



ENTERPRISE DEVELOPMENT

(PRJ-0304-2021)

MG Rathogwa

Quarter 2 2021/2021 (April 2021 till June 2021)

Project goals

Goal 1 - Monitor existing Milk SA approved smallholder Black dairy commercialization enterprises

Achievements

Sustainable Commercialization Project came into being as a result of 2006-2009 Milk SA statutory levy surplus funds. Its Objective 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, Milk SA Transformation Manager successfully applied for grant funding from the Jobs Fund programme and secured R10.35M. Below follows Q2 2021 report on the objectives set for 2021. During the period under review monitoring focused on milk production, fodder flow, animal feeding, and business activities record keeping of Eighteen project participants operating in the Eastern Cape, Free State, Gauteng, KZN and North West Provinces. There were 760 cows in milk which was lower by 15% compared to 2021 quarter 1 (892 cows) and the milk volume declined by 39% from 861 217 kilogrammes in quarter 1 to 523 852 kilogrammes of milk delivered to buyers of raw milk during period under review. A contracted private veterinarian has visited three farms to check pregnancies status, dairy herd health and body condition score. Farmers were also advised on corrective measures based on the findings of the veterinarian.

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. This expenditure includes veterinary services

Achievements

An order for 20 pregnant heifers was delivered to one of new project beneficiaries. Another order for 20 Ayrshire pregnant heifers still could not be honoured due to unavailability of stock. Money which was paid for the order was transferred to pay for other 20 hybrid heifers for a new beneficiary as mentioned above. An order for the three existing beneficiaries on 40:60% cost sharing between the entrepreneur and Milk SA could also not be honoured due unavailability of stock.

Non-achievements / underperformance

Pregnant heifers could not be supplied to some old beneficiaries and one new one, due to the unavailability of pregnant heifers.

Reasons for non-achievements / underperformance

There were no pregnant heifers on the market.

Planned remedies for non-achievements / underperformance

The livestock agent is looking out for animals which will be delivered as soon as they are available.

Goal 3 - Fodder flow improvement on farms- including fodder at the time of pregnant heifer delivery to maintain conditions of pregnant heifers

Achievements

Adequate fodder flow is very important for a dairy cow to be productive provided other critical inputs are adequate. Milk SA project participants are advised regularly to ensure that they have sufficient fodder flow of good quality. This is achieved through planting of maize for silage, winter pasture planting and purchases of extra fodder and dairy meal concentrates depending on feed situation. In order to minimize shortage of fodder, the plan is to assist farmers to establish permanent pasture on a cost sharing basis. During the period under review, neither pasture on cost sharing basis was planted nor fodder/ dairy meal concentrate purchased. Fodder to support newly delivered pregnant heifers to a new beneficiary will be delivered as a grant during the third quarter. As reported during quarter one, the majority of the entrepreneurs are waiting for the blended funding to be able to contribute their share of permanent pasture establishment cost. We insist on cost sharing to promote entrepreneurial mindset to protect Milk SA scarce resources against misuse without accountability.

Non-achievements / underperformance

No pasture could be planted during the period under review pending farmers contribution to the cost of establishing pasture.

Reasons for non-achievements / underperformance

Farmers could not contribute their share to the cost of establishing permanent pasture as agreed.

Planned remedies for non-achievements / underperformance

Farmers business plans for expansion are being furnished for submission to their respective banks and also to engage people responsible for blended funding at DALRRD. It is hoped that planting would start buy fourth quarter 2021.

Goal 4 - Supply critical enterprise on-farm infrastructure including affordable processing equipment

Achievements

As reported during the previous quarter, there was no supply of critical enterprise infrastructure for the period under review. A request for the electricity cable, upgrade of the milk tank from 850 litres to 2 300 litres and a 1 000 litre delivery tank are still outstanding. Currently Milk SA is waiting for the proof of processing certificate from local health authorities.

No Non-achievements / underperformance has been reported

Goal 5 - Capacitate new and existing black dairy entrepreneurs and their workers in critical dairy enterprise / business competencies, including dairy processing; MilkSA resources and external professionals. All costs included

Achievements

Two workshops were held during the period under review at Harrismith and Senekal respectively. The workshop at Harrismith was attended by twelve (12) participants while Senekal was attended by nine (9) participants. The workshops were conducted in partnership with a dairy industry expert who also consults with commercial farmers. The following aspects were covered during the workshops:

Dairy herd health management and preventing Mastitis in the herd;
Planting of lucerne in mixed pastures as grazing for dairy cows;
Feed requirement with respect to dairy herd size;
Record keeping; and
Business continuity and succession planning.

