



National Agricultural  
Marketing Council

Promoting market access for South African agriculture

# AGRIPRENEUR JOURNAL

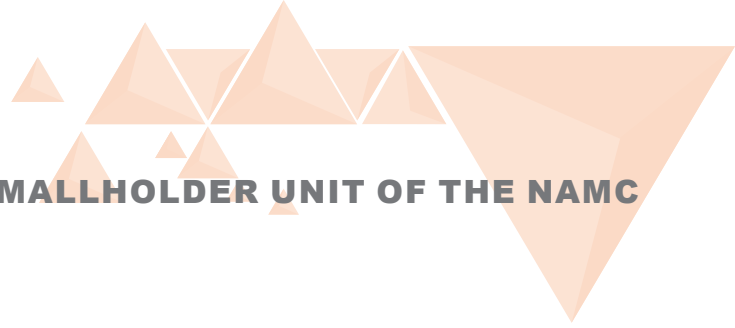
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**The National Red Meat  
Development Programme**

**Black farmers success  
stories and challenges  
under the land reform  
programme**

**Women's display of  
capability in agriculture**





# THE AGRIPRENEUR JOURNAL BY THE SMALLHOLDER UNIT OF THE NAMC

## PREFACE

This is the first edition of the Agripreneur journal from the National Agricultural Marketing Council (NAMC). This journal is a compilation of farmers' profiles, success stories, challenges, experiences, advices as well as development initiatives within the smallholder sector. All the information contained in this journal has been compiled from the NAMC's quarterly publication, known as the Agripreneur. The main aim is to assist smallholder farmers to learn from one another, develop strategies and adopt models that may enable them to adapt to market dynamics and new challenges thereby enabling them to exploit new opportunities and eventually become part of the mainstream markets. In addition to smallholder farmers, the target clients include other government institutions and non-governmental institutions that are involved in the development of smallholder farmers. Therefore, developing a platform for partnerships among stakeholders dealing with smallholder development is as equally important.

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# **Section 1:**

## **The National Red Meat Development Programme: Communal cattle farmers taking advantage of the opportunity presented by the programme**



## 1.1. Introduction

Livestock in South Africa, as in other developing countries, is one of the important sources of livelihoods for the poor and has also been shown to be a good commodity for providing a steady and growing income to the poor and rural women. Studies in South Africa have shown that smallholders in some areas have a comparative advantage in certain commodities such as livestock which, if properly supported by targeted public investments, could result in multiplied income and employment benefits for the rural poor (Ngqangweni, 2000).

Approximately 80% of the agricultural land in the country is mainly suitable for extensive livestock farming (DAFF, 2013), while the communal land occupies about 17% of the total farming area and supports approximately 52% of the total cattle (Beyene et al., 2014). In 2012, communal farmers were estimated to number 3 million, accounting for 40% of the total cattle available in South Africa (DAFF, 2013). However, Ainslie et al. (2002) found that the quantity of livestock marketed by communal farmers in the Eastern Cape was well below 10% of the total herd size, compared to 25% – 30% of their commercial counterparts.

Comparing the two categories of farming, it is clear that communal farmers have challenges in marketing their livestock. Among other challenges, these farmers are characterized as experiencing a lack of marketing infrastructure such as regulated grazing (camps), auctioneering facilities and rural feedlots. These challenges potentially prohibit farmers from full participation in the formal marketing of livestock, and nonparticipation in markets by livestock farmers in communal areas can mean an opportunity forgone to increase household food security, reduce poverty and achieve export earnings. The National Red Meat Development Programme (NRMDP) seeks to address this challenge.

The NRMDP aims to improve communal livestock breeding systems and formal market access for communal livestock farmers. It entails teaching farmers about formal market requirements and ways of breeding livestock for formal market access as well as facilitating the removal of unproductive stock through the Custom Feeding Facilities/Programme (CFP or CFF) and livestock auctions. The main aim of the programme is to, eventually, integrate communal livestock into the mainstream markets. Hence, it is based on three fundamental aspects:

- (i) Educating communal livestock farmers about formal market requirements and ideal breeding systems to meet market requirements.
- (ii) Construction of custom feeding facilities to feed livestock. This aspect aims to get rid of the unproductive livestock as the facilities are customized to also cater for old animals that would otherwise not make it into the feedlots. This follows an understanding that communal farmers keep their livestock for many reasons other than for marketing it. As a result, their herds usually constitute animals that have lower market values. In addition, this is a cost to the environment in the form of overstocking and deterioration of grazing land in the communal space. Such challenges often go unnoticed by communal farmers in the short to medium term, as they tend to largely focus on building stock. Recently, the construction of the feeding facilities have incorporated the introduction of pastures to grow feed, as well as breeding programmes to improve communal livestock production.
- (iii) Facilitating of sales of livestock through auctions. Buyers also come to the facilities to buy given quantities at any given time – the latter



component of sales remains the largest by far, particularly in the Eastern Cape Province. The sales are concluded between the buyer and the seller, without any involvement from government.

Gradually, the programme is improving the communal livestock production system. Moreover, the programme has additional socioeconomic impacts in the form of employment creation, catering services and transport opportunities, thereby adding to the disposable income that enables poverty reduction, enhances food security and increases affordability of quality education and health services. So far, communal livestock farmers have generated over R30 million from their

livestock sales and 1 790 jobs have been created. The long-term objective of the programme is to cater for cattle, goats and sheep. However, it is important to get things right, given that development comes with its challenges. Hence, the focus has largely been on cattle, with one facility that feeds both sheep and cattle. Undoubtedly, this is a huge initiative that presents many opportunities, thereby adding value to the country's economy. This section provides some success stories of the programme and also presents a similar initiative in a neighbouring country – Swaziland – as well as other opportunities that are presented to rural communities by the programme.

## 1.1. Snapshots of the Mhlumayo custom feeding programme



### The Mhlumayo custom feeding programme and its staff

These are snapshots of the Mhlumayo auctions that were facilitated by the NRMDP. On the 30th of June 2015, there was a flurry of activity in KwaZulu-Natal Province (KZN) when the rural

community of KZN witnessed another showcase of a Custom Feeding Programme (CFP) in Ladysmith. The hosting venue was Mhlumayo, a growing rural area under the authority of the Sithole Tribal



Authority and the Indaka Local Municipality of the uThukela District Municipality in KZN. This day managed to attract rural development practitioners and agriculturalists from various agencies across all provinces.

Speaking during the CFP showcase, Chief Sithole said that Mhlumayo is an underrated area with an overwhelming potential for livestock production. The Chief went on to sincerely express his happiness with the Department of Rural Development and Land Reform (DRDLR) for supporting the establishment of the NRMDP. The Deputy Minister of the DRDLR, the Honourable Ms C. Mashego-Dlamini, was in attendance and she re-affirmed her department's commitment to improving the lives of those living in rural areas. Just over 3000 people converged at the CFF arena, welcomed by the beautiful Mountain of Lenge, complemented by the heart-warming smile and smell of the place, blown slowly by

the echoing breeze towards UThukela River. The CFP showcase was organised into three well-coordinated stages:

- i) The formal opening of Mhlumayo CFP,
- ii) The showcasing of the KZN arm of NRMDP, and
- iii) Facilitation of the cattle auction.

This day saw farmers from all districts of KZN in attendance, and they were much inspired by the CFP and the auction facilities.

The construction of the facility was carried out in 2013 at a cost of R2 million and it has been in operation since 2014 as a pilot phase. It has an animal intake capacity of 900 cattle, and a few metres away is an impressive, independent auction pen. The Deputy Minister of DRDLR was impressed with the turnaround of the project and, according to her, it was pleasing to see the investment made by her department in the NRMDP.



Mhlumayo CFP



The Mhlumayo Farmers' Association representatives (from Siyaphambili Livestock Association and Ikusasalemfuyo Livestock Association) were delighted to finally realise a dream of feeding the animals for a few months before they are sold to the markets. Since 2008, the associations, together with the Tribal Authority, have been persistently knocking on government and private sector doors for assistance with the improvement of livestock.

Part of the activities of the day was the auctioning of animals to various buyers, which highlighted the

linkage of livestock farming to transport logistics (see the figure below). It became very clear on the day, considering the number of trucks (over four big trucks) that loaded all the sold animals, together with the number of bakkies (many) that transported the animals from households to the auction facility that this facility means business for the transport sector. The coordination of the auction alone created a number of jobs for the people who were handling the animals and this was clearly visible – short-term job opportunities were created.



### Transporting of sold animals

Ms Mashego-Dlamini went as far as making it clear to farmers that their approach to rearing livestock should change from keeping livestock for non-commercial purposes, to rearing them for agri-business purposes. She also requested farmers to consider rearing bulls, arguing that the bulls which the villagers have should be replaced by better ones and/or ones with good genetics.

**The highlights of the day included, but were not limited, to the following:**

- Collaboration between Traditional Council and

Local Government

- The total number of animals reaching auction were 330
- 318 animals were sold, and
- Only 12 animals were not sold
- The total value of the animals stood at R1 969 700 million
- The average price for the auction day was R5 877.35
- The highest sale price reached for an animal in the facility was R12 500.



On 14 June 2016, livestock farmers and buyers gathered once again at Mhlumayo for yet another auction. The area was one of those that had experienced severe drought, with reported claims that livestock farmers lost over two cattle and oxen per household. Since the drought, the flurry of livestock intake had risen to approximately 500. Most of the animals came into the CFP weighing just less than 200 kg. In the CFP, the animals were provided with the best medical care and attention, vaccinated, provided with feed, and monitored. Hence, the auction served to display the progress the programme had made during the drought. According to Sanele Hlongwa – animal health officer for Mhlumayo Feedlot – most of the farmers had reservations on joining this programme.

*“At first it was a cultural mindset, that the older your animal was the more money you will generate. As soon as we hosted educational workshop of the programme some of the information was bizarre”.*

Two farmers were interviewed. Mr Mkuzeni Sithole, a farmer whose animal fetched R14 700 (weighing 862 kg), never believed such a thing could happen to him. Almost every day of the week, Mr. Sithole visited the CFF just to check on the health of his cattle in the facility.

*“The care these boys (the facility’s day-to-day managers) are giving the animals is wonderful – they know their story and we rely on them”.*

A younger generation farmer, Mr Hlatshwayo, said in the interview that he worked in Johannesburg and came all the way in the hope that he would sell his two prize bulls. Such a transaction, he estimated, would earn him R12 000 for each bull, give or take – an impressive return by anybody’s standards. To the layman, the idea of travelling all the way to KZN from Gauteng to sell two bulls might seem absurd, but all disbelief would promptly be suspended by the knowledge of just how much money one can make from such a business transaction.



