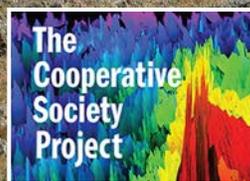




Strategies for Increasing Black Commercial Farming in South Africa

By E.G. Nadeau, Ph.D., and Mpumelelo Ncwadi, M.B.A.



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Abstract

The primary purpose of *Strategies for Increasing Black Commercial Farming in South Africa* is summarized in the title of the report. Based on site visits and interviews, primarily conducted in Eastern Cape Province, and on national-level documentary research, the authors draw five main conclusions about attempts by the national government to increase black commercial farming in the post-apartheid period:

1. The South African government has not been successful during the last 23 years in developing a viable strategy for increasing black commercial farming. In 1994, the government set a goal of transferring 30% of white commercial farmland to black ownership by 1999. When this failed, it postponed the 30% goal to 2014. As of 2016, less than 7% of white-owned farmland had been transferred.¹ The current goals are to transfer 20% of white commercial farmland to blacks, and to generate 1 million new agriculture-related jobs by 2030.²
2. Since the end of apartheid, government land reform policy has been primarily focused on large-scale farming.³
3. At the same time, opportunities for black smallholder commercial farming have been given little attention by the government.⁴
4. The emphasis on white-to-black land redistribution has coincided with minimal emphasis on the development of commercial agriculture in former homeland areas.⁵
5. In 2017 the national government still does not appear to have developed a viable strategy for increasing the number of black commercial farms nor the financial viability of these farms.

The authors then evaluate five models for increasing black commercial farming in South Africa. They conclude that two of the models show little promise.

1. "Group farming" has been mostly unsuccessful as a commercial farming strategy.

2. "Joint venture" farming operations provide some financial benefits to black shareholders, but have not significantly increased the number of black farmers.

On the other hand, three of the models show good potential for significantly increasing successful black commercial farming.

3. "Medium- and large-scale black family farms" have had limited commercial success to date, but show promise for the future, especially if the farmers are members of multi-purpose cooperatives.
4. "Smallholder black commercial farms" have very good potential, if they receive coordinated assistance through co-ops or similar sources of assistance.
5. "Small-scale livestock owners" also show high potential for commercial success if they participate in co-ops or other coordinated programs involving rotational grazing, access to credit, breeding support, and marketing assistance.

The authors also recommend a model for "farmland rehabilitation and youth job creation" that addresses several key problems such as reducing the amount of disused farmland and pastureland, which has been overrun by invasive plants and scarred by erosion. Because many rural areas face youth unemployment rates of over 50%, a "youth agricultural corps" could be designated to rehabilitate some of these lands, generate employment, and increase the availability of agricultural land for local farmers.

Former homeland areas have particularly high potential for the growth of commercial black farming because there are already hundreds of thousands of black women and men who are subsistence and subsistence-plus farmers in these areas; several million hectares of unused or underutilized farmland and pastureland exist; and there is good potential for establishing lease agreements for new commercial farmers.

White-to-black land transfers and government-to-black land transfers, especially those emphasizing the breakup of large landholdings into smaller units that are more realistically manageable by start-up black family farmers, should continue as well. But the lowest-hanging fruit for achieving South Africa's 2030 goals appears to be giving priority to black smallholder farmers and small livestock-based commercial pastoralists in former homelands.

The report concludes by recommending that pilot projects already underway with coordinated assistance to medium- and large-scale black commercial farms be continued and extended to other projects and that similar projects with smallholder commercial farms

and small-scale livestock owners be continued and replicated as well. The report further recommends that pilot farmland reclamation projects employing members of a “youth agricultural corps” be initiated in municipalities that are committed to returning the rehabilitated land to agricultural production.

