



THE SMALLHOLDER MARKET ACCESS **RESEARCH REPORT** 











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## **ACRONYMS**

| AAMP   | Agriculture and Agro-processing Master Plan                  |
|--------|--|
| ACIAR  | Australian Center for International Agricultural Research    |
| AFASA  | African Farmers' Association of South Africa                 |
| DALRRD | Department of Agriculture, Land Reform and Rural Development |
| GDARD  | Gauteng Department of Agriculture and Rural Development      |
| JoGEDA | Joe Gqabi Development Agency                                 |
| M&E    | Monitoring and Evaluation                                    |
| MAPA   | Marketing of Agricultural Products Act                       |
| MERC   | Markets and Economic Research Center                         |
| MIR    | Market Intelligence Report                                   |
| MTSF   | Medium-term Strategic Framework                              |
| NAMC   | National Agricultural Marketing Council                      |
| NRMDP  | National Red Meat Development Programme                      |
| R&D    | Research and development                                     |
| SHMA   | Smallholder Market Access Research Unit                      |
| SIP    | Strategic Infrastructure Projects                            |
| SMAT   | Smallholder Market Access Tracker                            |
| SMME   | Small, medium and micro enterprise                           |

#### **EXECUTIVE SUMMARY**

This report provides an overview of the research work conducted by the Smallholder Market Access Research Unit. It also includes the cross-divisional projects in which the unit is fully engaged. Largely, the research focus of the unit is on smallholder farmer development which is biased towards improving market access.

In the 202021 financial year the unit produced a smallholder market access tracker report that was conducted in the raisins industry of South Africa and several reports that track smallholder farmers' participation in the fresh produce markets. One raisins baseline and three fresh produce market access tracker reports were produced. In addition, the unit strives to extend while, at the same time, strengthening the existing partnerships with a wide range of stakeholders (e.g., universities, government departments and so on) in the agriculture sector to advance the development of smallholder farmers. A 2-year contract with the Gauteng Department of Agriculture and Rural Development continued and was extended to continue into the 2021/22 financial year. The monitoring and evaluation of the research projects is undertaken to measure the effectiveness of the projects. One monitoring and evaluation report was produced.

Apart from research, the unit seeks to promote and profile aspects of the South African agriculture as a brand through the Agripreneur, which also serves as a platform for smallholder farmers and young entrepreneurs to share knowledge, challenges, experiences and success stories. Four Agripreneur reports were produced. The unit also seeks to develop a national smallholder farmers database by collecting, comparing and cleaning the databases that are available in the relevant individual entities and government departments across the country – this database is updated on a regular basis.

The unit strives for visibility by participating in various platforms to disseminate research output while also testing the rigour of the research findings. Two research papers have been published in peer-reviewed journals. A further two have been submitted and are still undergoing the review processes, while an abstract was presented at a research symposium. Three presentations were made in the seminar platform, while three presentations were made in various marketing forums and summits. Five commentaries were published in various social media platforms and one policy brief was produced.



#### **SECTION 1: INTRODUCTION**

The Smallholder Market Access Research Unit (SHMA) is one of three units under the Markets and Economic Research Center (MERC) of the National Agricultural Marketing Council (NAMC). The MERC is a research division established by Section 9 subsection (e) of the Marketing of Agricultural Products (MAP) Act of 1997. The MERC provides research and policy proposals to the national and provincial government, agricultural industries and associations, farmers, and agribusinesses. Furthermore, the division conducts its research by developing economic and market research programs that track economic trends and provide market information to position the agricultural sector in a dynamic global market strategically.

In line with the NAMC vision, MERC responds to outcomes 5 and 7 of the Medium-Term Strategic Framework (MTSF) priorities of the Department of Agriculture, Land Reform, and Rural Development (DALRRD)'s strategic plan. The outcomes relate to increasing market access while maintaining the existing ones and promoting inclusivity within agriculture value chains. In part, it is based on the fact that market access remains one of the significant restraining factors towards agricultural growth in the context of South Africa. The South African agriculture industry has benefited from substantial state support over most of the period of the historical regimes. However, this support benefited mainly the extensive commercial farming while smallholder farming was suppressed. The legacy of the policies under the historical regime continues to shape the present-day --use patterns and agricultural production structure in South Africa.