Mr Hlatshwayo (left) came all the way to Johannesburg to come sell his two oxen, Mr Mkuzeni Sithole (centre) whose animal fetched R14 700 & Mr. Vusumuzi Mapanga (right) whose animal fetched R11 200



The proceedings were characterized by a feeling of great anticipation and interest in the quality of the animals. There were some impressive beasts on show. Of the 350 cattle that were presented on the day, 326 were sold. The total value of all the cattle sold amounted to R2 202 650, with a price range of R2 000 to R14 700. The next subsection provides a snapshot of the Nkandla cattle auction.



No 39 fetched R14 700 at the auction. Animal owned by Mr. Mkuzeni Sithole

## 1.2. Nkandla cattle auction



Cattle at the Auction



On the 21st of July 2017, the NAMC and DRDLR organised a cattle auction in Nkandla Local Municipality, under King Cetshwayo District Municipality. This was the first auction in the area for more than 2 decades. The auction was an eye-opener for the farmers. They kept on asking each other “Kade silindeneni sonke lesikhathi” (what have we been waiting for all this time)? This followed after one of the communal farmers, Mr Langa, sold 15 of his cattle and made about R200 000.00 on the day. All farmers who were present that day could not believe this, saying “azange siyibone lento yenzekayo namuhla” (we have never seen this before).



### Cattle at the Auction

Mr Langa

In the closing phases of the auction, Chief Sithole stood up on the podium and warmly asked the organizers to organize yet another auction while everybody is still excited. He further applauded all the stakeholders involved in the programme

for their excellent work in attempting to bring change to his people. The auction really yielded the expected results, given all the excitement and joy amongst the farmers.

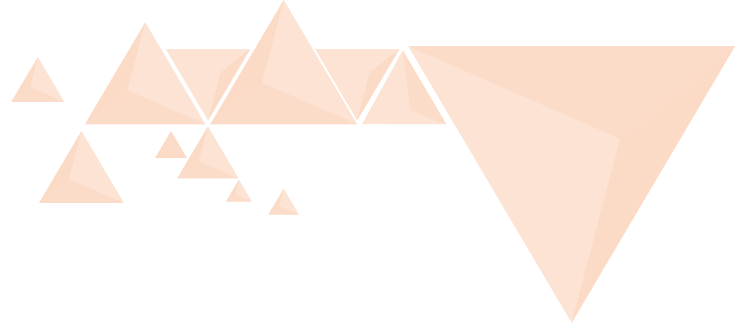
The NAMC and DRDLR thanked all roles players who participated in the auction, especially the farmers for their willingness to accept the development that the government is bringing to them. Another crucial stakeholder that played a significant role is AAM auctioneers. The farmers felt that they received market-related prices.

### 1.3. Similar initiative in Swaziland

In April 2013, the International Livestock Research Institute (ILRI) and the Swaziland Water and Agriculture Development Enterprise (SWADE) started a 3-year project on “Innovative Beef Value Chain Development Schemes in Southern Africa”. The development scheme aims to improve smallholder livelihoods through cattle production and marketing. It is based on a grass-based fattening system, which adds value to crop residues and makes use of available pastures. The scheme entails the establishment of mini feedlots, with a maximum capacity of 30 animals.



### The beef project and stakeholders involved



**Sekuyangakhona-ngoni feeding facility**

The project uses fodder-based ration, which consists of grass, cow peas, maize and other products (see the figure below). Some projects use hominy chopper and chicken litter as protein supplement. A hammer mill is used to mix the ingredients to produce feed.



**Fodder components, hammer milling machine and the animal on the scale**

Demonstration sales were carried out on the day of the visit (23 February 2017), where animals were sold, based on weight and the market price per kilogram of beef. The animal shown above had been brought into the facility on the 2nd of February 2017 and weighed 407 kg. Three weeks later, the same animal weighed 437 kg. This implies that the project would enhance the purchase price of the animal by approximately 7%, *ceteris paribus*.



The table below presents a basic comparison of the Swaziland Innovative Beef Value Chain Development Schemes with the South Africa NRMDP.

Variable	National Red Meat Development Programme (NRMDP)	Innovative Beef Value Chain Development Schemes project
Year initiated	2005	2013
Funding institution at the initial stage	Funded by NGO_UKAID	Funded by NGO_IFAD
Current funder	Government (DRDLR)	NGO & Private sector
Type of funding	Grant	Loan
Source of feed	Commercial feeds	Fodder-based ration
Type of facility	Custom feeding	Mini feedlots
Capacity (number of animals)	Min = 80; Max =500	Min = 25; Max =30
Markets	Predominantly informal	Predominantly formal

One could argue that the Swaziland innovative beef value chain development schemes project model aims to support the entrepreneurship of smallholder farmers in the country. In comparison with the South African NRMDP, the Swazi beef scheme supports farmers who are already advanced in terms of entrepreneurial adventures. This is evident from the sources of support, which are loans as opposed to grants, and the cost-cutting measures (efficiency) that are employed. The South African NRMDP envisages becoming like the Swazi innovative beef value chain development in the long run. However, this depends (largely) on the attitude of the communal livestock farmers and their aspirations – government can only do so much.

#### 1.4. Other opportunities linked to the programme

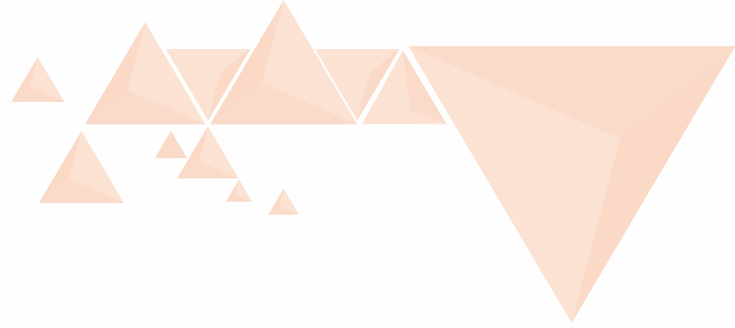
In addition to markets, employment creation, etc., the NRMDP offers an opportunity for biogas production. The Fort Cox Custom Feeding Programme has piloted biogas production, using animal waste from the facility. The figure below shows the production of methane during digestion in the rumen. After digestion, ruminants normally release dung, which may be collected and stored in a catchment, processed into biogas, and used to produce energy for cooking, lighting, etc., as shown the Figure below.



Production and use of biogas

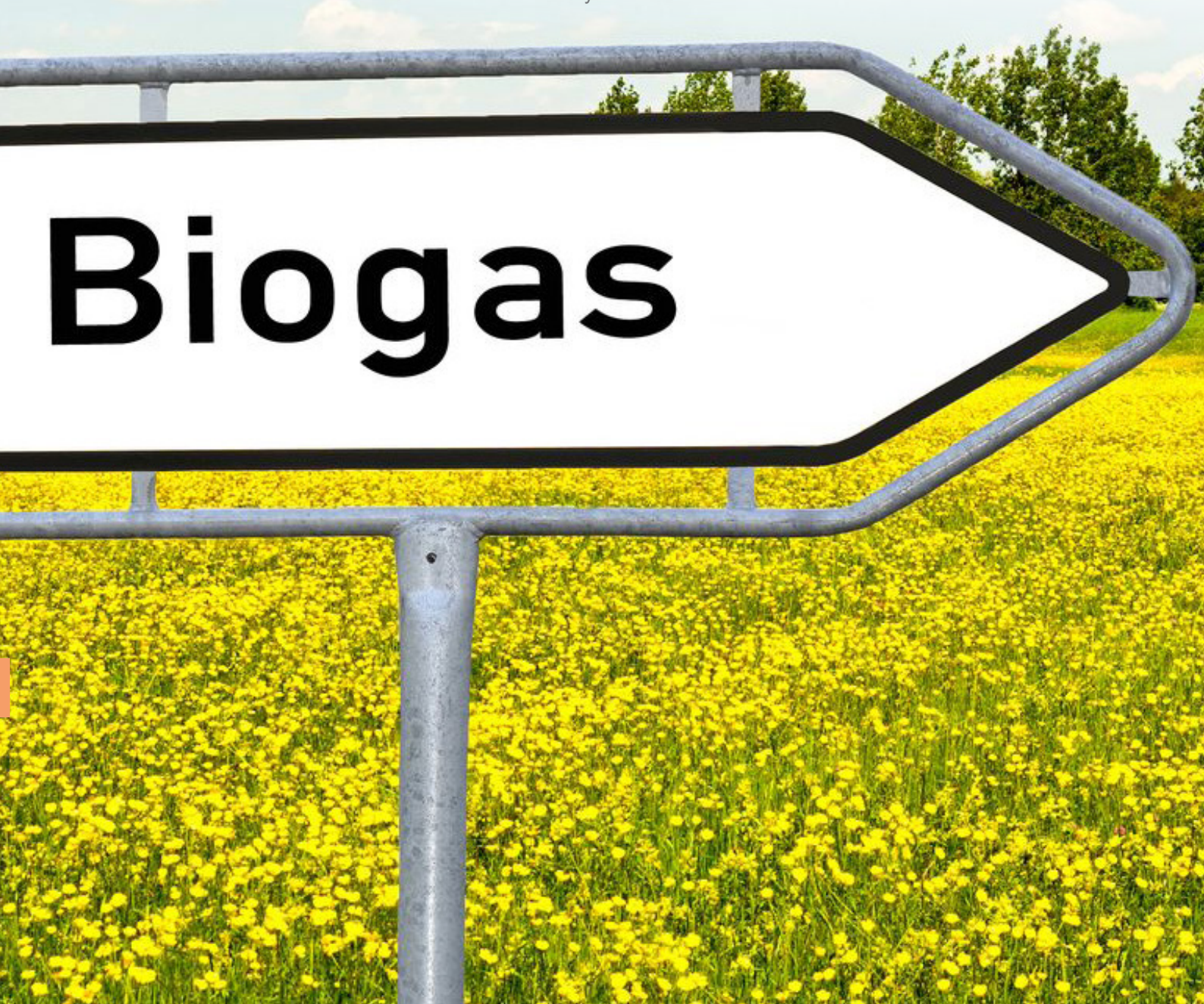






## 1.5. Conclusion

Of course, it goes without saying that the programme presents many opportunities for poverty reduction and improved food security in the communal areas, through improved livestock breeding systems and creation of markets for livestock farmers, creation of business for the transport and catering sectors, and creation of employment directly and indirectly for rural communities. There is no doubt that the income earnings from sales of cattle have increased for those farmers who have participated in the programme. This is in the form of improved body scores, particularly when considering drought effects and the condition of the grazing land in winter (in general). However, it has to be emphasized that the programme must be linked with other development initiatives such as the construction of abattoirs or relooking into those that have been constructed, but are not functional, particularly in the communal areas. In addition, partnership between all the stakeholders involved has been key.







## **Section 2:** **Black farmers' success stories and** **challenges under the land reform** **programme**



## 2.1. Introduction

Land redistribution is one of the three components of the land reform programme. Its aim is to provide the previously disadvantaged with land for both productive and residential purposes. In this way, it was envisaged that land redistribution would reduce the inequalities of land ownership between blacks and whites. In support of land redistribution, the government introduced the Settlement and Land Acquisition (SLAG) grant to enhance market-led or investor-friendly redistribution. However, the grant was criticized for being small, relative to the price of land. Furthermore, this implied that the grant did not link the acquisition of land to support and access to resources that would enable the new farmers to generate livelihood off acquired land.

