



Enterprise Development
(PRJ-0219-2019)
Godfrey Rathogwa

Quarter 3 2019/2019 (July 2019 till September 2019)

Project goals

Objective 1 - Continue monitoring existing black dairy commercialization enterprises

Achievements

Introduction

Sustainable Commercialization Project came into being as a result of 2006-2009 MilkSA statutory levy surplus funds. Its goal is to promote competitiveness, profitability and sustainability of existing small black owned dairy enterprises by contributing to the reduction of commercial venture impediments. In order to augment the statutory levy surplus funds, MilkSA Transformation Manager successfully applied for grant funding from the Jobs Fund programme and secured R10.35M. The main goal of the project is to assist struggling existing black owned dairy enterprises to be competitive and sustainable. Below follows a report on the objectives set for 2019 at the beginning of the year.

OBJECTIVE 1 - MONITORING EXISTING BLACK DAIRY COMMERCIALIZATION ENTERPRISES

During the period under review monitoring focussed on milk production, fodder flow, animal feeding, and business activities record keeping. There were 660 cows in milk according to incomplete information received from enterprises and 708 261 kgs of milk were delivered to buyers of raw milk. **705** cows were in milk and farmers supplied **761 283 kilogrammes** of milk to processors / or consumers. The total number of cows in milk decreased by **5.4%** while milk volume also went up by **0.8%** during the period under review compared with January to March 2019. Number of cows in milk per farmer for the period ranged from 14 to 101 while milk production per cow per day ranged from 4.4 to 19.4 litres per day.

Jobs Fund were met regarding the transfer of outstanding money to be transferred to the Milk SA Jobs Fund joint account for the establishment of permanent pasture. Although it was planned to have boreholes sunk before rainy season, the money had not yet been transferred and we were advised to wait till the first week of November 2019. Money would have been used to finance establishment of permanent rye grass under irrigation on farms of those who would contribute 50% of the cost of establishment. Most of the farmers are nonetheless ready to make their 50% contribution.

Centre for Competition, Regulation and Economic Development of the University of Johannesburg organized stakeholder meeting which was attended with some of the project beneficiaries. What was encouraging was the positive feedback to the meeting from two beneficiaries about the good work of Milk SA in supporting smallholder dairy enterprises development.

No Non-achievements / underperformance has been reported

Objective 2 - Deliver cows / pregnant heifers among new and existing black dairy enterprises depending on compliance with Milk SA criteria and beneficiary counter performance

Achievements

An order for 62 pregnant heifers was placed for delivery during the October 2019 to be shared among three beneficiaries and it has been learnt that pregnant heifers had been delivered as reported by recipients.

No Non-achievements / underperformance has been reported

Objective 3 - Supply critical dairy productive infrastructure

Achievements

The sinking of water boreholes, construction of water reservoirs and laying of irrigation system did not take place pending advice from Jobs Fund. However, an order for pasteurizer was placed for delivery during the 4th quarter of 2019. As reported in the previous quarter, we have planned to establish about 120 hectares of irrigated permanent pasture on some farms of existing beneficiaries on a 50:50% cost sharing basis between Milk SA and existing beneficiaries using Milk SA Jobs Fund funds.

Non-achievements / underperformance

Sinking of water boreholes, construction of water reservoirs and laying of irrigation pipes could not be done as planned.

Reasons for non-achievements / underperformance

Underperformance was due to the delay by the Jobs Fund to transfer outstanding money for the project.

Planned remedies for non-achievements / underperformance

Milk SA will start to implement the project using its own limited resources and the target of 120 hectares of permanent pastures will be reduced. However if we get a positive answer from the Jobs Fund, work will commence as originally planned.

Objective 4 - Capacitate new black dairy entrepreneurs and their workers in dairy enterprise business competencies

Achievements

A workshop was conducted during the period under review and covered the following aspects:

Breeding,
Calf rearing
Feeding.

Fodder production

Record keeping,
The workshop was attended by the four new beneficiaries.

No Non-achievements / underperformance has been reported

Objective 5 - Assist existing black dairy enterprises in business plan development

Achievements

A workshop was conducted during the period under review and covered the following aspects:

Breeding,
Calf rearing
Feeding.
Fodder production
Record keeping,

The workshop took place after visiting some farms to assess and compare the farm situation with the previous year's situation. Farmers were advised on various aspects to implement and improve their situation.

No Non-achievements / underperformance has been reported

Objective 6 - Coordinate and liaise with relevant stakeholders

Achievements

During the period under review engagements were made with each of the following:-
Department of Agriculture, Forestry and Fisheries were met regarding AgriBEE for some an opportunity to buy a stake an existing commercial enterprise. The enquirer was connected with the relevant personnel at DAFF.

The Department of Trade and Industry was engaged regarding agro-processing support for small, medium and micro enterprises without reliable milk buyers.

