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Linking smallholder farmers to formal markets as a remedy for job creation in South Africa: A review based on the agri-food systems and the amendment of agricultural products Marketing Act

By

Thabile Nkunjana & Siphe Zantsi

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Presentation Outline

1. Introduction

2. Approach and methods

3. Agri-food systems-South African perspective

4. NDP: job creation plans through agriculture

6. Case studies of initiatives linking small-scale farmers to markets

7. Proposed plan of linking small-scale farmers to markets and job creation

8. Conclusions

Background

- Smallholder market access is an old and enduring challenge in the S.A agricultural landscape (Makhura, 2001; Magingxa & Kamara, 2003; Louw *et al*., 2008; Bienabe & Vermeulen, 2011; Khoza *et al.*, 2019).
- There are plethora of diagnosis and propositions on how to effectively link smallholders to markets, but so far there limited success cases.
- Importance of addressing smallholder market access is well articulated in numerous policies (e.g. NDP– in its job creation plan).
- NDP also place emphasis on the agric-value chain through agri-food systems.

- Agri-food systems can be defined as the combination of activities and institutions around the production and consumption of food items (Ledger, 2016).

Research Problem

- Smallholder market access can be achieved if the government intervene. **Why?**

- Agri-food systems are dominated by supermarkets, and there is no incentive for supermarkets to buy from smallholders (van Heijden & Vink ,2013).

- Existing studies (van Heijden & Vink, 2013; Cousins, 2015) have suggested that supermarkets should be incentivised to buy a certain quota from smallholder farmers.

- The aforementioned suggestion requires government intervention. **How?**

Objective

- The Marketing Act No 47 of 1996 is the principal legislative document guiding marketing of agricultural products.

Objectives:

- ✓ Increasing of market access for "all market participant".
- ✓ Promotion of the efficiency of the marketing of agricultural products
- ✓ Optimisation of export earnings from agricultural products
- ✓ Enhancement of the viability of the agricultural sector

- What exactly needs to be changed in the Act?
- This paper seeks to explore possibilities on how small-scale farmers can be linked to formal markets and be used as one *solution* for job creation through agri-food systems.

