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Volunteers for Economic Growth Alliance

## **VEGA South Africa Annual Program Statement Small Grants Administration (SAAGA)**

### **Quarterly Performance Report: July 1 – September 30, 2006 Quarter 4, Fiscal Year 2006**

**Leader with Associate Agreement (LWA)  
EEM-A-00-04-00002-00**

**Associated Cooperative Agreement  
674-A-00-05-00067-00**

**Prepared for the United States Agency for International Development  
(USAID)**

*Implementing Organization:*



Submitted: October 25, 2006

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## **I. Quarterly Summary**

The Annual Program Statement (APS) supports USAID/South Africa's program to increase market-driven employment. The program is designed to stimulate employment through the growth of historically disadvantaged agribusinesses and small, medium and micro-enterprises (SMMEs). In support of these objectives, the Volunteers for Economic Growth Alliance (VEGA) South Africa APS Grants Administration Program (SAAGA) signed subagreements with four South African organizations that were competitively selected to support USAID employment creation objectives through their proposed projects.

Program implementation is well underway in the Fourth Quarter of Fiscal Year 2006, with all the sub-grantees expending grant funds in support of their activities.

Volunteer activities have been initiated for the subgrantees through the identification of technical assistance needs by the subgrantees themselves in their programs as well as identification by SAAGA management of local organizations through which to partner and source volunteer experts to provide this technical assistance. Memorandums of Understanding (MOU's) have been signed with two local South African volunteer organizations. Volunteers from both organizations, as well as a US volunteer will begin technical assistance assignments in October 2006. A third MOU with an organization providing numeracy and literacy training on a Cost Share basis is expected to be signed in the first quarter of FY 2007.

The USAID-VEGA Leader with Associates Award has been modified to extend the overall SAAGA program by one year to incorporate implementation of the FY 2007 USAID Annual Program Statement. SAAGA will continue to manage the current subgrantee programs while carrying out a new APS cycle of proposal reviews and awards as well as subgrant administration.

## **II. SAAGA Fourth Quarter Activities**

### Key Meetings

#### ***Meeting with Subgrantee: Mineworkers Development Agency***

VEGA/SAAGA staff attended a meeting with Mineworkers Development Agency (MDA), Marula Natural Products Pty. Ltd (MNP) and Technoserve on July 21, 2006. The purpose of this meeting was to discuss the new partnership between MNP and Technoserve as well as possible MDA budget amendments. The program and budget amendments have been approved, and the use of Volunteer Experts to enhance the overall program was discussed.

***Meeting with Subgrantee: World Education***

Allan Hackner and Tina Dooley-Jones of USAID met with VEGA/SAAGA staff and two representatives from World Education on August 10, 2006. The purpose of the meeting was to discuss program progress and to introduce Tina Dooley-Jones to World Education staff.

***VEGA Visit to South Africa***

The Executive Director of VEGA, Earl Yates visited South Africa from September 16-22, 2006. On September 18, a meeting was held at USAID/Pretoria involving the Office of Economic Growth, Program Office, SAAGA staff and Mr. Yates. Mr. Yates gave an overview of VEGA programs worldwide and described the Leader with Associate award mechanism. On the same day, a meeting was held at the SAAGA office with several VEGA partners which have representation in South Africa—Land O'Lakes, Winrock International and IESC. Possible program synergies between VEGA partners were discussed and information was provided to the attendees on the SAAGA program. On September 20, Mr. Yates and SAAGA staff met with three of the subgrantee organizations for individual presentations on their respective programs (World Education, Mineworkers Development Agency and Marula Natural Products as well as ECIAfrica)

Site Visits

Site visits to three subgrantee organizations took place during the Fourth Quarter.

***World Education:***

VEGA/SAAGA staff members attended a workshop held by World Education, in Rustenburg, Gauteng, South Africa on August 4, 2006. The workshop was held to provide information to various small and micro business entrepreneurs on the signing of joint venture arrangements with larger organizations. The VEGA/SAAGA staff then visited the site of a school in Krugersdorp, Gauteng, South Africa where they met the contractor who had been awarded the tender to construct the school. The contractor had been assisted by World Education in putting together the tender as well as obtaining local financing, once the tender had been awarded.

***Mineworker's Development Agency:***

VEGA/SAAGA staff flew to Nelspruit, South Africa on August 10 – 11, 2006 to conduct a site visit of Mineworkers Development Agency's project with Marula Natural Products based in Bushbuckridge, Limpopo Province, South Africa. Jan Rockliffe-King, the VEGA/SAAGA Monitoring and Evaluations Specialist joined the team on August 10, 2006 and all attended various meetings as laid out in the site visit report. See Attachment A.

***ECIAfrica***

VEGA/SAAGA staff visited Bloemfontein, South Africa where ECIAfrica's SMME horticultural and poultry project is situated from 12-13 September. They attended a Project Steering Committee meeting held at the offices of Lengau Agribusiness Centre—the unit of the University of the Free State with whom ECI Africa are working to

implement their project. VEGA/SAAGA staff visited several of the entrepreneurial farmers who are receiving training assistance through this program. See Attachment B for a summary of the site visit.

### Training

Representatives from two SAAGA subgrantee organizations, World Education and Natural Botanicals who received TraiNet (Training Results and Information Network) training from USAID, have been capturing their training information as required. The two other subgrantees will receive this training during the First Quarter of FY 2007. TraiNet is an electronic, web-based database designed to capture training financed through USAID program activities and is a mandatory requirement for all USAID-funded training. Data is input on a quarterly basis and the database details such items as the subject areas of training, training periods, gender of trainees, number of trainees and cost of training per person.

### Partnerships

The VEGA/SAAGA office is working to leverage the abilities of local South African business volunteer experts in providing technical assistance to the grantees. To this end, the VEGA/SAAGA office has signed Memorandums of Understanding (MOUs) with two organizations to provide the subgrantee organizations with technical assistance from local South African volunteers.

On September 14, VEGA/SAAGA signed an MOU with, Salesbytes, a local for-profit organization for the use of volunteers to assist subgrantees. This organization has a large database of professionals, mainly with expertise in marketing and sales in all industries. The owner, Suzanne Burgess, in conjunction with a US-based sales organization is in the process of setting up a sales academy specifically for training and upgrading the sales skills of historically disadvantaged entrepreneurs. Two volunteers from Salesbytes will begin an assignment to provide marketing and financial training on October 6, 2006 to the beneficiaries of the VEGA/SAAGA subgrantee Natural Botanicals.

On September 21, the VEGA/SAAGA program signed an MOU with My Father's House Church (MFH), a local non-profit organization, and the MOU has been signed with VEGA/SAAGA regarding the use of local Volunteer Experts (VEs) sourced from MFH membership. MFH has a large membership of business professionals who can provide technical assistance in various professional areas. Pastor Robert Kelly, Executive Director of MFH, will undertake a volunteer assignment in October. The assignment will focus on working with the Boards of the Mineworkers Development Agency and Marula Natural Products Pty Ltd. to strengthen the capacity of their members to address the issues of MNP commercialization. MDA is the majority shareholder (70%) of MNP.