This led to the introduction of the Land Reform for Agricultural Development (LRAD) programme in 2001, which offered more support (in financial terms) than SLAG did. However, LRAD, too, has been widely criticized for targeting a certain group of farmers, as it required that farmers make own contributions. An additional form of support came in the form of the Comprehensive Agricultural Support Programme (CASP), which aims to provide post-settlement support to the targeted beneficiaries of land reform and to other producers who have acquired land through private means and are, for example, engaged in value-adding enterprises domestically or are involved in export.

Unfortunately, when looking at a broader perspective, these efforts have not delivered according to the expectations of the overall land reform policy. The most sad part of this is that a number of farms have been redistributed successfully, but the lack of post-settlement support has been the most determining factor of whether the farmer succeeds or fail to run the farm. In addition, the lack of skills of the new farmers has posed challenges of its own.

Now, this section provides some real-life scenarios to emphasize the importance of post-settlement support for the new entrants into the emerging and commercial farming sectors. In doing so, four stories are presented;

the first (2.2) highlights the hunger of the previously disadvantaged individuals to make a living off farming, to which some of them have been exposed at a younger age; the second and the third (2.3 and 2.4) express the difference that could be made by post-settlement support to determine the success or failure of the new entrants; while the last story indicates the gap without post-settlement support.

## 2.2. Keith Middleton

The Agrifuture and Middleton Farming Business, run by Keith Middleton, owns a 1 200-hectare farm in Kimberley, which was acquired under the Land Redistribution for Agricultural Development (LRAD) programme. He is a very passionate black businessperson and an enterprising man. He has a die-hard spirit and is quite determined to build his farm business. He has a vision to help his fellow black farmers to grow too. He says he would love to see the land reform programme working and he would like to be part of its success. This he aims to achieve through his networks he has built with white commercial farmers that allow him to influence attitudes of farmers (both black and white). Mr Middleton has built a strong relationship with white commercial farmers over the years, yet he has never forgotten which side of the fence he is on.



Keith with his wife Jacqui



Mr Middleton grew up on a farm and he was very passionate about learning the farm activities from his father, from field to mechanical activities. However, he left the farm and went to work for an IT company for some time, before leading to his venture back to farming. He started as a shareholder, having a share of 20% of a commercial dairy farm in Kimberley in 2007. The owner of the farm experienced some financial challenges and resorted to selling the farm. Mr Middleton put his hand up in a bid to purchase the farm.

This proved to be a test of character, as Mr Middleton had one and a half months to submit a guarantee of funding or else the farm would be auctioned. At that stage, he decided to focus entirely on getting the farm, and therefore he resigned from his IT job. He then approached the Department of Rural Development and Land Reform (DRDLR) in Bloemfontein to request that the department assist him in acquiring the farm. “It was not easy”, he said. He had a series of meetings with the

department, pushing for the success of his dream of owning a commercial farm. He said, “I knew everybody at the department at the time”, and this was due to frequent visits to the department.

Unfortunately, things did not go according to his wishes because his request was on short notice to the department, so he was not able to hand in the guarantee in the space of one and a half months, as required. The farm was then set to be auctioned on the second week of February in 2008. Although it would have seemed as a losing battle, Mr Middleton kept pushing his agenda with DRDLR. He finally had his application approved, a few days before the auction. Therefore, he succeeded in securing the ownership of the farm under the LRAD programme, but it was on a 50/50 shareholding with one of the previous shareholders of the farm (a white man). The two partners started operating soon after they secured the ownership of the farm. They switched from dairy farming to crops and vegetables production. However,



# On the Agrifuture and Middleton farming business





Mr Middleton felt that he had little to nothing to contribute in terms of decision-making on the operation of the farm. This frustrated him to the extent that he suffered some physical illnesses that had him staying away from the farm for about three to four months. While he was away, he thought and realized that he had fought so much in securing the farm and therefore he could not afford to be sidelined. He took a decision to go back and fight for the full ownership of the farm, in which he succeeded.

He points out that the farm business suffered a setback after his partner left, because he had a wider network and was the major contributor in terms of skill, expertise, and sourcing assistance from fellow farmers (including machinery). Therefore, he left with all of these valuable assets. Mr Middleton was facing financial challenges and he was forced to reduce his operation by leasing out some of his land and equipment. To an extent, he was rescued by the Department of Rural Development and Land Reform's Recap programme in 2011. After Recap, he was able to restore some of the leased land and equipment and he began to expand his farm, bit by bit, each year.

Mr Middleton is currently farming on a 1200-hectare farm, of which 300 hectares is under irrigation. He is doing crop rotation with lucerne, maize, barley, wheat and potatoes. However, his major enterprise is lucerne. Mr Middleton is diversifying his business activities. He also farms with sheep, and he currently has a stock of 300 ewes and a number of lambs. These are mainly for wool production. He also has some stock that is mainly for family meat consumption. He has tried farming with Limousin cattle. However, this venture was not successful because the Limousins had a tendency of breaking fences and intruding onto the neighbouring farmers' properties. In addition, they were heavy on the pasture. He has not given up though; he is planning to introduce Bonsmara cattle for meat production. When asked about his plans for the dairy facility that is on the farm, he said he plans to sell the facility because dairy is not one of his preferred enterprises. In his endeavour to diversify, Mr Middleton is busy putting up a fence on a non-arable piece of land on the farm for game farming (the intention is to utilize his land as optimally as possible).



**Merino sheep**



implements, and well vested with farming expertise. He claims that he has learnt much from these farmers, and has built a very good relationship with them. In his words, he said “at first I would go and stand next to these guys fence and tell them, do not mind me, continue with your work; I just came here to steal with the eyes”. The farmers he was ‘stealing’ from used to be irritated and annoyed by his actions, which would result in some harsh exchanges of words.

One of the farming families referred to here is the Cloetes, led by John “Johnny” Cloete. The Cloetes farm on a big

scale and he calls them “lucerne masters”. The Cloetes plant lucerne on 1000 hectares of land, have equipment to cut and bail, and have trucks to transport it to the market. In many cases, the Cloetes would come to his farm to cut and bail his lucerne, and he pays them for the work. They also come to bail his maize stock and pay him R20 per bail, because he burns the stock before planting lucerne again. The reason he does not do this is that he does not have enough equipment, so it would take him two days, while the Cloetes do it in approximately two hours.



**Cloetes' Lucerne storeroom**





He emphasized that one of the most important things that emerging black farmers must do is to build good relationships with white commercial farmers and take care of their own farm labour. This strategy has proven to work very well, based on his experience. He now asks some of his neighbouring farmers to assist him with some of the activities, such as cutting and bailing lucerne, to keep up with timing of planting when he has to put in another crop. He says his strategy of planting a winter crop after harvesting a summer one requires a good deal of timing for good yields. For example, he said that after he harvests his summer crops, he normally has two weeks to prepare the soil for a winter crop, and this can be tricky when there is lack of machinery and implements. Like any other farm business, Mr Middleton faces numerous challenges that affect the growth of the farm business. These include lack of water user rights (he ranks this as a main challenge as it limits the amount of land he can use), and insufficient machinery and implements (has the same effect as insufficient water, to some degree).

In addition to running his farm business, Mr Middleton is part of the Konsortium Merino, under Konsortium Holdings, that seeks to empower emerging black farmers, land beneficiaries, and communities surrounding commercial farms, as well as farm workers

## 2.3. Ma-Ande Investment

Ma-Ande Investments (named after Mr Andile Mfingwana's 10-year-old, last-born son, MaAnde) own the 842-hectare Nacht Wacht Farm just outside Kokstad in southern KZN. The company has two shareholders, a family trust owning 79%, and a workers trust that owns 30%. The farm was acquired under the Land Redistribution for Agricultural Development (LRAD) programme. The farmers acquired finance from the Ithala Bank in KZN. The bank is located at Kokstad in the Harry Gwala District Municipality of the KZN Province.



Mr Andile Mfingwana

Ma-Ande Investments started in 2010 as a dairy farm, with the main activity to produce and process milk into maas (Amasi) in the area that is known for its harsh winters. The farmers plant 60 hectares of maize to make maize silage for winter. Once maize is harvested, green feed that comprises annual Rye grass and Oats is planted on the land. In addition, they plant turnips and radishes.

As at 13 April 2016, the farmers had about 500 dairy animals, with 223 in milk. The farm business, like any other start-up, has had its fair share of challenges, cash flows being the main one. Mr Andile Mfingwana indicated that starting this farm business was not easy, due to poor infrastructure on the farm as well as the lack of financial support. There were no proper facilities, such as milk



Konsortium merino auction

processing equipment, storage facilities, and a good milking parlour, while own transport was another issue. The income generated fell below the farm's overhead costs (and the farm workers still had to be paid), to a point where farmers even considered giving up the business because the bank wanted to repossess it; but, determination, commitment and unity amongst the farm owners played a huge role in saving the farm.

The farmers approached the Agribusiness Development Agency (ADA-KZN) which, according to Mr Mfingwana, rescued the farm business (In his words, "They saved us from the gallows."). ADA-KZN is a public entity that was established in 2009. Its offices are situated at Pietermaritzburg in the KZN Province. It serves to drive socio-economic transformation in the agricultural and agribusiness sector in the province of KZN. Mr Mfingwana indicated that ADA-KZN assisted with a stock of 120 dairy

cows, bought at point of calving. In addition, ADA-KZN funded a variety of implements and equipment.

The farmers also received a loan from Old Mutual's Masisizane Fund to purchase dairy processing equipment. The increased stock, own transport and other means such as the loan and full commitment to the business enabled the farmers to build a cold room that cost around R900 000, and they also have a 12-point milking parlour.

The farmers sell all their surplus milk to Nestle and the processed product is marketed as far away as Idutywa in the former Transkei. Some of the maas is delivered to schools for the Department of Basic Education's national school feeding programme. The farmers indicated that they receive a positive response from the market – their product is accepted well by the market.



**Processed and packaged Ma-Ande Investment milk**





During the 2015/16 season's drought, KZN was one of the provinces that were declared disaster areas. Mr Mfingwana indicated that the effect of drought was severe on the farm, to the extent that the litres of milk produced were reduced from 3 600 to 2 100 litres per day. Under normal conditions, their cows give around 17–19 litres of milk per day, and peaked at 23 litres per day in one spring season.

In the midst of the drought, the farmers had to secure the market because, as Mr Mfingwana indicated, it is not easy to get back in if a farmer has dropped out of the market for not fulfilling orders. This is due to tight competition. During the drought season, the farmers were buying milk to supplement their own production. This was done to keep the supply running in order to secure the market. The farmers are planning to expand their business. They plan to venture into drinking yoghurt and cheese, and there is a need for additional capital investment to achieve this.

