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Promoting market access for South African agriculture

THE SMALLHOLDER MARKET ACCESS TRACKER

(SMAT)

BASELINE REPORT

A CASE OF SMALLHOLDER WOOL PRODUCERS IN SOUTH AFRICA

2021/22

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SMAT
Smallholder Market Access Tracker

Smallholder Market Access Tracker (SMAT) is a tool that has been developed by the NAMC, with the help of a reference group, to measure the progress in the achievement of the market access goal for smallholder farmers in South Africa.

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LIST OF ACRONYMS

ABBREVIATION	DESCRIPTION
BATAT	Broadening Access to Agriculture Thrust
CASP	Comprehensive Agricultural Support Programme
DALRRD	Department of Agriculture, Land Reform and Rural Development
EC	Eastern Cape
ECWGA	Eastern Cape Wool Growers' Association
FS	Free State
NAMC	National Agricultural Marketing Council
NWGA	National Wool Growers' Association
PTO	Permission to Occupy
RDP	Reconstruction and Development Programme
SMAT	Smallholder Market Access Tracker
USDA	United States Department of Agriculture

EXECUTIVE SUMMARY

The NAMC is leading a project to develop a dashboard tool as a measure of progress towards achieving market access for all participants in the agricultural sector and, in particular, market access for smallholder farmers in South Africa. The Smallholder Market Access Tracker (SMAT) tool construction commenced in April 2016 when the first pilot was conducted on potatoes. A second pilot was then conducted on beef in 2018. These pilots culminated in a citrus baseline in 2019, broiler baseline in 2020, and raisins baseline in 2021. In the initial stages – up to the broiler baseline - the process was overseen by a group of representatives selected from various South African agricultural stakeholders (referred to as reference group).

The SMAT tool is made up of indicators sourced primarily through a survey specifically designed to collect primary data on smallholder market access. The indicators were identified using some key market access variables gathered from empirical research and are the SMAT tool's heart and could have either positive, negative, or neutral effects on the smallholder farmers' likelihood to access the market. They are categorized into two groups, where the first group tracks the progress from the supply perspective (farmers' perspective), and the second group tracks the progress from the demand side (market's perspective). These indicators are meant to inform the policymakers of the situation per industry tracked, thereby enabling the formation and continuation of more effective programs or interventions toward market access achievement. The information is presented in the form of dashboard analysis and will be updated at a two-year interval.

This is the fourth in a series of baseline studies, and it focuses on smallholder wool farmers. The report is based on the results generated from a survey of 124 smallholder wool farmers from the Eastern Cape and Free State provinces.

In terms of the farmers' profile, the results indicate that a typical smallholder wool farmer will likely be a 54-year-old male. Having completed his secondary or even tertiary education he is likely to find it easier for him to collect and process information to make informed decisions. Farming is his main source of livelihood, but he has a diverse range of other sources, which include social grants, pensions, remittances, and small business activities. Although he might have been producing wool for many years, he began selling his wool to brokers 5 years and 9 months ago. On average, he has a stock size of 33 sheep constituting about 2 rams, 25 ewes, and 7 lambs. His average farm size is 34, 9 hectares. As such, he relies on the use of the commonage to rear their sheep. He produces an average of 141,20 kg of wool. His farm income per annum is R12 218.39 and the total cost of production per annum is R10 113.73 per annum. On average, he hires 1 worker to look after his sheep. His main marketing channel for his wool is the brokers, but he also sells to small buyers and bakkie traders. Although he is not satisfied with his relationship with the latter, it serves as an alternative for a buffer against shocks as opposed to selling live sheep. And because it pays on the spot and he does not need his transport or gets charged for transport when he supplies this marketing channel, it remains an important marketing channel to him. Farming is of sentimental value to him and sheep also serve as a source of buffer against shocks. Although he is faced with several challenges, he has potential for improvement and growth should the window of opportunities open for him.

Therefore, it was recommended that the communal wool growers' association/trusts - the two forms of farmer groups in the Eastern Cape and Free State province - and government must increase and coordinate their efforts to support the advancement of the farmers'.

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SECTION 1:

INTRODUCTION

SECTION 1: INTRODUCTION

1.1 Background

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. In 2016/17, the NAMC initiated the creation of a SMAT tool to measure progress towards achievement of "market access for all participants," in particular, market access for smallholder farmers[1]" in South Africa. The rationale for creating such a tool stems from the general perception and, in some cases, study findings of or indicating a lack of progress in addressing smallholder farmers' integration into South Africa's mainstream economy - a majority of them black. This is on the back of very well-articulated policies from as far back as 1994 when the Reconstruction and Development Programme (RDP) was published by the ruling African National Congress (ANC) to create a restructured agricultural sector that "spreads the ownership base, encourages small-scale agriculture, further develops the commercial sector and increases production and employment" (African National Congress, 1994). Following the RDP sentiments, the White Paper on Agriculture that was published in 1995 advocated for the provision of support services to enable farmers to move into commercial farming if so desired (Makhura et al., 1996).

The then National Department of Agriculture (NDA) developed the Broadening Access to Agriculture Thrust (BATAT) in 1995 as its RDP project aimed at improving the access of small-scale farmers to agricultural services in five areas, namely, financing, technology development, transfer systems, human resource development, and marketing. A component of this initiative known as the "BATAT Marketing Drive" sought to "improve small scale farmers' ability to seize marketing opportunities" (Van Renen, 1997). Over the past two decades, similar policies and programs have been developed to support the development of smallholder farmers. The most prominent and most significant of these is the Comprehensive Agricultural Support Programme (CASP), which was introduced in 2004 to provide support to smallholder farmers and land reform beneficiaries (NDA, 2004).

Recent findings suggest that CASP and other farmer support programs have not been effective in achieving their intended goals (Vink et al., 2012). There is a need to measure and track the situation regarding market access for smallholders to assist with policy debate and the formulation of more effective programs for the achievement of market access. It is against this background that the NAMC proposed that the Smallholder Market Access Tracker (SMAT) be developed as a measure of progress in the achievement of the market access goal for smallholders in South Africa. SMAT indicators were identified and were used as a basis for instrument design. Pilot surveys were undertaken to test the SMAT instrument on the following commodities, Potatoes (2016/17) and Beef (2017/18). The pilots culminated in a baseline on citrus smallholder producers, which was conducted in 2018/19. The second baseline was completed in the 2019/20 financial year on the smallholder broiler producers. The third baseline was completed in the 2020/21 financial year on the smallholder raisins producers. The purpose of this report is to present the fourth baseline of SMAT conducted on smallholder wool farmers. The baseline was an attempt to describe the status of smallholder wool farmers in terms of production, marketing, and access to marketing services. The idea is to uncover barriers faced by these farmers to entering into the mainstream marketing channels and recommend some interventions that could enhance market access and the value of the marketable product.

[1] A smallholder farmer in the context of this baseline is derived from the DAFF definition and refers to a new entrant who aspires to produce for the market and make a profit. It is used with the term 'communal farmers' interchangeably

1.2 What is the Smallholder Market Access Tracker (SMAT)?

The SMAT is a tool that acts as a measure of progress in achieving the market access goal for smallholders in South Africa. The tool aims to generate information to address the strategic objective of increasing market access for smallholder farmers in South Africa. The SMAT is helpful for the following targeted stakeholders, among others, for advisory services:

- Government;
- Farmers and farmer organizations;
- Fresh produce markets; and
- Market institutions.

The SMAT is composed of indicators identified using some key market access variables gathered from empirical research. The indicators are the heart of the SMAT tool. Following a rigorous discussion under the SMAT Reference Group's oversight[2], it was decided that the SMAT indicators would be sourced primarily through a survey that is specifically designed to collect primary data on smallholder market access. Additional data, when required, would be obtained from secondary sources as well as an expert or critical informant opinion. The indicators were selected based on the theoretical economic premise hypothesized to either positively or negatively or neutrally affect the smallholder's likelihood to access the market. The indicators are further categorized into two groups, the **A Indicators** (indicators from the farmer's perspective) and the **B Indicators** (indicators from the market's perspective). **Table 1** below presents the selected indicators for the SMAT with their definitions and the nature of their effect on smallholder market access.

[2] The NAMC defines the Reference Group as a group of experts in certain fields but with a degree of diversity among them (experience, demographics, regional spread, areas of specialisation, academic inclination, sector, affiliation, etc.).

Table 1: The SMAT indicators

Name	Definition and expected nature of the relationship with market access (in parentheses)
Farmer (Supply or "Push") indicators[3]	
A1. Farmer profile:	
A1.1 Gender	The gender of the farmer (NA)
A1.2 Age	Age of the farmer (NA)
A1.3 Education	Highest education level attained by the farmer (+)
A1.4 Location	Town and province where the farmer is located (NA)
A1.5 Legal entity	Type of entity that the farmer belongs to (if any) (NA)
A2. Supply:	
A2.1 Selling of produce	Whether the farmer sells any of his produce (+)
A2.2 Type of market supplied	Type of market supplied by the farmer (NA)
A2.3 Quantity supplied	Quantity (quantities) supplied by the farmer (+)
A2.4 Value supplied	Value (in Rands) supplied by the farmer (+)
A2.5 Selling arrangements	Whether farmer sells through spot selling, contract, etc. (NA)
A2.6 Selling price arrangements	Whether a farmer negotiates to sell price or whether he/she is a price taker (NA)
A2.7 Payment arrangements	The length of time it takes for payment to be effected (NA)
A2.8 Distance to market	Distance to the market supplied by the farmer (-)

[3] The farmer (supply or “push”) indicators denote the perspective of the farmer (the supplier)

A3. Market services	
A3.1 Access to market information	Whether the farmer has access to any source of market information (+)
A3.2 Access to storage	Whether the farmer has access to any form of storage (+)
A3.3 Access to packaging facilities	Whether the farmer has access to any packaging facilities (+)
A3.4 Access to credit	Whether the farmer has access to a credit facility (+)
A3.5 Access to training/extension	Whether the farmer has access to any training or extension service (+)
A3.6 Access to transport	Whether the farmer has access to any transport service (+)
A3.7 Rating of quality of market information	Farmer's rating of the quality of market information (1 = poor; 5 = excellent) (+)
A3.8 Rating of quality of storage	Farmer's rating of the quality of storage (1 = poor; 5 = excellent) (+)
A3.9 Rating of quality of packaging facilities	Farmer's rating of the quality of packaging facilities (1 = poor; 5 = excellent) (+)
A3.10 Rating of quality of credit	Farmer's rating of the quality of credit service (1 = poor; 5 = excellent) (+)
A3.11 Rating of quality of training/extension	Farmer's rating of the quality of training/extension (1 = poor; 5 = excellent) (+)
A3.12 Rating of quality of transport	Farmer's rating of the quality of transport (1 = poor; 5 = excellent) (+)
A4. Market requirements	
A4.1 Awareness of market requirement	Where applicable, whether the farmer is aware of market requirements (+)
A4.2 Compliance with market requirements	Where applicable, the extent to which farmer complies with market requirements (1 = no compliance; 5 = excellent compliance) (+)

