Scan for Capital Harvest

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This is a monthly environmental scanning document with extracts from a range of press articles deemed to be of possible strategic importance to Capital Harvest. The articles are arranged according to a framework of topics. For each article its title, author (where available) and source are stated.

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To curb the decline in the bee population, the Dutch city of Utrecht has created 'bee stops'. The tops of 316 standard bus stops in the city have been converted into miniature gardens planted with grass and wild flowers to feed bees. The bus stops are also fitted with energy-efficient LED lights and environmentally friendly bamboo benches. Workers who look after the bus stops, travel in electric vehicles. To encourage the public to assist in rescuing bees, the city runs a funding scheme that allows people to apply for subsidies to transform their own rooftops into bee havens.

This year Beyond Meat was one of the US's most impressive debut public listings. The company manufactures vegan burgers and is riding the wave of a significant consumer shift towards plant-based foods. US retail sales in the category increased by 11% to $4.5 billion in the past year, a far steeper rise than the 2% growth in overall US food retail sales. Sales of dairy alternatives grew faster than animal-based milk products in every category, and plant-based milks now account for 13% of the total milk market. Plant-based products are narrowly defined as foods completely free of animal ingredients (meat, fish, eggs and dairy), but some companies use the term more loosely. For example, Tyson Foods' meat-free nuggets include egg whites. Perdue Farms takes it one step further – it uses the term 'plant-based' on nuggets that contain both chicken and vegetables. Marketers prefer the term 'plant-based' to vegan, because it focuses on what the product has, rather than on what it does not have.
Plant-based meat should not be confused with lab-grown meat. While plant-based products are made out of alternatives to animal products, lab-grown meat is made in a laboratory from animal cells. Increasingly, start-up companies are looking at producing lab-grown dairy in addition to lab-grown meat. The US is the world's largest exporter of traditional whey products, with estimated sales of $10 billion last year. A number of investors are keen to get involved with the production of synthetic whey. One example of a synthetic whey producer is San Francisco-based Perfect Day, which harnesses custom yeast and bacteria to grow the proteins that make milk taste like milk. There will likely be many regulatory problems regarding the GMOs that are used to make lab-grown whey, but in the long run synthetic whey will be far cheaper to produce than traditional whey. The proteins require 98% less water and 65% less energy than that required to produce whey from cows.

With many US farmers experiencing tough times, some have turned to social media to supplement their income. One Minnesota farmer earns five times more in a year from YouTube than he earns from the farm. With growing consumer interest in how food is produced, farmers are attracting a wide online audience. They often end up using platforms like YouTube to educate the public on why technologies like GMOs and pesticides are used. YouTube is a division of Google, and is the most popular social media tool in the rural US with 59% of people using it. Farm organisations and commodity groups are encouraging producers to be part of the conversation on social media. Like many YouTubers, farmers supplement their advertising income from YouTube by selling merchandise, endorsing products and performing at public speaking events.

Brazil is strengthening its position as the world's leading soy bean exporter. Trading companies have spent billions building new port terminals and developing routes to ports in the north through the Amazon region. Brazil's northern ports now allow the country to export big volumes of grain without the historical loading delays and vessel queues. Vast investments have been made by private companies since 2014 in constructing terminals and barge fleets. Railway operations have improved, and road administration shifted to private companies from the government, aiding logistics. From January through June 2019, soy bean shipments from southern ports increased by 16% compared with the same period in 2014, while exports from northern ports more than tripled. Brazil's good fortune comes at a time when US tariffs are causing China, the world's leading soy bean importer, to prefer non-US soy.

Belgium's Leuven University and American start-up StixFresh have developed a sticker that can keep fruit fresh for up to two weeks longer. A coating is applied to the non-sticky side of the sticker. The substances in the coating gradually evaporate and protect the fruit against fungal infections that can sprout on the peel. The team is focussing on stickers for apples, pears, mangos, avocados and citrus, but will later extend the sticker range to other fruits and vegetables. The stickers help to curb food waste and allow export fruits to travel better.

Digital technologies create employment for young people in Africa's agricultural sector, promote economic activity, and enhance food security. Digitisation in agriculture refers to everything from delivering farming advice via text messaging, to interactive voice response. It also includes smartphone apps, drones and satellite systems. Annual revenues from digitally supported farming are estimated at about $140 million. About 13% of sub-Saharan African smallholder farmers are registered for services such as weather updates and market linkages. Ethiopia's *80-28* hotline – a free farm advisory service – has about 4 million users, the most on the continent. Overall, Kenya leads the way in digitisation in Africa. Collaboration between agriculture and telecommunication has been instrumental in the country's success.

As previously reported, Livestock Wealth is an agri-tech crowd-funding company in SA, founded in 2015, that gives communal farmers access to markets. Investors buy individual cows or bulls, or multiple people invest small amounts and 'share' an animal. These 'shares' can cost as little as R576. A pregnant cow costs R18 730 and it takes 12 months before the newborn calf can be sold. Investing in a calf costs R11 529 and it can be sold after six months. An app called MyFarmbook allows investors to track their cattle. Tracking technology is supplied by MTN and Huawei. Livestock Wealth won the SAB Foundation's Social Innovation Award in 2017, which included prize money of R1.3 million. The company now has over 2 000 cattle on several farms across SA and about 1 000 investors. It has taken in R50 million in investments, with 10% of investors living outside of SA. Livestock Wealth recently secured financial backing from Rand Merchant Investment Holdings (RMI) and has been supplying Woolworths with free-range beef since April. In SA, cattle farming is the second-biggest sector within livestock farming after poultry. The company is now experimenting with high-value vegetable farming, and looking into macadamia farming.

AB InBev has partnered with US fintech company BanQu to support small-scale African farmers who supply AB InBev with barley, sorghum and cassava. BanQu offers farmers a free blockchain and mobile money solution that allows them to follow their produce and money throughout the value chain. Farmers have access to the sales price, volume sold, and payment. Produce is tracked from the farm to the brewery through geo-location tags. Money received in the e-wallet is safer than cash. After a pilot project in Zambia in 2018, the system has been successfully rolled out to Uganda, India and Brazil. One of the most important results of the system is that smallholder farmers now have verifiable records that they can take to the bank, allowing them access to credit.

Free State farmers have lost millions of rands due to maize theft. In the past season, parts of the province saw 2 to 3 tonnes of maize stolen from the field each day. With many farmers already cash-strapped, the hiring of guards to protect harvests was an unwelcome additional expense. There were reports of guards being attacked with pangas and guns. Official reports of maize theft came from Allanridge, Bothaville, Bultfontein, Clocolan, Ficksburg, Heuningspruit, Hobhouse, Hoopstad, Kestell, Kroonstad, Odendaalsrus, Reitz and Wesselsbron. Maize theft is not new to the province, but is escalating and seems to be turning into an organised crime. Large groups of people harvest maize from the land, store it in used fertiliser bags and transport it on bakkies. The stolen maize is usually sold in informal settlements.

With the Western Cape province out of the grips of drought, one part of it – the Klein Karoo – continued to suffer through the winter. This year, after four years of drought, many orchards and vineyards in the area either died or were removed. The production of onion, carrot and beetroot seed has been particularly hard-hit, and farmers struggled to feed livestock. Many of 2019's winter cold fronts did not travel far enough inland to deliver adequate rainfall. Despite good cold units for fruit in the Ceres area, the winter was drier than usual and did not produce snow.

Mohair is spun from the hair of Angora goats. SA's R1.5 billion mohair industry supplies 50% of the global market and is centred on 800 farmers in the Eastern Cape. Mohair producers have lucrative export contracts, but the drought has been a challenge with many farmers having to buy feed for their goats. Most of the locally produced raw product is exported to Europe and Asia, where demand remains strong and prices are good. The next challenge for the industry is to make sure consumers are satisfied with its adherence to sustainability standards.

While SA's citrus exports have been growing, the pace of work at SA's export harbours has decreased. These two trends are working against each other – the problem at SA harbours is now one of the citrus industry's biggest challenges. In the past season, citrus exporters complained not only of problems at the Durban harbour, but also at PE and at the new Ngqura Container Terminal (NCT). In 2018 a container crane at PE toppled over into the harbour due to high winds, while a second crane malfunctioned at a crucial time this year. This left PE with only one crane. In response, a crane was moved from Durban to PE. The main service to Europe was diverted to NCT to ease congestion, but NCT was already overwhelmed. The Ngqura harbour is more exposed to wind than PE and loses productivity when strong winds prevail. In addition, Transnet employees were on a go-slow during citrus export season to express unhappiness with a new bonus incentive scheme. *FreshPlaza* received reports of ships waiting for eight days outside the PE harbour, and fruit containers waiting 20 days to be loaded at NCT. One farmer paid additional plug-in costs of R105 000, just for the first two vessels of the season. With the norm at 25 crane moves per hour, NCT managed 6 to 12 moves per hour and Durban 18. The Sundays River Citrus Company says SA's excellent reputation for citrus exports was built on getting fruit to market quickly. Problems at the harbour inflict damage on this reputation. The automotive industry, which together with the citrus industry forms the economic backbone of the Eastern Cape, is equally concerned about the situation.

After a slow start to the 2019 avocado export season, retail buyers soon ended up requesting SA suppliers to fly out orders, instead of using the normal three-week sea journey. Volumes were low (SA had 30% fewer avos than in 2018, and Peru 20% fewer) and demand was high. The local industry is expanding by 1 000 hectares per year, mostly in the Western and Eastern Cape and KZN. In 2018, 86 000 of SA's 170 000 tonnes of avos were exported, mainly to Europe and the UK. The rapid growth may lead to oversupply in future seasons. SA's producers are, however, eagerly waiting for the Chinese market to open up to SA avos. India and the US are also promising prospects. SA has a 4% share of the global avo market and many believe strong opportunities for growth remain.