Furthermore, the farmers attend training and conferences that are related to the farm business operations to increase relevant knowledge and to create opportunities for interacting and learning from other farmers' experiences and challenges.

Ma-Ande Investments has come a long way and still striving for more. Like any other business, the farmers struggled to get off to a good start, but they tried to weather the storm. There was temptation to give up the farm due to a slow start, where no profits were generated – the goal was to break even. However, a coordinated effort, determination and commitment brought the farm business to where it is now. The lesson here is that starting a farm business comes with its challenges. The answer is to commit, persevere and look beyond the storm. Most importantly, the X-Factor was the funding from ADA.

## 2.4. Chamomile Enterprise cc

Chamomile Farming Enterprises cc (CFE cc) is a small, family farm located in Philippi, between Mitchell's Plain and Grassy Park under the Wynberg Magistrate District in the Western Cape. CFE cc comprises four beneficiaries, namely one female and three males, two of which are youths. These first-generation farmers started in April 2003 when one of the members bought the first chickens to produce eggs. The business grew from 80 eggs per day to 4 000 eggs per day within a period of five years (from 2003 to 2008).

The farm comprises 1.6 ha of own farmland. In 2009, CFE cc entered into what they call a one-year "caretakership" agreement with the Department of Rural Development and Land Reform (DRDLR). Within the context of the CFE cc, this means taking care of land while the owner is not there. In 2010, a one-year "caretakership" agreement culminated in a five-year lease agreement with DRDLR, leasing Erf 1449 farmland. Currently, DRDLR is in the process of preparing a long-term lease.

Both pieces of land are utilized. The 1.6 ha of own land has two layer-hen units, comprising 5 040 birds each that produce around 9 500 eggs per day. CFE cc has an off-take agreement with Pick 'n Pay; accordingly, eggs are delivered every third day to Windmeul Eggs which packs for Pick 'n Pay. The birds are housed in structures (buildings) that are approximately 6.5 m wide, 45 m long, and 2.7 m high. They are housed in two rows of four tiers of battery cages, from which the manure is removed twice a week by manure conveyor belts into a trailer for distribution onto their Erf 1449 vegetable farm.

The Erf 1449 vegetable farm is a piece of leased land, situated approximately less than a kilometre away from the own farmland. Erf 1449 is a vegetable farm comprising 22 ha, of which 19 ha is arable and currently under production. CFE cc grows vegetables like cabbages, carrots, cauliflower, radish, spinach, and coriander, and they follow a planting programme. CFE cc has contracts with Freshmark (Shoprite), Green Scene and Philippi

Vegetable packers to supply them with vegetables. They also supply the local hawkers. The Perishable Product Export Control Board (PPECB) has accredited CFE cc with SA-Gap. The start-up capital for growing vegetables came from the Western Cape Department of Agriculture (WCDoA) through their Comprehensive Agricultural Support Programme (CASP).

Some advantages of the farm business include the fact that the farm is in close proximity to the markets, with the furthest being located 40 km away from the farm. In addition, the farm is located next to a tar road that is used as the main link road between Mitchell's Plain and Grassy Park. This means that the farm is easily accessible to the markets. They also receive extension and mentorship services from the WCDoA. The beneficiaries have undergone some training and have drawn a SWOT analysis of the farm.

In terms of infrastructure, there is a three-phase electricity supply with two meter boxes, three dams with pumps, and a newly installed irrigation system on the farm. However, there is currently no housing on the farm for farm workers.

The CFE cc has been presented with a couple of awards. In 2006 and 2010, Wadea Jappie, the family member, was crowned as the Western Cape female farmer and a top entrepreneur in the Western Cape, respectively.

The family's aim is "to expand their market share, create jobs and opportunities (alleviating poverty) and generate a healthy cash flow in order to grow the business and enhance the quality of life of the family and staff, as well as contributing to the GDP of the Western Cape and the country as a whole". The challenges they are facing include increasing the current stock and putting up infrastructure on the vegetable farm.

## 2.5. Mr Xhamesi

Mr Xhamesi, from Tylden, Queenstown, acquired a 1 165 ha farm through LRAD some sixteen years ago.

His various farming enterprises include maize, lucerne, sheep, goats and cattle. He says he used to specialize with vegetables and create job opportunities for the communities around him, but he had to switch from vegetables due to lack of access to markets. He currently employs seven full-time workers.



Mr Xhamesi (right) and Dr Ngetu (left)

His main source of income is cattle and wool from the sheep. He has about three hundred sheep that generate about nine bales of wool per year. He also has about 204 cattle, of which he sells about ten (on average) per year to cover the overhead costs. Maize and lucerne are planted mainly for feeding livestock.

Mr Xhamesi also contributes to community development. He assisted a group of women to start a poultry project in 2015. At some stage in 2016, the project had about 500 layers. In addition, he is planning to build a mini-feedlot and breed bulls for the community. This idea emanated from his observation that the herds of the communities around him are not good for business purposes; hence, he sees a need to assist his fellow farmers to improve





**Water pump used on Mr Xhamesi's farm**

their herds and hopefully generate more income from livestock sales.

Like many farmers, he is confronted with some challenges that include high input costs, high overhead costs and poor on-farm infrastructure. The main issue here is that the on-farm infrastructure was vandalized (probably) by the previous farmer and therefore he had to start afresh to slowly refurbish it. Some of it is still being repaired on an emergency basis; for example, his water pump (as shown in the figure above) for the irrigation system

breaks down every now and again. He says the river that he uses for irrigation overflows sometimes and breaks the pump. So, he feels that he spends a lot of money on repairs and this makes it difficult to generate enough money for the sustainability of the farm business, given that he has to keep up with the overhead costs. He is therefore pleading that he would appreciate any kind of support with on-farm infrastructure to make sure that it works properly and is in good condition.



**Lucerne**

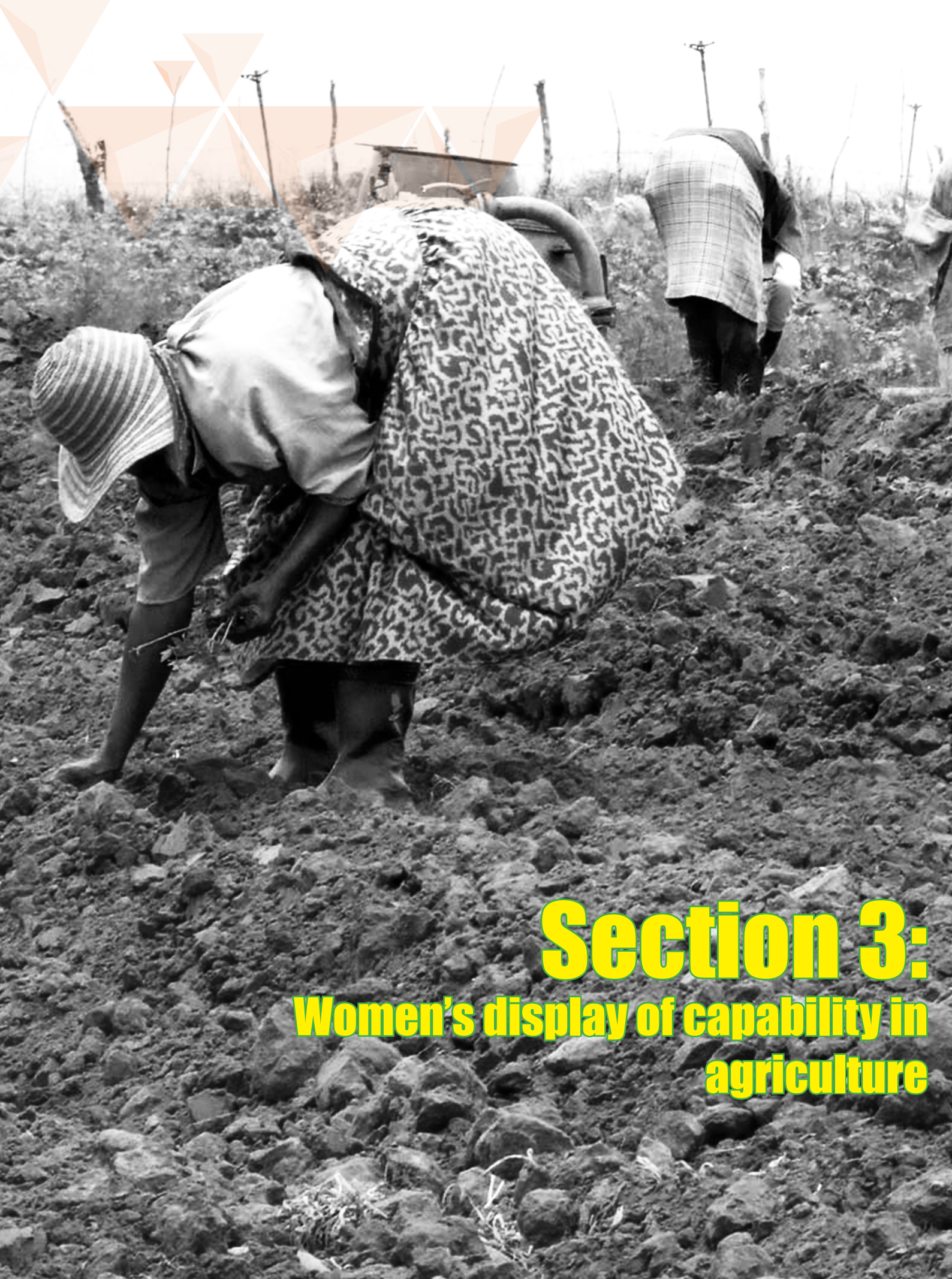




## 2.6. Conclusion

This section gave examples of land reform farms that are doing relatively well. This, to some degree, proves that when new entrepreneurial farmers are given opportunities, they too can do well in the farming business. All of the farms presented here started from nowhere, but the determination of the farmers and their willingness to become successful commercial farmers has kept, and still is keeping, them in business. Undoubtedly, the post-settlement support proved to be the X-Factor in the survival of these farm businesses. Lack of support for Mr Xhamesi poses some serious challenges, as he spends much on repairs (on an emergency basis) of infrastructure. Following the challenges faced and the progress made, it is admirable that these farmers see room for expansion – they are not content merely with what they have managed to achieve so far. Some of the key aspects that could be taken home from the experiences of Mr Mfingwana and Mr Middleton include a die-hard spirit, staying humble, and learning from one another, as well as building good relationships and networks with successful fellow farmers.

Policy wise, the land redistribution is a good programme to support land reform. In turn, it has good (despite criticism) support programmes (e.g. LRAD and CASP) that have been put in place to support it. It has been the failure to integrate these programmes that has contributed largely to the failure of the land reform programme, as a whole. Hence, there is a need to focus more on the impact of land redistribution rather than focusing on the amount of land redistributed over a period of time, because this affects national food security, in one way or the other, in the sense that the failure of the new farmers implies that some land is being taken out of production. This may tend to have a profound impact in the long run, given that production must increase to meet growing demand, as the population is also growing. Further than that, the programme is aimed at achieving equality and improving the livelihoods of the previously disadvantaged population. But, how do you achieve this if the targeted group is not capacitated to generate livelihoods from the redistributed resources? And clearly, it makes no difference to own land that one cannot afford to use.



