

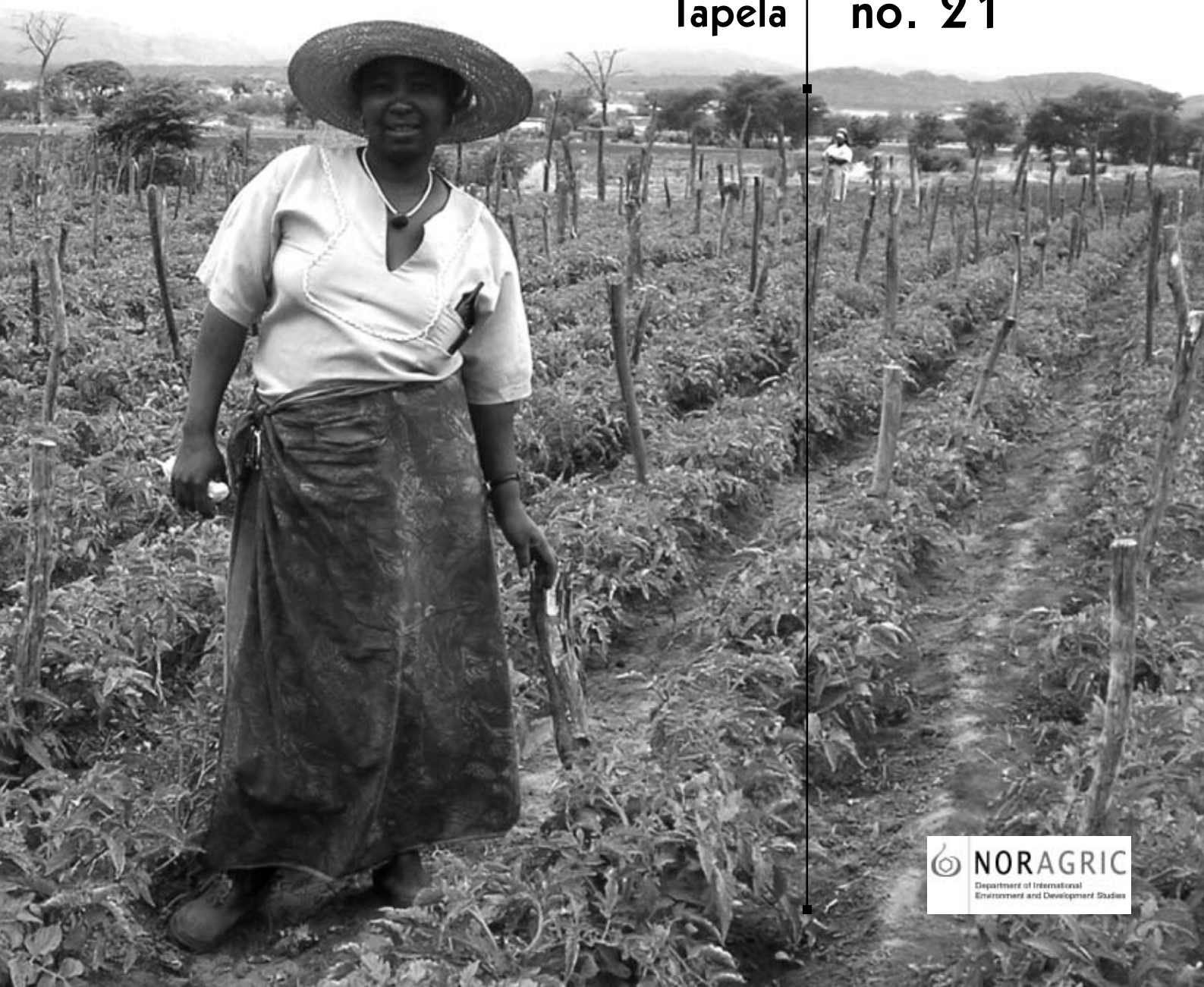
# Joint ventures and livelihoods in emerging small-scale irrigation schemes in Greater Sekhukhune District: Perspectives from Hereford

Barbara  
Nompumelelo  
Tapela



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**Barbara Nompumelelo Tapela**



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# Acronyms and abbreviations

Agri BEE	Broad Based Black Economic Empowerment Framework for Agriculture
ANC	African National Congress
ARC	Agricultural Research Council
BAT	British American Tobacco
BEE	black economic empowerment
CBOs	community-based organisations
CCAW	Co-ordination Committee(s) for Agricultural Water
DALA	Department of Agriculture and Land Administration (Provincial)
DBSA	Development Bank of Southern Africa
DLA	Department of Land Affairs
DPLG	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
Eskom	Electricity Supply Commission
Gear	Growth, Employment and Redistribution macroeconomic strategy
HDI	Human Development Index
HVGA	Hereford Vegetable Growers' Association
IDP	integrated development plan
IDT	Independent Development Trust
ISRDP	Integrated Sustainable Rural Development Programme
ISRDS	Integrated Sustainable Rural Development Strategy
LED	local economic development
LDCs	Less Developed Countries
LRAD	Land Redistribution for Agricultural Development
MKTV	Magaliesberg Koöperatiewe Tabak Vereniging
NAFU	National African Farmers' Union
NDA	National Department of Agriculture
NDPW	National Department of Public Works
NGO	non-governmental organisation
RDP	Reconstruction and Development Programme
REAP	Rural Enterprise and Agribusiness Programme
RESIS	Revitalisation of Smallholder Irrigation Schemes
SAGL	South Africa Gold Leaf
SFDT	Sekhukhune Farmers' Development Trust
Stats SA	Statistics South Africa
Systems Act	Local Government: Municipal Systems Act 32 of 2000
TFA	Tafelkop Farmers' Association
TISA	Tobacco Institute of South Africa
UNDP	United Nations Development Programme
WSDP	Water Services Development Plan
WUAs	water user associations



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Department of Local Government and Housing, the Independent Development Trust (IDT), Africare, the Sekhukhune Farmers' Development Trust (SFDT), the Hereford Farmers' Association, the Hereford Irrigation Board, the Upper Arabie Irrigation Scheme, Ndzalo Consulting, Tobacco Institute of South Africa (TISA), Tobacco RSA and Limpopo Tobacco Processors (ex-MKTV). Special thanks go to Mrs Pearl Moruasui (formerly) of Africare, Dr Barbara van Koppen of IWMI and Mr Jan Venter of DALA. I am also grateful to Elma Molobela, Michael Marotla, Emmanuel Masemola and Metla Mabye for their assistance with the fieldwork.

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# Foreword

Small-scale irrigation farming is envisaged as playing a progressively larger role in rural development and in reducing some of the inequalities inherent in South Africa's space economy. The promotion of entry by black farmers into commercialised small-scale irrigation farming appears to have been bolstered by the late 1990s convergence of agricultural, water, land, local government and other sector reforms. Concomitant to these reforms, the government's macro-policy shifts seem to favour the creation of a black farming elite, and an important question centres on the possible negative impacts of neo-liberal policies on the livelihoods of the poorest and most vulnerable people within small-scale irrigation farming communities. It is also debatable whether a new class of petty commodity producers can establish a viable niche within global commodity chains, given the significant constraints to effective participation in a highly competitive and globalised commodity production sector. Furthermore, there are questions over the impacts of recent attempts to facilitate entry by small-scale farmers into commercial production through joint ventures or 'black economic empowerment' (BEE) partnerships involving small-scale farmers, private investors and government. There is a need to examine the power dynamics within such joint venture schemes. The historical context of gender inequalities in access to and control over productive resources in communal settings and the observations that women's roles and interests in land are increasingly politicised and contested indicate a need for a gender-sensitive examination of the impacts of commercialisation on the livelihoods of women and men living in emerging small-scale irrigation schemes. Such an examination is required not only within communal area settings, but also in the newly redistributed commercial farming areas.

This report is based on research carried out between June 2003 and April 2005 in the Greater Sekhukhune Cross-Border District

Municipality, which straddles the boundaries of the Mpumalanga and Limpopo provinces. This research took place in two case-study sites, namely the Hereford and the Phetwane Irrigation Schemes. However, this report focuses on findings from Hereford only. The research was primarily concerned with the impact of BEE, articulated through joint ventures, on the 'livelihoods' of people living in emerging small-scale irrigation schemes in some of the least affluent rural areas within the municipality.

The report examines joint ventures in the context of the Integrated Sustainable Rural Development Programme (ISRDP) and the Land Redistribution for Agricultural Development (LRAD) programme. The focus is on the sustainability of rural livelihoods, while attention is given to the stakeholder power dynamics at the local level.

Although the inception of joint ventures has been greeted with optimism and renewed hope in certain circles within government, non-governmental organisations (NGOs), the private sector and small-scale irrigation schemes, so far the performance of joint ventures in Greater Sekhukhune has fallen short of expectations. The promise of higher incomes and improved livelihoods has remained elusive, and instead debts and potential losses of often meagre household assets have loomed large, threatening to erode existing livelihoods and undermine government interventions.

Our research findings suggest that the challenge of reducing rural poverty and inequality might not be resolved through existing approaches to joint ventures. While these facilitate the integration of resource-poor irrigation farmers into the globalised mainstream commercial production sector, this might reinforce socio-economic disparities and undermine the livelihoods of the poorest and most vulnerable members of the irrigation schemes.

This report proposes a re-examination of the current conceptualisation, implementation and monitoring of joint ventures. New





approaches are needed to avert possible losses of livelihood and assets by resource-poor irrigation farmers. It is particularly important to improve the administration of joint venture contracts. Although, generally rural people in Greater Sekhukhune have

yet to realise their capacity to hold local political representatives accountable, it is up to municipalities to be more proactive and to actively ensure that local people's interests are not subsumed by the interests of private capital.



# Chapter 1: Introduction

This chapter introduces the key terms of reference of the research report, and offers a definition of the term 'sustainable rural livelihoods' in the context of joint ventures in the Hereford emerging small-scale irrigation scheme in Greater Sekhukhune District. A key contention of this introductory chapter is that the livelihoods of resource-poor and vulnerable rural people might be compromised by neo-liberal elements of the prevailing development approach.

## Defining sustainable rural livelihood

Livelihoods have been defined in terms of the capabilities, assets and activities required for living (Chambers & Conway 1992:7). The UNDP (1999:3) defines a livelihood system as a dynamic realm that integrates both the opportunities and assets available to a group of people for achieving their goals and aspirations as well as interactions with and exposure to a large range of beneficial or harmful ecological, social, economic and political influences that may help or hinder the group's capacity to make a living.

Definitions of the term 'sustainable livelihoods' relate to a wide set of issues which encompass much of the broader debate about the relationships between poverty and environment, but offer no clarity about how contradictions are addressed and trade-offs assessed (Scoones 1998). This study adopts the definition developed through the works of various scholars, including those of Hussein & Nelson (1998), Carswell (1997) and Chambers & Conway (1992), that sustainable livelihoods are those that can cope with, recover from and adapt to stresses and shocks, maintain or enhance their capabilities and assets and provide net benefits to other livelihoods locally and more widely, both now and in the future, without undermining the natural resource base.

The focus on livelihood sustainability in emerging commercialised small-scale

irrigation schemes is premised on the fact that such schemes are envisaged as playing a progressively larger role in reducing the poverty and inequality inherent in South Africa's rural space economy (Ministry for Agriculture and Land Affairs 1998b). This is demonstrated by the targeting of agricultural investment in rural development nodes to provide livelihoods, infrastructure, irrigation, services and skills development (NDA 2001). Emerging commercialised small-scale irrigation schemes are among the 'anchor projects' within Integrated Sustainable Rural Development Programme (ISRDP) nodes, such as Greater Sekhukhune District.

The ISRDP is an institutional rationalisation strategy for aligning the activities of the three spheres of government with the local development priorities of selected poverty nodes (IDT 2000). An important feature of the ISRDP is that the programme is a hybrid of various development approaches, blending neo-liberal and social welfare approaches within a somewhat vaguely articulated 'sustainable development' framework. The principal instrument for the ISRDP is the integrated development plan (IDP) which, in terms of the Local Government Municipal Systems Act 32 of 2000 ('Systems Act'), must be developed by all municipalities in South Africa, whether they are poverty nodes or not.

In this report, the IDP provides a useful framework for examining how relevant local governance structures have promoted or



failed to promote the sustainability of rural livelihoods in the context of joint ventures in emerging small-scale irrigation schemes within the Greater Sekhukhune ISRDP nodal district.

Although rural development plans, such as IDPs in districts such as Greater Sekhukhune, have emphasised the importance of small-scale irrigation schemes, viewed at a national scale the contribution of various schemes to agriculture and livelihoods seems modest. Some studies suggest that the majority of black farmers practise rain-fed cropping rather than irrigation. The majority of black arable farmers also practise subsistence rather than commercial farming (Perret 2001). The vision of a significant role for commercialised small-scale irrigation farming appears rather ambitious, given the constraints facing small-scale farmers. Nonetheless, emerging commercialised small-scale irrigation schemes provide a useful case study of how, within a predominantly neo-liberal economics policy context, the interplay between land and water policy, joint ventures and local governance might impact on resource-poor and vulnerable local people and, more broadly, provide lessons for how to address the challenge of rural poverty and inequality.



The issue of livelihood sustainability in rural South Africa warrants particular attention for two reasons. First, the historical background of losses of livelihoods due to forced removals and the dispossession of land and other resources, described by Platzky & Walker (1985), places an ethical imperative on research to identify the livelihood impacts of on-going agrarian reforms and rural development interventions, and to suggest ways to ensure livelihood security. Second, the need to give attention to rural livelihood sustainability arises from observations that the spectre of uncertainty – due to livelihood insecurity and vulnerability – prevails in contemporary South African rural settings (SLSA Team 2003:7).

As I write this report, a decade has passed since the advent of majority rule yet South Africa retains the historical legacy of a highly polarised space economy. Poverty and inequality persist in many rural areas, particularly in the former ‘homelands’ (Van Rooyen et al. 2001; May

2000; May et al. 1998). The range of sector reforms, development interventions and poverty reduction strategies that have been implemented have not made significant impacts on rural poverty and inequality (DBSA 1999 cited in Everatt 2004:9; Goldman et al. 2002; Cousins 2003; IDT 2000). The increasing convergence, since the late 1990s, of reforms in rural production sectors indicates government’s recognition of the need to put in place a co-ordinated and effective institutional framework to eradicate poverty and to redistribute productive assets.

This convergence is evident in the various policies, laws and strategies that have emerged to address redistribution. This is captured in Section 25:8 of the National Constitution’s Bill of Rights which expresses the state’s commitment to take legislative and other measures to achieve land, water and related reforms in order to ‘redress the results of past racial discrimination’. Such measures include the LRAD programme (DLA 2001), the Broad-based Black Economic Empowerment Framework for Agriculture (Agri BEE) (NDA 2004) and policies on Financial Assistance to Resource Poor Irrigation Farmers (DWAF 2004) and Water Allocation Reform (DWAF 2005), which derive from Sections 61 and 62 of the National Water Act 36 of 1998.

As well as developing frameworks for redistribution, there have been moves towards institutional integration and co-ordination in the water, land, agriculture, local government and related sectors. The view that the ‘silo’ approach to development has been a contributing factor to the failure of development interventions appears to have informed these moves. Frameworks and structures that give expression to institutional integration and co-ordination include the National Guidelines for Integrated Management of Agricultural Water Use (NDA 2000), Provincial Co-ordinating Committees for Agricultural Water (CCAAs), catchment management agencies, water user associations (WUAs), municipal IDPs and local economic development (LED) committees for agriculture.

Government’s attempts to co-ordinate institutional frameworks and structures and

ensure the redistribution of productive assets are, indeed, laudable. The convergence of land, water, agriculture, local government and other sector reforms seems to have provided a semblance of the required policy, statutory and governance framework within which the challenges of poverty and inequality can be resolved, rural development achieved and livelihoods secured. However, there is some concern that the various sector reforms have been concomitant with the government's policy shifts away from the focused anti-poverty strategies of the Reconstruction and Development Programme (RDP) towards the national economic goals espoused by the Growth Employment and Redistribution (Gear) macro-economic strategy.

A number of scholars (Cousins 2003; Borrás 2003; Levin 2002; May 2000:7; Levin & Weiner 1996), drawing largely from radical political economy perspectives, have challenged neo-liberal approaches to development on the basis that these are often the cause of rural poverty and are therefore incapable of eradicating it. Cousins (2003) argues that contrary to conventional notions of poverty as 'residual' in character, the vast majority of rural dwellers are not so much excluded as included on highly adverse terms. His argument centres on the 'agrarian question of the dispossessed' (Cousins 2003: 41), which essentially revolves around the constituting of a new class of emergent petty commodity producers from the ranks of the desperately poor, a class which 'must insert itself aggressively into the mainstream capitalist economy'. Without wide-ranging agrarian reform, the prospects of achieving this objective are debatable (Cousins 2003).

Amid the policy shifts, however, the government has retained a commitment to both economic growth and social development. The ISRDP, implemented initially in designated nodal districts such as Greater Sekhukhune, and due to be implemented nationwide by 2010, demonstrates the hybrid nature of the government's macro-economic policy. The programme draws from a diversity of development approaches and its vision blends economic growth and social security concerns. There is further evidence of

the government's interest in 'playing a significant role in the economy while fighting poverty' in the Finance Minister's 2005 budget speech, in which expenditure on an expanding social security programme to cater for the poorest 40% of the population has been increased by 25% over the next five years (Friedman 2005). Notwithstanding the government's efforts to balance conditions for economic growth with social security concerns, in many rural contexts structural conditions seem to favour the creation of a black farming elite.

Various scholars (Wilson et al. 2001: 4; Tarrow 1996:396 cited in Harris 2001: 1; Cousins 2003; Drummond & Maarsden 1999) have argued that the persistence of poverty in developing countries, irrespective of more recent formulations for development, for example the 'sustainable development approach', has largely been a direct result of the broader structural factors inherent in a capitalist global political economy. The structural factors reinforce the divergence between core and the periphery, such that deliberate interventions have to be put in place to ensure that some development 'trickles down' to the periphery. Without a radical transformation of the structural factors, development interventions will remain ineffective. From this perspective, promoting an elite group of emergent black farmers through mechanisms such as the Agri BEE programme is not a sufficient means of resolving the rural poverty and inequality problem.

Indications are that the livelihoods of resource-poor and vulnerable rural people might indeed be compromised by neo-liberal elements of the prevailing development approach. An important question centres on the possible negative impacts of hybrid neo-liberal economics and the social development approach on the livelihoods of the poorest and most vulnerable people within farming communities. It is also debatable whether or not a new class of petty commodity producers can establish a viable niche within global commodity chains, in a context where the radical redistribution of land and water is constrained, and where the majority of black small-scale farmers face significant



constraints to effective participation in the highly competitive and globalised commodity production sector. Of particular concern is the view within certain government, civil society and private circles that joint ventures provide an effective means for small-scale farmers to enter the commodity production sector.

Joint ventures involving private investors and producers, and supported by government agencies, are seen as providing the financial, technical, managerial and marketing resources required by black farmers. However, critics have argued that joint ventures are a new form of exploitation and a mechanism through which white commercial farmers spread the risk of engaging in an increasingly complex and capital-intensive sector, while gaining market and political credibility in the process (Mayson 2003). We can learn from the experiences of other less developed countries (LDCs) elsewhere with joint ventures; these suggest that producers' control of the production process is reduced, and cash crops are produced at the expense of local food production and food security (Jacobs 2001:28).



Furthermore, trade liberalisation policies, such as the World Trade Organisation's Agreement on Agriculture, coerce LDCs to phase out subsidies, exchange controls and trade barriers without imposing the same conditions in the north (Jacobs 2001:28). Sanitary and phytosanitary measures, as well as Provisions of the European Union's Common Agricultural Policy, are used as non-trade barriers to protect producers in the north and to make it difficult for producers in LDCs to compete (Madonsela 2001:1, cited in Jacobs 2001:29), which could result in resource-poor farmers being pushed out of the production game. Although the South African government has adopted a policy to subsidise resource-poor irrigation farmers, the proliferation of joint ventures in small-scale irrigation schemes raises questions over the extent to which government policy interventions can enhance the interests of black farmers in settings such as those prevailing in designated poverty nodes.

On the issue of overcoming dualism in South Africa's rural space economy, Cousins (2003) asserts that a more radical approach

to agrarian reform is required. Jacobs, Lahiff & Hall (2003:27) suggest that there is a need for large-scale transfers of land and, where necessary, for government to adopt expropriation – with compensation – as a key tool for redistribution. The same might be said for the redistribution of water. Such radical measures call for substantial inputs of financial resources and political will within government to adopt more effective measures to address rural poverty and inequality and to promote a viable – not necessarily commercial – farming sector within the black peasantry.

The recent adoption of the Policy on Financial Assistance to Resource Poor Irrigation Farmers (DWAF 2004) indicates a positive shift in political will and financial commitment towards promoting access to water by small-scale farmers. Yet the question still remains whether such a move has been echoed in the adoption of appropriate approaches to land and agricultural reform in the context of small-scale irrigation schemes.

In the case of 'water-stressed' catchments such as the Olifants, within which the Phetwane and Hereford irrigation schemes are located, white commercial farmers continue to command a larger share of irrigation water and infrastructure (Tren & Schur 2000; Piontek 2000; Ligthelm 2001). The National Water Act of 1998 has abolished 'riparian rights', thereby breaking the legal coupling of land and water rights and paving the way for the redistribution of water resources. The new policy on subsidies for resource-poor irrigation farmers also provides support for black farmers to gain access to water resources for productive purposes. However, the unfolding water reallocation process does not seem to offer many options for a radical and sustainable redistribution of water.

The articulation of water reforms has been characterised by inadequate communication of the legal requirement for designated users to register their water use, with the result that many black farmers have not been informed of this. Consequently, the registration of lawful use by established white commercial farming sectors has been relatively higher than that by black farmers.

Similarly, there has been greater participation in the predominantly white Irrigation Boards' processes to establish local level WUAs than of black farmers. While government officials cite the lack of institutional capacity to drive a broad and effective public awareness initiative as a major constraint, the top-down and centre-driven approach to the formation of new water management structures also appears to have contributed to this problem. Given the provision that a review and possible reallocation of registered water use should take place after a period of five years, and that reallocations detracting from existing lawful use have to be justified, the process of redistributing water is likely to be 'technically demanding and contentious' (DWAF 2005).

The emphasis on 'efficiency' in water use, the 'user-pays' principle and the payment of water charges at the 'economic value' of water further narrow the prospects for resource-poor emerging black farmers securing equitable access to water. An illustration of the small-scale farmers' dilemma relates to inter-sectoral competition for water between the mining sector and the emerging small-scale farmers in the Olifants Basin (Farolfi & Perret 2002). This seems to compel small-scale farmers, whose profit margins are relatively low (Tren & Schur 2000), towards trading away a greater share of their water allocation to the mines who can afford to offset the water prices. The commoditisation of water resources poses a threat to the sustainability of gains made by black farmers in terms of the new Policy on Financial Assistance to Resource Poor Irrigation Farmers (DWAF 2004).

The possible negative effects of commoditisation of water resonate with the effects of market-based land reform. Recent studies (Jacobs et al. 2003:25) suggest that reliance on the market to acquire land has resulted in a strong and increasing emphasis on commercial agriculture. Applications for land reform grants are required to adhere to stringent commercial criteria to qualify for land purchase grants and loans, and applicants are required to procure support services, such as business planning, extension and finance, from the private sector. Small-scale production, particularly for household

consumption, 'hardly features in official redistribution thinking', and state agricultural support services are unavailable in many parts of the country (Jacobs et al. 2003). In light of these factors, Jacobs et al. (2003:25) conclude that the prospects of the very poor accessing LRAD funding are increasingly in doubt. Thus it is difficult to see how a commercialised approach to the allocation of land and water resources and to agricultural production can contribute to sustainable livelihoods in contexts where poverty is rampant, such as in the small-scale irrigation schemes in Greater Sekhukhune.

Cousins (2003:43, 45) proposes that a sustainable livelihoods approach that builds on the land-based livelihoods which rural people currently practise and which enhances their economic value might be more appropriate than attempting to replace these livelihoods with fully market-orientated or commercialised approaches. At the same time, he recognises that it is clear that the deep poverty in rural areas requires radical measures, not least a redistribution of resources including land. Friedman's (2005) observation that attempts to deal with poverty are ineffective because they do not reflect what the poor want, suggests the need for the poor to participate more actively in shaping the development agenda. Lessons might be derived from LDCs elsewhere.



## Research methodology

Both primary and secondary data sources were used during the research process. Primary data sources included direct observation, informal conversations and discussions, semi-structured formal and informal in-depth interviews, questionnaires, focus group discussions, networking with relevant researchers, and workshops with various stakeholders. Secondary data sources included documents pertaining to relevant policy, legislation, plans, strategies, programmes and projects, community records, electronic databases, statistical survey reports, published and unpublished literature and other document sources compiled by government, civil society and the private sector.

The research framework for the study revolved around livelihoods, institutions and land and water resources. The analytical framework for the study was adapted from the Sustainable Rural Livelihoods framework developed by Scoones (1998).

For each of the selected study sites, the following baseline data was collected and analysed:

- livelihood profiles of the irrigation farmers' households
- land and water allocations, uses, development, safeguarding, control and contestation
- institutional structures, processes, roles, resources and relationships.

