



This edition

1

Risk Management: Small-Scale Farmers

1

Tips and tools: Gross Margin Budget

2

ESO tip: Digital distractions in the workplace in the social media age

2

Provincial ESO Top User: Mr Johan le Roux

Risk Management - Small-Scale Farmers

Dr John Lapham

Many small-scale farmers inherently adopt a "low-input, low-return, risk avoidance strategy" to farming, particularly when growing crops. Crops are at the mercy of environmental extremes such as droughts, floods and outbreak of pests and disease. Small-scale farmers fear the potential losses from these threats when investing in crop seed, chemicals and equipment, and consequently, their approach is to limit crop inputs with their only expectation to harvest enough to subsist, always hoping that it will only be in extreme conditions that they will be unable to feed themselves.

However, this strategy is a trap for them - they may be able to sustain this approach - but only at a subsistence level, and when the plan fails, they must rely on outside support (state assistance).

Circumstances ultimately are changing, and there is a new impetus from the private sector who are more aware of the agricultural needs and its potential. Prominent African business leaders are imposing a clearer vision. New models aim to ensure a more equitable distribution of returns, more price stability in the market, better coordination between farmers and eventually more affordable and easier access to finance. An integral part of financing crop production should be providing crop insurance, currently being addressed in many instances.

South Africa has over 450 000 emerging and small-scale farmers and close to 40 000 large commercial farmers.

While the latter has traditionally enjoyed access to advanced financial solutions and insurance, emerging farmers find themselves financially exposed when faced with adversities and often tend to borrow more, or leave agriculture permanently. Still dependent on rain cycles, South Africa's small-scale farmers are the most financially vulnerable to the vagaries of weather. The prolonged drought conditions the country is witnessing, the worst in over a century, have only seen small farmers, reap more debt.

This situation is mainly because many small farmers do not have access to, or adequate knowledge of, risk management actions that can carry them through unforeseen events like the current drought.

The Land Bank Insurance Company, LBIC, a division

of the Land Bank, is developing crop insurance products for small-scale farmers. Part of the programme is to train brokers to operate in the rural areas and engage the farmers.

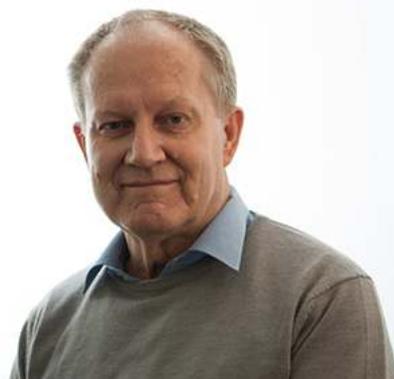
"We strongly believe there is room to develop black brokers who can reach out to the small farmers in the deep rural areas of the country, where established brokers might see little or no market," said Mr Dini Nondumo, the Sales and Distribution Executive Manager. He added that the LBIC recognised this need among customers, which is in line with the company's mandate to support the development of the agriculture sector.

He noted that losses in this sector were primarily a result of adverse weather conditions and that the degree of severity of such events had only increased following erratic weather patterns. These patterns not only exposed farmers to crippling financial losses but also degraded the quality of their soil.

"Smaller, uninsured black farmers are left with no choice but to approach the banks for further credit - but credit is not necessarily a tool to deal with weather events, - insurance is. It is a critical part of ensuring the long-term stability of the farmer," said Nondumo.

Inability to service debts can easily exclude farmers from the formal banking system, pushing them into the dangerous area of informal credit.

"So, insurance as a risk mitigation tool is as vital for the farmers as it is for the banks," said Nondumo.



Dr John Lapham

ESO WALLPAPERS

DOWNLOAD YOUR FREE
DESKTOP WALLPAPER TODAY!

Liven up your computer's desktop with an Extension Suite Online® wallpaper. Download wallpapers directly from the ESO newsletter e-mail or on the ESO media website: media.esuite.co.za



Tips and tools for advisors

Gross Margin Budget

Portia Phahlane

The Gross Margin budget (GMB) available to users of Extension Suite Online® (ESO) calculates the potential income generated from an enterprise, minus the variable costs incurred in achieving it. The GMBs (for Animal and Plant production) on ESO serve as additional planning tools to help evaluate and compare different commodity options and to provide a guide to relative profitability of similar enterprises.

A GMB is a logical and systematic way of assessing each activity ranging from input costs such as water, fertiliser, and labour, to yield and expected market prices. By using GMBs, farmers will be helped to understand certain important aspects about crops and the risks involved in growing each of them, the need to manage risks, as well as to make informed decisions about their enterprises.

It should be noted that GMBs serve as a first step only and it simply gives an indication of the potential of a new enterprise on a farm, as it does not include fixed costs (overheads) like depreciation, interest payments, etc.