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Introduction

It has been 23 years since the end of apartheid and the beginning of democracy in South Africa. And yet, the distribution of farmland and access to commercial agricultural markets look pretty much the same as in 1994. The ANC (African National Congress) government set ambitious goals for redistributing farmland from whites to blacks in the 1990s, but it is far behind schedule in achieving these goals.⁶

There is no inherent reason why black commercial farming, especially smallholder agriculture, can't succeed in South Africa, as it has in many other countries in Sub-Saharan Africa.⁷

a. Purpose

The primary purpose of this applied research project is to assess the historical and contemporary situation in South Africa regarding black farmer involvement in commercial agricultural production and marketing, and to make recommendations for increasing access by black farmers to commercial production and to profitable, long-term markets. An important additional purpose is to recommend farming models that promote sustainable agricultural practices and access to both female and male farmers. The geographical focus of the research and resulting recommendations is the Eastern Cape Province, although the report is also intended to contribute to the success of black commercial farming in other provinces of South Africa.

b. Definitions

For the purposes of this report:

1. "Commercial farmers" produce agricultural products with the primary intention of selling the majority of these products
2. "Subsistence-plus farmers" sell agricultural products when they produce a surplus beyond the needs of their families
3. "Subsistence farmers" produce agricultural products for family consumption.⁸

These three kinds of farmers can also be viewed on a continuum. At one end are farmers who sell all or most of their farm products; at the other end, farmers whose families consume all or almost all of their agricultural products, and often rely for much of their sustenance on purchased food.

Note that the definition of commercial farmers presented above is very different from that normally used in South Africa, where it usually means "white farmers with large farms." Also note that the term "emergent farmers" is not used in this report. In South Africa, this term has often been applied to black farmers who are producing primarily

for the market. In our terminology, both white and black farmers who produce primarily for the market are “commercial farmers.”

The word “black” is a difficult one to define in the South African context. In some census data and land redistribution documents, "black" is defined as “African, Colored, and Indian/Asian.” For the most part, however, South Africans use the term black as a synonym for Black African. This report uses the latter approach. However, it is important to keep in mind that under apartheid, only whites were granted land ownership. Thus, when thinking about land reform, all three "non-white" groups were victims of apartheid.

c. Research Methodology

The research methodology for the project consisted of three main components:

1. An analysis of qualitative and quantitative data related to agriculture and land tenure in Eastern Cape Province, at the national level, and, to a very limited extent, in several other African countries.
2. Site visits to 13 black commercial farms, cooperatives, and other agricultural schemes in Eastern Cape Province. These visits were conducted in the last week of January in the first 10 days of February 2017. Sites were selected to represent a diversity of farming models.
3. During the same time period, approximately 20 interviews and group meetings were held with black farmers, co-op staff and board members, and others knowledgeable about black commercial agricultural projects in Eastern Cape. Again, the objective was to gather information on a wide range of agricultural models.

d. Organization of the Report

The report is divided into three main sections:

1. Research results: A review of the historical and contemporary context of black farming in South Africa, primarily in Eastern Cape Province.
2. A presentation and analysis of black commercial farming and employment models with a focus on Eastern Cape Province.
3. Recommendations for increasing black farmer access to commercial production and markets in Eastern Cape Province and elsewhere in South Africa.

1. Research Results

a. *The historical context of black farming in South Africa*

The Khoikhoi, a Southern African ethnic group, have been practicing pastoral agriculture for at least 2000 years. In fact, when the Dutch first established a settlement in what is now Cape Town in 1652, they bartered with the Khoikhoi for meat and other supplies to provision the colonists and Dutch ships bound for Asia. It wasn't long afterward that they ceased to barter for provisions from the Khoikhoi, and instead seized their livestock and land, and forced them out of the Cape Town area. Thus began over 340 years of exploitation, including land seizures, of black inhabitants of southern Africa by Europeans and the descendants of Europeans.⁹

This report does not provide a detailed analysis of this 340-year history of land expropriation, which is well documented elsewhere.¹⁰ Instead, the focus is on post-apartheid attempts to redress some of the worst elements of this exploitative history as they relate to agricultural land distribution.

In 1993, prior to the end of apartheid and the beginning of democratic rule in 1994, about 58,000 large white commercial farms were situated on approximately 83 million hectares of farmland in South Africa. About 6,000 of these farms were in Eastern Cape Province, with an aggregate area of about 10.3 million ha (hectares).¹¹

In 1991, there were about 14.5 million ha of farmland in the 10 former homeland areas. In the Eastern Cape homelands of Ciskei and Transkei, there were about 4 million ha of farmland.¹² Note that not all of the farmland in the homelands was being actively farmed at that time.

b. *A review of agricultural land reform between 1994 and 2017*

At the time of independence in 1994, South Africa faced a monumental challenge in attempting to institute land reform in an agricultural economy overwhelmingly dominated by a relatively small number of large-scale, white-owned commercial farms. At the time, these white farms controlled virtually 100% of commercial agricultural production and marketing, while whites represented only 11% of the country's population.¹³

Because a predominantly black government, controlled by the African National Congress (ANC), took power in 1994, expectations were high that there would be a significant redistribution of agricultural land toward greater black ownership. This did not turn out to be the case.