Livelihood profiling offered a means to establishing a base line for normative descriptions and analyses of characteristics of the population in the selected site. Livelihood profiles also provided a useful background to the power and gender dynamics emerging from or concomitant with commercialisation. Empirical research on livelihood profiles took place in two stages.

The initial stage involved determining the profile of the study site; this was done by means of questionnaire surveys. Particular attention was paid to the gender dimensions of poverty and inequality at the household level. The target sample size for the first stage was 100% in the selected site. At such a scale, the profile could only offer a generalised overview of the population composition, in terms of variables such as age, gender, literacy rates and language, livelihood assets, strategies, resilience and vulnerability. The second stage of the livelihood profiling therefore sought to elicit greater nuance.

Data collection during the second stage took place mainly through direct observation, informal conversation and in-depth interviews. Since poverty and inequality are experienced differentially among members of a household, emphasis was placed on determining individual profiles. Because of the demanding time requirements of in-depth data collection, a relatively small sample was drawn, and the primary emphasis was placed on qualitative rigour rather than representivity. The data collected at the Hereford Irrigation Scheme were triangulated

with data in relevant externally-based institutions.

Land and water resources are considered critical to the generation of both farm and non-farm based livelihoods in the selected sites. These resources are a key component of the basket of household and community livelihood assets. It was thus necessary to collect data on land and water allocation, tenure, land use and land development and management.

Institutions involved in the commercialisation processes influence the dynamics surrounding livelihood generation strategies and entitlements to land and water in the selected irrigation schemes. Data generation and analysis of institutional process, resilience and outcome variables focused at two levels of analysis, namely the joint ventures and the small-scale irrigation farmers' group level. Process variables included representation, responsiveness to participation, accountability and transparency, relationships with small-scale farmers, local communities, traditional authorities and elected councillors (or local authorities), relationships among stakeholder institutions, co-ordination, communications and performance and impact monitoring. Resilience variables included legitimacy, robustness and compliance. Outcome variables pertaining to small-scale irrigators' groups and to the rural people residing in the irrigation scheme areas included equity, efficiency and sustainability.

Institutional analysis also involved reviews of literature pertaining to stakeholder power politics, gender issues and case studies on commercialisation processes in small-scale irrigation schemes elsewhere, such as in countries in Asia namely: India, Pakistan, China, Bangladesh, Vietnam and Indonesia (IWMI 2005), Latin America namely: Ecuador (Bastidas 1999) and Mexico (Kloezen et al. 1997) and Africa namely: Burkina Faso (Zwarteveen 1997) and Kenya (Krishna et al. 2004). The investigation of stakeholder power dynamics was conducted within three units of analysis namely, the joint venture, irrigation farmer group and irrigation farmer households. This report focuses mainly on power dynamics within joint ventures.



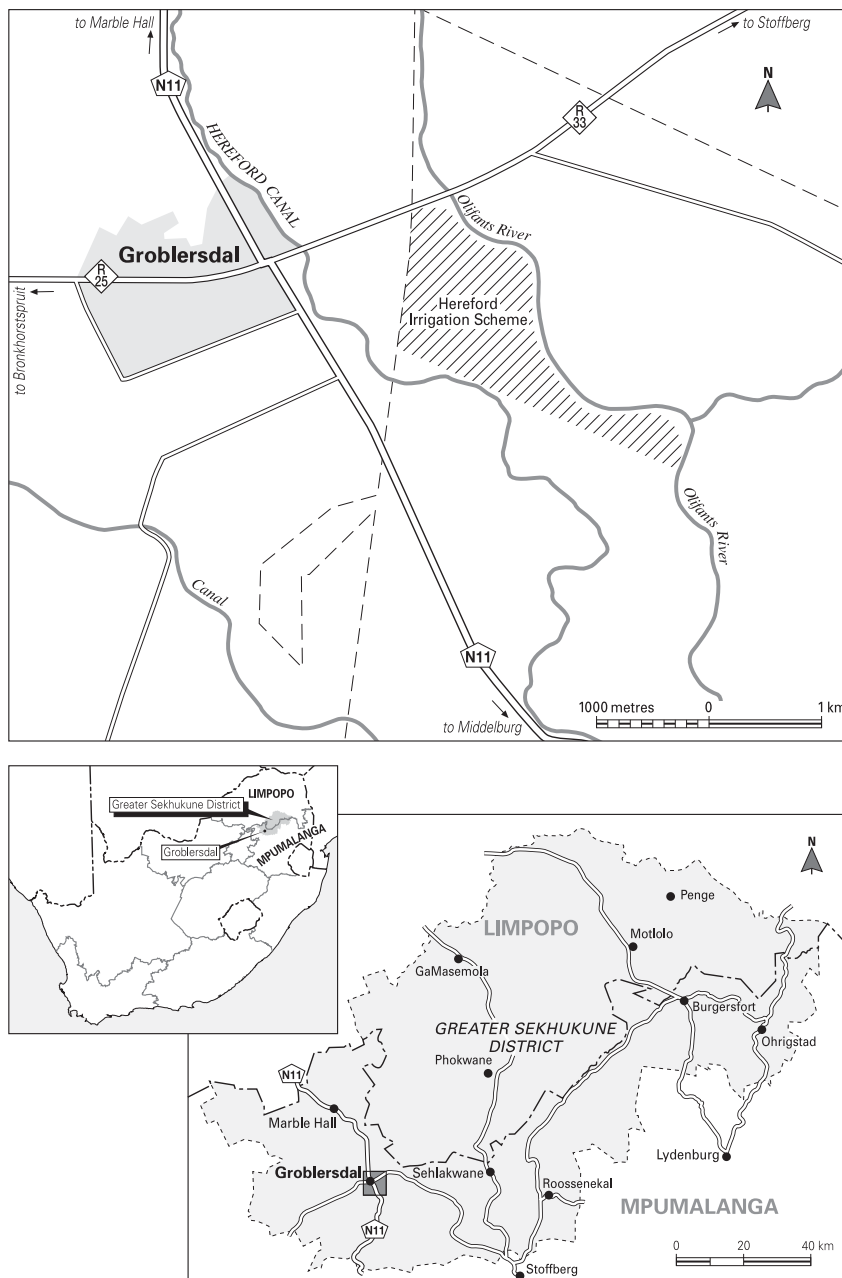
## The study area

### Location and spatial extent

Greater Sekhukhune District is a cross-border district municipality straddling the boundary between the southern part of the Limpopo Province and the north-western portion of the Mpumalanga Province of South Africa (Figure 1). The spatial area of the district is approximately 1 326 437ha (Greater Sekhukhune Cross Border District Municipality 2005; Greater Sekhukhune Cross Border District Municipality 2002). The district is located close to larger urban

centres such as Pretoria, Polokwane and Nelspruit. The five local municipalities constituting Greater Sekhukhune District are Makhuduthamaga, Fetakgomo, Greater Tubatse, Greater Groblersdal and Greater Marble Hall. All of these are located within the Olifants River Basin. However, Makhuduthamaga and Fetakgomo are located entirely within Limpopo Province, while Greater Groblersdal, Greater Marble Hall and Greater Tubatse are cross-border local municipalities. This research report focuses on a study site within the Greater Groblersdal local municipality.

**Figure 1: Map of the study area**





### Physiographic features

Greater Sekhukhune District is characterised by variations in relief, climate and vegetation. The undulating grassy plains of the Highveld give way to the lower-lying Bushveld areas and the mountainous terrain dissected by the Oliphants River system. Rainfall is seasonal, distributed mostly in the summer months between November and April while the winters are generally cool and dry. The varied micro-climates, hydrology and aspect in the mountainous parts have produced micro-variations in vegetation. The beauty and ecological diversity of the area have encouraged the establishment of a number of tourist resorts and nature reserves.

### Population size and distribution

According to the 2001 population census, the total population for the district is 967 197 (Stats SA 2001). This represents an increase of approximately 54 347 people from the figure of 912 850 in the census of 1996 (Stats SA 1996). However, there are inconsistencies in the existing statistical data on the total population of Greater Sekhukhune. Stats SA census figures indicate that from 1996 to 2001 the population for the local municipalities in the district increased by an average of 1.2%. But according to the data provided by the 1995 Water Services Development Plan (WSDP) of DWAF, in 1995 the total district population was 974 830, indicating a decrease of 7 366 people in the period 1995 to 2001. Yet, while the IDP document of 2002 formally accepts this figure, the 2004–5 IDP document uses the 2001 census data. It is to be hoped that the current district IDP has verified the Stats SA 2001 census data and not simply overlooked a discrepancy of over 62 000 people between the total population data provided by the 1995 WSDP and that provided by the 1996 census data. Repercussions of such a discrepancy might include under-budgeting for interventions within the poverty node.

Women comprise 55.5% of the total population in Greater Sekhukhune District (Stats SA 2001). According to the 1996 and 2001 census statistics (Stats SA 1996; 2001) 94.7% of the population reside in rural areas, while the rest is concentrated in urban centres such as Groblersdal, Marble



Hall and Burgersfort. The rural population is distributed in varying densities across the district. Makhuduthamaga and Fetakgomo, which correspond to the former homeland areas of Lebowa, have the greatest rural population densities. Other densely populated rural areas occur in Nebo and Moutse, which are large cluster settlements located in erstwhile Lebowa and KwaNdebele homeland areas, and in Dennilton, a formerly designated 'black' area within apartheid South Africa. The rest of the rural population of Greater Sekhukhune (less than 1 000 people) is scattered among the numerous small settlements that are dispersed over much of the district municipal area.

### Historical context

Peter Delius (1996) succinctly summarises the history of Greater Sekhukhune District as follows:

*Sekhukhuneland was the heartland of the formidable Pedi Kingdom which long held the Swazi, the British and the Boers at bay. In the twentieth century it was transformed into an impoverished and overcrowded 'reserve' but remained a byword for rural resistance; in the 1980s it achieved national notoriety as the epicentre of witch burnings.*

It is worth noting that black people of Greater Sekhukhune District have historically played a significant role in rural resistance to both colonialism and apartheid, within a context where much of the resistance in post-Second World War South Africa was urban proletariat based. People like the late Flag Boshielo, after whom the water supply dam above the Phetwane Irrigation Scheme (the research site not included in this report) is named, are documented as having actively pioneered the initial armed resistance against apartheid. The historical onslaught on the local political power structure, dispossession of land and related resources and erosion of livelihoods appear to have provided a strong impetus to the early phases of resistance to colonialism by the Pedi of Sekhukhuneland. After this, the rural–urban linkages between Sekhukhuneland and urban-industrial centres also fostered the rural resistance to colonialism, and later to apartheid. This

was articulated mainly through the migrant labour system. Sekhukhune became a major source of cheap labour for the colonial political economy following the defeat of Sekhukhune by the combined British, Boer and Swazi onslaught. The term 'Nebo', which today refers to a densely populated region within Makhuduthaga local municipality in Greater Sekhukhune District, originated as an acronym for 'Native Employment Bureau Office'.

Following the re-alignment of municipal boundaries in terms of the Municipal Demarcation Act of 1998, the contemporary configuration of Greater Sekhukhune District has brought together rural people with a diversity of backgrounds and cultures, mainly the Pedi, Ndebele, Ntwane (Tswana) and the Swazi, among others. Although these have historically experienced varying degrees of conflict over time, conditions of poverty and inequality have been an enduring common factor.

### Socio-economic features

Greater Sekhukhune District has a dualistic socio-economic structure of the kind found in many of South Africa's rural municipalities which have been demarcated since the promulgation of the Municipal Demarcation Act No. 27 of 1998. The settlement pattern indicates the social and physical segregation of communities. The relative affluence of the formerly designated 'white' commercial areas contrasts with the high levels of poverty and unemployment in the non-commercial former 'black' areas. The latter have a lower Human Development Index (HDI), with large backlogs in services and infrastructure, and very small or non-existent economic bases. Recently there have been moves to promote economic integration and equity through various BEE initiatives, including the commercialisation of small-scale irrigation schemes. However, the underlying dualism largely endures in many sectors and areas within the district.

Commercial agriculture provides the bulk of employment opportunities in the district, but more than half of the population (64.8%) is unemployed (Stats SA 2002), particularly the youth (defined as between 15 to 35 years). In the past, the government

service sector provided a significant number of the jobs in the district, however this sector has shrunk and therefore is now less able to absorb prospective labour (Greater Sekhukhune IDP 2002). Lack of employment opportunities has encouraged the migration of significant numbers of the rural population to various urban centres, including centres in the Gauteng Province. Table 1 summarises selected characteristics of the district.

According to the data in Table 1 salaries and wages, remittances, pensions, grants and access to agricultural land make significant contributions to livelihoods in the district. There are relatively low proportions of households with access to land for agricultural use (30.4%) and engaged in crop farming (30%). There are very low proportions of households engaged in livestock farming (1.2%) and horticulture (0.3%), as well as households which depend on the sale of farm produce as the main source of income (1.2%). Debates around integrated development plans (IDPs) and local economic development (LED) in the district indicate that land redistribution and greater involvement of black people in the farming sector are priority issues in Greater Sekhukhune (Tapela 2002; Greater Sekhukhune IDP 2002; Greater Sekhukhune District Status Report, January to July 2003).

The key challenges for development in Greater Sekhukhune District, as outlined by the District Status Report for January to July 2003, are:

- poor social and economic infrastructure in all areas of the municipality
- poor social and physical integration of the communities of the district
- high poverty levels
- gender inequality
- inaccessibility of basic services such as health and education
- lack of economic opportunities and wealth creation for the majority of the population
- landlessness
- environmentally unsustainable utilisation of resources in the area
- under-utilisation of the tourism potential within the nodal area, and
- under-utilisation of agricultural potential in both production and agri-processing.



**Table 1: Greater Sekhukhune: Summary of selected living conditions, 2002**

Characteristic	Measure (as a %)
Unemployment rate (in terms of the expanded definition)	64.8
Proportion of households below minimum living level (R1 100 p.a.)	77.4
Proportion of female-headed households	58.6
Proportion of households with access to land for agriculture	30.4
Proportion of households engaged in field crop farming	30.0
Proportion of households engaged in livestock farming	1.2
Proportion of households engaged in horticulture	0.3
Proportion of households which never had a problem in satisfying their food needs	28.9
Proportion of households which depend on sale of farm produce as main source of income	1.2
Proportion of households which depend on remittances as the main source of income	29.1
Proportion of households which depend on pensions and grants as the main source of income	37.8
Proportion of households which depend on salaries and/or wages	21.6
Proportion of households which depend on other sources of income	6.9
Proportion of households with NO income	3.3

Sources: Stats SA 2002; Sekhukhune IDP Document 2002:20.



According to Delius (1996), contemporary conditions in the Sekhukhune region exemplify the daunting task of reconstruction demanded of South Africa's democratically-elected government. Greater Sekhukhune District is one of 13 rural poverty nodes identified in 2001 for accelerated rural development through the South African government's ISRDP. The active role played by the rural people of Greater Sekhukhune in the struggle against colonialism and apartheid, and the prevailing impoverishment and inequality seem to have been strong compelling factors for the government to prioritise the district for the ISRDP. The question, though, is whether this will translate into a tangible improvement of livelihoods for rural people.

## The ISRDP

In July 2000, the ISRDP was launched by the South African government, after consultation with a wide range of key stakeholders, in a renewed attempt to improve opportunities for

the rural poor and to ensure their wellbeing (IDT 2000:iv). Prior to this, the Office of the Presidency of South Africa had directed the formulation process for the ISRDP Strategy (ISRDS), and President Thabo Mbeki had formally announced the ISRDS on June 25 1999.

The ISRDP is the product of a concerted effort by the South African government, acting in conjunction with local, national and international structures and networks (IDT 2000). The programme draws from a diversity of development approaches and interests. Indeed, international frameworks such as Agenda 21 and the Millennium Development Goals appear to have significantly influenced the drafting of the ISRDP. While this enriched the discourses that informed the ISRDP design process, the same diversity has also created difficulties in the conceptualisation of the rural challenge in South Africa and the requisite interventions. These difficulties are reflected in the ongoing debate on whether the ISRDP provides an

adequate construct for the resolution of the rural challenge.

### Origins

The ISRDP emerged during the African National Congress's (ANC's) second term in government. Everatt (2004:3) asserts that between 1999 and 2004, there was a shift away from the previous (1994–1999) emphasis on policy formulation and releasing resources to benefit the majority of citizens towards a focus on implementation and service delivery, including better organisation of government through mechanisms such as the Cabinet Cluster system. The beginnings of this shift were rooted in the ANC's first term in government. This was the design phase of the Cabinet Cluster system and systems and structures such as the Poverty Relief Fund, the annual Cabinet Lekgotlas and the Medium Term Strategic Framework. However, there are varying views regarding the contributions of the policy and legal frameworks developed in the ANC government's first term of office.

One view (Everatt 2004:4) is that the ISRDP was a response to the failure of the Rural Development Strategy and the Rural Development Framework to articulate a clear methodology for achieving the RDP requirements and standards, due to a lack of experience with the complexities of governance. Everatt's view is therefore that the RDP provided the key macro-policy that set out the delivery requirements and standards for the ISRDP. Another view (Van Rooyen et al. 2001:42) recognises the role of both the RDP and Gear in providing the policy grounding of the ISRDP, the latter being seen as providing the requisite stable macro-economic framework. The contrasting views probably reflect divergence in the conceptual bases for the ISRDP and contradictory perspectives on the broader rural development approach adopted by government as well as reflecting the interests and tensions inherent in the policy framework.

Notwithstanding the diversity of conceptual foundations and the impacts of international frameworks on the ISRDP, there seem also to have been some practical national and local imperatives for

government intervention. Practitioners within various sector departments appear to have recognised the weaknesses inherent in the uncoordinated delivery of assets and services. For example, the 'cluster' delivery model developed by the National Department of Public Works (NDPW) for implementing the Community Based Public Works Programme became the 'nodal' model for the ISRDP (Everatt 2004).

The degree to which the nationally and locally driven imperatives for the ISRDP reflect rural people's interests might ultimately prove to be the key reckoning factor determining the impacts of interventions on the livelihoods of resource-poor people in designated poverty nodes in South Africa.

### Vision and mechanisms for implementation

The vision of the ISRDP is to:

*attain socially cohesive and stable rural economies with viable institutions, sustainable economies and universal access to social amenities, able to attract and retain skilled and knowledgeable people who are equipped to contribute to growth and development (IDT 2000:19).*

The articulation of this vision involves an incremental approach wherein the initial focus on 13 identified pilot nodal areas shall be broadened to embrace all impoverished rural areas in the country by the year 2010. A further 17 nodes were identified in September 2003 but have yet to be gazetted.

The articulation of the ISRDP vision also involves the integration and co-ordination of rural development interventions by various sectors and spheres of government in South Africa. In this regard, the integrated development planning process provides the principal instrument for integration and co-ordination, as required by the 'Systems Act'. This act gives municipalities the legal responsibility to undertake IDP processes to guide and inform all planning, budgeting, management and decision making in municipal areas, and therefore places municipalities in a key position to co-ordinate the ISRDP.

The central positioning of municipalities in the implementation of the ISRDP reflects



the government's objective to decentralise political and administrative decision making to local authorities. Other policy objectives pertaining to rural development include:

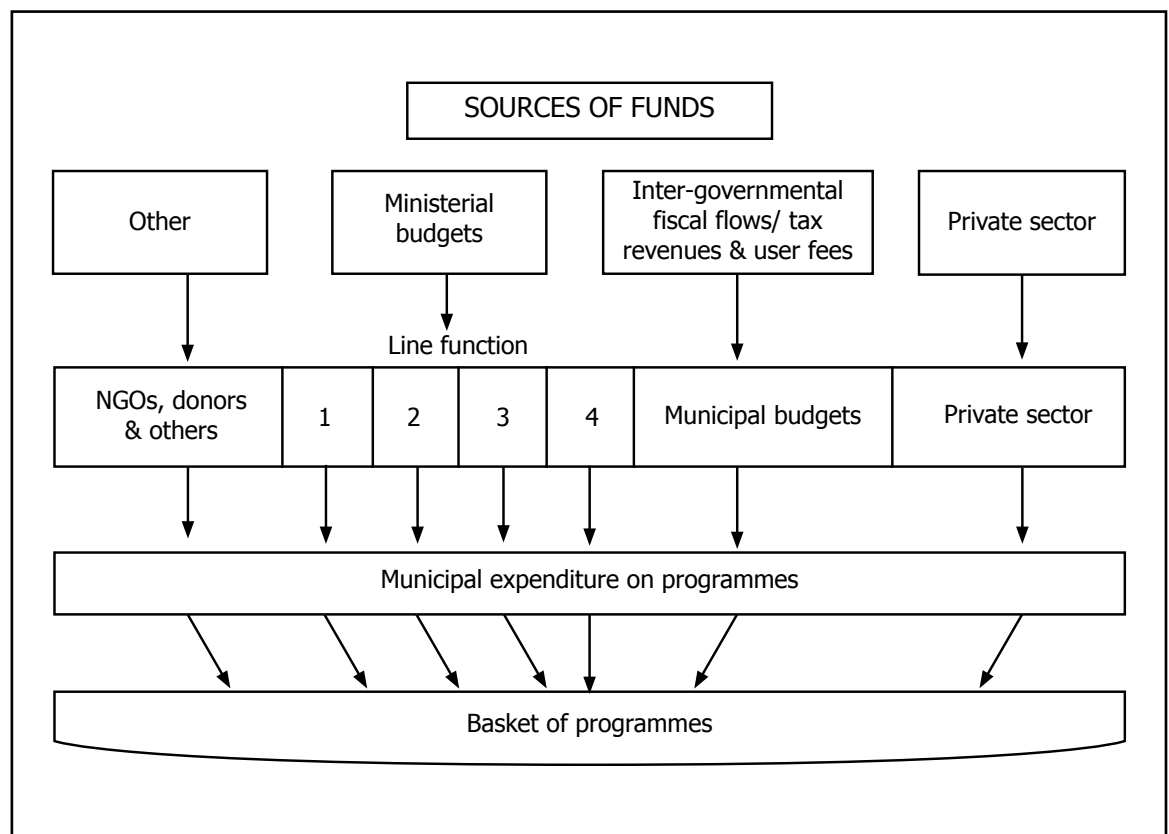
- the promotion of macro-economic stability to create favourable conditions for investment and trade
- agricultural policy reform to remove distortions and enhance competitiveness in the agricultural sector
- investment in infrastructure and service delivery to strengthen links between rural areas and the economy as a whole, to reduce the costs of production in rural localities and to make rural areas more desirable places in which to live
- investment in human capital to enhance the skills and health of rural people
- broadly-based ownership of land and productive assets to address the historical inequalities in access to land and housing (Goldman et al. 2002).

The implementation of the ISRDP involves the use of existing institutional, planning,

management and funding mechanisms to focus the expenditure of the three spheres of government in order to more effectively and efficiently respond to needs and opportunities (See Figure 2). It is perhaps worth noting that the implementation approach is not based on additional funding from government, but on increasing efficiency in the application of public funds to create appropriate outputs in the rural areas where they are required. Towards this end, the structures and procedures of the Medium Term Expenditure Framework provide the mechanism for rationalising national and provincial budget structures into an 'amalgamated expenditure envelope' to meet ISRDP objectives. Mobilisation of funds takes place through various delivery structures and relationships, including the economic, social and infrastructure 'clusters' and 'partnerships' of various state organs, the private sector, public-private partnerships and the donor sector.



Figure 2: Amalgamated expenditure envelope for funding the ISRDP



Source: IDT 2000:28.

### Box 1: Some key outputs of the ISRDP

- An inter-governmental relations organalysis that outlines the key roles and responsibilities of critical entities across all spheres of government.
- The assignation of a core group of 14 national ministers to act in pairs as political ‘champions’ for individual provinces and rural nodes.
- The identification of political and technical champions at the provincial and nodal municipal levels.
- The establishment of an Inter-Departmental Task Team structure to manage and co-ordinate the ISRDP nationally.
- The initiation of a process to establish provincial and nodal municipality Technical Co-ordinating Committees to manage and co-ordinate the ISRDP at an operational level.
- The initiation of process to establish nodal delivery teams in all the nodal district municipalities.
- The identification of ‘anchor’ projects for each of the 13 pilot nodal areas, and the incorporation of these into the relevant IDPs.

Source: IDT 2002.

The implementation of the ISRDP has included the establishment of political and technical institutions to drive, manage and implement the programme across the three spheres of government (see Box 1).

It is evident that the ISRDP is basically an institutional rationalisation strategy for aligning the activities of all three spheres of government with local development priorities. Although the ISRDP has no tangible development outputs, the implementation framework for the programme includes the identification of ‘anchor projects’ around which the various development initiatives will revolve. Small-scale irrigation schemes constitute some of the 17 anchor projects in the Greater Sekhukhune District.

Despite achievements in setting up a variety of institutional arrangements to implement the ISRDP and the identification of nodal anchor projects, a common view is that the implementation of the programme has been beset with a number of difficulties. Prior to the onset of the ISRDP in 2001, the national Inter-Departmental Task Team identified the following challenges:

- insufficient alignment across the three spheres of government
- lack of adequate funding and technical inputs for projects

- slow response by institutional systems and actors to the demands for new protocols of organisational behaviour
- poor visibility and support of political champions.