SA's commercial farmers are contributing resources and expertise to help emerging farmers enter the industry. One example is that of a former fruit hawker profiled by *Cape Argus,* who now owns Fruit Field Farming outside Paarl. After buying fruit from farms for many years and selling it on various markets, Wayne Mansfield eventually became well-acquainted with the management of Fairview. He started farming with lemons on a piece of land that Fairview had not been using for some time. Fairview supported him by lending him equipment and paying his staff for the first year of operations in 2015, as well as providing mentorship. Mansfield now produces first-grade export lemons, and has received multiple awards as a new entrant into agriculture.

Windmeul Kelder gained negative publicity in recent months after evicting a family that had been living on the farm for 38 years. Farmworkers' rights groups and activists, including Women on Farms, advocated for the family. Windmeul has since agreed to provide financial assistance to move the family to acceptable accommodation in Wellington. Drakenstein Municipality's New Orleans Park site, where many evicted workers live in tents, has been controversial. The municipality has agreed to remove the tents and to provide pre-fabricated houses instead. The plan is that evictees will live in these structures for a year, after which they will be relocated to permanent emergency housing at the Schoongezicht site.

Oak Valley Farm in Grabouw also received negative publicity due to allegations made by the Commercial Stevedoring Agriculture and Allied Workers Union. The union says that black workers are housed in single-sex hostels on the farm, instead of staying with their families as white and coloured workers do. After failed negotiations the matter was taken to the Equality Court. The union's demands included that the single-sex hostels be demolished and transformed into family homes, and that a minimum wage of R250 per day be paid.

The OVK Group achieved an increase of 8.55% in turnover for the 2018/2019 financial year compared with the previous year. Net profit before tax declined 10.8% due to lower margins. Among the group's challenges were drought and late rainfall. The trade department was the group's star performer. According to the group's calculations, nearly 30% of commercial farmers in SA hold shares in OVK.

Banking & Capital Markets

The agricultural industry continues to push for subsidised crop insurance to be implemented by the SA government. The main goal is to help grain producers endure the impact of drought. Insurance against drought is commercially available, but expensive. Farmers, particularly those in the western parts of the summer grain production region, are increasingly unable to afford it. Old Mutual points out that recent drought has, however, focussed the attention of farmers on the necessity of having such insurance in place.

In recent years, the Land Bank has increased its lending to emerging farmers and agricultural development enterprises to about R5 billion. Some have criticised the bank for doing too little to help emerging farmers. The Land Bank points out that it has to be prudent about granting loans as the bank carries the full risk of financing clients – government merely guarantees its loans. Last year the Land Bank said it would triple its lending to emerging farmers to R15 billion within three to four years. This would translate to 30% of its total lending of R45 billion.

Bloomberg reports that the existence of the PIC in its current form is under threat. The PIC is 108 years old, but lately it has seen allegations of political interference. In addition, it holds one fifth of the troubled SEO Eskom's debt. The PIC's board resigned in February after allegations of wrongdoing, and an interim board was put in place in July. Around 90% of the money the PIC manages comes from the Government Employees Pension Fund (GEPF). GEPF-payouts are guaranteed by government, which means SA could be plunged into crisis if returns generated by the PIC no longer cover pension payouts. Although the PIC's returns are still healthy, analysts are concerned about morale at the PIC. There are reports that employees had spent workdays watching live footage of the commission of enquiry, and that decision-making had frozen at the level immediately below the executive committee. There is a risk that the PIC could lose its biggest customer, because the GEPF isn't obliged to have its money managed by the PIC. The Public Servants Association, the biggest union sending funds to the GEPF, is campaigning for the pensions of its members to be divided among private fund managers (the PIC is three times the size of its nearest competitor). The GEPF is keeping a closer eye on the PIC: previously all non-publicly traded investments over R10 billion had to be approved by the GEPF board of trustees, but this has been reduced to R2 billion.

Fintech start-ups believe that they are in a strong position to support SMEs in SA. Traditionally, banks have focussed on consumers and large corporates, because SMEs tend to make up a smaller portion of their income. Banks now have the opportunity to partner with fintech companies to better serve SMEs. In turn, fintech start-ups need banks to help them navigate the regulatory environment, as well as to gain access to a significant client base.

Agriculture

Netherlands: City of Utrecht turns 316 bus stops into 'bee stops'

The Dutch city of Utrecht has had a great idea to help bees thrive: turning bus stops into little bee havens. These 'bee stops' are basically just standard bus stops with grass and wildflowers on top to encourage pollination.
If our natural pollinators would be exterminated, it would cost £1.8bn a year to employ people to do the work of pollinators like bees in a country like the UK. This makes investing in them make sense.
The 316 bus stops also help to capture fine dust and store rainwater. As well as the green roofs, they are all fitted with energy-efficient LED lights and bamboo benches.
The 'bee stops' are cared for by a team of workers who drive around in electric vehicles. And if you want to build your own bee stop, the city also runs a scheme for residents to apply for funding to transform their own roofs. The bee stops aren't the only great place for city bees to hang out.

FreshPlaza, 17 July 2019

Plant-based sales are rising. If only we could pick a definition

Even before vegan burger maker Beyond Meat became this year's standout initial public offering, it was clear that plant-based food is booming. What's less clear: how to define "plant-based."
US retail sales in the category rose 11% to $4.5 billion in the past year, far outpacing the 2% growth in the food sector overall, according to a report released Tuesday from the Plant Based Foods Association and The Good Food Institute. Sales of dairy alternatives grew faster than animal-based milk products in every category, and plant-based milks now account for 13% of the total milk market, the groups said.
"We are now at the tipping point with the rapid expansion of plant-based foods across the entire store," said PBFA's senior director of retail partnerships Julie Emmett.
But not everyone agrees what the term should mean. The PBFA defines plant-based products as foods completely free of animal ingredients. Big meat companies, however, use the term more loosely. Tyson Foods has developed plant-based nuggets that include egg whites and Perdue Farms has marketed its blended chicken and vegetable nuggets as plant-based.
Even the experts can't agree. The National Institutes of Health define a plant-based diet as one that "excludes all animal products, including red meat, poultry, fish, eggs and dairy products," but an article from Harvard Health Publishing said that eating a plant-based diet doesn't mean that you "never eat meat or dairy." Some plant-based diets do include animal products, said Michele Simon, executive director of the PBFA, but the group excludes them from its label because "when you start making a claim on a package, the term has to have real meaning."
"While 'vegan' has negative connotations because it's been come to be understood as deprivation, customers like 'plant-based' because it's affirmative, celebratory and descriptive," Simon said. "It focuses on what the products do have rather than what they exclude."

Olivia Rockeman, *Bloomberg*, 16 July 2019

Forget synthetic meat, lab grown dairy is here

The search for sustainable, healthy alternatives to meat currently has two paths: the meat-mimicking veggie burger and lab-grown proteins. But in the land of dairy, there's only plant-based alternatives like cashew "butter" and almond milk.

Whether you're milking them or slaughtering them, industrial cattle husbandry is bad for the planet. Studies show it to be a key culprit in the climate crisis and a source of localized environmental damage. The refrigerator aisle has been full of plant-based dairy for some time, but now there are a few startups who, like the purveyors of cultured meat, want to take dairy one step further.

Already under siege by falling milk sales, Big Dairy lobbyists have been lashing out at makers of plant-based rivals as they grow market-share. But their next enemy may be coming from the laboratory, in the form of synthetic whey, and investors are already lining up.

While fewer people are drinking cow's milk, they're still eating yogurt and cheese, and a crucial protein that comes from making those products is whey. It's relatively flavorless and incorporates well into a range of food formulations for everyone from infants to adults. There's already a huge market for it, as demand for whey protein and whey-based products is on the rise thanks to consumer demand for protein in everything, from bars to shakes.

The U.S. is the single largest exporter of whey products, with estimated sales of $10 billion last year. BCC Research said the category will grow by 6% annually through 2023. But for all its popularity, all that whey still comes from cows, a fact increasingly seen as a liability for climate- and health-conscious dairy and protein lovers.

Ryan Pandya saw an opportunity in this consumer conundrum. He wants to be the first to market a non-animal whey protein through his San Francisco area-based company, Perfect Day. Like other food startup founders, Pandya and partner Perumal Gandhi are both vegan. Rather than forego the taste of real cheese and dairy for poor vegan substitutes, the pair decided to invent their own version of the real thing. The startup focused on the well-worn food path of microbial fermentation—harnessing custom yeast and bacteria to grow the proteins that make milk taste like milk.

But first, the company and others like it face some big hurdles: consumer squeamishness and regulatory reviews that may end up focusing more on the genetically modified organisms [GMO] used to make lab-grown whey.

Five years ago, Perfect Day joined the synthetic biology accelerator IndieBio as it searched for microbes that could be engineered to make functional milk proteins. Today, it has more than 60 employees, $60 million in funding and says that it's produced one metric ton of lab-grown whey (for scale, the U.S. uses more than 200,000 metric tons of all types of whey annually).

Late last year, agriculture giant Archer Daniels Midland agreed to invest in Perfect Day as the startup seeks to lower the cost of making whey. "When you're creating something that already exists, there is already an established price point," said Victoria de la Huerga, vice president of ADM Ventures. "The goal for companies that are leveraging new technology to make new food is you have to make it affordable."

Though it's still early days, Perfect Day contends its proteins require 98% less water and 65% less energy than that required to produce whey from cows. The company said it hopes to one day license its ingredients so they can be used by food manufacturers in a range of products—but those involved concede that scaling the effort won't be easy.

Still, Perfect Day Chief Technical Officer Tim Geistlinger said the process is "fully adaptive—you can do it anywhere in the world and it doesn't matter how hot it is." Having come over from plant-based burger maker Beyond Meat, Geistlinger argued that "if you want to raise your flag on sustainability or tolerance to climate change, this one solves a lot of things."