A Memorandum of Understanding has been drafted between VEGA/SAAGA and Triple E Holdings, a local for-profit organization, to provide numeracy and literacy training to subgrantee organizations on a cost-share basis. Triple E Holdings is a registered

organization with 15 years of experience providing Adult Basic Education Training (ABET) to more than 600 companies through out South Africa. It offers credible ABET solutions to organizations, individuals, and communities through the development and delivery of appropriate numeracy/literacy educational materials. As agreed in the MOU, Triple E will provide, on a cost-share basis, numeracy and literacy training to approximately 80 people in Bloemfontein, Aurora, and Bushbuckridge areas representing the provinces of Free State, Western Cape and Limpopo, respectively in South Africa.

### Volunteer Activities

#### **Local Volunteers**

The 20 ladies based in Aurora and Wupperthal in the Western Cape who are working on the Natural Botanicals Subgrantee Project will receive marketing and bookkeeping skills training on October 6 and 7, 2006 by two volunteers from Salesbytes.

Robert Kelley of MFH will travel to Bushbuckridge, Limpopo province to conduct a site visit of Marula Natural Products and the communities supplying marula nuts and kernels to MNP from October 16-17.

#### **International Volunteers**

Ms Margaret Bishop will provide technical assistance in export marketing and business skill training to two subgrantees, Natural Botanicals, based in the Western Cape, South Africa and Mineworkers Development Agency's, Maruala Natural Products project, based in Bushbuckridge, Limpopo Province, South Africa. The first of her two assignments begins on October 11, 2006 in Bushbuckridge, South Africa. Ms. Bishop has extensive marketing and small business development experience.

### Funded Extension of VEGA/SAAGA program

On September 29, 2006, a modification to the existing VEGA-USAID award was signed by USAID extending the expiry date of the overall program by one year to February 25, 2008 and increasing the amount of the total award by \$2.3 million to \$4.07 million.

VEGA/SAAGA will manage its current grant program as well as administer the new FY 2007 APS for the USAID Office of Economic Growth. A call for proposals for the new APS has been posted on the USAID website and advertised in a local newspaper.

The current individual subagreements will be amended to extend the subgrantee project period from 26 February 2007 to March 31, 2007, allowing the subgrantees one-full year for implementation of their activities. The VEGA/SAAGA office is discussing with each grantee their need for an extension and financial status. It is envisaged that subawards under the new APS (FY 2007) will be made by the end of January 2007 and implementation will commence in February 2007.

### III. Summary of Subgrantee Fourth Quarter Reports

#### World Education: Ntinga Link II (Subagreement 10775)

#### Results are Being Realized in the VEGA/SAAGA Program



World Education, which is running the Ntinga LINK II program, has assisted a construction client by alerting him to a tender, assisting him in putting together the bid, and helped him to access the working capital required once the tender, worth R6.7 Million (over USD 930,500), was awarded. The tender is for a school building site in Krugersdorp, Johannesburg, South Africa.

*David Mashilwane of World Education with contractor assisted through Ntinga LINK II program*

**1. Program Summary:** The aim of Ntinga LINK II is to consolidate and expand an innovative, market-based model of business linkages that began in 2003. LINK II expands business linkage benefits to SMMEs working in three growth sectors of the economy -- construction, mining, and transport. LINK II promotes economic and employment benefits for target HDSA-operated SMMEs, by fostering win-win business interactions among established and emerging businesses. These interactions result in improved

- *access to contract opportunities*, resulting in increased business sales;
- *employment creation and job security*, as a result of the above
- *access to business finance*; and, ultimately,
- *prospects for business survival and growth.*

The major activity components of LINK II are: 1. Basic SMME support; 2. Advanced SMME Support; 3. LED/Public Private Partnerships in target municipalities; 4. Financial Intermediation and Innovation; 5. BEE Strategies and Support Services; 6. Expanding and Strengthening Business Service Providers; and 7. Business Networking and Relationship building

**2. Program Implementation for Period July - September 2006 (4th Quarter FY 2006):** During the second quarter of implementation, Ntinga focused on activities in all seven of its program component areas. The table below summarizes program implementation.

<b>Component</b>	<b>Illustrative Activities</b>
<b>1. Basic SMME support</b>	<ul style="list-style-type: none"> <li>• Advice to “walk in” clients on business start ups, registrations, referrals, compliance etc. (130 clients)</li> <li>• Workshops in Basic Tendering (x2)</li> <li>• Access to Resources seminars (x2)</li> </ul>
<b>2. Advanced SMME Support</b>	<ul style="list-style-type: none"> <li>• Advice, TA on applying for finance</li> <li>• Workshops in Advanced Costing (x1)</li> <li>• Workshops in Joint venture management (x2)</li> <li>• Contractor Mentorship Initiative (12 SMMEs)</li> </ul>
<b>3. LED/PPP</b>	<ul style="list-style-type: none"> <li>• Provision of training in target municipalities, to SMMEs on municipal d-base – in Rustenburg, Moses Kotane, Tubatse, Thabazimbi</li> </ul>
<b>4. Financial Intermediation</b>	<ul style="list-style-type: none"> <li>• Introductions, meetings, referrals with banks and non-bank financial services providers</li> </ul>
<b>5. BEE strategies and support</b>	<ul style="list-style-type: none"> <li>• Joint Venture advice</li> </ul>
<b>6. Strengthening BSPs</b>	<ul style="list-style-type: none"> <li>• Jointly offering training with four agencies –Springs Business Linkages Centre in Guateng; 2 LIBSA centres in Limpopo; and 1 LED Department in Rustenburg</li> </ul>
<b>7. Business Networking</b>	<ul style="list-style-type: none"> <li>• Access to Opportunities and Resources seminars</li> <li>• Attendance at industry events &amp; expos</li> </ul>

Workshops and Seminars: The LINK II team supported and delivered eight training and awareness events that reached 419 participating SMMEs, with just under 50% of them being women. Three of the workshops were on Basic Tendering, and two on Joint Venture management. One of the workshops was on Advanced Costing for Contractors, led by an associate trainer; and the remaining two events were Access to Resources Seminars organized and facilitated by World Education in response to demand from SMME agencies and communities. Half of the workshops were conducted in deeply rural or peri-urban areas and all involved cost sharing by corporations and/or government.

Individual SMME support and referrals: Assistance to individual “walk in” clients increased over the quarter and continues to pose challenges for the finite human resources of the program. A total of 130 clients were helped (92 male/38 female) in 330 hours of

assistance. 69% of these clients hailed from the construction sector. However, transport appears to be increasingly interesting to small businesses with 16% of clients from this sector. The smallest percentage of clients (9%) came from mining.

Contractor Mentorship Initiative: This is a short-term, intensive pilot developed by the LINK II team to promote “role models” by working with high-potential individuals, and providing them with both group-based as well as tailored support that would enable them to absorb, adapt, and apply the new information and skills under a “mentoring” and supportive approach. This program is envisioned as up to a six-month activity – with LINK II “seeding” only the first two months of intensive skilling, business planning, marketing, and contract advice. The remainder period is to be funded from alternative sources.

Linkages and Networking and Public Profiling: In this quarter the LINK team conducted the following activities:

- *Accompanied a handful of contractors to the Inter-Build Expo (July 28):* an annual construction industry exposition, showcasing materials and equipment suppliers.
- *Liaison with MINTEK* the Mining technology centre, that is supported by both government and private corporations for information sharing and referrals
- *SAIBL Project, ECI (Aug. 14) discussions* to develop synergies between the two USAID-funded projects.
- *Discussions with City of Johannesburg Housing Department (August 21):* to determine what the department seeks in terms of support for emerging contractors. Based on these joint initiatives are not likely at this point.
- *Second interview appearance on Radio Ikwewezi:* helped to publicize the Springs Access to Opportunities Seminar, and share information and advice on entering the construction and mining sectors.
- *Mining Week Expo (Sept. 15th)* – Staff attended this event, in order to keep abreast of plans and development within the mining industry.
- *Briefing session for VEGA CEO (Sept. 20)* – The LINK II Director attended a briefing session with Mr. Earl Yates, CEO of VEGA to update him and colleagues on the project progress to date, and related issues.