B. Market (Demand or "Pull") perspective	
B1. Market Profile	
B1.1 Type of market	Type of market supplied by the smallholder (NA)
B1.2 Market location	Town and province where the market is located (NA)
B1.3 Total market turnover	Where applicable, the total turnover of the market supplied by smallholder farmers (NA)
B1.4 Market turnover by commodity	Where applicable, the market's turnover on the specified commodity supplied by smallholder farmers (NA)
B1.5 Market tonnage by commodity	The total market tonnage of the specified commodity sourced from smallholder farmers (NA)
B2. Supply by smallholder farmers	
B2.1 No of smallholders supplying the market	Number of smallholders supplying the market with the specified commodity (+)
B2.2 Volumes supplied by smallholders (t)	The total tonnage of the specified commodity supplied by smallholder farmers (+)
B2.3 Value supplied by smallholders	The total value of the specified commodity supplied by the smallholder farmers (+)
B2.4 Smallholders' market share	The total smallholder farmers' market share for all commodities supplied (+)
B2.5 Smallholders' market share/commodity	The smallholder farmers' market share of a specified commodity (+)
B3. Services Provided to Smallholders	
B3.1 Market information	Whether the market provides market information services to smallholders (+)
B3.2 Storage	Whether the market provides storage services to smallholders (+)
B3.3 Packaging facilities	Whether the market provides packaging facilities to smallholders (+)
B3.4 Credit	Whether the market provides credit facilities to smallholders (+)

[4] The market (demand or “pull”) indicators denote the perspective of the market (the buyer)

B3.5 Training/extension	Whether the market provides training or extension services to smallholders (+)
B3.6 Transport	Whether the market provides transport services to smallholders (+)
B4. Minimum Market Requirements	
B4.1 Business registration	Whether business registration is a minimum requirement for smallholders (NA)
B4.2 Packaging	Whether business packaging is a minimum requirement for smallholders (NA)
B4.3 Product standards	Whether business product standards are a minimum requirement for smallholders (NA)
B4.4 Payment arrangements	The length of time that the market takes to pay smallholders for their produce (NA)
B5. Market Performance of Smallholders	
B5.1 Rating of quality	The market's rating of the quality of products supplied by smallholders (1=poor; 5=excellent) (+)
B5.2 Rating of quantities	The market's rating of the quantities of produce supplied by smallholders (1=poor; 5=excellent) (+)
B5.3 Rating of consistency of supply	The market's rating of the consistency of supply of produce supplied by smallholders (1=poor; 5=excellent) (+)
B5.4 Rating of farmer logistics	The market's rating of the logistics for the products supplied by smallholders (1=poor; 5=excellent) (+)

Note: It is expected that the sourcing of data from both the supplier and the buyer perspectives will assist in the counter-checking of results such that the data from the one side is checked against data from the other side to improve overall quality and usability, NA = Not applicable

1.3 Methodological approach to the development of SMAT

The development of the SMAT commenced in April 2016. The NAMC put together an internal research team to implement the SMAT project. Also, a group of experts representing a wide range of agricultural stakeholders (academia, government, private sector, and non-governmental organizations) – the "Reference Group" - was appointed to oversee and advise the process and its outputs. Figure 1 depicts the process of the development of the SMAT. Noteworthy, the involvement of the Reference Group ended in 2020, during the broiler baseline. This was due to structural changes within the NAMC.

As explained earlier, two pilots were conducted to test the tool that culminated into the four baselines. Both the pilots and the baselines form part of the output. Subsequently, there is an outcomes phase. It is believed that the real worth of SMAT lies in this phase because the outcomes should be action plans and commitments by relevant stakeholders as guided by the recommendations of the baseline. This should further form the basis for tracking the progress from the baseline. This means that, beyond generating information on the status of smallholder market access, the SMAT must stimulate difficult discussions to drive inclusive growth and break barriers faced by smallholder farmers to enter into the mainstream value chains.

The baselines serve as outputs and provide recommendations based on the assessment of the industry. However, the report's relevance as a measure of progress and any impact it should make in developing smallholder farmers will largely depend on the industry, government, farmers, and other relevant stakeholders' actions. Hence, the outcomes stage catalyzes the actual report and the desired broader impact.

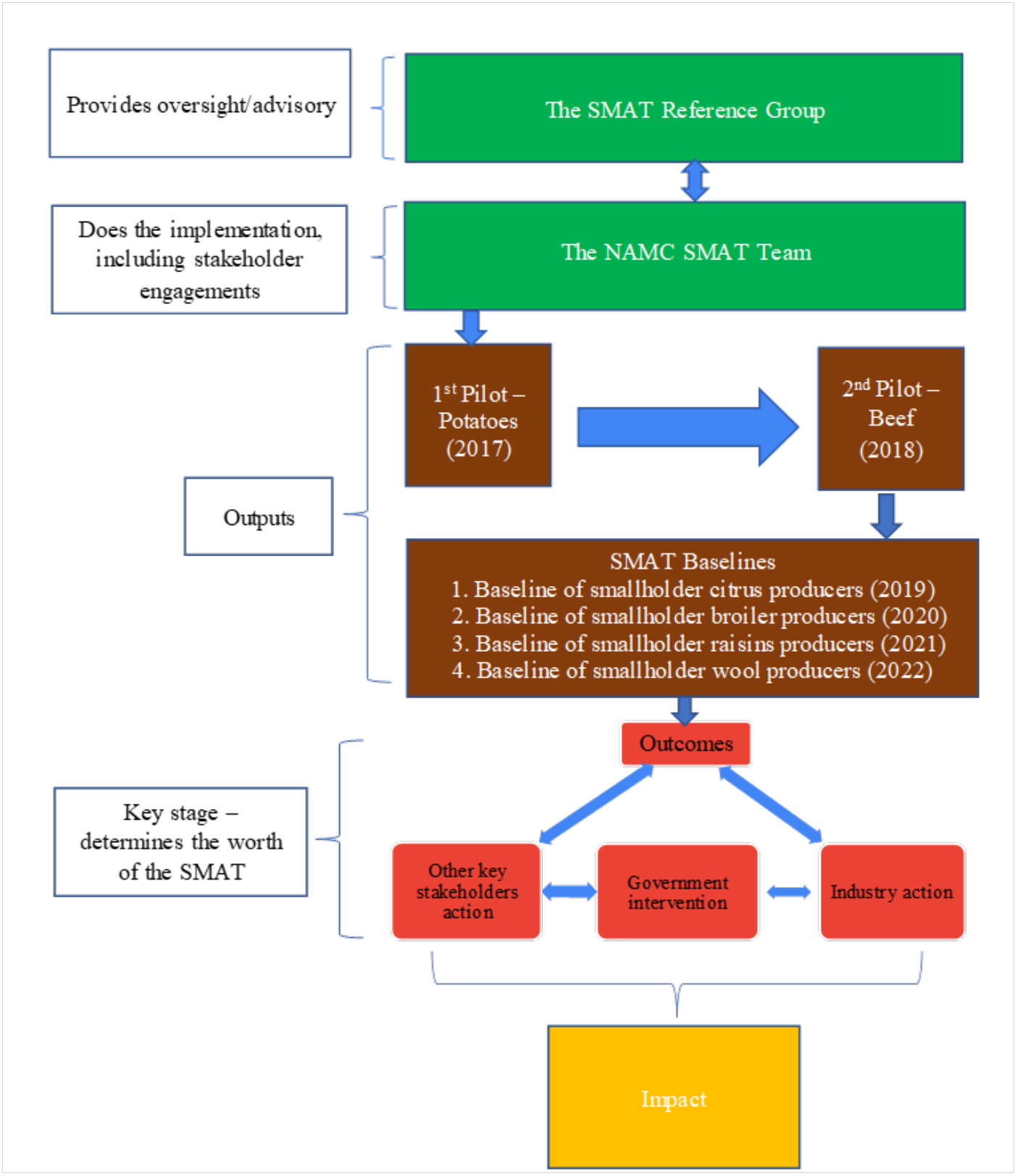

Figure 1: The SMAT process
Source: Adapted from the SMAT report (2019)

1.4 Wool baseline: sampling and data collection procedure

Wool was identified as a commodity of interest in August of 2021. This was due to two reasons: first; slow progress in the dairy sector, which was identified before the beginning of the financial year as a sector of interest for the 2021/22 financial year; second, a positive response by the Eastern Cape Wool Growers' Association (ECWGA). As such, there was a time limitation, which resulted in only the top two wool-producing provinces being targeted for the baseline data collection. According to Cape Wools SA (2021), the Eastern Cape (EC) and the Free State (FS) provinces have been the top two producers of wool in South Africa for the past two decades. Hence, the smallholder/communal wool farmers from the two provinces were targeted.

The Eastern Cape database of smallholder wool farmers revealed that there are over 10 000 farmers in the province. The Free State province did not have a database of smallholder wool farmers. However, it was assumed that the province had over 10 000 farmers, similar to the Eastern Cape province. As such, it was determined that the required sample size is 385 farmers from each of the two provinces at a 95% confidence level. But the data was collected in February 2022 due to a budget constraint. This meant that time became another limiting factor. As such, 29 farmers were interviewed in the Eastern Cape province and 99 farmers were interviewed in the Free State province. At a 90% confidence level, the required sample size from both provinces would have been 99 farmers.

According to this, the NAMC is 90% confident that the 99 farmers from the Free State province are representative of the smallholder farmers within the province, whereas the Eastern Cape fell short of 70 farmers. Anything between 3 000 and over 100 000 farmers required a minimum sample size of 97 to 100 farmers at a 90% confidence level, hence the earlier assumption that was made about the number of farmers in the Free State province. The study of Singh & Masuku (2014) was used to determine the sample size

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SECTION 2:

OVERVIEW OF THE WOOL INDUSTRY

SECTION 2: OVERVIEW OF THE WOOL INDUSTRY

2.1 Introduction

This section presents an overview of the wool industry by briefly indicating production, consumption, and wool trade. Various sheep breeds in South Africa are suited to different environments while fulfilling different needs. Some breeds produce wool, while some produce meat. In South Africa, there are five main breeds, namely; Merino (wool), Dohne Merino (wool), Afrino (dual), SA Mutton Merino (dual), and Dormer (dual) (Cape Wools SA, 2014). Cloete, et al. (2014) indicated that Merino and Dohne Merino breed constituted 49,7% of the dataset from National Small Stock Improvement Scheme, with the SA Mutton Merino constituting 18,1%, Dormer 7,1%, Ile de France 2%, and Afrino less than 2%r.

2.2 Production

The data from Cape Wools SA indicates that the South African wool production has increased by 31,3% over the past two decades from 33,26 million kilograms in the 2000/01 season to 48,96 million kilograms in the 2020/21 season. Throughout this period, the Eastern Cape province has been the leading producer, followed by the Free State, Western Cape, and the Northern Cape provinces. The four provinces produce just over 70% of South Africa's wool as shown in Figure 2. Figure 2 shows that in the 2020/21 season, the Eastern Cape province contributed 24,9% of the country's wool, followed by the Free State, Western Cape, and Northern Cape with 20,2%, 15,7%, and 9,5% respectively. The main reason behind this trend is the number of sheep per province, where the Eastern Cape has the highest number of sheep, followed by the Free State, Western Cape, and the Northern Cape provinces (Cape Wools SA, 2014).