While Perfect Day wants to be an ingredient supplier, food startup New Culture wants to make the end product: cheese from its own lab-grown casein, another protein derived from dairy. In the lab, New Culture has crafted a super stretchy, believable version of mozzarella—the most consumed cheese in the U.S. A third startup, Motif Ingredients—a spinoff of Gingko Bioworks—is using $90 million in funding to focus on lab-grown dairy proteins as flavor and texture ingredients.

Larissa Zimberoff, *Bloomberg*, 11 July 2019

Farmers earn more from YouTube than their crops amid tough times

It's a sign of the times when farmers make more money advocating for the industry on social media than actually farming.
Zach Johnson, who grows corn and soybeans in Minnesota, is known in YouTube circles as MN Millennial Farmer. It's a role, he says, that's provided him and his wife, Becky, about five times more in earnings than he can make on the family farm in the last year.
Johnson, 34, became a video blogger three years ago to advocate for growers and the technology they use. Now, he and Becky have about 300,000 subscribers and 50 million views under their belts. Their experience reflects both the depressed state of the rural economy and growing consumer interest in how food is produced.
"Yes, we use GMOs, we use pesticides, drain tiles and irrigation and there are real reasons why we use those things," Johnson said in an interview. He describes his role as bringing balance to a discussion often dominated by critics of modern farming practices.
The Johnsons aren't alone online. In rural communities across the U.S., YouTube, a unit of Google, is the most popular social media with 59% of people using it, according to a Pew Research Center survey in 2018.
Keith Good is the social media manager at the Farmdoc project at the University of Illinois, created to provide online data and analysis that will aid decision-making for farms under risk. Over the last year, he's seen a dramatic increase in farmers posting more videos on social media.
"Farm organizations and commodity groups have encouraged producers to be part of the conversation on social media," Good said.
Suzanne Cook, or WT Farm Girl, has racked up nearly 40,000 subscribers documenting her experience as a first-generation farmer, learning and failing in front of the camera.
Cook, who is 37, advocates for more women to get involved in farming. Many of her viewers are just learning about farming, just like her. Only about 10% of her viewers are women, she said, and they aren't just youngsters.
"For a female, it's even harder because most guys don't take you seriously," she said in a telephone interview. "YouTube has helped me because a lot of my subscribers are encouraging."
Josh Draper, or Stoney Ridge Farmer, has more than 220,000 subscribers following his journey of building a first-generation cattle farm from an dilapidated tobacco plantation. As a U.S. Air Force veteran, he advocates for more veterans to join farming. He also wants to show that he raises his animals "humanly and with respect."
Draper decided to start blogging because "a lot of people are getting back to agriculture." He bought a camera, did some honeybees videos, followed by a video of him sharpening his mower, and "it took off."
The online videos produced by Zach and Becky Johnson sometimes present their information in the form of husband and wife chats. The subject matter can range from the use of a wide range of new technology to how they harvest their soybean test plot.
"I love agriculture, I love farming," Zach Johnson said. "It's my whole life, and it's the life for all of my friends and family."
Like many of the other bloggers, Johnson sells his own merchandise, does public speaking and features endorsements in his videos. That's helped him generate profit additional to the ones he gains from YouTube ads.
"People have become so disconnected from agriculture," Johnson said. "They're curious about where their food comes from, and who the people that grow their food are. We have a really good opportunity to talk to people, discuss those things and show them why we do the things that we do."

Denitsa Tsekova, *Bloomberg*, 22 July 2019

Brazil's soybean lead over the U.S. gets boost from Amazon ports

Brazil, the biggest soybean exporter, is strengthening its lead against the United States after trading giants spent billions of dollars on building new terminals and developing routes to ports in the north through the Amazon region.
"Brazil's northern ports are allowing the country to export big volumes of grain without the historical loading delays or vessel queues," said Sergio Mendes, general director at the grain-export group Anec.
"Traders are shipping through the north the same soybean volumes they usually export from Santos, Latin America's largest port," in the south, he said. "This is a huge conquest."
Bunge Ltd. kicked off the expansion in 2014 by using vessels on an Amazon waterway to move soybeans 621 miles to Barcarena port in Para state from Mato Grosso, the top producing state.
Companies including Cargill, which has facilities in Cedar Rapids, and Louis Dreyfus made investments to construct terminals and barge fleets.
Railway operations have improved, and road administration shifted to private companies from the government, aiding logistics, said Daniel Furlan, economics manager at Abiove in Sao Paulo.
Corn shipments this year may climb 58 percent, to 38 million metric tons, and soybean exports may be 70.5 million, topping a previous estimate by 5.2 percent, partly because of transportation and port expansions, Andre Pessoa, head of Agroconsult, has forecast.
In the first half, a combined 19 million of corn and soybean products moved from the north, and the 2019 volume may reach 35 million, according to farm group Aprosoja.
From January through June 2019, soybean shipments from southern ports rose 16 percent from the same period in 2014, while exports from northern ports more than tripled, according to government data compiled by the industry group Abiove. In the six months ended June, the north handled 32 percent of total shipments, more than doubling from 2014.
Brazil has benefited from infrastructure investments at a time when U.S. farmers have been rattled by the Trump administration's trade war with China, the top soybean importer. The Asian country has mostly shunned U.S. supplies, and shipments notably have slumped from ports in the Pacific Northwest, which has significant excess capacity for crops.

Tatiana Freitas, *Bloomberg*, 15 July 2019

"Sticker keeps fruit fresh for up to two weeks longer"

Together with the American startup StixFresh, the biotech team of KU Leuven has developed a sticker that can slow the rotting process of fruit by up to two weeks. "The idea was born in a garage box in Malaysia, where an inventor mixed all sorts of natural products based on healing and applied it to fruit. After a while he figured out that the fruit he had applied the mixture to was less mouldy than the other fruit," says Patrick Van Dijck, Chief Scientific Officer of StixFresh and professor at the VIB-KU Leuven Centre for Microbiology. "An American entrepreneur picked up the 'discovery' of the Malayan invention and founded StixFresh USA. Then a test was done in Malayasia on 70,000 papayas, but it didn't always work consistently."
StixFresh developed a sticker based on the Malaysian mixture, upon which a coating is applied to the non sticky side. The substances in the coating gradually evaporate and protect the fruit against fungal infections that can sprout on the peel," says Patrick. "The results of the StixFresh sticker are promising but not yet consistent enough. This is because the plant extracts consist of a lot of different components and they can be dependent on the day on which the extract was taken." To put the coating together in a focused manner, the American founders came to Patrick and his team. "We have the technology to rule out the variables."
At the moment we are focusing on stickers for apples, pears, mangos, avocados and citrus, but we certainly aren't ruling out other fruits and vegetables. We are also looking into the ripening process for avocados. We have to do a lot of research into all the different factors that influence the fruit, such as aging, ripening and anti mould and bacterial activity," according to Van Dijck. "The goal of the start up is to reduce food waste globally, but the stickers can also open new export markets, such as for Belgian apples and pears. We already work with various instances, such as with Mission Produce, but we have also been approached by a

Dutch onion producer who wondered whether the stickers would also work on onion and leek. Our focus is currently on fruit, but we will certainly look into other products."

FreshPlaza, 1 July 2019

How digital technologies can help Africa's smallholder farmers

Digitisation could change the game for agriculture in Africa. That's a key message in a report recently released by an international institution that enhances smallholder farming in African, Caribbean and Pacific countries.

The Centre for Agricultural and Rural Cooperation (CTA) focuses on poverty reduction through modernising smallholder farming by fostering innovation and knowledge sharing.

Digitisation refers to everything from delivering farming advice via text messaging to interactive voice response. It also includes smartphone applications that link farmers to multimedia advisory content, farm inputs, and buyers. And it covers the use of drones and satellite systems to inform farmer activities, such as crops and times to plant; and types and amounts of inputs to use.

Other global organisations have echoed this message. These range from NGOs like Solidaridad Network – a civil society organisation that accelerates sustainable and inclusive development – to the World Bank. These organisations believe that digital technologies can create employment for young people in the agricultural sector, promote economic activity, and enhance food security.

For the past two decades, digitisation has steadily transformed African farming. In Ghana, for instance, online platforms such as Esoko, Farmerline, and Trotro Tractor have provided farmers with accessible services. These have included voice messages and SMS extension advice. This helps farmers obtain information about how to access markets and extension services..

Elsewhere on the continent, international organisations help provide precision advice to farmers. An example is the CTA's 'Transforming Africa's agriculture: Eyes in the sky, smart techs on the ground" project that supports the use of drones for agriculture.

Annual revenues from digitally supported farming are estimated at about $140 million. Services are provided by a small but growing number of providers — some of which are estimated to generate €90 of revenue per farmer annually, partly through service charges. This trend looks set to continue.

But the success of digitisation in agriculture shouldn't just be evaluated by its economic value. Its benefits must be enjoyed by smallholder farmers and rural populations. Smallholder farmers, most of whom have access to less than two acres of land, produce more than 80% of the food in sub-Saharan Africa.

African smallholder farmers will ultimately determine the continent's digital farming story. Only through collaborations with them, and among sectors, will the digital transformation become a success in Africa.

Smallholder farmers face daunting political, economic, social, cultural, and institutional barriers. They have limited access to information, markets, capital, land tenure, and even basic inputs like fertilisers and seeds.

Government policies, and the influx of foreign land grabbers in many African countries, only worsen the situation. Ethiopia, Ghana, and South Sudan are among the hot beds for foreign land deals.

Added to these are environmental issues like soil erosion and a changing climate. In recent years, droughts, rising temperatures, and El-Niño events left nearly 13 million people from Kenya, Ethiopia, and Somalia needing humanitarian assistance.

This makes traditional farming hard for smallholders across the continent, and can undermine their capacity to fully benefit from the digital revolution.

