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## PRIZE WINNING POSTER PAPER

### THE BATAT MARKETING DRIVE: IMPROVING MARKET ACCESS FOR SMALL SCALE FARMERS

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*The BATAT Marketing Drive aims to improve the market access of small scale farmers; in previously disadvantaged communities. The importance of marketing in rural development cannot be overemphasised. It is the profit incentive which encourages farmers to produce commercially. An overview of the present production and marketing activities of small scale farmers was obtained and the marketing constraints experienced by small scale farmers were identified. Constraints include a lack of transport services, a lack of road infrastructure, communication infrastructure and storage facilities. Farmers also need training and a regular source of market information. Provincial Departments of Agriculture can play a role in providing this information and training. Infrastructure, however, is a function of other government departments and in some cases private companies. The establishment of rural processing facilities should be encouraged. Farmers can also seize some marketing opportunities by working together in their production and marketing activities.*

### THE BATAT BEMARKINGSVELDTOG : VERBETERING VAN MARKTOEGANG VIR KLEINSKAALSE BOERE

*Die BATAT Bemarkingsveldtog se mikpunt is die verbetering van marktoegang vir kleinskaalse boere, in voorheen benadeelde gemeenskappe. Die belangrikheid van bemarking in landelike ontwikkeling kan nie oorbeklemtoon word nie. Dis die winsmotief wat boere aanmoedig om kommersieel te produseer. 'n Oorsig is verkry van die huidige produksie- en bemarkingsaktiwiteite van kleinskaalse boere om die bemarkingsbeperkings wat deur hulle ervaar word te identifiseer. Die beperkings sluit die volgende in: 'n Tekort aan vervoerdienste, tekorte aan padinfrastruktuur, kommunikasie-infrastruktuur en opbergingsfasiliteite. Boere het ook opleiding en 'n gereelde bron van markinligting nodig. Provinsiale Departemente van Landbou kan 'n rol speel in die verskaffing van hierdie inligting en opleiding. Infrastruktuur is egter 'n funksie van ander regeringsdepartemente en privaat maatskappye. Die aanlê van landelike prosesseringsfasiliteite behoort aangemoedig te word. Boere kan ook sommige bemarkingsgeleenthede aangryp deur saam te werk in hul produksie- en bemarkingsaktiwiteite.*

## 1. INTRODUCTION

BATAT (Broadening Access to Agriculture Thrust) was devised in 1995 as the RDP project of the National Department of Agriculture (NDA). It aims to

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improve the access of small scale farmers to agricultural services in five areas, being:

- financing
- technology development
- transfer systems
- human resource development
- marketing

This paper is concerned with the BATAT Marketing Drive, which aims to improve small scale farmers' ability to seize marketing opportunities. The information on the small farming sector contained in this paper is the result of several interviews with officers of the Provincial Departments of Agriculture in all nine provinces, as well as small farmers.

A business plan for the BATAT Marketing Drive was developed, which is currently being implemented. A Task Team was formed in 1996, consisting of one representative each of the Provincial Departments of Agriculture, and some officials of the National Department of Agriculture. The role of the NDA is to co-ordinate the implementation of the business plan, while the Provincial Departments are responsible for the actual implementation thereof.

## **2. OVERVIEW OF THE SMALL SCALE FARMING SECTOR IN SOUTH AFRICA**

### **2.1 Agricultural production by small scale farmers**

Products produced by small scale farmers reflect the wide range of production possibilities brought about by South Africa's diverse agricultural circumstances. Generally a wide variety of vegetables and fruit crops are produced, as well as grains (mainly maize, with wheat and sorghum on a much more limited scale), sugar cane, and cotton. Animal products include beef, mutton, wool, mohair, broilers, eggs and milk.

### **2.2 Markets utilised by small farmers**

Substantial proportions of production are either used for own consumption or sold to the local communities. In the small farmer communities of the Western Cape, these two markets account for 70% of all produce.