An evaluation of the ISRDP, on behalf of the Independent Development Trust (IDT) in 2004, showed that there had been only limited improvements over the previous four years and the programme was still beset with insufficient capacity and inadequate co-ordination with and participation by provincial and national departments (Everatt et al. 2004). Although a great deal of money had been made available for capacity-building initiatives in the nodes, such funding was not guided by clear planning. Institutional arrangements at the nodal level had yet to be sufficiently refined. Although relations between district and local municipalities seemed to be generally adequate, there were problematic undercurrents that needed to be dealt with. The IDP process required greater participation by the national sphere and better co-ordination of planning, budgeting and delivery between all the spheres of government.

The previously mentioned challenges have been compounded by the fact that the ISRDP has emerged within a context



in which there has been ‘very little concentration on spatial planning in rural areas to succeed the former apartheid planning strategies’ (Swartz et al. 2003:3).

### **Some challenges to implementing the ISRDP in Greater Sekhukhune**

The implementation of the ISRDP in Greater Sekhukhune appears to have been beset by obstacles relating to local government reform. Institutional capacity seems to have been lacking or not robust enough. There have been insufficient administrative skills, inadequate office infrastructure, high staff turn-over, lack of co-ordination between the technical and the political champions of the ISRDP and difficulties in mobilising funding for anchor projects. Residual differences in the budgeting cycles of the District Municipality and national and provincial departments have also posed a difficulty to the financing of projects prioritised in the IDPs. The District Municipality has also faced problems in co-ordinating projects across local municipal jurisdictions. To some extent, this problem appears to have been due to the failure by the District Municipality to overcome the negative effects of competition among the various local municipalities.



The problem of co-ordination has also been exacerbated by the cross-border issue. Some respondents have expressed concerns over the possible capture of resources by people belonging either to ‘Mpumalanga’ or to ‘Limpopo’ provinces. These concerns are mostly associated with the Greater Groblersdal cross-border local municipality, which brings together the former white commercial areas, black township areas and the Lebowa homeland, as well as people of different ethnic identities. Beyond people’s perceptions of capture, there have been practical governance issues around co-ordinating the enforcement of differing by-laws of two provinces within the same cross-border municipality. Finally, funding of projects in the cross-border municipality by provincial departments has been split along provincial lines. To many people this has created the impression that the municipality favours one province over the other. In an attempt to resolve the cross-border

co-ordination problems, an Inter-Provincial Co-ordination Committee was established in 2003. This research could not establish how effective this structure has been. The existence of this provincial level structure did not, however, change the ground level perceptions of difference or reduce the suspicions emanating from these perceptions.

Co-ordination problems are compounded by the persistence of the sectoral approach, and many government officials have continued to work within the ambit of their line departments irrespective of the requirements for integration. Municipal actors express frustration over the apparent disregard by many senior government officials of the municipalities’ legal mandate to co-ordinate development within local authority jurisdictions. This disregard involves the generally inconsistent attendance of municipal meetings by senior government officials, who often send junior officials despite such meetings requiring input from officials with decision-making authority.

Interviews with senior government officials in 2003 revealed a perception that the governance process prescribed by the ‘Systems Act’ is too cumbersome and time-consuming for effective delivery. Given the requirements of the Performance Management System introduced by government, many officials therefore tend to prioritise activities within their key performance areas, to the detriment of the development co-ordination activities of municipalities. Staff of institutions providing support to the Greater Sekhukhune municipality express the view that there is a need for government to make active participation in development co-ordination activities mandatory for all relevant senior officials. It is acknowledged that the municipality needs to be proactive in ensuring that it has the capacity to play the co-ordination function effectively.

The problem of institutional participation appears to have been associated with the early phase of the local governance framework that emerged in 2001 following the passing of the ‘Systems Act’. The problem might be interpreted as having been one of institutional inertia, in which government officials

continued with procedures and practices that had become outdated by the new governance policy and laws. Since 2004, there has been a shift towards more active participation by government officials in various development co-ordination committees, within and outside municipal structures in Greater Sekhukhune.

Currently the general view of people working in government departments, NGOs and the private sector is that development co-ordination by municipalities can be improved. This view is often associated with the management of IDP processes and LED structures by municipalities.





# Chapter 2: Emerging small-scale irrigation in Greater Sekhukhune

In the context of the ISRDP, there has been an acceleration of attempts to promote economic integration and equity in the agricultural sector within the Greater Sekhukhune District. Small-scale irrigation farming and joint ventures are envisaged as constituting the key routes towards black economic empowerment in agriculture. This chapter outlines key issues pertaining to the commercialisation of small-scale irrigation schemes in the district.

## Characteristics

In Greater Sekhukhune, there are basically two types of emerging small-scale irrigation scheme associated with BEE through joint ventures. The first type comprises schemes located in the formerly white commercial farming areas, such as the Hereford Irrigation Scheme. This type of scheme, often associated with the DLA's LRAD programme, the NDA's Farmer Settlement Programme and the DLA's erstwhile Settlement and Land Acquisition Grant, is not very common. Indeed, the slow pace of the LRAD programme is considered a 'burning issue' by emerging black farmers in Sekhukhune, while DLA officials attribute this to the prevalence of overlapping and competing land claims and delays in the processing of grants. The second type of irrigation scheme includes government-owned schemes located in communal lands of the former Lebowa homeland, such as the Upper Arabie, the Mid-Arabie Olifants and the Lepellane irrigation schemes. Both types of scheme involve a shift towards transferring of land rights, water allocations and responsibility for irrigation management to black small-scale farmers, with financial, material, technical and other support from government departments, civil society and the private sector. For the government-owned irrigation schemes, this initiative is termed



the 'Revitalisation of Smallholder Irrigation Schemes' (RESIS) programme.

The key government departments involved in the ongoing collaborative effort to promote entry by black farmers into commercial agriculture include the DLA, the NDA, DWAF and the provincial departments of Agriculture and Public Works. A number of actors from the non-governmental and private sectors have also been involved, the latter mainly through joint ventures. This collaborative effort is captured in IDP documents within the Greater Sekhukhune District. Two of the small-scale irrigation schemes, namely the Mid-Arabie Olifants and the Lepellane, are among the 17 ISRDP anchor projects for the district.

Despite support for the commercialisation of small-scale irrigation schemes, inroads by black irrigation farmers into the predominantly white commercial farming sector remain small. Likewise, the RESIS programme's impact on the structure of small-scale agriculture has been minimal. Nonetheless, there is a heightened preoccupation in certain government, civil society and private sector circles with promoting joint ventures in Greater Sekhukhune, based on the assumption that these are critically important to the integration of black irrigation farmers into the mainstream commercial production sector

and, by extension, to equity in the irrigation farming sector.

## Challenges

### Water access issues

Water scarcity is a major concern in the district. Not only is the Olifants catchment area drought-prone, but all the available water appears to have already been allocated, mostly to commercial irrigation, tourism, industrial and domestic uses. While discrepancies in various data sets regarding water availability and usage in the Olifants catchment area make it difficult to determine the precise nature of the water scarcity problem, there is agreement that the established commercial farming sector accounts for the bulk of water usage. By contrast, emerging small-scale irrigation farmers currently have insufficient water and a number of interventions are underway to improve water access for this sector.

A worrying factor is that the local authorities in Greater Sekhukhune do not seem to have adequately conceptualised the issues underlying water scarcity. The Greater Sekhukhune District IDP links the problem of scarcity to visions of exponential population growth that might eventually exert an excessive demand on the available water resources. No mention is made of the challenge of inequality in the existing water allocations. Moreover, the ongoing debate among water sector stakeholders on the livelihood implications of commoditising water is also not captured in the IDP and ISRDP documents.

Concerns over water scarcity appear to have gained prominence following the recent development of platinum mining in the eastern rim of the district and since moves by the government, private and non-governmental agencies to promote entry by black farmers into commercialised irrigation farming. Envisaged increases in the demand for water from the small-scale irrigation farming and mining sectors have given rise to intense inter-sectoral competition over water (Farolfi & Perret 2002). This competition appears to have prompted some government officials and scholars to argue that productive

water should be re-allocated on the basis of efficiency, amongst other criteria. It is doubtful that such commoditisation of water contributes towards alleviating rural poverty in the Greater Sekhukhune District [described in Chapter 1 of this report].

Indeed the commoditisation of water seems to have particularly dire implications for the unfolding programme to promote BEE through the commercialisation of small-scale irrigation schemes. Recognising this, the DWAF has recently adopted the Policy on Financial Assistance to Resource Poor Irrigation Farmers as a means towards ensuring access to water by these farmers. Despite the adoption of this policy, however, there is a danger that the use of economic measures of efficiency in performance evaluations of emerging farmers might result in a reversal of their livelihood gains. Performance evaluations should therefore take into account the possibility that not all the irrigation farmers can or will become fully-fledged commercial farmers, and build livelihood sustainability measures into the evaluation process.

### Land issues

According to the ISRDP documents for Greater Sekhukhune, land reform is critical to the realisation of ISRDP targets in the poverty node. Although the district is viewed as having a high agricultural potential, 70% of the farmers, mostly black, are 'subsistence farmers' (Greater Sekhukhune Cross-Border District Municipality 2002). Of these, 30.4% have access to land outside of their small homestead plots (Stats SA 2002). Land use in three of the five constituent local municipalities remains dominated by commercial farming areas. The legacy of inequitable allocation of land therefore persists in Greater Sekhukhune, and 25% of the total land area has been subject to land claims (Greater Sekhukhune Cross-Border District Municipality 2002). Most of these claims are from Greater Groblersdal, Greater Marble Hall and Greater Tubatse local municipalities, which have significant proportions of land under white commercial farming. Black farmers in the Nebo Region of the district describe



land redistribution as ‘a burning issue’ and perceive the LRAD programme as having fallen far short of expectations, due to an impasse in the processing of applications from prospective entrants into commercial production. According to the DLA, this is because much of the farmland identified by applicants is subject to unresolved land claims. It is perhaps worth noting that most of the identified farmland is located in the Mpumalanga portion of the cross-border district municipality, while the applicants are mostly from the Limpopo Province, where most of the district’s communal areas are located.

While the commercial farming areas are subject to land claims and calls for land redistribution, residents of areas under communal tenure experience problems of tenure insecurity. Claassens (2001), for example, documents tenure insecurity within the Rakgwadi area in which the Upper Arabie Scheme is located. Land tenure insecurity seems largely a consequence of past apartheid practices which gave chiefs more power over land than they had under traditional systems of government, and the subsequent abuse of that power by some of the chiefs. Although the Communal Land Rights Act of 2004 is intended to strengthen the security of communal tenure, how effective this instrument is, has been subject to ongoing criticism. Some of the criticism has revolved around the negative implications of the Act for the more vulnerable groups, particularly women, and the possible reversal of power and equity gains conferred by the post-1994 National Constitution (Parliamentary hearings on the Communal Lands Rights Bill, November 2003).

Land- and water-related challenges to commercialised small-scale irrigation farming in Greater Sekhukhune raise questions about the extent to which this form of intervention can contribute to enhancing the livelihoods of rural people. In addition to providing secure land tenure, water access rights, technical skills and managerial support, small-scale

irrigation farmer development needs to take into account the multiple realities, needs and aspirations of black farmers, and to give particular attention to the poorest and most vulnerable people within the schemes.

## Joint ventures

Joint ventures within the selected sites provide a useful context for examining the ways in which the difficulties pertaining to land rights and access to water have been grappled with in attempts to commercialise small-scale irrigation farming. The predominant type of joint venture in emerging small-scale irrigation schemes in Greater Sekhukhune is contract farming. Mayson (2004) defines this type of joint venture as an agreement between small-scale farmers and processing or marketing firms, in which farmers commit to supplying an agreed quantity of goods of a special quality. In exchange, the farmers receive payment for produce as well as support with credit, training and extension services, production machinery and other resources. The activities of the joint ventures associated with emerging small-scale irrigation farmers in Greater Sekhukhune include joint production, agri-processing and marketing initiatives.

Joint ventures in small-scale irrigation schemes are not a new phenomenon in the Sekhukhune region. In both the commercial and communal farming areas, farmers have experiences of joint ventures prior to 1994. A common refrain in farmers’ accounts is dissatisfaction with the way in which joint ventures were implemented. Problems include private investors’ lack of transparency and accountability, a sense of disempowerment among irrigation farmers and the ultimate failure of the joint ventures, resulting in losses of livelihoods and assets. The selected case-study sites for this report provide insights on the degree to which the contemporary approach to joint ventures has taken into account the historical experiences of small-scale farmers.



# Chapter 3: Hereford Irrigation Scheme

The Hereford Irrigation Scheme is the focus of this chapter. Plagued by contestations over land and water resources, as well as the changing partnerships between the resource-poor irrigation farmers and the private sector, the Hereford Irrigation Scheme offers an interesting study of the dynamics and power struggles that have emerged in the historically white commercial farming areas following the implementation of 'black economic empowerment' in agriculture.

**N**ested within the gap between the Olifants River and the eastern margins of the small town of Groblersdal, south of the R33 road to Stoffberg, is a cluster of small-holdings whose most obvious defining features are the numerous tobacco-curing barns that tower over a series of squat cottages in varying states of repair and disrepair (Figure 3). A patchwork quilt of ploughed fields, flourishing gardens and fallow land is spread out among the cottages and barns. Closer scrutiny might reveal sprinklers quietly humming away and people labouring and gradually embroidering changes to the mosaic of the landscape (Figure 4). This is the Hereford Irrigation Scheme, a small-scale irrigation scheme that was revived by black farmers in 1997. What this idyllic vista does not reveal are the historical and ongoing contestations over land and water resources, as well as the changing partnerships between the resource-poor irrigation farmers and the private sector.

The Hereford Irrigation Scheme provides an interesting study of the dynamics that have emerged in the historically white commercial farming areas following the implementation of BEE in agriculture. Joint ventures provide one important context for examining the impacts of these dynamics on the livelihoods of resource-poor irrigation farmers. This

chapter gives an account of the issues surrounding the joint ventures that have been promoted within the Scheme.

The Hereford Irrigation Scheme is situated on portions 236, 237, 238 and 239 of 53JS Loskop South Farm along the Olifants River and the Hereford Canal (see Figure 1). The scheme is sited at an altitude of 1 000m, approximately 44km downstream of the Loskop Dam at an altitude of 1 300m. The scheme is located within the commercial farming area administered by the Hereford Irrigation Board, in the Greater Groblersdal Local Municipality of Greater Sekhukhune District. The Hereford Irrigation Scheme occupies a total area of 192.19ha within the approximately 2 140ha managed by the Hereford Irrigation Board.



## History prior to land 'reclamation'

The commercial farming area along the Hereford Canal, presently managed by the Hereford Irrigation Board, was proclaimed in 1926 in terms of the Irrigation and Conservation of Water Act 12 of 1912 (Tren & Schur 2000). Private landowners established irrigation farming following the construction of a small weir and a canal by two farmers, Meissner and Beukes. After the Second World War, following the accession

Figure 3: Panoramic view of the scheme



Figure 4: Close-up of a tobacco curing barn, cottage, chicken coop and garden



of the National Party government in 1948, the Hereford area was developed as a welfare settlement scheme for white workers who were pensioned early from mines and other industrial sectors (Butler 1994). These workers were among the National Party's key constituencies (Kruger 2001:2). Portions 236 to 239 of 53JS Loskop South farm, in which the Hereford Irrigation Scheme is located, were developed by the government specifically as a white settlement scheme for soldiers returning from the war. These war veterans-cum-tenant farmers abandoned the land in the 1980s for a number of reasons, including the failure of a tobacco farming joint venture and insecurity due to anti-apartheid activism. Deprived of gainful employment, the scheme's black farm workers were compelled to relocate to Tafelkop and Motetema settlements, between 10 and 15km north-east of Groblersdal. For ten years the land lay fallow and infrastructure was vandalised and became dilapidated.

## Non-violent occupation

On 1 February 1997, a group of 32 black farmers invaded and occupied the unused state land within portions 236 to 239 of 53JS Loskop South Farm. The farmers were members of the Tafelkop Farmers' Association (TFA), currently consisting of more than 800 members. Most of the 32 farmers who invaded Hereford had spent their childhoods working on the Hereford smallholdings alongside their parents.

The black small-scale farmers' interests in the four portions of 53JS Loskop South farm related primarily to the availability of water for irrigation, the possibility of secure tenure on arable land, as well as access to funds to buy tractors and other agricultural inputs. The opportunities to generate livelihoods through farming in the impoverished communal lands around Tafelkop and Motetema had been very limited, and poverty and food insecurity was rife. These constraints and hardships, however, were not the principal motivations for invading the land.

The main reason for the farmers' invasion was that in 1993, a group of black small-scale farmers from Tafelkop had been given

agricultural training and promised settlement on the vacant farm, as part of a pilot project of the Mpumalanga Provincial Department of Agriculture. The farmers heard nothing about the pilot until, four years later, in 1997 a sign was erected on the farm indicating that it had been sold. This prompted the farmers to invade and forcibly occupy the land.

After the invasion, there was heated debate over the legitimacy of the occupation. All the relevant stakeholders, including the NDA, the DLA, the NDPW, the Groblersdal Resettlement Committee, the Groblersdal Civic Association, the ANC Youth League, the Groblersdal Taxi Association and local traditional leaders (*diKgoshi*), agreed at a meeting that the invasion was justified.<sup>1</sup> The Hereford Irrigation Scheme was then established, the farmers initially referring to themselves as the TFA, but later changing their name to the 'Hereford Farmers' Association' to distinguish the particular group of farmers from the larger parent organisation. The DLA then began a process to lease the land for a renewable three-year term to the small-scale farmers, with the provision that land ownership would eventually be transferred from the state to the farmers.<sup>2</sup>

The DLA prioritised this project under the name 'Hereford Irrigation Scheme'. Since the land was not under its control, the DLA had to motivate for a transfer of title from the responsible department, then the NDPW, to the farmers. The NDPW was to transfer the four portions of land to the NDA, who would then transfer the land to the Mpumalanga Provincial Department of Agriculture.<sup>3</sup> The provincial Department of Agriculture would then transfer the land to the DLA, for lease and eventual transfer to the small-scale farmers. The transfer process, however, was complicated by a number of factors.

First, there was a stand-off between the farmers and the provincial and regional department officials, with the farmers refusing to speak to these officials.<sup>4</sup> Consequently, the DLA resorted to involving national departments and not the provincial or regional offices in the land transfer process, motivating the transfer of land from the NDPW to the NDA. The DLA also proceeded



to provide support to the farmers through a contracted consultancy, the 'Mpumalanga-West Consortium'. The NDA prepared to enter into three-year lease agreements with the 32 identified farmers, with an option for the farmers to purchase the land. The farmers then applied for assistance from the NDA's Farmer Settlement Support Fund and received approval from the Minister of Land Affairs and Agriculture. This effectively would have been a duplication of government assistance. The then-Minister of Land Affairs and Agriculture, Derek Hanekom, was called upon to intervene in the resolution of the complexities that emanated from the process surrounding farmer support for the Hereford Irrigation Scheme.

The Minister responded, firstly, by cautioning against further similar land occupation. Secondly, the Minister decided that the settlement of the farmers should be facilitated through three-year lease agreements, with the option to buy.<sup>5</sup> He also wrote:

*The National Department of Agriculture should not in any way be directly involved in the settlement of farmers, the leasing or administration of land. It just confuses matters. Agency agreements should be entered into with provincial departments or local government to administer leases or manage certain farmer settlement programmes. The two DGs should please meet to discuss the rationalisation necessary to locate the leasing function which is done by NDA in DLA. In the face of substantial demand for land, 5 hectares of irrigated land is a lot – the conditions of lease extensions should include performance assessment.*<sup>6</sup>

The farmers accepted the minister's decision, and gave assurances that the precedent set by the Hereford case would not be repeated, but that the other members of the TFA would follow the normal procedure of applying for land acquisition through the DLA District Office. A business plan outlining the proposed use of the land was then drawn up with the help of Africare, an NGO operating under a bilateral development aid

agreement between the governments of South Africa and the United States. The farmers were to be granted the land on the basis of the anticipated lease agreements from the provincial DALA and the farmers' business plan.

However, the land transfer process encountered further problems. Following the Minister's decision, title was transferred from the NDPW to the Agricultural Research Council (ARC).<sup>7</sup> This created tension among the small-scale farmers,<sup>8</sup> who were reportedly threatened by outside parties who claimed that the small-scale farmers had no right to the land.<sup>9</sup> In addition, the small-scale farmers reportedly alleged that a 'third force' from the past was preventing progress, and that various political parties were actively following the progress of the Hereford project.<sup>10</sup> Some key respondents describe the transfer of land to the ARC as a 'suspicious' manoeuvre by certain government officials to forestall the allocation of land to black small-scale farmers. Some consider this transfer to have been the trigger that prompted the invasion and occupation of the scheme.

It is worth noting that the rest of the portions of 53JS Loskop South farm – excluding portions 236 to 239 – then belonged to the Mpumalanga Provincial Department of Agriculture. This department motivated for a transfer of its portions of the farm to the ARC around the time that portions 236 to 239 were to be transferred from the NDPW, through the NDA, to the DLA and then leased to the small-scale farmers. For some reason, the land transfer from the Provincial Department of Agriculture to the ARC included the land earmarked for the small-scale farmers.<sup>11</sup> This meant that before the process of transferring land to the small-scale irrigation farmers could begin, it was necessary to reverse the transfer of land to the ARC back to the Department of Public Works. Consequently, there was a delay of three years before the lease agreements could be effected (Kruger 2001). However, the inception of the LRAD programme in 2001 provided a mechanism through which the land transfer could be put into effect.<sup>12</sup>



At the time of this study, the lease agreements entered into on 16 August 2000 had lapsed and since been renewed on an annual basis with the NDPW.<sup>13</sup> The four lots of land, portions 236 to 239, of 53JS Loskop South farm had been surveyed, subdivided into 33 plots and the title deeds registered at the Deeds Office in Pretoria. However, the land had yet to be transferred from the Department of Public Works to the Provincial Department of Agriculture and Land Administration, and the farmers had still to be formally granted ownership rights.

### Early phase of occupation

The first few years following the occupation of the Hereford Irrigation Scheme by black farmers appear to have been marked by ongoing tension between the occupiers and established white farmers in the Hereford commercial farming area. During in-depth interviews with the black farmers, respondents alluded to conflicts, mistrust, low levels of co-operation and exclusion from water governance by the Hereford Irrigation Board during the early phase of settlement. Piontek (2000) documented small-scale farmers' experiences during this phase. Respondents linked their earlier problematic relations with the established white farmers to their lack of ownership rights to the land. The respondents also pointed out that the support from a few white commercial farmers in the immediate aftermath of the occupation had gradually evolved into a broader and more co-operative relationship with the farmers.

### Land allocation

The total area of the Hereford Irrigation Scheme is 192.19ha. Initially 33 plots were surveyed, although there are now 34 plots of land on the Hereford Irrigation Scheme and members of the association reserve plot 34 for collective use. The remainder of the plots are allocated to the 33 farmers who make up the Hereford Farmers' Association.

There have been some changes in the composition of the original farmers' group. There is currently one farmer more than the number of farmers identified during the land invasion, occupation and rights formalisation

process and some of the farmers in the original list of beneficiaries submitted to the DLA in 1997 are no longer part of the group. In addition, other farmers have since replaced three of the farmers who occupied the scheme and attempted commercial farming (Table 2).

According to the chairperson of the Hereford Farmers' Association, the changes in the composition of the farmers' group are mainly due to the failure of the replaced farmers to 'demonstrate a commitment to the collective goal of becoming commercial farmers'. Several criteria are apparently used to determine the degree of such commitment; these include diligence in production activities and subscribing to the governance practices of the group.

Plot sizes range from 0.70ha to 13.79ha, with a mean of 5.4ha (see Table 2). The gender distribution of the allocated plots is 81.8% male and 18.2% female. Farmers of 60 years and older command the largest share (39.4%) of allocated plots (Table 3; Figure 5). Of this age group, 92.3% are male. The plot size allocation did not seem to be strongly linked to income, gender or membership of the governance structure, although the five largest plots are allocated to male farmers.

Several factors seem to have determined the pattern of allocation that has emerged. The existing variations in plot size are inherited from the original demarcations for tenants of the welfare settlement scheme. One respondent explained that the pattern of occupation of plots had largely been determined by events on the morning of 1 February 1997. The group had previously agreed that as soon as each farmer occupied a plot, he or she would hang up some 'laundry' on a line outside to indicate that the plot had been claimed. Among the present plot holders, however, are farmers who are recorded as having been too afraid to invade the land, although they were part of the original group that had signed up to invade Hereford (Piontek 2000). Also, among present plot holders are some farmers who have replaced original occupants who either subsequently 'left' their plots or who were 'removed' due to a failure to demonstrate their commitment to the collective goal.