The National Agricultural Marketing Council was met regarding Ministerial funds and the business plan for 2020,

A further meeting was held with Land Bank representative in connection with a current Project beneficiary having challenges to meet his loan repayment in order to come up with a workable solution to the challenge.

ARC was met to discuss potential beneficiary they have identified in Gauteng and were given enterprise profile forms.

Centre for Competition, Regulation and Economic Development (CCRED) of the University of Johannesburg organized stakeholder meeting which was attended with some of the project beneficiaries. What was encouraging was the positive feedback to the meeting from two beneficiaries about the good work of Milk SA in supporting smallholder dairy enterprises development

Gauteng Growth and Development Agency was met during the period under review to support small raw milk processors. Contact for the person at Gauteng Agriculture were provided for giving those who wanted to process own raw milk.

Agricultural Development Agency (ADA) of KZN was visited during the period under review to discuss support of one beneficiary who wanted to expand dairy. The challenge of the enterprise was found to be lack of focus because they wanted to deal with beef, sheep and dairy without any clarity of the main enterprise. ADA would send the business plan to MilkSA for a review and advice.

A meeting organized by the Department of Rural Development and Land Reform (DRDLR) was attended IN Umthatha during the period under review. The meeting was discussing a potential raw milk processing plant and supply of raw milk. Stakeholders at the meeting requested what

informed the thought to start the business but there was no any report. Milk SA was requested to secure a report of the study done by the University of Pretoria. It was agreed that:

Future meetings should involve Coega

Milk SA should advise on milk volumes needed for a successful raw milk processing plant.

SEDA should be invited to the next meeting regarding their incentives.

No Non-achievements / underperformance has been reported

Objective 7 - Participate in Marketing Forum meetings

Achievements

A task team of the Agricultural Marketing Forum met during July 2019 at Milk SA Office to review Marketing Forum terms of reference. The revised terms of reference still to be adopted by the Marketing Forum are

Role of the Forum

The strategic objective of the Marketing Forum will be to facilitate efficient and effective marketing of produce from black producers. . The specific terms of reference / functions of the Forum are as follows:

Operationalize implementation of the Integrated Marketing Strategy through marketing support program ;

Exchange experiences and share lessons on both best practices and unsuccessful projects in implementing the Integrated Marketing Strategy;

Coordinate and initiate applicable and relevant skills development and capacity building programs for Agricultural Marketing Economists responsible for implementation;

Undertake any activity in relation to agricultural marketing - as delegated by the AEWG;

Serves as a platform for joint planning with provinces on implementation of the Integrated Marketing Strategy;

Serves as a platform for reporting and reviewing progress and bottlenecks regarding implementation of the Integrated Marketing Strategy;

Recommend proposals for funding marketing infrastructure investments;

Enhance access to various incentives by producers for marketing initiatives. This item needs further clarity, especially with regard to the "various incentives"

The Forum will report quarterly and annually to the Agricultural Economics Working Group (AEWG) regarding progress made and challenges experienced during implementation.

The specific functions of the Forum are expanded as follows:

Marketing Infrastructure and Agro-Logistics

Develop and implement solutions for logistical problems experienced by smallholder producers in areas with high agricultural, market driven production potential and [improve efficiency of logistics].

Facilitate the establishment of marketing infrastructure, particularly infrastructure that facilitates storage (including cold-storage), grading, packing and value addition by assisting producers in the development of bankable business cases; and

Marketing Information

Facilitate access to and use of the Marketing Information System;

Facilitate collection and dissemination of agricultural marketing information to assist smallholder producers/ farmers to make informed business decisions; and

Generate relevant regional and/or local agricultural marketing information and disseminate it to producers and other role-players in their locality.

Market Linkages

1. Implement a credible and comprehensive programme of linking smallholder producers to markets by securing markets;

2. Undertake marketing research and market intelligence when necessary.

Skills Development

1. Undertake needs analysis for smallholder producers on marketing skills and develop a database of such producers for utilization by the department and other training institutions that have interest in skills development of smallholder producers; and
2. Roll out the skills development and capacity building program on marketing using accredited learning programs.

Finance

1. Mobilize funds for implementation of the Integrated Marketing Strategy within respective provinces.

No Non-achievements / underperformance has been reported

Objective 8 - Maintain and strengthen relationships with Provincial Departments to enable updating of data on black dairy enterprises

Achievements

No meetings were held during the period under review but relationships with the provinces were maintained through Marketing Forum.

Non-achievements / underperformance

Provinces could not be visited due to a lack of time.

Reasons for non-achievements / underperformance

Provinces could not be visited due to a lack of time.

Planned remedies for non-achievements / underperformance

I plan to visit them during the last quarter of the year and early 2020.

Income and expenditure statement

Income and expenditure statement	ED Comprehensive I& Expenditure. 2019.xlsx
Unnecessary spending during period	No

Popular Report

[July to September Quarterly Report 2019 - Copy.docx](#)

Additional documentation

No file has been uploaded

Statement

Levy funds were applied only for the purposes stated in the contract	Yes
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