



**Enterprise Development**  
(PRJ-0268-2020)  
**Godfrey Rathogwa**

**Quarter 1 2020/2020** (January 2020 till March 2020)

## Project goals

### **Goal 1 - Monitor 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.. Below follows a report on the objectives set for 2019 at the beginning of the year.

During the period under review monitoring focussed on milk production, fodder flow, animal feeding, and business activities record keeping. There were 843 cows in milk according to information received from enterprises and 1 024 940 kilograms of milk were delivered to buyers of raw milk. The total number of cows in milk decreased by **14%** while milk volume also went by **14%** during the period under review compared with October to December 2019. The average number of cows in milk per farmer for the first quarter of 2020 ranged from 15 to 87 while milk production per cow per day ranged from 5 to 23 litres per day.

Four of five farmers who were assisted to get pregnant heifers quotations to purchase heifers with money from National Treasury under CASP received delivery of 62 heifers in total. Unfortunately the fifth farmer decided to buy beef cows instead of dairy heifers while the fifth farmer changed the supplier of pregnant heifers at the last minute. Delivery of heifers funded by money under comprehensive agricultural support programme (CASP) is the responsibility of the farmer and provincial department of agriculture. Both the farmer and provincial officer should co-sign for the release of funds.

A total of 130 tonnes of grade A lucerne were delivered during the period under review. Lucerne was delivered to farmers on a 25:75% cost sharing basis between the beneficiary and MilkSA to help farmers cope with fodder flow challenges caused by 2018/2019 drought. The decision was taken to support farmers with fodder as 2018/19 drought negatively affected fodder flow in general. Orders placed by beneficiaries ranged from 5 to 100 tonnes per beneficiary. Furthermore, orders for winter delivery have been made on 50:50% cost sharing between the farmer and Milk SA. Furthermore, orders for winter delivery have been made on 50:50% cost sharing between the farmer and Milk SA.

An independent project performance assessor appointed by the Jobs Fund was accompanied to Harrismith to interview farmers regarding challenges encountered and successes made by the project. The draft report was attended to by Internal Management Committee Work Group and inputs given to the assessor. The report will be released as soon as finalised.

## ***No Non-achievements / underperformance has been reported***

### **Goal 2 - Deliver pregnant heifers to new and existing black dairy enterprises depending on compliance with Milk SA criteria and beneficiary counter performance**

#### ***Achievements***

Sixty two (62) pregnant heifers were delivered and shared among three beneficiaries during the period under review. Two of the farmers each received twenty (20), the third farmer received twelve (12) and the fourth farmer received ten (10) pregnant heifers funded by CASP money.

## ***No Non-achievements / underperformance has been reported***

### **Goal 3 - Deliver feeds - lucerne and dairy meal concentrates**

#### ***Achievements***

During the period under review 130 tonnes of lucerne were delivered and another order for 540 tonnes of lucerne was made for delivery during April-May months to cater for winter. The supply of 130 tonnes of lucerne was based 25:75% cost sharing while the new order for 543 tonnes was based on 50:50% cost sharing between the farmer and Milk SA.

## ***No Non-achievements / underperformance has been reported***

### **Goal 4 - Supply critical enterprise infrastructure - Irrigated permanent pasture, upgrade milking equipment, ground dams development**

#### ***Achievements***

A 1 000 litre pasteurizer was delivered during the period under review although the pasteurizer was not yet fully functional. The supplier indicated that he was being hampered to finalize the job due to the Coronavirus national lockdown. The delivery of the pasteurizer was a great relief because the entrepreneur was about to lose contracts with old age homes and schools.

#### ***Non-achievements / underperformance***

Establishment of irrigated permanent pasture, upgrading milking equipment and ground dams development could not happen during the period under review.

#### ***Reasons for non-achievements / underperformance***

Existing farmers could not get quotations for equipment and services as they were still busy with dry beans, silage cutting and winter pasture planting in addition to the Coronavirus lockdown challenge.

On the other hand some newly identified beneficiaries could not provide all outstanding information as requested.

***Planned remedies for non-achievements / underperformance***

Farmers have been advised to get quotations for whatever they need Milk SA to support them and soon as everything is in place work will proceed.

**Goal 5 - Specialized dairy processing assistance by secondary dairy industry experts to black dairy enterprises which are included in the existing "commercialization" project of Milk SA**

***Achievements***

During the period under review two enterprises were visited. One of the project was in Mpumalanga while another was visited in Free State. The third one was cancelled once again due to the Coronavirus national lockdown. Nonetheless, the entrepreneur at the enterprise that could not be visited was sent a questionnaire by the dairy expert so that light could be shed about the enterprise situation.

***Non-achievements / underperformance***

One enterprise which was meant to be visited in March 2020 was not visited due to Coronavirus lockdown. The enterprise will be visited as soon as circumstances allow.