Also, connectivity tends to be limited in rural areas. And, even if farmers can connect, they may not have enough money to access the services.

These concerns limit the production and profits of farmers and undermine rural development. This is where digitisation comes in. It has potential to increase access to information and resources to provide solutions.

Elsewhere, digital technologies are already showing promise for rural farmers. The Chinese government partners with private actors like Alibaba to digitise agriculture. From web-portals to Mobile Internet Based Services, rural farmers benefit from access extension advice and capital. This leads to increased productivity and incomes.

There have been positive strides in ensuring smallholders become involved in digital agriculture. An estimated 33 million people – about 13% of all sub-Saharan African smallholders and pastoralists – are already registered for services such as weather updates and market linkages.
Ethiopia's '80-28' hotline – a farmer advisory service – has about 4 million users, the highest on the continent. Beyond being a free service, its success is partly due to the delivery of services in local languages. Aligning services to local circumstances encourages farmers to subscribe willingly.
Kenya leads the way in digitisation in Africa. Collaborations between agriculture and telecommunication has been instrumental in their success so far.
These examples show what is necessary to help smallholders become connected to digital services.
One additional strategy is to blur the boundaries between different sectors. Digitisation is not just an agricultural issue, or a technological one. It involves many parts of the economy. Hence, digitisation must be situated within a broader development and poverty reduction agenda. For instance, education is critical to farmers' ability to use and benefit from digital technologies.
It is also crucial to place smallholders front and centre when designing policies and specific digital products meant to help them. In this way, digital transformation will reflect the users' needs.

Abdul-Rahim Abdul, Emily Duncan & Evan Fraser, *Moneyweb*, 12 July 2019

Livestock Wealth's 'crowdfarming' gets backing from RMI, Woolworths

Agri-tech entrepreneur and CEO of Livestock Wealth Ntuthuko Shezi is bullish about South Africa's agriculture sector. He has good reason to be – his 'crowdfarming' venture has just secured financial backing from Rand Merchant Investment Holdings (RMI) and has started supplying retail giant Woolworths with free-range beef.
Speaking to *Moneyweb* during a presentation at its Johannesburg offices on Wednesday, Shezi confirmed RMI's financial support but said he could not reveal the value of the investment.
"It's a big boost for us both in terms of capital to grow the business and from a profile perspective," he says.
"Livestock Wealth now has more than 2 000 cattle on several farms in different parts of the country and about 1 000 investors currently. Now that we're gaining traction, our target is to have about 10 000 investors by the end of our financial year in February.
"Late last year, we secured a lucrative agreement to supply Woolworths with free-range beef and we sent through our first supplies in April. In the last three months we have supplied Woolworths with around 64 tons of beef. Woolworths is a great brand to be working with and it naturally has strict supplier protocols, which we must adhere to."
Shezi says the Woolworths contract is a start, and that there is big growth potential considering the increasing popularity of free-range meat.
Livestock Wealth was started in 2015 when Shezi realised there was an untapped commercial opportunity around livestock farming in SA that could leverage off the African community's close links to cattle.
"Historically, wealth in the African community has been around the number of cattle you had.
"While things have changed since 1994, with black South Africans having access to more job opportunities and generating wealth in different ways, cows are still an important part of Africa tradition," he explains.
Shezi says around half of SA's 14 million cattle are still owned by black South Africans – largely in rural areas – who do communal farming without access to markets. "Livestock Wealth bridges that gap. It gives communal farmers access to markets, while offering investors a chance to invest in cattle. They [investors] can chose to invest in cattle that will be grown on the farms we work with to supply either meat or cows that produce offspring," he adds.
According to Shezi, investors can put their capital into buying individual cows or bulls; alternatively, multiple investors can invest smaller amounts for a 'share' in the animal. Livestock Wealth works with farmers who raise the cattle until they are around two years old and ready to be sold.
He says the farmers benefit since the biggest challenge they face is access to capital.

The whole process is linked to an app and investors can view and track the cattle they buy on the farm at almost any time. Livestock Wealth has joined forces with MTN and Huawei on the livestock tracking technology.

The company won the SAB Foundation's Social Innovation Award in 2017, which included prize money of R1.3 million to further develop his business.

Things have progressed significantly since then – Shezi says the business is now a R100 million enterprise with its eye on further investments into SA's agriculture sector. High-value vegetable and macadamia nut farming could be on the horizon.

Shezi, graduated as an electromechanical engineer from the University of Cape Town and is no stranger to tech start-up innovation. After leaving professional services heavyweight Accenture in 2006, he launched Scratch Mobile. He was born in rural Ndwedwe on KwaZulu-Natal's North Coast, which he says has influenced his rural-urban agri-tech innovation.

Agricultural Business Chamber chief economist Wandile Sihlobo says SA is currently estimated to have around 12.8 million head of cattle, with some 40% owned by rural people or communal farmers. He says the drought in 2015 led to cattle numbers declining from around the 14 million mark.

"Cattle farming is worth around R142 billion and is a growing agricultural sector in SA, considering the growth of beef exports from the country over the past few years," says Sihlobo.

"Cattle farming is the second-biggest sector within livestock farming after poultry in SA. Innovative ventures like Livestock Wealth are important to grow the agriculture sector, and useful in the development of previously disadvantaged areas and communities in the country."

Suren Naidoo, *Moneyweb*, 18 July 2019

African cattle investing – the new cash cow?

Cattle have long been considered a measure of wealth across Africa – but it is not just farmers cashing in.

A pioneering app in South Africa lets investors, eager to benefit from rising global beef demand, buy shares in a cow from their mobile phone for as little as R576 ($41).

Self-styled "crowd-farming" company Livestock Wealth connects investors with small-scale farmers via its "MyFarmbook" app, where they can buy their own cow and receive interest rates of between 5% and 14% depending on where they put their money.

Launched in 2015 with 26 cows, the project now includes more than 2 000 cows and has taken in R50 million, with 10% of investors coming from outside South Africa.

Groups of investors can buy a whole cow, while individuals can purchase shares in a pregnant cow or young calf.

A pregnant cow costs R18 730 and takes 12 months before the newborn calf can be sold for a return, while investing in a calf costs R11 529 and takes six months for it to grow enough to be sold.

"We can link small scale farmers to big markets by introducing private capital into the growing phase," said 38 year-old Livestock Wealth founder and CEO Ntuthuko Shezi, who was inspired by his grandparents' farming success.

"The household bank account was a crop," added Shezi of his family experience, standing among a herd of cattle at a partner farm in Vryheid, a ranching town in northern KwaZulu-Natal province.

Livestock contributes around 51% to the agricultural economy in South Africa, with global sheep and beef prices rising after droughts in major producing areas.

"Many people live in urban areas and they have interests in participating in farming but they cannot physically be there and this offers them a platform to do that," said Wandile Sihlobo, economist with South African agribusiness association Agbiz.

Small business consultant Nontokozo Sabela, 34, was once interested in farming – but found the app a better alternative.

She bought her first cow in 2016 and earned around R6 000 from it. "This way it's easier for me, it's cheaper, it's convenient," said Sabela.

As with any investment, however, risks exist. Both the impact of weather on feed costs and fluctuations in global demand for beef can affect the cow investments.
Shezi now hopes to expand his business into the produce market after launching a vegetable growing system this month that aims to give a R220 return per month over five years.

Tanisha Heiberg, *Reuters*, 29 July 2019

AB InBev empowers farmers across Africa through blockchain technology

The world's largest brewer AB InBev said on Wednesday a partnership with US fintech company BanQu was giving smallholder African farmers in its supply chain the resources they needed to grow and prosper.
AB InBev Africa is rolling out a blockchain solution developed by BanQu which enables farmers in the company's value chain to have line of sight of their barley, sorghum and cassava sales and receive cash through a mobile money solution.
"Since the second implementation was unveiled earlier this year in Uganda, through Nile Breweries Limited, 1,200 farmers have signed up on the BanQu Blockchain platform," AB Inbev said.
"These farmers now have access to full accounting information, such as sales price, volume sold, and payment – with this information made available via SMS (short message service). They also have records that they can take to the bank, allowing them access to credit and form a verifiable economic identity."
The integration of mobile money means that farmers do not have to walk around with cash that could be stolen, and can instead store money, pay bills or send remittances online directly through the free, secure platform.
The BanQu solution can be applied to almost any industry, AB InBev's solutions Africa director of innovation and analytics Sameer Jooma said.
"Most people have a rudimentary understanding of Blockchain because it is the platform that enables Bitcoin transactions. What BanQu has done, as the world's first company to offer this solution, is to take this technology and expand it beyond cryptocurrency," Jooma said.
"After all, what is being moved is information, because even money can be distilled down to data now."
The partnership also gives AB InBev Africa better visibility of farmers in its supply chain, and the company can easily see how much, and when a farmer was paid as well as track produce from the farm to the brewery through geo-location tags.
AB InBev can also connect with farmers to ensure that they receive the training and resources they need.
AB InBev and BanQu's partnership dates back to August 2018, when the companies launched a successful pilot project in Zambia. Successive roll outs in Uganda, India, and Brazil have since taken place.
"Over the last year, through BanQu implementations, we have touched more than 4,000 farmers in our supply chain in four markets across the world," Jooma said
"Through this work, we are helping to create an economic identity for our famers, which enables them to access financial services. This will ultimately allow farmers to grow their business and improve the livelihoods of their families and communities."

African News Agency, 31 July 2019

Stolen maize costs Free State farmers millions

The plundering of maize lands in the Free State has become a massive problem for farmers in the region, leading to the loss of millions of rand. This was according to Dr Jane Buys, safety and risk analyst at Free State Agriculture (FSA).
Buys said that between 2t to 3t of maize were stolen every day in some parts of the province.
"Farmers … are not producing enough maize to meet their contractual obligations. They lose millions of rand due to theft," she said.

