



Enterprise Development and Transformation Co-ordination/ Liaison

(PRJ-0205-2018)

Godfrey Rathogwa

Year 2018 (January 2018 till December 2018)

Project goals

Objective 1 - To continue monitoring 17 existing black dairy commercialization enterprises

Achievements

Sustainable Commercialization Project came into being as a result of 2006-2009 Milk SA levy surplus funds. Its goal is to promote competitive, profitable and sustainable existing black dairy enterprises by contributing to the reduction of commercial venture constraints. In order to augment the levy surplus funds, MilkSA Transformation Manager successfully applied for funding from the Jobs Fund programme and secured R10.35M. The main goal of the project is to assist existing black dairy enterprises to be competitive and sustainable by instilling enterprise culture and contributing to address hurdles that negatively affect commercial enterprise.

During the year under review, four Jobs Fund project team members were taken to some project beneficiaries in the Eastern Cape, KZN and Free State provinces to interact with project beneficiaries and to assess project performance on their own. After their visit, they expressed that they did not imagine the magnitude of work that was being done. Furthermore, they requested that a profile of each project beneficiaries be submitted with recommendations regarding the utilization of the remaining project funds. At the time of writing this report the matter was still under Jobs Fund consideration.

External auditors visited all project enterprises to conduct 2017/18 independent annual audit report. The delay in conducting annual audit was caused by the uncertainty regarding project closure and discussions between MilkSA and Jobs Fund concerning project balance funds. Audit report is expected to be submitted to Jobs Fund during the first quarter of 2019 after perusal by the Work Group and the Internal Management Committee.

A total of 358 tonnes of lucerne were delivered to farmers who contributed between 25 and 40% of the cost of lucerne. Normally project beneficiaries are subsidised by 50% for feed but due to the severity of drought and loss of Lucerne and grass hay on some farms, MilkSA contributed 75%.

On average, there were five hundred and seventy nine (579) cows in milk and farmers supplied 2 688 092 kilograms of milk to processors / or consumers. The total number of cows increased by 6% while milk volume went up by 26% during the year under review compared with 2017.

No Non-achievements / underperformance has been reported

Objective 2 - To deliver cows among new and existing black dairy

enterprises depending on compliance with Milk SA criteria and beneficiary counter performance

Achievements

Four new potential beneficiaries were been identified and given assessment forms. However, heifers could not be delivered to qualifying new project beneficiaries due to a shortage of fodder, surplus milk and low milk prices during 2018. On the other hand, one hundred and fifty four (154) pregnant heifers have been delivered to existing project beneficiaries. The livestock broker has been given instruction to look for pregnant heifers, which could be delivered during the first or second quarter of 2019 depending on fodder flow situation. Internal Management to still have to finalise the selection of new project beneficiaries.

No Non-achievements / underperformance has been reported

Objective 3 - To capacitate new black dairy entrepreneurs and their workers in fodder flow planning and dairy herd feeding

Achievements

Five potential project beneficiaries attended the workshop which was held at Harrismith, Free State Province. At this workshop the framework of a business plan was discussed with nine existing project beneficiaries. Detailed business plans for new beneficiaries would be developed once their participation in the project shall have been approved by the Internal Management Committee.

A farmer's day was also held where experts talked about fodder flow planning and dairy herd feeding. Also, another dairy expert visited some farms to assess farm and animal conditions and produced a report guiding farmers regarding fodder flow planning and dairy herd planning.

It was also agreed among project beneficiaries, presenting dairy experts and MilkSA that in the future project beneficiaries would be tested first on what was presented and discussed the previous year to avoid holding farmers day for the sake of a farmers' day.

No Non-achievements / underperformance has been reported

Objective 4 - To assist black dairy enterprises in business plan development

Achievements

A workshop was held over a period of two days in Free State during the year under review with existing project beneficiaries and five potential beneficiaries. During the

workshop the following aspects were covered:-

Fodder flow planning.

Enterprise mission.

Enterprise mission.

Short term objectives.

Long term objectives.

Strengths of the enterprise

\ Following up on the workshop, each project beneficiary, depending on their circumstances like commitment to the success of the enterprise, was assisted with a complete business plan including projected financial statements. Business plans would be submitted to each enterprise's bank for a loan and to DAFF for consideration for assistance under 'Blended Funding for Agriculture'. A SWOT analysis for each enterprise was conducted and strategies to overcome

weaknesses and threats brainstormed to take advantage of strengths to exploit opportunities

No Non-achievements / underperformance has been reported

Objective 5 - To attend four Marketing Forum meetings, coordinate and liaise with relevant stakeholders

Achievements

During the year under review engagements were made with various stakeholders as indicated below. The emphasis of such engagements was to explore potential partnership and synergy in promoting dairy development in general and transformation in particular.

