



# 2021/22

# THE SMALLHOLDER MARKET ACCESS RESEARCH REPORT







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# THE SMALLHOLDER MARKET ACCESS RESEARCH TEAM

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CREA	Council for Agricultural Research and Economics
DALRRD	Department of Agriculture, Land Reform and Rural Development
DUT	Durban University of Technology
GDARD	Gauteng Department of Agriculture and Rural Development
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
NFPMs	National Fresh Produce Markets
R&D	Research and development
SAUFM	South African Union of Food Markets
SHMA	Smallholder Market Access Research Unit
SMAT	Smallholder Market Access Tracker
SMAE	Smallholder Market Access Estimates

# **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 2021/22 financial year, the unit produced a smallholder market access tracker report that was conducted in the wool industry of South Africa and twelve reports that track smallholder farmers' participation in the fresh produce markets. 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 (GDARD), which was extended by 12 months due to Covid-19, has ended at the end of March 2022 and the report was sent to the GDARD. Subsequent outputs such as the conference papers and presentations as well as peer-reviewed journal publications will commence after the GDARD approves and endorses the report.

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 from the projects that are undertaken within the unit. There are plans to engage with the Department of Agriculture, Land Reform and Rural Development (DALRRD) and other relevant entities to identify key areas of collaboration, the use and sharing of the farmer register to advance research on the development of smallholder farmers.

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 were presented at the annual Australian Society of Agricultural Economists Conference and the GDARD Agriculture Symposium respectively. A further paper was submitted to the South African Journal of Economics and is still undergoing the review processes. A book chapter has been contributed in a book titled "Global Agricultural and Food Marketing in a Global Context: Advancing Policy, Management, and Innovation", which has been submitted for publication. One presentation was made in the seminar platform. A further two presentations were made in the Extension Conference and the Marketing Forum. One commentary was published in Food for Mzansi and one policy brief was published in the NAMC website.

# **SECTION 1: INTRODUCTION**

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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 that was established in accordance with Section 9 subsection (e) of the Marketing of Agricultural Products (MAP) Act of 1996. 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 through the development of economic and market research programmes that track economic trends and provide market information that is aimed at strategically positioning the agricultural sector in a dynamic global market.

In line with the NAMC vision, MERC responds to outcome 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 to the growth of inclusivity within agriculture value chains. These are based, in part, on the fact that in the context of South Africa, market access remains one of the major restraining factors towards agricultural growth. 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 white large commercial farming while black smallholder farming was suppressed. The legacy of the policies under the historical regime continues to shape the present-day land use patterns and structure of agricultural production 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 and improve capacity of smallholder farmers and agribusinesses. The key focus areas of the SHMA are summarized in Table 1.



NATIONAL AGRICULTURAL MARKETING COUNCIL

### 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
Smallholder Market Access Estimate (SMAE) in Fresh Produce Markets	To provide estimates of the performance of smallholder farmers in the National Fresh Produce Markets (NFPMs) in South Africa based on a recommendation of the NAMC's Section 7 committee report on fresh produce markets, which states that "30% of the volume traded in fresh produce markets should be through black commission market agents", starting from the year 2014.
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>
Partnerships: <ul> <li>Contract GDARD</li> </ul>	<ul> <li>To determine the status of the extension services</li> <li>To identify extension services factors that enhance productivity and profitability of the smallholder farming</li> <li>To develop a model that ensures efficiency and productivity of farm enterprises</li> <li>To assess the socio-economic impact of the quality extension service</li> </ul>
Smallholder market access academic journal articles	To test the rigour of the research findings against peer-reviewed scientific evidence

# 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 purpose of the report is to give highlights of the projects and the research outputs produced by the SHMA in the 2021/22 financial year. It further highlights how the research output was disseminated.

### 2.2 Smallholder Market Access Tracker (SMAT)

The SMAT is a dashboard tool that is used as a measure of progress towards the achievement of "market access for all participants" and in particular, market access for smallholder farmers in South Africa. The construction of the SMAT tool 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 into citrus, broiler, raisins and wool baselines in 2019, 2020, 2021 and 2022 respectively. In the initial stages – up to the production of the broiler baseline - the process was overseen by a group of representatives selected from various agricultural stakeholders in South Africa (referred to as reference group). The wool baseline is yet to be published online. The citrus, broiler and raisins baselines are available 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 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 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 the achievement of market access.

