CIPC), obtaining accreditation for her training courses and, through her existing company, registering the co-operatives for learnerships with the AgriSETA. She also wants to join the South African Poultry Association (SAPA).

“Our strategy is to build a reputation and a good track record, including good financial management and proper record-keeping. This could help us when we apply for funding in future,” explains Ellen.

Currently, the co-operatives sell live chickens to households and other individuals in the townships. However, the goal is to extend to supply small businesses such as shisanyamas and supermarkets. This, however, introduces new complexities, chief among which is securing access to registered abattoirs, adhering to commercial food safety requirements and delivering broilers that meet the exacting standards of the catering industry.

Fortunately, these are the type of challenges on which the co-operatives wish to thrive. “We are on a learning curve and it is exciting. I learn new things every day, and business opportunities unfold all the time.”

Ellen is noticeably clear about sharing resources to benefit as many people as possible. The many small-scale farmers she has met online and through her training courses are already blossoming into the country-wide network, Ellen foresees. When customers contact her through social media, she puts them into contact with a farmer close to them. “I assure people they will get the same quality chickens from people in our network because we all follow the same process.” The networked farmers can also order feed and vaccines through the co-operatives, thus benefiting from their bargaining power. “Collectively we can knock on all the doors we need to,” says Ellen.

Ellen is aware of the threat of cheap imports but believes that taste and quality drive demand for locally produced chicken. Equally, she is aware of but not deterred by local competition. “I believe in being visible and the power of social media, and being reliable in these times when too many suppliers do not keep the promises they make to customers.”

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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

You can always change a plan: **A LESSON FROM PHATHUTSHEDZO MARVELOUS MADULA**

Phathutshedzo Marvelous Madula was born in the Limpopo Province in the small village of Ha-Mandiwana. He, together with his eight siblings, was raised by his grandmother.

He completed his studies in engineering but struggled to access the job market. Having grown up in a farming family, he decided to expand on the farming activities of the family so that he could make a living as opposed to waiting for job opportunities. He leased a piece of land (1,25 hectares) and partnered with his friends to buy seedlings and fertilisers and to hire a tractor to plant. He started with cabbages, bell peppers and tomatoes. The vegetables were marketed through social media platforms, with the main marketing channels being street vendors and households in the surrounding communities. The main challenge with this initiative is lack of ownership of land (or lack of a long-term lease agreement), which exacerbates challenges related to access to water for irrigation, as well as irrigation infrastructure.

Phathutshedzo and his partner, Mpfariseni Beauty Rasimphi, masterminded a move – a step up the value chain – to venture into agro-processing. With help from the South African Bureau of Standards (SABS), they now process vegetables, fruits and chillies into several branded products including Marvel tomato jam, Marvel fruit jam, Marvel chilli sauce, Marvel sun-dried cabbage leaves and Marvel sun-dried bell peppers, among others.

The business is, however, still battling to bounce back from the impact of COVID-19. The business suffered some major setbacks during the hard lockdown:



Figure 5: Marvel chilli sauce



Figure 6: Marvel fruit jams



Figure 7: Phathutshedzo Marvelous Madula (left) & Mpfariseni Beauty Rasimphi (right)

- production dropped due to lack of access to inputs such as seedlings and fertilisers;
- access to markets became an issue as the business relies on the informal market;
- access to transport was also among the challenges brought about by COVID-19.

In addition to the effects of COVID-19, the business is struggling to penetrate the formal market due to poor ability to raise enough capital to pay for packaging and transport costs. However, Phathutshedzo feels that the main challenge with which they need assistance is sorting out the issue of access to land (through some formal long-term leasehold of the property they are using and to extend some more if possible).



Figure 8: Phathutshedzo's friends and partners in the business

He encourages other people who might be interested in agriculture to not be discouraged by the hardships that come with farming but to endeavour to prioritise the few resources one has and to take opportunities for growth as they come. Although his business is struggling now, including his unsuccessful application for COVID-19 relief funding, he is hoping that perseverance might pay off one day.

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Figure 9: Sive Mntumni

Golden Goose Catering

and Cake Decorating Company thriving on traditional sorghum soft porridge

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.

The journey began as a home-based small-scale business, with the initial investment of R200 coming from her own pocket. Now the business has blossomed into a multi-award-winning enterprise – having won seven awards through small business development competitions sponsored by various institutions between 2006 and 2017.



Figure 10: Awards won in 10 years of existence

The business is thriving on agro-processing through the production of Motoho, a traditional sorghum soft porridge. The idea emanated from Rethabile's observation from her market research that there was a need for traditional foodstuffs in her catering service. The production of Motoho focuses on extending the shelf life of sorghum soft porridge and enhancing the sensory characteristics, without compromising the nutritional benefits.

Rethabile utilises raw sorghum from the farm, without preservatives that alter the taste and texture characteristics of the final product. Furthermore, the product is uniquely branded as stipulated in the consumable products legislation for traceability.

Rethabile produces about 1 500 to 2 000 litres of Motoho per month and supplies various retail outlets in and around the towns of Welkom and Virginia. She hopes that she will grow into the export market in future.