### 3. Program Progress:

Below is a summary of program status against the numeric targets.

TARGET	Achieved THIS quarter	Cumulative to date (2 quarters)	TARGET	Achieved THIS quarter	Cumulative to date (2 quarters)
A minimum of 2,500 SMMEs will	549 SMMEs benefited –	1,264 SMMEs assisted to	At least 1,800 employment opportunities	504 jobs created or maintained,	944 (>50% of target)

<b>benefit</b> from information, skills, and opportunity leads.	419 from workshops; 130 from individual assistance	<b>date</b> (>50% of target)	created and/or supported	including 170 women	
The value of targeted <b>SMME sales</b> will total at least <b>R 15 million</b> (i.e. US\$ 2 million)	R 5.92 million in contracts supported	R 12.62 million (>80% of target)	<b>R10 million</b> finance accessed by targeted SMMEs	Performance guarantee for R 201, 490.	R 516,490 (5% of target)

**3.1. Planned Activities for Next Quarter:** The team will focus energies and resources on:

- Individualized SMME assistance;
- Emphasizing access to finance, and working with one major financial institution;
- Supporting the second month of the Contractor Mentorship Initiative;
- Efforts to leverage further financial support for the above; and
- Continued monitoring and on-site checking and verification of data and impact.

A limited number of workshops and group trainings, with sponsoring partners may include:

- A set of three LINK workshops for contractors on the data-base of a home ownership and construction financing entity;
- A Business Information Seminar, targeting rural entrepreneurs in Limpopo province;
- An Access to Resources Seminar for Transport operators in Mpumalanga or North West Province; and
- A seminar on occupational safety, for construction and mining enterprises.

LINK is also working with IESC to locate a suitable volunteer to help design and run workshops on Costing and Fleet Management for Transport operators.

#### **4. Constraints and Issues:**

**4.1. Very restricted access to finance:** especially from formal sector financial institutions. LINK's experience has been that established financiers tend to pay lip-service to SMME and broad-based BEE, while in practice they are often both unwilling and unable to provide appropriate financial products and services for this target market.

**4.2. Increasing evidence of corruption and/or political interference in the awarding of contracts and tenders:** News reports on this tend to feed SMMEs' perceptions that their well thought out tenders won't be given a fair chance.

**4.3. Over-indebtedness:** In the SMME context, the level of personal and business indebtedness among SMMEs appears to be quite high, and can constrain the ability of the business to make rational investments and to grow.

**5. Opportunities:** LINK has leveraged public and private sponsorships to the degree that the project budget can service an additional quarter (January – March 2007). This period of a no-cost extension would allow the project to continue services at the start of South African business new financial year – a good time for small businesses to position themselves for obtaining government and other contracts.

### **Natural Botanicals (Subagreement 10778)**



*Red Cedar: Pouring Rooibos Soap into Moulds*

#### **1. Program Summary: Agriculture and cosmetics create employment for rural women:**

The project is based in two remote and rural areas in the Western Cape. Wupperthal in the Cedarberg is the home of Red Cedar, a group of 6 women, while the 11-strong Aurora Women's Network (AWN) is located on the West Coast. Both groups are processing soap. Red Cedar focuses on the higher value rooibos and shea based liquid and bar soaps and shampoo. AWN supplies the hotel and guest house market. AWN also cultivates essential oil plants, and distills the oils for a signature fragrance. The goal of the project is to assist the small rooibos soap industry in Wupperthal to widen its product base, and to establish a second soap industry through AWN providing work for 12 to 14 unemployed women. The project will supply inputs and expertise to the groups to build their sustainability.

## **2. Program Activities and Implementation for Period July - September 2006 (4th Quarter FY 2006):**

### **2.2. Detail outputs and program activities that have taken place during this quarter.**

Program activities emphasized training and included five sessions for AWN and Red Cedar focused on production and marketing, essential oils – extraction and blending, and seminars in family and community relationships and HIV/AIDS.

**2.2.1. Training:** Five training sessions were conducted – two for AWN, two for Red Cedar and one for the combined groups during an exchange visit. Training subjects included: 1) executing and delivering orders; 2) production chain; 3) essential oils, their extraction and blending; 4) Family and community relationships, child abuse and HIV/AIDS.

#### **2.2.2. Promotion and Marketing:**

- Red Cedar was screened on SABC TV 2 and in *GO!* Magazine.
- Red Cedar completed their first overseas export of R1560 in soap to Wupperthal, Germany.
- Red Cedar became part of the Rooibos Heritage Route and exhibited at the Wupperthal Cedarberg Festival.
- Red Cedar made contact with 10 fair trade companies and with *O* (Oprah Winfrey's) magazine. The magazine expects to feature Red Cedar products in a future issue.
- AWN made contact with numerous guest houses and several bigger hotels, exhibited products at five venues and began attending at least one market in surrounding villages each month.
- Both groups were asked to provide gift hampers for various government tourism initiatives.
- Both groups successfully met the challenging market demands of an unusually large tourism boom during this year's exceptionally spectacular Western Cape flower season.

**2.2.3. Business Linkages Initiatives:** Preliminary contacts were made with related businesses to investigate purchasing cheaper raw materials for soap making, and silicon for moulds, and linking soap marketing with the marketing of rooibos tea.

**3. Program Progress:** Both groups continue to make good progress in their technical skills in soap making, business and marketing.

**3.1. Use of Volunteer Experts:** An international volunteer was identified who will work with both groups on processes, strategic planning and products. Two local volunteer experts will focus on marketing and business management.

#### **3.2. Planned Activities for Next Quarter:**

- Three volunteer experts will work with the projects.
- A site visit from SAAGA/VEGA staff will take place.
- Two training sessions will be held.
- Preparation for Christmas season orders will begin.

#### 4. Constraints and Issues:

**4.1. Program/Activity Constraints and Issues:** The cost and limited variety of soap moulds hampers creative production and has cost implications. It is hoped that by developing capacity to make their own moulds, the groups will lower costs and improve product design.

**4.2 Management/Administrative Constraints and Issues:** None. The financial management systems work well and the monthly advances are very helpful to the program.

**5. Opportunities:** The volunteer services should add considerable value to the project.

#### ECIAfrica (Subagreement 10776)



ECIAfrica, in their project to create employment through agribusiness and SMME development has reported that at the start of their program, there was no organized data about vegetable and poultry farmers in the project area. Presently, as a result of the program, there is information for about 30 Historically Disadvantaged Farmers in two areas. ECIAfrica's project was covered by local media in the Free State Province of South Africa, and an established farmer involved in hydroponic vegetable production has shown keen interest in mentoring new farmers through the project.