# **Section 3:** **Women's display of capability in** **agriculture**



### 3.1. Introduction

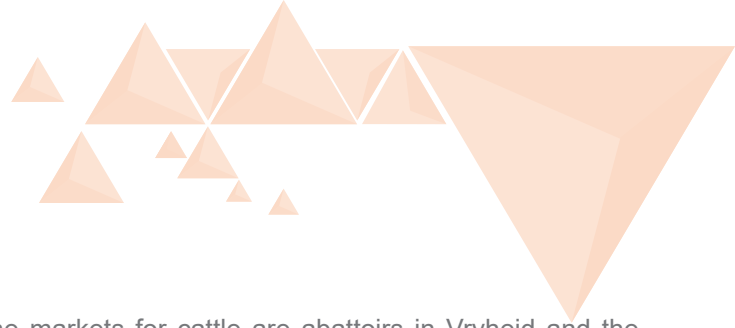
Very often, you will come across statements such as “Agriculture is the backbone of rural livelihoods, particularly in developing countries” in agriculture literature. In addition, there is a general understanding that, when given power, equal rights and access to resources (such as land) and opportunities, women could reduce food insecurity. This understanding arises from the acknowledgement that women are the backbone of development of rural economies and that they are more involved in agricultural activities, compared with men. Furthermore, women guarantee livelihoods in rural areas. In other words, it is believed that their greater effort in agricultural activities helps to guarantee self-sustenance, as men often cover other needs such as health care, school fees, clothing and other essential items, based on their financial capacity. This system can be attributed to the colonial system that created homelands and forced black people to supply labour in the mining and commercial agriculture sectors. Very often, men from homelands had to go and look for job opportunities, leaving women to be caregivers at home. As a result, women dominate subsistence agriculture in the rural areas and this agriculture is viewed as the main alternative for rural women, but it should come with better access to land and other resources such as capital. On the contrary, the smallholder and commercial agriculture sectors are dominated by men. This implies that there are imbalances in resources, rights and ownership, where women do not have access and control over resources. This section presents some successful endeavours (by women) in the agriculture sector. Both stories highlight the potential of women to compete with their male counterparts.

### 3.2. Cebile Buthelezi



Ms Cebile Buthelezi on her farm

This is the story of Cebile Buthelezi, a 34-year-old woman from Vryheid, KwaZulu-Natal (KZN) Province. She grew up in a farming family in the KZN Province. She says she did not like doing farm activities when she was young because it felt like an abuse, having to wake up around three or four o'clock in the morning. However, she grew to love farming as she learnt from her parents, and as a result, she went to an agricultural school, the Owen Sithole College, to study animal production and home economics from 2008 to 2010. At the time she decided to go to school, she applied for farmland from the local



Department of Rural Development and Land Reform (DRDLR). She was called for an interview in September 2011 and received the farm in June 2012. She now owns a farm in Louwsburg, measuring 1053 hectares (ha). The name of her farm is Lofika and it is situated in the Abaqulusi Local Municipality in the Zululand District Municipality. However, 350 ha of her land were excised for three households of farm workers who had worked for the previous owner and lived on the farm. She still relies on these families as her employees because they have not been able to utilize their own 350 ha piece of land due to financial constraints. Therefore, the skills from the previous farm activities have not been lost.

### **Farming enterprises**

#### **Cattle production**



**Cattle on the farm**

Cebile started operating the farm in 2012, cultivating small vegetable plots due to financial constraints. Fortunately, she received the Recap grant for beef cattle in 2014. She also used the support to acquire assets such as a tractor, an irrigation system and fencing. She started with 50 cattle and her herd currently stands at 70 cattle.

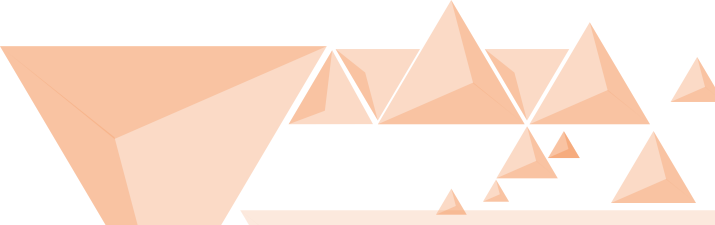
The markets for cattle are abattoirs in Vryheid and the informal market consisting of people from neighbouring communities. The sales do not exceed ten cattle per annum and are often aimed at generating extra income to complement vegetable production. Like many farmers in the country, she suffered a loss of stock during the severe drought that hit the country recently, to which she lost ten cattle. In addition, she lost six cattle between 2014 and 2017 due to theft. Her land for cattle is divided into 3 camps, one big camp of 300 ha and two small camps. She sometimes purchases feed to supplement the grazing camps, particularly in winter. Her stock is currently serviced by 5 bulls for breeding. She manages the breeding such that the mating takes place around December, for births to take place around September. This is a strategy to ensure that calves come after winter, as she does not have enough cash to purchase sufficient quantities of feed. When asked about her plans for cattle breeding, she says her passion is not for cattle, but she was obliged to start with this enterprise, as Recap was specific to it. Therefore, she has no plan to increase her herd at the moment.

#### **Vegetables production**



**Cabbages**





Although she received support for cattle, her passion is in vegetable production. As a result, she still continues with her vegetables and is going even stronger. In addition to selling cattle to support vegetables production, she has also leased 30 ha of her land to Just Veggies in an attempt to increase her financial muscle. She used this opportunity not only to raise cash – she also took part in Just Veggies' skills development programmes to build capacity in vegetable production. She focuses on spinach (2 ha), cabbage (6 ha), broccoli, butternut and onions (1 ha) – the total area for vegetables is 10 ha. She indicates that there is capacity for growth because she currently has 60 ha that could be under irrigation. She currently sells her vegetables to retailers (Boxer Super Store and Spar) and hawkers in Vryheid, as well as the individuals in the neighbouring communities. However, there are no contract agreements with the two retail outlets and she feels this as a challenge as there are no guarantees of selling her produce, and therefore the prices are not fixed. She further indicates that her plans for vegetables are to focus more on potatoes and sweet potatoes, and hopefully to affiliate with Potatoes South Africa. She is currently seeking information from the industry in this regard.

### **Contribution to the local economy**

She currently employs seven permanent workers and 20 – 25 seasonal workers. In addition, she receives students, who come to do practical training over a three-year period, from Owen Sithole (3), Mangosuthu College (2) and Tshwane University of Technology (TUT) (1). However, there are no proper arrangements and incentives for these relationships, and as a result, the students do not receive any income during their stay on the farm, as she could only provide accommodation on the farm.

### **Achievements**

In 2016, Cebile was a runner-up at the Commercial Entrepreneur Award event that was held in Pietermaritzburg.

### **Training Acquired**



**Cebile Buthelezi during the Making Markets Matter Workshop of 2017**

She has received training on fire fighting which was organized by the local DRDLR. This year (2017), she attended the Making Markets Matter (MMM) Workshop in the Western Cape, which was organized by the National Agricultural Marketing Council (NAMC) in collaboration with MMM Inc. She indicated that she gained much knowledge and reaped several benefits from this workshop. These include:



- Training in financial management, including budgeting and re-investment in the farm business to enhance growth
- Developing networking with other farmers from other provinces of South Africa. Here, she highlights the engagement she had with the overall winner of the Female Farmer of the year Award of 2016, Ms Venecia Janse of the Western Cape. The Department of Agriculture, Forestry and Fisheries took the initiative to honour and appreciate the contribution of women to agricultural production in the country, through a Female Entrepreneur Award (FEA). This initiative dates back some seventeen years and aims to encourage and increase the participation of women, youth and people with disabilities in the agriculture sector. What happens is that each year, each Province nominates candidates for FEA and picks the winner. Then, an overall winner is picked from the provincial winners. In 2015, Ms Julia Shungube from Mpumalanga received this Award. Cebile is happy to have interacted with such farmers and she is still keeping in touch with them on agriculture-related matters.



**Transport collecting the produce from the Lofika Farm Support**

She receives support from the local DRDLR and the Department of Agriculture. The latter assists with soil

sampling, soil demarcation and markets for surplus, where necessary. She also receives support from her parents, whom she assists on their farm from time to time in their farming activities. Her brothers also come to work on the farm during school holidays, and she pays them and supports them with their school needs.

### **Challenges**

- Not having contracts with the markets. This brings much uncertainty with regard to price and quantities to be taken by the market because there are many suppliers
- Lack of a cold storage truck to supply a market in Johannesburg
- Finance to expand vegetable production
- Low respect from the community and workers. She feels that being a female and young, people often take advantage and take her for granted
- Packing machines to use in the packing shed
- Switching from livestock to vegetable production, which she prefers
- Vandalization of the fence
- Stealing of vegetables
- Veld fires during winter
- Trespassing – livestock from neighbouring communities come to graze on her farm

### **Advice to other women and youth**

- They should not allow access to land be an issue in the short term – do with what you have and develop it over time
- No need to jump in at the commercial level – transition can be slow
- Agriculture is life and offers opportunities
- Change of mindset – learn to do things for yourself

## **3.3. Mrs Mbalo**

On 26 May 2017, the representatives of the Transformation Review Committee (TRC) attended the South African Meat Industry Company's (SAMIC) carcass competition for the developing and commercial pork producers in Kwa-Zulu Natal (KZN) Province. This forms part of SAMIC's strategy to transform



developing farmers into commercial farmers. A total of five developing farmers participated in the competition, and an overview is set out below, showing how things developed, leading up to this year's competition.

On 19 October 2015, the TRC of the National Agriculture Marketing Council (NAMC) engaged with the South African Pork Producers Organisation (SAPPO). The aim of the engagement was to discuss SAPPO's transformation activities and to table the TRC's proposal on transformation, with specific focus on enterprise development. SAPPO was then assigned to develop selection criteria and provide numerical figures in terms of unit size and budget requirements that would graduate a developing farmer into becoming a sustainable commercial farmer.

On 23 November 2015, the transformation proposal on enterprise development was accepted by SAPPO, and farmers with a minimum of 20 sows were selected.

After a series of meetings between NAMC and SAPPO, a good story has emerged to tell within the pork industry. This is a story of an outstanding emerging pork producer, Mrs Mbalo of Simba Mabhele piggery.

Simba Mabhele piggery is a 130 farrow-to-finish sow unit, operated on a 46-hectare farm. The farm is situated in Port Shepstone (KZN Province) and is privately owned. It is a family business driven by Mrs Florence Mbalo. Mrs Mbalo is a qualified nurse and started farming with pigs in the year 2000, with only three gilts; two bought from a commercial farmer in Howick and one that was donated by her sister-in-law. About a year and a half later, she started building low-cost housing structures and bought 20 gilts from a commercial farmer in Howick. The unit grew from 20- to a 50-sow unit.