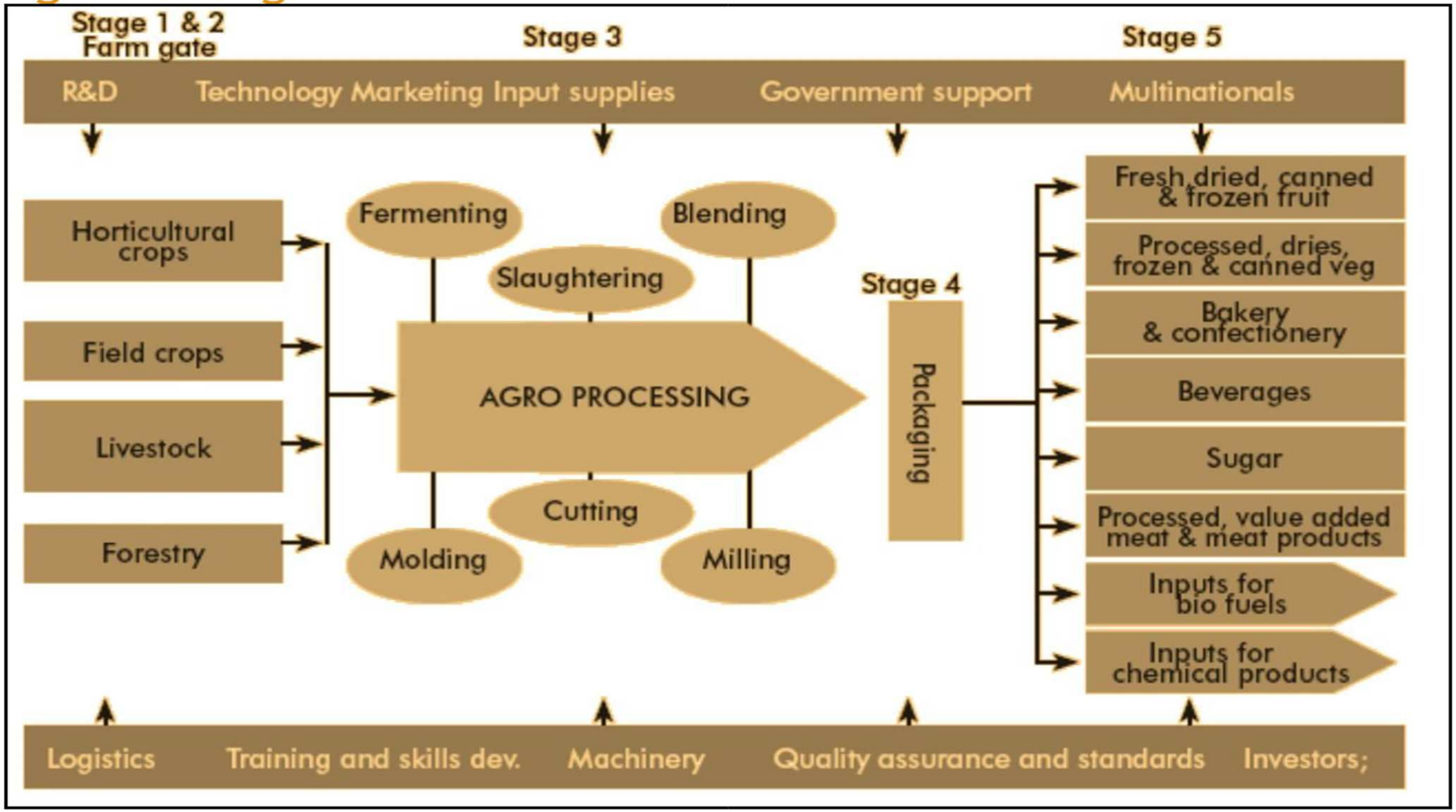
Approach and methods

- A critical review approach (systematic review + critical analysis) is followed in this paper
- Systematic review (adapted from Ford *et al*., 2011) of literature and relevant policy documents e.g. NDP, …
- Act No 47 of 1996 and formation NAMC
- Criteria for inclusion of literature and how literature search was done?
- Reporting of the results — critical analysis, summary and case study

Agri-food systems-South African perspective

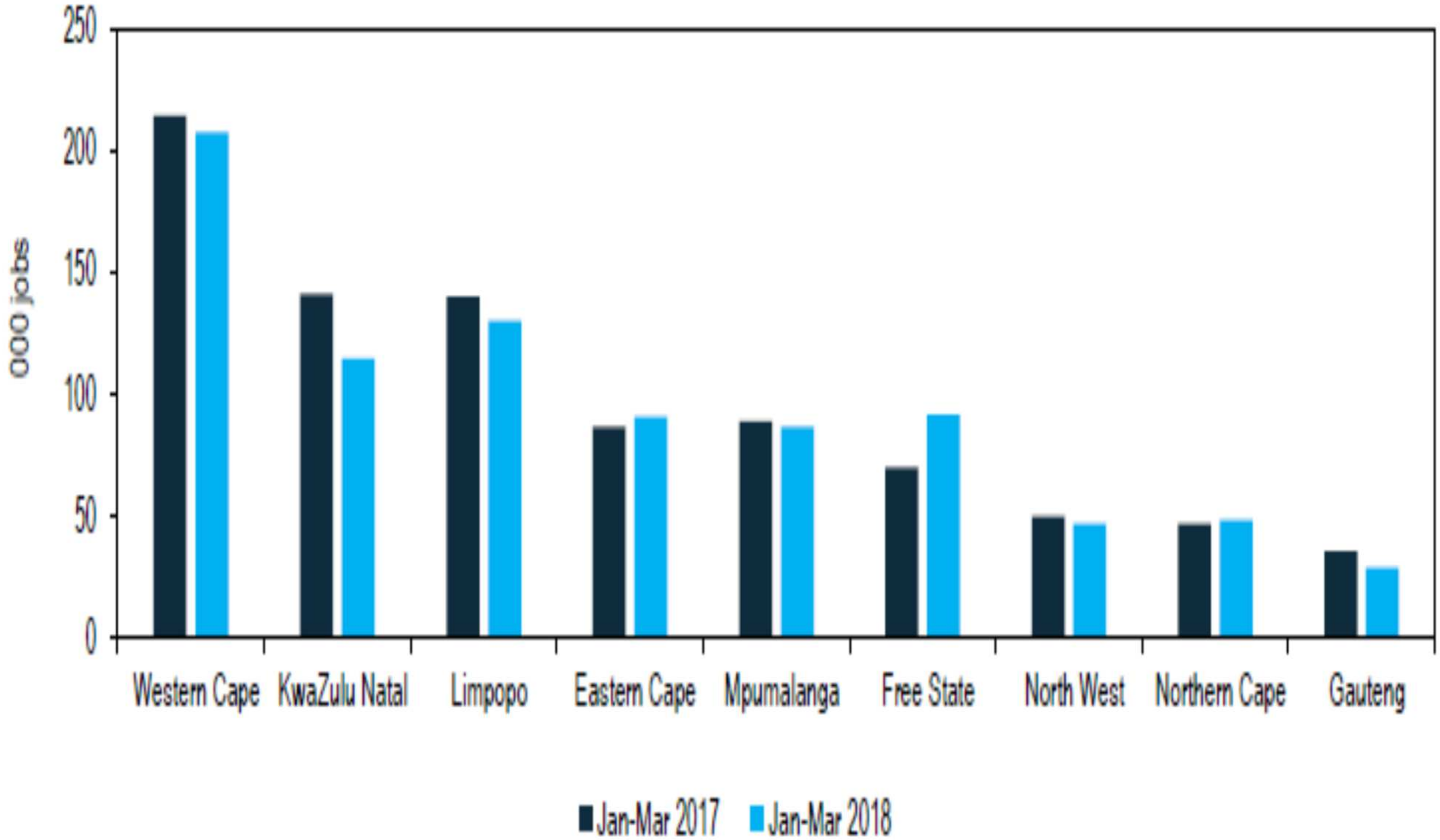
Louw *et al.* (2007) schematic representation of agri-food system

