



Policy and potatoes

At first glance, women who gather marula nuts in the remote Ondangwa area of Namibia, wool farmers in the Eastern Province and fishermen in Mozambique seem worlds apart. Their lives, however, have a lot in common: all these entrepreneurs are trying to make a living on the periphery of the formal agricultural economy. All have assets that could be realising higher returns. Unlocking these dead assets and embedding these farmers in mainstream, commercial value chains, local and global, is the main thrust of ComMark's work in the agribusiness sector.

Doing this entails working at a policy and regulatory level, as well as enhancing the skills of emerging farmers by providing market information and linking them with the private sector. This edition of Catalyst focuses on some of the recent developments in ComMark's agribusiness portfolio.

AsgiSA takes root

The South African government has identified agriculture as key to economic growth – while the sector has achieved almost no growth over the past five years, its ability to create jobs and earn foreign exchange can be scaled up.

Agriculture is one of the sectors identified in AsgiSA (Accelerated and Shared Growth Initiative for South Africa) for intervention. The challenge is to move from policy to practice. ComMark has formed a strategic partnership with the National Agricultural Marketing Council, which falls under the national agriculture department. The council was set up to manage deregulation of the agricultural sector. However, its mandate has been broadened to include research, policy and regulatory support services to the department on market access issues.

ComMark and the council are working on a joint programme to improve emerging farmers' access to information, marketing infrastructure, and strengthening agriculture's contribution to AsgiSA.

A review of nine agricultural sub-sectors – citrus, wine, rooibos tea, honeybush tea, wool, potatoes, beef, goats and deciduous fruit – assessing the constraints to their growth and employment potential have been completed. This research is being incorporated into the AsgiSA sector plan for Cabinet approval later this year. A series of road shows is planned to take this information to the provinces and local municipalities to assess how it can be linked to their integrated development programmes and spending plans.

Making land reform work for the poor

For land reform in South Africa to succeed it cannot end with restitution. Already there have been too many stories of failure, of people given choice farms which then degrade and lose their commercial value, turning into dead capital.

ComMark has joined a private sector grouping of Afrikaner businessmen and academics who have accepted a challenge from President Thabo Mbeki to come up with a land reform model that emphasises and incorporates post-settlement support and business service development. This group meets Mbeki regularly and includes businessman Mof Terreblanche, Naspers chairman Ton Vosloo, Pepkor chairman Christo Wiese, Thys du Toit, CEO of Coronation Fund Managers, Laurie Diepenaar and GT Ferreira of RMB Group and Stellenbosch academic Willie Esterhuyse.

A pilot has been designed and will be implemented in the Renosterrivier area in Northern Free State. This initiative has captured the imagination of the public and media, garnering support from both government and private sector, with the project champions reporting directly to the President's office on the scheme's progress.

As Mof Terreblanche said at the time of the launch, "Land reform is important, but it has to be done in such a way that it is not only about the transfer of land but also wealth and opportunity".

For more information about the launch in Renosterrivier, [click here](#)

Royal reflections

ComMark acting executive director Norma Tregurtha attended the launch of the African Land and Food Fellowship Programme in London in June along with the new South African land and agriculture minister Lulu Xingwana and some local farmers.

She presented a case study on ComMark's work in the wool sector and the important lessons that have been learnt from this intervention.

The programme is a joint initiative of the British Royal Agriculture College and the South Africa High Commission to Britain. The five-year fellowship programme is in response to the NEPAD and the UK government new Africa Education Initiative.

ComMark will help select appropriate candidates, and will work with the college around curriculum development pertaining to the "making markets work for the poor" concept and its practical application in the food and agribusiness sector. ComMark's projects will be used as case studies on how poverty can be reduced through successful market development.

Oiling the economy

Natural products have enormous business potential. These plants, such as baobab and marula kernels, valued for their oil, are harvested from the wild or organically cultivated. They are increasingly in demand from the cosmetics, medicine and decor industries. Recent estimates are that this is now a \$65 billion annual global trade.

The trade of indigenous plants is entrenched in the informal economy and their use widespread in the region. However, the commercial possibilities of indigenous products are coming into sharper focus. Around 2 000 households in South Africa are known to be engaged in commercial trade in marula products, earning about R1.1

million. In Namibia, in 2002, about 4 000 rural members of the Eudafano Women's Cooperative earned about \$200 000 from the sale of marula kernels to the Body Shop in the United Kingdom.

