Cleaned soya beans to be processed at KPP. This high-protein crop is used as human food and in animal feed products. South Africa is suitable for extensive soya bean production, but still imports significant quantities of soya oilcake, mainly from Argentina.

The Protein Research Foundation estimates that in 2010 South Africa will need 2.07 million tons of protein for animal feed. This is projected to increase to around 2.8 million tons in 2020. But in 2006/07, the country produced only about 36 500t, and imported 67% of its oilcake protein needs, of which 808 000t was soya based.

While this import trend continues, it creates an opportunity for local entrepreneurs to establish their own soya-processing facilities. With this in mind, four farmers and two business people from KZN have established Kunjaneni Protein Products (KPP), a mechanical soya-milling plant near Normandien.

Around 85% of KPP’s input becomes oilcake, and the balance becomes soya oil. KPP turns 35% of its soya beans into these two products, while the remaining 65% is processed into full-fat soya, mostly exported to Swaziland.

The soya beans are sourced from part of the partner farmers’ annual crop, and that of another local farmer, Frikkie Cronje. It processes around 900t/month of soya beans a month, supplying it directly to animal-feed manufacturers in northern KZN, Gauteng and Swaziland. “This is economically beans into these two products, while the remaining 65% is processed into full-fat soya, mostly exported to Swaziland.

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viable,” says Derich Eicker, partner and managing director of Kunjaneni Holdings, KPP’s holding company. The remaining partners are Kunjaneni Holdings’ chief financial officer, Alan Fletcher, and farmers Stephan Geldenhuys, Koos Potgieter, Nkosi Douglas Zondo and Christo Clack.

**Crunching the numbers**

“The farmer-partners get a calculated 25% more income from their soya bean crops as processed product, than as unprocessed soya bean on the open market,” Derich explains.

But to sustain this profitability, KPP needs the maximum throughput. The farmer-partners supply about 70% of KPP’s soya beans, and store their crops on the farm for delivery to the mill throughout the year. KPP sources the remaining 30% from Afgri.

“There is a definite market for KPP’s processed soya,” says Derich. Local feed manufacturers depend mainly on oilcake imported from Argentina. If that supply faltered, it would affect South African feed manufacturers’ production, and increase local soya bean and soya oilcake prices.

There’s also the cost of importing soya products. Imported 47% protein soya oilcake

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**SAY WHAT?**

**Full-fat soya**

Produced from cooked soya beans from which oil has not been extracted, leaving a 36% protein content and 18% oil content.

**Soya oil**

Soya oil, whether liquid or partially hydrogenated, is sold as ready-to-use vegetable oil or used in a variety of processed foods.

**Soya oilcake**

The solid residue remaining after the oil has been pressed from soya beans. It is ground and used as a component in animal feed.

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**A brief history of Kunjaneni Protein Products**

Just before the 2005/06 summer grain production season, Stephan Geldenhuys and Koos Potgieter met to discuss the economic viability of extensive soya production. They concluded that their soya production enterprises urgently needed a value-adding aspect.

As a net importer of processed soya products, South Africa had a niche for local entrepreneurs to expand on its relatively small soya processing sector. So Stephan and Koos each invested in a small on-farm mechanical soya-processing mill with an annual capacity of 3 500t of soya beans. Evaluating the performance and profitability of these mills and their products, they were sufficiently impressed to join forces to establish the larger KPP mill on a portion of Stephan’s farm Farm Acres, near Normandien.

Other partners have since joined the enterprise, and plans are now underway to establish a 40 000t/year chemical soya-processing plant.

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**Kunjaneni Holdings’ mission statement**

- To develop emerging farmers into successful commercial farmers.
- To exceed all stakeholders’ expectations and to provide satisfactory returns.
- To comply with all legislation and regulations applicable to all areas of the soya value chain.
- To make a meaningful contribution to the preservation of the environment.
lands in Durban harbour at a similar price to the locally produced product, but transporting it increases the costs.

It currently costs R260/t to transport soya oilcake from Durban harbour to Randfontein in Gauteng. “Transporting KPP’s products from Normandien to Randfontein currently costs around R100/t – a major cost saving for our clients,” explains Derich.

Next: chemical processing

“Unfortunately, our mill’s mechanical process can produce only 41% to 43% protein oilcake. South Africa’s major feed manufacturers don’t want mechanically processed soya oilcake, so we market it to smaller feed manufacturers, or to farmers who mix feed on-farm. But we plan to change this.”

Kunjaneni Holdings will set up a chemical soya processing plant to process 200t/day of soya beans into 47% protein oilcake. This mill, to be situated in Northern KZN, will be called Kunjaneni Grain Products. KPP will continue operating in Normandien, and produce only full-fat soya.

Enriching farmers

Collectively, the two mills will need about 55 500t of soya bean annually. As the farmer-partners currently produce around 22 500t every summer, the 33 000t shortfall will be sourced from other producers within a 150km radius of the two mills.

‘Kunjaneni Holdings will recruit contract farmers to grow and supply soya beans to the mills.’

Transport from further away would be unprofitable.

“Kunjaneni Holdings will recruit contract farmers – who’ll probably include land reform beneficiaries – to grow and supply soya beans to the mills,” explains Derich. “The farmer-partners have two crop-management contracting services between them. Working extensively with land reform beneficiaries, they have established many strong business and trust relationships.

“These farmers would benefit from the supply agreement, as they’d have a guaranteed buyer for their soya beans, and we’d have a guaranteed supply.”

Expanding into biofuel

The long-term plan for Kunjaneni Grain Products includes producing soya-based biodiesel on a commercial scale. Derich says that the production equipment would be an add-on to the chemical processing plant, diverting some of the soya oil from the mill to biodiesel production.

Potential production is around 7 million litres annually, much of it to be used by the farmer-partners’ crop-management contracting companies. Excess biodiesel could be made available to the contract soya growers, and other users in the area.

“We’ll start producing biodiesel when the government comes up with a sound biofuel policy,” says Derich. “This will be a major boost for the green and environmentally friendly profile of our operations.”

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