The ANC set a goal of distributing 30% of white farms to black owners by 1999, and then, when it came nowhere near achieving that goal, it revised the 30% target to 2014. The government fell well short of the revised goal, having transferred less than 7% by 2016.¹⁴

In 2012, the South African government approved a National Development Plan with numerous goals to be achieved by 2030. One of these goals was that South Africa would redistribute 20% of white farmland to blacks by 2030. A second goal was to create one million agricultural jobs by the same year.¹⁵

What are the reasons for the failure of South Africa's land reform policies thus far? And, more importantly, how can these problems be avoided in the future?

The authors won't offer a detailed critique of the main agricultural reform policies in this report. There are several other evaluations of these programs.¹⁶ Instead we will highlight a few of the major conclusions of these analyses.

1. *Grant-based purchases of white-owned land by blacks – individuals and groups – 1994-2009*

Based on a review of the literature and interviews with knowledgeable observers, there were several flaws with this strategy and its execution:

- Large parcels of land that had been owned by whites were not subdivided into smaller parcels when they were transferred to black owners. The creation of smaller parcels would have been more manageable for black farmers and groups of farmers who were just getting into commercial agriculture.
- The determination of fair-market value for these purchases was often left to the imagination of the white property seller. In most cases, there was not an independent valuation of properties. So, in many cases, the buyers, financed by the government, significantly overpaid for the land that they purchased.
- Despite the government's promises, financial and technical assistance was, for the most part, not provided to these new commercial farmers.
- In general, there was no serious vetting of the new black landowners to ensure that they were genuinely interested in, and capable of, commercial farming. As a result, some participated in the program to access the grants, but did not follow up by making serious efforts at commercial farming. In several cases, land that was sold to black individuals and groups ended up being sold back or rented to the white landowner or to other white buyers.

- Group farming was the primary approach pursued by the government during the first 15 years of land redistribution. As we discuss later in this paper, group or collective farming is a difficult proposition under the best of circumstances. And these were far from the best of circumstances, with inexperienced and/or indifferent farmers, large parcels, and a minimum of technical and capital assistance.

There has been some analysis of this large-scale, grant-based transfer program. However, a new, comprehensive evaluation would be very useful in helping the South African government avoid some of the mistakes of the past.

2. *Government purchases of white-owned farmland – 2009-2017*

The grant-based land purchase program was terminated in 2009, and replaced by a government-purchase program, still designed to purchase land at fair-market value. But, again, there appears to have been inadequate due diligence in determining the actual value of parcels purchased.

The rationale behind this new government-purchase program appears to have been a response to the low success rate achieved for black commercial farming under the previous grant-based system. The new reasoning seems to have been that, if the state owned the land, it could play a more direct role in assuring that it was used effectively for agricultural purposes.

Thus far, this new approach appears to be stalled. The state now owns almost 2 million ha of agricultural land, but it is unclear how much farming is being done on it. In theory, the land could be leased to individuals and groups for use as farmland, and, if the farmers are successful, eventually be sold to them. However, there seems to be a good deal of uncertainty about how or whether to implement this lease-to-own strategy.

3. *Fixation on the premise that bigger is better*

There is an underlying problem that bedevils both the grant-based and government purchase-based land-transfer programs that have been tried by the South African government over the past 23 years: The assumption that “commercial farms equal large farms.” The primary reason for this assumption appears to be that South Africa has developed a successful model of large, technologically sophisticated, white-owned farms over the past 50 or more years. It is commonly accepted by government officials as well as white farmers and their advocates that this is the only feasible way that blacks can farm

commercially as well. This assumption is beginning to be challenged by a number of researchers and farmers in the country.¹⁷

With the exception of Zimbabwe, which continues to face disastrous results from the mass displacement of white commercial farmers in 2004, South Africa is the only sub-Saharan country with a recent or current pattern of large-scale white farming.¹⁸

In their efforts to expand black farm ownership, South African policymakers would do well to look at the experiences of other sub-Saharan African countries, such as Kenya, Ghana, Zambia and others, which are developing successful commercial agricultural programs based on smallholder black farming.¹⁹

There is some experimentation with smallholder farming in South Africa supported by coordinated assistance, discussed below, which is beginning to change perceptions of what can constitute “commercial” farming.

c. Site visits, interviews, and documentary research

In late January and early February 2017, the authors conducted 13 site visits and 20 interviews in Eastern Cape Province, and collected primary and secondary documents related to black commercial farming at a national level.