# 2.3 Smallholder Market Access Estimates (SMAE)

The SMAE report provides estimates of the performance of smallholder farmers in the National Fresh Produce Markets (NFPMs) in South Africa. It is based on a recommendation of the NAMC's Section 7 committee report on fresh produce markets, which states that "30% of the volume traded in fresh produce markets should be through black commission market agents", starting from the year 2014. The report covers 16 fresh produce markets spread across eight provinces in South Africa. The analysis is largely limited to potatoes, onions, tomatoes, bananas and other vegetables and fruits traded in the system. Monthly data for these commodities were obtained from the South African Union of Food Markets (SAUFM). The reports that were published in the 2021/22 financial year are available at:

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

### 2.4 GDARD Extension Project

The SHMA is driving a project on a signed agreement between the NAMC and the GDARD to conduct research that covers issues of extension services as catalyst for improved farm productivity in the Gauteng province of South Africa. The agreement spans for a period of 2 years – from 01 April 2019 – 31 March 2021. However, an extension for 12 months was granted by the GDARD for the project to continue until the end of March 2022 in consideration of the delays arising from the effect of the Covid-19 pandemic. The report was sent to GDARD.

### 2.5 Agripreneur

The Agripreneur is a quarterly publication which provides a platform where agripreneurs and farmers, mainly smallholders, can share their knowledge and skills, challenges, experiences and insights with one another. In addition, 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 aspects of South African agriculture as a brand, by featuring good stories that will hopefully convince the reader to #LoveRSAAgric.

Agripreneur Issue 25 to 27 have been published and are available on the NAMC website at: https://www.namc.co.za/category/researchpublications/publications/small-holder-archives/agripreneur/

Issue 28 is yet to be published online.

### 2.6 Research output dissemination

The SHMA strives to take a deliberate stance to increase ts research The SHMA strives to take a deliberate stance to increase the visibility and usefulness of its research output by participating in various platforms to better disseminate and communicate its research findings. The following platforms have been used to communicate research findings in the 2021/22 financial year: :

# 2.6.1. JOURNAL ARTICLES

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

AUTHORS	торіс	JOURNAL/CONFERENCE/SYMPOSIUM
Myeki, L., Rambau, K., & Sotsha K	The evaluation of agricultural extension services in Gauteng province: what is the status at district level?	GDARD Agriculture Research Symposium
Myeki, L	Policy insights from productivity growth of South African Table Grapes industry	Annual Australian Society of Agricultural Economists Conference
K. Sotsha, M.H. Lubinga, T. Nkunjana & S. Zantsi	Repo rate and unemployment in South Africa: a binary vector autoregression model	Submitted to the South African Journal of Economics
N. Tempia, E. Nakana, M. Malungane & M. Wegerif	Fresh produce market challenges and opportunities: a South African case study	Book chapter submitted for publication in a book titled "Global Agricultural and Food Marketing in a Global Context: Advancing Policy, Management, and Innovation"

# 2.6.2. SEMINARS, WORKSHOPS AND INDUSTRY OR GOVERNMENT FORUMS

PRESENTER	ТОРІС	PLATFORM
L Myeki	Policy insights from productivity growth of South African Table Grapes industry	NAMC seminar
L Myeki	The impact of covid-19 on agri-markets	Extension Conference: Agricultural Extension Service in Limpopo
K. Rambau	The evaluation of agricultural extension services in Gauteng province: what is the status at district level?	GDARD Agriculture Research Symposium
K. Sotsha	SMAT raisins baseline	Marketing Forum

Table 3: Research disseminated through seminars, workshops and forums

# 2.6.3. COMMENTARIES AND POLICY BRIEFSFORUMS

Table 4: Research disseminated through commentaries or policy briefs

AUTHOR	торіс	PLATFORM
Myeki, L, Sotsha, K, Rambau, K & Nakana, E	Climate change, pest attacks and agricultural marketing: is there a nexus in the context of South Africa's tomato industry?	NAMC website
K Sotsha	Raisins industry is striving towards inclusive growth	Published in Mzansi

# 2.7 CROSS-DIVISIONAL WORK

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

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

KEY FOCUS AREA	OBJECTIVE
Market Intelligence Report (MIR)	Weekly report aimed to provide industry trends
Trade Probe report	To inform policymakers, producers, traders and other stakeholders about the market opportunities and potential products demanded in the local and international markets
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 intended benefits for the targeted beneficiaries.
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
NAMC, Durban University of Technology (DUT) and the Council for Agricultural Research and Economics (CREA)	To promote and encourage economic, scientific and technical cooperation between the NAMC, DUT and CREA in the field of agriculture
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 strive to align with the NAMC agenda as guided by the MAP Act through establishing and improving flagship research programmes while expanding partnerships and strengthening the existing ones. In addition, 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 in order to improve the quality of the research output, while maintaining policy relevance.

NOTES:	

THE SMALLHOLDER MARKET ACCESS RESEARCH REPORT



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