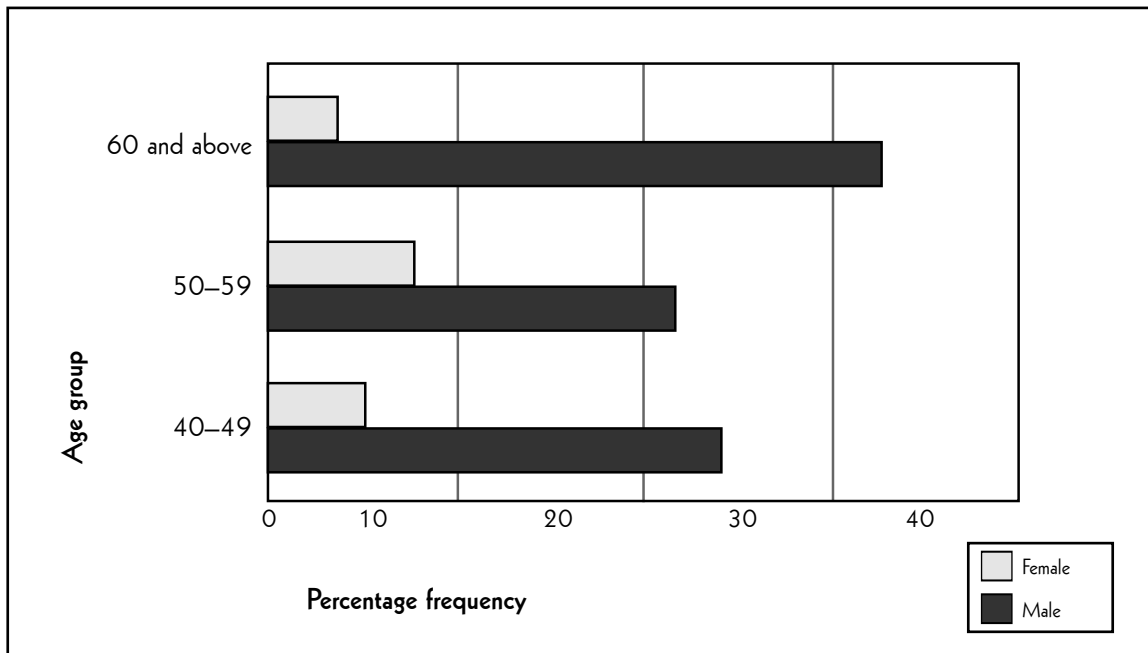
**Table 2: Allocation of smallholdings in the Hereford Irrigation Scheme, 2004<sup>14</sup>**

Plot number	Emerging farmers prior to 2004		Emerging farmers in 2004		Plot size (ha)
	Name	Gender	Name	Gender	
F	Matthew Mokolobetsi	M	Richard Kenosi	M	5.15
N	Spencer Mahlatini	M	Moscow Masuku	M	6.02
L	Phineas Sithole	M	Phineas Sithole	M	5.37
T	Johnson Mathake	M	Johnson Mathake	M	3.78
V	Timothy Mambazo	M	Timothy Mambazo	M	4.9
M	Goitsewang Pelotona	F	Goitsewang Pelotona	F	7.31
A	Kgositsile Boikhutso	M	Kgositsile Boikhutso	M	9.01
B	Bohutsanyana Modimo	M	Bohutsanyana Modimo	M	5.53
J	Refilwe Monageng	M	Refilwe Monageng	M	4.88
K	Thabang Raperekisi	M	Thabang Raperekisi	M	7.25
SO	Kleinbooi Sibanda	M	Kleinbooi Sibanda	M	6.16
Y	Kedibonye Motsamai	M	Kedibonye Motsamai	M	3.79
Z	Jorosi Mdluli	M	Jorosi Mdluli	M	5.05
P	Kereng Maphala	M	Kereng Maphala	M	8.53
Q	Jabulani Stimela	M	Jabulani Stimela	M	9.09
RN	Mosimane Phuti	M	Mosimane Phuti	M	3.06
D	Themba Shabangu	M	Themba Shabangu	M	5.43
C	John Dlamini	M	John Dlamini	M	7.42
IH	Freddy Molapisi	M	Freddy Molapisi	M	1.94
H	Tirelo Sontaga	M	Tirelo Sontaga	M	7.05
CG	Maria Thulare	F	Maria Thulare	F	2.99
AW	Nakedi Sebolelo	F	Nakedi Sebolelo	F	0.71
UQ	Paul Basimane	M	Paul Basimane	M	0.70
I	Mqeda Nkathazo	M	Mqeda Nkathazo	M	6.38
W	Kabelo Mabalane	F	Kabelo Mabalane	F	2.79
TP	Rapelang Ramushu	M	Rapelang Ramushu	M	4.87
X	Nkele Simelane	M	Nkele Simelane	M	6.95
U	Mmegi Ntoane	M	Reneilwe Mofokeng	M	4.59
O	Lethlohonolo Thupane	F	Lethlohonolo Thupane	F	6.49
R	Pinkie Dube	F	Pinkie Dube	F	5.57
S	Serobe Molapo	M	Serobe Molapo	M	6.06
E	Petros Mphuchane	M	Petros Mphuchane	M	13.7
G	Kgabo Letsatsi	M	Kgabo Letsatsi	M	2.70
MI	Hereford Farmers' Association	N/a	Hereford Farmers' Association	n/a	2.79



**Table 3: Distribution of smallholdings by gender and age, 2004**

Age group	Male	%	Female	%	Total	%
40-49	8	24.2	2	6.1	10	30.3
50-59	7	21.2	3	9.1	10	30.3
60 and above	12	36.4	1	3	13	39.4
Total	27	81.8	6	18.2	33	100

**Figure 5: Percentage frequency of distribution of smallholdings by age and gender, 2004**

The farmers have formally recognised usufruct rights to the land through three-year lease agreements signed in 1997 by the NDA. These lapsed in 2000 and have been renewed on an annual basis with the NDPW. Many of the farmers are not clear regarding the exact status of their land rights, and responses on the nature of tenure range from ‘partial ownership’, ‘almost mine’, ‘not yet mine’ to ‘leased from government’ (12%). It is also evident that the farmers are confused about who is responsible for receiving the land rentals. While there is general anticipation among the farmers that they will be granted ownership rights, the farmers’ uncertainty and distress is evident in statements such as:

*We do not know what is going on.*

*The leases lapsed and have not been extended. No-one is talking to us about where we stand. We have a problem.*<sup>15</sup>

### Socio-economic profile

Emerging black small-scale farmers such as those in the Hereford Irrigation Scheme are often described as ‘resource-poor farmers’. From a sustainable livelihoods perspective, this can be interpreted as relating to a deficit in all or some of the five livelihood capitals. These include the physical, natural, economic, social and human resources required for living. Livelihoods are considered sustainable

when they can cope with and recover from stresses and shocks, maintain or enhance their capabilities and assets, and provide net benefits to other livelihoods locally and more widely both at present and in the future, without undermining the natural resource base (Carswell 1997; Hussein & Nelson 1998). A deficit or poverty in all or some of the livelihood capitals therefore restricts a farmer’s capacity to optimise available opportunities and resilience against vulnerability-inducing factors. Resource-poor farmers are therefore those for whom a deficit or poverty in livelihood capitals detracts from the sustainability of their livelihoods. This section outlines the characteristics of the farmers’ households in terms of household composition, livelihood capitals and strategies.

### Household composition

The Hereford small-scale irrigation farmers’ households consist of people who speak various languages, primarily Sepedi (73%), isiZulu (15%), Setswana (6%), SiSwati (3%) and Sindebele (3%). Despite this diversity of languages, there seems to be a strong degree of social coherence amongst the irrigation farmers. While the observed coherence might seem to indicate that the farmers have gradually developed into a community, there are problems with attempting to delimit the boundaries of the group and establish



the precise total population. In attempting to profile the population of the Hereford Irrigation Scheme, there are difficulties with using the concepts of 'community' and 'household' for a number of reasons.

The first is the phenomenon of 'straddling', whereby the farmers' households have retained the use of homestead sites in either Tafelkop or Motetema after occupying the small-holdings within the Hereford Irrigation Scheme (Box 2). The reason for dual occupation of homesteads is to optimise the available livelihood generation opportunities in the Hereford Irrigation Scheme while simultaneously gaining access to social services in Tafelkop and Motetema. These services are absent within the irrigation scheme area. The general trend is that many of the married women divide their time between working on the scheme and caring for children and elderly relatives in Tafelkop and Motetema. The more consistent presence of women on the scheme is often associated with polygamous households (6.1%), in which one wife – often the younger – resides and works in the scheme while the other – often the older – resides in Tafelkop or Motetema caring for younger children and elderly relatives. The more consistent presence of women in the scheme is also associated with elderly women with grown up children (42.4%) and with women who either hold land rights in their own right or who are the main breadwinners in their households (18.2%). Owing to the observed straddling, therefore, the definition of a household as 'a group of people who share the same cooking pot', often used by Stats SA, is not easily applicable.

The complexity of social relationships as well as the interwoven links with the broader TFA compounds the difficulty of defining a 'household' and a 'community' in the context of the Hereford Irrigation Scheme. There is no clear-cut distinction between the nuclear and extended family living both within and outside of a homestead. Some 'household' members move in and out of the homesteads for various reasons at different times, while continuing to view themselves as belonging to the particular household on the scheme as well as one or

more other households elsewhere. Others appear to be more consistently present within the household, although dividing their time between the homestead on the scheme and that in Motetema or Tafelkop. In a number of instances, farm workers are virtually part of the households, sharing food from the same pot and, in some cases, also sharing the same house.

However, the transient nature of employment for many of the farm workers poses difficulties regarding whether or not to include these in the definition of households. Consequently, the study adopts the view of the household as defined by the respondents themselves. Mostly, these definitions exclude farm workers from perceptions of households and include nuclear and extended family members whose primary base is viewed as being within the particular family group, whether or not these relatives reside in the scheme or in Tafelkop, Motetema or elsewhere. Married children are not considered part of the households, while unmarried adult children often are. Further research will seek greater clarity on the socio-economic position of farm workers.

The population of adults (over 18 years) in the surveyed households is 55% male and 45% female. This excludes farm workers of whom many are casually or seasonally employed. Despite the higher male population, and in spite of the tendency of many women to divide their time between Hereford and Tafelkop or Motetema, women are more visible than men in the day-to-day work in the fields and gardens. This contrasts with the predominance of men in the allocation of smallholdings.

### Crop production

The main commercial crops grown in the Hereford Irrigation Scheme were tobacco and vegetables (Figure 6). These were grown within joint ventures between the farmers and private investors (see Chapters 4 and 5 of this report). Two of the farmers also grew cotton. Subsistence crops included maize and wheat. Most of the farmers (94%) grew crops primarily for commercial use and set aside a small proportion of their produce, particularly vegetables, for subsistence. At the time of



the questionnaire survey in May 2004, lack of infrastructure to access irrigation water on plots 30, 31, 32 and 33 limited four of the farmers (12.5%) to producing fewer crops primarily for subsistence, although small quantities of surplus produce were sold. These farmers have since obtained access to water as a result of the construction of a canal linking them to the rehabilitated storage dam on the scheme. They have now commenced crop production primarily for commercial purposes.

### Employment

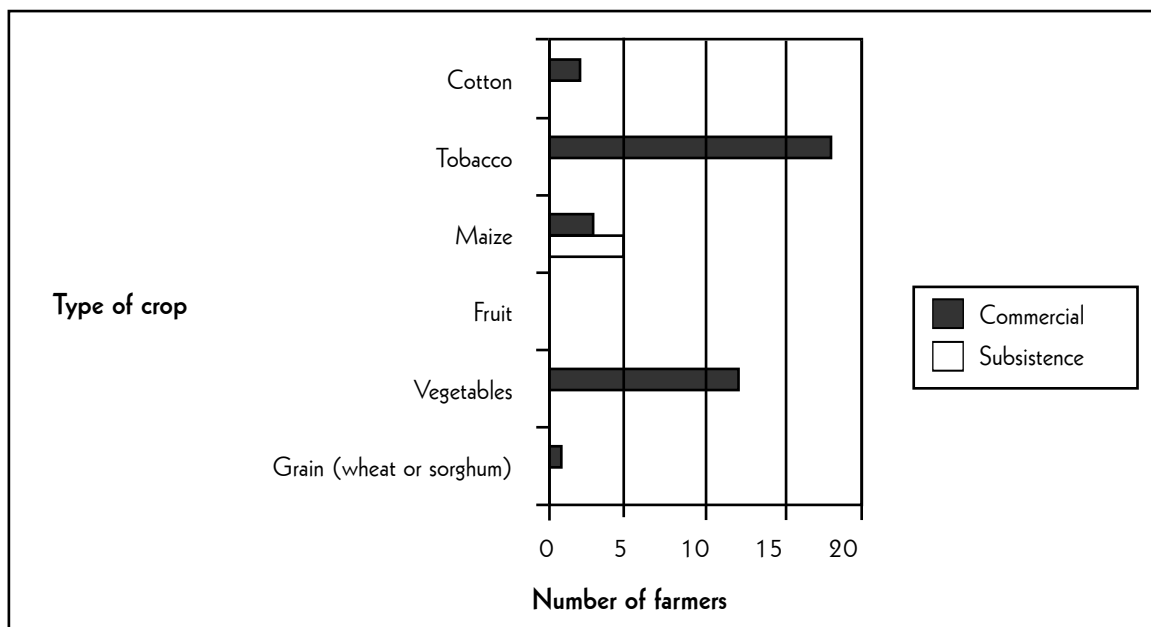
Most of the respondents (66.25%) – and slightly more women (33.75%) than men (32.5%) – consider themselves self-employed, mostly within the Hereford Irrigation Scheme (Table 4; Figure 7). More men than women have full-time, paid employment outside the scheme. This partly explains the observed greater visibility of women engaged in day-to-day work on the scheme. Some (12.5%) of the resident adult household population are unemployed, while

### Box 2: On 'straddling' by irrigation farmers' households...

- Kabelo Mabalane (a widowed female pensioner farmer, 63 years old and the smallholder on Plot W): 'My children, five adult unmarried girls and one adult son, and nine grandchildren remained in the Tafelkop home. I support them as they are all unemployed. They do get child support grants of R140 per child, but this can only buy soap and a few other things – the bulk of the support is from me.'
- Pinkie Dube (a married female farmer 60 years old and the smallholder on Plot R): 'My nine children, four boys and five girls, remained in Tafelkop. Two are married and two are working. The five younger children are still staying at home in Tafelkop and attending school.'
- Phineas Sithole (a 67-year-old male farmer with two wives – Maina (47) and Mercy (63) – is a smallholder on Plot ): 'I have five children, three of who live at home in Tafelkop. The first born is married and the second born passed away recently, as did my second wife. Maina was the third wife. Maina manages the farming and works on the crops on a day-to-day basis, with the help of two hired hands. My first wife, Mercy, lives at home in Tafelkop and looks after my elderly mother and the children... Hereford is where we work, Tafelkop is home.'
- Maina: 'I do most of the work on the plot. With the income and food we produce here, we support the family in Tafelkop. ... I have no children of my own.'
- Tryphine Masuku (52 years old, farmer and the wife of Moscow Masuku – a smallholder on Plot N who is fully employed at a furniture store in Groblersdal): 'We have one girl child aged 23 who lives in Pretoria, looking for a job. No-one is staying at home in Motetema. On weekends, when my husband is available to supervise work on the plot, I go to Motetema to check if everything is alright. The problem with having two homesteads is the cost of commuting. One cannot commute daily due to financial constraints. Commuting takes money away from investment in crop production.'
- Freddy Molapisi (male pensioner farmer aged 75 and smallholder on Plot IH): 'We all move up and down ... My wife and I have three children and three grandchildren. She mostly lives with them in Motetema. They are not working, so we support the whole household with both our pensions and the income from this plot...'
- Refilwe Monageng (male farmer of 62 years and smallholder on Plot J): 'Having two homesteads is not easy. We virtually live in Hereford, while two of our children live in Tafelkop, mostly with my wife (Johanna), and attend school there.'



**Figure 6: Crop production, 2004**

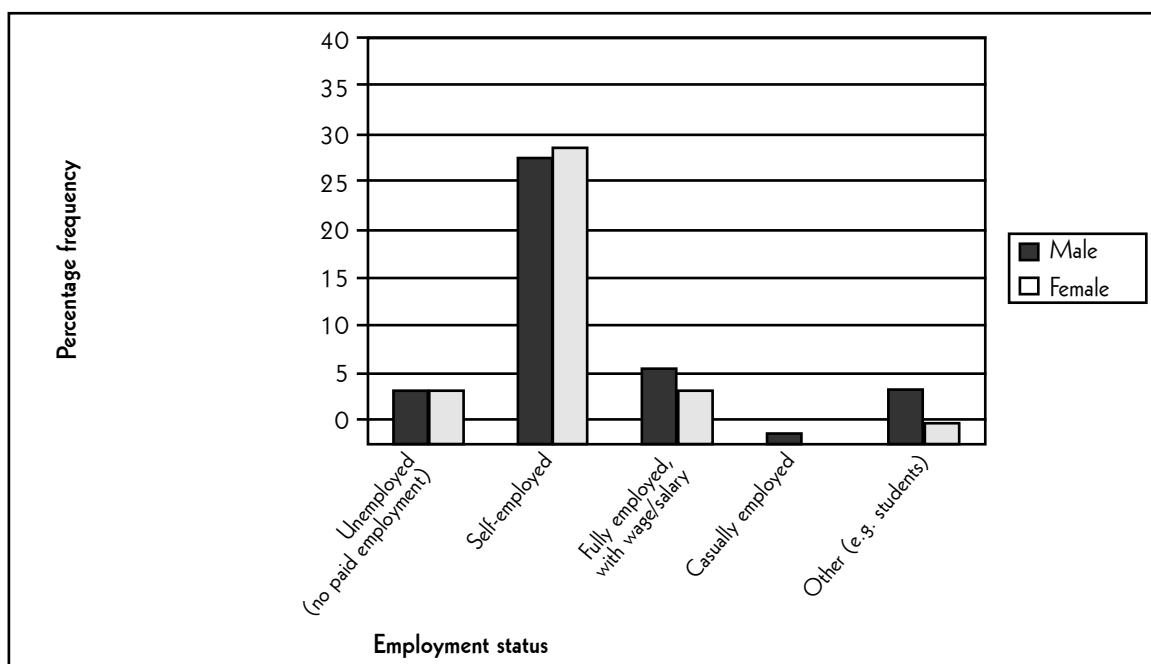


**Table 4: Employment status of resident household members aged 18 years and above, 2004**

	Male		Female		Total	
	no.	%	no.	%	no.	%
Unemployed (no paid employment)	5	6.25	5	6.25	10	12.50
Self-employed	26	32.50	27	33.75	53	66.25
Fully employed, with wage/salary	7	8.75	2	2.50	9	11.25
Casually employed	1	1.25	0	0	1	1.25
Other (e.g. students)	5	6.25	2	2.50	7	8.75
Total	44	55	36	45	80	100



**Figure 7: Percentage frequency of adult members of households by status of employment, 2004**



### Box 3: On employment in the nearby town of Groblersdal...

Elsie Maphala is a 30 year-old woman who resides on Plot P. The plot is allocated to her father, Kereng Maphala (76 years old). Elsie is the eldest daughter of the family, and has two children, aged seven and two, who live in the Tafelkop home with her mother. Elsie works in the informal sector in Groblersdal.

*I work for a woman who sells pap and meat at the 'bus rank' [bus station] in Groblersdal. She does not pay me any money, but whenever I need food and soap for my two children, she helps me. Selling food at the bus rank is not easy. We make between R100 and R200 per day at the month-end. On a good day during the month, we make between R40 and R50. However, in the middle of the month, we sometimes get only R14 per day, which is the price of one plate of pap and meat. We then have to carry the rest of the food back home to eat.*

a small number (1.25%) is casually employed. The presence of unemployed members of households within the scheme indicates that the decision to engage in farming activities is not universal within farmers' households. For some adult household members, living at the Hereford Irrigation Scheme is advantageous in terms of proximity to employment opportunities in the town of Groblersdal, located between 0.5 and 2km from the scheme (Box 3). The scheme is therefore seen by some as a vantage-point for accessing employment in the urban centre.

#### Income

The questionnaire survey revealed that mean monthly household incomes range from zero to R4 000. However, follow-up in-depth interviews suggest that respondents are either afraid or reluctant to disclose their incomes, and consequently tend to exclude certain social grants, payments in kind and remittances. Respondents also exclude consumed subsistence produce from perceptions of income, partly because they do not keep records of such consumption. There is thus a need for further research on household incomes in the Hereford Irrigation Scheme. One interesting observation, however, is that the households that displayed the greatest anxiety over incomes were those that were involved in the tobacco joint venture.

#### Household material resources

Household material resources include assets in both the Hereford and Tafelkop or Motetema homesteads of each household, other than

dwelling structures and other buildings. The rationale is that the household livelihood generation strategies in both locations are interlinked, with farming activities on the Hereford Irrigation Scheme considered as an extension of antecedent opportunities in Tafelkop, Motetema and elsewhere. Figure 8 shows the ownership of selected material resources.

Although the small-scale farmers are considered to be resource poor, ownership of productive resources varies among the households, with some households having a greater concentration of material resources than others. While a significant proportion (57%) of households do not own any gas, electric, coal or primus stoves and rely on wood fuel for cooking, some (15.2%) own two types of stove. The latter group (those owning stoves) also own sewing machines (60%), tractors (60%), produce tobacco (60%), and have debts (80%) mostly between R5 000 and R10 000. Household communication resources mainly include cellphones (54.5%) and radios (54.5%). One household owned a television set, yet none had a telephone connection. A significant proportion of households (61%) own vehicles, mostly 'bakkies' (small trucks) that are used to transport produce to markets. A number of households (30.3%) own tractors, many of which were purchased with loans from the Land Bank. None own donkeys or horses for draught power, and 30.3% own cattle.

Of the total of 27 head of cattle owned by these households, a single household



owns 51.9%. A total of 25 goats are owned by two households, one of which owns 80% of the goats. Most (83.3%) of the 48 sheep distributed among four households belong to one household. Pigs (27) are owned by five households, two of which almost equally share 77% of the total pig population. Chickens (97) are by far the most widely distributed, with household chicken ownership at 33.3%. One of the chicken-owning households has a share of 20.6% of the chickens counted. Although ownership of livestock tends to be concentrated within particular households, only one household owns a relatively large number of more than one type of livestock.

Although rates of livestock ownership are generally low, livestock contribute to food security and income for livestock-owning households. In one of the households, a single dairy cow provides milk for consumption by the household members as well as for sale

to residents of the scheme, and the money generated from this contributes towards the purchase of a miscellaneous range of day-to-day requirements for that household. For another household that occupies one of the smallest plots (1.94ha) on the scheme, livestock farming takes precedence over crop farming, and sheep, pigs and poultry are concentrated on the plot of land and given stock-feed, while vegetables are intensively grown in a garden of under 1ha (see Box 4).

There does not seem to be a significant difference in household material resource ownership between the Hereford farmers and other people living in Greater Sekhukhune's communal areas. However, if we compare the asset ownership of Hereford farmers with that of rural households in the whole district (Stats SA 2002), Hereford farmers appear to have made greater investments in farming assets than the average Greater Sekhukhune household. Hereford farmers also appear to

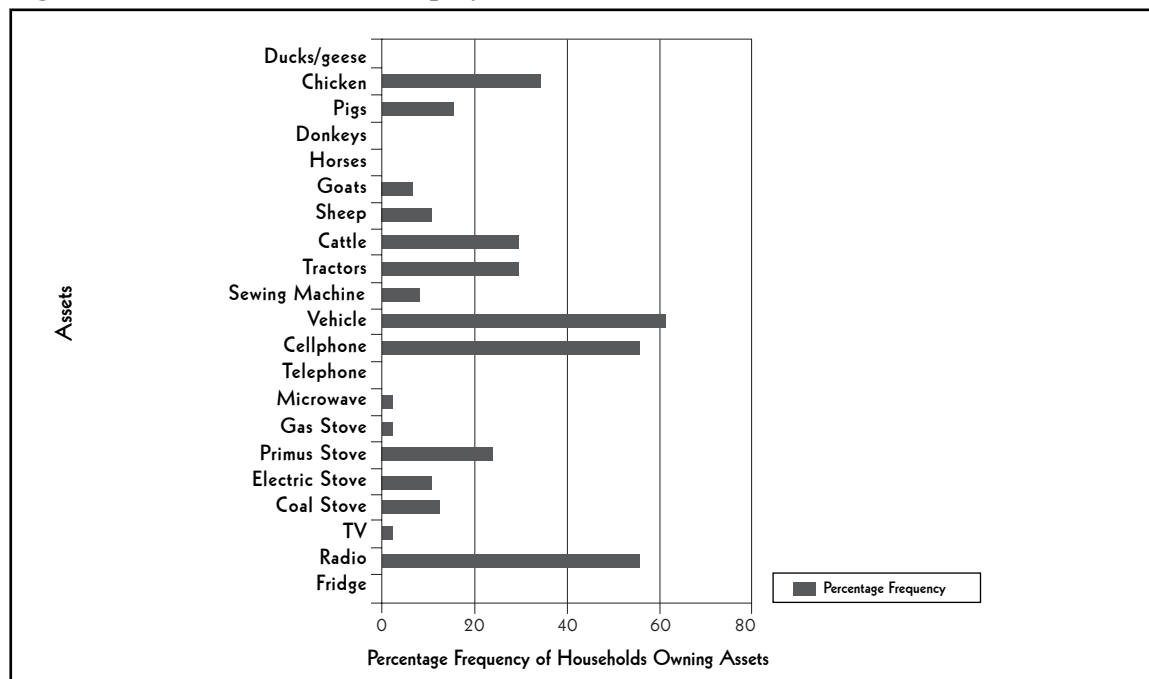
#### Box 4: Example of livestock contributions to household income...