It is against this background that the SHMA focuses on smallholder market access research that seeks to promote market access, encourage new business development he, and improve smallholder farmers and agribusinesses' capacity. The key focus areas of the SHMA are summarized in Table 1.



Table 1: Key focus areas of the SHMA

| KEY FOCUS AREA  | OBJECTIVE   |
|---|---|
| Smallholder Market Access Tracker (SMAT)  | To track and measure the progress towards achieving market access for all participants in the agricultural sector and, in particular, market access for smallholder farmers in South Africa   |
| <ul> <li>Partnerships:</li> <li>Contract with the Gauteng Department of<br/>Agriculture and Rural Development (GDARD)</li> <li>Collaboration with the Agriculture Research<br/>Council (ARC) and the University of New England<br/>(UNE)</li> </ul> | <ul> <li>To identify capacity needs of smallholder farmers and extension services</li> <li>To encourage skills transfer</li> <li>To produce strategic advice on programs that seek to improve market access of smallholder farmers and to develop cost-effective and environmentally-friendly value chains</li> </ul> |
| Monitoring and Evaluation (M&E)   | To improve the effectiveness of market access programs  |
| Smallholder market access academic journal articles   | To test the rigor of the research findings against peer-reviewed scientific evidence  |
| Agripreneur   | <ul> <li>To create a platform in which farmers could meet new opportunities</li> <li>To celebrate pockets of success among small agripreneurs</li> <li>To share experiences, challenges, and solutions of agripreneurs, thereby empowering youthful agripreneurs</li> </ul>   |
| Developing a smallholder farmers' database  | The SHMA seeks to establish itself as a one-stop-shop for the smallholder farmers' database by gathering scattered farmers' databases and combining them into one national database   |

### **SECTION 2: SMALLHOLDER MARKET ACCESS RESEARCH PROJECTS**

#### 2.1 Introduction

This section provides a snapshot of the projects and research output which is aligned to the SHMA. The report aims to highlight the projects and the research outputs produced by the SHMA in the 2020/21 financial year. It further highlights how the research output was disseminated.

#### 2.2 Smallholder Market Access Tracker (SMAT)

The SMAT is a dashboard tool used as a measure of progress towards the achievement of "market access for all participants" and market access for smallholder farmers in South Africa. The SMAT tool's construction commenced in 2016, and the first pilot was conducted in potatoes in 2017. A second pilot was then conducted on beef in 2018. These pilots culminated in a citrus baseline in 2019 and a broiler baseline in 2020. The raisins baseline will be finalized by the end of March 2021. The process so far has been overseen by a group of representatives selected from various agricultural stakeholders in South Africa (referred to as reference group). In addition to the industry baseline produced annually, there is a quarterly SMAT publication that focuses on the participation of smallholder farmers in the Fresh Produce Markets. The baseline reports and publications are available on the NAMC website at:

https://www.namc.co.za/category/research-publications/publications/small-holder-archives/smallholder-market-access-tracker-smat/

The SMAT tool is made of indicators whose data is sourced primarily through a survey 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 effects on the smallholder farmers' likelihood to access the market. They are categorized into two groups. The first group tracks the progress from the supply perspective (farmers' perspective) and is referred to as A2 indicators. The second group tracks the progress from the demand side (market's perspective) and is referred to as B1 indicators. 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 market access achievement.

# 2.3 The Australian Centre for International Agricultural Research (ACIAR)

The SHMA is involved in the NAMC's partnership with the Agriculture Research Council (ARC) and the University of New England (UNE), supported by the ACIAR to assist smallholder and emerging beef cattle farmers in South Africa to participate in high-value markets. The project's overall goal is to improve the profitability of emerging and smallholder cattle farmers by developing cost-effective and environmentally sustainable beef value chains that supply cattle that meet the specifications of high-value, free-range beef markets.

