



INSTITUTE FOR POVERTY, LAND AND AGRARIAN STUDIES (PLAAS)

Supporting Smallholders into Commercial Agriculture

The role of Private Sector Partnerships
July 25th Seminar PLAAS
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Overview

- Introduction
- Methodology
- Key results from the database
- National Case Studies
- Regional Case Studies
- Viability, Scalability, Sustainability?
- Conclusion




Introduction

- SSCA is a research project started by the Institute for Poverty, Land and Agrarian Studies (PLAAS) and the South Africa Food Lab (SAFL).
- Commenced in April 2012 with a specific focus on private sector support to smallholders.
- What is a smallholder? Problematic...itself a research finding.
- Three research interns: Adetola Okunlola, Mngqobi Ngubane, Davison Chikazunga to undertake a scan of such initiatives in South Africa, write up results in a report, further investigate selected case studies at a PhD level.




Primary Research Questions

Exploring emerging models and approaches of private sector support for revitalizing the small farming sector

To what extent do they succeed in:

- Improving production, productivity and sustainability among producers?
- Creating favorable conditions for market access and what are the factors that facilitate or hamper such access?
- Do they contribute to improving the food security and nutritional status of participating households?
- What are the prospects of these projects to be replicated or to be scaled up?




Methodology

Phase 1:
Country divided into three provinces each. Scan undertaken to locate smallholders.
Information sought from Government (?), Private Sector, Media and Desk research.
Entered into Database and database developed over 15,000 entrants.

Phase 2:
High Level Case Studies undertaken – more in depth analysis concerning key questions. 45 in total.




The database



Typologies of linkage

- Key forms of linking with smallholders:
 - Market Facilitation – AMG, Consultants, NGOs
 - Processing – SAB, Nestle
 - Resource Donation - Hortgro
 - Procurement - SPAR
 - Financial Support – Uvimba Finance
 - Mentorship – Salem Agribusiness
 - Training – Agri Academy, NGOs



Further Typologies

Forms of market access

- Tightly integrated
- Out-grower model
- Niche market (e.g organic) opportunity for smallholder farmers
- Franchise stores procure locally
- Fresh produce market- could be the segment be separated
- Farmers supply to informal markets

Degree of smallholder agency

- Very little (e.g Technology)
- High level (Winterveldt Farmers Association)

Typology of collective action

- Contract- external coordination
- Farmer Association
- Production cooperatives



Key National role players

Retailers
Commodity Associations
Food Processors
NGOs
Agribusiness



Retailers

SPAR
SPAR has a franchise model which allows managers to procure locally and on their own terms.
Some SPARs throughout SA procure from smallholders in differing manners, there is informality of arrangements: Contracts, no contracts, amounts, quality.

Massmart
Massmart agreed to procure from smallholders as part of their negotiations for entry into South Africa
Utilise the NGO TechnoServe in order to do so: TechnoServe provides training, agronomic advice, technical support, credit as well as market facilitation.
Present in Kwa-Zulu Natal, Limpopo and Mpumalanga and North West Province.



Processors

NESTLE
PPP with DOA and smallholders in KZN for procurement of chicory
In the Free State Nestle procures milk from smallholder dairy farmers
SAB Miller
In KZN smallholders are part of a PPP with SAB, and the Department of Agriculture and Environmental Affairs for growing Grade 1 Non-GMO yellow maize (SAB, 2013). This involves 847ha of communal land in uThukela district and 1210ha in Amajuba district.



Commodity Associations

Potato SA
Has a farmer development program targeting smallholder farmers in Limpopo, Free State, North West and Western Cape. Under the scheme PSA support farmers with finance, mentorship and marketing. The model is based on 5ha support over a period of five years. PSA provide with training on potato production and packaging, smallholder farmers are attached to established packhouse.

Hortgro
Hortgro is based in Paarl, Western Cape – Planting 1000ha of fruit trees for smallholders in the Western Cape, houses the Deciduous Fruit Producers Chamber (DFDC) which advocates for over 250 emerging farmers in the area.





NGOs



LIMA
 Lima Rural Development works in six provinces across the country in various forms.
 FSD program supports over 12,000 smallholders – simple responsive design, funded by mine CSR.
 Resource Donation,
 Other localised NGOs work across the country in various ways, but are a key presence in helping boost produce, link to market.





Agribusiness



AFGRI
 AFGRI is the biggest grain agribusiness in South Africa, it operates a farmer development program in Mpumalanga, Limpopo and Gauteng. AFGRI works with a number of players in developing smallholder farmers in the grain sector: maize, barley, wheat, sunflower, sorghum.
 They provide several forms of support:
 Mentorship
 Input financing
 Procurement
 Service –storage, insurance





Other salient points



LEDAs often implementers working with Smallholders (EC)
 Former White commercial farmer ‘Consultants’ and government funding implementers for smallholders (WC)
 NGOs have a crucial role in production level support and market access facilitation for smallholders
 Smallholder agency – disabling the smallholder dependency myth





Key questions



Typology of Smallholder Farmers
 Range of options for supporting smallholder farmers, open market to vertical integration
 Policies from projects to changing institutions to changing conditions
 If public funding for smallholder is in practise subsidising private sector partners, what is the significant of this
 Is success graduation of need for subsidy
 Why do private sector actors support smallholder farmers, business case versus political/PR case, a mix
 What is the context on-going restructure of Agriculture sector
 Consumer/market are differentiated or segmented, Woolworth/Pick n Pay organic versus SPAR –low quality
 Power of large farm viability discourse (Bethlehem and SABMiller), pretence that smallholders are being supported (i.e ideology versus reality)
 Degree of smallholder agency autonomy (e.g Winterveldt/Lamoney versus Technoserve model)
 Typology of forms collective action





Thank you