Small scale farmers also make use of the existing marketing channels utilised by the commercial farmers. The extent to which they use these channels differ

considerably between provinces, being mainly influenced by the availability of infrastructure and market information. Co-operatives play a role in especially grain marketing, by buying the farmers' grain crops and sometimes exchanging it for maize meal. In some provinces, though, farmers expressed serious concern about discrimination against them by the traditionally commercial farmer-owned co-operatives.

Small scale farmers are still largely precluded from using two of the most profitable channels, being direct sales to supermarkets, and exports. In the case of the former, this is mainly the result of them lacking management skills, as well as the very small quantities produced. Quality also suffers as a result of less than optimal production infrastructure (e.g. irrigation systems) and a lack of suitable storage facilities. This is also the reason for them not being able to enter the export market.

### **2.3 Value adding**

The small scale farmers do very little value adding to their produce - mostly limited to packing in bags as required by market agents in the case of fresh produce destined for the National Fresh Produce Markets. There is large scope for developing small scale rural and farm based industries, which could contribute significantly to increased agricultural incomes and rural development.

### **2.4 Transport of agricultural produce**

The availability of transport services varies between provinces. In some provinces, notably Mpumalanga and the Northern Province, established transport contractors are operating, and transport services to the National Fresh Produce Markets are fairly readily available. In some provinces, such as the Eastern Cape Province and KwaZulu-Natal, there is a serious lack of road infrastructure and transport services are not easily accessed by small scale farmers living in the rural areas. In the eastern parts of the Free State and in KwaZulu-Natal, the taxi's play a significant role in transporting produce to markets.

At present the severity of the transport constraint is limited to some extent by the relatively high volume of sales to the local communities, as well as direct on-farm sales to hawkers who provide their own means of transport. But, in cases where the local community forms the main market for produce, this also limits the scope for increasing production. Once production is expanded as a

result of improved production techniques, transport will become an even more severe constraint.

## **2.5 Storage**

Cool storage facilities are generally not available in the rural areas, which means that fresh produce has to be marketed immediately after harvest. This lack of suitable storage facilities also contributes to quality losses and low prices.

In the grain producing areas, silo's are often not favourably located for the small scale farmers, which means that the farmer has to travel considerable distances to deliver his grain crop to a silo. The maize producing small farmer areas are both producers and consumers of grain. During the harvest period they are surplus areas, but outside the harvest periods they are shortage areas, which means that if grain produced in the area can be stored within the area, transport costs can be reduced. There is scope for either training rural people in storing grain themselves, or setting up silo's in the rural areas and establishing rural based industries (e.g. mills) to process the grain in these production areas for resale to the local communities during the periods between harvests. This could contribute to cheaper food and thus rural food security, as well as creating job opportunities in the rural areas.

## **2.6 The use of market information**

Small scale farmers generally do not have satisfactory access to market information. They are mostly dependent on the Provincial Departments of Agriculture, and especially the extension officers, to provide information. Effective dissemination systems are in most provinces not in place yet, but the matter is enjoying attention. It also poses a challenge for an innovative approach, as, in many cases, communication infrastructure is very poorly developed.

The small scale farmers understand the importance of access to information in order to increase their competitiveness in the field of marketing, and therefore often express a need for more information. The Provincial Departments acknowledge that they have a role to play in the provision of market information to small scale farmers and they are in various stages of developing and implementing systems to fulfil this function.

### **3. CONCLUSION**

Commercialising the small scale farming sector in South Africa can only succeed if these farmers are enabled to market their products successfully. It is the existence of a market which offers the possibility of making a profit, and it is this profit incentive which encourages farmers to stay in production.

South Africa cannot afford to loose the agricultural production potential of the land under the control of small scale farmers, and therefore this sector has to be encouraged to stay in production and make their contribution to the welfare of the country as a whole. At present they are experiencing several constraints to market access, and only if these constraints are alleviated, can any attempts at commercialising this sector succeed.

### **REFERENCES**

FAO (1997a). *Agricultural and food marketing management*. Rome : Food and Agriculture Organisation of the United Nations.

FAO (1997b). *Market information services : Theory and practise*. Rome : Food and Agriculture Organisation of the United Nations.