In order to prevent the theft of their maize, farmers were now appointing guards to protect their produce. This added to the cost burden that they were already under.
Moreover, these guards were being attacked with pangas and shot at in carrying out their duties, Buys said.
According to the FSA VKB Safety Desk, incidents of maize theft had been reported in Allanridge, Bothaville, Bultfontein, Clocolan, Ficksburg, Heuningspruit, Hobhouse, Hoopstad, Kestell, Kroonstad, Odendaalsrus, Reitz and Wesselsbron.
While maize theft in the province was not a new phenomenon, "it was never anything like this," said Buys.
According to her, maize theft had become an organised crime.
"Large groups of people harvest maize from the land, after which it is put in used fertiliser bags and transported with bakkies. The maize is then sold at R2 each in informal settlements."
She emphasised that 99% of farmers were not selling maize on the informal market as their maize was delivered to silos.
Buys added that the problem could get worse if it was not addressed, and mechanisms thus needed to be put in place to prevent maize theft.
"Farmers can put a permit system in place as soon as their maize is sold by hand to people, and in this way bring it under the attention of their local South African Police Services coordinator," she explained.
She added that the Directorate for Priority Crime Investigation had been asked to pay urgent attention to maize theft, while the National Prosecuting Authority had been asked to look into the successful prosecution of suspected maize thieves.

Jeandré van der Walt, *Farmer's Weekly*, 4 July 2019

Severe Klein-Karoo drought in its fourth year

The water situation looks better in the Boland and Cape Town but alas, that doesn't tell the full story of the Western Cape: the Klein-Karoo has barely had rain or snow this winter and the dam levels are shocking: two important irrigation dams, the Kammanassie Dam and the Stompdrift Dam are 8% and 2% full respectively. The Poortjieskloof Dam is 0.2% full.
According to Agri Western Cape, many fruit orchards and wine vineyards in the Klein-Karoo have either already withered and died because of the drought, or have been removed to relieve pressure on extremely limited water sources.
The production of onion, carrot and beetroot seed in this important seed production area has been hit very hard by the acute shortage of irrigation water.
It's not only fruit farmers, but also livestock farmers that are affected by a drought continuing for four years already. Natural forage for sheep died off months ago and the past few season oats, barley and alfalfa production has dwindled to almost nothing.
There are six weeks of winter left to make a difference, stonefruit and wine farmers in the Klein-Karoo tell *FreshPlaza*, but recent cold fronts from the southwest were weak, not making it far enough into the Cape interior for good rain over the Klein-Karoo.
"This isn't the cold winter we were hoping for," a Montagu stonefruit farmer says. "The fronts empty out over the Paarl mountains, and then over the Tulbagh mountains, but from Ceres onwards there's barely any water." The Brandvlei Dam near Worcester is 30% full, but generally the situation looks better on the southwestern side of the Slanghoekvallei. "Yesterday I drove up from Cape Town and it was raining all the way until Rawsonville, and then it just stopped."
There is concern over some early stonefruit cultivars that have started showing signs of coming out of dormancy, but fortunately no reports of flowering.
Normally there is no shortage of snow in this mountainous part of the Cape. In fact, Matroosberg, northeast of Ceres, at an elevation of 2,200 metres is famed for its snow, attracting snowboarders and skiers, but this season there is no snow on the mountain.
In the area residents say that it is a cold winter, but of a nature they're not accustomed to: a dry cold, not the moist cold of the normal Cape winter. Farmers confirm that cold units are slightly up on last year.

"Everything looks dreary this winter, there's not enough food for the animals and it is taking a toll on the community. Fortunately there's another cold front predicted for Tuesday. We have had an entire season's rain in a single day before."

Carolize Jansen, *FreshPlaza*, 19 July 2019

Mohair: SA's golden fleece

Mohair, the silk-like yarn spun from the hair of the Angora goat, symbolises luxury and sophistication. The fabric is a regular on the shelves of international fashion houses including Gap, Zara and Topshop. SA's R1.5bn mohair sector is central to that value chain: about 50% of global production is supplied by 800 local farmers, most in the financially strapped Eastern Cape.

But while SA's mohair producers have weathered the economic challenges thrown up by the country's sluggish economy, manufacturers in the sector have not been so lucky. They are feeling the pinch of low economic growth and depressed consumer spend, says Denys Hobson, founder of Cape Town-based Cape Mohair.

A further challenge is posed by retailers, who are upping their margins by squeezing manufacturers — forcing them "to lower their prices to a level that is just not sustainable", says Hobson — and looking to import cheaper products from the East.

"The quality [of the imported product] is not always what it could be," he says. "So the consumer feels the effect of [poor] quality, and the manufacturing staff [feel] the effects of no work or smaller pay packets."

Mohair manufacturers' woes are a reflection of the struggles of the local manufacturing sector more generally. According to industry body Manufacturing Circle, almost 400,000 manufacturing jobs have been lost in SA since 2008, and the sector's contribution to GDP declined from 15% to just under 13% by 2016.

But the unfavourable economic conditions haven't discouraged corporate activity in the mohair sector. Venture capital firm Anuva Investments recently bought a 46% interest in Cape Mohair. The company, with an annual turnover of R30m, sells mohair blankets and specialist medical socks — about 500,000 pairs a year.

The company says mohair's cellular structure allows the socks to draw moisture away from the skin. This, along with the anti-allergenic and antibacterial properties of the fibre, makes the product popular among those with poor circulation, eczema and other skin ailments, and diabetics.

Anuva co-founder Neill Hobbs says the deal is aimed at "generating long-term shareholder value by matching capital with carefully selected business opportunities".

The venture capital company paid for the stake through a combination of cash and assets, chipping in new working capital alongside state-of-the-art sock machinery bought out of a competitor's insolvency.

That company, Impahla, went into liquidation after decades of supplying high-volume, low-margin clothing and socks to the retail market.

Hobson says Anuva initially approached Cape Mohair to manage the sock plant. "It soon became clear that moving our sock-manufacturing operations into the newer plant made business sense, despite the respective product ranges and target markets being different," he says.

The timing was also good, given that Cape Mohair's specialist socks have proved resistant to the economic downturn. At the time of the acquisition, the company was struggling to meet demand, so the deal provided it with a chance to move to bigger premises and buy more equipment.

"Our Epping factory had become too small for our needs, while the Impahla plant had loads of spare capacity," says Hobson.

The deal has also opened expansion possibilities. "Being able to diversify geographically into other economies is now a real possibility and hopefully the slowing down of one economy is bolstered by the picking up of others," he says.

Such international exposure has meant SA's mohair producers, unlike its manufacturers, have been more insulated from local economic woes.

Riaan Marais, spokesperson of Mohair SA, says the local industry's biggest challenge in recent years has been the ongoing drought, which has forced a number of farmers to buy in feed for their goats.

"Some regions received much-needed rain in the 2018/2019 seasons, but we are still a long way from fully recovering," he says.
Most of the locally produced raw product is exported to Europe and Asia, says Marais. That demand has remained solid, resulting in high prices that "have helped farmers keep their businesses stable despite the drought".
"Despite the negative economic environment, our product is still in demand and fetching good prices."
The more pressing issue for Mohair SA at present is ensuring the sustainability and consistency of raw product supply. In the next few months, it hopes to launch an internationally recognised code of best practice, the Responsible Mohair Standard, or RMS. It has developed this with international organisations and luxury brands.
"Sustainability is key," says Marais. "Consumers are becoming more aware of where the products they buy are coming from. Therefore, mohair producers need to ensure their compliance with RMS. Once the RMS is launched all farmers will be audited, and if they comply they are certified sustainable."

Siseko Njobeni, *Financial Mail*, 11 July 2019

Crisis at South Africa's harbours affecting citrus exports

Usually the situation at Durban Harbour is the citrus industry's greatest cause for concern but this season the situation at the Port Elizabeth container terminal (PECT) and the new Ngqura (Coega) container terminal (NCT) is "absolute chaos" and "a major crisis", according to various citrus exporters, affecting fruit exports from the region. Exports are happening but at a very slow pace and if the situation isn't rectified soon, the citrus industry warns, it could take weeks to stabilise.
"The situation at the harbours is one of the biggest challenges facing the entire industry at the moment, and we're not even into peak season," says a shipping agent. "Once operations resume at PECT, it might improve the services out of PECT but the backlog in NCT is so great that unless the critical matters are addressed at NCT, our concerns remain."
The national peak is anticipated over the next two to three weeks with late navels, lemons, mandarins and Valencias all in full flow. Two-thirds of the Eastern Cape's crop (and a larger crop than during the past three years at that) will be going through the port over the coming eight to ten weeks.
There is currently limited loading at the Port Elizabeth container terminal. Last year a container crane at Port Elizabeth toppled over into the harbour due to high winds (while a second crane malfunctioned two months ago), leaving the harbour with only one remaining crane.
A crane was moved from Durban to Port Elizabeth a few weeks ago and is only due to be in service by the end of the week. The main Europe service had to be diverted to NCT, compounding the constraints on berthing and reefer plug points at NCT, because of the extra vessels calling there.
The Ngqura harbour is more exposed to wind than Port Elizabeth (25km to the east) and was again down for at least 24 hours on Sunday and Monday due to wind, losing productivity. Wind has intermittently halted operations at NCT over the past few weeks.
Volumes are being diverted to Durban Harbour (which fortuitously has ample capacity at the moment due to the drop in northern navel volumes, but the Valencia peak is imminent) and Cape Town Harbour.
Cape Town is not itself running at full capacity but Western Cape citrus volumes are lower than deciduous fruit volumes, so there, too, extra citrus volumes can be accommodated.
Where there are usually three days of stacking allowed to load a ship, because of severe backlogs the stacks are currently 24 hours for a vessel (based on the expected date of berthing). However, because the vessels are then not berthing on schedule, the plug-ins aren't clearing, affecting the flow of containers into the stack and resulting in many containers left behind.
As ships wait outside the harbour for up to eight days (not unique to Durban; it's the case at Port Elizabeth too at the moment), turnaround times are poor and *FreshPlaza* was told of fruit in containers already waiting for 20 days to be loaded at NCT – then add that to the roughly 45 days it takes to the west coast of Canada or Vladivostok, and exporters are having to make difficult decisions on the future of some consignments.