Freddy Molapisi is a 75-year-old male, married plot holder residing on Plot IH. He was born in Bushbuckridge. He worked as a religious minister in Lydenburg, Burgersfort, Groblersdal and Hammanskraal before retiring and settling in Motetema in 1994. His wife and he support three unemployed adult children and three grandchildren.

Molapisi rears 40 sheep, ten pigs and eight chickens on his 1.94ha plot. He also grows vegetables, mainly for household consumption, in a garden of less than 1ha. The household income derives from the couple's combined monthly pension of R1 480 and the sale and consumption of livestock and surplus vegetables. Molapisi sells between three and four sheep per month at R500 to R550 each, earning a monthly income of between R1 500 and R2 200. In one month, he sold four pigs at R2 000 each, thus earning R8 000. Chickens are reserved for household consumption, and Molapisi's wife controls their use and decides when to slaughter them. While Molapisi controls the larger livestock, which bring in cash income, the couple share the task of tending for all livestock. The Molapisis employ two workers and pay them a monthly salary of R550 as well as mealie-meal, a share of food crops and additional money after the sale of produce. Livestock makes a significant contribution to household income and food security and also contributes to the incomes and food security of the farm workers employed by Molapisi.

From an initial flock of five sheep in 1998, Molapisi now has an average of 40 sheep at any given time. For him, the Hereford Irrigation Scheme is ideal for intensive livestock rearing in that water and fodder (in the form of scrap vegetables from local commercial farmers) are abundant. In 2001, he obtained a loan of R10 000 from the Land Bank to grow vegetables. He has since settled this loan and decided to scale down vegetable production in favour of livestock rearing. His decision was based on the recognition that his plot is too small, the water is too limited and the risks are too great to sustain commercial vegetable production.



**Figure 8: Material asset ownership by households, 2004**

have greater food security and opportunities to generate livelihoods through farming. A major threat to the farmers' material resources, livelihoods and well-being are the debts associated with the risk of producing capital-intensive crops.

### Debts

At the time of the survey, the majority (71%) of households had debts ranging from R120 to between R10 000 and R50 000, with some households (33.3%) having between two and four sources of debt. The larger debts (41.9%) were incurred mainly in order to finance the acquisition of commercially productive assets, such as tractors (owned by 30.3% of the households). Other debts were incurred in order to pay school fees (16.1%), buy food (9.7%) and set up business (9.7%). Households involved in a tobacco joint venture (57.6%) showed the greatest concern over debts (see Chapter 4). For these households, 'debts' ranged from R6 449.80 to R22 328.82. The debts relate to a deficit in the repayment of direct production costs, and were not linked to costs of renovating the dilapidated cottages, as some respondents among the small-scale farmers assumed. The latter cost is funded through a social responsibility donation by British American Tobacco (BAT–South Africa).

Water account arrears, which amounted to R281 165.00 in 2003, constitute the

primary source of collective debt for Hereford farmers. Although the Mpumalanga Provincial Department of Agriculture has settled the 2003 water account, farmers have continued to appeal to government for assistance with the settling of water-related costs. The Hereford farmers are likely to benefit from a state subsidy, worth a projected R2.2 million, under the DWAF Policy on the Financial Assistance to Resource Poor Irrigation Farmers. This will ensure that water prices are kept constant despite improvements of agricultural infrastructure, thereby ensuring that small-scale farmers have continued access to water and do not incur large water-related debts.

Grants and subsidies might cushion farmers against the negative effects of debt. However, such assistance is unlikely to be sustained in the longer term. It appears that the production of capital-intensive crops within joint venture contracts creates debts that threaten the assets and livelihoods of small-scale farmers. This threat is compounded, in the longer term, by the requirement for users to pay for water at its economic value, which will become effective after the government subsidy for resource-poor irrigation farmers ceases. This might pressurise small-scale farmers to produce high value crops using water-efficient methods in an attempt to offset water prices





and bank loans, or else to trade away their water allocations. An important question is: What are the possibilities of promoting a viable group of small-scale black farmers, who may or may not be integrated into the mainstream commercial production economy, without incurring the risks of debts?

## Vulnerability

In the view of the small-scale farmers vulnerability on the Hereford Irrigation Scheme is mainly associated with lack of clean water to drink (100%), natural disasters such as floods, drought, frost and strong winds (87.9%), loss of possessions and theft (36.4%), serious accidents (12.1%), serious illness in the household (21.2%) and violence in the community (3%).

The shortage of clean drinking water is perceived by all the respondents as a major constraint to wellbeing in the Hereford Irrigation Scheme. Although the Groblersdal Water Purification Works are situated a stone's throw away across the R33 Stoffberg road on the northern boundary of the scheme, the irrigation farmers use raw irrigation water diverted from the Hereford Canal for drinking and other domestic purposes. A water purification plant that was installed

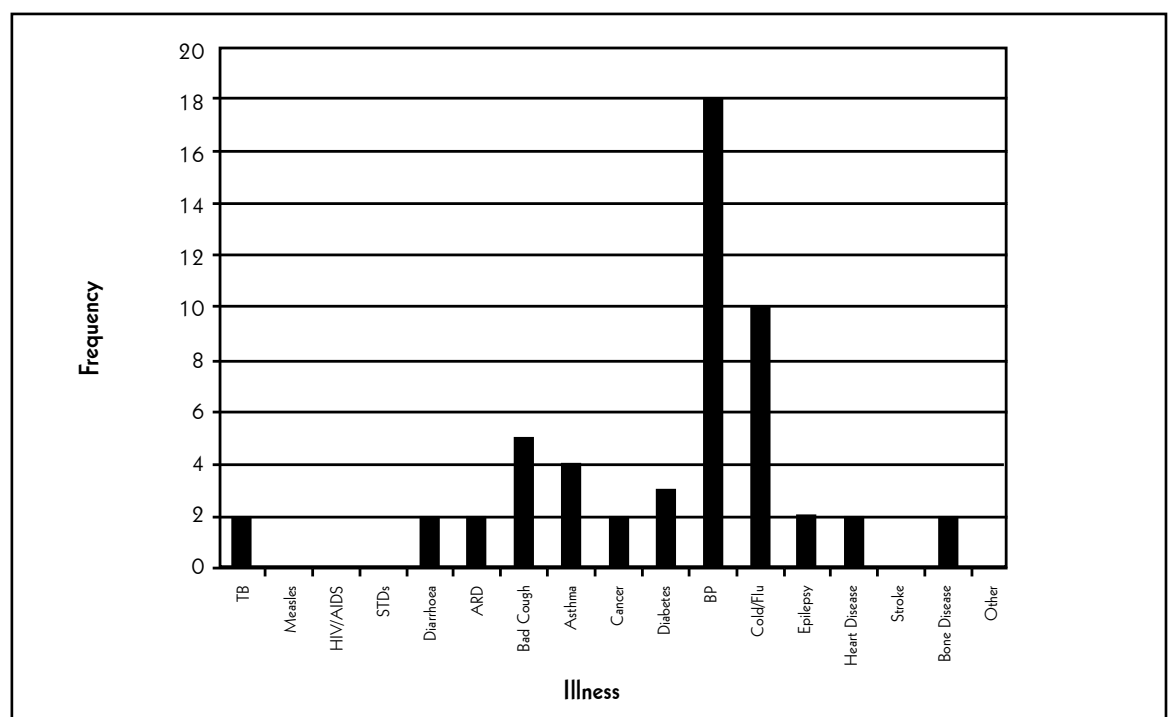


in 1997 has since broken down. The Hereford Irrigation Board has recently constructed sluice gates and storage tanks to provide domestic water to the small-scale farmers until a more acceptable and permanent solution can be found. The threat of water-borne disease is a common concern for all the households, and farmers have yet to submit an application for the supply of potable water to the Greater Groblersdal local municipality.

Natural disasters such as floods, drought, frost and strong winds are viewed by a significant proportion (87.9%) of farmers as contributing to vulnerability. The floods alluded to mainly relate to the flooding of the Olifants River and its vicinity in 2000. This resulted in damage to crops and infrastructure and left farmers in the area feeling insecure. Feelings of vulnerability regarding droughts are mainly a consequence of the low rainfall over recent years. Frosts and strong winds are less common, but nonetheless impact negatively, particularly on the vegetable crops produced.

Crime is mainly associated with theft of possessions. More than a third of households have been exposed to such crime. Some women expressed their anxiety about having to commute between the irrigation scheme

Figure 9: Frequency of disclosed illness in Hereford Irrigation Scheme households



and homesteads in Tafelkop and Motetema, since absence from either homestead leaves property exposed to theft. Straddling therefore creates difficulties in securing household material assets.

Serious illness is present in approximately a fifth of the households. Disclosed illnesses include bad coughs, colds and flu, heart disease, high blood pressure, diabetes, asthma and diarrhoeal diseases (Figure 9). HIV/Aids is not reported in any of the households, although there is universal awareness of the prevalence of HIV/Aids and the way in which it is contracted. Ailing household members mostly reside in homesteads in Tafelkop and Motetema.

Fear of violence in the community affects only one of the 33 households on the scheme. The issue seems to be a sensitive one as the respondent was reluctant to discuss the details. There is evidently less fear of violence now than during the earlier phases of occupation, when tensions between black and white farmers were high.

### Shortage of irrigation water

Shortage of irrigation water is a major constraint to crop production. The small-scale farmers irrigate their crops for a limited time, three days per week, taking turns to access their share of available water. Water use is monitored by one of the farmers, who also acts as a pump attendant. The crops are sometimes subject to water stress, which impacts negatively on the quantity and quality of produce.

Of the 192.2ha in the scheme, the Hereford Irrigation Board allocates water sufficient to irrigate 160ha (or 83.2%) of the area. This allocation is according to the terms of a water allocation system that applies to all farms under the Board's management, whereby all farmers along the Hereford Canal were allocated 7 200 cubic metres/ha/year, which covers the requirements of 80% of each hectare on a farm. However, at the time of this study, less than half of the 160ha was actually under irrigation. The shortage of irrigation water is largely due to inadequate irrigation infrastructure. Although the Provincial Department of Agriculture and Land Administration rehabilitated the

water storage dam on the scheme in 2003 at a cost of R7 million, the bentonite lining of the earth bed has developed cracks which has resulted in increased rates of seepage. Repairs to the dam are under way.

A greater portion of water loss, however, is from the unlined section of the Hereford Canal. The canal begins at the Loskop Dam on the upper reaches of the Olifants River and stretches for 44km before discharging water back into the river. The upper 17km of the canal are unlined, while the lower 27km are lined with concrete. The Hereford Irrigation Scheme is situated below the unlined section of the canal. Prior to the recent concrete lining of the lower 27km of the canal, seepage rates were high and the estimated water loss was 60%. The persisting water loss of 30%, reported by key respondents during in-depth interviews, is largely due to excessive seepage in the unlined 17km of the canal. Ground-truthing revealed fields and access roads that had been inundated by water from the canal. There were also massive stands of Queen of the night (*Cereus jamacaru DC*), a declared invasive plant species, growing along parts of the unlined canal.

Although water loss affects most of the farmers along the Hereford Canal, particularly those below the unlined section, small-scale irrigation farmers on the Hereford Irrigation Scheme appear to be more vulnerable than established white farmers. The latter have larger landholdings and therefore greater water allocations. They often have combined access to between two and five sources of irrigation water, including the Hereford Canal, the Olifants River, the Loskop Canal and the Moses River. Consequently, they have greater leeway to manipulate and concentrate their water allocations to smaller parcels of land so as to irrigate their crops more effectively.

The reasons for the farmers' vulnerability are two-fold. Viewed in the context of joint ventures, the water shortage resulting from losses from the Hereford Canal poses a threat to efficient crop production and, therefore, livelihood sustainability. Given the basis of joint ventures on legal contracts, failure by the farmers to satisfy the requirements of the contracts could result in loss of possessions



and the undermining of livelihoods. Viewed in terms of the water sector's 'user-pays' principle, the costs of lining the lower section of the canal could push up the cost of water beyond the reach of the small-scale farmers. These farmers already experience difficulty affording the current tariff of R802/ha/year.<sup>16</sup> According to the water bailiff of the Hereford Irrigation Board, the current tariff of R720/ha/year [note the discrepancy] could rise by an additional R750/ha/year.

One intervention that could reduce the threat of higher water prices to small-scale farmers' livelihoods is the Policy on Financial Assistance to Resource Poor Irrigation Farmers, adopted by DWAF in September 2004. In an effort to resolve the water loss problem, both black and white farmers have reached consensus on the need for emerging small-scale farmers, who use 4.7% of the total water allocation to the Hereford Irrigation Board, to apply for assistance from government to cover part of the R12 million required to cover the costs of lining the upper section of the canal.

Between August and September 2004, the Hereford Irrigation Board and the small-scale irrigation farmers lodged applications for government financial assistance to cover the costs of lining the Hereford Canal. An estimated subsidy of R2.2 million is required by black small-scale farmers, in terms of the Policy on Financial Assistance to Resource Poor Irrigation Farmers. This amount has yet to be approved by DWAF. The recently formed Mpumalanga Co-ordination Committee for Agricultural Water (CCAW), which is the relevant structure responsible for cases pertaining to agricultural water use, has requested written confirmation from the Department of Public Works that the lease agreements with black small-scale farmers will not be terminated.

Emerging farmers in Hereford have now begun to be more proactive in relation to water access issues. During the early years of occupation the farmers resorted to traditional means to gain access to more water, and they called upon the assistance of a traditional healer to help them to pray for rainfall. Now, however, the farmers direct their requests for access to both irrigation and domestic water

to the relevant water governing bodies. They have also demanded direct representation on the canal-wide Hereford Irrigation Board as a means of mitigating decisions that might render their livelihoods vulnerable. This development is complemented by improvements in the institutional framework for promoting access to water by emerging black farmers.

## Farmer organisation

According to the chairperson of the Hereford Farmers' Association, the small-scale irrigation farmers derive their organisational identity from the Tafelkop Farmers' Association (TFA). This organisation was established on 10 February 1994 in the Sekhukhune area by a group of black farmers from disadvantaged communities. The objectives of the organisation are to enable landless black farmers from neighbouring communities to gain access to land, use the land for business purposes, create jobs and contribute towards social and economic growth in the region. The TFA has grown into an 800-member organisation that transcends four provinces, namely: Mpumalanga, Limpopo, the Northwest and Gauteng.<sup>17</sup> Membership includes men, women and youth. The organisation's national office is currently based at the Hereford Irrigation Scheme, where the chairperson of the Hereford Farmers' Association is also the chairperson of the Tafelkop Farmers' Association. The TFA is a constituent of the National African Farmers' Union (NAFU). The term 'Hereford Farmers' Association' is used formally to distinguish the 33 small-scale irrigation farmers from the rest of the TFA. The Hereford Farmers' Association is also closely linked to the Bakgaga ba Kopa Co-operative, an organisation for black farmers in the Sekhukhune area.

Internally, the Hereford Farmers' Association is organised into the following structures:

- a management committee
- the Hereford Vegetable Growers' Association (HVGA) which is registered as a co-operative
- the Hereford Tobacco Growers' Association



- the Hereford Women's Project
- the Hereford Youth Project.

The Management Committee for the Hereford Farmers' Association also serves as the Management Committee for the TFA and the Bakgaga ba Kopa Co-operative. The committee consists of five executive and five ordinary members. The Women's and Youth Projects are described as 'struggling' due to lack or inconsistency of funding. Of the structures above, the HVGA and the Hereford Tobacco Farmers' Association are the most closely linked to joint ventures in the scheme.

Another structure identified by a respondent from the local office of the Provincial Department of Agriculture is the Hereford Irrigation Committee. However, the chairperson of the Hereford Farmers' Association denies the existence of this structure. According to him, a proposal to form this structure was put to the Hereford Farmers' Association and they had decided against it. Emerging farmers have been asked to form an irrigation committee consisting of members of the Hereford Farmers' Association and represented in the Hereford Irrigation Board by one of their members. Drawing from their past experiences with the Hereford Irrigation Board, which consists almost entirely of white commercial farmers along the Hereford Canal, they perceive such an irrigation committee as furthering the white farmers' intention to avoid transforming the Board, in contravention of the requirements of the National Water Act of 1998. The Hereford Farmers' Association's contention is that a structure such as the Irrigation Committee will eventually become a water user association (WUA), which means that black farmers will be formally excluded from the Hereford Irrigation Board.

Members of the Hereford Farmers' Association contrast this exclusion with the inclusion in the Board of white small-scale farmers who previously occupied the same portions of farm 53JS Loskop South. While the conditions of inclusion of the latter are not clear, it is evident that black farmers have little trust in both the white members of the Irrigation Board and local officials in the water and agriculture sectors. Since May 2004, the executive of the Hereford Farmers'

Association have formally expressed their dissatisfaction with being represented by a Department of Agriculture official on the Hereford Irrigation Board and have demanded direct representation by one of their own members.

This research was able to establish that a key underlying principle of the Hereford Farmers' Association is to actively involve women and youth in commercial farming activities. The executive committee is elected by simple majority of all members in good standing at an Annual General Meeting. Funding is obtained through contributions of annual membership fees. Although this research involved collecting some data on the governance principles of the Hereford Farmers' Association, further research is necessary in order to establish whether these principles have been formally adopted as well as the manner in which they have been articulated.<sup>18</sup>

Preliminary indications are that there are a few farmers who are dissatisfied with the power dynamics within the organisation, with concerns voiced over what is perceived to be a unilateral style of leadership that leaves very little space for individual voices to be heard within the group. There seem to be fears over voicing dissent, as well as fears that the leadership might know that some within the executive have taken initiative in communicating directly with the researcher. Thus further research will seek greater clarity on the power dynamics within the Hereford Farmers' Association.



## Rehabilitation and 'revitalisation' of the Hereford Irrigation Scheme

Since the formalisation of the black small-scale farmers' occupation of the Hereford Irrigation Scheme in 1997, a number of institutions have contributed funding towards rehabilitating the infrastructure and services on the scheme. Table 5 provides a summary of the direct financial assistance given by identified sources. Although there is significant expenditure on social needs, the biggest financial investments are related to water supply (for example, R7 million for

the dam) and crop production (for example, the post-settlement grant of R550 000 for the construction of a vegetable pack house).

Hereford small-scale farmers are evidently unable to pay for water at the present tariff and production income levels, as shown by settlement by the Mpumalanga Department of Agriculture of their outstanding water account of R281 165. The envisaged subsidy of R2.2 million towards lining the upper reaches of the Hereford Canal is envisaged to substantially contribute to keeping the cost of water affordable for emerging farmers. It has yet to be seen whether the government subsidy, and joint ventures in particular, will result in emerging farmers becoming financially self-sustaining enough to afford the cost of water.

At the same time as efforts to rehabilitate the scheme, a number of activities have aimed to 'revitalise' production in the Hereford Irrigation Scheme. As individuals, smaller groups and collectively, the small-scale farmers have developed complex linkages with other institutions and institutional actors (Figure 10). Some of the key institutions are involved in joint ventures. Linkages are with the following:

- individual white commercial farmers



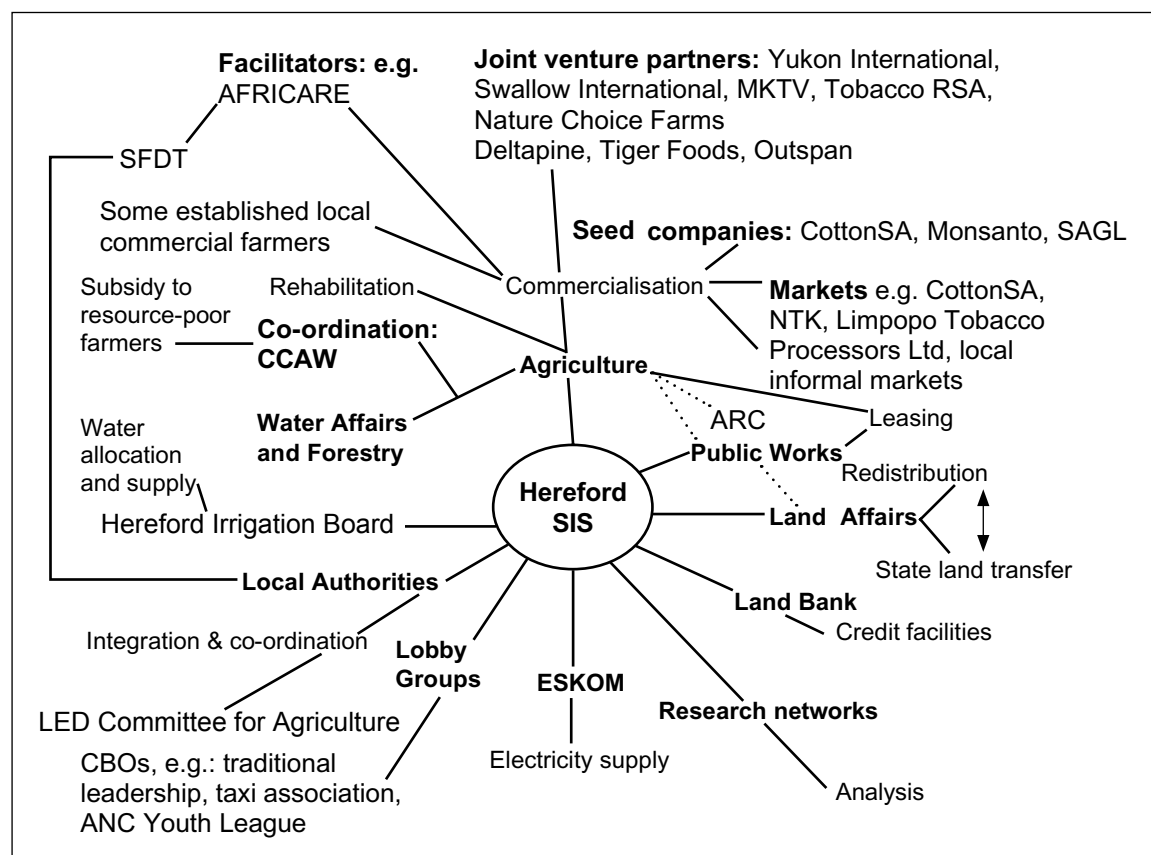
- within the Hereford area
- Africare (Rural Enterprise and Agribusiness Programme)
- Sekhukhune Farmers' Development Trust (SFDT)
- Greater Sekhukhune District Municipality
- Greater Groblersdal Local Municipality (LED Committee on Agriculture)
- Mpumalanga Co-ordinating Committee on Agricultural Water
- Hereford Irrigation Board
- ESKOM Development Foundation
- British American Tobacco (BAT), Tobacco RSA, Golden Leaf Ltd and Limpopo Tobacco Processors Pty Ltd (ex-MKTV): tobacco joint venture with Hereford Tobacco Growers
- Nature Choice Farms/ NFM Marketing Pty Ltd: vegetable joint venture with Hereford Vegetable Growers' Association (HVGA)
- Limpopo Tomato Growers' Association (information sharing)
- university researchers
- other local and international donor organisations.

There have been several joint ventures since the occupation of the scheme by

**Table 5: Key funding towards rehabilitating the scheme**

Year	Purpose	Source of funding	Amount (R)
2000	Surveying and sub-division of plots in sections 236 to 239 of 53JS Loskop Farm South	Mpumalanga Department of Agriculture	60 469.56
2000	Construction of a canal to link plots 29, 30, 31 & 32 to water storage dam	Mpumalanga Department of Agriculture	+/-1 500.00
2000	Drilling of boreholes for domestic water supply	Mpumalanga Department of Agriculture	50 000–75 000
2001	Grant for domestic electricity installations and training (no connections)	ESKOM Development Foundation	99 724.30
2003	Rehabilitation of storage dam	Mpumalanga Department of Agriculture	7 000 000
2003	Settlement of outstanding water account	Mpumalanga Department of Agriculture	281 165
2004	Post-settlement grant towards the construction of a pack house for the HVGA	Mpumalanga Department of Agriculture	550 000

Figure 10: Hereford Irrigation Scheme networks



black farmers in 1997, most notable of which have been those for vegetables and tobacco production. A number of less formal partnerships have also emerged between individual black farmers and established commercial farmers in the Hereford area.

## Summary

Although the emerging small-scale irrigation farmers in Hereford are classified as being 'resource poor', there is some evidence that they are gradually increasing their livelihood resources. Gaining land through a process of occupation and (as yet incomplete) formalisation of tenure, the farmers have proceeded to use a variety of strategies to secure their livelihoods. These strategies are based, in part, on networking with key role players in government, civil society and the private sector. Joint ventures feature prominently among these networks, providing production skills, technology, management services and access to credit facilities and markets. The down side of these joint ventures is an increase in the incidence of debt in farmer households.

What counts in the black farmers' favour is the increasing strength of the Hereford Farmers' Association in dealing with external organisational actors. This is demonstrated by the farmers' pro-active measures to secure greater access to water through demanding inclusion and direct representation on the Hereford Irrigation Board and through using formal frameworks and structures to obtain required resources. The implications of this on the extent to which farmers' livelihoods can be secured and enhanced have yet to be seen.