*Members of Thabo Nchu Womens Group Involved in Fresh Egg Production pictured with ECIAfrica Project Leaders.*

**1. Program Summary:** The goal of the project is to increase growth and incomes of emerging farmers and historically disadvantaged SMMEs through improved production, facilitating access to market, and to business skills and development services that enable them to compete in those markets. Specific objectives of the project are: to develop and test an agribusiness model which mainstreams emerging farmers in Mangaung Local Municipality into commercial markets; to identify and develop markets for poultry and horticulture products from emerging farmers; and to enhance capacity of historically disadvantaged enterprises to respond to market opportunities.

**2. Program Implementation Period July – September 2006 (4th Quarter FY 2006):** Implementation during this quarter included: aligning baseline data with the USAID Performance Monitoring tool; conducting a value chain analysis of the poultry and

horticulture subsectors to identify SMME market opportunities; assessment of farmers/entrepreneurs to establish knowledge levels and training needs (including HIV/AIDS training needs); training program development; and monitoring the development of market-driven agribusiness model and disseminating lessons learned.

Key successes included identifying potential leveraged interventions through sub-sector analyses; recruiting a project officer to collect, collate and manage data; identifying ABET needs and incorporating HIV/AIDS training into the overall training program.

### **3. Program Progress:**

#### **3.1. Status of program objectives:**

- Established an understanding of dynamics, driving forces, constraints, opportunities and potential interventions for poultry and horticulture sub sectors. This has informed the training program.
- Enterprises screened and a total of 33 identified for project support.
- Project baseline information and data was collected from NAFU, University of the Free State, Mangaung Local Municipality, the Department of Agriculture and the enterprises. This information was further refined to align it with the monitoring tool the feeds back to the relevant USAID Strategic Objective.
- Assessment of training needs in poultry, horticulture, ABET and HIV-AIDS conducted and a training program developed.
- Representative of VEGA visited the project to conduct a monitoring visit.

#### **3.2. Planned Activities for Next Quarter:**

- Implementing a training program for the SMMEs and mentors
- Facilitating market linkages.

### **4. Constraints and Issues:**

**4.1.** Some of the projects assessed were started as food-security/subsistence projects and did not qualify for entrepreneur category of this project.

**4.2.** Some projects do not get the best deals from input suppliers because their orders are small and infrequent.

### **5. Opportunities:**

**5.1.** Hands-on training in the hydroponics project at the Lengau Training Centre will create farmers who will be knowledgeable before they start their own projects.

**5.2.** Banks that were visited indicated some willingness to consider financing for farmers.

**5.3.** A large-scale egg seller is willing to assist poultry farmers in marketing if their production is substantial.

**Mineworkers Development Agency (Subagreement 10777)**

**Article Featured in VEGA Newsletter September 2006**



VEGA SAAGA subgrantee, the Mineworkers Development Agency (MDA), in support of their project involving Marula Natural Products (MNP) based in Bushbuckridge, South Africa has partnered with Technoserve for the provision of technical assistance over the next 4-5 years. The core business of MNP is the processing of marula nuts to produce marula oil as edible oil and for use in cosmetics. TechnoServe, which receives funding from the South African Business Trust will assist MNP in implementing a turnaround strategy to improve overall management and productivity and thereby increase incomes for the communities supplying marula for processing. An extensive training program, which gets underway in September 2006 will reach the many women entrepreneurs who harvest and supply marula fruit to MNP. The women will be trained to develop their English speaking skills as well as basic business management skills while MDA will continue to develop avenues to create sustainable employment opportunities for the women both during and out of the marula season. MDA are also exploring alternative processing equipment and facilities in order to improve overall productivity.

*Marula Oil processing Facilities at Bushbuckridge, Mpumalanga Province, South Africa*

**1. Program Summary:** The aim of Marula Natural Products (MNP) is to reduce unemployment in the Bushbuckridge area by adding value to the natural harvesting, fruit pulp extraction and oil processing of the Marula fruit. The program's main activities aim to re-orient MNP's social welfare focus to entrepreneurship based on solid business principles. The program will build MNP's management capacity.

The major activity components of MNP are the use of consultants to: 1. Investigate options for additional employment and income generation; 2. Diversify and innovate in product selection; 3. Improve business skills and planning; 4. Improve MNP marketing strategy; and 5. Assist MNP in obtaining access to finance.

**2. Program Implementation for Period July 1 – September 30, 2006 (4th Quarter FY 2006):** While progress during the first quarter of implementation was limited, the program made significant progress during the second quarter. Key areas of progress included initial steps in:

- Evaluation and review of MNP's current processes
- Building the capacity of the MNP Board of Directors
- Creation of a business plan
- Training beneficiaries
- Provision of appropriate and adequate equipment
- Identification of 2006 nut supplies and 2007 oil markets.

**3. Program Progress:**

Progress in development areas is as follows:

- Evaluation of processes is approximately 80% complete. Based on this information creation of a business plan is 75% complete.
- Building the capacity of the Board of Directors has begun and is 20% complete.
- Training and development the beneficiaries in understanding the marula product industry has begun and is 20% complete.
- Evaluating equipment needs and equipment access is 30% complete.

**3.1. Volunteers:** A VEGA sourced volunteer is assisting in the development of the Board of Directors. A second internationally sourced volunteer is scheduled to assist in the development of a marketing strategy focused on cosmetic ranges during the next quarter.

**3.2. Marketing Initiatives:** Meetings have been held with an oil marketing company and with an NGO supporting natural product producers. The oil marketer has committed to purchase large amounts of oil in 2007 which will greatly enhance MNP's profitability.

**3.3. Business Linkages:** Meetings were held with a pulping company to establish opportunities in the Marula industries.

#### **IV. SAAGA Monitoring and Evaluation (M&E)Activities**

In this, the second quarter (July – September 2006,) of the SAAGA subgrants (fourth quarter, FY 2006), monitoring and evaluation efforts were focused on assisting subgrantees to develop M&E programs to and begin data collection using systems that align both with the needs of their programs and with USAID reporting requirements. The M&E advisor met (either in person or telephonically) with each subgrantee to follow up on issues revealed in the first quarterly reports. Of particular concern, was the need to ensure that subgrantees fully understood the definitions of key USAID performance monitoring indicators, and that they were able to apply these definitions in program data collection and analysis. They were also encouraged to revisit, and where needed, revise their program targets in light of the rather stringent indicator definitions. They were further encouraged to use the exercise of establishing an M&E system, including setting objective and developing indicators as a tool for strengthening their overall programs.

In the case of one subgrantee, MDA, the M&E advisor visited the program site in Bushbuckridge and the more rural area of Thulamahashe. This visit was extremely useful in making clear the challenges facing the program – particularly in respect of collecting data on employment generation that would meet USAID’s definitions. The M&E advisor was able to discuss options with the program team which the team has been able to apply in the second quarter report.

The general improvement in quality of the second quarterly report for three of the SAAGA subgrantees is indicative of both up-scaling and improvement in program performance and improved focus on M&E. The fourth subgrantee, ECI’s quarterly report is both abbreviated and repetitive. While the subgrantee has now aligned its program data with appropriate indicators, the program itself is primarily still in the planning stage.

#### **V. SAAGA First Quarter 2007 Planned Activities**

##### SAAGA Management

The SAAGA team will continue to oversee the subgrants management process, providing technical support to the subgrantee organizations where necessary in an effort to improve the overall efficiency and timeliness of their monthly and quarterly financial and program reporting. SAAGA management will also be responsible for the implementation of the 2007/2008 Annual Program Statement. To assist with the increased workload in overseeing the current program and implementing the new APS, a local Program Assistant will be employed. In addition, new office space will be acquired to accommodate the additional staff (and equipment) needed to run the expanded program.

