



Enterprise Development
(PRJ-0356-2023)
Godfrey Rathogwa

Quarter 3 2023/2023 (July 2023 till September 2023)

Project goals

Goal 1 - Monitor existing Milk SA approved small holder 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 Q3 2023 report on the objectives set for 2023.

During the period under review monitoring focused on milk production, fodder flow, animal feeding, and business activities record keeping of twenty-one project beneficiaries operating in the Eastern Cape, Free State, Gauteng, KZN, and North West Provinces. There were 666 cows in milk, a decline of 5% from the previous quarter (Q2 2023 :703 cows). Volumes of milk delivered to raw milk buyers declined by 2% from 552 074 kilogrammes in quarter 1 of 2023 to 540 383 kilogrammes during the period under review. Compared to 2022 Q3, cows in milk dropped by 9% from 732 to 666. As a result of reduction of cows in milk, volume of milk also declined by 20% from 677 558 kilogrammes during Q3 of 2022 to 540 383 kilogrammes during Q3 of 2023.

The critical challenges that faced beneficiaries during the period under review were as follows: -

- a. Fodder flow was poor among the majority of farmers, resulting in low average milk production per cow per day and poor milk quality. Three farmers experienced unstable milk protein levels, and the buyer could not collect some of their milk;
- b. Stock theft was still a challenge as four farmers have lost some of their cows due to theft during the period under review.

- c. Load shedding affected milking schedules and milk quality of farmers without backup power;
- d. Public veterinary and extension services were also still non-existent.

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

There were no pregnant heifers delivered during the period under review. Farmers have been informed that pregnant heifers will not be supported until sufficient fodder flow is demonstrated and that they have ascertained their capability to contribute their portion of the cost of acquiring such extra animals.

No Non-achievements / underperformance has been reported

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 critical for a dairy cow to be productive provided other critical inputs are adequate. Milk SA project beneficiaries 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 the fodder situation. In order to minimize shortage of fodder on farms, the plan is to assist farmers to establish permanent pasture on a cost sharing basis. Over the period under review, no permanent pastures were established on a cost-sharing basis, but 40 tonnes of lucerne were delivered and shared equally among two beneficiaries. Five tonnes of dairy meal concentrate were delivered to one beneficiary on a cost-sharing basis between Milk SA and beneficiary.

Non-achievements / underperformance

There was no permanent pastures established on farms

Reasons for non-achievements / underperformance

The reason is because most farmers did not have funds to contribute to the establishment of permanent pasture, also the land was too dry.

Planned remedies for non-achievements / underperformance

We are in the process of assisting farmers to acquire Agri-BEE Fund in order to be able to contribute their portion to the establishment of permanent pasture.

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

Achievements

There was no supply of critical enterprise on-farm infrastructure including affordable processing equipment during the period under review.

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 - Milk SA resources and external professionals

Achievements

During the period under review, no formal workshops with external professionals were conducted. There were, however, meetings with individual farmers at Harrismith, Senekal, and Welkom. The Harrismith meeting was attended by farmers from Harrismith, Dundee, and Swartberg. The Senekal meeting was attended by farmers from Dewetsdorp, Tweespruit, and Wepener, and the Welkom meeting was held at the farm of a Welkom farmer. Meetings discussed farmers' business priorities for submission to the Land Bank for Agri-BEE fund and blended funding. During these meetings, farmers were also given advice for improving their dairy business based on their farm situation.

No Non-achievements / underperformance has been reported

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

Achievements

During the period under review, engagements were made with the institutions/persons indicated below.

1. Agricultural Research Council (ARC)

During the period under review, both the Milk SA Transformation Manager and Officer attended the Agricultural Research Council (ARC) webinar on "Agriculture in a changing environment". The webinar concluded that farmers should adopt soil fertility management practices, adopt soil moisture monitoring tools, and select drought-tolerant seed crops. A discussion was also held about using agricultural waste for bioenergy production to minimize pollution and reduce waste.

Milk SA also engaged the ARC to discuss how ARC could contribute to Milk SA's dairy industry transformation programme through a partnership. Discussions are still underway between Milk SA and the ARC to finalize the

2. Capital Unlocked

Capital Unlocked CEO was met during the period under review to discuss the finalization of the contract between Milk SA and First Rand Empowerment Fund. It was learnt that the Manger responsible had to take a long leave due to family responsibilities but undertook to escalate the matter. Eventually we were connected with a newly appointed person to be the link between First Rand Empowerment Fund Bank and Milk SA.