One exporter from the Gamtoos Valley notes that additional logistical arrangements (for instance finding new vessels for containers that couldn't be loaded onto the scheduled vessel during the single allocated stack date) is taking up 30% more of his time, not to mention the millions in unplanned expenditure. He points out that on the first two vessels on which they've loaded this season, the additional plug-in costs came to R105,000 (6,500 euros).

There are containers plugged in and waiting all over the place currently, waiting to go into terminal.

Another exasperated Eastern Cape exporter, who likewise doesn't want to be named, says it's as if someone has pressed the self-destruct button at the harbour. "We're our own biggest enemy at the moment."

Transnet employees are allegedly going on a go-slow, despite a new wage agreement signed just over a year ago. The majority government-owned port authority, deeply implicated in the corruption of the Zuma administration and current focus of an enquiry into state capture, has put a brake on procurement processes, causing a backlog of maintenance and labour shortages.

Management apparently made ill-advised changes to its bonus incentive scheme with which employees are unhappy and the morale among staff at the container terminals is very low.

Where the norm is 25 crane moves an hour, NCT is currently running at 6 to 12 moves an hour (it's about 18 moves at Durban).

"The whole system is just seriously compounded at the moment at NCT and things are coming to a head. The citrus industry has been growing for a couple of years now and the efficiency levels at the ports are going backwards, converse to each other," says Mitchell Brooke, CGA logistics development manager, who explains that the industry is in the short-term engaging with port authorities to streamline processes but in the longer term taking it up to the level of national government. "We've got to align with the necessary authorities to get the terminals to a point of efficiency so we don't have all these issues we see at the moment."

He continues that they expect the situation to worsen if things don't stabilise immediately because it will take weeks to regain vessel schedule integrity.

The other problem that looms is a shortage of reefer containers as vessels cannot access the port to discharge empties in time. Once a line runs out of empties it takes weeks to replenish.

"South Africa's excellent reputation was built on the fact that we always got the fruit out very quickly, sometimes straight from the packhouse to the ship, but what's going on at the harbour is inflicting unbelievable damage on the citrus industry," says Hannes de Waal, managing director of the Sundays River Citrus Company. "If we cannot sell our citrus we cannot survive."

The citrus industry brings in R19 billion (1.2 billion euros) to the country's struggling economy and has, in fact, already been touted as the successor to the mining industry, as economic growth in other sectors slows down and unemployment increases.

The automotive industry, which together with the citrus industry form the economic backbone of the Eastern Cape, is reportedly equally concerned at the situation at the harbour.

Carolize Jansen, *FreshPlaza*, 4 July 2019

South African avocado growers wish the season would never end

The European market is short on avocados, even more than originally expected, after South Africa and Peru's giant crops from last year whetted an even wider appetite.

After a cautious start to the season which put a lid on prices until May, retail buyers have been requesting their South African suppliers to fly out orders, instead of using the normal route of a three week sea journey. Whereas last year there was an average of 3.5 million cartons a week on the European market, for the past few weeks almost a million fewer cartons have been arriving, putting pressure on retail programme commitments.

"It's quite unusual, to fly out fruit this time of the year," says Brenda Greyvensteyn, commercial manager at Afrupro Marketing. They still have avocados from mainly the Letaba area arriving (by ship) in Europe and the UK, ending their season over the next three to four weeks.

It’s a year in which many South African avocado producers would wish they had more fruit, because it’s a seller’s market due to a scarcity on the market: the current crop, estimated at 14.5 million equivalent 4kg cartons, looks to be 30% down on last year, while Peru, Europe’s largest supplier this time of the year, is itself around 20% down.
“Prices are so good at the moment, really outstanding. We have reports of up to 18 euros for a 4kg carton, but it’s not on the retail market where you’ll see those prices. In fact, retail is pushing against the high prices. We are expecting retail to remain at more conservative levels of around 14 to 16 euros."
Are buyers willing to take green skin in the absence of Hass? “Both varieties are for very specific markets. The majority of Hass goes into retail and buyers won’t easily swap out Hass for green skin. Although, in a year like this, who knows?”
The window of opportunity will start closing when Chile starts shipping to Europe but Brenda believes that the Chileans will send their first load to the equally strong US market where the Californian season ended earlier because of a heatwave a year ago.
Last year it was the stability of the retail market that delivered better returns, she continues. “Last year was a sobering year. It showed us what could happen when supply levels are as high as they were last year, with 3.5 million cartons a week in the EU.”
With the thunderous pace at which avocado orchards are expanding in South Africa and abroad, and the swell of volumes on the horizon, one might well wonder whether this could be the last of the strong avocado seller’s markets in a while.
“You’d think the market would’ve matured enough to keep prices stable,” she says, “but last year European consumers could purchase avocados at reasonable prices and even if this year the supply isn’t there, the demand still is. Consumers won’t necessarily pay the exorbitant prices of this season, but a taste has been created and we’re still in a good place for continuous planting.”
“There will be so many opportunities to relieve the pressure from the European market when China opens for avocado exports from South Africa, as China is still such an untapped avocado market.”

Carolize Jansen, *FreshPlaza*, 16 July 2019

Global avocado demand grabs the attention of South African farmers

According to a 2019 report from the European Union titled Opportunities for South African emerging farmers in the European sustainable market, even with a 4% global market footprint, South Africa is still punching far below the growing avocado demand, which has seen a steep increase in international market prices.
Against the background of producers’ limited access to quality land, soil and water, the current trend is to increase production per unit area, while simultaneously limiting production costs to optimise profit.
The increase in avocado demand translates into major economic expansion and growth opportunities for the South African industry. In fact, the local industry is growing at more than 1,000 hectares per annum, with further expansion expected in the production of nursery trees.
Last year, the total production was estimated at 170,000 tonnes of which approximately 86,000 tonnes were exported, mainly to Europe and the United Kingdom. Due to global demand and produce year-round, local production is expanding in KwaZulu-Natal and the Eastern and Western Cape provinces.
Agricultural company, Laeveld Agrochem advises avocado farmers to surround themselves with experts in orchard planning and crop cultivation. In addition, precision farming technology can be used to help producers ensure sustainable yields, per unit area, as well as managing cultivation risks.
Derek Donkin, CEO of the South African Subtropical Growers’ Association (Subtrop) says maintaining global market access for local produce is one of the industry’s top priorities for the future. According to Subtrop, the rate of new plantings has increased significantly to supply expected new markets.
“Our long-term plans include making in-roads in new markets such as China, India and the US. If the demand for avocado continues at these high rates, we will have to double our production in ten years,” says Donkin. “Currently, we export up to 55% of our avocados and of the remainder between 10% and 12% is used for processing; the rest is sold fresh as fresh produce.”

FreshPlaza, 3 July 2019

Wayne Mansfield savouring fruits of his labour after going from hawker to farm owner

The establishment of a lemon farm just outside Paarl came about after the owner spent years selling fruit with his father at the Cape Town market.
Wayne Mansfield, who grew up in Pniel, outside Stellenbosch, is proud to have his own farm today, known as Fruit Field Farming, after years of being a hawker where he would collect fruit from Fairview Farm and sell it at various markets.
Mansfield said: “My father was a salesman and hawker at Cape Town market and I would always go with him to sell from the age of 16. He taught me how to sell and negotiate with people. My father eventually gave me my own bakkie to go around to different farms and buy fruit to sell at the markets.”
In 2006, Mansfield started picking lemons at the nearby Fairview Wine and Cheese Farm, where he met Donald Matton, who encouraged him to consider farming lemons.
Mansfield said that when he looks back, he realises how much they have struggled and feels fortunate to be where he is today.
He received the Agricultural Excellence Award from the Department of Agriculture, Forestry and Fisheries last month and the Agricultural Writers South Africa Award last year in the category, Western Cape New Entrant Into Commercial Agriculture.
Mansfield chose to plant lemons because he saw it was potentially a good market. The farm he started on already had lemon trees planted.
In the first year, 31 tons of lemons were exported to countries in Europe, the Middle East and Far East. In the second year, exports rocketed to 163 tons.
The farm used to produce Grade 3 lemons, but after careful and intensive development, it now produces Grade 1 Eureka cultivar lemons.
“It was difficult to switch from being a hawker to managing your own farm. Managing everything on my own was a bit of struggle but there were places and people that educated me,” said Mansfield.
He said his success would not have been possible without the help of Charles Back, owner of Fairview, that lent the farm equipment and also paid staff on Mansfield’s farm during the first year of farming in 2015.
He has applied for the SAB Foundation Tholoana Programme, which invests in entrepreneurs who show a commitment to growing the South African economy.

Sukaina Ishmail, *Cape Argus*, 12 July 2019

Wine farm owners to help evicted family find new home

After having to squat for more than 100 days along the R44 following their eviction from the Windmeul Kelder, near Wellington, the May family will finally be moved to alternative accommodation.
A meeting between the family, the Windmeul Kelder owners and the Drakenstein Municipality ended with a settlement being reached which sees the wine farm providing financial assistance to the family to move to Wellington.
In March, Zonwabele May, his wife Nomabongo, their four children and their partners, as well as three grandchildren were evicted from the wine farm where the family had lived for 38 years.
Zonwabele’s son’s partner, Elna Brown, 27, said they were happy that they would soon have a formal roof over their heads.
“Windmeul agreed to help us financially, and we asked for a month in which to find a home in Wellington. It has been tough living in these conditions.
‘‘Our children had to stay on other farms with friends and family because we didn’t want them to suffer these conditions,” she said.
Brown thanked farmworkers’ rights groups and activists for their assistance over the past few months.