Provincial ESO Top User

Portia Phahlane

In this month's issue of the ESO Newsletter, we introduce you to the Northern Cape ESO Provincial Top User (Northern Cape Department of Agriculture, Land Reform and Rural Development) for April, Johan le Roux. Johan is from the capital city Kimberley - also world famous for its "Big Hole", that is the direct result of the discovery of diamonds in 1866 - digging commenced in 1871. Kimberley is also the base of the Diamond Fields Advertiser (DFA) that was launched on March 23 in 1878 and hosts the Sol Plaatje University that opened its doors in 2014 for the first time. Indeed, a historical city in the South African context.

Johan has been working as an Extension officer for the department since 2011 in the Sol Plaatje local Municipality, in the Francis Baard district municipality where Lilian Senosi is the acting Director and the manager in charge of the Farmer Support Unit. Johan's duties centre mostly on advising farmers on irrigation, crop and livestock production and his clients include 135 farmers and 8 community groups.

Our top user was introduced to Extension Suite Online in 2011 when he started to work for the Department of Agriculture and has been using it since then. He says that ESO provides him with a broad range of information on the different enterprises. He particularly uses the plant production section for information on producing, maintaining, harvesting and marketing of various crops, as well as the poultry module to a lesser degree to improve his general knowledge base.

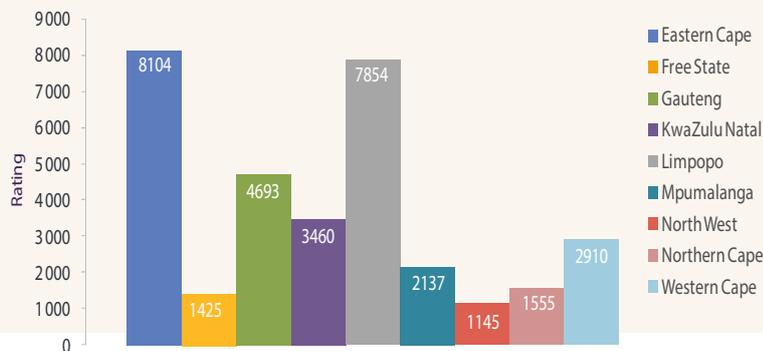
In conclusion, he says that the relevant information that ESO provides makes the execution of his duties so much easier.

EXTENSION SUITE ONLINE® UTILISATION:

April 2017

Extension Suite Online® (ESO) utilisation is determined through monitoring user utilisation in the nine provinces and by attaching values to Visits, Pages Visited and Duration of Visits; a rating is calculated to establish the ESO National Top User of the Month.

ESO PROVINCIAL TOP USER GRAPH



ESO PROVINCIAL TOP USERS

Province	Name
Eastern Cape	Sindile Magoda
Free State	Annie Seutloadi
Gauteng	Sizwe Nzuza
KwaZulu Natal	Dumisani Nzama
Limpopo	Morongwe Salome Mahasha
Mpumalanga	Sthembiso Mbuyane
North West	Tlou Harrison Chokoe
Northern Cape	Johan le Roux
Western Cape	Riaan Nowers

CLIMATE WATCH

Issue #15

March signifies the change of the season in the southern hemisphere. While meteorological autumn starts on 1 March, astrological autumn starts on 20 March. The only difference between the two is that meteorologists use a fixed date, while astrological autumn is determined by the earth's orbit around the sun. Read more...



Read the full article on the Manstrat AIS website.

www.manstrat.co.za - Climate Watch

National ESO Top User

Congratulations to **Sindile Magoda** the ESO National Top User for April 2017.



Sindile Magoda

ESO TIPS:

Digital distractions in the workplace in the social media age.

Thulani Zengele

In this edition, we will focus on things that distract us from work, and offer some tips to avoid them.

Turn off notifications

Turn off all unnecessary notifications like continuous social media notifications - that are not required to perform your job.

Spend less time on Social Media

Research has proved that too much time spent at work on social networks like Facebook, leads to unproductivity, that in turn, fuel employee's anxiety levels at the office. It becomes a vicious circle when this anxiety causes us to concentrate even less on our work, leading to more stress and even lower production levels. A good reason, to limit one's social media intake, so to speak.

Avoid butterfly employees

Although not an entirely digital issue, employees/colleagues who suddenly drop by unannounced, starting completely non-work related conversations, are distracting to the extreme. Avoid this by keeping these visits short and getting back to the task at hand.

Email etiquette

As we must deal with countless emails and various information streams daily, let's not add more misery by flooding colleagues with unnecessary emails - spam. For instance - as thoughtful as a birthday message sent to all staff to congratulate a co-worker on their birthday - as irritating and unnecessary it becomes when the rest start sending messages to that person, using the "Reply to All" function! No-one needs this sort of distraction.

Do you have any technology related questions? Send them to newsletter@esuite.co.za, with your name, province and the question and we will answer them in a following newsletter edition.

Editor:

Thembeke Zengele

Publishers:

Manstrat Agricultural Intelligence Solutions (Pty) Ltd.

Correspondence:

newsletter@esuite.co.za | +27 12 460 2499



ManstratAIS

@ManstratAIS

ManstratAIS