The unit was later expanded into a 100-sow unit, financed with a loan from Old Mutual (Masisizane Fund). The unit is currently marketing more than 50 pigs per week, with an average carcass weight of 75kg, through La Rochelle

abattoir, located in Margate. The farm has been under SAPPO mentorship from the year 2010, to date. It is through SAPPO mentorship that the unit performs within the industry production norms.



**Pigs in the Simba Mabhele Piggery**

In 2016, SAPPO, through the Enterprise Development Programme (EDP), assisted the farm with production inputs and equipment required to maximise production. It was through the programme that the farm graduated from a 100-sow unit to a 130-sow unit.

During the 2017 SAMIC carcass competition held in the KZN Province, Mrs Mbalo emerged victorious in the category of developing pork farmers. Furthermore, Mrs Mbalo's carcasses were graded close to those of the commercial farmers, indicating the possibilities for participating in the formal markets. This was evidence of achieving good quality carcasses according to SAMIC's grading standards. In addition, Mrs Mbalo was announced as the 2017 National Carcass Competition Winner in the developing farmers' category. This prize was officially awarded on the 16th of August 2017, in Vryburg.



**2017 carcasses produced by the developing farmers**

Despite the challenges of 2016 that were faced by the agricultural sector, and the pork industry in particular, Simba Mabhele farm survived the difficult year. However, despite the commitment and hard work demonstrated, which proved to be worthwhile, the farm still requires additional support. It is through financial support, coupled with technical support, that the farm will graduate to a commercial level. Smallholder farmers (particularly women) face challenges such as limited or lack of funding for expansion, mainly for infrastructure development, which would, in turn, create employment thereby ensuring sustainable food security. To ensure profitable and sustainable enterprises, financial intervention is required from government departments such as DAFF through CASP, DRDLR through the Recapitalisation programme, and other financial institutions.





**Mrs Mbalo during the 2017 SAMIC carcass competition**

The South African Pork Producers' Organisation, SAMIC and the NAMC's Transformation Review Committee are acknowledged for their commitment and support in ensuring that transformation in the pork industry is a success. A further note of special gratitude is conveyed to the farmers for their contribution to the agricultural economy, through job creation and achieving food security.

### **3.4. Conclusion**

This section presented the success stories of two emerging farmers who are women. To some degree, their success shows the capability of women beyond subsistence production. In other words, when given opportunities, women are capable of feeding the nation through their involvement in the agriculture sector, not as mere subsistence producers, but as emerging or even commercial producers.



# **Section 4:**

## **Gradual transition from subsistence production towards commercialization: The importance of capacity building, among other forms of support**



## 4.1. Introduction

For several reasons, farming is regarded as a retirement option by many. In the rural areas, the reasons may include enjoying a nice rural lifestyle, staying active in retirement, and supplementing retirement income. An interesting question now would be “to what extent does this perception contribute to the high average age of farmers?” as this indicates, to some degree, that some farmers move into agriculture only after retiring from a different career. The answer to this question may not be readily discernible. Therefore, it may require some econometrics analysis to provide the answer.

Moving on, this section provides some stories to support the aforementioned perception – the stories of the Mambi and the Madi families. Although the two families had some farming background before they actually embarked on their own farm businesses, it can be seen that there is a skills gap, as the farmers make a transition from subsistence production into being emerging farmers. It does not need econometrics modelling to tell that the gap in skills, which can be observed from the farmers’ production activities, could be the deciding factor of the success of the farmers’ endeavours.

## 4.2. Madi family

Mr and Mrs Madi, from Amersfoort, a small town in Mpumalanga Province, saw their cattle herd grow from 70 to 750, thanks to their determination and hard work. The couple, aged 77 and 74 respectively, have been married for over 50 years and they have been farming, as most households do in farming communities. They have a backyard garden where they grow vegetables. They also keep livestock. Mr and Mrs Madi are illiterate and grew up in subsistence farming families.



**Mr and Mrs Madi**

The couple owns 549 hectares (ha) of land at their Siyaphambili CPA. They obtained this land in 2003 through the land reform programme, and are currently using it for livestock grazing and fodder production.

During this season (2016/17), they grew maize on 30 ha and lucerne on 70 ha, while the rest of the land is allocated to 220 cattle herd, 75 goats and 60 sheep, which are not divided into grazing camps.



**Cattle on a 549 ha farm**

In 2013, the Madi family acquired another 620 ha through a lease agreement. They currently use this piece of land for the grazing of a 430-head cattle herd. They also have pigs and horses. Their two sons oversee the day-to-day activities on the farms and they live on the farms on a full-time basis.



**Cattle on the 620-ha farm**

The Madi family are very passionate about what they do and love farming. This is one of the underlying factors of their success. Mrs Madi said that they started out with a 70-cattle herd and have been focusing on building the herd, more than on anything else. They currently employ 4 permanent workers to look after the livestock.

#### Marketing and challenges

- The Madi family sell about 20 cattle a year through auctions. They also sell about 27 pigs a year to the local butchery. The main challenge with the Madi family is a lack of entrepreneurship skills. Examples include:
- They own more than a thousand head of livestock, yet they do not keep records. As a result, they do not know how much they make or lose in their farm business
- They focus overly much on building stock, to the extent that they sell weaners and buy old cows for breeding
- They produce about 20 litres of milk per day, but they do not know what to do with it
- These challenges are compounded by the lack of government support, such as extension services.

#### Plans

They plan to build a small abattoir so that they can process meat on their own farm in order to earn a higher income than what they get from selling live animals. This sounds like a great idea, but can it be achieved without a proper plan?

### 4.3. Mr Mambi

Mr Mambi, a farmer in Mount Ayliff, Eastern Cape, is one of the farmers who moved into farming after he retired from the mining sector. His main objective is to utilize the land as the main source of income for his household. This has been forced on him by retirement, leaving him with limited options for survival.



**Mr Mambi on his farm**

Mr Mambi is a small-scale farmer in Mount Ayliff, near Kokstad. He produces vegetables (cabbage, spinach and beetroot) and maize crops. He farms on his backyard garden (about 0.5 hectares) and arable fields (about 3 hectares) that are situated some distance away from the homestead. He has acquired, and continues to acquire, land from people who are not using theirs for various reasons. He says that he has bought some of it and he has borrowed some. Interestingly, there is an arrangement in the form of a verbal contract when borrowing land; he specifies the duration for which he wants to keep the land. For example, he borrows other people's land for two to five years. He said that this is important because it



guides him as to what sort of investments he must make on the land (e.g. fencing), and so far, he has not had any problems in this regard. He attributes the smooth negotiations to the strong social relationships between people in his community.



**Mr Mambi in his backyard garden**

### **Employment**

Mr Mambi employs 5 women, working in the backyard garden, and 4 men working in the arable fields. He highlighted the point that he prefers to have women working for him because they tend to show commitment and do the work thoroughly, as opposed to men who tend to come late to work and sometimes do not come at all (especially after they get paid). Therefore, he thinks that such opportunities should be given to those who are responsible with their money and are also committed to the course. However, the reason that he has 4 men working in the arable fields is that the arable fields are situated at some distance from the homestead, and

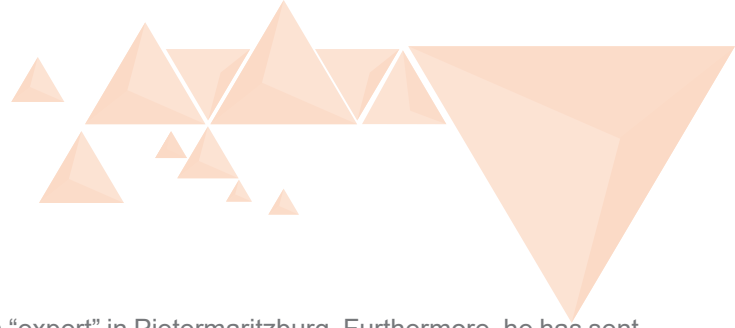
sometimes, he has to pick the spinach or cabbages at around 5 a.m. to deliver to the market at 7 a.m. So, he thinks it is risky for women to be coming to work as early as 4 a.m. It is worth noting that the jobs created are temporary, although but he uses the same people over and over again.

### **Marketing**

Mr Mambi has a verbal contract with Spar in Mount Ayliff, where he sells some of his vegetables. He approached Spar to negotiate an informal contract to sell his products and succeeded. However, there are challenges that are associated with this type of arrangement (informal contract). These include:

- (i) The market is not guaranteed because Spar buys only what it needs, based on current demand. This means that there is no specific quantity required at a certain period, implying that quantities required vary from time to time. The good thing here is that, so far, Mr Mambi has been supplying consistently – when required to – and he has not received any complaints from the market in this regard.
- (ii) There is no stipulated quality to guide him in his production activities. This poses a challenge in the sense that the prices tend to vary significantly.
- (iii) The previous point leads to the third issue of price risk. The main issue here is that farmers may, sometimes, reduce the price to below the cost–benefit ratio because they want to sell. This is common in the case of perishable products.

When asked about his strategies to overcome these challenges, he mentioned that he does not complain about the arrangement. He is happy that he manages to sell all of his produce at the end of the day. He feels that, although the markets tend to take advantage of the desperate situations of the farmers in accessing the market, maintaining a good working relationship is important to secure the farmer's share of the market and to avoid losses that are due to slow sales (e.g. having vegetables rotting in the fields).



In addition to his verbal contract with Spar, Mr Mambi also sells to the hawkers and households within his community. The prices are negotiable and not consistent. For example, when the buyer takes larger quantities of cabbages, the price could be lowered to R5 per head, and when the buyer takes one head, the price is R9 – R10 per head.

### Training

He has attended training on plant production at the University of Fort Hare. In addition, he also attended a contract farming training session in June 2017, conducted by the Markets and Economic Research Centre (MERC) of the National Agricultural Marketing Council (NAMC).

### On-farm investments and implements

Mr Mambi has never received any support from government. However, he has managed to make some investments in his farming business. The investments are in the form of fencing, tractor, planter, and boom sprayer, as well as some irrigation infrastructure (e.g. a water pump and sprinkler irrigation equipment). One of the advantages he has is that the arable fields are situated near the river, which he uses to irrigate his land. He feels that it is better to have his own equipment than to hire it – this assists him with the timing of his operations, among other things.



**Sprinkler irrigation**

### Plans for expansion

He intends to start a nursery and he has contacts with

an “expert” in Pietermaritzburg. Furthermore, he has sent a request to a service provider at Richmond, Kwa-Zulu Natal, for training to capacitate him and other farmers who are interested.

### People willing to join this venture

One of his sons has quit teaching and is actively assisting with the running of this venture. He believes that having the interest of his son in the farm business has come with significant benefits – one being the fact that the son provides transport for delivering the produce to the market.