5.1 Masisizane Fund:

Four meetings were held with Masisizane Fund regarding financial loans to our project beneficiaries for critical assets and inputs. At the same time Masisizane wanted us to partner with them regarding a project which they funded and it was facing fodder flow challenges. After assessment of the project it was felt that support should not be given. At the same time assistance sought for our project beneficiaries could not be secured because Masisizane had to focus on their existing loanees who were failing to meet their debt obligations.

5.2 Department of Rural Development and Land Reform (DLR&RD):

Engagement took place with the Deputy Director General responsible for Enterprise Development. The Department wanted partnership with MilkSA to support them in their efforts to promote food security and to reduce dependency of project participants on the state for their livelihood.

5.3 National Agricultural Marketing Council (NAMC):

Meetings were held with the NAMC regarding Transformation Business Plan (BP) and statistics on Black dairy enterprises. The letter from the NAMC requesting Milk SA to keep record of black dairy enterprises and their market share was also attached to the letter sent to the provincial HODs of agriculture requesting such statistics. As far as Transformation BP was concerned, the message from the NAMC was that 20% of levy income was meant to support deserving commercialization black dairy enterprises.

A workshop was organised by NAMC focusing on amended Agri BEE codes and new NAMC's generic transformation guidelines workshop was attended during the period under review.

According to NAMC 2018 transformation guidelines, at least 60% of 20% of the total levy income meant for transformation should be spent on developing black dairy enterprises.

5.4 Department of Agriculture, Forestry and Fisheries (DAFF):

DAFF representatives were engaged regarding the Agri BEE Fund. It was learnt that application for the Agri BEE Fund should come from the provinces as they have knowledge of what is happening regarding agricultural development. Three Marketing Forum meetings were attended during the year under review. The meetings took place at Elsenburg- Western Cape Province; Glen College, Bloemfontein in Free State Province and Polokwane in Limpopo Province. The purpose of the Marketing Forum is to facilitate marketing of agricultural produce, especially produce of black agripreneurs. Activities to promote marketing of produce include the following:-

- Assisting farmers to be accredited for SA-GAP

- Assisting farmers with the supply of marketing information.

- Assisting farmers to acquire quality seeds

- Assisting farmers to acquire marketing infrastructure through the Comprehensive, Agricultural Support Programme (CASP) and Agri-BEE Fund

During the Agricultural Marketing Forum meeting held in July 2018, Milk SA requested time to explain the audience/ representatives of the provinces about the dairy development promotion in SA. Dairy industry statutory levy and its focus areas for deployment were explained to the audience. Furthermore, the challenge of getting a reliable database of existing black commercial dairy enterprises from the provinces was accentuated. It was indicated that 20% of the statutory levy was for support of existing black dairy enterprises along dairy value chain. Milk SA only

assists entrepreneurs who venture into commercial dairy on own initiative; and willing to put their own financial contribution to augment the industry funding. It was also stressed that MilkSA did not want to support government initiated and funded projects where there was no ownership and commitment to the success of the venture. Therefore, provinces were requested to submit names of existing and deserving enterprises for consideration for support by MilkSA.

After explanation of the role of Milk SA and its transformation approach in particular, it was resolved that:

Each province should submit at least two dairy enterprises to Mr. G. Rathogwa for possible support by Milk SA by the end of 3rd August 2018;

KZN would provide database for their dairy entrepreneurs to Milk SA for possible assistance;

The Eastern Cape province would have internal engagements at the province and revert to Milk SA afterwards; and

Free State province would provide Milk SA with a database of their dairy producers.

Limpopo indicated that they did have two known dairy projects and they would like Milk SA to assist their projects with fodder and other related needs;

DAFF's livestock economist would be availed to assist Mr. Rathogwa with the co-ordination process and;

Contact details for Mr. Rathogwa were shared with the provinces for ease of access.