##### Volunteer Activities

The SAAGA team will continue to field and arrange volunteer activities for Mineworkers Development Agency and Natural Botanicals and is in the process of identifying

volunteer experts for ECI Africa and World Education. It is anticipated that numeracy and literacy training, conducted by Triple E Holdings on a cost/share basis will now begin during January 2007 and the SAAGA team will co-ordinate this assistance.

### Monitoring and Evaluation

During the first quarter, the M & E advisor will work intensively with ECI and MDA, the two subgrantees whose initial quarterly reports revealed weaknesses in program monitoring and evaluation. Particular attention will be paid to developing baseline and realistic targets for USAID performance indicators, and to strengthening organizational capacity to monitor these indicators. The M & E Advisor will also review indicator definitions and reporting with World Education and Natural Botanicals to ensure data quality.

In addition, the M&E advisor will also review reporting to date to consider modifications in report structure and content that might both streamline and improve program monitoring. She will also make preliminary plans for site visits to all subgrantees to be conducted in October/November 2006.

### USAID Interaction

The Technical Review Committee (TRC), which will review incoming proposals responding to the FY 2007 APS, will be comprised of representatives from USAID/Pretoria, local and international volunteer experts (e.g. Salesbytes and/or My Father's House church at the local level and international VEs via email) as well as SAAGA staff members, and the Monitoring and Evaluation Specialist. Based upon the volume of proposals submitted, monthly meetings of the TRC will be held at the SAAGA office to score and evaluate viable proposals, during which time selection of subgrantees will be made and the award process initiated. As the deadline for submissions in response to the APS is December 1, 2006, it is anticipated that all awards will be made by the end of January 2007, allowing for the long holiday period in South Africa (approximately 1 month), it is expected that actual subgrantee program implementation will commence by the beginning of February 2007.

### Local consultants

It is anticipated that a mid-term financial review of the subgrantees will be carried out in November 2006. To prepare for this, several local financial consulting firms will be invited to quote on the work. Local consultants will be contracted when in-house resources are not available or adequate to meet program needs in this area or to provide consultation guidance to subgrantees on various financial and/or management issues.

### Site Visits

A site visit by SAAGA staff members to Natural Botanicals, Western Cape, South Africa will taken place on 4 – 6 October, 2006. Staff members will meet the women at Red

Cedar CC in Wupperthal who are making Rooibos soap as well as the women of Aurora Womens Network who are using essential oils in their soap making.

**VI. Attachments : Summaries of Site Visits Conducted by SAAGA in the Fourth Quarter of FY 2006**

## **ATTACHMENT A**

### **Summary of Site Visit to Bushbuckridge (Mineworkers Development Agency/Marula Natural Products August 16-17, 2006)**

#### Overview

VEGA/SAAGA staff members Lynette van Niekerk and Dana Mullins traveled to Bushbuckridge, Mpumalanga Province to visit the offices and operations of the Mineworkers Development Agency (MDA)—VEGA/SAAGA subgrantee, Marula Natural Products (MNP) and TechnoServe (TS). The purpose of the visit was to gain first-hand knowledge of the programs, the operational environment and to meet the key players. A key partnership has been developed between TechnoServe and MNP, and the overall program has been restructured to incorporate this partnership. TechnoServe is implementing a four-year small business development program funded by the South African Business Trust. TS has identified MNP as an organization that they would like to strengthen. The site visit was organized around a few key meetings between TechnoServe, MDA and MNP.

#### Wednesday, 16 August

Mullins and van Niekerk flew to Nelspruit, accompanied by Elizabeth Girdwood, TS business advisor, then traveled by hired car to Bushbuckridge to the TechnoServe offices. There they met with Khanyifile Mathenjwa and Lawrence Dadzikwa, TS business advisors. They were joined by Jan Rockliffe-King, SAAGA M & E specialist who lives nearby in White River. The group then traveled to the MNP facilities outside Bushbuckridge town. They were shown around the facilities by Sharon, the MNP site administrator. The facilities consist of a series of brightly decorated rooms housing administrative offices, marula oil pressing machinery, marula oil stored in 20 litre containers and cold storage equipment. The group also toured MDA facilities consisting of a juice bottling unit, two poultry units and several vegetable gardens.

Afterward, the group met with James Lomas, MNP Project Leader and Elizabeth Goyvaerts, TS Innovative Technology Specialist who were returning from a visit to Brompro, a nearby company buying local fruit such as marula and producing pulp for juices and other uses. The core business of MNP is the production of marula oil. Marula fruit has to be depulped and the nuts have to be cracked in order to obtain the kernel which yields the oil. Sourcing the nuts in order to extract oil year-round is problematic. Lomas explained that MNP needed 1000 tons of fruit in order to meet their oil demand. MNP currently outsources the depulping of the fruit and the cracking of the nuts. It is looking at the economic feasibility of doing these operations internally (through the purchase of appropriate equipment) versus continuing to outsource these services. Lomas and Goyvaerts met with a local businessman regarding the creation of a simple machine

to be used by people in the rural areas to crack the marula nut which would then be supplied to MNP.

Mullins, Girdwood, van Niekerk, and Rockliffe-King then traveled back to the TechnoServe offices in Bushbuckridge to meet with Philip van Rooyen, MDA Training specialist to discuss his proposed training program and M & E issues. The training and capacity building program will focus on three levels:

- The suppliers of marula fruit, nuts and kernels (project beneficiaries)—90 community leaders who will pass the information along their respective members
- MNP staff members
- MNP Board members

A copy of the proposed training program appears at the end of this summary report.

Rockliffe-King gave an overview of M & E requirements and there was a lengthy discussion of how employment is defined (e.g. children under the age of 15 cannot be counted) and how figures are tabulated. The main issue is the calculation of Full-Time Equivalent (FTE) figures for the marula suppliers. Marula trees are located in the community and the fruit is collected throughout the day, depending upon time constraints due to household chores and other responsibilities. It is possible to derive an average figure for the amount of time needed to collect one kg of fruit and thereby create an estimate. It was agreed that MNP/MDA/TS would propose a proxy calculation to SAAGA staff who would present it to Kim Lucas, VEGA/SAAGA CTO for approval.

#### Thursday, 17 August

Mullins and van Niekerk met with Philip van Rooyen to discuss how the training and capacity building activities will be carried out. These will commence in September and will be completed by the end of November—in advance of the marula fruiting season which begins in late December. In addition, it was determined that a Volunteer Expert (possibly Robert Kelley of My Fathers House) could be used to strengthen the boards of MDA, MNP and Marula Trust as part of the planned capacity building activities of MNP's operational turnaround strategy.

A meeting of the MDA, MNP and Marula Trust Boards was scheduled for Thursday, but was postponed due to lack of response (or commitment?) from the respective members. A meeting of members of the Marula Trust (representatives come from the Bushbuckridge community) was held and James Lomas attended as a courtesy visit to the Trust. According to TechnoServe staff, a board meeting will be convened in Johannesburg in September. As the timing of the site visit by SAAGA staff was organized around the overall board meeting, the issue of board commitment is somewhat troublesome and will be followed up by SAAGA staff who feel that given the new MNP strategy and the need for support and buy-in from all stakeholders, stronger evidence of commitment by board members is requisite.