**Mr Mambi and his son**

### Challenges

- Transport to deliver the produce to the market – the one they are using currently is just a small bakkie.
- Accessing more land to allow for expansion.



## 4.4. Conclusion

It cannot be denied that much has been achieved by the South African government in terms of assisting small-scale black farmers to grow. However, the impact of the support is not sustained in the sense that the support systems are not well integrated. This is one of the fundamental factors that underlie the slow integration of these farmers into the mainstream markets. Small-scale black farmers have the potential to form part of the agriculture value chains; however, this requires support systems to be aligned properly to enable farmers to adapt to the new challenges and new technologies, as well as new methods. The farming environment is dynamic; therefore, farmers must keep up with the new developments, and extension support is one of the crucial components in this regard. It is clear from the two stories that these two families lack some basic knowledge of running a farm as a business. Hence, if capacitated with some basic skills through extension support, among other aspects, the farmers may have a good chance of going through the transition as smoothly as possible, as they are already showing some great potential in their farming endeavours.







# **Section 5:**

## **Case of the NAMC's engagements with farmers on market access issues**



## 5.1. Introduction

One of the founding objectives of the NAMC, as stipulated in the Marketing of Agricultural Products Act (Act 47 of 1996), is to increase market access for all participants, the majority of which are black people. In pursuing its endeavours to deliver on this objective, the NAMC is involved in numerous initiatives, comprising both research and projects that entail direct and indirect engagements with the farmers, as well as those that support policy formation and other developments in the agriculture sector. This section presents some of the NAMC's involvements with smallholder farmers in the past two years.

## 5.2. Market segmentation and compliance

During 2014/2015, the NAMC conducted research into market segmentation and compliance with products standards. The main objective of the research was to understand the current markets that smallholder farmers are supplying with their fruits, as well as potential vegetables markets that they could supply. The research was further conducted to ascertain whether smallholders comply with products standards and to identify barriers that prevent smallholder farmers from accessing market segments. The ultimate goal of the research was to design appropriate interventions that will assist smallholder farmers to improve production of their produce for the market.

The study was conducted in the Mopani District in Limpopo province, and specifically in the Greater Tzaneen and Giyani Local Municipality areas. The project targeted only farmers who were producing fruits and vegetables under irrigation, and farmers who were selling to the markets.



Green beans destined for NFPM

The study established that, on average, 57% of the agricultural commodities produced by the smallholder farmers are sold to the informal markets. These included bakkie traders, hawkers, local shops and local communities. Farmers indicated that supplying informal markets reduces the costs of packing and transportation. Farmers further stated that the informal market provides quick cash, and does not require serious quality checks, as compared with the formal sector. However, it must be stated that although farmers appear to be selling most of their produce to the informal markets, there is an aspiration among some farmers to supply their commodities to the formal markets.

Formal market supplies from the smallholders accounted for the remaining percentage, which is 43%. In terms of formal markets, a concentration of the produce sold by the smallholder farmers was found to be on the National Fresh Produce Markets (NFPM). The NFPMs accounted for 34% of the market share and this was followed by the retailers' market share, at 9%. By looking at the two



segments (formal and informal markets), it became clear that there is a challenge in supplying the formal markets with fruits and vegetables. According to the farmers, the challenge of not supplying formal markets in general is based on the strict market requirements, such as high products standards, use of accredited pack-houses, use of Distribution Centres (DCs), and refrigerated transport, all of which is compounded by high transport costs and long distances to the markets. Although these issues seem to be constraints on the farmers, they also serve as an incentive for farmers to work harder to supply all the markets with their fruits and vegetables.

In addition to ascertaining the markets that farmers supply and the constraints that the farmers are facing, it was important to establish whether the farmers comply with markets' requirements and products standards. The results showed that 63% of the farmers comply with markets requirements and products standards, whereas 37% of the farmers interviewed did not comply with markets requirements and standards. Farmers mentioned water shortages and transport delays as problems that lead to the deterioration of product quality. The study recommended that:

- The farmers, as well as extension officers who are sources of information for smallholders, be trained on strategies of marketing agricultural products, which should include training on how to interpret volume and price information. This information will assist the farmers in increasing their supply to the formal markets.
- Smallholder farmers be organised into commodity groups so they might benefit from the collective marketing of their produce and arrangements for common transport, and further gain from formal arrangements such as contracting with the established suppliers.
- Global standard be promoted among smallholder

farmers so they could comply with products standards as required by the formal markets. Although the Global Gap standard is costly to obtain, farmers could start with Local Gap, which is a step towards the attainment of Global Gap.

### 5.3. Dry beans contract

As part of increasing market access and encouraging new business ventures for smallholder farmers, the NAMC developed a dry beans development scheme, with the intention of linking the farmers to the market through contract farming. This produced expected results in 2015 when the NAMC secured an off-take agreement with the leading food manufacturer and marketer of Fast Moving Consumer Goods (FMG) in Southern Africa, Tiger Brands.

The NAMC, together with other partners such as the Limpopo Economic Development Agency (LEDA), Limpopo Department of Agriculture (LDA) and Northern Seed Producers, agreed to facilitate the implementation of a dry bean development scheme with smallholder farmers. Five smallholder farms entered into an agreement with the market (Tiger Brands) through a primary processor (Northern Seed Producers) to grow small white beans in the Ephraim Mogale and Elias Motsoaledi Local Municipalities.

The production of dry beans was triggered by the growing demand for the commodity in the local established markets. Although the crop can be imported from the world markets, the indications are that the imported crop does not give the same quality standards as the locally produced commodity; hence, the market decided to produce the crop locally. Small white beans are best produced under a centre pivot irrigation system. The crop was planted during the month of February 2015 on a total of 64 hectares that belonged to five smallholder farmers.





## Dry bean production under centre pivot

It took approximately 105 days for the crop to be ready for the market. From the 64 ha planted with dry beans, a total of 109 tons was harvested and the farmers collectively received a profit of R957 204.00. Tiger Brands provided the seeds to the growers at no cost. The NAMC provided fertilisers to all the farmers and the costs of harvesting and transporting the produce to the market were incurred by the growers themselves.



Harvested bean crop destined for the market

The project is to be expanded and Tiger Brands committed itself to assist growers to plant at least 200 ha of small white beans in the 2016 production season. This is a good expansion of the project and it requires that other smallholder businesses that meet the market requirements (such as the possession of centre pivot irrigation, proximity to processing facilities, planting more than 15 ha of land, and having enough water for irrigation) should form part of this important business venture. In addition, it is important that these farmers should operate in the areas of Marble Hall, Mokopane and Polokwane.

## 5.4. Farmer indaba – Mopani Farmers Association

The Mopani Farmers Association (MFA) is formed by different commodity associations in five local municipalities of Mopani District Municipality, i.e. Giyani, Tzaneen, Letaba, Ba-Phalaborwa and Maruleng. These associations include Dzumeri Farmers Association, Merekome Farmers Association, and Itireleng Development and Educational Project Trust. The goal of food sovereignty also forms part of the MFA to ensure that the right to use and manage land, territories, water,



seed, livestock and biodiversity are in the hands of those that produce food.

MFA is coordinated by Itireleng Development and Educational Project Trust. This is to ensure that the association moves in a positive direction by organising capacity-building activities and information-sharing workshops. MFA accommodates both horticulture and livestock farmers in all the five local municipalities within the Mopani District Municipality.

The MFA, in collaboration with the South African Food Lab (SAFL), hosted a Farmer Indaba on the 22nd of March 2016. The Indaba was held in the Dzumeri Community Hall in Giyani (Limpopo province). The purpose of the Indaba was to facilitate information sharing among farmers and organisations working with smallholder farmers. This is for consultation purposes, ensuring better communication between parties and sharing ideas which will assist in smallholder farming development and improvement.



**MFA farmers engaging in the indaba**

The focus was on the marketing of agricultural products, including all the aspects needed to ensure that farmers meet market requirements and standards. Organisations and departments working with, and supporting, smallholder farmers were invited to be part of the Indaba, and they shared their roles as well as

initiatives in place for supporting smallholder farmers. These organisations include the Brianston Organic and Natural Market, National Agricultural Marketing Council (NAMC), Limpopo Department of Agriculture (LDoA), Department of Water Affairs (DWF), and Small Enterprise Development Agency (Seda).

The Brianston Organic and Natural Market presented an initiative called the Participatory Guarantee System (PGS). This system is a locally focused quality assurance system which certifies producers, based on the active participation of stakeholders. The system is built on a foundation of trust, social networks and knowledge exchange. It is coordinated by the International Federation of Organic Agriculture Movements (IFOAM). The Brianston Market provides a market for farmers who are members of the PGS. However, these farmers should comply with the PGS standards and requirements. Currently, there are 19 farmers from 16 farms who are PGS certified. These farmers are located in Johannesburg and Giyani.

The NAMC gave a presentation on the findings from the Building Local Economies (BLE) study that was conducted in Mopani District. The purpose of the study was to map smallholder farmers' market segments and identify the challenges they experienced in attempting to access new markets, and also find out how smallholder farmers make markets work for them. The study was done in collaboration with the SAFL. The SAFL conducted a similar study in KwaZulu-Natal at Umkhanyakude district. Hence, the aim of the presentation was to give an overview of the differences and similarities of the Mopani and Umkhanyakude smallholder farmers.

The SAFL presented an opportunity available for smallholder farmers on supporting innovation in water stewardship and agro-ecosystem awareness innovation. Five farmers will be selected from the MFA and they will be taken to Johannesburg for 3 months in order to train them as agro-ecological trainers and to introduce them to PGS and Localg.a.p. They will then return to Mopani to lend



support to farmers wishing to employ more sustainable agricultural methods. The successful trainees will have to conduct three half-day workshops in the district to train other farmers.



**Deneo Ndlazi facilitating speed dating**

The training is set up in a way that it requires 3 groups to circulate, and so the ideal pilot group for the training needs to consist of 12 people. However, the SAFL has funding for five people, thus it requires funding for 7 more, at a cost of R50 000 per head, all-inclusive for 3 months. This group will be selected, using a set of strict criteria and an interview process. Some of the requirements are that the participants/students need to be fluent in English and prove this through their motivation for the application. They will not be held accountable to repay the cost of the training if they drop out, but they can be required to work back the equivalent value in time, by supporting MFA for the remainder of the agro-ecosystem awareness innovation.

The Department of Water Affairs shared details on the process of acquiring water rights, while the Limpopo

DoA gave an outline of the services that are available within the Department in support of smallholder farmers. Seda shared details of the opportunities available for the benefit of smallholder farmers. After the presentations, farmers were requested to outline what they had understood about the work done by the government and non-government organisations mentioned, and how the work is supportive to their farming activities. Thereafter, farmers were allowed to ask clarifying questions.

MFA shared their views on how they can work better with institutions of support. The institutions of support also described ways in which they can work better with MFA to strengthen the support they are offering.