5.4.1 SA-GAP certification program

A quarterly progress report on SA GAP certification program from April 2018 to June 2018 was presented by Mr. Tshepo Mokgothu from the PPECB. The report provided feedback regarding the pre-audits, one on one farm visits, workshops undertaken, final certification audits and the following was noted with regard to the progress made:

Members appreciated the quarterly progress report on the SA-GAP certification program, adopted the report and requested that PPECB undertakes a stock-take of all farms that participated in the program since 2014 and further assess the status to be reported in the next sitting;

5.4.2 Status report on the SA-GAP benchmarking process

Provinces were advised to ascertain that farm assurers are registered with Global GAP before undertaking any farm audits on their farms. It was resolved that Global GAP should table quarterly progress on this item to the Marketing Forum until completion; and DAFF would invite Ms. Christi Venter from Global GAP to the future Marketing Forum sittings.

5.4.3. CASP support to SA-GAP programme

CASP support to SA-GAP certification program was tabled by Mr. Stanford Manthata from DAFF. During the year 2017, DAFF engaged the CASP office in the provinces to support farmers with infrastructure for SA-GAP. The provinces were engaged on a quarterly basis to ensure that the process was unfolding successfully. The challenges were indicated to be primarily on chemicals and fertilizer storage and records keeping. Other provinces needed to conclude MoA with the PPECB because at that time, only Western Cape and Limpopo had concluded MoA. Provinces should note that support and approval for 2019/20 business plan would be guided by the conclusion of the MoA in order to be able provinces to take over the program.

5.4.4. Progress report on Marketing Capacity Building

The progress report on the Marketing Capacity Building was presented by representative from the Department of Agriculture, Forestry and Fisheries (DAFF). The programme covers fresh produce, grain and livestock marketing. DAFF indicated that they would be offering a five days Poultry Marketing and capacity building workshop for provinces. Provinces were requested to assist DAFF by publicizing the programme at the local level, identify suitable participants and venues in liaison with organisers and also to ensure that producers arrive at the venue to attend the workshops. Provinces were urged to conclude memorandum of agreement (MoA) with PPECB (so far, only Western Cape and Limpopo had concluded the MoA); and CASP support for 2019/20 would depend on the approval of business plans.

5.4.5. Tourism B-BBEE portal and awareness campaign

A feedback on the Tourism B-BBEE portal and awareness campaign was provided by a representative of the National Department of Tourism (NDT). The NDT had managed to meet few commodity associations including Milk SA and would continue creating awareness in the provinces.

5.4.6. Land Bank was also approached and has shown their interest in funding farmers if MilkSA were also involved in such projects.

5.4.7 Meetings were held with two processors regarding possible BEE partnerships through Department of Rural Development and Land Reform.

No Non-achievements / underperformance has been reported

Objective 6 - To visit provinces to update data on black dairy enterprises

Achievements

MilkSA is required by NAMC to report on the status of transformation in the dairy industry. Since not all black dairy enterprises are beneficiaries of the commercialization project, MilkSA depends on the provincial departments of agriculture to be kept abreast of transformation progress.

During the year under review letters were sent to all provincial HODs of Agriculture requesting information on the nature and structure of black dairy enterprises. Some provinces had responded with such requested information while others did not.

The matter was further brought to the attention of Marketing Forum and discussed during the meetings held in July and November 2018. Follow-up letters were sent to the provinces but the response was very poor. As a result of such discursion with provincial representatives, MilkSA was approached by some provinces who in turn were given dairy enterprise profile form to be filled in by respective enterprise owners. Some beneficiary also contacted us on their own and we sent them profile forms for completion.

One processor in the Northern Cape Province was emailed the profile form but did not like to complete the questionnaire and we stopped following-up with him. Two meetings were held each with KZN Economic Development and Western Cape department of Agriculture.

Discussions were about support for a project at Estcourt in KZN and a visit to Western Cape black dairy entrepreneurs in January 2019 respectively.

Godfrey Rathogwa
Transformation Manager

No Non-achievements / underperformance has been reported

Income and expenditure statement

Income and expenditure statement	ENTERISE DEV BUDGET TRUE.pdf
Unnecessary spending during period	No

Popular Report

[Popular report - PRJ-0205 - Quarter 4 2018 .pdf](#)

Popular report and Additional documentation

No file has been uploaded

Statement

Levy funds were applied only for the purposes stated in the contract	Yes
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Levy funds were applied in an appropriate and accountable manner	Yes
Sufficient management and internal control systems were in place to adequately control the project and accurately account for the project expenditure	Yes
The information provided in the report is correct	Yes