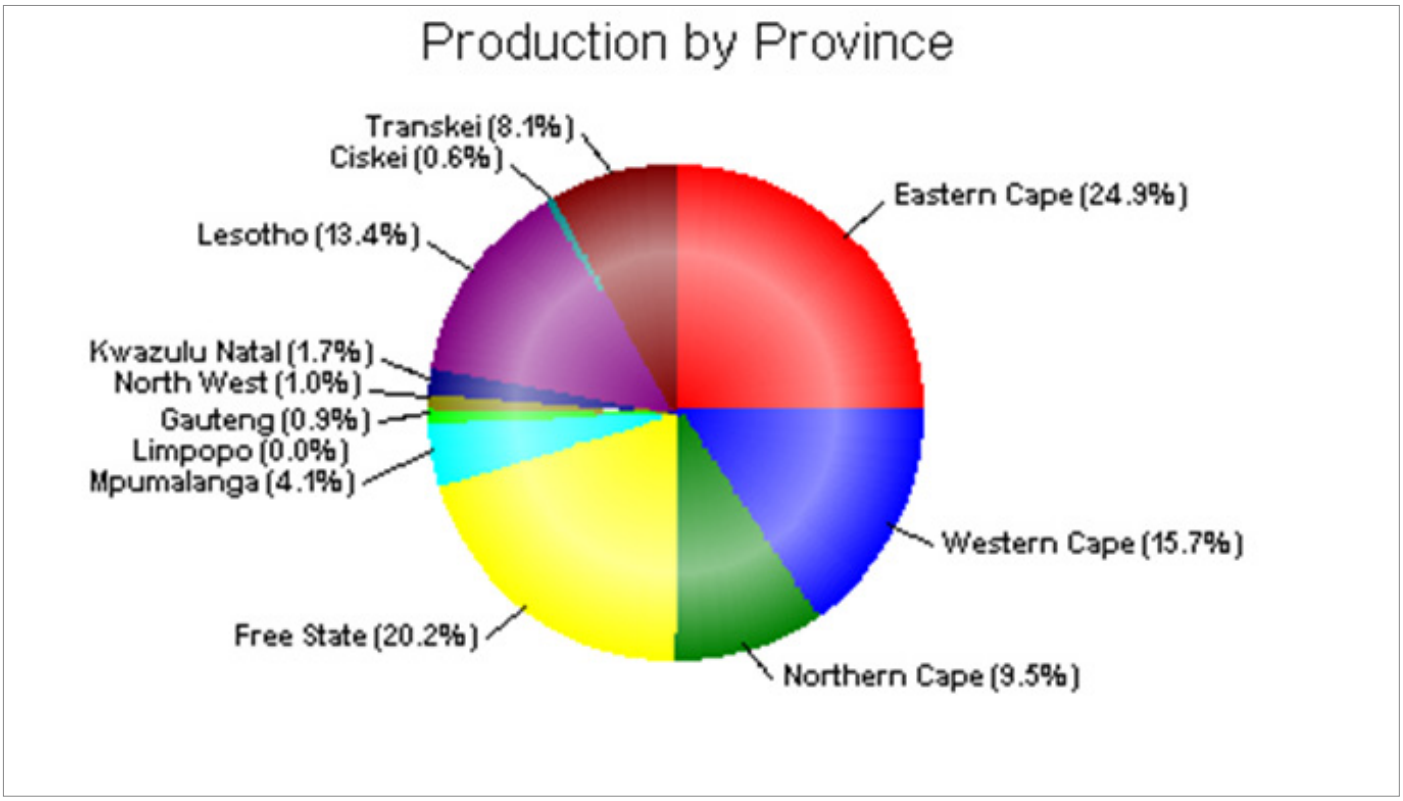

Figure 2: Wool production in South Africa by province
Source: Cape Wools SA (2021)

Figure 3 presents the wool production trend between the 2011/12 season and 2020/21 season and it indicates that production fluctuated between the 2011/12 season and the 2015/16 season, but grew in general by 11% from 44.3 million kg in the 2011/12 season to 49.7 million kg in 2015/16 season. It was highest at 52.5 million kg in the 2016/17 season and began to decline again, reaching the lowest at 42.6 million in the 2018/19 season. It grew again in the 2019/20 and 2020/21 seasons.

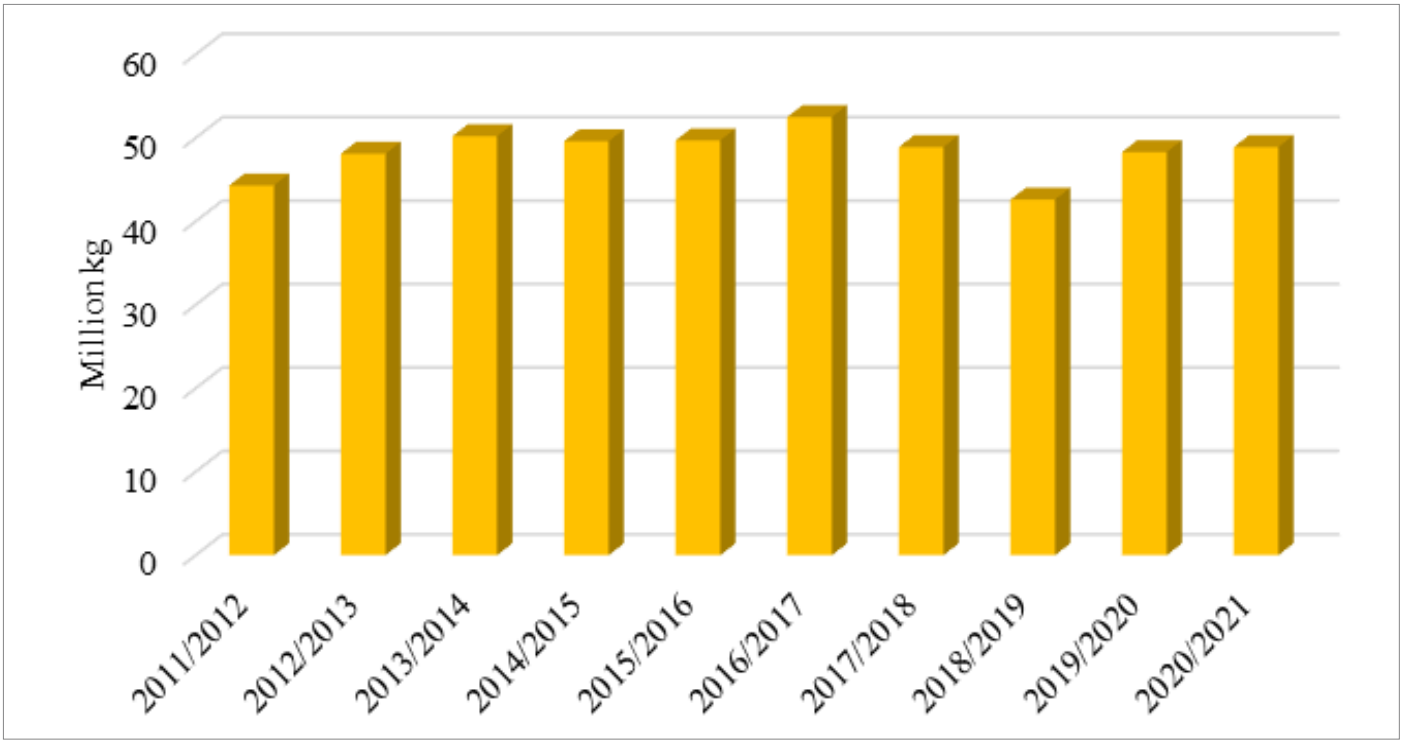

Figure 3: Wool production trend in South Africa (2011 - 2021)
Source: Cape Wools SA (2021)

2.3 Domestic markets

According to DAFF[5] (2016), wool is traded either through auctions or by private treaty, with the largest percentage of the national clip being sold through the auction system. Wool auctions, coordinated by the South African Wool Exchange (SAME), are centralized in Port Elizabeth and occur once a week during the wool-selling season, which runs from August of one year to June the next year. Even though centrally auctioned, wool producers can send their wool to one of three major ports closest to them, i.e., Port Elizabeth, Durban, and Cape Town. Wool brokers facilitate sales of wool at the auction. The main wool brokers are Cape Mohair and Wool (CMW) and BKB Pty Ltd. As an alternative to the wool auction system, wool producers can sell their wool directly to small wool buyers, who either organize smaller wool auctions or export wool directly. These smaller wool traders such as Van Lill Wool Buyers, Saunders and Lanata also sell wool in a separately organized auction, normally held on the same day and venue as the main auction organized by Cape Wools. There are six major wool buyers in South Africa, i.e.: G. Modiano, Lempriere SA, Standard Wool SA, Stucken & Co., Segard Masurel SA, and G Modiano. Prices paid for wool are determined by free-market demand and supply forces and are closely linked to the international price for apparel wool, which is determined by the Australian market. Cape wools (greasy or semi-processed) are shipped across the world.

[5] DAFF used to be the Department of Agriculture, Forestry, and Fisheries. In June 2019, the name was changed to "Department of Agriculture, Land Reform, and Rural Development (DALRRD)" following the merger of the DAFF and the Department of Rural Development and Land Reform (DRDLR).

2.4 Export markets

Figure 4 illustrates the main export markets for South African exports. China is the main market to which South Africa exports 79% of its wool, followed by the Czech Republic (12%), Italy (3%), India (3%), and Egypt accounting for 2%. Having Egypt in the top 5 is encouraging considering the developments in the African Continental Free Trade Area (ACFTA), also given that Egypt presents $1,1 million of export potential.

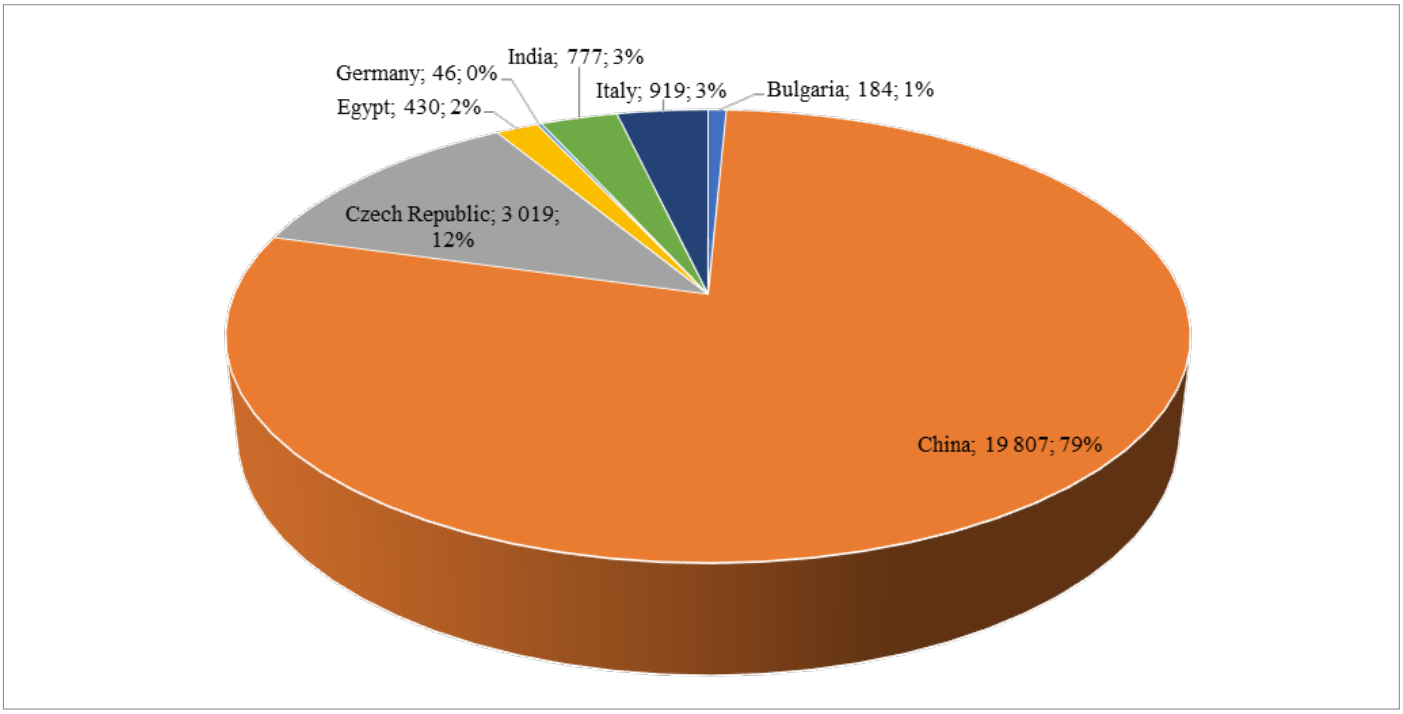

Figure 4: Exports to selected countries
Source: USDA (2020)

2.5 Prices

Table 2 presents a comparison between the national price and communal price of wool produced in South Africa between 1997/98 and 2018/19 seasons. Both prices have increased over the 13-year-period from 1 225 c/kg and 675 c/kg at a national and communal level to reach 11 260 c/kg and 7 114 c/kg, respectively. Although the communal prices have remained lower than the national prices the gap between the communal prices and national prices has declined by 8% over the same period. Although this could be viewed as a small percentage change, it is a step in the right direction and indicates that there is still a lot to be done.

