

Giving Development a Face

[Agricultural sub-sector studies]



Agriculture has the potential to integrate black emerging farmers into the economy, create employment and alleviate poverty.



- ❖ ComMark is funded by the UK's Department for International Development (DFID)
- ❖ These agricultural sub-sector case studies were produced by the National Agricultural Marketing Council (NAMC)

AGRICULTURAL SUB-SECTOR STUDIES >>

what's the problem?

Agriculture has been identified as having the potential to make a significant contribution to economic development through creating employment, alleviating poverty and earning foreign exchange. In 2006, President Thabo Mbeki identified the importance of agriculture in achieving South Africa's economic growth targets. Analysis shows, however, that while the country's gross domestic product (GDP) has grown at a rate of 3.5% over the past five years to 2007, the growth of agriculture as a whole has been negative (at -0.2%). The Department of Agriculture is faced with the challenge of increasing the sector's growth to ensure its contribution to the Accelerated and Shared Growth Initiative – South Africa (Asgisa). In this regard, the Department of Agriculture has also set targets and is looking for ways to increase the participation of emerging black farmers in South Africa's agricultural sector.

why sub-sector studies?

While there are sub-sectors within the agricultural sector which perform well and show growth patterns that promise to meet national objectives, others have not received the same levels of support from government programmes, and for these and other reasons remain uncompetitive.

A series of diagnostic studies was carried out to identify the factors which have constrained these sub-sectors and to assist in unlocking their potential for growth – both in terms of South Africa's broad development goals and international competitiveness.

As NAMC CEO Ramabulana notes: 'Food prices are not going to drop; the only way to intervene in levels of growth and poverty is to grow the production base of the country. This can only be done if there is understanding of how monopolies influence the prices paid to farmers, and how that influences the decisions they make on what to plant. Our diagnostic studies were designed to tackle these sorts of issues.'

'The strategic focus of these sub-sector studies is on opportunities for increasing the rate of pro-poor growth, employment and exports, and recommendations as to what the key policy or strategic interventions might be.'



Mr Ronald Ramabulana,
Chief Executive Officer:
NAMC

travelling potatoes

One of the targets of agricultural growth is the expansion of markets outside of South Africa. With the assistance of the Department of Foreign Affairs, the potato industry has established markets in Cameroon and Nigeria which are experiencing growth.



'Our industry needs those who have the funding to be able to try something new. This is what ComMark has enabled, and it is so valuable.'

Ronald Ramabulana



what did we do?

In response to a request from the Department of Agriculture for advice on how to improve growth within the agricultural sector, NAMC approached ComMark to assist in the development of a series of sub-sector studies. The purpose of these studies was

to provide an overview of the sub-sector and to identify opportunities and potential for growth, employment creation and poverty alleviation.

The following agricultural sub-sectors were targeted:

- * Beef cattle
- * Citrus fruit
- * Deciduous fruit
- * Goats
- * Potatoes
- * Poultry meat
- * Rooibos/Honeybush tea
- * Viticulture
- * Wool



'Studies can cost a fortune. We were able to use the expertise of people in the industry to produce our information at a fraction of the cost.'

Ronald Ramabulana



what did we find?

- ❖ These studies have been used as a tool to advise the Department of Agriculture on policy development and ways to realise growth within the sector.
- ❖ The studies now constitute an information baseline, which can be easily (and cost effectively) updated on an annual basis. This means that resources are not spent reinventing the wheel.
- ❖ The studies provide people with an understanding of where the industry is going and the developments and policy changes which are being suggested.
- ❖ One of the keys to unlocking the potential in many sub-sectors lies in understanding the relationships in the supply chains of agriculture. These studies aim to understand, unlock and reduce the bottlenecks which often exist so that informed decisions about necessary interventions can be made.
- ❖ A body of thinking in agriculture is being developed which is able to question policy and contribute to these sector studies.
- ❖ The studies are available in summary form in local languages through the Nu Farmer African Entrepreneur newspaper. Full versions of the documents are available on the NAMC website.

'The studies are used by people, they provide useful information which informs the decisions that they make.'

Ronald Ramabulana



Stimulating emerging talent

This body of research is being developed to ensure that those involved in the sector know what is happening and what could happen potentially in agriculture. But there is another important spin-off:



With research such as this, there is an incentive for skilled thinkers, researchers and farmers to engage in the economy, and remain in the country. They form a pool of top thinkers able to influence policy and build a body of knowledge.

A wish list for the future:

- ❖ The project needs a broader approach to disseminate the information more widely, for example, through community radio, TV and short message services. Imagine if a farmer could know, before going to an auction or a produce market, what the price of red meat or a head of cabbage is... imagine the difference!
- ❖ Further studies are necessary for extension officers, so that they are continuously informed of new thinking and are kept up to date with the latest research and analyses.



ComMark's collaboration with NAMC

NAMC is a statutory body established in terms of the Agricultural Products Act of 1996 to advise the industry on issues relating to the marketing of agricultural products. In addition to this body of research work on agricultural sub-sector studies, ComMark and NAMC collaborate on several fronts where especially small farmers' access to markets are jeopardised or restricted. For example, since one of the focus areas of the NAMC's Marketing and Economic Research Centre is private standards and the extent to which this limits small farmers' access to higher value supply chains, NAMC, with funding from ComMark's Regional Standards Programme, is piloting a small-grant scheme that will provide emerging farmers with the means to lower the costs associated with private standards certification. ComMark and NAMC's collaboration ultimately envisions the wider dissemination of information on agricultural markets available to South African producers, but also providing practical assistance to producer groups to be able to access those markets effectively.