



Enterprise Development
(PRJ-0268-2020)
Godfrey Rathogwa

Quarter 2 2020/2020 (April 2020 till June 2020)

Project goals

Goal 1 - Monitor existing Black dairy commercialization enterprises.

Achievements

ENTERPRISE DEVELOPMENT PROJECT: Q2 2020 (APRIL- JUNE 2020) POPULAR QUARTERLY REPORT

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 **Q2 2020** report on the objectives set for 2020 at the beginning of the year.

During the period under review monitoring focused on milk production, fodder flow, animal feeding, and business activities record keeping of sixteen project participants operating in the Eastern Cape, Free State, Gauteng and North West Provinces. There were 900 cows in milk according to incomplete information received from enterprises and about 826 510 kilogrammes of milk were delivered to buyers of raw milk

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

Two orders, each for 40 and 20 pregnant heifers respectively were placed for delivery during June/ July 2020 for two beneficiaries who would pay their own contribution of 40% of the total cost of pregnant heifers before Milk SA could pay the balance of 60% to the total cost. All animals were expected to start calving by September/ October 2020.

The livestock broker was also requested to go and assess pregnant heifers on three farms from where famers wanted to buy the animals. One of the approved potential beneficiaries wanted MilkSA to buy the dairy herd for him as the new owner of the farm without dairy herd. We could not do so pending final dairy herd renting agreement

No Non-achievements / underperformance has been reported

Goal 3 - Deliver feeds - lucerne and dairy meal concentrates

Achievements

A total of 175 tonnes of grade 'A' lucerne were delivered during the period under review. Lucerne was delivered to farmers on a 50:50% cost sharing basis between the beneficiary and Milk SA. The basis of cost sharing changed from 25:75% because of the improvement of fodder flow situation compared to 2019 although in some areas farmers could not plant maize for silage. There has been a delay in the delivery of orders due to Covid-19 lockdown and scarcity of lucerne from the renowned suppliers but delivery is expected to be finalized during July 2020.

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 to one of the beneficiaries during the Q1 of 2020 which was not operational during the previous reporting period due to a missing part which could be bought due to Coronavirus lockdown, has been fixed and is now functional.

The sinking of water boreholes, construction of water reservoirs, blocking rain water on ground and laying of irrigation system has not yet started due to the delay in farmers getting quotations from service providers and suppliers capital assets. Nonetheless, quotations are currently being received and it is hoped that work will start soon in August 2020.

The estimated cost is about **R5M** base on the received quotations although some quotations are still outstanding.

Non-achievements / underperformance

No pasteur establishment
No laying of irrigation systems
No water system development
No blocking of rain water

Reasons for non-achievements / underperformance

Farmers could not get quotations in time due to COVID 19.

Planned remedies for non-achievements / underperformance

It is expected that implementation will start during the late part of Quarter 3 and finalized before the end of the year.

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

No visits to black owned processing enterprises during the period under review because the identified enterprises could not respond to communications from

Non-achievements / underperformance

No visits were taken to identified blacked owned dairy enterprises.

dairy processing technical expert and Milk SA.

Reasons for non-achievements / underperformance

The COVID 19 pandemic had already been in play and the identified black owned dairy enterprises did not respond to our correspondences.

Planned remedies for non-achievements / underperformance

We have planned to engage the enterprises one on one to discuss the matter.

Goal 6 - Dairy business competency development and enterprise performance monitoring

Achievements

There were no workshops held during this reporting period.

Non-achievements / underperformance

There was no workshops held during this reporting period.

Reasons for non-achievements / underperformance

The COVID 19 pandemic had hit South Africa and pending finalization of new beneficiaries.

Planned remedies for non-achievements / underperformance

As soon as COVID 19 regulations permit and pending additional beneficiaries are finalised.

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

Achievements

A two day workshop was conducted during the period under review to discuss individual entrepreneur business plans in terms of business needs and financing strategy.

All farmers but one were ready to contribute 50% of the financial needs which was planned to be finalized by DAFF but it has been learnt that Blended Funding is not operational yet. During the workshop farmers expressed the following needs:-

Sinking borehole or blocking rain water to improve water situation

Laying irrigation system
Permanent pasture establishment
Upgrading of a milking parlour in terms of milking points and bathrooms
Tractors with equipment
Feed mixer
Hammer mill
Solar power
Extra farms

Cost of the needs ranges from about 150 000 to R6.6M per enterprise. Milk SA will nonetheless not spend its money where the cost will disadvantage other potential beneficiaries.

No Non-achievements / underperformance has been reported

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 / or persons:-

8.1 Agricultural Research Council (ARC) - During the period under review a meeting was held at ARC-Irene regarding milk recording scheme reports of some of our project beneficiaries. In terms of Milk SA projects reporting, milk composition is part of the report. Unfortunately some of the project beneficiaries who are selling their milk to less established buyers do not provide milk composition information when they provide volumes of milk sold per a specific period. The engagement with ARC wanted to establish if bulk tank samples could also be taken instead of individual cow reports.

Three potential projects; two in Gauteng and one in Free State were also engaged with an ARC representative to establish if they would qualify for Milk SA support. Enterprise profiling forms were given to the enterprises and further information is being awaited for consideration by the Work Group and recommendation to the Internal Management Committee.

8.2 Department of Agriculture, Land Reform and Rural Development (DALRRD) - engagement was maintained between the Department of Agriculture, Land Reform and Rural Development regarding Comprehensive Agricultural Support Programme (CASP) funding and Covid-19 support for agribusiness projects.

8.3 National Agricultural Marketing Council (NAMC) The planned projects site visit could not take place as planned because one of the people from the NAMC who were unable to visit the projects due to the loss of his mother.

8.4 Marketing and Agro-processing Forum. The strategic objective of the Marketing Forum is to facilitate efficient and effective marketing of produce from mainly emerging black producers. During the period under reviews scheduled meeting could not take place due to **Covid-19** lockdown

8.5 Free State Department of Agriculture: Discussion took place with Free State about one current beneficiary that they would like to assist although the nature of support was not discussed with MilkSA nor the identified beneficiary.

8.6 Private Enterprise Development Company: Meetings were held with a private company that was interested in the processing of raw milk from black-owned dairy enterprises.

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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

There were no meetings were held during the period under review but relationships will be maintained through telephone and email where necessary until lockdown is relaxed.

Non-achievements / underperformance

No meetings were held.

Reasons for non-achievements / underperformance

The COVID 19 pandemic is still under play and it is still lockdown.

Planned remedies for non-achievements / underperformance

Meetings will be held once lockdown regulations permit.

Income and expenditure statement

Income and expenditure statement	ED ITEMISED BUDGET 2020.pdf
Unnecessary spending during period	No

Popular Report

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