To assist in her ability to run and grow the business, Rethabile has continuously strived to improve her technical knowledge and skills by attending various entrepreneurial courses facilitated by institutions such as the University of the Free State, the Central University of Technology and the Free State Department of Agriculture and Rural Development, which has improved her production, marketing and financial managerial skills. In addition, she has also attended some courses on the subject of exports through the Department of Tourism, Environment and Economic Affairs.



Figure 11: Cooking of soft porridge off the grid during the time of load shedding



Figure 12: Motoho



Figure 13: Sorghum storage facility



Figure 14: Production equipment

Interestingly, Rethabile adapted to the situation of load shedding that South Africa experienced quite frequently in 2018 and 2019. She would use a “traditional method” of cooking her soft porridge and she refers to this as an “indigenous knowledge system”. However, the business operates with the use of production equipment specific to Motoho, with optimised process control parameters such as temperature to ensure a standardised quality of the product. There is also a cooling system positioned outside but connected to production equipment to cool the product to an optimum temperature prior to packaging. After packaging, the product is stored in a cooling room, thus maintaining its recommended temperature before delivery.

A water purification system is mounted to the production equipment, featuring an automated water level control device. The device ensures accurate water supply for preparation of the product and further assists in eluding the redundant running of water that may result in exorbitant electricity bills. There are two JoJo tanks of 5 000 litres each – one serves as a reserve tank for municipality-treated water and the other is for purified water in the case of limited or no availability of water on the premises.

With the current infrastructure and machinery, larger volumes can be produced in a relatively short amount of time, with a capacity of over 3 000 litre units of Motoho per day.

Rethabile ensures that all production inputs are segmented accordingly and that harmful products such as detergents and industrial reagents are stored away from personnel, as well as processing and handling facilities. Hygiene procedures are followed, and qualified employees are assigned the responsibility to oversee that health and safety precautions on the premises are upheld continuously.

Protective clothing is imperative to avoid injuries on duty due to reagent fallouts. Therefore, all personnel wear safety gloves, aprons, boots and hoods depending on how much probability there is of skin contact with hazardous agents and/or equipment.

The business also contributes towards social responsibility through donations of the product to the community care centre and the community church, especially when the church is hosting functions, among other things.

“Our aim is to ensure that the Golden Goose Motoho reaches all parts of Africa to achieve our goal of food security and making sure that no child goes to bed on an empty stomach.”

Value proposition:

- Nutritional and easily digestible beverage suitable for children from six months of age to adults, including post-operation patients, etc.
- On-the-go meal supplement
- Convenient packaging
- Commercialisation will result in social development and job creation in South Africa
- Preservation of indigenous knowledge

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Figure 16: Employees wearing protective clothing



Figure 15: Production equipment




Figure 17: cannabis (Photo by Michael Fischer from Pexels)

Can cannabis feature prominently in the Agriculture and Agro-processing Master Plan?

AN ATTEMPT TO MANAGE EXPECTATIONS

The Agriculture and Agro-processing Master Plan (AAMP) emphasises better co-ordination and alignment of the existing policies, programmes and plans in both the public and private sectors and is centred around Chapter 6 of the National Development Plan (NDP). In addition, the Master Plan focuses on measurable national targets that could be scaled down into a market-led and district-based development model, with particular focus on areas (such as the former homelands) with untapped potential.



South Africa has recently shown a booming interest in cannabis. However, despite the research work on production (varieties and cultivars) conducted by the Agricultural Research Council (ARC) and spanning over 20 years, there has been limited (if any) progress on the issues surrounding the legislative and regulatory framework, including standards and testing capacity, particularly in the case of agro-processing and pharmaceuticals.

The former has largely been identified as a constraint towards the commercialisation of cannabis and should have received closer attention parallel to the research work on production. Contrary, the efforts to address this issue have only gained momentum recently following a ruling by the Constitutional Court in 2018 to decriminalise cannabis.

The Constitutional Court ruling was followed by a draft cannabis bill ([available here](#)) which outlines the perimeters of the production, use and commercial aspects of cannabis. However, it is not clear on how the people who do not have access to land could be in possession of and use cannabis, which could certainly warrant another reliance on the Constitutional Court ruling.

Moreover, cannabis is currently regulated by the Department of Health (DoH) and not the Department of Agriculture, Land Reform and Rural Development (DALRRD), which has implications for the cash crop status of the plant and its commercial purpose in the context of agriculture and agro-processing, and therefore permits are required.

Smallholder farmers that are involved in the production of cannabis using their traditional breeding techniques need to be accommodated when commercialising the plant – this is a general sentiment entailed in the AAMP.

The structure and magnitude of the cannabis markets in South Africa are not well-understood, particularly by the smallholder farmers. Therefore, there is a need to analyse the markets to identify and reduce any potential market access barriers that may exclude other groups of farmers.

This could make it easier to structure the cannabis industry value chain and formalise, thereby also enabling the state to boost its fiscus through taxes. In addition, this would enlighten interventions on reducing the impact of imports to allow the local cannabis industry to develop.

Inter-departmental roles such as the role of the DoH and the Department of Justice and Correctional Services to amend related legislations must be co-ordinated and aligned with other roles such as seed supply system, farmers' mobilisation and support systems, markets and suppliers' development and further developments that lie with other government departments and industry role players.

In conclusion, there is still a long way to go to get the cannabis industry off the ground. Therefore, although there is excitement about the industry's development, it is unlikely to be one of the prominent features in the initial stages of the AAMP implementation.

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