In a statement, Windmeul Kelder said: "Drakenstein Municipality reiterated its offer to temporarily accommodate the evicted family in two wendy houses in New Orleans Park.
''After discussion of various proposals, an agreement was reached whereby Windmeul Kelder will assist the May family with alternative accommodation," it said.
''Both the May family and Windmeul Kelder owners were overjoyed with the outcome of the meeting."
Women on Farms project co- director Carmen Louw said: "It's sad, actually, that families like the Mays are not granted established land rights when they worked for years helping wine farms reach their luxury status.
"We met the Drakenstein Municipality about its housing policy, which they are reviewing, and then providing Nutec houses to the displaced instead of tents," Louw said.
She added that they would continue to engage the municipality about adopting and applying integrated housing policies.
Provincial SA Human Rights Commissioner Chris Nissen said it was important that the Mays did not move "from one tent to another", and he remained concerned over the New Orleans Park site.
Drakenstein Municipality community services executive director Gerald Esau said: "The Windmeul Kelder evictees and their legal representative, the management of Windmeul Kelder and officials of Drakenstein Municipality, engaged in a mediation process during which an amicable solution was reached and a settlement agreement was signed.
''The Windmeul evictees will now find their own alternative or private accommodation by the end of July 2019," he said.
Esau said that other displaced families currently staying at New Orleans Park would be accommodated in $24m^2$ Nutec structures for a year, after which they would be relocated to a permanent emergency housing site at the Schoongezicht housing site.

Dominic Adriaanse, *Cape Times*, 25 June 2019

Grabouw farmworkers take owners to court over 'discriminatory, racist practices'

Farmworkers from Oak Valley Farm in Grabouw have taken the farmowners to the Equality Court after deadlock in talks between the union and management and what they say are discriminatory and racist practices on the farm.
Commercial Stevedoring Agriculture and Allied Workers Union secretary general, Trevor Christians, said the union was seeking an order to declare unlawful the practice of single-sex hostels and that of black workers barred from staying on the farm with their families.
"For many years the farm had coloured and white workers to stay with their families on the farm.
"Black African workers were put in single-sex hostels and their families were not allowed.
"After a long series of fruitless negotiations with the farm, the union referred the single-sex hostels matter to the Equality Court, because we believe it is a violation of human dignity, discriminatory and racist," he said.
Christians said the workers were demanding that the single-sex hostels be demolished and transformed into family homes.
He said the matter was met with fierce resistance by the employers, despite interventions by the Human Rights Commission and the unions.
Christians alleged that the owners were using "old apartheid" wage policies and practices to run their business.
These violations are before the court and will be adjudicated on Friday in the Equality Court.
However, Oak Valley managing director, Christopher Rawbone Viljoen, denied any discriminatory and racist practices made by the union on the farm.
"Oak Valley reiterates it has no policies or practices that deliberately discriminate between its employees on the grounds of race or gender. We take these allegations seriously and confirm our commitment to address them in the correct forum," he said.

Among its list of demands, the union wants a minimum wage of R250 a day, and an end to labour brokers and single-sex hostels.
Human Rights Commissioner, Chris Nissen, said they were engaging the management of the farm and the interventions were ongoing.
“Living conditions in the hostels were terrible and we have engaged with the management and told them the conditions were unacceptable,” he said.
However, Nissen said it was immature of the union to say there were discriminatory practices at the farm, despite interventions by the Human Rights Commission.
“That is not entirely true. We have met with the management on the hostel issues, and after the renovations under way on the hostels are done, we will engage them on other issues.
“We still have to make sure discriminatory practices come to an end at that farm,” Nissen said.

Mthuthuzeli Ntseku, *Cape Argus*, 3 July 2019

OVK increases turnover despite ‘challenging conditions’

The agribusiness, OVK Group, has announced an increase of 8, 55% in turnover for the 2018/2019 financial year compared with the previous year.
The company’s profit before tax and loyalty discounts of R36, 7 million, amounted to R199, 8 million, according to Gilly Scheepers, chairperson of the OVK board. However, he said in the chairperson’s report that net profit before tax declined 10,8% due to lower margins.
“The business was faced with a number of challenges during the past year such as the drought and late rain. The trade division’s profit margins nevertheless increased 10, 4%.”
According to Stefan Oberholzer, OVK’s managing director, the 2019 financial results underscored the importance of the trade department for the OVK Group.
He said in the financial report that share prices continued to increase.
“OVK shares remain good value, considering the discount on historical asset value.”
The average trading price of OVK Operation shares increased R1,63/share during the past year, bringing the price to R15/share.
This represented and increase of 12, 9%. At the same time, the average trading price of OVK Holdings shares increased 78c/share during the past year to R13,08/share. This constituted an increase of 6, 34%.
Despite it being a very challenging period, OVK paid out in excess of R75 million in dividends to its shareholders and through its loyalty scheme.
The majority of the shareholders were bona fide agricultural producers and numbers increased to 12 287 in the 2019 financial year, the statement said.
“According to Statistics SA, there are about 36 000 commercial farmers in South Africa. That means that nearly 30% of the commercial farmers hold shares in OVK,” Oberholzer said.

Annelie Coleman, *Farmer’s Weekly*, 15 July 2019

Optimism about state-subsidised crop insurance scheme

There is cautious optimism that a government-subsidised crop insurance scheme will materialise in the near future, according to Jannie de Villiers, CEO of Grain SA.
De Villiers said that the South African Insurance Association, the representative body of the short-term insurance industry, had already provided Treasury with a comprehensive plan for subsidised crop insurance.
“We’re now waiting on Treasury [to hear what] the amount [is] that will be budgeted, should the plan be accepted. It’s [vital] that the subsidisation is market-related in order to make it possible for farmers to obtain insurance in times of need, such as drought,” he said.
The idea of a state-subsidised insurance scheme had so far been widely accepted by all role players in the agricultural value chain, as well as government, he said.
“It’s essential that grain producers receive support to [endure] the impact of droughts such as the devastating drought of 2016,” he added.
Jaco Minnaar, chairperson of Grain SA, said crop insurance was exceedingly expensive at the moment. Farmers, particularly in the western parts of the summer grain production region, could not afford it.
Insurers were also increasingly negative about insuring crops because of growing risk due to adverse weather conditions, such as drought. This was further aggravated by the fact that insurers did not insure crops planted outside the optimal planting periods.
However, according to Phillip du Preez, head of agriculture at Old Mutual Insure, South African farmers’ attitude towards crop insurance was changing.
With limited areas of arable land available for crop production, limited water resources, and the constant danger of drought, they had to take more notice of the various risks than ever before.
Up to a few years ago, crop insurance had been a grudge purchase, but farmers were now seeing it as more a necessity, Du Preez said.

Annelie Coleman, *Farmer’s Weekly*, 1 July 2019

Government considers strengthening Land Bank to support black farmers

Government is reviewing the role of the Land Bank to boost support for emerging black farmers, agriculture, land reform and rural development minister Thoko Didiza said on Tuesday.
The Land Bank has previously been criticised for not doing enough to support emerging farmers.
In 2018, the Land Bank said it intended tripling to R15bn its lending to emerging farmers within the next three to four years. This would translate to 30% of its total lending of R45bn. In recent years, the bank has increased its lending to emerging farmers and agricultural development enterprises to about R5bn from R2.5bn.
The bank said at the time its mandate needed to be understood. First, it is obliged to finance agricultural development while maintaining food security, economic growth and the transformation of the agricultural sector.
This included environmental sustainability and job creation, Litha Magingxa, the state-owned institution’s head of agricultural economics, said then. Second, the bank receives no funding from the state, though the state does guarantee its loans. That means it has to carry the risk associated with the unique challenges posed by SA’s emerging farming sector.
In his state of the nation address in June, President Cyril Ramaphosa said that over the medium-term budget period R3.9bn would be allocated to the Land Bank to support black commercial farmers.
Delivering her budget speech in parliament, Didiza also touched on the contentious issue of land reform, saying addressing the issue and productive use of land will require a meaningful conversation with landowners.

Didiza said commercialisation of black farmers remains an important objective in transforming the agriculture sector.
The government is also looking to increase the number of black commercial farmers to ensure ownership and control of the agricultural value chain by previously disadvantaged groups. In many instances, black farmers struggle to get access to markets, finance and technical support to link them with integrated value chains.
Didiza said financing of agriculture remains an important ingredient for farming, whether a new entrant or established producer. She said the Land Bank has a mandate to finance established farmers and developing farmers.
"This is an important mandate, however, we need to reflect seriously whether given the current mandate and the financial environment in which this institution has to operate is it properly capacitated to undertake this task. Secondly, we have various instruments that seek to support developing farmers which in large measure are grants for support in infrastructure," the minister said.
"Currently, we are working with Statistics South Africa to develop a farmer register that will tell us how many producers we have, the scale and nature of operations. This data is important in order to ensure targeted support by government," she said.
On land reform, Didiza said: "Many commentators have written on the successes and challenges of land reform in South Africa. In this very legislative assembly we too as public representatives of our people would like to find a lasting solution to the legacy of dispossession in our country."
In December, the National Assembly and the National Council of Provinces adopted a contentious report that called for a constitutional amendment to make it explicit that expropriation without compensation could be used to address skewed land-ownership patterns dating back to the colonial and apartheid eras.
The land debate has divided the country and agitated investors, with the proposed amendment set to be challenged in court by various stakeholders and political parties.
"Addressing the land question and its productive use will need a meaningful conversation with landowners, be they farmers, companies or trust," said Didiza.
"We need to be genuine and deliberate in transforming this sector. Historically, black South Africans were excluded from meaningful participation in the agricultural economy. The food value chain remains highly concentrated among a few players. This is hardly the basis of building a sustained agriculture economy that serves all."
DA MP and agriculture, land reform & rural development spokesperson Annette Steyn said property rights must be protected for the economy to thrive.
"We are all aware that we are sitting on a time bomb and that 'the land issue' must be resolved. The Democratic Alliance supports land reform, but the devil is in the detail," said Steyn.
"Are we going to follow the path of countries like Zimbabwe and Venezuela, and cause an economic meltdown? Or are we going to surprise the world and heal our divided nation with a land-reform programme that acknowledges the injustices of the past while we build a future for all South Africans?"