Mullins and van Niekerk traveled to the Africa Silks Weavery and Showroom in Graskop, a town about 30 kms from Bushbuckridge to look at the possibility of using locally-produced silk to package the Marula skin care products (body oil, hand cream, soap) produced by MNP. We met with the store manager, Marianna who mentioned that they have significant off-cuts of silk fabric which could be sold to MNP at low prices and transformed into drawstring bags or other types of packaging to hold the marula products. Mullins will be in touch with Ronel Swart, owner of Africa Silks to facilitate an introduction with MNP and TechnoServe staff to explore potential collaboration. A website displaying product information can be found at [www.africasilks.com](http://www.africasilks.com).

An additional possible synergy—Africa Silks have been involved with a women’s group in Bushbuckridge (the Iterileng project--which has received funding from the US Embassy) training 50 women to spin silk thread into yarn. This yarn is purchased from the women by Africa Silks. These women are also being trained in the art of weaving. South African Breweries has also provided funding of R100,000 for the project. With respect to the MDA/MNP project, these women could potentially produce woven packaging materials for marula products (or some other type of added value to the products or program).

Mullins and van Niekerk then traveled back to the TechnoServe office in Bushbuckridge and were briefed by Elizabeth Girdwood and Elizabeth Goyvaerts on the outcome of a MDA/MNP/TechnoServe management team meeting.

These women traveled together to catch their respective flights out of Nelspruit, thus ending the site visit.

## **ATTACHMENT B**

### **Summary of Site Visit to Bloemfontein, South Africa ECIAfrica Project September 12-13, 2006**

#### Overview

VEGA/SAAGA staff members Lynette van Niekerk (LvN) and Dana Mullins (DM) traveled to Bloemfontein in the Free State Province to meet with representatives from the University of the Free State, the National African Farmers Union, the local municipality of Mangaung and ECIAfrica—comprising the project steering committee. The objective of the project is to assist emerging farmers near the University in horticultural and poultry production. The project is designed to assist selected historically-disadvantaged entrepreneurs and enterprises through training and mentoring to improve their production and marketing skills in vegetable production and poultry production—both layers and broilers.

#### Tuesday 12 September

LvN and DM, accompanied by Juliana Rwelamira, ECI Project Leader, flew from Johannesburg to Bloemfontein and were met at the airport by Lean van der Westhuizen, Head of the Agribusiness Centre at the University of the Free State. They were taken directly to the Agribusiness Centre where they attended a meeting of the Project Steering Committee. Minutes of that meeting are attached to this report. During the meeting, Deborah Kahatano, ECI assistant project leader, presented the findings from recently completed subsector studies which were conducted to identify the production, marketing and sales channels for the poultry and horticulture subsectors in the Bloemfontein area. A copy of this presentation is attached to this report.

Based on the findings of the subsector analysis, ECI has selected 30 small enterprises (all involving women) to assist through the project, four of which are hydroponic enterprises. The objective is to provide training and mentoring of these entrepreneurs in order to mainstream their horticultural and poultry production into commercial markets. The main constraints identified amongst the small entrepreneurs are lack of production planning, lack of financial management skills and difficulties in supplying produce consistently, both in quantity and quality.

After the Project Steering Committee meeting, lunch was provided, then DM and LvN accompanied the Lengau staff and ECIAfrica staff to visit two food garden projects and a poultry operation.

#### Wednesday 13 September

DM and LvN traveled to Thabo Nchu to visit a group of 12 women assisted by the University to set up egg production facilities in their community and identified by ECI as entrepreneurs that they will assist. The women were given wire cages, laying chickens and feed to start their operation with conditions of repayment. They sell their eggs within the community and surplus production is sold to Excelsior—a local commercial egg production facility.

Rainbow chickens—a very large commercial egg production and processing facility has approached Lengau regarding the establishment of an outgrower scheme involving entrepreneurs such as the women near Thabo Nchu. Rainbow Chickens would supply the chickens, the feed and the production expertise. Lengau would supply women who have been trained by the Agribusiness Centre and identified as successful and committed small-scale entrepreneurs.

Upon leaving the Thabo Nchu area, the group from SAAGA, ECI and Lengau traveled to a horticultural operation which has been identified to receive technical assistance from the ECI project. Vegetables are being produced at the site for sale to nearby communities.

DM and LvN were then taken to the University of the Free State to meet Prof. Herman van Schalkwyk, Dean of the Faculty of Natural and Agricultural Sciences. They were accompanied by the ECI staff, as well as Lengau staff. Dr. van Schalkwyk is very supportive of the collaborative efforts between ECI and the Agribusiness Centre.

DM and LvN then returned to Johannesburg.

## **ATTACHMENT B.1**

### **MINUTES OF THIRD STEERING COMMITTEE MEETING**

**DATE: 12<sup>th</sup> SEPTEMBER 2006, 10:30 am**

**VENUE: LENGAU AGRICULTURAL CENTER**

#### **1. OPENING AND WELCOME**

All present were welcomed by the chairperson.

#### **2. APOLOGIES**

- Department of Agriculture (attending a meeting with the MEC)
- Mr. Megga Dhlula (attending a NERPO conference in Port Elizabeth)
- Ms Kholofelo Thobejane (business trip in Netherlands)
- Mr. Ben Molawa (will arrive late)
- Prof. Herman van Schalkwyk (attending a meeting in Pretoria)

#### **3. PRESENT**

- Dr van der Westhuizen: Lengau Agricultural Center
- Mrs L. Kolisang: ECIAFRICA
- Ms M.Tlhomola: Free State University
- Ms K.C Madisa: Department of Land Affairs
- Ms N. Mokone: Department of Land Affairs
- Mr. N.W. Tukane: NAFU
- Mrs L. van Niekerk: VEGA/SAAGA
- Mrs D. Mullius: VEGA/SAAGA
- Mr. C. Moahloli: ECIAFRICA
- Mrs D. Kahatano: ECIAFRICA
- Mr. B.Molawa: Mangaung Local Municipality
- Mrs J. Rwelamira: ECIAFRICA

#### **4. MATTERS ARISING FROM THE MINUTES DATED 12<sup>th</sup> SEPTEMBER 2006**

##### **4.1 PROJECT IDENTIFICATION PROCESS**

Mr. Moahloli reported that several projects were visited, 26 projects were identified, and the hydroponics project at Lengau Agricultural center were also added on the list. Dr van der Westhuizen reported about the progress done. Eight women will be recruited to be trained on hydroponics, and they will financially benefit from the project. The duration of the training will be a year, and then the participants will start their own hydroponics somewhere else. He also reported that only two ladies pitched up for the interviews, but a follow up will be done with the people who did not come for interviews.

It was also indicated that there are projects that were listed but not yet visited. Mr. Olivier of the Provincial Dept of Agriculture (Support Services) was visited and he provided funding to revive the Itireleng project in Thaba Nchu. Meeting requested Lengau to intervene in order to check the progress been made.