***Reasons for non-achievements / underperformance***

Travelling was restricted by the imposition of Corona-virus lockdown.

***Planned remedies for non-achievements / underperformance***

The enterprise will be visited as soon as circumstances allow in terms of relaxation lockdown restrictions.

**Goal 6 - Dairy business competency development and enterprise performance monitoring**

***Achievements***

A workshop which was attended by seventeen Project participants was conducted during the period under review and covered the following aspects:  
Breeding,  
Calf and heifer rearing

Feeding dairy cows  
Dairy cow nutrition.  
Fodder flow planning and production taking possible drought into account  
Long term dairy enterprise planning  
Record keeping,

The workshop took place after visiting some farms to assess conditions to ensure that workshop teaching was based on practical experience. It was also agreed that before future workshops take place, entrepreneurs would have been tested to gauge their level of understanding the previous learning.

## ***No Non-achievements / underperformance has been reported***

### **Goal 7 - Assist existing beneficiaries regarding long term business plans for submitting to DAFF for blended funding and enterprise management**

#### ***Achievements***

The department of Agriculture, Forestry and Fisheries has invited farmers to submit business plans which would be funded partially by a loan from the Land Bank and partially by grant from DAFF depending on the approval of a loan portion. During the period under review sixteen business plans were developed on behalf of Project beneficiaries for handing over to them for submitting to their respective Land Bank branches. A meeting which was organized for the 01 April 2020 was unfortunately postponed due to Coronavirus national lockdown but the matter is currently being discussed with Land Bank official.

#### ***Non-achievements / underperformance***

Final business plans could not be handed to individual farmers.

#### ***Reasons for non-achievements / underperformance***

The final workshop with farmers was cancelled due to Corona virus lockdown.

#### ***Planned remedies for non-achievements / underperformance***

The matter is being discussed with an official from the Land Bank headquarters to chart the way forward.

### **Goal 8 - Coordinate, liaise with relevant stakeholders and participate in Marketing and Agro-processing Forums**

#### ***Achievements***

During the period under review engagements were made with each of the following institutions:- An official from the Department of Agriculture, Forestry and Fisheries was accompanied to Harrismith to engage farmers regarding CASP money which was meant to be spent by March 2020. DAFF wanted to establish the reasons why the use of such funds was slow when needy farmers wanted assistance.

The National Agricultural Marketing Council was met during the period under review regarding Ministerial funds and the business plan for 2020. They had expressed a desire to visit some project beneficiaries but this has since been put on hold due to national lockdown caused by COVID-19.

Land Bank had indicated that they would not be able to assist one of our project beneficiaries as indicated initially because he was blacklisted when he failed to meet his debt repayment obligation. The beneficiary indicated he lost income because many of the cows funded by a loan

from the Land Bank died and they were not insured.

An official from ARC was met to discuss two potential beneficiaries identified each in Gauteng and North West provinces respectively. Projects site visits were also made to those farms and it was discovered at one of the projects that new owners were not committed to the business and the manager who was trying to assist to ensure enterprise success was not respected by owners who were working full time on the farm.

A visit was made to Cedarville in KZN to meet the Department of Rural Development and Land Reform (DRDLR) official regarding a farm which one of our beneficiaries would like to use. The beneficiaries were requested to make quotations of what needed to be done for submitting to Milk SA for consideration. The process has been put on hold temporarily because of COVID-19 lockdown.

A representative of the Limpopo Department of Agriculture was met to discuss a potential dairy project around Thohoyandou. Unfortunately there is no dairy yet but the potential entrepreneur would like to partner with Madzivhandila Agricultural College and MilkSA.

Future Farmers were visited in KZN during the period under review to take Milk SA to a potential project for consideration. A formal request is still being awaited. In addition, they have also indicated that they would send Milk SA a request for supporting them with funding for prizes under their mentorship programme.

## ***No Non-achievements / underperformance has been reported***

### **Goal 9 - Maintain and strengthen relationships with Provincial Departments to enhance synergy and enable updating of data on black dairy enterprises**

#### ***Achievements***

During the period under review only one visit was made to Limpopo in response to the request of Mulenzhe Development Trust's request for advice regarding dairy development.

#### ***Non-achievements / underperformance***

Not all provinces could be visited during one quarter as the work has been scheduled throughout the whole year.

#### ***Reasons for non-achievements / underperformance***

Visits to provinces have been scheduled throughout the whole year.

#### ***Planned remedies for non-achievements / underperformance***

Visits to the provinces will be undertaken when time allows during the remainder of the year. Furthermore, matters are discussed during Marketing Forum meetings.

## **Income and expenditure statement**

Income and expenditure statement	<a href="#">Enterprise Development Budget 2020.docx</a>
Unnecessary spending during period	No

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## 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