



The collaborative and results-driven approach must be the new order: **the case of smallholder wool producers**

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KEY POINTS

- Collaboration between the government and the wool industry is key to effective service delivery for smallholder wool producers.
- Inclusion of wool producers in decision-making, policy formulation and implementation to support development could assist with proper interventions tailor-made to the producers' needs.
- A programme-specific mechanism for monitoring and evaluation to measure success could be used for adaptation during implementation to ensure the end goals are met.

What is the issue?

South African agriculture has shown some resilience over the recent past, with consecutive record-high export seasons in 2021 (USD 12.4 billion) and 2022 (USD 12.8 billion). The major contributing factors to this performance include a combination of record production and higher commodity prices. Noteworthy, these achievements were realized in the midst of challenging circumstances. These include the unrest in KwaZulu-Natal and Gauteng provinces, cyber-attacks at Transnet, port inefficiencies, export bans arising from the outbreak of diseases, perceived non-tariff protectionist measures and the sting of COVID-19.



The challenges can also be viewed from a structural perspective. For instance, the South African agriculture sector is still characterized by duality, where the commercial farming sector dominates in terms of access to resources (e.g., land) and output while it is still lagging in addressing smallholder farmers' integration into the mainstream economy. This is important because agriculture in South Africa is regarded as an engine for driving economic growth, reduction of poverty, unemployment, inequality and improving food security. Recently, it has been identified as one of the key drivers of the economic reconstruction and recovery plan (ERRP).

The Agriculture and Agro-processing Master Plan (AAMP) was pioneered as a solution to the aforesaid challenges. The plan emphasizes that the inclusion of smallholder farmers (most of them black) in the mainstream economy will put agriculture in a better position to contribute to the fight against food insecurity, unemployment, and inequality, also known as “the triple challenge”. Several researchers, including Kleynhans & Vink (1998), Aliber (2003), Machethe (2004), Morton (2007), Cousins (2010) and Jari, et al. (2013) documented the reasons smallholder farmers do not participate fully in the mainstream agriculture value chains. These (reasons) still persist despite several interventions such as the Reconstruction and Development Programme (RDP), the Broadening Access to Agriculture Thrust (BATAT), the White Paper on Agriculture, White Paper on Land Policy, Comprehensive Agricultural Support Programme (CASP), the National Development Plan (NDP), among others. On the other hand, scepticism exists on the feasibility of the AAMP's transformation target to increase the share of black farmers in overall production to 20% by 2030.

Why is this important?

The National Agricultural Marketing Council (NAMC) uses the Smallholder Market Access Tracker (SMAT) as a tool to measure the progress in achieving the market access goal for smallholders in South Africa. The aim is to conduct baseline studies on various commodities and begin tracking from the baseline. The SMAT wool baseline conducted in the 2021/22 financial year reveals on one hand that farmers have a role to play to improve the effectiveness of the services offered by the government and the wool industry. This finding implies that government and the wool industry should collaborate to promote greater inclusion of farmers in decision-making on the formulation and implementation of strategic policies and programmes. This collaboration should also include monitoring and evaluation of the success of each service delivery initiative.

The baseline conducted in the Eastern Cape and Free State provinces of South Africa among smallholder wool producers indicated that these farmers regard agriculture as their main source of livelihood. However, they struggle to support themselves with income earned from agricultural activities. As a result, they often rely on alternative sources of income such as social grants, pensions, remittances and other non-farm activities.

One of the main reasons includes the fact that their farms are small (averaging 34.9 hectares, with the majority having access to 1 hectare or less) and held under traditional or informal tenure. As such, they rely on the commonage with complex institutional arrangements to manage it. In other words, these

wool producers rear their sheep in a marginal and risk-prone environment. In addition, they lose an average of 12 sheep due to stock theft, sickness and predators compared to the average of 10 sheep they sell per annum.

Consequently, they are able to generate an average of R175.39 per month from their wool production endeavours, with the major cost drivers being labour and feed. The cost component provides a good indication of the level of investment that goes into the production of wool for the sampled smallholder farmers. However, the average herd composition of 2 rams, 25 ewes and 7 sheep shows that the sales of live sheep 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. Some of the farmers use wool as a buffer against shocks. This is evident from the reliance on bakkie traders by some farmers rather than selling through brokers and small buyers even when they view bakkie traders as not paying well.