## Endnotes

- 1 Memorandum of Understanding (MOU) between the DLA and the Hereford small-scale farmers ('Tafelkop Farmers' Association (TFA)') on Farmer Settlement on the state-owned Portions 236 to 239 of 53JS Loskop South Farm, 14 February 1997; Memorandum from the DLA Office in Mpumalanga Province to the Minister of Agriculture and Land Affairs, 11 May 1997; *Farmer's Weekly*, 17 October 1997.
- 2 MOU, 14 February 1997.
- 3 MOU, 14 February 1997.

- 4 Minutes of a Meeting held on 25 September 1997.
- 5 Minutes of a Meeting held on 25 September 1997.
- 6 Response by the Minister of Agriculture and Land Affairs to Memorandum from the DLA office in Mpumalanga Province, 12 July 1997.
- 7 Letter from the Deputy Director of the DLA Northern Highveld Regional Office in Mpumalanga Province to the DLA National Office, 18 March 1999.
- 8 Letter from the TFA to the Minister of Agriculture and Land Affairs, 13 May 1999.
- 9 Letter from the Deputy Director of the DLA Northern Highveld Regional Office in Mpumalanga Province to the DLA National Office, 18 March 1999.
- 10 Letter from the Deputy Director of the DLA Northern Highveld Regional Office in Mpumalanga Province to the DLA National Office, 18 March 1999.
- 11 Letter from the Deputy Director of the DLA Northern Highveld Regional Office in Mpumalanga Province to the DLA National Office, 18 March 1999.
- 12 Interview with the Projects Officer at the Maloeskop Office (Groblersdal) of the Provincial DALA, 14 October 2004.
- 13 Memorandum from the Mpumalanga DALA to the NDPW, 25 August 2004.
- 14 Names and plot numbers have been changed to protect the identity of persons referred to.
- 15 Interview with the Chairperson of the Hereford Farmers' Association, Hereford Irrigation Scheme, 14 February 2005.
- 16 Letter from the Chairperson of the Hereford Farmers' Association to the Mpumalanga Provincial DALA, 15 September 2004.
- 17 Interview with the Chairperson of the Hereford Farmers' Association, Hereford Irrigation Scheme, 11 December 2003.
- 18 Governance practices within the Hereford Farmers' Association are of interest to this research. However, in order to gain insights into these practices it is necessary to gain the farmers' trust. This is a lengthy process. These farmers have a perception that they have been labelled land 'invaders' and that their agency is likened to the politicised and orchestrated land occupations in Zimbabwe. Consequently, they are wary of new researchers.



# Chapter 4: Hereford Tobacco Project – A joint venture in crisis

This chapter considers the organisation of, and key role players in the Hereford Tobacco Project, which was initiated in 2001. It considers the impact of the lack of a formal written contract between farmers and private investors in the joint venture. Given the difficulty of establishing exactly what went wrong in the 2004 season, the final section of the chapter documents the views of different stakeholders, as expressed in interviews.

The tobacco joint venture, known as the Hereford Tobacco Project, was initiated in 2001. The project was aimed at the ‘social and economic empowerment of small farmers to become independent tobacco farmers within five years’.<sup>1</sup> The project involved 19 of the 33 small-scale farmers in the Hereford Scheme and a consortium of three private sector institutions namely, Tobacco RSA, British American Tobacco (BAT–South Africa) and SA Gold Leaf (SAGL).

According to an agreement between the farmers and the private investors, each farmer set aside at least 1ha for the growing of tobacco. The consortium of private investors was responsible for all project administration, including provision of production inputs such as seeds, pesticides and fertiliser, skills training, crop harvesting, processing and marketing, and payment of farmers’ labour costs and profits. Employees of Tobacco RSA carried out the key production activities, including ploughing, planting, cultivation, application of pesticides and fertiliser, harvesting, sorting and processing. Farmers closely watched these activities so as to learn these production skills. In addition, some training was offered through workshops and literacy classes.

The farmers’ main responsibilities were to irrigate the crop at specified times, and

to assist with weeding. Provision was made within the project for remuneration of such labour, which involved between two and five workers, depending on crop hectareage. Farmers tended to hire farm labourers from outside their households. Although the project provided for remuneration at minimum wage rates, some farm labourers appeared to earn less than that. Interviews with a few plot holders and farm workers indicated that the latter’s cash income was supplemented by the food they obtained through working on the plots. Such food was either produced or purchased by plot holders and shared with the workers.

There was no written contract between the farmers and the private investors,<sup>2</sup> only a ‘nominal’ contract’.<sup>3</sup> Nevertheless, all the farmers committed themselves to planting 1ha of tobacco for the joint venture. BAT–South Africa funded the project, SAGL provided management and technical expertise, and Tobacco RSA played the leading role – administering the funds. Tobacco RSA appears to have replaced a private tobacco growers’ company called the Magaliesbergse Koöperatiewe Tabakplanters Vereniging (MKTV), which was actively involved in the beginning of the project but had since filed for bankruptcy and been liquidated.





MKTV had worked with officials from the Provincial Department of Agriculture in providing support to the small-scale farmers. They did so through supplying funds for the operation of machinery from the Department of Agriculture, the camping allowance for the operators (government officials) and the restoration of the community hall on the scheme. MKTV planned to provide R3 million to cover costs of production, renovation of the houses on the scheme, provision of electricity supply to the community hall and houses and construction of tobacco sorting rooms, among other costs. As Table 5 in Chapter 3 of this report shows, electricity was supplied by the Eskom Development Foundation, although the houses had yet to be connected. BAT–South Africa provided a donation of approximately R3.2 million towards the renovation and construction of houses (R1 034 823) and curing barns (R686 610) and to cover other capital, direct and indirect production costs of the joint venture. SAGL provided extension and technical services, and Tobacco RSA provided the management and administration of the joint venture. There seemed to be a strong link between the future production and funding plans expressed by MKTV in the 2001–2002 season and the subsequent provision of funding by BAT–South Africa. In the 2003–2004 joint venture, BAT–South Africa, through Tobacco RSA, funded much of the activities and expenditure planned by MKTV in 2001–2002.



The perception of some respondents was that after filing for bankruptcy, MKTV had re-emerged under a different name – ‘OBARO’ – and with links to Tobacco RSA and another company, Limpopo Tobacco Processors. This view seems to have been informed by the re-employment of MKTV’s employees in Tobacco RSA and Limpopo Tobacco Processors, for which the joint venture manager was a dual functionary. Moreover, the office of Tobacco RSA was located within the same premises as those which MKTV had previously occupied, the difference being that instead of ‘MKTV’, the signage of the premises had changed to ‘OBARO’. The respondents interviewed, including the Tobacco RSA Manager

for BEE Projects – cum-agronomist for Limpopo Tobacco Processors – could not give a clear explanation regarding the nature of the companies’ relationship. Nor could the respondents explain the process that had led to the dissolution of MKTV and the re-employment of its employees in Tobacco RSA and Limpopo Tobacco Processors.

Follow-up interviews with the senior management of the Tobacco Institute of South Africa (TISA) and Tobacco RSA helped to clarify the institutional arrangements. It emerged that TISA was the umbrella institution for all the role players in the 2003–2004 tobacco joint venture with the Hereford small-scale farmers. The members of TISA included BAT–South Africa, JT International South Africa and Tobacco RSA. Tobacco RSA, in turn, had ten members namely: SAGL, BAT–South Africa, Limpopo Tobacco Processors, Gamtoos Tobacco Co-operative, Swedish Match South Africa (Leonard Dingler & Best Blend), World Class Connection Trading, SA Nicecentury Trading CC, Universal Leaf SA, Dimon and Tribac CC. Within this institutional arrangement, Limpopo Tobacco Processors was directly linked to the erstwhile MKTV through having bought the liquidated company and taking over some of the MKTV staff. Because of the overlapping linkages between TISA and Tobacco RSA, the staff of both institutions performed dual functions at the head office level as well as at the local level. Further to explaining the complexity of the institutional arrangements, respondents from TISA/Tobacco RSA provided information regarding the problems experienced by the tobacco joint venture in 2004.

### **A joint venture in crisis**

The joint venture experienced a crisis during the post-harvest period from September to October 2004. The promised earnings had not only fallen far below expectations, but farmers were also said to have incurred large ‘debts’. Tensions ran high. The realisation that earnings from the 2004 tobacco crop were far below expectations was a primary cause for concern among the tobacco growers in the Hereford Irrigation Scheme. The main reason Tobacco RSA gave for this failure

was that the tobacco produced by the small-scale farmers had been sub-standard (of poor quality). This was due to a number of factors, including low rainfall, late season planting by Tobacco RSA and the inexperience and, according to one Tobacco RSA employee, 'poor management' by most farmers. Added to these constraints, the small-scale farmers' high expectations were viewed by Tobacco RSA as having contributed to deepening their anxiety and insecurity.

A second source of apprehension was the information communicated to the farmers by representatives of Tobacco RSA that the farmers' performance had resulted in significant 'debts' (see Column E of Table 6). These 'debts' were actually deficits resulting from the difference between expenditure in 2004 on direct production costs (Column C) and the repayments towards the production costs (D) from the money received from sales of tobacco (A), less the payments to the farmers (B). Since the overall cost of the joint venture had been funded through a 'donation' of approximately R3.2 million from BAT–South Africa, it is not clear how the deficits could be regarded as debts. According to TISA/Tobacco RSA, the conditions of the 'nominal' joint venture agreement had been that expenditure by Tobacco RSA on the indirect socio-economic costs, such as renovations to houses, constituted a donation, but that farmers were responsible for the direct production costs. Without a written contract establishing the exact conditions of the financial assistance given, the differing views between the farmers and Tobacco RSA were not easy to resolve. Consequently, Tobacco RSA decided to write-off the farmers' debts.

Table 6 shows that one farmer, Mqeda Nkathazo, had significantly higher net receipts and repayments than the others, and consequently had relatively lower deficits. The performance of this farmer is particularly significant when compared to that of two other farmers whose previous experience in tobacco production resulted in profits of over R23 000. The two farmers were among a group of four who were assisted by a white local tobacco producer between 1998 and 1999. The white farmer taught them

production skills and harvested and marketed the tobacco on their behalf. The black farmers participated in all the production work, including planting, weeding, application of fertilisers and pesticides and irrigation, and their tobacco was bought at the same price as that of the white farmer. In light of this background, some farmers expressed a view that tobacco bought directly from a black farmer is classified as 'scrap' or poor quality tobacco, while that bought from a white farmer is viewed as being of higher quality. Others suspected some irregularities in the manner in which Nkathazo's account was represented.

In the absence of a written contract for the joint venture, and in the context of the complexity of the institutional arrangements within this joint venture, it is difficult to establish exactly what went wrong in the 2004 season. The next section of the report documents the views of different stakeholders, as expressed in interviews.

## Voices from below: Oral testimonies of the emerging farmers

### Refilwe Monageng – Plot J

Age: 62

Sex: male

Married with two dependent children.

Education: Never went to school, but has since attended adult basic education (ABET) classes. Can read and write a bit.

Monageng has been growing tobacco in the scheme since 1998. He originally came from the Middelburg area and arrived in Tafelkop in 1973. He worked in Witbank as a driver until he lost his job in 1984. Since then, he has sold vegetables (which he purchased from commercial farms) and subsequently bought himself a tractor. For three years he produced maize on other people's disused fields around Tafelkop. Monageng lacked secure land tenure and access to irrigation water, yet wanted to grow vegetables commercially. He was among the original group of black farmers that occupied Hereford in 1997. With his family, he went through the hardship



**Table 6: Farmer accounts**

Name*	Plot no.	A	B	C	D	E
		Net receipts	Paid to farmer	Direct costs	Repayments	Balance due
Phineas Sithole	L	9 122.12	3 192.73	23 841.25	(5 929.36)	17 911.89
Goitsewang Pelotona	M	16 922.43	5 992.85	29 360.06	(10 999.59)	18 360.47
Kgositsile Boikhutso	A	8 383.25	2 934.14	27 179.93	(5 449.10)	21 730.83
Bohutsanyana Modimo	B	13 739.66	4 808.88	24 826.15	(8 930.78)	15 895.37
Refilwe Monageng	J	7 610.15	2 663.55	23 214.06	(4 946.59)	18 267.47
Thabang Raperekisi	K	9 353.32	3 273.66	20 420.78	(6079.66)	14 341.12
Kedibonye Motsamai	Y	13 318.30	4 661.40	27 767.06	(8 656.90)	19 110.16
Jorosi Mdluli	Z	8 207.36	2 872.58	20 010.42	(5 334.79)	14 675.63
Kereng Maphala	P	16 844.77	5 895.67	24 563.51	(10 949.09)	13 614.42
Jabulani Stimela	Q	13 742.78	4 809.97	31 261.61	(8 932.79)	22 328.82
John Dlamini	C	13 616.44	4 765.75	28 848.44	(8 850.69)	19 997.75
Themba Shabangu	D	8 373.27	2 930.65	23 468.01	(5 442.63)	18 025.38
Tirelo Sontaga	H	6 775.25	2 371.34	23 078.76	(4 403.93)	18 674.83
Mqeda Nkathazo	I	26 474.50	9 266.05	23 658.23	17 208.43)	6 449.80
Michael Somkhosi	W	13 772.78	4 820.47	17 437.07	(8 952.29)	8 484.78
Nkele Simelane	X	14 488.14	5 070.85	31 691.25	(9 417.30)	22 273.95
Boykie Dube	R	7 270.94	2 544.83	22 845.91	(4 726.12)	18 119.79
Serobe Molapo	S	5 006.35	1 752.22	17 915.86	(3 254.13)	14 661.73
Petros Mphuchane	E	8 247.86	2 886.75	25 145.85	(5 361.10)	19 785.75
<b>TOTAL</b>		<b>221 269.67</b>	<b>77 444.34</b>	<b>466 534.21</b>	<b>(143 825.27)</b>	<b>322 709.94</b>

Source: Tobacco RSA, 2004.

\*Names have been changed to protect the identity of persons listed.

**Key to terminology used**

Net receipts: Amount of money received from sale of tobacco produced by the farmer.

Paid to farmer: Amount of money paid out to the farmer by Tobacco RSA.

Direct costs: Expenditure by Tobacco RSA on production costs (for example, seeds, fertilisers, pesticides) in 2004.

Repayments: Amounts deducted from the net receipts received from the sale of tobacco produced, to repay expenditure towards direct production costs.



of rehabilitating the overgrown plot and dilapidated buildings and turning both into a productive asset and a home. In 1998–9 he earned R23 655.22 from a tobacco production partnership that he and three other farmers had with local commercial farmer, Joppie Graham. When he joined the MKTV-led Hereford Tobacco Project, he therefore had had training in commercial tobacco production and processing.

On the contention by Tobacco RSA that the tobacco was of poor quality:

*Some time early this year, when the tobacco was thriving, we had an open day on which MKTV representatives brought the visitors to my plot to show them the crop. One visitor asked how much I expected to earn from the crop. I replied that I did not really know. The visitor then posed the question to the Tobacco RSA [Tobacco RSA/ Limpopo Tobacco Processors] BEE Projects Manager, who replied that the crop should fetch at least R30 000. However, I was very surprised when after the harvest I was paid a sum of just above R2 500. Yesterday afternoon [i.e. the day the researcher interviewed the Tobacco RSA BEE Projects Manager] two employees of MKTV came and gave me a little more than R100 and said that an amount of just above R400 had been deposited into my bank account. For me, these small amounts are a far cry from the R30 000 that I expected. I am very concerned about this.*

*My concern is also due to that when my tobacco was ready for harvesting, MKTV sent its employees to come and harvest my prime tobacco. I was not at home then. They did not weigh it, or if they did, they never informed me how much was taken or how much money I had earned. So far, my earnings have only been from the 'scrap' tobacco...*

On assistance with renovations to the house occupied by his household:

*When MKTV began the renovations, I and my wife had already started on the renovations and had completed the roof and some windows. MKTV then*

*provided assistance with five window frames and panes, nine doors and door frames, floors for three rooms and all painting. My wife and I fixed everything else. The problem now is that MKTV employees keep saying that I should remove the roofing, and they will take my metal roofing sheets in exchange for their own supply to make it simple and uniform to the rest of the tobacco growers' houses. This is my house, and I like it with its heaped roof. I have also refused to accept their offer of smaller windows. I like the large windows that I installed – they bring in more light and air...<sup>4</sup>*

### **Pinkie Dube – Plot R**

Age: 60

Sex: Female

Married with nine children, five of whom are dependants.

Education: Never went to school, but can read and write a bit.

Dube was born in Steelpoort (presently within the Greater Tubatse local municipal area).

Her family was forcibly removed from Steelpoort in 1961. She arrived in Tafelkop as a young unmarried woman (18 years old). She worked on the farms until 1969, when she married Goodman.

*Goodman used to work in Boksburg (Gauteng) when we got married, but lost his job when we had our sixth child.*

Kgoshi Rammupudu at Tafelkop allocated her a 2ha field where she grew maize.

Because she had no knowledge of recognised farming methods, she used to get only two bags of maize. Then she met Agricultural Extension Officer Mr Mahlukwane, who taught her how to plough, plant and apply fertiliser. Subsequently her production increased to between 40–50 or even 80 bags of maize. She would then market her produce at a co-operative in Tafelkop.

*This is how I brought up my children. However, there was a problem with water. Our men then tried to find an alternative farming area and identified Hereford, where there was water. We*



*then invaded Hereford as a group of 33 farmers. The place was run down, the fields overgrown. We stayed; persevered and transformed Hereford into the productive place you see today. Moving to Hereford was therefore difficult – not only due to the effort used to make the place productive and habitable – but also due to the resistance by white farmers.*

On the issue of the earnings that fell short of expectations:

*I have grown tobacco with MKTV for three years. From 1ha, I got R12 000 in the first year and R3 000 in the second year. This year (2004), I got only R500 for three months of my labour on the 1ha field. In addition, I have a debt. I am not sure of the amount I owe MKTV, but the figure is over R4 000. The reason given was that the quality of tobacco was low. In my view, the quality of this year's tobacco was better than that of the previous years. We have a photograph taken by Deon Meyer [Tobacco RSA/Limpopo Tobacco Processors BEE Projects Manager] some time this year showing how good our tobacco was. There is no way I can understand how I now owe over R4 000. I spent not more than R2 000 on fertiliser, pesticide, seeds and other inputs. I need to see the statements. Nothing has been said about tobacco prices falling ... In the first and second years, we were told that we had made losses, but that these had been settled by MKTV. In the third year, this has not been done. Has MKTV shifted previous losses to the third year? After all the labour we expended on tobacco, we gain nothing but debts! I have decided not to grow tobacco anymore.<sup>5</sup>*

### **Kabelo Mabalane – Plot W**

Age: 63

Sex: Female

Widowed with six adult children and nine grandchildren, all dependent.

Education: Never went to school; cannot read or write.

Mabalane moved to Tafelkop after forced removal from Maloeskop (where the local district office of the Provincial Department of Agriculture and Land Administration is presently located). A land claim for this land has been submitted, and the claimants have been assured of restitution. Before occupying the land in the irrigation scheme, Mabalane practised subsistence farming, growing maize in the land around Tafelkop. Her decision to move to Hereford was determined by water shortages in the Tafelkop area. Asked what had driven her, an elderly woman alone, to venture into commercial farming, she replied: 'Hunger. And the need to rely on myself, which I have done since my husband passed away in 1986'.

On the issue of debt:

*At a meeting in September [2004] with the Tobacco Institute of South Africa and BAT, we were informed that we owed a lot of money. Initially I was told that I owe R20 000 or R22 000 to the Tobacco Institute of South Africa. Recently I was told that I also owed over R8 000, but I am not clear what this amount is for. They also said that this would be recovered from the next tobacco crop, but we refused to grow tobacco again. We will instead grow sweetcorn and other vegetables [with a new vegetable joint venture].<sup>6</sup>*

### **Phineas Sithole – Plot L**

Age: 67

Sex: Male

Married with two wives and widowed through the death of one wife. Dependants include three children and elderly mother.

Education: Never went to school but can read and write a little.

Sithole moved to Tafelkop following forced removal from Braakfontein.

Before occupying the land in Hereford, he farmed maize and sometimes tomatoes for subsistence. Water shortages prompted his decision to move to Hereford. Difficulties associated with this move were mostly to do with having to clear the fields and make the place productive and habitable.

*We began growing vegetables like butternut, beetroot, spinach, beans,*



tomatoes and cabbage for sale on the streets of Groblersdal and to supply local traders. Marketing was a problem. The new partnership with NFM will assist. They [NFM] have prepared the fields and will produce sweetcorn; imparting skills to us farmers.

On the issue of losses and debt:

*We started growing tobacco last year, using hired labour that was paid [for] by MKTV. Although BAT assisted us with the tobacco curing tower and windows for the house, we had to buy our own roofing material. The harvest this year shows that we made a loss. The reason is not clear. We all have losses. The debts that we are said to owe are from renovations to the houses...*<sup>7</sup>

### Kereng Maphala – Plot P

Age: 76

Sex: Male

Married. Dependants include three children and two grandchildren.

Education: Never went to school; can read a bit.

Maphala's original home was in Tafelkop. Before occupying the land in Hereford, he was self-employed, repairing tractors for farmers in the Ramokgwebane area around Tafelkop. He had no tractor himself. At the time, his wife, Cynthia, was unemployed and did not do any farming in Tafelkop. Maphala moved to Hereford because he felt that repairing tractors was not enough, and that farming would generate more money. Elsie, (Maphala's daughter), spoke on his behalf:

*We grew tobacco with MKTV last year [2003]. We stopped growing tobacco some time in 2003 when the Land Bank repossessed most of our father's productive assets, including two ploughs and other machines, to settle a debt that he owed. This discouraged him from further production. This year [2004] we did not grow any crops due to lack of money ... We had enough water. Since the repossession of assets by the Land Bank, our mother has*

*resided mostly in Tafelkop, caring for the home and children. Our father has been self-employed, mending fences and repairing tractors ... More recently, our parents have begun to anticipate being part of the new vegetable production contract between the 15 members of the Hereford Vegetable Growers' Association (HVGA) and NFA.*<sup>8</sup>

## Other local voices

### Projects Officer

Mpumalanga Provincial Department of Agriculture and Land Administration (Local Office)

*The tobacco joint venture is having serious problems. The current crisis should be viewed against the way some of the small-scale farmers have done in previous years. In 1999, before the farmers entered into a joint venture with MKTV, Graham, who owns a neighbouring commercial farm, assisted four of the farmers. These were Jabulani, Refilwe, Spencer and Matthew [Table 7]. Profits were very high. Jabulani got around R23 000 and Refilwe R23 600. The others did not do so well. This is what encouraged the other farmers to go into the joint venture with MKTV...*

*I have tried to advise the farmers to grow vegetables that have high profit margins, such as paprika. I have arranged for meetings with companies such as Tygerbrands Vegetable Cannery. I have also suggested that they should plant long-term growing crops, such as table grapes, oranges and macadamia on 4 to 5ha of the communal plot [Plot MI] and on two other plots next to it. For table grapes, for example, the capital required for production in the first year would be R150 000 per hectare. For the next four years, the production costs would be R50 000 per hectare. After this, the costs would become significantly lower, and the fruit would be harvested. The profits could be used by the farmers'*



**Table 7: Farmer accounts for the 1999 tobacco growing partnership with local commercial farmer Joppie Graham**

Producer	Production costs (R)					Total cost	Receipts from sales	Profit
	Mechanisation	Chemicals	Fertiliser	Labour	Insurance			
Refilwe Monageng	1 750.00	3 751.35	2 719.08	2 018.91	5 040.00	15 279.34	38 934.56	23 655.22
Jabulani Stimela	2 936.50	4 817.43	3 769.50	2 626.72	6 804.00	20 954.16	43 982.40	23 028.24
Matthew Mokolobetsi	2 861.46	4 817.43	3 716.58	2 024.75	6 804.00	20 224.22	22 527.68	2 303.46
Spencer Mahlathini	3 045.00	5 349.51	4 032.00	2 183.26	7 560.00	22 169.77	17 368.96	-4 800.81

Total harvest per producer:

- Refilwe Monageng: 34 763kg of tobacco harvested from a 2ha field and sold at R1.12/kg
- Jabulani Stimela: 39 270kg of tobacco harvested from a 3ha field and sold at R1.12/kg
- Matthew Mokolobetsi: 20 114kg of tobacco harvested from a 2.7ha field and sold at R1.12/kg
- Spencer Mahlathini: 15 508kg of tobacco harvested from a 3ha field and sold at R1.12/kg

Source: Records of Hereford tobacco production, 1999.

*co-operative to buy tractors and other inputs. Although the initial costs look prohibitive, a R3–4 million LRAD grant is possible. In addition to this, there is possible assistance by [white] commercial farmers.<sup>9</sup>*

The insurance costs shown in Table 7 are relatively high (between 30 and 34% of the total production costs). This implies that tobacco is a risky crop. The concluding section of this chapter analyses tobacco production by Hereford farmers in the context of selected economic factors within the regional tobacco sector.