Table 2: National versus communal prices (c/kg)

Season	National Price(C/Kg)	Communal Price (C/Kg)
1997/1998	1 225	675
1999/2000	1 102	584
2001/2002	22 77	1,293
2003/2004	2 109	876
2008/2009	2 548	1,618
2009/2010	3 222	2,304
2012/2013	5 537	3,803
2013/2014	6 016	3,623
2014/2015	6 863	3,652
2015/2016	7 668	5,235
2016/2017	8 156	5,159
2017/2018	9 967	7 075
2018/2019	11 260	7 114

Source: NWGA (2020)

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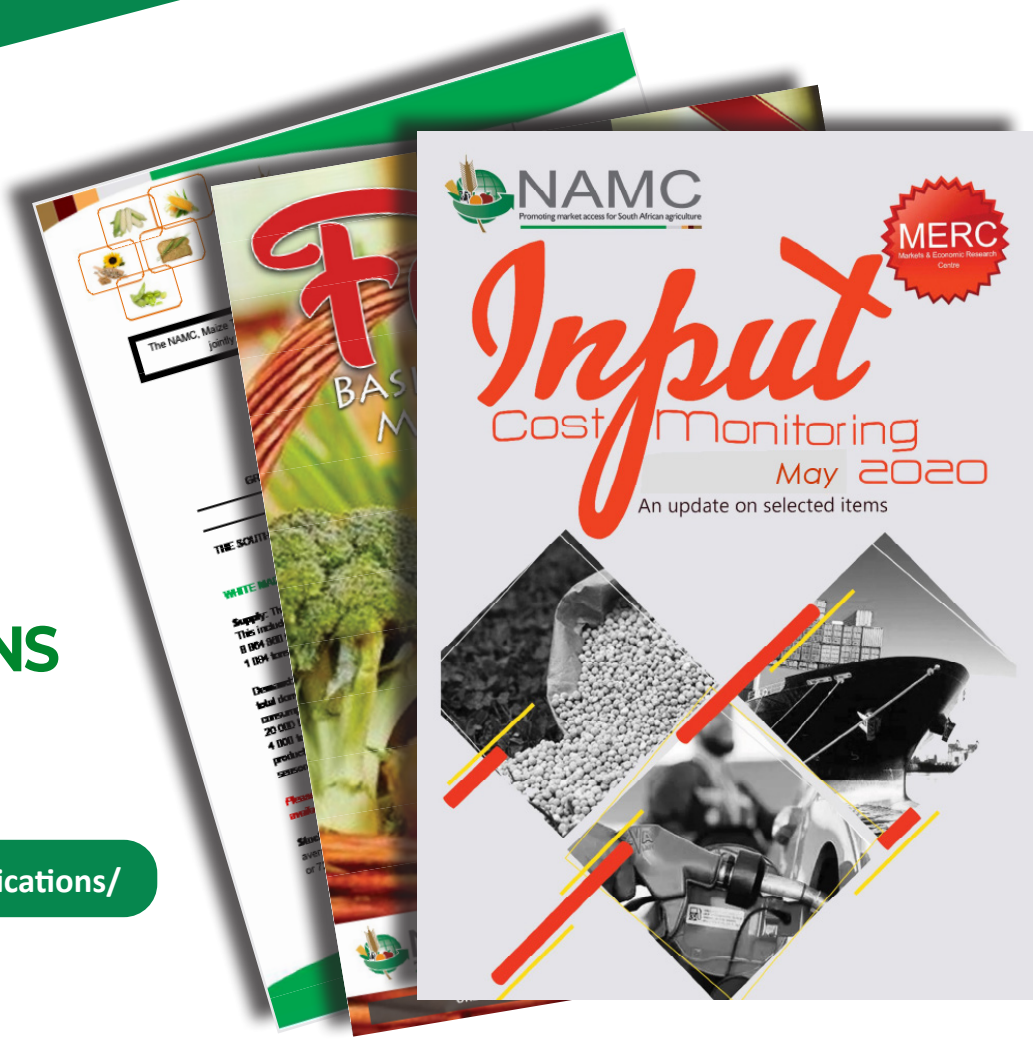

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SECTION 3:

WOOL BASELINE SURVEY RESULTS

SECTION 3: WOOL BASELINE SURVEY RESULTS

This section provides the results of the key SMAT indicators that relate to farmers' profile, production, marketing, and insurance aspects. As mentioned in section 1, 99 and 29 smallholder wool farmers were interviewed in the Free State and Eastern Cape provinces respectively. With these numbers, the NAMC could be 90% confident that the sample size of the Free State province represents all the smallholder wool farmers in the province, while the Eastern Cape fell short by 68 to 70 responses.

After cleaning the data, the final sample size was 124 smallholder wool farmers, with 95 farmers from the Free State province and 29 farmers from the Eastern Cape province. Some responses from the Free State province were discarded due to incomplete information and repeated entries. Those that had incomplete information were farmers that did not have sheep and therefore could not answer the questions about the production and marketing of wool. As such, the results presented in this section are based on the sample size of 124 smallholder wool farmers. The results are presented in the form of descriptive analysis and illustrated in Tables and Figures.

3.1 Demographic information

Table 3 presents the demographic information of smallholder wool farmers regarding gender, education, race, the main source of livelihood, and the legal status of the farm business. The results indicate that a typical smallholder wool farmer is a black male who is fairly educated as the majority (68%) of farmers on aggregate have a secondary school and tertiary education. This is a positive picture for the industry as it implies that farmers are capable of searching, acquiring, processing, comprehending, and analyzing the necessary information for their farming endeavours as suggested by Ellis (1998).

The majority of the sampled farmers (47%) indicated that farming is their main source of livelihood, with social grants (18%) and pensions (18%) being identified as the second main source of livelihood. Other business was identified as the main source of livelihood for 15% of the sampled farmers, while remittances were identified by the minority (2%). The majority (45%) of farmers indicated that they farm as individuals followed by those that are in a trust (39%), while the rest are either in a cooperative (9%), Common Property Association (CPA) (3%), or a partnership (2%) and Pty Ltd (2%). However, it was noted during the interviews that farmers who share a shearing shed (built or promised) were grouped into a trust, although they did not operate as a trust in the true sense of the word. Therefore, it is safe to assume that the farmers who indicated that their legal entity status is a trust are actually operating as individuals thereby increasing the majority percentage from 45% to 84%.

Table 3: Summary of demographic characteristics presented in percentages

Variable	Category	n = 124	Total %
Gender	Male	81	65
	Female	43	35
Education	Primary or less	40	32
	Secondary School	68	55
	Tertiary education	16	13
Race	Coloured	1	1
	Black	123	99
The main source of livelihood	Farming	59	47
	Social grants	22	18
	Pension	22	18
	Remittances	2	2
	Other business	19	15
Legal status	Individual	56	45
	Common Property Association (CPA)	4	3
	Cooperative	11	9
	Partnership	2	2
	Pty Ltd	2	2
	Trust	49	39

Source: Survey data

3.2 Farming profile

TTable 4 presents the summary of the sheep inventory of sampled smallholder wool farmers. The results indicate that these farmers own 33 sheep on average and the number varies from no sheep to 364 sheep. Noteworthy, there was one farmer who indicated that he has recently lost 52 sheep due to theft, and he was left with nothing. In addition to losing 52 sheep, the farmer indicated that he has lost 15 sheep due to sickness in the past three years. However, this farmer was included in the sample because he had a fairly large stock size and sold wool in the 2021/22 season. Therefore, he has a fair amount of knowledge, experience, and any other information that was required to undertake this study. But it is not only this particular farmer that is responsible for the minimum number of zero throughout Table 4. Some of the zeros are due to certain farmers indicating that they do not have a particular category of sheep or not having bought, sold, or lost sheep due to various reasons as specified in Table 4.

Table 4 further shows that the average number of rams, ewes, and lambs owned by the farmers was 2, 25, and 7 respectively. A larger standard deviation indicates that the data was more spread out as could be observed in the total number of sheep owned and the number of ewes that exhibited the highest range between the minimum and maximum numbers. A smaller standard deviation indicates that the data is clustered around the mean as is the case with the rest of the variables in Table 4. It was encouraging to discover that farmers are buying sheep to increase their stock size as shown by an average of 3 sheep bought over the past three years. However, the number of sales was higher at 10 sheep being sold over the past three years on average. Unlike the buying activity, the sales are not driven by the consideration of the stock size, but rather driven by the financial requirements at home. This implies that the sheep are also used as a buffer against shocks. For people who have an average stock size of 33 sheep, the losses of 5 and 7 sheep due to stock theft, sickness, and predators are quite high. Another way of looking at it is that farmers are losing more sheep than they bought over the past three years, on average. It is not an ideal situation from a growth perspective.

Table 4: A summary of sheep inventory of smallholder wool farmers (n=124)

Variable	Mean	Std. dev.	Min	Max
Total number of sheep	33	44.7	0	364
Number of rams	2	1.4	0	8
Number of ewes	25	37.4	0	336
Number of lambs	7	13.3	0	83
Number of sheep sold in the past 3 years	10	15.9	0	90
Number of sheep bought in the past 3 years	3	7.1	0	60
Number of sheep lost due to stock theft in the past 3 years	5	9.13	0	52
Number of sheep lost due to sickness and predators in the past 3 years	7	8.1	0	40

Source: Survey data

Table 5 presents the aggregate summary of production indicators. The results show that 69 smallholder wool farmers were able to tell the quantity of wool they have produced over the past three years. Their production was up to 1 200 kg per annum at an average of 141.20 kg. On average, the farmers' income was just over R12 000 per annum. One of the main underlying causes of the differences, among others, is own farm size, where farmers have access to a minimum of 0,1 hectares while some farmers use up to 1 879 hectares. Similar to the case of production and farm income, a larger standard deviation indicates that the data was more spread out, thereby signifying a disparity between the minimum and maximum numbers. The farmers either used family labour (zero hired labour) or hired a maximum of 3 workers to look after their sheep. However, the majority of the farmers who hired labour were using one person as indicated by the mean value of 1 and small standard deviation, which indicates that the data was clustered around the mean. On average, the cost of production was just over R10 000 per annum, and again, a larger standard deviation indicates that there was a huge disparity between the minimum and maximum values. Farmers were asked about their experience in terms of their involvement in wool marketing. However, the results do not reveal the intended picture, as most farmers responded based on the period when they began selling to their main market, which is the wool brokers. Nonetheless, the results show that the farmers have been selling their wool to brokers for an average of almost 6 years.