The advantages of selling to bakkie traders include the fact that they pay on the spot and with no transport costs involved. The brokers and small buyers on the other hand take longer to pay – even longer than 3 months in some cases. In terms of market perception, the brokers were rated highly in all aspects (e.g., fairness, accessibility, safety, convenience and flexibility) while small buyers and bakkie traders were rated poorly in all aspects except convenience.

There is progress in providing services to the farmers in relation to infrastructure such as shearing sheds, dipping facilities and handling facilities, but there is still a long way to go to ensure that the majority of farmers are serviced. The main concern was on the adequacy and condition of such infrastructure, where farmers felt that it was, in some cases inadequate for the purpose that it was intended and of poor quality. As such, some structures remain idle, prone to vandalism and theft of equipment. In addition, access roads that link farmers to the collection points of wool to the market are in poor condition.

Farmers perceive insurance to be important in their farming endeavour, but the majority do not have information about it.

What should be done?

There have been numerous efforts by various role players from the public and the private sectors aimed at smallholder farmers' development to enable participation in the mainstream agriculture value chain. However, challenges that hinder them to do so still persist. But we still believe that as daunting as the challenges may seem, effective solutions can be found. This policy brief identifies some of the challenges faced by smallholder wool producers and proposes actions that are required to deal with these challenges.

Lack of access to land. This forces the smallholder wool producers to rely on the commonage to rear their sheep. As such, it becomes difficult to manage breeding, control diseases, and produce the best-quality wool. Moreover, it limits the farmers' ability to access credit as they often lack the collateral that is required by commercial and agricultural banks. In this case, the implementation of the land reform policy by the government remains key to promoting equality and inclusive growth in the wool industry and the agriculture sector at large. The farms transferred through the Proactive Land Acquisition Strategy (PLAS) and are suitable for animal production must be revitalized as envisaged in the AAMP.

Poor record-keeping, low stock productivity and/or poor stock management. This is deemed a source for lack of business viability as it becomes difficult to keep track of business transactions and the value of the livestock inventory and other activities in order to identify profits and losses. Furthermore, it becomes difficult to determine the gaps and areas of improvement. Henceforth, we recommend that training provided to the farmers must include and emphasize business acumen.

Lack of adequate infrastructure (e.g., fences, shearing sheds, handling, and dipping facilities) and poor visibility of extension officers, veterinarians, and industry bodies such as the National Wool Growers Association. The provision of infrastructure and other services in line with biosecurity control and genetic improvement must be upscaled. In addition, ownership of infrastructure must be clarified to avoid neglect and vandalism.

Stock theft. This is one of the major challenges facing the entire livestock sector. For instance, smallholder wool producers do not keep records of the value of losses due to stock theft and other factors such as diseases and predators. The South African Police Service (SAPS) must strengthen its efforts to curb stock theft and work closely with the local authorities in rural areas to find solutions.

Lack of information about agricultural insurance. There is a common observation that insurance providers often do not cater for low-income farmers. Even so, it is important to share information about the available insurance options, while government and farmer organizations advocate and negotiate with insurance providers to design products/packages for low-income farmers.

Conclusion

As alluded to, there are a number of role players working on the goal of smallholder farmers' development. Therefore, collaboration cannot be overemphasized. This entails, for instance, leveraging various funding sources such as industry trust funds, Ilima/Letsema, the Comprehensive Agricultural Support Programme (CASP), as well as private investment, among others. Alignment of targets by the various players is also key for maximum output. The AAMP proposes the creation of value chain round tables and production schemes foster collaboration. It is important that the development policies, programmes, and interventions must be results driven and tailor-made to the farmers' needs. This requires farmers' involvement in decision-making. Farmers have a role to play by striving to keep records both at the production and marketing levels and bringing the youth on board when necessary to assist with record-keeping and be involved in some decision-making to boost their interest even as successors. Furthermore, it is farmers who can promote working in unity amongst themselves concerning vaccination, disease control, and breeding of sheep. This also relates to creating bargaining power in relation to the procurement of inputs and taking responsibility for the infrastructure and services provided.



Sources

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