Bekezela Phakathi, *Business Day*, 16 July 2019

The crisis at South Africa's $150 billion state-owned fund manager

Africa's largest fund manager used to be a success story. Owned by the South African state, the Public Investment Corp. runs money for public institutions including the government-worker pension fund covering more than 1 million people. It increased its assets under management sixfold in 15 years, to about $150 billion. It's a major player in the Johannesburg stock market, and has wielded its power to curb executive pay at companies, make or break takeovers, and drive the government agenda of boosting black participation in the economy.
Now the 108-year-old asset manager's existence—at least in its current form—is under threat. A series of scandals and multiple allegations of political interference in investment decisions have been exposed by a judicial commission of inquiry created by South African President Cyril Ramaphosa. The PIC also holds a fifth of the debt of the troubled state-owned power utility, Eskom Holdings SOC Ltd.

The PIC's management is in upheaval. The chief executive officer of four years left in November, and his replacement was suspended in March for allegedly interfering with the commission's investigation. The head of publicly listed investments was suspended over one of the deals undertaken by the fund. Both of the suspended executives have denied wrongdoing. The PIC's board resigned in February after allegations of wrongdoing were made by an anonymous whistleblower against some members, who weren't named in the board's letter of resignation. An interim board was put in place only this July.

At stake is not only the performance of the PIC's funds but the financial health of the South African government. Ninety percent of the money the PIC runs comes from the Government Employees Pension Fund. The GEPF's payouts are guaranteed by the government and therefore by the South African taxpayer. If the government had to take these over, it would place yet another fiscal burden on Ramaphosa's government, which is already struggling to maintain the nation's credit rating and bail out indebted state companies. "It's a critical organization," says Iraj Abedian, CEO of Pan-African Investments and Research Services, who has advised the government in the past. If returns generated by the PIC can't cover pension payouts, "it would become an absolutely phenomenal catastrophe that government cannot get out of," he says.

So far returns haven't suffered. In its 2018 annual report, the GEPF said its funds, almost all of which are invested with the PIC, grew by 153 billion rand ($10.8 billion), or 8.5%. It has a 108% funding level—that is, it has 8% more than it needs to pay promised benefits. But Ramabu Motimele, a senior human resources official at the PIC, told the commission that morale has plunged amid "mistrust and fear." The PIC's head of private equity has left along with the fund's top economist. Former and current PIC executives, who asked not to be named because of ongoing labor, disciplinary and legal processes, say the turmoil has frozen decision-making at the level immediately below the executive committee. Employees spend their workdays watching live footage of the commission, before which more than 70 witnesses have delivered sometimes conflicting accounts of misconduct, political interference, and corruption.

The PIC even faces the possibility of losing its biggest customer. Abel Sithole, the principal executive officer of the GEPF, told the commission this month that his fund isn't obliged to have its money managed by the PIC. Meanwhile, the Public Servants Association, the biggest labor union sending funds to the GEPF, is campaigning for the pensions of its members to be divided among private fund managers.

Allegations of political interference date back to the rule of President Thabo Mbeki. The PIC helped found the Pan African Infrastructure Development Fund in 2007 just as the South African leader was driving his "African renaissance" agenda of investment throughout the continent. During the scandal-marred years of President Jacob Zuma, the GEPF launched a developmental policy that allowed up to 5% of its assets to be used for social infrastructure—such as schools, hospitals, and low-cost housing—and boosting black economic empowerment. Many deals now under scrutiny by the commission fall under this policy. Daniel Matjila, who departed the CEO post in November, also testified that the PIC lost $333 million by investing in Erin Energy Corp., an oil company, whose founder was a friend of Zuma's.

Another investment under scrutiny: the PIC's funding in 2017 of Ayo Technology Solutions Ltd., a company linked to a businessman who claims close links to the ruling African National Congress. Prior to the company going public PIC paid 4.3 billion rand for a 29% stake in Ayo, a holding that today is worth 900 million rand, according to data compiled by *Bloomberg*. Matjila told the commission that the Ayo investment hasn't performed as anticipated due to deals Ayo was expected to make not taking place, negative media reports and commission testimony, and litigation. Ayo has stood by its valuation and said it was continuing to implement the strategy it had laid out before its initial public offering.

The very structure of the PIC lends itself to political interference: The deputy finance minister has traditionally served as chairman. That practice was only broken with this month's naming of the interim board and the July 25 appointment of businessman Reuel Khoza as chairman. Khoza is a former chairman of Eskom Holdings and Nedbank Group Ltd., one of South Africa's largest commercial banks. The most recent deputy minister and PIC chairman, Mondli Gungubele, forced Matjila out of the CEO post after he refused to go along with a proposed investment in struggling retailer Edcon Holdings Ltd. that would have helped secure 140,000 jobs, Matjila told the commission. Several months later, after labor allies of the ruling party threatened to discourage its 1.8 million members from voting for the ANC in May elections unless Edcon was saved, the PIC led a rescue with a 1.2 billion rand investment.

Gungubele on several occasions told PIC executives that he was there as a representative of the ANC, and had to be reminded of his responsibilities as a supposedly independent chairman, say members of the

executive committee who asked not to be named because of ongoing labor and legal disputes at the fund manager. Gungubele said in a statement to the commission that it had been the board's collective decision that Matjila be asked to leave immediately because he had expressed a desire to depart at the end of his contract. He didn't respond to requests for comment on his role at the PIC.
Matjila himself supported another controversial investment: buying 90 billion rand of debt in Eskom, a utility that doesn't generate sufficient revenue to cover its running costs. Eskom has had to have the majority of its debt guaranteed by the government, is in the process of receiving a multibillion-dollar state bailout, and may be split into three divisions under a plan from Ramaphosa. Buying that much Eskom debt "is a poor investment decision," Abedian says. "There's no exit strategy. To position the fund manager as a lender of last resort is just bizarre and very unwise." Matjila said in testimony that Eskom is crucial to the South African economy, and the PIC's success depends on the economy's health.
Power struggles between executives over positions and pay packages that ranged from $1.1 million for Matjila to $360,000 for the head of human resources may have added to the PIC's the problems. Last year an organizational chart seen by *Bloomberg* was passed among some executives showing who was to be ousted, including Matjila, and who they were to be replaced by—months before the suspensions and departures took place. Deon Botha, head of corporate affairs at the PIC, said the PIC is not aware of the chart, and that the suggestion of infighting over positions is "speculative and imaginary."
For now the asset manager, three times the size of its nearest South African competitor, is in limbo. The GEPF has reined in the discretion on investments the PIC can exercise by saying all non-publicly traded investments over 2 billion rand must go to the GEPF board of trustees. The previous limit was 10 billion rand. "We want a complete overhaul of the mandate of the PIC, but secondly we want an opening in terms of the percentage of the investment that goes to the PIC and other fund managers," says Tahir Maepa, one of two deputy general managers of the Public Servants Association. "The purpose of investing is to make money. It's clear that the PIC has been a cash cow for a number of people."

Antony Sguazzin & Janice Kew, *Bloomberg*, 31 July 2019

Fintech and bank partnerships can grow SMEs

The Fintech adoption rate in Africa is set to soar, with South Africa ranking third in future growth, after China and India.
This is due to the presence of established Fintech firms and higher customer acceptance in the country. Partnerships between Fintech start-ups and conventional banks can advance the financial inclusion small to medium sized enterprises (SMEs) need for sustainable economic and social development.
With the spotlight on the role of SMEs in the South African economy, there are many products and services, which collaborations between Fintech and incumbent banks can bring to the sector. "Fintech start-ups are offering solutions to many of the problems faced by small businesses, such as cash flow concerns and insufficient funding," says Daniel Goldberg, co-founder of Bridgement, a digital lender offering invoice financing and revolving credit facilities to SMEs.
"While some SMEs are hesitant to make the shift towards digital, the reality is that they no longer have a choice. By partnering with Fintech start-ups, banks can expand their client services to better serve small businesses," says Goldberg.
Banks can leverage the strengths of digital innovation. Fintech has created new business models, applications and processes including peer-to-peer marketplaces, online lending, proactive financial alerts and robo-investing. Using the latest technology, banks and Fintech can work together to develop real-time, multi-channel capabilities that are highly personalised, contextual and more affordable.
In turn, banks can offer Fintech start-ups insight into the regulatory environment and access to a significant client base with whom the bank has developed relationships. Innovative thinking and cutting-edge technology combined with established customer bases and distribution networks produce a mutually beneficial relationship for banks and Fintech. "Partnerships can deliver better, cheaper, faster and more innovative solutions for customers," says Goldberg.

Banks have largely overlooked servicing small businesses because they occupy a small portion of their income relative to consumer and large corporate banking. “Banks are reluctant to offer small business loans, because the costs involved in offering them don’t scale with the size of the loan. Larger businesses that take out bigger loans naturally end up being prioritised – they’re more profitable for the bank,” says Goldberg.

Using machine learning for credit analysis and decisioning to speed up their application, Bridgement’s first product to market has a record time of 90 minutes from loan application to money landing in an SME’s account. Registered companies who have been trading for longer than six months can access credit facilities from R10 000 up to R5-million. SMEs can apply in under two minutes on their website – *www.bridgement.com.*

Business Report Online, 31 July 2019