### Stephanus van Meulen

Local commercial farmer and member of the management committee for the Hereford Irrigation Board

*A proposal was made to small-scale farmers to grow oranges or table grapes and vegetables, with subsidies from government and assistance from the white commercial farmers. Somehow, they decided to go with the MKTV tobacco scheme. From what we know, tobacco farming has never been profitable in the long run in this area. However, if the [small-scale] farmers could start with vegetables and then*

*for the longer term, also begin by planting say a hectare of grapes or oranges, things might work out better. They could then increase the hectare of fruit according to what they can afford. The capital costs of establishing the orchard would be relatively high to begin with and the turnover would take a while – say four to five years – but eventually the profits would be higher.<sup>10</sup>*

### Marie van Niekerk

Commercial farmer formerly resident in the Greater Groblersdal area

*We used to own a farm along the Vaalfontein Road between Groblersdal and Marble Hall, and have since moved to the States [USA]. We entered into a tobacco production scheme with MKTV, and it failed. The reasons for the failure were not very clear, although there was talk of reduced tobacco prices. As crime and violence increased in the area, with one of our relatives murdered, we ultimately gave up and emigrated to America...<sup>11</sup>*

### Gerhardus Booyens

Local respondent with links to the Hereford commercial farming sector



*The activities of MKTV in this area have been known for a while. The land that is presently occupied by the small-scale farmers in Hereford was abandoned by white tobacco producers due to failure by a production scheme they entered into with MKTV. MKTV is now under different ownership since filing for bankruptcy. There are rumours about the whole issue and it is not clear what exactly has happened. We have tried to advise the farmers, but they suspect that we just want to discourage them. The activities of MKTV really need to be investigated...*<sup>12</sup>

### Senior managers of Tobacco RSA and TISA<sup>13</sup>

On the issue of losses

Manager 1:

*The losses were due to a number of factors. The climatic factor related to a dry spell and low rainfall in the last season. Planting was therefore done late in December instead of October. Most of the farmers were inexperienced, and hence did not properly supervise the tobacco production on the plots. For example, some of the farmers had gone off to do other business in town when the harvesting began. Despite all this, the farmers had unrealistic expectations. They thought that by simply going into commercial tobacco production, they would become rich overnight. Growing tobacco is not easy, and in the farming industry in South Africa, a farmer can often make a living but not get rich. This takes a lot of work.*

On the harvesting of Monageng's prime tobacco crop<sup>14</sup>

Manager 1:

*We admit that mistakes might have been made along the way. We are still learning ... Normally we communicate with the farmers through meetings where we inform them of what is happening and what needs to be done ... We might not have got it all right and this is regrettable.*

On the issue of debts

Manager 1:

*The debts have been written off. The debts incurred by the farmers through the 2003–4 joint venture were not the only debts the farmers had. When Tobacco RSA came into the joint venture, many of the farmers already owed debts totalling about R200 000 to local input suppliers like OBARO and NTK for the growing of cotton, tomatoes and other crops. We paid the debts for them. They also owed a lot of money to the Land Bank who, when they heard that something was coming up in Hereford, also wanted to get their money back. We refused to enter into any arrangement with the Land Bank, and therefore the proceeds of the joint venture were in no way linked to the Land Bank debts. Even in the previous joint venture with MKTV, the farmers made losses. When MKTV was liquidated, the debts were also written off ... The farmers' debts were part of MKTV's financial problems since MKTV had financed the joint venture.*

On the profile and status of MKTV

Manager 3:

*MKTV Tobacco (Pty) Ltd was founded in 1909 and was the oldest tobacco co-operative body in South Africa. Over the years, MKTV played a lead role in the development and protection of the South African tobacco industry. MKTV was also a pioneer in marketing, modernisation and export requirements for its members and for the tobacco industry. The company was also instrumental in the formulation of tobacco-related statutory regulations and bodies. Due to a number of reasons, MKTV went out of business in 2002–3, and a new company called Limpopo Tobacco Processors (LTP) was formed.*

On the way forward

Manager 1:

*Since the harvest, we have had two to three meetings with the farmers between October and November last year [2004]. At the meetings, we tried explain how the joint venture*





*works. However, the farmers wanted guarantees that they would not end up with debts if they went ahead with tobacco production. Of course there are no guarantees in the farming industry. It is a risky enterprise and therefore we could not give any assurances. As a result, 17 farmers have declined to proceed with the joint venture.*

Manager 2:

*Only two of the 19 farmers have agreed to continue growing tobacco. The rest have refused. The problem is that there are internal politics and conflicts within the group of farmers. Some lead others astray, and have influenced them not to grow tobacco.*

Manager 1:

*I don't think there is a recipe for success in joint ventures involving emerging small-scale farmers. If the small-scale farmers are willing to grow cash crops like tobacco, they need to be willing to work hard. There is also a need to manage expectations. A farmer can mostly make a living and not become rich from farming. We need to identify the right areas to grow tobacco without irrigation. Perhaps irrigation schemes are not the appropriate places to grow the crop. What is most important in our view is that there should be partnership with government and financing institutions in these joint ventures. In this case, BAT provided funding and Tobacco RSA provided project management services. Partnerships with government and financing institutions would lead to the development of proper business plans for the joint ventures. However, the problem for us at the moment is that government is hostile to tobacco. Hence there is also a need to change attitudes within government because tobacco can lead to the creation of jobs and to economic growth.*



interactions between the parties and among the farmers involved in the joint venture. These mainly relate to stakeholder and gender power relations and the problem of communication. They include variables such as accountability, transparency, representation, participation and monitoring.

### **Small-scale farmers and big business: A question of power**

Joint ventures bring together stakeholders with varying degrees of power and influence. Private investors' power derives largely from their substantial financial resources, technology and market linkages. Although small-scale farmers' access to government grants and subsidies, farmer credit schemes and networks with influential actors and structures within government and civil society give them some leverage, the farmers view their lack of land ownership rights as a significant setback. Low levels of literacy, commercial farming skills and access to markets also limit the power of small-scale farmers. The manner in which issues such as communication, transparency and accountability are handled gives a good indication of the balance of power within joint ventures.

The issues of transparency and accountability are evident in some of the views expressed by respondents. In the case of Refilwe Monageng, lack of trust among the farmers resulted primarily from the lack of a satisfactory justification for the discrepancy between the judgement made on crop quality before and after the crop was harvested. What compounded Monageng's lack of trust in the dealings of Tobacco RSA was the lack of transparency in the manner in which the crop was harvested in his absence and Tobacco RSA's failure to communicate the details of the transaction. The significance of the discrepancy between expected and actual earnings that emerged from this transaction points to a need for closer examination of the procedures for interactions and transactions between the joint venture parties.

Tobacco RSA's interpretation of the absence of farmers like Monageng during the harvesting of tobacco as an indication of 'poor management' and lack of

### **Key emerging issues**

The views expressed in the previous sections point to a number of issues regarding

commitment shows a misunderstanding of the communication and accountability problem. Monageng's absence during the harvesting of the crop on his plot was a result of his not having been informed of this by the Tobacco RSA employees. Clearly the means by which Tobacco RSA employees communicated information about the harvest to farmers were not effective. Moreover, the manner in which Tobacco RSA handled the communication of this critical information does not demonstrate sufficient regard for the requirement for accountability between joint venture partners. The incident itself also demonstrates the implicit power relations between the farmers and their joint venture partners. The relatively weaker bargaining position of Monageng is a factor in the trivialisation of his commitment to farming by Tobacco RSA employees.

The field employees showed no respect for the small-scale farmer's need to know about the outcome of the harvest of a prime crop that he had laboured hard to produce. Rather, they behaved as if the crop belonged to Tobacco RSA, and beyond the labour that the farmer had already tendered and been paid for, the farmer had become expendable. The employees' attitude contrasts with Monageng's reference to the crop as 'my prime tobacco' and one of the senior Tobacco RSA managers' allusion to 'the tobacco crop'. Monageng's case illustrates the need to clarify issues of ownership of a 'jointly' produced crop. A contract that also sets out the procedures as well as the roles, resources and responsibilities is clearly requisite. Without such a regulatory framework, it might be difficult to monitor and sanction non-compliance in instances such as Monageng's.

The communication problem is compounded by events that took place during the Hereford Project Publicity Day, held on the scheme on 24 March 2004 (TISA 2004). While the field day might have been intended as an incentive for small-scale farmers, it also contributed to raising the farmers' expectations. Granted that the quality of the tobacco might indeed have been sub-standard, the views expressed by Monageng and Pinkie Dube illustrate some of the unintended consequences of 'show-casing'

a project. Management of expectations might, therefore, need to include ensuring that field days do not only highlight the good aspects but also point out the downside of commercial activity and give farmers constructive advice on how to address constraints. Clearly defined and broadly accepted performance indicators could be used in combination with appropriate accountability mechanisms.

The Hereford tobacco joint venture also highlights the need for private investors to adopt appropriate communication mechanisms with farmers. Many of the Hereford small-scale farmers have low levels of literacy and some, like Kabelo Mabalane, are clearly confused about the financial accounting. Other farmers, such as Phineas Sithole, rationalise the confusing financial accounting by reasoning that the debts could have derived from renovations to the houses. Demands by farmers to see financial statements indicates an emerging lack of trust in Tobacco RSA's accounting, and also points to a need to foster greater transparency in communications between Tobacco RSA and small-scale tobacco producers. The confusion about debts increases the farmers' frustration with the 2004 tobacco joint venture and creates a profound sense of uncertainty and vulnerability. This uncertainty, more than the internal politics perceived by some in Tobacco RSA, led to the decision by most of the farmers to abandon tobacco production for vegetable production.

### Gender issues

Female respondents appeared less informed about the 'resolution' of the debt issue than their male counterparts. For example, Phineas Sithole knew that the debts had been written off from a meeting that he had attended at the Hereford Farmers' Association building. However, his second wife, Maina, did not attend this meeting and was not party to this information. Ironically, Maina – age 47 – was the household member most actively involved in the day-to-day production of crops on the plot. The communication problem around the debt issue points to a gender division of labour and power dynamics within the group of farmers and within households.



Such politics seem linked to levels of individual and household literacy, the types and extent of social networks and access to bases of power and productive wealth. In the case of the Sithole household, Phineas is the registered occupant of the productive land in Plot L and therefore has access to meetings in which decisions are taken and information communicated. His second wife Maina has access to land through Phineas, and relies on him to pass on information from meetings. Hence, despite her relatively higher contribution to crop production, she is in a weaker position to influence decisions and access information that affects her livelihood.

By contrast, Kabelo Mabalane is a 63-year-old widowed female head of household and the registered occupant of land on Plot W. She therefore has access to meetings. While this might be assumed as conferring a degree of power, her lack of formal education is a major constraint on her understanding of financial issues. The dominance of male plot holders on the scheme, Kabelo's age and the burden of responsibility as the sole breadwinner of a relatively large household results in her feeling more uncertain and vulnerable than many of the other farmers. Gender power dynamics warrant particular attention by the Hereford Farmers' Association.

Within the Hereford Farmers' Association, although the organisation is purportedly predicated on principles such as democratic accession into the executive committee, gender equity, the involvement of youth, accountability and transparency, these principles appear to have been partially pursued. Indications are that there are gender power issues among farmers within the organisation. Although the Hereford Women's Project is described as 'struggling' due to inconsistency of funding, the project does not clearly show how it will contribute to mainstreaming the strategic interests of women in farming activities.

Studies by Van Koppen (2001), Bastidas (1999), Zwarteveen (1997) and Zwarteveen & Neupane (1996) suggest that irrigation farming is not gender neutral, but that gender roles and rights strongly determine crop types and levels of production and food security. However, although women often play

a more active role in day-to-day production activities, their participation in decision making tends to be limited. In cases such as Hereford, where men dominate land-holding (Table 3) and decision-making arenas, it is important for the Hereford Women's Project to have clearly articulated and actively pursued objectives that address women's strategic interests. Despite its present weaknesses, the Hereford Women's Project provides an opportunity for the women to mobilise greater involvement in decision making and access to information.<sup>15</sup>

### **Risk associated with capital-intensive crops**

The small-scale farmers' production accounts (Tables 6 and 7) show that tobacco is a capital-intensive crop. Direct production costs account for between 89% and over 320% of the farmers' net receipts from tobacco sales in 2004. In 1999, production costs per farmer ranged from 39.2% of the receipts from sales for the more successful farmers to 127.6% for the less successful. The insurance costs shown in Table 7 are relatively high, accounting for between 30 and 34% of the total production costs. This implies that tobacco is a risky crop. The high risks involved, the requirement for substantial capital outlay and the losses experienced in successive tobacco joint ventures in Hereford raise questions about the ability of small-scale farmers to sustain tobacco production without long-term financial assistance.

The Hereford tobacco producers' apprehension about joint ventures can be understood in light of the insecurity observed in the household of Kereng Maphala. Maphala lost most of his productive assets when the Land Bank repossessed these in lieu of a debt owed by the farmer. This led to his inability to grow any crops in 2004 as he waited to recover from the loss. However, this household might be vulnerable in the longer term, given that the total household income comes from the intermittent self-employment of Maphala, his daughter Elsie's informal working relationship in exchange for food and soap and the social grant of R340 for two of Elsie's children (see Box 3).

The widespread failure to repay loans within the scheme was identified prior to the



tobacco joint venture. The involvement of the Land Bank was linked to REAP, which since 1997 had provided the farmers with inputs to the value of R54 052 on a no-interest credit basis through the government's erstwhile National Agricultural Sector Investment Programme. A mere R7 332.10 had been repaid by 2000, and an evaluation of REAP recommended the involvement of the Land Bank in designing a scheme in which REAP could provide funds for on-lending by the bank to the farmers, with the bank monitoring repayments. It is not clear whether Maphala's debt was linked to assistance from REAP. However, the recurrence within Hereford of joint ventures that provide credit to farmers and expose them to risk, debt and possible losses of assets and livelihoods suggests the need for interventions to break the vicious cycle of vulnerability and livelihood insecurity.

Studies by de Klerk (1996) on similar farming schemes in the Western Cape suggest that adequate financial support is central to the success of any programme to establish small-scale farmers. In February 2005, the Minister of Finance announced the launch of a government-funded credit scheme to support emerging small-scale farmers (*Business Report 2005*). This has been greeted with optimism within commercial farming circles despite the fact that agricultural credit schemes for small-scale farmers, which have traditionally been an important component of agricultural development projects, have often failed.

A critical factor determining the viability of farming activity is 'gearing'. This is the degree to which farming activities are funded by a small-scale farmer's own funds relative to finance through creditors' funds. A 'rule of thumb' of the South African Agricultural Union (cited in de Klerk 1996:72) considers that farms with a debt of more than 30% in their financial structure are unsound, while those with debt levels above 50% are unlikely to survive. In the case of Hereford, tobacco production costs have often far exceeded 50% of net earnings, with much of the costs financed through a subsidy grant from BAT-South Africa as well as subsidies from government. Such subsidies are not sustainable in the long term, and

farmers might resort to credit schemes to finance the production of capital-intensive crops. The high ratio between possible debts and net earnings will render small-scale tobacco producers vulnerable to downturns in the tobacco market prices. Losses of assets following failure to repay bank loans, exemplified by the case of Kereng Maphala, point to a need for caution in adopting credit schemes as a means of supporting the establishment of small-scale farmers.

Following the failures of supply-led credit, critics have placed particular emphasis on the need to ensure institutional efficiency, sustainability of the credit programmes measured in terms of few default incidences, viable interest rates and the degree of integration of the credit project with the overall development of a rural financial market. In the wake of new institutional designs there is concern whether loans are used efficiently by borrowers, institutions meet farmers' demands for credit, credit programmes enhance farmers' access to market and whether they treat borrowers equitably. While these concerns call for further studies to evaluate credit delivery initiatives by development projects, there is also a need to examine the potential of credit to significantly raise small-scale farmers' degrees of leverage, rendering their attempts at commercial production highly risky.

Another source of risk relates to decisions to produce capital-intensive cash or industrial crops based on perceived opportunities within regional and global production and market trends. While this form of risk is typical of most commercial farming activity, emerging small-scale farmers are particularly vulnerable to possible losses emanating from changing trends. Hereford farmers' decision to grow tobacco, despite this crop's unsuccessful production history in Hereford, appears to have been influenced by the decline of tobacco production in Zimbabwe following the orchestrated 'fast-track' land reform. The decline in imports of Zimbabwean tobacco by BAT-SA to around 10% of levels of previous years has reduced competition from Zimbabwe's prime quality tobacco and created a gap in supply. This has provided South African farmers with an opportunity for entry into the tobacco sector.



However, the broader market trends also show that Brazil has increased its output of prime tobacco, thereby claiming a significant share of the market. In addition, BAT-PLC, a major role player in the world tobacco trade, recently nominated Brazil, the United States and Zimbabwe as future major sources of tobacco.<sup>16</sup> The future of small-scale tobacco production in Hereford therefore remains uncertain. Channelling significant investments towards capital-intensive crops, such as tobacco, that are selected on the basis of short-term opportunities will only predispose emerging small-scale farmers to the negative effects of debt and losses.

## Conclusion

Experiences in this joint venture show that black economic empowerment in agriculture requires that attention be given to issues of power, gender, accountability, transparency, communication and the risks associated with capital-intensive crops such as tobacco. There is also a need for support to strengthen farmer organisations so that they can engage more effectively and equably both within the group and with external role players. Emerging findings point to strengths and weaknesses in the governance of the Hereford Farmers' Association.



Strengths derive from the farmers' proactive move to reclaim land, water and other resources on the scheme, and from their growing confidence resulting from support by government and other external role players. Of these factors, land provides the primary motivation for farmers to claim further rights of access to water, decision making and government funding. There are also strengths associated with the support given by private investors in the tobacco joint venture, mainly relating to the transfer of production skills to the small-scale farmers. All the respondents express an appreciation of the knowledge gained from the extension and technical services provided by Tobacco RSA. The mode of skills transfer is largely through direct observation and instruction in the course of production activities. There is also some training through workshops as well as literacy classes. Such skills transfer and education constitute key factors towards

building confidence among the farmers. The identified weaknesses relate mainly to the management of power dynamics within the joint venture, the Hereford Farmers' Association and, to some extent, household gender and age groupings. The Hereford Tobacco Project also indicates a need for greater attention to be paid to governance issues within and surrounding the joint venture.

Many of the views expressed by respondents outside of the Hereford Farmers' Association echo the small-scale farmers' observations of problems such as lack of transparency on the part of Tobacco RSA and MKTV, its predecessor. While the views of key respondents from the tobacco agribusiness sector indicate their greater clarity regarding institutional arrangements, it appears that no effort has been made to ensure broader awareness of the rationale behind changes within the private investor group, particularly the role and fate of MKTV. In view of the repeated failure of the project, such awareness is vital, given the attention and moral, political, financial and other support that the Hereford case attracts from a wide range of stakeholders and observers. The disparity in levels of information between people inside and outside the tobacco agribusiness sector points not only to a problem with communication, but also to a problem of accountability. A question that begs to be answered is: In a joint venture setting with so many stakeholders, who is accountable to whom, and who should play the monitoring role?

The views of external respondents point to the importance of legitimacy and trust in decision making. The adoption of new ideas depends on farmers' perceptions of the legitimacy of the sources of advice. Emerging farmers' lack of trust in some commercial farmers and provincial government officials emanates from past conflicts and tensions, in which emerging farmers perceived that their interests were being marginalised and undermined. Hence farmers' refusal to accept the advice of some commercial farmers and government officials to grow high value vegetables and tree crops. Yet they accepted the advice of a trusted white commercial farmer that they should grow tobacco, and

earlier that of a trusted NGO, Africare, to grow high value vegetables. The Hereford case also illustrates how the loss of trust can result in advice from a trusted source, in this case Africare, becoming unacceptable.

Beyond issues of trust, the debacle around the tobacco joint venture is also characterised by political manoeuvring by the leadership of the farmers, who feel that as a group they have had to deal with more powerful actors. Although not fully substantiated, this is evident in the farmers' choice of strategies and in certain decisions by the leadership. Some farmers consider the leadership style to be rather heavy-handed, while some external actors consider it variously as 'bullying', 'leading others astray' and 'rather too strong'.<sup>17</sup> Such perceptions point to concerns over power relations within the group. The weaknesses, however, do not necessarily indicate failure but rather the need to build organisational strength.

## Endnotes

1. Tobacco RSA Press Release, May 2004.
2. Interview with Tobacco RSA Manager for Black Economic Empowerment (BEE) Projects, 13 October 2004.
3. Telephonic interview with CEO for TISA and Tobacco RSA, 9 March 2005.
4. Interview, Hereford Irrigation Scheme, 14 October 2004.
5. Interview, Hereford Irrigation Scheme, 11 October 2004.
6. Interview, Hereford Irrigation Scheme, 11 October 2004.
7. Interview, Hereford Irrigation Scheme, 11 October 2004.
8. Interview, Hereford Irrigation Scheme, 11 October 2004.
9. Interview, Maloeskop Groblersdal, 14 October 2004.
10. Informal Interview, Groblersdal, 13 October 2004.
11. Informal conversation, Johannesburg, 15 October 2004.
12. Telephonic interview, 13 October 2004.
13. Interviews, 9 March 2005.
14. See Chapter 4.
15. Further research will seek to interrogate the communication problem in order to get greater clarity on the power and gender dynamics in Hereford. Questions will relate to issues of representation, language barriers, accountability and power dynamics within the group in the management of information resources. As far as possible, participant observation will be used in settings such as meetings and focus group discussions.
16. Email correspondence with the General Manager of BAT-Zimbabwe Ltd, 6 May 2005.
17. Seeing that questions of governance were a sensitive issue for the leadership of the farmers, questions were deferred to allow a more conducive relationship to develop between the researcher and the leadership. At the time of writing this report, much progress had been made in this regard. Further research will proceed to discuss their leadership style with the leadership of the farmers.



# Chapter 5: Vegetable joint venture or ‘the “return” of the fugitive pack house’

A new joint venture for the production of ‘baby’ vegetables for the export market in the Hereford Irrigation Scheme in 2004 was identified as a possible niche for the small-scale farmers. One of the envisaged highlights of this joint venture was the possibility of realising a longstanding vision for a ‘pack house’. However, the process of setting up this joint venture seems to have been fraught with contestation, particularly with regard to the location of the pack house. This chapter considers how local decision making is responding to changes in the power arena.



**A** new joint venture for vegetable production emerged in the Hereford Irrigation Scheme between September and October 2004. This involved a group of 15 farmers who had formally established a co-operative called the Hereford Vegetable Growers’ Association (HVGA). A business plan had been drawn up as part of an application by HVGA for government funding towards the construction of a vegetable packaging house, and a grant of approximately R550 000 had been approved by the Provincial Department of Agriculture and Land Administration. The farmers had also signed a contract with a private investor, Nature’s Choice (NFM) Farms (Pty) Ltd, and the latter had established a new company, NFM Marketing, to handle the marketing for NFM Farms and HVGA. The farmers in HVGA were to have a 25% stake in the Alberton (Johannesburg) based marketing company. The joint venture partners had entered into their first contract for the production and marketing of sweetcorn to retailers like Spar, Woolworths and Pick ’n

Pay. Other crops to be produced included pumpkin, butternut and green beans. The objectives of the joint venture were to:

- produce ‘quality fresh vegetables’ to supply the local, national and international markets.
- process and package the vegetables.
- generate income from the project, keep it sustainable and use it as a support base for the emerging Hereford farmers venturing into the fully commercialised sector.
- create job opportunities for both the project owners and some of the unemployed people in surrounding communities.

The joint venture envisaged that the land resources to be used for production would include the entire 160ha of irrigated land falling within the Hereford Irrigation Scheme as well as the use of tunnels (greenhouses) on the communal pot (Plot 34). The total projected earnings from this joint venture ranged from approximately R4.5 million in the first year to R13.7 million in the fifth

year. These figures were based on production in tunnels and conventional irrigation of tomatoes and cabbages, at an annual gross profit margin of approximately R24 500/ha and R26 000/ha respectively. Implicit within these projections were assumptions that all the small-scale farmers on the scheme would pool their individual land rights into the joint venture enterprise, and that the water allocations and availability in the scheme would remain constant.

Farmers' expectations of success for this new joint venture ran high. One of the envisaged highlights of the joint venture was the possibility of realising a longstanding vision for a 'pack house' located within the Hereford Irrigation Scheme. Indeed, throughout my fieldwork in 2003 and 2004, the Hereford scheme was dominated by talk of the pack house. With the approval in 2004 of a government grant of R550 000, this vision finally appeared to be coming to fruition.

## Vegetable pack house: Birth of an idea

The joint venture between HVGA and NFM Farms was preceded by a similar initiative, in 1999, through Africare's Rural Enterprise and Agribusiness Programme (REAP) in the Greater Sekhukhune area. The initiative was part of a bigger project by Africare to promote commercialised small-scale irrigation farming in the Greater Sekhukhune area. Ten communities were involved in this initiative, which had four components: extension and training, marketing, water development and co-operative development. Following the decision to grant land rights to the small-scale farmers under the LRAD programme, Hereford Irrigation Scheme was selected as a pilot project to promote entry by black farmers into the highly competitive export-orientated commercial farming and agri-business sectors.

Africare contracted Yukon International to conduct a feasibility study on 40ha of land in the Hereford Irrigation Scheme and in other small-scale irrigation schemes in the Nebo Region of Greater Sekhukhune. The initial assessment of the Hereford Irrigation Scheme showed that although the farmers had access

to water and were well organised as a group, they lacked access to markets. The verdict of Yukon International was that a pack house was feasible, and that three high value vegetable crops that could be produced were courgettes, baby cauliflowers and paprika. Consequently, plans were drawn up for the construction of a pack house on the Hereford Irrigation Scheme.

In an attempt to address the farmers' need, Africare facilitated the formation of a joint venture between the farmers and two private marketing firms, including Yukon International and Swallow International, respectively United States and Swaziland-based firms of buyers and exporters of vegetable commodities. The production of 'baby' vegetables for the export market was identified as a possible niche for the small-scale farmers.