## **5.5. Transformation in the South African Table Grapes Industry (SATI)**

The NAMC's Transformation Review Committee (TRC) is an independent Committee that was established by the Council in 2013. The primary objectives of this Committee are to:

- Review the transformation business plans against the NAMC's transformation guidelines and provide recommendations;
- Monitor the implementation of the industry transformation business plans by comparing their actual activities with the budget for that year;
- Conduct site visits to the transformation projects supported by industries, to ensure that interventions are verified as provided by industry reports; and
- Write monitoring reports after conducting evaluations.

In line with these objectives, two representatives of the TRC visited the South African Table Grape Industry (SATI) in the Western Cape from the 2nd to 4th of May 2017 as part of the monitoring of the projects funded by the 20% transformation levy.



# SATI

Table grapes growing regions in South Africa

SATI represents over 325 producers in five production areas. The main focus areas of SATI are on transformation and training, research and technical activities, and market access and knowledge management. SATI intends to become a progressive, growth-oriented industry representative, recognised as a global leader in the Table Grape Industry and an authentic leader in the South African agricultural sector. It creates opportunities in the industry in the form of jobs; contributes to economic and rural development; promotes growth within the industry through new markets (market access); introduces new technology such as new cultivars; and earns much-needed foreign currency through exports.

SATI is committed to transformation as an essential way to achieve continued growth and relevance of the table

grape industry, ensuring job creation and stabilising rural economies.

A total of seven (7) projects (specialising in table grapes) were visited during May 2017. Below are narrations on the projects visited:

## Project 1: Siyazama Klipland Boerdery

The project was established in 2000 in the Hex River Valley region. This is a 100% Black Economic Empowerment (BEE) project, with six beneficiaries (5 women and 1 man). The project employs over 50 seasonal workers during harvesting (from October to March) and has 25 permanent workers. The production activities take place on government-owned land that was acquired through the Proactive Land Acquisition Strategy (PLAS), with a



total of 30 ha being leased to the project for a period of 30 years with an option to purchase – of the 30 ha, a total of 25 ha were planted.



**Director of Siyazama project (right) taking the visitors through the pack house**

The project currently produces about 75 000 cartons of table grapes, mainly for exports. In the previous season, 75% of the cartons were exported to the European Union (EU), 20% to China, and 5% to the United Kingdom. In general, the table grapes industry is export orientated; therefore, close to 100% of the produce is marketed to these countries. Production finance at this project is mainly supplied by the exporter. On the other hand, there are funders, such as MAFISA and banking institutions, that also play a crucial role in making funds available to support this project, although it is difficult to access them due to several reasons.

Moreover, stakeholders in the Western Cape Province

play a crucial role in the advancement of these projects. These include the Western Cape Department of Agriculture, and their implementing agent, CASIDRA, which assists with infrastructure, mechanisation and production inputs. SATI also assists these projects to facilitate attendance at educational events and on study tours abroad to learn about new research and cultivars, and to allow the farmers to follow their produce in the international markets. However, there are still challenges faced by the farmers with regard to production and marketing.

### **Project 2: Lewis Boerdery**

This is a smallholder project, farming on land measuring 5.5 ha, leased from a private landowner for 10 years. During the previous season, the farm produced approximately 20 000 cartons, with 95% of the output being sold to the export market and only 5% to the local market. This project is also funded through its exporter in the form of partial advance payments for the product.

**Good stories to tell about this project include the following:**

- None of the output exported had any quality issues;
- Notwithstanding the lack of electricity, the farmers make use of generators for cooling of the pack house.

The funding stakeholders of the projects include SATI, the exporter, and the Western Cape Department of Agriculture.

### **Project 3: PG Kriel**

This is a new project that was established in 2014. It is a farm measuring 32 ha (privately owned) situated in the De Wet area. The farm currently employs 21 permanent workers. The arrangement between the owners is that the farm owner who purchased the farm owns 66% of the farm and 33% is owned by the farm workers. The total output to date is estimated at 46 000 cartons, with an estimated income of over R3 million. A total of R700 000 worth of vines was made available to the project by SATI and the Western Cape Department of Agriculture,



supported by the contributions of the farm workers during the development phases. The farm has three tractors and is currently restoring the pack house.



Production area

SATI's contributions are seen as being the shareholders' contributions on behalf of the black beneficiaries in the form of planting material. In Phase One, 23 ha were planted in 2016, utilising the commercial loan and SATI's contribution. SATI also assisted the project to apply for grant funding from the Western Cape Department of Agriculture, and is awaiting feedback. This year, another 25 ha have been planned for Phase Two, subject to the approval of funds.



Beneficiaries, NAMC staff members and SATI representatives

SATI is currently working on the following training requirements:

- How a trust must operate, their responsibilities and the rights;
- Understanding of contracts;
- Understanding the export value chain beyond the farm gate and international trade; and
- Production training and business training which includes ethical trade.

#### Project 4: Buffelskraal

This is a new project, which currently has four beneficiaries (three black and one white). The company currently leases 103 ha of land for a period of 20 years, which lease is registered against the title deed of the property. The project is fully funded through a commercial loan.

#### Skills gaps:

- The beneficiaries need to be capacitated with knowledge related to the value chain beyond the farm gate
- Financial management
- Record keeping
- Understanding of the contracts
- International trade

The beneficiaries are starting an accredited course in exports via SATI.

#### Project 5: Carton Group/Vergelegen

This project was established in 2008 through the Land Redistribution for Agricultural Development (LRAD) Programme. The project is 100% black owned, with 281 beneficiaries currently farming on 54 ha. This project has





the potential to expand to over a 100 ha. The expansion and the upgrading of the packing facility are supported by the Western Cape Department of Agriculture. The project received funding from the stakeholders, such as Western Cape Agriculture, Rural Development and SATI, which was utilised for upgrading of the packing facilities and other infrastructural improvements, mechanisation and production inputs.

### **Some of the implements on the farm**

In 2016, a total of 195 000 cartons was harvested and exported. In 2017, the output is expected to increase to an estimated total of 242 000 cartons. During the harvesting season, the farm employs approximately 150 employees for packing purposes.

### **The pack house**

#### **Project 6: Cross Atlantic**

The project is situated in Piketberg, in the Swartland region of the Western Cape Province. It is a new project with a total land area of 128 ha (privately owned). This farm is currently a 76% BEE certified project. The first harvest is expected in 2017 and is estimated at 40 000 cartons. The development finance is provided through shareholders' contributions and a commercial loan.

#### **New vineyards on the farm**

There are further developments that are still going on. For example, the project is on the verge of completing the land preparation (soil, planting and netting for 40 ha) and establishing a fully-fledged pack house to pack and store the produce. The beneficiaries include BEE marketing agents who are responsible for marketing the produce from the smallholder farmers and commercial farmers.

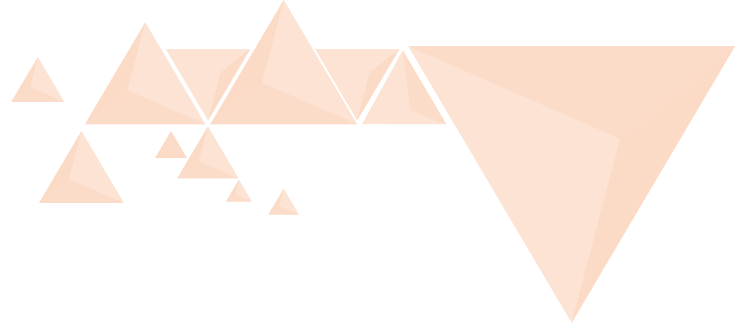
#### **Project 7: WCB Boerdery**

The TRC representatives have had an opportunity to meet with the current chairperson, Mr Warren Bam, of the transformation committee of SATI, who is also a farmer. He is currently involved with several projects and also provides advice and technical assistance to the existing and upcoming table grape farmers. He currently leases

a farm, Gunsteling, where 23 ha of grapes are planted, and he holds a 26% share in a 54-hectare table grape production unit in Westland, where approximately 40 ha is planted with olives.

#### **What can we learn from SATI on Transformation?**

- The new entrants must be equipped to become part of the mainstream table grape industry as soon as possible; there is only one table grape industry.
- Different ownership models are being supported in the industry (100% black-owned, partnerships, and equity schemes), and which will depend on the preference of the clients.
- No matter which model, new entrants must be part of the decision-making process at management level.
- The BBBEE initiative must be built on openness, transparency, business acumen, skills development, compliance, and commitment from the farmer.
- SATI strives to provide the latest information and technology, and to facilitate access to expert advice for creating an environment where informed decisions can be made; therefore, SATI has introduced initiatives such as a tour to the breeding programme in California, USA. This gave the farmers first-hand information from the breeders themselves on their innovations.
- Farmers must be trained beyond the farm gate and understand the global market.
- Technical and business management training is provided through SATI's skills development programme.
- Collaboration between the commercial farmers, exporters and new entrants is vital.
- SATI supports farmers at farm level by facilitating engagements with potential financiers. They further support the farmers by supplying these financing institutions with information and documentation in order to increase the potential of finance.
- SATI works closely with government departments and other stakeholders; such an example is the commodity approach with the Western Cape Government.
- The farmers we visited were well informed concerning their commodity.



### What can SATI improve on?

- Greater numbers of the table grape farmers should be encouraged to use loan funding to supplement grant funding; there is still too much dependency on grant funding. The establishment cost of table grape vineyards is high and government will not necessarily have the means to fund all their needs.
- Capacity building programmes of shareholders within these entities need to intensify, otherwise they will never be able to take ownership of their businesses. This can be observed in the equity schemes and also where there are partnerships. In the 100% black-owned farms, business management practices can definitely improve. The establishment of vineyards, production practices, labour management and packaging seemed to be on a par.
- Some of the businesses visited need some advice from SATI on their infrastructure, such as packing facilities.

### Acknowledgement

The NAMC would like to acknowledge the South African Table Grape Industry (SATI) for their contribution in advancing transformation and their support provided to the smallholder farmers in the industry. Furthermore, we acknowledge their commitment in ensuring that partnerships between smallholder and commercial

farmers are strengthened and that both parties (shareholders) fully understand the contents of the agreements that they enter into, and for the provision of training and equipping the farmers with necessary skills such as contract and financial management, and knowledge of international trade.

We are also thankful for the commitment and the time provided to us to engage with them on their pivotal work in the agricultural economic space.

## 5.6. Conclusion

Such initiatives create a platform for the farmers to increase the productivity of their farms. In the case of SATI, the team believes that the supply of good new genetic planting material (new cultivars) to the farmers is a good enterprise development initiative. Business and management training initiatives and support services, especially where literacy levels are low, are of great importance, and this is normally the case in the equity schemes. People must understand the industry and the entire value chain. Technical support should be provided on a continuous basis. Greater attention should be given to the newer varieties available for increasing sustainability, competitiveness, and profitability. SATI initiatives are yielding positive results, but due to the high establishment and maintenance costs, additional support through government grants should be lobbied for.



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