3. Fencorp

A meeting was held between Fencorp and Milk SA regarding the business plan which was needed by Agri-BEE Fund to assess the potential of the project. Fencorp indicated that they would finalize the business plan for submitting to Agri-BEE Fund and provincial department of agriculture before the end October 2023.

4. First Rand

Milk SA took the First Rand Empowerment Fund representatives to Harrismith, Free State, to conduct on site assessment of three black-owned dairy enterprises out of six as part of their due diligence before signing a partnership contract between Milk SA and the First Rand. First Rand is interested in investing in black-owned dairy enterprises under the Milk SA's Sustainable Commercialization Project as part of their corporate social investment/responsibility. The purpose of the site visits was for First Rand representatives to gain an understanding of the black-owned dairy enterprises Milk SA was supporting. First Rand representatives were pleased with Milk SA's approach of promoting entrepreneurial mind-set and demanding counter performance from beneficiaries as explained by the farmers who mentioned that Milk SA said it was not a SASSA agent.

5. Jobs Fund webinar

In the period under review, both the Transformation Manager and Transformation Officer attended a Jobs Fund webinar titled Developing Inclusive Business Models in Agriculture: Lessons from the Establishment of an Agri-hub. The purpose of an Agri-hub is to integrate the commercial and the emerging sectors. The webinar highlighted the significant contributions the Jobs Fund had made to smallholder agriculture through the Agri-hub initiative, which provides inputs, mechanization, market services, and technical assistance to smallholder farmers.

6. National Agricultural Marketing Council (NAMC).

The National Agricultural Marketing Council (NAMC) facilitated a meeting between Amadlelo Agri and Milk SA during the period under review. This meeting was held for Amadlelo Agri to discuss their dairy projects with Milk SA. According to Amadlelo Agri some of the projects their have applied a share milking model. This is where most farmers with cows without land partner with those with land to run a dairy business and share profits together. Amadlelo pointed out that they would have liked those with cows to have access to

land so that they could run their own dairy without splitting profits. Furthermore, they mentioned that they would like to establish new dairies in the near future. According to Amadlelo Agri, Milk SA could play a crucial role in the development of some of these projects. Amadlelo Agri, NAMC and Milk SA agreed to undertake a site visit to Amadlelo Agri projects to assess the situation before exploring possible collaborations. The NAMC will accompany Milk SA to visit projects once dates have been agreed upon among all parties. Milk SA awaits NAMC's site visit schedule and communication.

7. MPO

A meeting between the MPO and Milk SA was held during the review period. During the meeting the MPO Training Institute's Training and Transformation Manager inquired if Milk SA wanted any training services for supporting black-owned dairy projects and it was indicated that Milk SA was already committed to some experts but if a need arose MPO would be approached. At the end of the meeting the MPO Training Institute's Training and Transformation Manager undertook to share their skills development training programme.

8. Solar power:

A private company and USA Embassy were met to discuss possibilities of them assisting our farmers with solar power. Farmers were requested to supply their information on the usage of power and where they were they are located but the response from farmers was is very low

No Non-achievements / underperformance has been reported

Goal 7 - Provision of private veterinary services

Achievements

Milk SA has an agreement with an independent private veterinarian clinic to visit eight beneficiaries at Harrismith every three months to conduct pregnancy tests, assess body condition scores, conduct post-mortems, and monitor general dairy herd health. During the review period, the independent private veterinarian clinic was unable to visit our projects due to workload, and one of their doctors travelled internationally. An additional doctor has been hired at the clinic who will work on Milk SA projects at Harrismith as well. In accordance with Milk SA's agreement, the veterinarian will visit our projects during the fourth quarter.

No Non-achievements / underperformance has been reported

Goal 8 - Assist project beneficiaries to improve accommodation and ablution facilities for their workers

Achievements

During the period under review, worker's accommodation with bedrooms, a kitchen, and ablution facilities was constructed for one beneficiary on a 25%:75% cost-sharing basis between the beneficiary and Milk SA.

No Non-achievements / underperformance has been reported

Income and expenditure statement

Income and expenditure statement	2023 ED Budget with Codes.pdf
Unnecessary spending during period	No

Popular Report

[Q3 Popular Report 2023 Final.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