



MASSMART

# WALMART GROUP UPDATE

## Walmart's Direct Farm Programme coming to South Africa

*Walmart's Direct Farm Programme has proved successful in India as well as other countries in which Walmart operates. Massmart is working with Walmart to investigate ways of implementing this programme in its local supply chain.*



A farmer in Majakaneng, North West province, grows crops on just two of his 12 available hectares. He's also producing crops for only six months of the year. What he'd like to do is farm 12 months a year, grow a wider variety of crops and link up to a more formal supply chain so he can maximise sales and minimise waste. Similarly, there is a farmer in Phokeng, North West, who'd like to establish a strong link to retailers so that she can create a more sustainable agricultural business for herself. Then there's the farmer in Ofcalaco, Limpopo, who needs better market access for the food he grows now on his 10-hectare farm.

All these farmers were visited recently by Ramesh Subbiah, a

Walmart Direct Farm Programme expert. Subbiah is working with Massmart to establish direct links between farmers in South Africa and the group's retail stores in the region. Once up and running in South Africa, the Direct Farm Programme should bring local farmers the same benefits Walmart's farmers in India and in other developing countries where Walmart has operations are enjoying.

### **Benefits for growers, stores, communities and customers**

Direct Farm was created by Walmart to bring more locally grown food into Walmart's supply chain. It's not limited to simply linking up grower and retailer; the programme offers a wide variety of benefits for growers, store operations, local communities and customers.

Walmart's Subbiah explains: "In India we started with just one farmer. Today there are approximately

2 000 growers on our Direct Farm Programme. When we first started running the programme there, we assessed the needs of our market, local customers and the farmers. We found that the market was in need of fresh foods at a fair price. In the Indian fresh produce markets, there are many intermediaries in the supply chain between the customers and farmers and it is these intermediaries in the fresh produce markets who set the prices, not the farmers. Farmers there definitely needed access to better prices for their produce and they also needed some help in figuring out exactly what they should be growing and when they should be growing it. We discovered that small farmers lacked adequate knowledge about cultivation methods, post-harvest handling and which seeds they should be buying. We started working with them on these issues, plus we introduced integrated pest management, integrated nutrient management and chemical application record management. Importantly, farmers also received the help they needed to reduce their input by buying genuine



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chemicals in the right pack size from the distributors.”

Walmart’s operations in India are in the form of a back-end supply wholesale venture with partner, Bharti. Through the Direct Farm Programme, Walmart has been able to work with seed suppliers and chemical companies, universities and irrigation experts to improve yield from small farms.

“We have essentially established a collective culture, where farmers working in an area can come together and receive training at our farmer training centre, located in our pack house which is close to the farming communities. Here farmers have the chance to pool their chemical, seed and fertilizer buying together to get the best prices. They also have access to electronic scales, which they can use to accurately measure their yield,” Subbiah explains. “We not only offer farmers agricultural extension training, we offer training on grading fresh produce and training on retail display visual merchandising techniques to open farmers’ eyes to what customers experience when they walk into a store and

see fresh foods on offer. And because we’re able to source directly, we have much better control over the quality of what we’re selling to our customers. There is now traceability in our fresh produce in India, something you could never get when you source from intermediaries in the fresh produce markets. Overall, our programme offers value to farmers, to our supply chain and to our customers. We are able to reduce input costs in farming by 15%, grow farmer income between 12% and 18% and we’re able to cut down the time fresh foods sit in the supply chain from 32 hours to just 12, from harvest to shelf. This additional shelf-life now benefits our Indian customers, many of whom have no refrigeration at home, as is true for many South African households too. And as we work directly with farmers, we’re also able to reduce our supply chain costs and reduce produce wastage to below 7%.”

The success of the programme in India suggests some of what can be achieved in South Africa and Africa. Subbiah says that because agriculture is climate-

reliant, rainfall is probably the most important factor to consider in implementing the programme in South Africa. He believes there are opportunities to experiment in growing different crops in different regions across the country and include more small farmers into Massmart’s stores’ supply chain. ■

### The Direct Farm Programme improves the numbers

Input costs in farming can be reduced by 15 %

Farmers’ incomes can be grown by between 12% and 18%

Time from harvest to shelf can be reduced from 32 hours to just 12 hours