Table 5: Summary statistics of production indicators (n=124)

Variables	Units	Mean	Std. dev.	Min	Max
Production (n=69)	kg/year	141.20	195.7	2	1 200
Farm income (n=100)	R/year	12 218.39	17 565.2	299	90 000
Farm size	Ha	34.9	221.3	0.1	1 897
Labour	N	1	0.7	0	3
Cost of production	R/year	10 113.73	27 092.5	100	280 000
Experience in marketing wool	N	5.9	5.77	1	31

Source: Survey data

Table 6 expands on the cost of production that was presented in Table 5 by showing the main contributing cost items. The results show that the majority (61) of farmers identified medication as the major cost driver in their wool production endeavours. On average farmers are spending R4 850.16 per annum on medication. Feed was identified by 43 farmers as the main cost driver, where farmers were spending R15 347.49 per annum, while 18 farmers identified labour as a major cost driver at an average of R15 572.22 per annum. In all three cases, the standard deviation was large indicating that the data was more spread out. Although the medication was flagged as the main cost driver by the majority of farmers, labour is the largest cost contributor. The combination of these variables provides a good indication of the level of investment that goes into the production of wool for the sampled smallholder farmers. There could have been a misunderstanding on the issue of marketing cost as only two farmers indicated this to be an issue, with the large standard deviation. This cannot be explained logically.

Table 6: Main cost items

Variables	Mean (R/year)	Std. dev.	Frequency
Medication	4 850.16	7 7746.6	61
Feed	15 347.49	43 532.5	43
Labour	15 572.22	14 519.0	18
Marketing	9 000.00	9 899.5	2
Total	10 113.73	27 092.5	124

Source: Survey data

Table 7 presents a summary of the smallholder farming profile, comparing the two provinces. The results show that the Eastern Cape farmers are relatively older (61 years) and have been selling their wool mainly to brokers for a longer time (9 years) than their Free State counterparts. In terms of production, the Eastern Cape farmers produce 73.5 kg more per annum, on average. Among other things, this could be attributed to the stock size, which is larger for the Eastern Cape farmers, when looking at the number of ewes and lambs, compared to the Free State farmers. Although landholding is larger for Free State farmers on average at 39 hectares compared to 21.5 hectares in the Eastern Cape, this does not give anybody an advantage as the sheep are reared mainly in the commonage in both provinces. There were not many differences in the number of sheep sold, bought, or lost. However, the results indicate that Free State farmers are suffering more due to stock theft than their Eastern Cape counterparts. In the Eastern Cape, labour is the major cost driver, followed by medication, marketing, and feed. Whereas, feed is the main cost driver in the Free State, followed by labour and medication.

Table 7: A summary of smallholder wool farming profile by province

Key variables categorized by gender	Eastern Cape			Free Sate		
	Mean	Std. dev.	Frequency	Mean	Std. dev.	Frequency
Age of the farmer (Years)	60	11.3	29	51	17.0	95
Marketing experience (Years) -specific to wool	9.0	8.2	29	4.9	4.4	95
Production in the past 3 years (kg/year)	201.9	234.5	12	128.4	186.5	57
Farm income (R/year)	13 825.00	22 362.8	26	11 653.9	15 681.7	74
Farm size (Hectares)	21.5	93.9	29	39.0	247.76	95
Number of ewes	31.3	23.8	29	22.7	40.5	95
Number of lambs	13.2	18.3	29	5.2	10.8	95
Number of sheep sold in the past 3 years (average/year)	9	13.3	9	10	16.7	95
Number of sheep bought in the past 3 years (average/year)	4	11.6	29	3	5.1	95
Number of sheep lost due to stock theft in the past 3 years (average/year)	5	12.1	29	5	8.1	95
Number of sheep lost due to sickness and predators in the past 3 years (average/year)	6	7.3	29	7	8.5	95
Cost of feed (R/year)	5 900	4 605.3	8	17 506.91	48 070.9	35
Cost of labour (R/year)	22 166.67	17 495.2	3	14 253.33	14 179.7	15
Cost of medication (R/year)	7 493.75	11 764.7	16	3 910.22	5 585.8	45
Cost of marketing (R/year)	9 000.00	9 899.5	2	0.00	0.00	0

Source: Survey data

3.2.1 Access to land and ownership

Land is one of the fundamental resources in agricultural production. Figure 5 presents land ownership status. The farmers were asked about the private ownership of the land they use. The results show that the ownership status of 93.55% of the sampled farmers is permission to occupy. These are the farmers that rely mainly on the commonage to rear their sheep as they often have access to less than a hectare of land. Some of the farmers (4.03%) have secured land rights such as a title deed, leasehold, and shareholding. These farmers use private land to rear their sheep, while 2.42% of the farmers have other land ownership statuses such as borrowing from friends, family, and neighbours. Such farmers often have access to a hectare or around 6 hectares of land, but also rely on the commonage to rear their sheep.

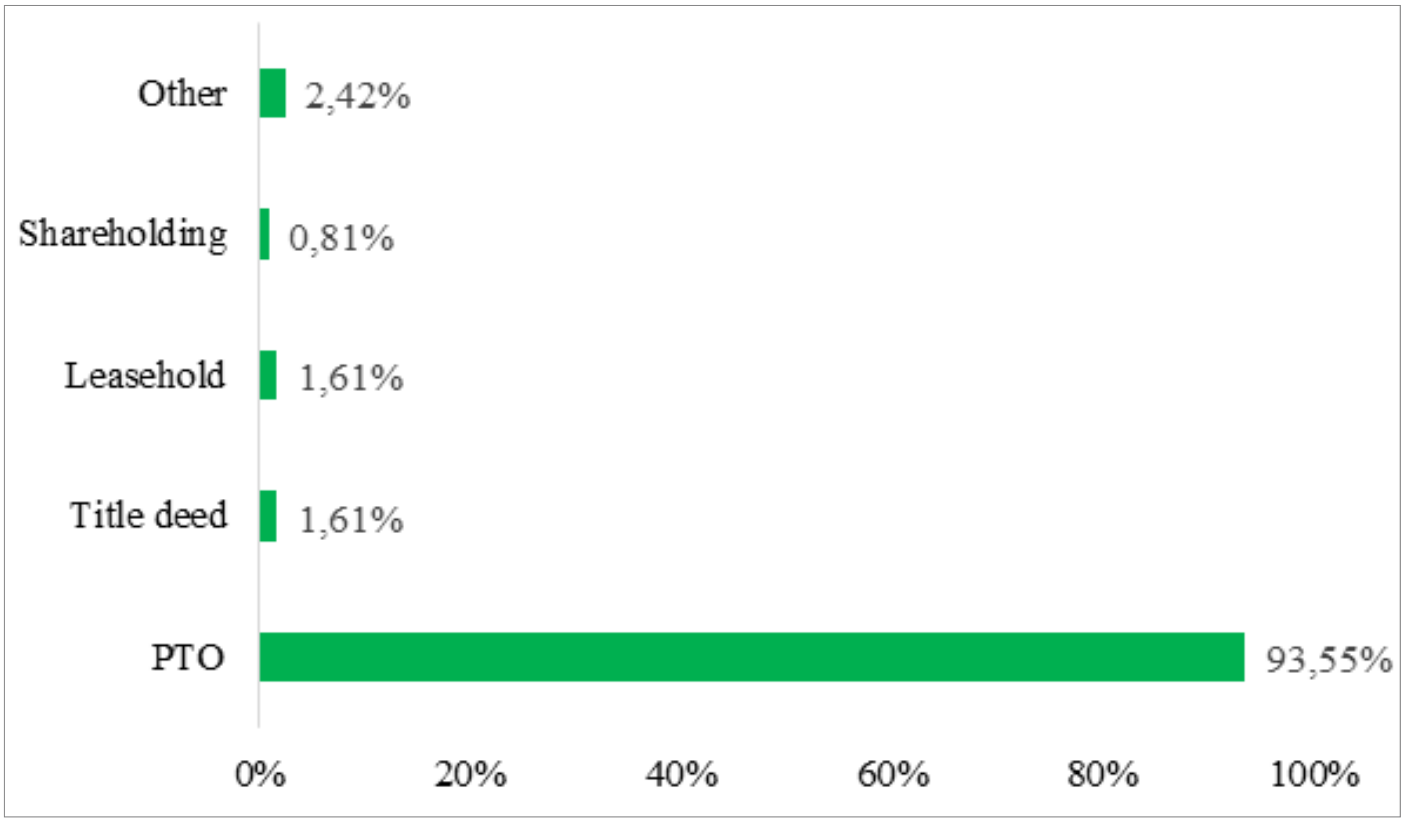

Figure 5: Summary of land ownership
Source: Survey data

3.2.2 Access to credit

There is some correlation between land ownership and access to credit in the sense that own land could be used as collateral to access credit, particularly from commercial banks. For instance, farmers whose access to land is backed by strong tenure security (such as title deed) are more likely to get credit because the banks can easily use their land as collateral. Figure 6 shows that 91% of farmers from the Free State province have borrowed money for farming purposes at some stage, compared to 9% of farmers from the Eastern Cape province. Although not presented here, 96% of these farmers have borrowed money from fellow farmers or families and friends, with only 4% of the farmers who indicated that they borrowed from the commercial bank.

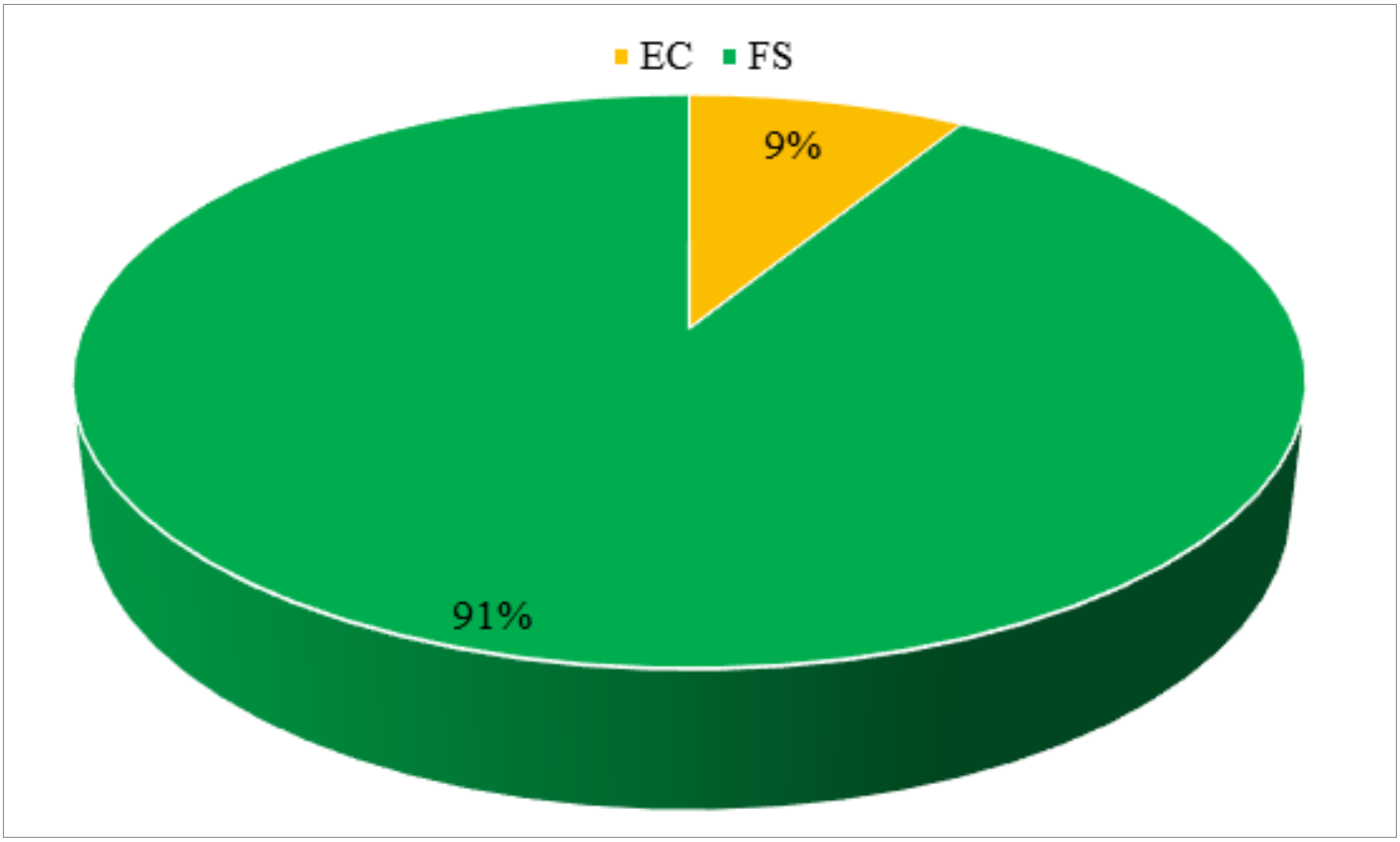

Figure 6: Status of access to credit
Source: Survey data

3.2.3 Use of extra feed

Farmers were asked if they use extra feed[6] for their sheep and 26 farmers from the Eastern Cape and 85 farmers from the Free State agreed that they do. Furthermore, the farmers who use extra feed were requested to indicate when and 19% of farmers from each of the two provinces said all year round; 35% (EC) and 18% (FS) of farmers said they use extra feed during the lambing season; 46% (EC) and 62% (FS) of farmers said they use extra feed when there is not much in the field or camps; while only 1% of farmer (FS) said he uses extra feed when there is snow.