Figure 1: Agricultural value c hains



Employment in the Agricultural sector in SA

Employment by Province



Source: Agbiz, 2019

Employment in the smallholder agricultural sector

- According to Zantsi *et al*. (2019), on average, commercial oriented farmers employ full time equivalent hired labour of 0.15 persons. In simple terms, and if assumed that there are around 200 000 emerging farmers in the country (see Cousins, 2015), this segment of farmers employs around 30 000 farm workers per annum.

- Mmbengwa *et al.* (2015) study revealed that Eastern Cape Province has the highest employment generative capacity in communal livestock farming systems, compared to Northern Cape, KwaZulu-Natal and Limpopo Province respectively.

Jobs comparison per sector in Tanzania

Jobs created per sector

	2008/09	2010/11	Average annual growth rate, %
Agri-food (Primary)	1,250,480	438,480	-104.79
Agri-food (Secondary)	4,189,920	3,637,760	-6.6
Non-agri-food	21,745,360	30,563,680	34.0

Source: National Bureau of Statistics-Tanzania, European Commission and World Bank (NBS 2019a, 2019b) and author's own calculations.

NDP job creation plan

Farm Category	Primary jobs created	Secondary jobs created
Subsistence farmers with ≤ 0.5 hectares of land	83 000	41 500
Small-scale farmers with land between 0.5 & 5 hectares	165 000	82 500
Small-scale farmers with 5 hectares or more	75 000	35 000

Source: National Planning Commission, 2011

Case studies

Case Study 1 : *National Wool Growers Association (NWGA)*

Model:

i. Organizing producers into Associations co collectively harvest, class and pack wool

ii. Provide training and mentorship

iii. Market readiness and access

iv. Genetic improvement of flocks, and

v. Improve infrastructure

Continued

Communal wool production statistics

Season	Quantity in kg	Value (in ZAR)
1997/98	222 610	1 502 908
1999/2000	336 700	1 965 557
2001/2002	535 911	6 927 640
2003/2004	2 029 556	17 768 955
2008/2009	2 666 933	43 149 706
2012/2013	3 461 937	131 842 578
2013/2014	3 806 993	137 919 368
2014/2015	3 582 123	130 849 388
2015/2016	4 462 089	233 618 025
2016/2017	5 812 641	299 882 008
2017/2018	5 422 122	383 607 431