## ANNEXURE A

### MARKETING CONSTRAINTS EXPERIENCED BY THE SMALL SCALE FARMERS

From the above, the main marketing constraints may be summarised as follows:

- *Transport*: The transport systems are not well developed in the deeply rural areas, farmers do not have their own means of transport, or available transport services are expensive.
- *Lack of road infrastructure*: This is a severe problem most notably in KwaZulu-Natal and the Eastern Cape Province, and to a much lesser degree in the other provinces. This impacts negatively on the availability of transport services.
- *Lack of communication infrastructure*: This makes the dissemination of information very difficult, and an innovative approach, involving the private sector, e.g. local radio stations, news papers, etc. is required.
- *Lack of short term storage facilities*, such as cool storage for fresh produce. Availability of such facilities will enable farmers to market better quality produce and so obtain higher prices.
- Lack of or inappropriate location of long term storage facilities, e.g. silo's.
- Farmers' lack of knowledge and skills on certain marketing functions, e.g. packaging and grading.

## ANNEXURE B

### PROPOSALS FOR ALLEVIATING MARKETING CONSTRAINTS

Several actions are required which could act together to alleviate the above constraints:

- **Market Information:** A Market Information System (MIS) needs to be developed. Such an MIS should be specifically suited to the needs of small farmers, and the means of disseminating information should be adapted to the communication facilities available to small farmers (FAO, 1997b:17-18).
- **Promoting small-scale processing and value adding:** Establishing processing facilities in the rural areas may have wide-spread benefits for farmers and rural communities, but processing is not the only way to add value to a product. In short, any action which increases the utility of a good to prospective buyers adds value to that product (FAO, 1997a:8).
- **Promoting high value crops:** High value crops offer farmers the possibility of higher profit margins. Possible high value crops include certain herbs and spices, cashmere and certain kinds of fruit and vegetables, but the possibilities are not limited to these. Farmers could also consider supplying niche markets for specific products, or look at specific hybrid varieties. Small scale farmers do, however, require not only information from extension officers to make them aware of the possibilities, but also technical training on aspects of production.
- **Infrastructure provision:**
  - *Market places:* Providing market places in rural areas could limit the need for and cost of transport of produce, which will reduce the severity of the transport constraint as identified earlier. By reducing the transport cost, consumer prices of food in the rural areas could also be reduced, which could contribute to improved food security. Central-, Provincial- and Local Governments have a role to play in the identification of needs for markets and facilitating the establishment of such markets.
  - *Roads:* Provision of road infrastructure is essential for agricultural- and rural development. Rural- and agricultural development will in the long term, in the form of increased economic activity and therefor increased income from taxes, yield the benefits to justify this expense.

- *Storage facilities:* The rural areas in South Africa are both producers and consumers of agricultural products. During the harvest season of a specific crop they are surplus areas, but outside the harvest season they are deficit areas who have to import the required product from other areas. By storing produce within the producing areas, considerable savings on transport costs may be achieved. Depots for storing e.g. grain can also serve as a source of raw material for rural based processing facilities. Storage facilities need to be located within easy reach of the producing areas, in order to limit transport costs. However, economies of scale also have to be considered, as storage facilities on too small a scale may not be economically viable. On-farm storage of mainly grain may also be undertaken by farmers themselves, with the purpose of both providing for the family needs outside the harvest period, and for selling produce at a time outside the harvest season when prices are higher.
- *Telecommunication:* With the discussion of the establishing of an MIS and the dissemination of information, the importance of telecommunication infrastructure was stressed.
- **Training of farmers and extension officers:** Both small scale farmers and the extension officers serving them need training on several marketing related aspects, including the following:
  - The interpretation and use of market information
  - Calculation of and budgeting for marketing costs. Transport costs can be taken as an example. Farmers identified the cost of transport as a constraint. Farmers can overcome this constraint by budgeting for it and arranging financing to cover it before the harvest period already.
  - Technical aspects of the production of crops other than the traditional crops
  - Storage techniques
  - Prevention of post-harvest crop losses
  - Grading and packaging of produce with the aim to increase the value thereof
  - Small scale processing opportunities and techniques for value adding.