#### **4.2 RAISING AWARENESS ABOUT PROJECTS**

Mr. Moahloli reported that different stake holders were visited, for example the Department of Education, Department of Health, Top lay, Mark Chips, Johnny's Fresh Market, Department of Defense, the Procurement office as well as the Department of Correctional services. He also mentioned that:

- The Department of Education has a feeding scheme so they will not have any problem in buying the produce from the emerging farmers.
- The Department of Defense indicated that they cannot buy the project produce as they are in the process of developing a procurement center in Pretoria who will be responsible for it.
- The Department of Correctional Services indicated that they will not be able to purchase the project's produce, as they are producing their own products (Poultry and vegetables). They also added that, if there is not enough food available in the province, they obtain it from other provinces.
- Top lay was also approached, and they have promised to buy the emerging farmer's produce, as long as the produce is available in large quantities.
- Johnny's Fresh Market (Johnny Tyrannis) and Fruit and Vegetable supermarket, did not have any problem in buying the produce. They have clearly indicated that certain standard have to be met, which are: Quality, Quantity, and Sustainability. They also make it clear that they want a continuous supply of the produce. Mr. Johnny Tyrannis promised to assist with the marketing process of the produce.
- Mark Chips also agreed to be on board, on condition that the produce is of good quality.

#### **4.3 PROJECT PROGRESS TO DATE**

Mr Moahloli makes a presentation on the project progress to date. He also mentioned that the project was made possible by the partnership between the Free State University, Mangaung Local Municipality, National African Farmers Union and ECIAfrica with the focus being on employment creation through agribusiness and SMME development and mainstreaming of emerging farmers in the Free State province. His presentation will be send electronically to different stake holders.

He also indicated that there are lots of challenges that they are faced with, which includes the production that needs to be properly planned, the market complaining that emerging farmers does not produce continuously and lack of financial management (recordkeeping).

#### **4.4 SUB-SECTOR STUDIES**

Mrs Kahatano gave feedback of the sub-sector analysis done on horticulture and poultry. The analysis was done during July and August 2006. She explained the purpose, dynamics and driving forces. She also mentioned the constraints encountered by horticulture and poultry producers, which are: limited appropriate skills (financial management, marketing and farm management), poor production planning, lack of government support for individual farmers and limited extension service.

She referred to opportunities such as sufficient markets. The financial institutions, commercial farmers and government are willing to support and work with emerging farmers. Her presentation will also be sent to stake holders electronically.

#### **4.5 UTILISATION OF RESULTS**

It was indicated that potential interventions is to inform the provincial departments on all the issues that are taking place in the project. Magazines will also assist emerging farmers about the findings from the sub sector analysis. The Free State University will also be approached on how to get trainers in order to be trained. It was also agreed that projects must be part of the interventions (facilitating interventions).

#### **4.6 MONITORING AND EVALUATION**

The projects were screened and the project profile has also been compiled. The monitoring advisor will be approached in order to assist with the monitoring of the projects.

#### **4.7. TRAINING IN HYDROPONICS**

Dr van der Westhuizen reported on the progress been made regarding the hydroponics training, and he also mentioned that the training will take place for a year. A copy of the training programme was distributed among the stake holders.

#### **4.8 MARKET LINKAGES**

It was indicated that the market is looking for quality, quantity, sustainability and continuous supply of the produce.

#### **4.9 A.O.B**

##### **(A) PROJECT BOUNDARIES**

It was agreed that the target should be revised to a reasonable level; this is due to the fact that the original target was not met, and therefore it was clear that, it is better to reach a target or to do even more, rather than not achievable.

##### **(B) NUMERACY AND LITERACY TRAINING**

It was reported that the government has excess to skills development funding for the training of communities in numeracy and literacy skills in the ABET programme. Facilitators will be identified to attend to the matter. The names and the ID numbers of the project members are required for this program as an entry. It was also mentioned that the sooner the recruitment of the community members, the sooner the start of the training. The target group will be standard 6-7 to standard 8-9.

### **(C) PROGRAM FOR THE VISITORS**

Mr. Moahloli mentioned a list of projects which will be visited by the team for the two days, these includes:

- Khanyisa broiler project
- Machabane broilers
- Ipopeng Ka Lerato broiler project
- Unity food gardens (vegetable production)
- Modula qhoa vegetable project in Botshabelo and
- Tabale poultry project in Thaba nchu.

### **4.10 DATE FOR THE NEXT STEERING COMMITTEE MEETING**

It was agreed that the next steering committee meeting will be held on the 15<sup>th</sup> November 2006 at 10:00 at the Lengau Centre.

### **4.11 CLOSURE**

The meeting adjourned at 13:00.

## Presentation of Horticultural and Poultry Subsector Studies by ECIAfrica



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# EMPLOYMENT CREATION THROUGH AGRIBUSINESS AND SMME DEVELOPMENT *FREE STATE PROVINCE* *(Mainstreaming emerging farmers into commercial markets)*

Deborah Kahatano

## Outline

- Definition of Sub sector Analysis
- Purpose
- Dynamics and Driving Forces
- Sub Sector Maps
- Constraints
- Opportunities
- Proposed interventions



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## Sub sector Analysis

Definition:

- ❑ Rapid investigation of the sub sector to understand how the sub sector is structured, how it functions and the dynamics of the micro-enterprise supply system.

It involves:

- ❑ Tracing the product from the point of production to the end markets, identification of each category of participants in the system, their functions, and their interactions.
- ❑ Discussions with producers, buyers, transporter, processors, supermarkets, and other institutions, such as prisons, hospitals, schools etc.



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## Purpose

- ❑ Understand and confirm the structure of the sub sector (poultry and horticulture);
- ❑ Identify different range of enterprises involved in the sub sector (large and small);
- ❑ Identify the growing and dying channels;
- ❑ Identify the forces that are driving the development of the sub-sector and the individual channels, e.g. market demand, technological change, barriers to entry, enabling policy environment;
- ❑ Identify factors constraining the growth of SMMEs in the sub sector; and
- ❑ Identify promising opportunities for emerging farmers (those that are likely to have the highest impact on SMMEs at least costs)



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## Horticulture Sub Sector

### Dynamics and Driving Forces

- ❑ General increase in number of group production units (trusts) and individual growers.
- ❑ Year round demand for fresh vegetables (health, price).
- ❑ Entrepreneurship drive: Short production cycles facilitate cash flow all year round;
- ❑ Low entry barriers allowing several up starts to enter the sector partly due to support provided by Government to the sector (DoA, MLM, NDA)
- ❑ Top crops include Onions, carrots, beet roots, cucumber, lettuce, cruciferous (cabbage, broccolli, cauliflower) and Spinach.



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## Participants and their Functions

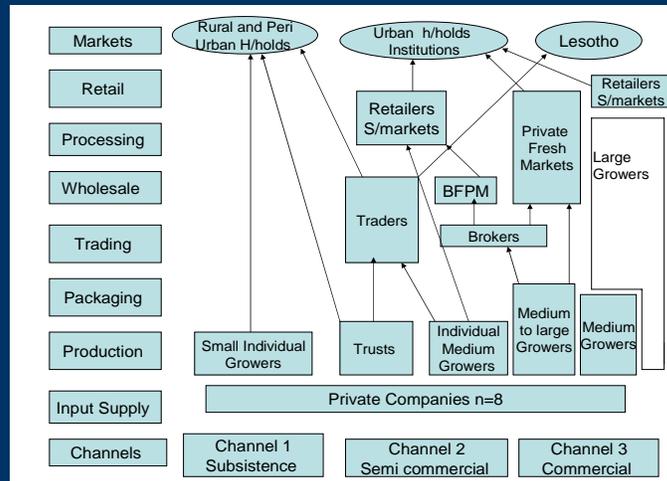
- ❑ Input/service suppliers: SENWES, Agricura, Stark Ayers, Hygrotech, OMNIA, Dicla Farms, FSDoA)
- ❑ Production: Individual farmers, trusts, commercial farmers
- ❑ Trading: Mark Chips, Market Agents (6), Johnny's fresh market, Bloemfontein Food Distributors
- ❑ Processing: Commercial farmers, Johnny's fresh market, Fruit and Veggie, Pick and Pay
- ❑ Wholesale: Mark Chips, Johnny's fresh market, Bloem Fresh Produce Market, Bloemfontein food distributors
- ❑ Retail: BFPM, Johnny's fresh market, supermarkets, chain stores, Bloemfontein food distributors
- ❑ Markets: informal (rural and peri-urban h/h) Formal (urban h/h and institutions) and Lesotho