Source: De Beer (undated), citing Cape Wool SA

Continued

Case study 2: *Timbali*

Model:

i. Coordination of production

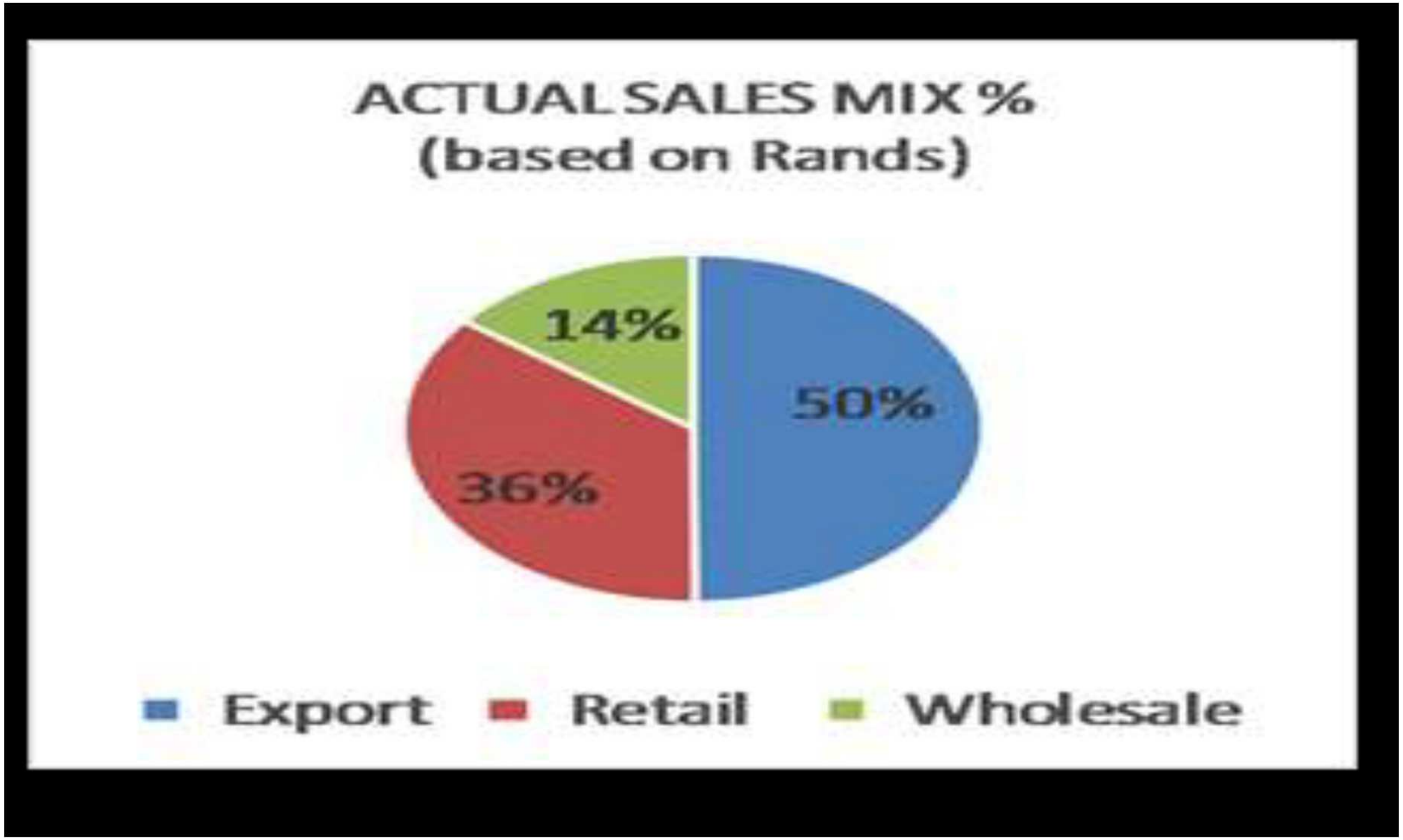
ii. Provision of extension service

iii. Regulation and coordination of market supply

iv. Formation of strategic support alliances and technology packaging

Continued

Sales statistics in 2017



Source: Timbali newsletter 2017

Where are smallholder farmers situated in S.A?