This will be achieved by undertaking research to address the following objectives:

**Objective 1:** To improve on-farm animal health, nutrition, management, and breeding systems to enable smallholder farmers to deliver a year-round supply of high-value, free-range beef cost-effectively while simultaneously improving their natural resource base. This involves training farmers in best-practice herd management, developing new farm management systems, undertaking on-farm participative action research to evaluate alternative systems and analyzing project data to identify the factors with the most significant impact on cow reproductive performance to improve cattle supply for the free-range brand.

**Objective 2:** To improve the profitability of all sectors of the project's beef value chains through increased adoption of proven interventions by farmers and implementation of practices that create efficiencies and effectiveness across value chains. This involves analyzing the project's Behaviour Change, Value Chain, and Women's Empowerment surveys to identify areas of improvement and design and evaluate customized strategies designed to increase adoption and overcome inequities. Objective 3: To develop scaling out strategies and guidelines that enable applying the project's results to other value chains. This involves retrospective analysis of the project's decision-making processes to develop guidelines and recommendations for others wanting to link smallholder farmers to value chains in the future.

The overall planned outcome is that by December 2021, at least 2 000 emerging and smallholder farm businesses will be, in a cost-effective and environmentally sustainable way, supplying cattle on a year-round basis to Cradock Abattoir and Cavalier Meats and achieving at least 70% compliance with Woolworths' high-value, free-range market specifications. Achieving the overall outcome will simultaneously

improve smallholder farmer businesses' profitability and productivity through higher prices for cattle meeting free-range specifications and improved on-farm production systems that increase animal performance and supply of cattle. The natural resource base will be maintained or improved through use of environmentally sustainable production systems., The business capacity of smallholder farmers and the capacity, knowledge and skills of the project's extension officers, will be significantly enhanced by training provided by the project. The two commercial beef value chains will benefit from an improved supply of cattle meeting free-range market specifications. The scientific impact will be achieved through broader research using new knowledge, practices, processes, and technologies particularly relating to adoption and scaleout and improved reproductive technologies that will have application in South Africa, Australia, and other countries globally. With a growing but under-supplied free-range market, the opportunities to scale out the project's results to other value chains in South Africa and other African countries areare considerable.

#### 2.4 GDARD Extension Project

The SHMA is driving a project on a signed agreement between the NAMC and the GDARD to research covering issues of extension services as a catalyst for improved farm productivity in the Gauteng province of South Africa. The agreement spans for 2 years – from 01 April 2019 – 31 March 2021. However, there have been delays arising from the effect of the Covid-19 pandemic, and thus an extension has been granted for the project to continue into the 2021/22 financial year.

#### 2.5 Agripreneur

The Agripreneur is a quarterly publication through which a platform where agripreneurs and farmers, mainly smallholders, can share their knowledge and skills, challenges, experiences, and insights with one another. Also, the publication profiles agripreneurs and farmers to encourage prospective youth farmers and agripreneurs. By sharing information on this platform, farmers and agripreneurs could potentially be able to develop strategies, adopting models, and become part of the value chain through the marketing of commodities and products that meet market standards and are safe for consumption. Above all, the publication also serves to promote and profile South African agriculture as a brand by featuring good stories that will hopefully convince the reader to #LoveRSAAgric.

Agripreneur Issue 21 to 23 have been published and are available on the NAMC website at <a href="https://www.namc.co.za/category/research-publications/publications/small-holder-archives/agripreneur/">https://www.namc.co.za/category/research-publications/small-holder-archives/agripreneur/</a>

#### 2.6 Monitoring and Evaluation

The SHMA conducts an M&E of the research it undertakes, particularly the SMAT and the GDARD projects. The purpose of the M&E is to track the implementation and outputs systematically and track where and when changes may be needed to improve the implementation. Eventually, the M&E seeks to measure the effectiveness of the projects.