No Non-achievements / underperformance has been reported

Goal 6 - Coordinate and liaise with Government at all levels - Agri BEE Council meetings, Marketing Forum and provincial officers and all private stakeholders

Achievements

Co-ordination of transformation activities with other relevant stakeholders is of critical importance to ensure that maximum synergy is achieved, resources are used optimally and our project beneficiaries/ participants are not confused. Nonetheless, effective coordination is dependent on a common vision among stakeholders. During the period under review, engagements were made with the institutions / persons indicated below.

A meeting with Agricultural Research Council, Nestle and Milk SA was convened electronically. The ARC was introducing its research project regarding reproductive technology such as artificial insemination (AI) and how black dairy entrepreneurs can be capacitated and empowered on artificial insemination to improve their calving rate, which will then improve their milk volume. Milk SA has requested more information regarding the cost of participation but we have not yet received information.

A meeting between the National Agricultural Marketing Council (NAMC) and Milk SA was convened dealing with various issues relating to transformation including the dairy industry transformation handbook and the NAMC Smallholder Market Access Tracker (SMAT) initiatives which aimed at tracking the level of market access and challenges facing smallholder agriculture in the market environment.

The National Agricultural Marketing Council (NAMC), FANRPAN and CARE International webinar on the biannual review and results of the study by CARE International on climate change and nutrition was

Non-achievements / underperformance

There were no provincial visits to engage officers responsible for dairy development.

Reasons for non-achievements / underperformance

Visits to provinces to engage people responsible for dairy could not be done because of Covid-19 and most officers are working from home.

Planned remedies for non-achievements / underperformance

Letters have been sent to the HODs to collect data on black owned dairy enterprises but the response is very poor. Actual visits will be made when Covid-19 lockdowns are lifted.

attended.

A meeting between the NAMC, Department of Agriculture, Land Reform and Rural development (DALRRD) and Milk SA was attended to discuss the Comprehensive Africa Agriculture Development Programme (CAADP) biannual review reports relating to the achievement of Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods Objectives. Milk SA was requested to participate in the biannual report in order to provide some industry information. Unfortunately, some information requested from Milk SA cannot provide it since it is located in the Provinces which are under the management of provincial agriculture. Milk SA will be able to provide information regarding its transformation programme participants and information related to statutory levy.

An engagement was done with a milk buyer regarding a new beneficiary who is situated in the KZN. Milk SA and the milk buyer engaged the new beneficiary regarding enterprise performance and challenges. It was agreed that from the third quarter of 2021, Milk SA and the milk buyer would form an advisory board to which the new beneficiary will report to every two months on achievements and challenges facing the enterprise.

An engagement was done with the livestock agent regarding challenges which were being encountered to supply pregnant heifers. It was learnt that the high price of beef was influencing farmers to sell their old cows to abattoirs and use heifers to replace culls.

An engagement with a milk buyer in KZN regarding a newly formed cooperative was done. The challenge is that the new cooperative has not yet started to operate and Milk SA does not get involved where there is no dairy operation. A follow-up meeting is planned with the milk buyer and the coop representatives.

Other two engagements were made with aspirant dairy entrepreneurs at Mokopane/ Potgietersrus and Tarlton respectively. At Tarlton the goat dairy enterprise was being run by a church. Milk SA's method of operation was explained and Milk SA's dairy enterprise profile questionnaire was left with them but it has not yet been returned. The aspirant dairy entrepreneur at Mokopane was also explained about how Milk SA works to support smallholder dairy development.

Visits to provinces to engage people responsible for dairy could not be done because of Covid-19. Nonetheless a questionnaire was sent to the HODs to collect data on black owned dairy enterprises but the response is very poor.

Income and expenditure statement

Income and expenditure statement	ED BUDGET 2021.pdf
Unnecessary spending during period	No

Popular Report

[Q2 Popolar report 20 July 2021.pdf](#)

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