Figure 7 presents how the extra feed was acquired. The results show that 69% of farmers from the Eastern Cape who indicated that they use extra feed buy it, followed by 27% of farmers who buy and produce feed and 4% of farmer who produce feed. In the Free State province, 86% of farmers who indicated that they acquire extra feed buy it, followed by 12% of farmers who buy and produce feed and 2% of farmers who produce feed.

[6] Extra feed in this context refers to feed bought, produced or both to supplement pastures or grazing in camps or the commonage.

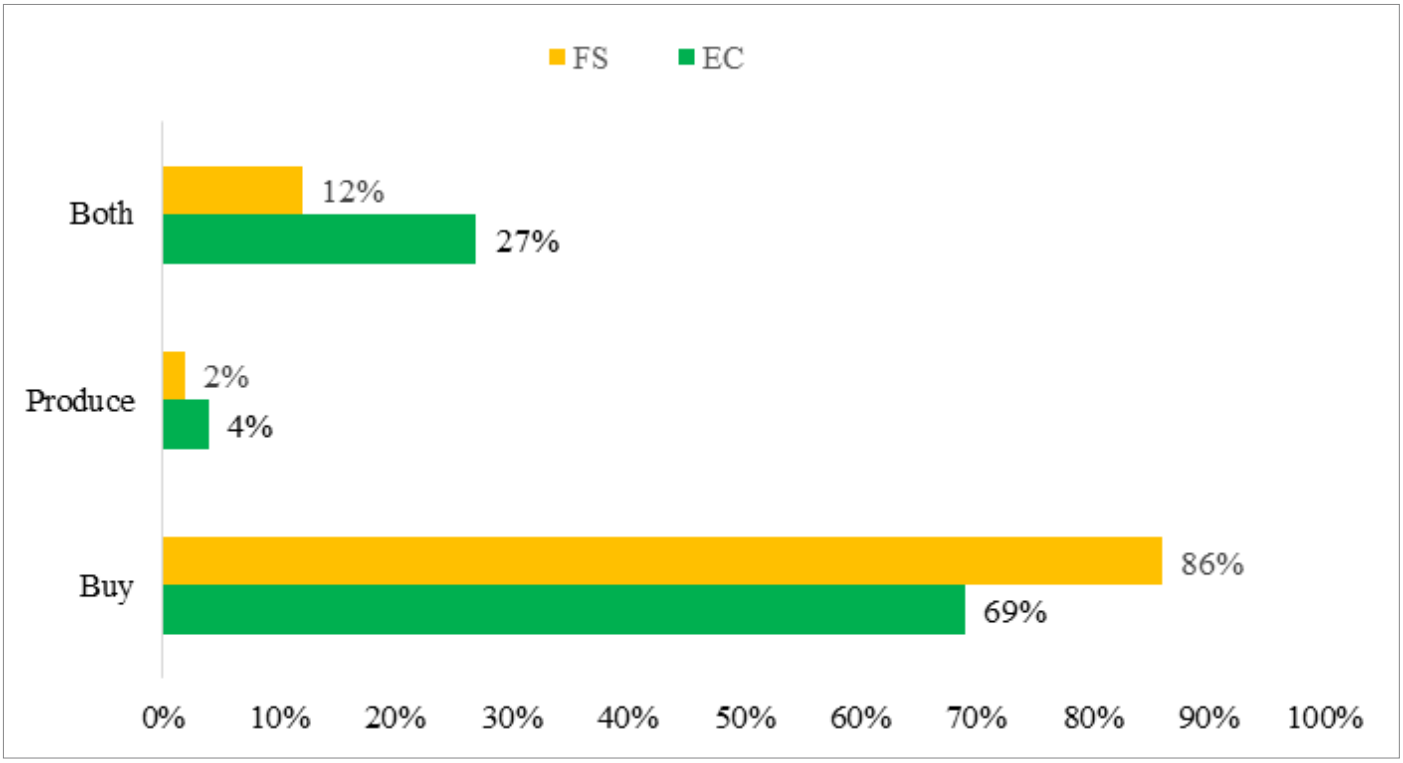

Figure 7: Means of access to extra feed
Source: Survey data

3.3 Market access

This subsection focuses on the marketing channels supplied by the farmers. The channels that are analyzed include wool brokers, small buyers, and bakkie traders. The idea is to compare these markets based on their usage, selling arrangement, price, and payment arrangement, as well as the distance to the market. Table 8 presents the summary of the markets used. On one hand, the results show that the majority of farmers (93.10%) from the Eastern Cape province sell their wool to brokers, followed by 3.45% of farmers who supply small buyers and another 3.45% of farmers supplying the bakkie traders. The majority of these farmers (86.20%) thought that brokers pay better than small buyers or bakkie traders. All the farmers were price takers in all the marketing channels they supply. On the other hand, the majority (62.11%) of farmers from the Free State province sell to brokers, followed by 22.10% of farmers who sell to bakkie traders and 15.79% of farmers who sell to small buyers. Similar to the Eastern Cape, the majority (63.16%) of farmers from the Free State province thought that brokers pay better than small buyers and bakkie traders. It was surprising that not all the farmers who sell to brokers are price takers.

Table 8: Marketing channels used by the province

Marketing channels	EC (n = 29)		FS (n = 95)	
	Frequency	Percent-age	Frequency	Percent-age
Wool brokers (e.g., BKB, Cape Mohair, and Wool)	27	93.10	59	62.11
Small wool buyers (e.g., Van Lill Wool Buyers)	1	3.45	15	15.79
Bakkie traders	1	3.45	21	22.10
According to your knowledge and perception, who pays better?				
Wool brokers (e.g., BKB, Cape Mohair, and Wool)	25	86.20	60	63.16
Small wool buyers (e.g., Van Lill Wool Buyers)	1	3.45	11	11.58
Bakkie traders	0	0.00	6	6.31
It depends entirely on the class of the wool	2	6.90	7	7.37
Not sure	1	3.45	11	11.58
Price takers				
Wool brokers (e.g., BKB, Cape Mohair, and Wool)	27	100	57	96.61
Small wool buyers (e.g., Van Lill Wool Buyers)	1	100	9	60.00
Bakkie traders	1	100	16	76.19

Source: Survey data

Figure 8 presents the payment arrangements for different marketing channels used by the farmers. The results show that all the farmers who sell to bakkie traders (100%) and small buyers (56.25%) get paid immediately. Bakkie traders pay immediately., The payment arrangements with small buyers can also vary, with some farmers (25%) indicating that they get paid after 2 to 3 months, 12,5% between 2 weeks – 1 month (12.50%) or more than 3 months (6.25%). The majority (53.49%) of farmers who sell their wool to brokers indicated that they get paid between 2 – 3 months, followed by those who get paid after 2 weeks – to 1 month (23.26%) and those who get paid after more than 3 months (20.93%). Two farmers (1.16%) indicated that the brokers pay them immediately or after a week – there could have been a misunderstanding on the way the question was posed.

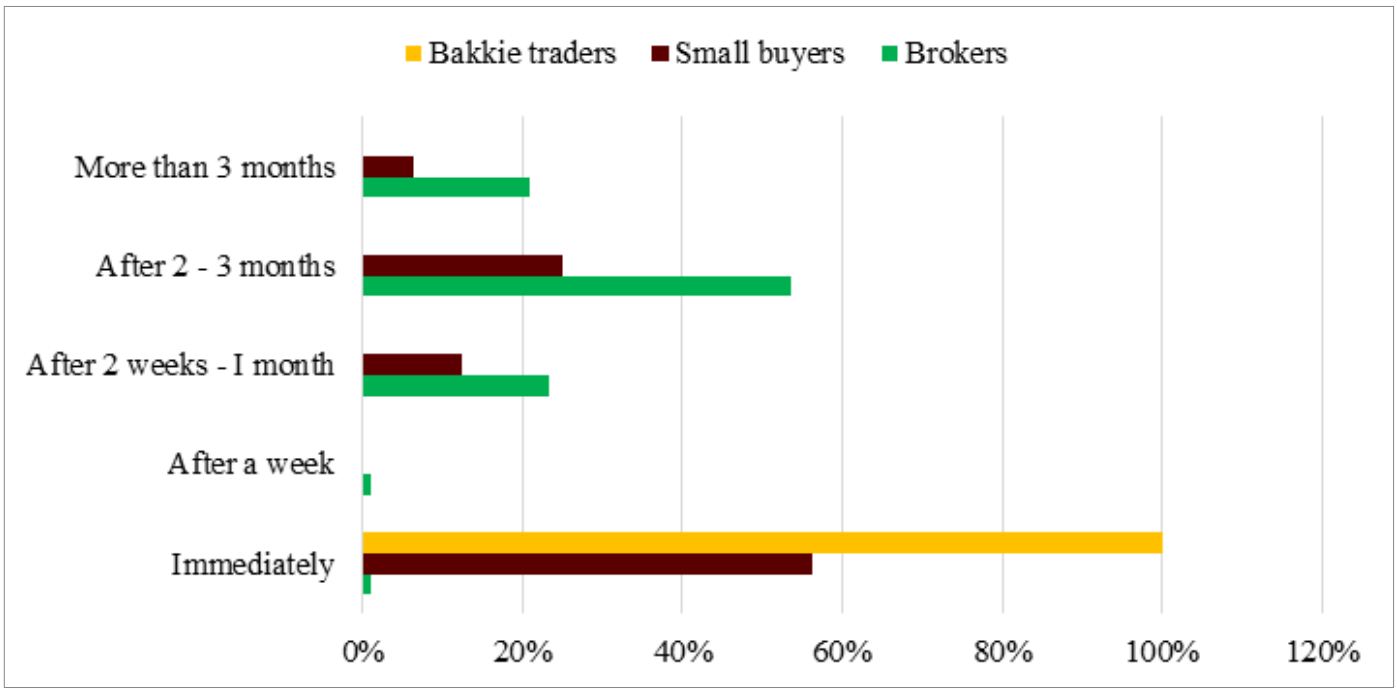

Figure 8: Payment arrangements
Source: Survey data

Figure 9 shows the percentage of farmers who use their transport to deliver their wool to the market. None of the farmers from the Eastern Cape who sell their wool to small buyers and bakkie traders indicated that they use their transport, while 40.74% of the farmers who sell their wool to brokers indicated that they use their transport. In the case of the Free State province, none of the farmers who sold their wool to bakkie traders indicated that they use their transport. However, 46.67% of farmers who sell to brokers and 13.33% of farmers who sell to small buyers indicated that they use their transport. It was assumed that the farmers who indicated that they use their transport to deliver their wool to brokers do so to deliver to the collection points and not necessarily to Port Elizabeth. The assumption was based on the fact that all the farmers who sell to brokers indicated that they get charged for transport.