The M&E reports are available on the NAMC website at: <a href="https://www.namc.co.za/category/research-publications/publications/small-holder-archives/">https://www.namc.co.za/category/research-publications/small-holder-archives/</a>

#### 2.7 Research output dissemination

The SHMA strives to take a deliberate stance to increase ts research output's visibility and usefulness by participating in various platforms to disseminate better and communicate its research findings. The following platforms have been used to communicate research findings in the 2020/21 financial year:

### 2.7.1. JOURNAL ARTICLES

Table 2: Research disseminated through journal articles, conferences and symposium

| AUTHORS   | TOPIC  | JOURNAL/CONFERENCE/SYMPOSIUM                                     |
|---|--|--|
| JS Kau, VM Mmbengwa & J<br>Swanepoel  | Small-scale Citrus Farming among Selected countries: Determinants for Exports and Production   | J Hum Ecol, 72(1-3): 199-210 (2020)                              |
| VM Mmbengwa, K Rambau, JN<br>Rakuambo & X Qin                                 | Key factors for the improvement of smallholder farmers' participation in agro-processing industries of Gauteng province of republic of South Africa: lessons for the extension advisory services | S. Afr. J. Agric. Ext. Vol. 48 No.2, 2020: 153 - 165             |
| V.M. Mmbengwa, K. Rambau, L<br>Myeki, K. Sotsha, P. Myotolo and T.<br>Molebo  | Assessing the critical factors that affect the formation of poultry, and piggery mixed farming value chain in Gauteng Province of the Republic of South Africa.                                  | Presented at the 13th Gauteng<br>Agricultural Research Symposium |
|   | Assessing the critical factors that affect the formation of poultry, and piggery mixed farming value chain in Gauteng Province of the Republic of South Africa.                                  | Abstract for GDARD Research symposium                            |
| V.M. Mmbengwa, K. Rambau, L.<br>Myeki, K. Sotsha, P. Myotolo and T.<br>Molebo | Assessing the critical factors that affect the formation of poultry, and piggery mixed farming value chain in Gauteng Province of the Republic of South Africa.                                  | Paper for GDARD Research symposium proceedings                   |
| L Myeki, VM Mmbengwa & K Sotsha   | Implications of farm crimes on-farm productivity, market access, and food security in South Africa   | Submitted to the South African Journal of Science                |
| VM Mmbengwa, L Myeki & K<br>Rambau  | Extension services as a catalyst for improved farm productivity  | Presented at the 13th Gauteng<br>Agricultural Research Symposium |
| S Zantsi, K Sotsha & T Nkunjana   | The potential effect of Covid-19 pandemic on completion of masters and Ph.D. research based on smallholder primary data in selected South African universities                                   | Agrekon  |

### 2.7.2. SEMINARS, WORKSHOPS AND INDUSTRY OR GOVERNMENT FORUMS

Table 3: Research disseminated through seminars, workshops and forums

| PRESENTER                       | TOPIC  | PLATFORM   |
|---------------------------------|--|--|
| L Myeki                         | Evaluating the productivity performance of South African deciduous fruit industry using a Färe-Primont index   | NAMC seminar   |
| L Myeki                         | Agriculture crimes: Covid-19, Climate change implications for farm productivity, market access and food security   | NAMC seminar   |
| S Zantsi, K Sotsha & T Nkunjana | The potential effect of Covid-19 pandemic on completion of masters and Ph.D. research based on smallholder primary data in selected South African universities | NAMC seminar   |
| K Sotsha                        | SMAT broiler baseline report   | <ul> <li>Marketing Forum</li> <li>African Farmers' Association of<br/>Southern Africa (AFASA) National<br/>Poultry Task Team: National<br/>Consultative Conference</li> <li>Joe Gqabi Economic Development<br/>Agency (JoGEDA) small, medium<br/>and micro enterprises (SMME) and<br/>investment summit</li> </ul> |