During the first year of baby vegetable production in 1999, the farmers attended a training course to develop skills in quality control and marketing. They also harvested and sold produce over a five month period from May to September. The initial attempt to export crops of high quality floundered because of the failure by the farmers to meet the international standards for exported perishables. Drawbacks included distance from airports and the unavailability of refrigerated transport, which led to spoilage of crops and the subsequent reduction of value. A key shortcoming, however, was the lack of a 'pack house' of acceptable international standards to prepare and package the produce under the required export processing conditions. This initial experience reinforced the perception that a pack house, located on the Hereford Irrigation Scheme was necessary, primarily to serve its members but also other vegetable producers within the locality.

Working in collaboration with the National Department of Agriculture, Africare secured funding of R1.4 million to initiate the pack house project. The project was expected to generate and improve farm-based and non-farm based livelihoods, directly for 217 small-scale farmers and 61 people employed in the pack house and nursery, and indirectly for 2 500 people working within the production co-operative. At least half of





Greater Sekhukhune District's more than 10 000 farmers were envisaged as utilising the pack house. A further 50% of farmers was expected to see a large improvement in access to inputs (seedlings from the nursery), access to markets through improved post-harvest handling (pack house), improved farm management skills (training) and access to market information and bulk sales (through co-operatives).

### Shift of the pack house

The plans to locate the pack house within the Hereford Irrigation Scheme sparked off contestation between a number of stakeholders. The contestations appear to have been strongly linked to the emergence of the pack house project at a time when the idea of 'developmental' local government was beginning to be strongly embraced both nationally and in Greater Sekhukhune. In line with the requirements of the IDP process, the pack house project plans were tabled before the Greater Groblersdal local municipality.

The project was to be included in the municipality's LED plans. It was around this time that a decision was made to shift the location of the pack house away from Hereford Irrigation Scheme into the district arena. This entailed selecting a location from which the pack house could best serve the interests of not only farmers in the Hereford Irrigation Scheme and its immediate hinterland, but also of Greater Sekhukhune District as a whole. Selecting a site that would be politically acceptable to most stakeholders and at the same time logistically practical, in terms of the envisaged model of commercial production, proved to be a difficult and complex problem.<sup>1</sup>

Because the REAP included nine other irrigation communities, there were problems with locating the pack house, as originally planned, in the Hereford Irrigation Scheme. A decision-making process was set in motion in 2001 by the REAP Steering Committee, consisting of representatives from the Department of Agriculture, Tribal Councils and REAP Irrigation Projects, who made decisions about the local Africare Programme. The REAP Steering Committee decided that for practical purposes the pack

house had to be located elsewhere in the district where it would be accessible to all small-scale irrigation farmers in Greater Sekhukhune. From the debate that emerged around the best possible location, the REAP Steering Committee established within itself a 'Pack House Task Team' to address the problem of location. Finally, in 2002, a decision was made to locate the pack house in Groblersdal.

A key issue for Africare was that the idea to build a pack house had emerged from a process of market development and that there was no available funding for its construction. A second key issue related to 'ownership' of the pack house. In attempting to address this second issue, the REAP Steering Committee and Africare decided to form the Sekhukhune Farmers' Development Trust (SFDT), which would own and manage the pack house. In 2001, the SFDT was registered as a trust organisation and a board of trustees was democratically constituted, with a female farmer as chairperson of the board. Official documentation<sup>2</sup> states that the establishment of the SFDT was a response to emerging farmers in the Greater Sekhukhune District.

A number of activities appear to have taken place in preparation for the construction of the pack house. The REAP Steering Committee visited similar initiatives elsewhere to observe how such projects were conceptualised. Calls for submissions of proposals for the design and construction of the pack house were published, and the tender selection process was concluded in February 2003. Concurrent with these developments, the Greater Groblersdal local municipality took office and the new mayor promised to consider a request for municipal assistance in allocating a site for the pack house. However, this appears not to have happened, and the SFDT eventually purchased two plots of land in the industrial section of Groblersdal. Africare provided funding.

The local municipality responded to this acquisition of land by proffering funding for the construction of the pack house, through the Municipal Local Economic Development Fund. A MOU was then drafted between the Greater Groblersdal local municipality and the SFDT. The provisions of the MOU



were that the local municipality would have ownership of the project for three years, after which time the ownership would be transferred to the SFDT. The decisions and the MOU around the pack house project elicited extensive debate, contestation and power dynamics. It was at this point that the Greater Sekhukhune District Council appears to have joined the fray.

There was debate over the choice of Groblersdal as the site of the pack house, over the four other local municipalities in the Greater Sekhukhune District. The rationale given by the REAP Steering Committee and the SFDT for choosing Groblersdal was that the urban centre possesses the required infrastructure, services and human resources to support the pack house venture. Farmers in the Hereford Irrigation Scheme contested this. Their view was that the decision-making process was corrupted by political expedience and the self-interest of certain individuals who stood to benefit from the project. There were also questions over the logistics of transporting produce over distances ranging from one to over a hundred kilometres, particularly without refrigerated transport. Factors underlying the debate included expectations of high incomes for farmers and allied sectors, farm and non-farm employment for local people, and the prestige associated with what was perceived to be a potentially high profile project.

Interviews with key respondents revealed the existence of power dynamics between the district municipality and the local municipality in the debate surrounding the pack house project. Apparently, members of the nodal delivery team of the district had taken the pack house proposal directly to the Provincial Department of Local Government and Housing, without consulting the Greater Groblersdal local municipality. The latter therefore considered that the district municipality had not acted according to proper procedure, and had in fact overlooked the role of the local municipality in making decisions about an issue within its jurisdiction. The views of Greater Sekhukhune's nodal delivery team could not be obtained as all the officers in that team were no longer employed by the municipality.

Other identified power dynamics were between the Greater Sekhukhune District mayor, who is also the political champion of the ISRDP, and the then-district municipal manager. Views were expressed that the pack house issue was one of the factors that contributed to the escalation of tension between the two, and to the ultimate departure of the latter. Attempts to gain further insights into this matter were unfruitful. Efforts to interview the mayor were repeatedly unsuccessful. However, an interview with the manager in the mayor's office revealed that the district mayor had become involved in the matter largely because there was a realisation that the board of the SFDT was not representative of the interests of the district as a whole.

A key respondent from the IDT, which played an advisory role to the Greater Sekhukhune nodal delivery team, had a contrasting view. This was that the involvement of the district municipality was justified by the need for a district level structure to facilitate the filtering of project funding from the NDA, through the Provincial Department of Local Government and Housing, ultimately to the Greater Groblersdal local municipality.

Notwithstanding these explanations the farmers on the Hereford Irrigation Scheme perceive there to be various reasons for the change of location for the pack house. One perception is that their lack of secure tenure was a prime factor, while another is that some stakeholders within district and local municipalities acted out of self-interest.

In contesting the decision to locate the pack house in Groblersdal, farmers in the Hereford Irrigation Scheme argue that the pack house was originally intended to benefit their group, who had participated in the initial experiment of producing baby vegetables for export. Statements of the new municipal manager for Greater Sekhukhune and the site manager for Africare corroborate this view. The Hereford small-scale farmers further point out that their surveys of similar projects and their assessment of the logistics of transporting their produce over the one to two kilometre distance show that it is not practical to locate the pack house



in Groblersdal. They also point out that, according to the requirements of international standards for perishable export crops, it is not hygienically desirable to locate a pack house in an industrial area, where pollutants might contaminate produce.

In spite of the Hereford farmers' arguments, the implementation of the pack house project went ahead. Construction of a pack house has begun in the industrial area of Groblersdal.

### **Return of the Hereford pack house: A new lease on life**

In 2003, a feeling of despondency over the 'lost' pack house was observed amongst the small-scale farmers on the Hereford Irrigation Scheme. Questionnaire and interview data showed that the vegetable producers had resorted to marketing their produce in roadside stalls and to local small traders. The leadership of the Hereford Farmers' Association stated that they would not utilise the pack house in Groblersdal on principle, as well as for practical reasons. Their objective was to continue to seek assistance for the construction of a pack house located within the scheme.



The formal request for funding began with the Hereford Farmers' Association applying for financial assistance through the Greater Groblersdal local municipality in December 2003. The application appears to have had support from the district municipal office. According to the district municipal manager, the district-wide focus of the project had become impracticable for several reasons. These included the time and effort required to overcome the effect of distance on the transportation of perishable produce, shortage of irrigation water over much of the district, and the huge amount of funding required to make such a large number of small-scale farmers competitive enough in the horticultural sector.

The efforts of the Hereford Farmers' Association appear to have paid off during 2004, when the NDA approved a grant of approximately R550 000 for the construction of a pack house and tunnels on the communal plot. The grant was less than the R900 000 requested by the HVGA. This is probably

more realistic, given that not all farmers want to be part of this joint venture.

This development appears to have given a new lease of life to the farmers, some who had joined the tobacco joint venture (described in Chapter 4 of this report) while others who had resolutely refused to grow tobacco for ethical reasons. The 'return' of the pack house also accounts for the decision by many farmers to abandon tobacco production following the failure of the 2004 venture.

### **Conclusion**

The pack house project illustrates how the involvement of a multiplicity of stakeholders, including municipalities, in the governance of joint venture projects, such as the Hereford vegetable project, can impact upon the livelihood strategies of small-scale farmers. The pack house assumes an allegorical image through which farmers' struggle to eke out sustainable livelihoods from the gains made through access to land and water are played out. Whereas the governance problems of the tobacco joint venture are largely contained within the parties to the venture, those of the earlier vegetable joint venture are largely driven by external influences. Following what they perceived to be the failure of the initial pack house project, the farmers decided to enter into an initial partnership with MKTV and later Tobacco RSA, regardless of advice not to do so. This indicates the level of farmers' distrust of a broader governance system. By closing their ranks and engaging in an independent joint venture with MKTV and Tobacco RSA, the farmers effectively reclaimed the latitude to determine their livelihoods. However, the unintended failure of the tobacco project in 2004 seems to indicate the need for greater co-operation between farmers and other stakeholders, in order to minimise the risk of erosion of livelihoods. There is also a need to place farmers' interests at the centre of such co-operation.

The pack house project suggests that problems of accountability exist in municipalities. Often, governance practices tend to predispose elected councillors to pursue the interests of their constituencies.

Differences in degrees of power and influence, and vested interests among elected councillors can result in decisions that favour the interests of the more powerful actors. The power dynamic behind the decision to locate the pack house in Groblersdal is subject to debate. However, there seems to be consensus that the decision-making process initiated by the REAP Steering Committee in 2001 might have been influenced by dynamics within and between various spheres of governance, and particularly by high profile individuals within certain political and business circles.

Clearly the Hereford Irrigation Scheme has been the focal point of attention from a variety of stakeholders and observers, including roleplayers within government and political party structures ranging from the local to the national level, and possibly beyond. The designation of Greater Sekhukhune District as an ISRDP node places an additional imperative on government interventions to be seen as effective in addressing issues of poverty and inequality. International events, such as the 2002 World Summit on Sustainable Development, have also contributed to the increasing focus on the district (Tapela 2002a). Given the wide range of parties interested in the Hereford case, and variations in the local and national political and institutional milieu, it is not particularly clear to whom the local municipality has been accountable primarily. The 'return' of the pack house to the Hereford Irrigation Scheme strongly indicates that local decision making

is responding to changes in the power arena. The degree to which these changes imply a significant shift to downward accountability, has yet to be seen.

Although the Hereford pack house project provides some evidence to the contrary, in my view, municipalities can play useful roles in pursuing the interests of local people and co-ordinating aspects of the facilitative and monitoring roles by other stakeholders. The degree to which municipalities can fulfil these roles depends on the extent to which they are downwardly accountable.

## Endnotes

1. I encountered difficulties in unravelling the complexities of the process of pack house 'capture', with some respondents giving different versions of the process on each occasion they were interviewed, and others deliberately withholding information. Consequently, the approach I took was to triangulate all information and to request available documentation relating specifically to the project. Attempts to get information and documentation from the Greater Groblersdal local municipality were unsuccessful. Research revealed that the LED Manager for the local municipality had initially been one of the plot holders on the scheme, and had subsequently left the scheme under circumstances that were unclear to the researcher. This section of the report thus relies on information collected from other key stakeholders, including Africare, SFDT, Greater Sekhukhune District and the Hereford Farmers' Association.
2. SFDT Information Brochure.



# Chapter 6: Lessons from the Hereford case

This chapter considers some of the lessons that can be learned from the Hereford case study. It highlights the challenges of creating a viable class of black commercial producers from the ranks of the dispossessed and previously disadvantaged.

Support to emerging farmers by the various sectors derives from the core objectives of the Agricultural Sector Strategy (DLA 2001) namely, to:

- enhance equitable access and participation in the agricultural sector.
- improve global competitiveness and profitability.
- ensure sustainable resource management.
- ensure food security.



The Broad Based Black Economic Empowerment Framework for Agriculture (Agri BEE) addresses the first two objectives, and joint ventures are considered a key strategy for promoting entry by emerging irrigation farmers into the commercial sector. Strategic initiatives that complement Agri BEE include Irrigation Management Transfer, Water Allocation Reform, Policy on the Financial Assistance to Resource Poor Irrigation Farmers, Land Reform, the Comprehensive Agricultural Support Programme, municipal local economic development frameworks and the ISRDP. The Hereford case provides useful insights for the implementation of these complementary initiatives, which are often undertaken in a fragmented manner.

Lessons deriving from the case study broadly relate to the challenges of creating a viable class of black commercial producers from the ranks of the dispossessed and previously disadvantaged. These challenges include strengthening governance and rights within joint ventures, farmers' organisations

and producer households; achieving institutional co-ordination; reducing the risks associated with capital-intensive crops such as tobacco; and sharing joint venture costs and benefits in a fair and equitable manner. A major challenge is the creation of real opportunities for emerging black farmers in the context of divergent social and neo-liberal policies and rural poverty and inequality.

## Joint venture risks, in the context of rural poverty and inequality

The Hereford case points to the fact that emerging producers within joint ventures, who are often resource poor and vulnerable, carry an inordinately high proportion of risk. They lack sufficient information on market trends and enjoy very little power to influence producer prices. By contrast, private investor partners have greater access to information on market trends, a stronger vested interest in the produce, and yet carry a relatively lower risk. This asymmetry reflects the larger structural inequalities that characterise much of South Africa's rural economy. An example of small-scale farmers' particular vulnerability to risks associated with the production of capital-intensive crops relates to the decision by Hereford farmers to grow tobacco, despite the fact that historically tobacco production has been unsuccessful in Hereford. There was a perception that the decline of Zimbabwe's prime tobacco

production and exports to BAT–South Africa, following the orchestrated ‘fast-track’ land reform, constituted opportunities for entry into the tobacco sector by small-scale South African farmers. While the joint venture partners differ in their views on the emerging farmers’ skills and the quality of tobacco produced, perceptions on opportunities for market entry have been overshadowed by an increase in Brazil’s share of prime tobacco output. The recent nomination by BAT–PLC of Brazil, the United States and Zimbabwe as major sources of tobacco for the future<sup>1</sup> raises further questions on the sustainability of joint ventures that promote crops such as tobacco as a means of empowering emerging farmers.

The broader local context in which joint venture projects such as Hereford’s are undertaken is one that is not only designated by government as an ISRDP poverty node, but also one that is renowned as a cradle for rural resistance to apartheid. At the micro-level, Hereford Irrigation Scheme is the site of historical and ongoing contestations over land, water and related resources between emerging black farmers and established white farmers. Various interests therefore converge on progress in agricultural ‘development’ in both the district and the scheme, including the interests of private sector investors. For these, Agri BEE provides an opportunity to demonstrate social responsibility by fostering entry by black commodity producers into the commercial sector, while partnerships with farmers such as those from Hereford broaden their access to productive land and water, as well as labour. The failure to date of joint ventures in the Hereford Irrigation Scheme and in similar projects in the Olifants Catchment Area suggests a need to review existing approaches. At a time when redress for past discrimination has become central to debates on the impacts of government interventions, it is imperative for joint ventures not to reverse the gains made by emerging black farmers. The failure of joint ventures in the Hereford Irrigation Scheme suggest a need for measures to reduce exposure of emerging farmers to the high risks associated with capital-intensive crops.

## Costs, benefits and power issues in joint ventures

Linked to the issue of risk is the question of mechanisms for sharing costs and benefits by joint venture partners. In the case of Hereford, private investors, farmers and government have all variously contributed to the production of tobacco, vegetables and other crops. On the one hand, private investors have made significant contributions, with BAT–SA providing a grant of R3 million and Tobacco RSA providing technical and managerial services to the tobacco joint venture. While on the one hand BAT–SA’s capital input has assisted farmers by eliminating debt-related costs and risks, it has also raised questions around ownership and control of the crop. On the other hand, the government has made an even greater contribution, paying R7 million for the rehabilitation of the water storage dam on the scheme, R281 165 to settle arrears in emerging farmers’ water accounts and R550 000 towards the construction of greenhouses, among other expenses (see Table 5). Through the policy of the Financial Assistance to Resource Poor Irrigation Farmers the government will also fund a further R2.2 million required by emerging farmers towards lining the Hereford Canal. In addition, the government has made other non-monetary contributions in the form of extension services, mechanisation and, most important, land which will be transferred to the emerging farmers in terms of the Hereford LRAD project. Apart from contributing their labour and participating in decision making, the farmers have mostly been recipients of assistance from private investors and government. This will change with the cessation of subsidies and the introduction of ‘efficiency’ measures following the application of the water sector’s ‘user-pays’ principle.

Despite their seemingly modest contribution, the farmers have nonetheless had significant freedom to make decisions around which private investors they enter into joint ventures with. While this indicates a relatively high degree of devolution of



decision making, it has highlighted problems relating to the capacity of the farmers' to negotiate the terms and conditions of joint venture arrangements. The absence of a written contract for the tobacco joint venture and the inflated projections of the new vegetable joint venture's business plans are cases in point. In the Hereford case, devolution of decision making has not translated into significant power within joint ventures. There is a need to clarify issues around ownership and control of produce and for joint venture partners to agree on principles of communication, transparency and accountability.

In view of the financial and non-monetary contributions by government, and in light of the core objectives of the Agricultural Sector Strategy, the National Water Act, the Land Reform Policy and the ISRDP, it is imperative that policy practitioners provide structured and co-ordinated support to farmers entering into joint ventures. Some of the questions to be addressed are:

- Given the propensity of private investor partners to exercise strength on the basis of their contributions to the joint venture, to what extent can the contributions by government be regarded as leverage for the emerging farmers?
- What mechanisms can be used to ensure a fairer distribution of joint venture costs and benefits between producers and private investors?



## Gender issues

The various sectors involved in promoting emerging irrigation farmers appear to recognise the need for gender equity. Provisions for gender equity are made in the Financing Mechanisms for the Comprehensive Agricultural Support Programme, BAT–South Africa's broad based BEE framework and the policy on the Financial Assistance to Resource Poor Irrigation Farmers, administered by DWAF. The latter goes a step further by basing levels of financial grants on the proportion of historically disadvantaged females within decision-making structures of farmers' legal entities. However, such frameworks need to go beyond issues of gender equity

by mainstreaming gender and generating gender perspectives. Although frameworks for institutional support to emerging irrigation farmers include training of farmers' organisations, often the content pertaining to gender issues is not stated in explicit terms in such training programmes.

Observations that gender power dynamics in irrigation schemes are often problematic (Van Koppen 2001; Bastidas 1999; Zwarteveen 1997; Zwarteveen & Neupane 1996) suggest the need for clearly stated and funded programmes of action around awareness creation, adoption and promotion of gender-sensitive principles.

## Institutional co-ordination and monitoring

While the Hereford case shows that there has been a degree of integration across spheres and sectors of government, and between government, civil society and the private sector, the support provided by a multiplicity of stakeholders to emerging farmers has often been fragmented, and co-ordination and monitoring has been lacking. The 'Systems Act' establishes municipalities as developmental local authorities and accords them the legal responsibility to promote, undertake and co-ordinate all development planning and budgeting, facilitate compliance with the principles of co-operative government and intergovernmental relations, and monitor the impact and effectiveness of any services, policies, programmes or plans within their areas of jurisdiction. However, the earlier Hereford vegetable project suggests the limited capacity of the Greater Sekhukhune District municipality to play an effective co-ordination and monitoring role.

In the case of Greater Groblersdal local municipality, the LED Committee for Agriculture constitutes the relevant structure for dealing with cases such as joint ventures in the Hereford Irrigation Scheme. This structure brings together large- and small-scale commercial farmers, communal farmers and relevant locally-based government departments, NGOs and the agri-business sector. However, the Groblersdal LED Committee for Agriculture has virtually collapsed owing to the lack of an LED

plan for the municipal IDP and a broadly perceived lack of leadership and support within the municipality.

More recently, however, there have been moves towards improved co-ordination. At provincial and regional levels, the promotion of entry into commercial production by emerging farmers is driven by the Mpumalanga Co-ordinating Committee for Agricultural Water (CCAW). This structure brings together actors from the environmental cluster, namely the water, agriculture, land and environmental departments. The Mpumalanga CCAW provides a key link between the national and the local spheres of government. It is through this structure that the Hereford Farmers' Association, and indeed the Hereford Irrigation Board, submitted applications in August and September 2004 for government subsidies for improved access to water. The application by the former has been lodged in terms of the new Policy on Financial Assistance to Resource Poor Irrigation Farmers, adopted in September 2004. The general view of some actors within the CCAW is that the application by the small-scale farmers will receive approval because of their classification as 'resource-poor irrigation farmers' and also because of the grounding of land rights on the scheme in the LRAD programme.

A more effective structure to deal with agricultural issues within the local authority is required. Challenges of achieving integration between local authorities and water-related institutions tend to persist after various sector reforms have been implemented, often with negative impacts on local people's livelihoods and wellbeing (Tapela 2002b). There is, as yet, no clear link between the activities of the CCAW, which is informed by Integrated Water Resources Management approaches, and those of local authorities, which are responsible for integrated development planning within the ISRDP nodal district. In the past, the local municipality's LED Committee for Agriculture interacted indirectly with the CCAW through representation by provincial and national government officials, however it has since collapsed. There is a need for mechanisms to ensure that a greater degree of

integration between water management and local developmental structures is achieved. Without such integration, the interests of small-scale irrigation farmers are likely to remain marginal to developmental processes. Drawing from the developmental logic of decentralisation (Ribot 2002), if local authorities are sufficiently downwardly accountable, it can be reasonably assumed that such interaction would contribute to ensuring that the interests of small-scale farmers remain central to efforts to promote an emergent class of petty commodity producers.

In addition to the need for improved co-ordination, joint venture settings such as those in Hereford require effective monitoring mechanisms. The farmers are poised to own their land, yet require substantial government assistance. Various government programmes and structures have been put in place to promote emerging farmers. Yet because this assistance is insufficient, private investors offer additional resources to promote black economic empowerment in agriculture, while expecting profits. This milieu is influenced by political and business interests. The complexities of having a multiplicity of stakeholders are compounded by autonomous decision making by individual and collective emerging farmers. There is a strong need to define who is accountable to whom, and who plays the monitoring role. Municipalities often lack the resources to perform monitoring roles. Policy makers need to find ways of ensuring that joint ventures involving resource-poor irrigation farmers are effectively monitored, not only for economic viability, but for compliance with BEE objectives and for maximum impact on people's livelihoods.

Given that farming activities are an extension of the broader basket of livelihood strategies for farmer and farm worker households, evaluations should recognise this linkage. Criteria for monitoring and evaluating the performance of the beneficiaries of government assistance should accommodate both commercial and subsistence farming objectives. With specific regard to irrigation schemes assisted through the LRAD programme, straddling can result in the invisibility of those household and





broader community members living outside irrigation schemes. The impacts of projects on these people might be overlooked in evaluations of the performance and impacts of projects. The evaluation criteria should therefore also include indicators such as the number of people, for example farmers' households and broader communities, benefiting from the schemes.

## Conclusion

Given significant government expenditure on promoting farmers' livelihoods, the need for effective co-ordination and monitoring of joint ventures cannot be overstated. However, what seems more critical is the need to examine the basis of government intervention on a hybrid of neo-liberal development approaches and social welfare or anti-poverty approaches. In the context of the prevailing commoditisation of productive water and land resources, and the recurrent failure of joint ventures, government subsidies might not be sufficient to secure the livelihoods of emerging farmers. Although the government has made moves to address the financial requirements of emerging farmers, there is still a need for a broader range of support services, including the development of



skills that strengthen farmer organisations to enable them to deal with both internal and external power issues. Such skills will contribute to the effectiveness of existing efforts to develop production, processing and marketing skills.

The Hereford case epitomises South Africa's challenge of addressing rural poverty and inequality through co-ordinated strategies involving government, civil society and the private sector, in partnership with local people. Joint ventures in the irrigation scheme articulate the government-driven Agri BEE. The location of the joint venture projects within a designated ISRDP poverty node that is renowned as a cradle for rural resistance to apartheid, and the historical and ongoing contestations over land, water and related resources between emerging black farmers and established white farmers in the Hereford area, place a strong imperative on policy makers to ensure that appropriate mechanisms are adopted to address the problems associated with joint ventures.

## Endnote

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