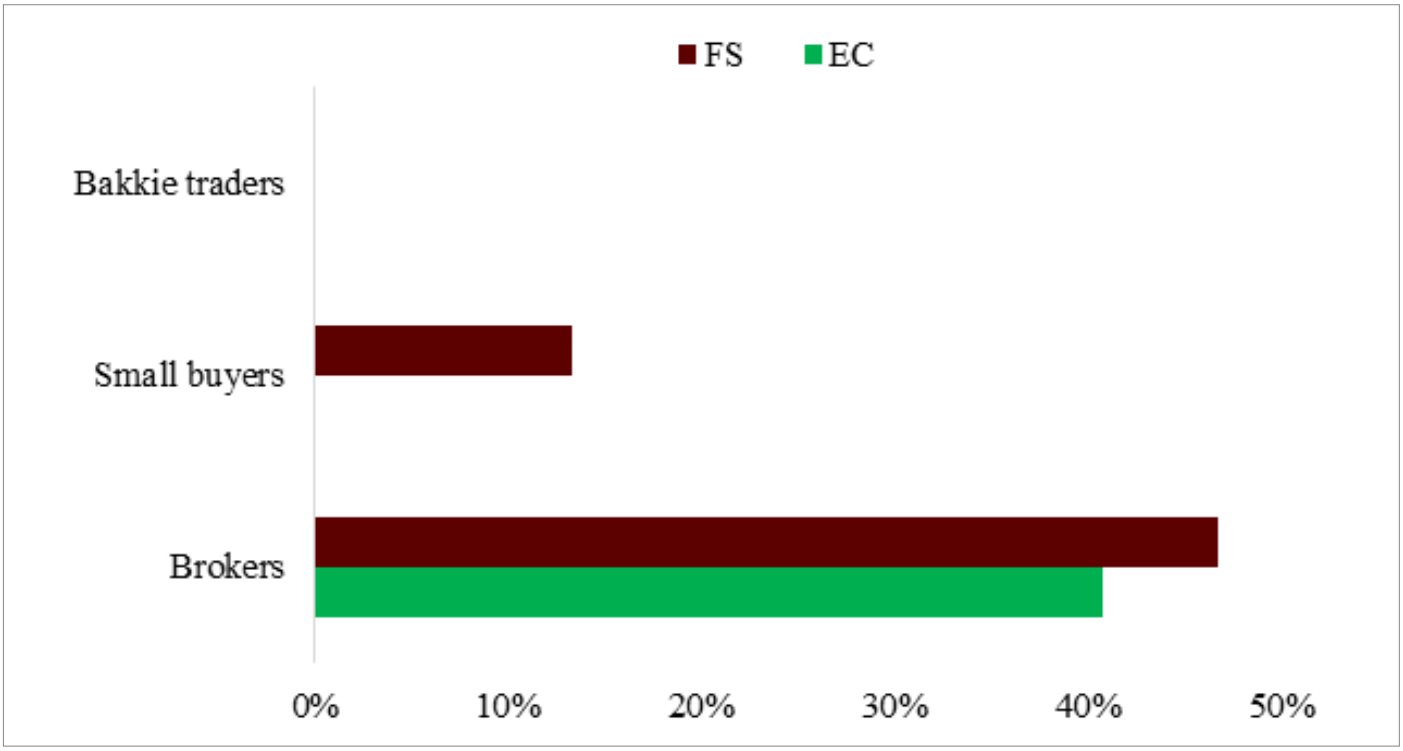

Figure 9: Logistics arrangements
Source: Survey data

The farmers were asked to indicate how much they pay for transport. Only 40 farmers were able to do so with some just guessing. The rest indicated that they were either not sure, did not know, or did not receive the records. Table 9 shows that farmers from the Eastern Cape province pay R385.66 more on average than their Free State counterparts. The large standard deviation indicates that the data was spread out from the mean. The average for both provinces was R615.75. Farmers from the Eastern Cape were paying a maximum of R2 000, compared to the R1 600 paid by the farmers from the Free State province.

Table 9: A summary of the cost of transport by province

Province	Mean (R)	Std. dev.	Min	Max	Frequency
EC	866.43	670.8	80	2 000	14
FS	480.77	361.7	100	1 600	26
Total	615.75	518.2			40

Source: Survey data

3.3.1. Perception of marketing channels

The study used five indicators to rate farmers' perceptions and experiences of the market. These include fairness[7], accessibility[8], safety[9], flexibility[10], and convenience[11]. The rating was based on a scale of 1 – 4 for each of the indicators, where 1 = very poor, 2 = poor, 3 = good, and 4 = excellent. Table 10 shows that brokers were rated above average in all five indicators and by both provinces. The total rating was higher for accessibility and safety, which were rated as 'good'. The farmers from the Eastern Cape had a higher rating for fairness, accessibility, and safety than their Free State counterparts. Although it was above average, Free State farmers had a lower rating for fairness.

The Eastern Cape farmers rated small buyers as 'good' in all the indicators, but one (fairness). They rated fairness as 'poor'. The Free State farmers also rated the small buyers below average in fairness, accessibility, and flexibility. Their rating for convenience was above average, whereas they rated safety as 'poor', and this being the lowest rating. In general, small buyers were rated as 'poor' in all the indicators, except convenience.

The bakkie traders were rated by the Eastern Cape farmers as 'good' in fairness, safety, and flexibility. The rest of the indicators were rated as 'poor'. The Free State farmers rated the bakkie traders as 'poor' in all the indicators, except convenience. It is interesting to observe that the ratings of the farmers from the two provinces were going in the opposite directions when it comes to bakkie traders, with the Free State farmers showing more dissatisfaction than the Eastern Cape farmers. In the main, the Free State farmers were not satisfied with the fairness and safety aspects of the bakkie traders. In general, the bakkie traders were viewed as convenient, but 'poor' in the rest of the indicators, with safety being the main issue.

[7] Fairness refers to the transparency of the market, particularly with regards to grading and standards followed by the price received by the producer

[8] Accessibility means ease of participation into the market and is based on barriers to entry that often hinder smallholder farmers to participate in high value markets. Some of the barriers considered in the context of this baseline include the stringent market requirements such as certification, good farm practices and so on

[9] Safety refers to the conditions in which the produce is moved and the incidents of robbery or theft. It takes into account the suitability of the modes of transport and the extent of security of the produce as it moves from the producer to the buyer

[10] Flexibility means the extent to which the market is flexible to unforeseen circumstances such as extreme weather events, fires, logistics disruption and so on that may lead to deviations in terms of the expected timing and quality of the produce during the transaction

[11] Convenience means an extent to which farmers are able to get their produce into the market on time. This takes into account issues such as transport, distance, roads, etc. and so on

Table 10: Farmers' perception of the markets

Province	Fairness	Accessibility	Safety	Convenience	Flexibility
Rating of brokers					
EC	3.0	3.1	3.2	2.9	2.9
FS	2.5	2.9	2.9	2.8	2.8
Total	2.7	3.0	3.0	2.9	2.8
Rating of small buyers					
EC	2.0	3.0	3.0	3.0	3.0
FS	2.3	2.3	1.9	2.7	2.2
Total	2.3	2.3	2.0	2.7	2.3
Rating of bakkie traders					
EC	3.0	2.0	3.0	2.0	3.0
FS	1.9	2.3	1.8	2.5	2.2
Total	2.0	2.3	1.8	2.5	2.3

Source: Survey data

3.4 Access to marketing services and facilities

This subsection provides an indication of facilities and services that farmers may have access to, which may enhance their ability to access markets for their produce. The results in Figure 10 shows that 50% or more farmers from the Free State province indicated that they have access to market information (57%), shearing shed (67%), dipping facility (54%), handling facility (53%), and access road (57%). Only 3%, 4%, and 14% of farmers indicated that they have access to veterinary services, credit, and own transport respectively. About 50% or more farmers from the Eastern Cape province, indicated that they have access to roads (90%), training (66%), extension services (62%), and veterinary services (55%). Similar to the Free State province, only less than 5% of the farmers indicated that they have access to credit (3%). Noteworthy, none of the farmers from both provinces indicated that they had received the industry support from the National Wool Growers' Association (NWGA).

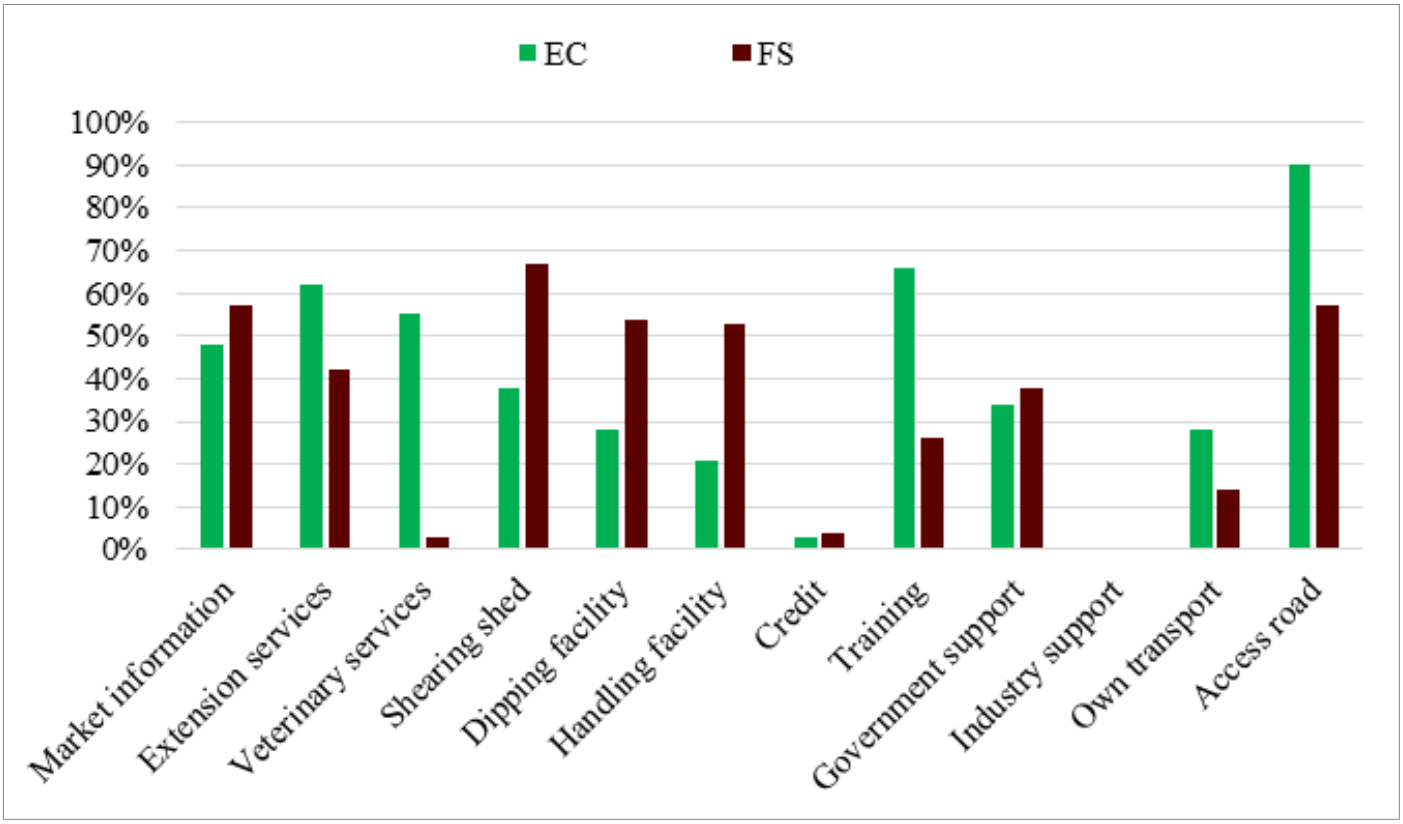

Figure 10: Summary of access to marketing services and facilities
Source: Survey data