In 2005, ComMark awarded the IUCN (The World Conservation Union) a grant to work with three primary producer groups of natural products in Southern Africa to help them improve their market access through acquiring certification. In turn IUCN has partnered with PhytoTrade Africa, the Southern African Natural Products Trade Association to launch the Natural Futures Programme, a joint initiative to develop Southern Africa's natural products industry. For information about natural products and the programme see www.phytotradeafrica.com and www.iucnsa.org.za.

ComMark is funding part of this joint venture, around certification. There are a range of certification systems, such as the organic, fair trade and the forestry council systems, with much overlap. The IUCN is developing a single certification system that has all the elements. A single system would reduce the cost and administrative burden for emerging producers and also help them access these niche markets.

Organic certification body Ecocert is visiting Namibia this month with a view to granting organic certification to the Eudafano Women's Cooperative.

Know your potatoes

Beauty Jwacu is a natural farmer and born entrepreneur. Tucked away in the back-end of nowhere in rural Eastern Cape she is held back by the daily hassle of getting essential supplies and transporting her chickens to market. Lusikisiki is the closest town and transport adds R10 to the cost of a single bag of chicken feed.

Beauty is one of the farmers in the Lima Rural Development Foundation Abalimi Phambili project which is providing extension services to around 6 000 farmers in six districts. However, without the integration of these farmers into commercial value chains, there is no guarantee that if the project ends they will continue to have access to the production inputs - day-old chicks, seedlings and fertiliser - they need to farm.



ComMark is funding Lima to work with input suppliers to develop direct, sustainable market linkages between them and the farmers. This entails working with both farmers and the input suppliers that have failed to service this market. ComMark is supporting an initiative to encourage commercial suppliers to sell size-appropriate products in remote areas, such as through local trading stores as well as investigating innovative solutions for payment and credit arrangements.

Our first success is a seed potato and fertiliser buying scheme. A group of farmers have come together and started negotiating directly with large suppliers and transport companies to supply them with inputs at the start of the growing season. The pilot of this model was based on market principals and the need to minimise transaction costs such as the risk of non-payment and order co-ordination. This innovation has brought fertilizer giant SASOL to the Eastern Cape emerging sector, which it had not serviced before.

Signs of success

ComMark's aim to play a catalytic role so that its inevitable exit as a funder will not cause initiatives to collapse is beginning to show signs of success.

Since ComMark's involvement in the Eastern Cape wool sector, two large wool broking firms have begun to deploy their own field agents. It is hoped that in time, as part of the commercial package they are offering, these brokers will provide many of the co-ordinating services that small farmers need.

Another systemic change comes from our private-sector partner in our Eastern Cape red meat project, a local broking company that ComMark has been working with to set up farmers' days and auctions. The auctions have been so successful that the broker is now setting up its own auctions entirely separately from ComMark.

The focus of this red meat project is now on promoting its replication in other Eastern Cape areas. The provincial agriculture department has asked ComMark to supply a detailed project roll-out manual and costing. This has been submitted and the next step will be to form a partnership to take this forward. The local and district municipalities of the Eastern Cape are being engaged in this process as they have both the mandate and resources to promote local economic development. ComMark and the Eastern Cape Department of Agriculture will be providing them with management support and the private sector links they need to transform the local livestock industry. Emerging farmers own more than two million head of cattle with an asset value of more than R3 billion but the net return they earn on this investment is negligible – less than 2%.

Selling to supermarkets: locking farmers into the global value chain

Plans are under way to help emerging farmers in Southern Africa to access supermarkets in the European Union. ComMark will be managing a £4-million project to assist farmers to meet the quality standards required for EU markets.

The idea behind "Making Trade Standards Work for the Poor" is to improve the expertise and production capacity of Southern African agribusiness so as to compete on an equal footing with their European counterparts. If Southern African farmers meet EU quality standards, EU supermarkets may be able to source more products from the region – locking local farmers into global value chains.

The design phase of this project is complete and roll-out will start next month. The initial focus will be on the Mozambique fisheries sector, to help it maintain its status as an EU supplier. A recent European Commission identified serious gaps in the ability of the Mozambique industry to meet EU requirements for shrimp. Unless this is corrected, the industry is at risk of losing access to this lucrative market. Mozambique fishing companies can earn twice as much selling to Europe than selling to neighbouring South Africa.

For information about these projects contact Norma Tregurtha, norma@commark.org
For ComMark's other projects see <http://www.commark.org>