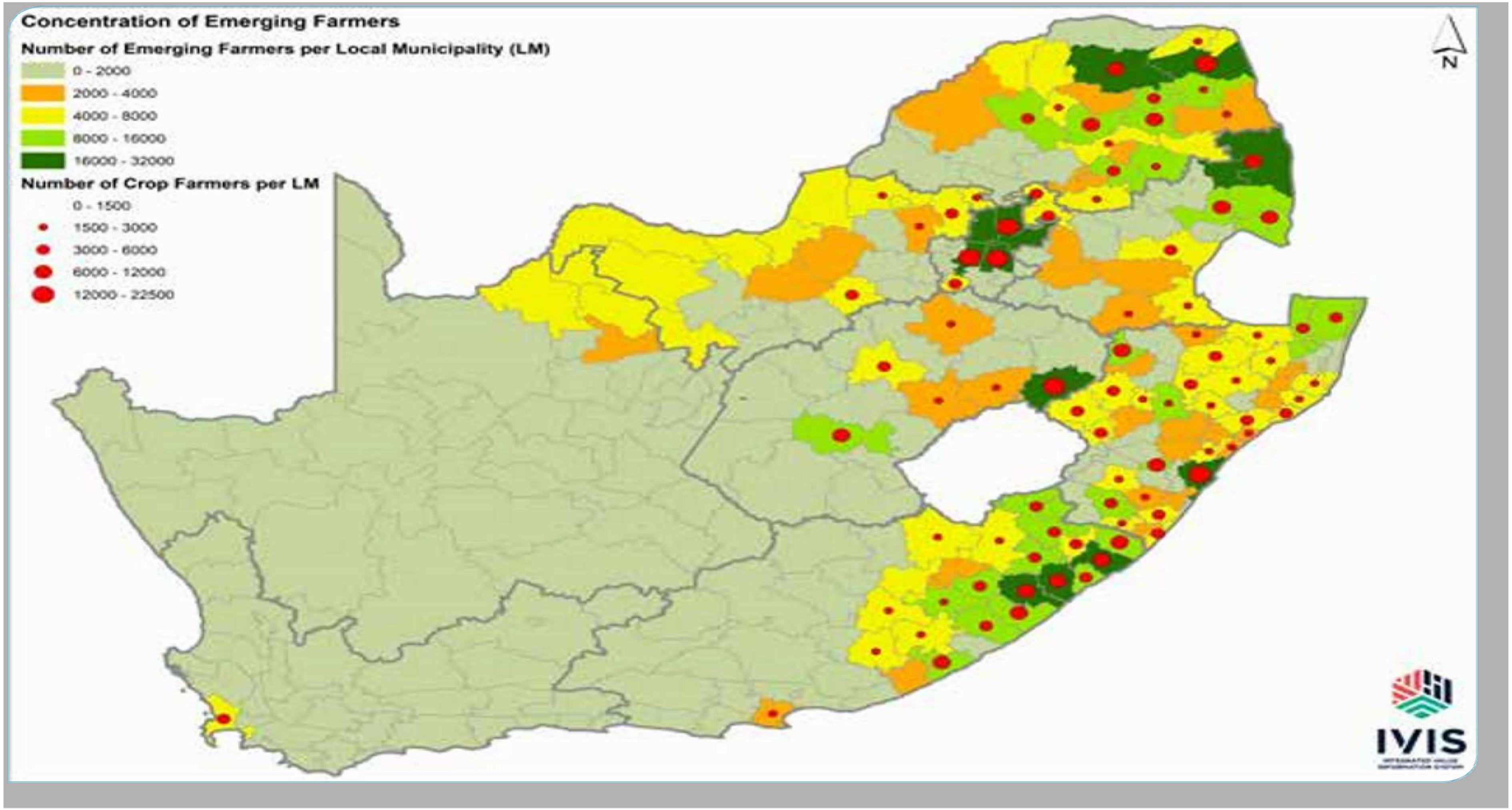


Figure 8: Spatial targeting of emerging farmers

Source: BFAP, 2018

Proposed plan of linking small-scale farmers to markets and job creation

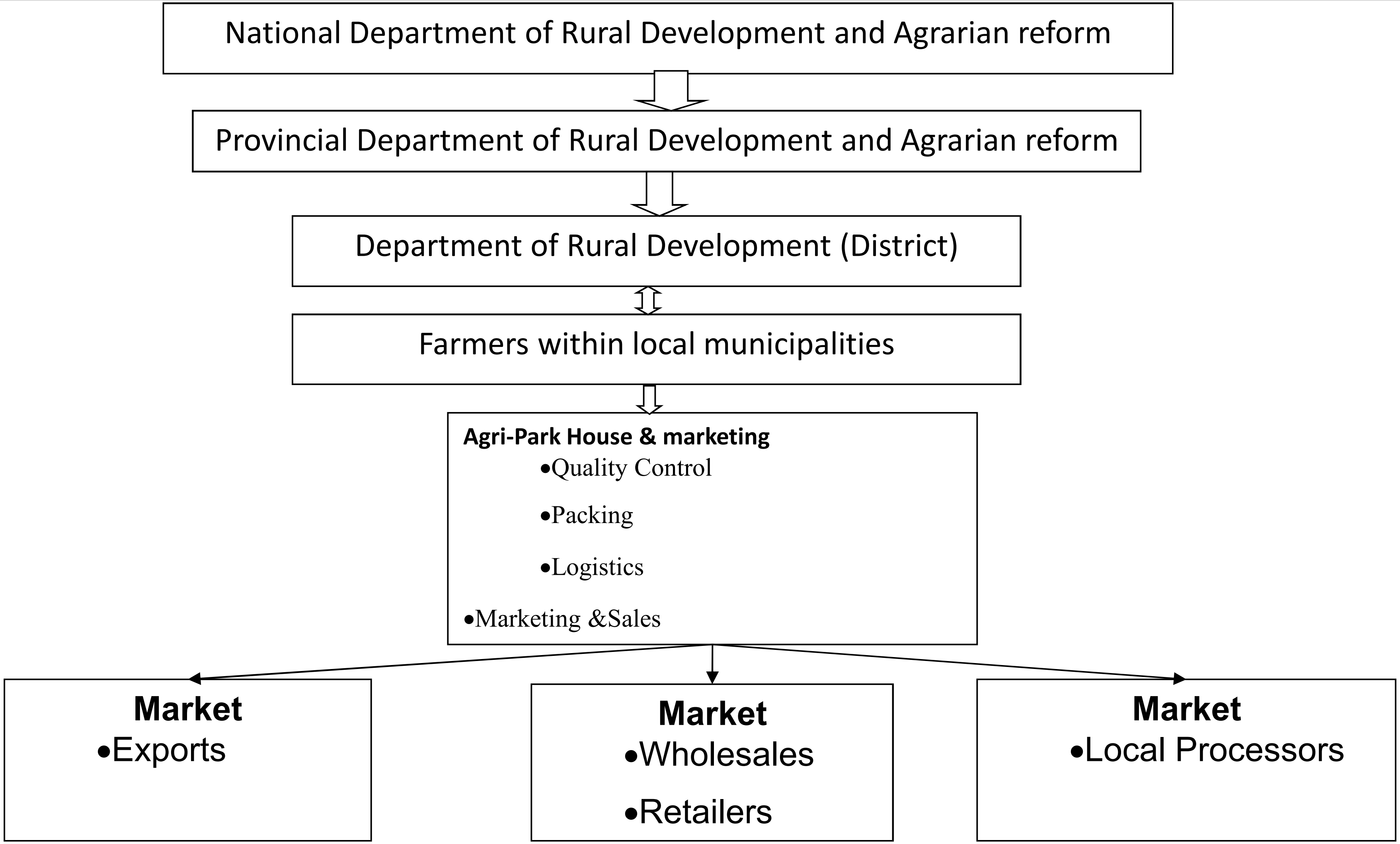
Step 1: small-scale farmers are recruited from local municipalities through a selection process (typology based on production orientation e.g. Louw & Traub, 2015).

Step 2: Once these groups are formed, a business plan for production will be developed followed by the development of an operational plan per group.

Step 3: A three year contract between the department and farmers would be signed.

Step 4: Produced sold through the department.

Proposed plan................continued



Source: Adapted from Mabaya, 2011 and Timbali newsletter, 2017.

Conclusions

- Smallholder farming is the dominant form of agricultural production among many households in the country and faces market access challenges.

- Smallholder market access can be achieved through government intervention by amending the Agricultural marketing Act.

- Only then, smallholders can play a greater role in the agri-food system as envisaged in the NDP job creation plan.

- Smallholders are not homogeneous and are not equally distributed across SA, therefore, a careful typology of smallholders needs to be achieved and stratified according to their locations

- Lessons can be learned from successful cases such as NAWGA and Timbali.

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Thank you very much!!!