Furthermore, farmers, we requested to rate the marketing services and facilities they have access to. The rating was measured on a scale of 1 - 4, where 1 = very poor, 2 = poor, 3 = good, 4 = excellent. The rating was based on the number of farmers that have access to a particular service or facility. The farmers who did not have access were not allowed to do the rating. The results in Table 11 show that, in general, farmers from both provinces were satisfied with the quality of services and the facilities that they have access to, except for the access road which was rated as 'poor'. This is indicated by the total which tends to fall at 2.5 and above, except for the rating of 2.2 for the access road. In the case of the access road, the farmers from the Eastern Cape were satisfied and had a rating that is above average at 2.8. It was the farmers from the Free State that indicated a higher level of dissatisfaction with a rating of 2.0. Generally, Eastern Cape farmers perceived the services and facility as 'good', except for the shearing shed, government support, and access road. Whereas the Free State farmers were less satisfied with the majority of the services and facilities, except the access road for which they exhibited dissatisfaction. The reasons for less satisfaction were mainly indicated to be inadequacy and poor condition.

Table 11: A summary of the ratings of market services and facilities

Variable	EC	FS	Total
Market information	3.3	2.6	2.7
Extension services	3.1	2.6	2.8
Veterinary services	3.3	2.5	2.8
Shearing shed	2.5	2.6	2.6
Dipping facility	3.3	2.6	2.7
Handling facility	3.0	2.5	2.5
Training	3.1	2.7	2.9
Government support	2.6	2.6	2.6
Access road	2.8	2.0	2.2

Source: Survey data

3.5 Access to insurance

Table 12 shows farmers' perceptions on having insurance. The farmers were allowed to pick more than one option if they felt there is a combination of reasons for them not to have insurance. The majority (81%) of the farmers perceive insurance to be important for their farming endeavours, but none of them have insurance. The reasons for not having insurance were probed, and the results show that affordability was the main issue as indicated by 98% of the farmers, followed by a lack of information about what farmers must do to get insurance and who offers it as indicated by 74% of the farmers. Others (12%) indicated that they do not need insurance due to their small stock size.

Table 12: Access to agriculture insurance

Question	Positive responses
Do you perceive insurance to be important in your farming?	81%
What are the reasons for not having insurance?	
Expensive premiums	98%
I do not need it	12%
I do not have information about it	74%

Source: Survey data

SECTION 4:

CONCLUSION AND RECOMMENDATIONS

SECTION 4: CONCLUSION & RECOMMENDATIONS

4.1 Conclusions

The baseline results indicated that a typical smallholder wool farmer is a 54-year-old black male who has acquired (mainly) secondary or tertiary educated and relies mainly on farming as a source of livelihood. Although farming is his main source of livelihood, he has a diverse range of other sources of income such as social grants, pensions, remittances, and small business activities. He farms as an individual as opposed to any form of partnership or group farming. Although he might have been producing wool for many years, he began selling his wool to brokers 5 years and 9 months ago. On average, he has a stock size of 33 sheep constituting about 2 rams, 25 ewes, and 7 lambs. He buys and sells sheep from time to time, losses more sheep due to stock theft, sickness, and predators (combined) than the number of sheep he sells. Furthermore, his average farm size is 34.9 hectares, thereby relying on the use of the commonage to rear his sheep. He produces an average of 141.20 kg of wool. His farm income per annum is R12 218.39 and the total cost of production per annum is R10 113.73 per annum. On average, he hires 1 worker to look after his sheep.

To some degree, a high level of education indicates the ability of the farmer to acquire information, process it, and make decisions based on it. However, the reliance on farming as a main source of livelihood is a challenge, judging by the production indicators, income, and costs. First, it would make much more sense for farmers to focus on selling wool as opposed to selling live sheep to increase the stock size and the volume of wool they produce. Second, the total cost of production does not take the stock losses into account. The cost of labour alone could be anywhere between R30 000 – R42 000/annum. So, for a farmer who uses labour and only produces 141.20 kg/annum, there is less business sense. These imply that (in reality) the farmers are operating at a loss. Third, the use of the commonage to rear the sheep makes it difficult to control purposive breeding and diseases, particularly when there is no common goal and cooperation among the individual farmers thereby affecting the quality and quantity of marketed wool. This can be seen also by the ram to ewe ratio of 1:13 versus the standard ratio of 1:45. This is due to the small stock size and indicates a lack of poor management of the productive stock. Amid these challenges, farmers still believe that farming is their main source of livelihood. This indicates that, among other things, farming is of sentimental value to them and it is also a source of buffer against shocks. What this means is that there is potential for improvement and growth should the window of opportunities open for these farmers.

Concerning the marketing channels, the smallholder wool farmers sell their wool mainly through brokers. In comparison, the second-largest number of farmers from the Free State sell their wool to bakkie traders compared to those who sell to small buyers. In other words, a bakkie trader is a second-largest market after the broker among farmers in the Free State province. The majority of farmers perceive that the brokers pay better than other marketing channels. In other words, brokers offer a higher price for wool than the small buyers or bakkie traders. In the Eastern Cape province, this result was consistent with the number of farmers that sell to respective marketing channels. However, it was a surprise to discover that farmers from the Free State province perceive the small buyers to pay better (after the brokers), compared to the bakkie traders. All farmers from the Eastern Cape province are price takers regardless of the marketing channel they supply, whereas some farmers from the Free State were able to negotiate the prices sometimes. Another surprise from the Free State farmers is that 76% of those who supply bakkie traders indicated that they are price takers. Adding all of these events together, the logical reason for Free State farmers to supply the bakkie traders could be associated with desperation for quick cash as bakkie traders pay on the spot. However, some farmers indicated that small buyers can also pay on the spot, but in general, the small buyers and brokers pay after some time, which can range from a month to more than 3 months after taking the wool. Hence, it seems that selling live sheep serves as a buffer against shocks, whereas bakkie traders provide an alternative to using wool as a buffer rather than selling live sheep during the shearing season. Unlike other marketing channels, farmers do not have to provide transport or get charged for transport when they sell their wool to bakkie traders. As such, the bakkie traders are likely to remain an important market for some wool farmers although they pay lesser than other marketing channels.

Some farmers use their own (owned or hired) transport to get their wool to small buyers and brokers. It is assumed this happens when the farmers must get their wool to a central collection point rather than getting it to the market per se. It was surprising that farmers from the Eastern Cape province pay R385.66 more for transport, on average than their Free State counterparts. There is no logical explanation for it and therefore, it requires further investigation.

The farmers were satisfied with their relationship with brokers in two indicators (accessibility and safety). There was some level of dissatisfaction with fairness, convenience, and flexibility), but to a lesser extent. The farmers from the Eastern Cape were satisfied with their relationship with the small buyers in virtually all the indicators. The farmers from the Free State were not satisfied with their relationship with the small buyers in all the indicators. As such, the farmers were not satisfied with their relationship with small buyers on average, with safety having the least rating. The Eastern Cape farmers were satisfied with the relationship with bakkie traders regarding fairness, safety, and flexibility. While, surprisingly, the farmers from the Free State indicated dissatisfaction with all the indicators, in particular fairness and safety. As such, the overall rating for safety was 'poor', similar to that of the small buyers. This was least expected given that the farmers from Free State rely on this market, making it second to brokers. This could suggest some level of desperation for Free State farmers to sell to this market. The farmers indicated that they have access to marketing services and facilities, except industry support (NWGA). However, they are not happy with the quality and condition of such services and facilities.

Farmers perceive insurance to be important for their farm businesses, but they highlight the affordability and lack of information about agriculture insurance as impediments to access to insurance.

4.2 Recommendations

The recommendations are categorized based on the key findings and directed to the relevant bodies based on their roles in the sector.

4.2.1. Recommendations to the communal wool growers' association and trusts

The Eastern Cape province has a communal wool growers' association and the Free State province mainly has trusts as farmer groups. Therefore, these recommendations are based on either one of them. Based on the results and conclusion, the communal wool growers' association/the trusts need to pay special attention to the following aspects:

- There is a high chance that farmers are running at a loss, but are not aware due to poor record-keeping and a sentimental value attached to the stock. The association/trusts must strive to promote record-keeping both at the production and marketing levels. Some farmers did not even know the quantity of the wool they sold and how much they were charged for marketing costs and some indicated their inability to read the receipt from the brokers. This could also address the concerns about fairness, convenience, and flexibility of the brokers as the main marketing channel.
- The use of the commonage can compromise proper breeding and control of diseases that affect production as well as the quality and quantity of wool, even for purely market-oriented farmers. The association must strive to promote working in unity concerning vaccination, disease control, and breeding of sheep. Among other means, this could be achieved by collaboration in purchasing vaccines and medicines in bulk, ensuring that all the sheep get the necessary vaccines and treatment as well as identifying, keeping, and sharing quality rams. Such coordinated management practice could be broken down by villages or wards within local municipalities. In addition to improved management practices, this could lower the cost of medication through bargaining power.
- The association/trusts must take responsibility for the infrastructure and services provided. Among other things, this entails holding the government accountable for delivering adequate and good quality infrastructure as well as properly managing and maintaining the infrastructure to the best of their ability.
- There needs to be advocacy towards agriculture insurance providers designing good products/packages for low-income farmers.
- Some of the recommendations are interlinked between the association/trusts and government initiatives. This implies that collaboration is one of the catalysts to addressing some of the issues

4.2.2. Recommendations to government

- Farmers indicated they had received some form of government support in the form of shearing sheds, handling and dipping facilities (among other things) at some stage. However, they seem to perceive this support to be insufficient in advancing the potential of the farmers. The main factor was the perception that the quality and condition of such support were poor. There is evidence of unutilized and vandalized infrastructure in the Free State province. Therefore, it is recommended that government must link the support to the desired impact and monitor the impact of such support provided to farmers. Although a lot has been done in providing shearing sheds, handling, and dipping facilities, a lot still needs to be done to ensure that the existing facilities are optimal, adequate, and functional, while the delivery of the new ones, where necessary, continues. The provision and revitalizing of handling and dipping facilities could meet farmers halfway in coordinating management practices in unity.
- The extension officers must have study groups in which they must assist farmers on how to keep records (production and financial records) and interpret the sales receipts and market information (particularly the auction sales and price trends for a particular year), among other things.

4.3 Further study

Further studies highlight the role of the NAMC as part of the recommendations proposed to other stakeholders.

The NAMC will do a follow-up study from this baseline to track if there has been progress in terms of market access or not. The proposition was that the follow-up studies would be done after a 2-year interval, but this could be adjusted based on the action plans put by the relevant stakeholders as per the recommendations of this baseline. Before the follow-up study is undertaken, the NAMC will also be involved in various platforms and direct stakeholder engagements regarding market access issues and interventions as per the recommendations of this baseline and/or as may be required by the mandate of the NAMC.

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