### 2.7.3. COMMENTARIES AND POLICY BRIEFSFORUMS

Table 4: Research disseminated through commentaries or policy briefs

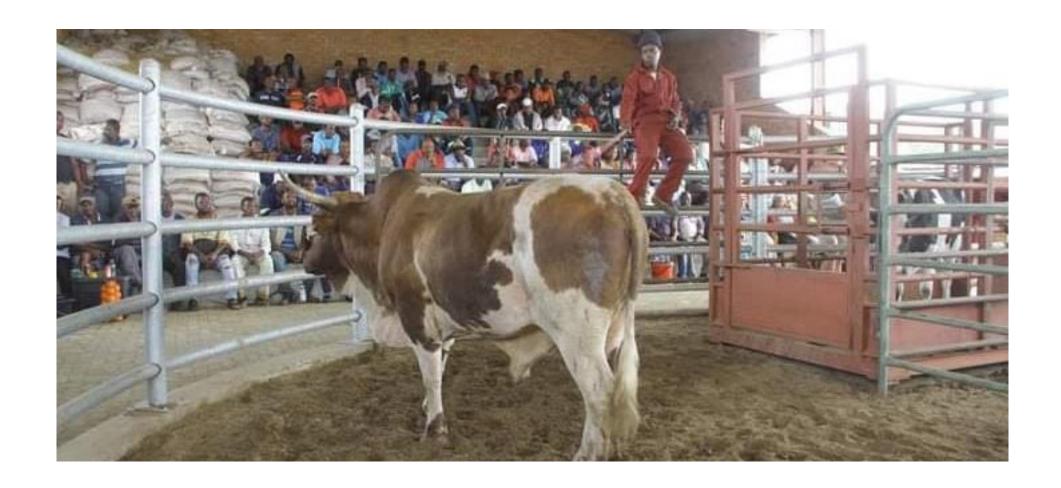
| AUTHOR                                       | TOPIC  | PLATFORM                                    |
|--|--|---|
| VM Mmbengwa                                  | Household food security: Poultry products the way to go?   | Published in the Randfontein Herald e-paper |
| L Myeki                                      | A tale of two smallholder red meat projects  | Published in Mzansi Agricultural talk       |
| L Myeki                                      | An outlook of smallholder market access  | Published in Mzansi Agriculture Talk        |
| K Sotsha                                     | National Red Meat Development Programme vital in recovery phase post covid-19                              | Published in Farmers Inside Track           |
| K Sotsha                                     | The contract grower model fails smallholder poultry farmers  | Published in Food for Mzansi                |
| HM Lubinga, L Myeki, K Sotsha & NP<br>Tempia | Brown locust outbreak in South Africa: what are the implications for agriculture production and marketing? | Policy brief                                |

### 2.8 CROSS-DIVISIONAL WORK

The SHMA also collaborates with other core divisions of the NAMC on specific research projects where the SHMA skills are required. Table 5 summarizes projects in which the SHMA team collaborates with other core divisions and other MERC units.

**Table 5: SHMA** involvement in other NAMC projects

| KEY FOCUS AREA  | OBJECTIVE  |
|---|--|
| Market Intelligence Report (MIR)  | The weekly report aimed to provide industry trends   |
| TradeProbe report   | To inform policymakers, producers, traders, and other stakeholders about the market opportunities and potential products demanded in the local and international markets   |
| Strategic Infrastructure Project (SIP 11)                                     | Seeks to improve agricultural and rural infrastructure investment that supports increased production, smallholder farming, and rural development. It includes infrastructure for storage (silos, fresh-produce facilities, packing houses), transport (rural roads, branch train-line, ports). fencing of farms, irrigation schemes to impoverished areas, improved research and development (R&D) (including expansion of agricultural colleges), processing facilities (abattoirs, dairy infrastructure), aquaculture incubation schemes & rural tourism infrastructure. |
| Impact assessment of statutory levies and trust funds spent on transformation | Seeks to evaluate if the statutory levy and trust funds expenditure on transformation have yielded the targeted beneficiaries' intended benefits.  |
| Egg value chain study   | Seeks to measure the competitiveness, sustainability or viability of the South African egg industry given the pressure and the debate led primarily by the European countries to move towards cage-free egg production systems   |
| Agriculture and Agro-processing Master Plan (AAMP)                            | Seeks to outline reforms and growth targets in the agriculture and agro-processing sector in an attempt to remove impediments and constraints to inclusive growth in South Africa  |



### **SECTION 3: CONCLUSION**

The SHMA will continue to align with the NAMC agenda as guided by the MAP Act by establishing and improving flagship research programs while expanding partnerships and strengthening existing ones. Also, there is a need for the NAMC to support the SHMA by continuing with skills development and acquisition of the necessary tools, models, and increasing capacity where necessary to improve the quality of the research output, while maintaining policy relevance.



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