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## Mangaung Horticulture Map



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## Constraints

- ❑ Limited appropriate skills (production, farm mgt, financial mgt, record keeping, business planning and marketing)
- ❑ Poor production planning –untimely land preparation (missed opportunities) incorrect cropping (winter v/s summer crops).
- ❑ Government support provided on piece meal fashion, little coordination and customization.
- ❑ Lack of adequate appropriate infrastructure and financial support esp. on individual farmers
- ❑ Limited extension services.



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## Opportunities

- ❑ There is a sufficient market demand for vegetables.
- ❑ Financial institutions and governments are willing to support the sector.
- ❑ Willingness of large farmers and input suppliers e.g Hygrotech and Starke Ayers to work with small farmers.
- ❑ There is good potential for small scale producers to increase their production by producing under protected conditions such as hydroponics. Technology is capital intensive but returns are high. Emerging farmers can access this technology through the support provided by the government.



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## Poultry

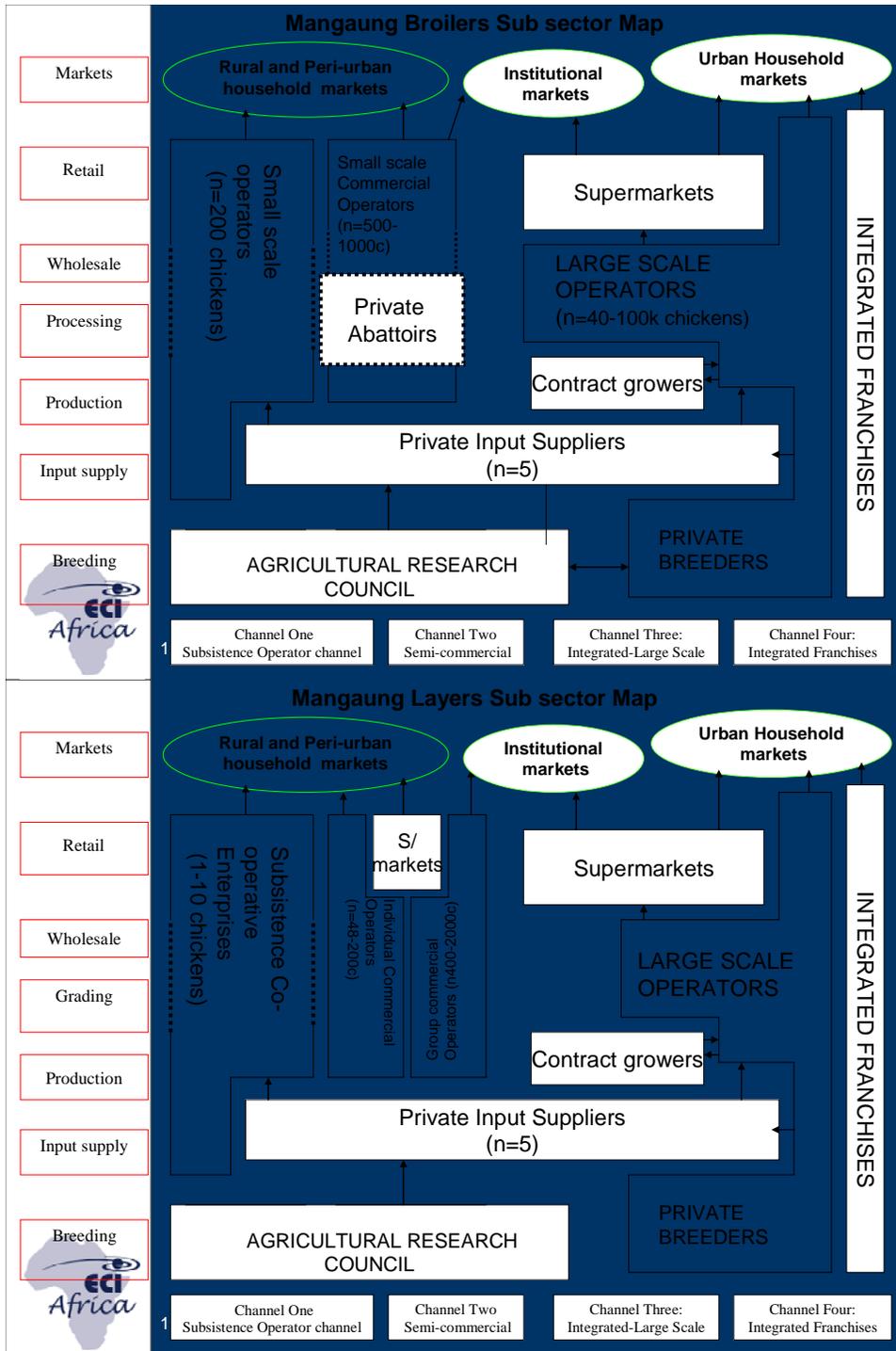
### Dynamics and Driving Forces

- ❑ General increase of small scale operators;
- ❑ Stagnation growth rate of these operators;
- ❑ Shift of operator from broilers to layers;
- ❑ High demand for products (health consciousness, cheaper than beef and pork);
- ❑ Entrepreneurship drive – low entry barriers allowing several up starts to enter the sector, provide cash flows to households;
- ❑ Provision of support (technical and financial) from Government Departments;
- ❑ Growth of cooperative members as they break away from individual operations;
- ❑ Value chain linkages in place between small and large operator (Waya Waya Model).



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## Constraints

- ❑ Limited appropriate skills (Animal husbandry, Financial and business management, Marketing, and Record keeping)
- ❑ Variable quality of chicks giving high mortality rates
- ❑ Poor Production planning resulting in disruptions in production flows between cycles and lost market opportunities
- ❑ Sporadic government support to the sector with limited scope in appropriateness and customization
- ❑ Operators dependency on external decision makers with resultant pervasive influence on the running of the enterprises
- ❑ Lack of adequate appropriate infrastructure i.e. chicken/broiler houses



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## Opportunities

- ❑ Sufficient market demand;
- ❑ Several government support initiatives (DOA, Municipalities, NDA etc);
- ❑ Financial sector willingness to support sector;
- ❑ Willingness of large operators to work with small operators;
- ❑ Interest among large operators to run out grower schemes with small operators.



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## Suggested Interventions

- ❑ Conduct training need assessment and develop core areas of training;
- ❑ Identify training service providers/mentors and vet them;
- ❑ Provide training to enhance production capacity (quality and quantity);
- ❑ Provide training in other areas (enterprise development, financial mgt, business mgt, record keeping, group dynamics and governance);
- ❑ Design cost effective chicken houses designs and cost them;
- ❑ Train artisans in the construction and maintenance of these houses and make use of them.



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