The primary purpose of this research was to identify both successful and unsuccessful approaches to increasing the amount of black commercial farming in the province and in other parts of South Africa. A detailed, chronological list of site visits and interviews is presented in Appendix A.

From these data sources, we constructed five models of black commercial farming, and one model of black youth employment related to black commercial farming. These models are presented in the next section of the report.

2. Black Commercial Farming and Agricultural Employment Models

Based on the quantitative and qualitative information gathered during the research phase, the authors constructed and evaluated five models of black commercial farming, and one model of youth employment designed to bring disused agricultural land back into production.

a. *Group farming*

As referenced above, the main strategy employed to transfer white farmland to blacks between 1994 and 2009 was through the provision of grants to groups of black farm employees and others to purchase white-owned farms. In many cases, blacks pooled their grant funds to purchase large white farms collectively – so-called “group farms.” In other cases, parcels of land were transferred to black individuals and families. (These medium- to-large-scale black family farms are discussed later in the report.)

Most of these group farms ended in failure. Those that survived generally did so by means of shedding the majority of their beneficiary members until only a small, manageable core remained.²⁰

Why was the group farm policy unsuccessful? There are numerous reasons.

- A major reason for the failure of collective or group farming in South Africa and elsewhere is that it usually does not provide incentives or sanctions for family and individual performance.
- But there have been other negative factors in South Africa as well. As mentioned above, there was a lack of support services provided by the government to group farmers. They received inadequate or no farm management training; little or no capital to invest in inputs, equipment, or infrastructure; nor did they receive meaningful assistance in marketing their crops and livestock.
- Transitioning from being farmworkers to co-owning farms of a thousand hectares or more would have been a daunting task even with adequate technical and financial support.

The primary lesson from South Africa’s experimentation with group farming is that it rarely works. The number of redistribution groups decreased significantly in 2000 and 2001, and continued to shrink thereafter. However, even today, the government still encourages group farming, despite its very low success rate.

b. Joint ventures

Having just criticized group farming as a strategy for black agricultural development in South Africa in the above section, we are about to make a partial exception to that criticism.

We use the term “joint-venture farms” to characterize farms and groups of farms that combine black land ownership, including fixed assets, with management (and, sometimes, movable assets, often including both equipment and livestock) provided by a partner organization.

This model has been used in South Africa since around 2005 and has experienced some success in generating profits on farms owned by groups of black landowners. The first such experiments were based on a long-standing type of joint venture called “share milking,” developed in New Zealand.²¹ The concept can be applied to other types of farms as well. For example, we visited one group-owned farm that had two separate joint-venture agreements: a share milking scheme, and a vineyard.

Based on our own site visits and discussions with other observers, we estimate that there are about 20 share-farming joint ventures in South Africa.

There appear to be several reasons why the joint-venture model has had some success in South Africa. As mentioned above in the discussion on “group farming,” three of the key reasons for failure were lack of knowledge about managing a large farm; lack of capital to purchase inputs, fencing, equipment and livestock; and lack of access to markets. The “share-farming model” addresses all of these shortcomings. A joint-venture agreement with an experienced partner brings managerial and marketing expertise and moveable assets such as livestock and equipment to the table.

The model should not be seen as a panacea, however. There are a number of limitations to the schemes that have been developed in South Africa.

- Most of the black shareholders are not current farm employees. They get the benefit of annual dividends on their shares in years when the joint venture makes a profit. But they are usually making money as shareholders, not as farmers.
- For the most part, the group of black shareholders is formed into a “trust” with specific rules about how shares can be transferred – or not. As one observer said, some trusts have a “last man standing” structure. That is, when shares cannot be transferred, the number of shareholders dwindles until, theoretically, there is only one shareholder left. Other trusts have more flexible rules about share transfers, but the general pattern is very restrictive. Thus, these trusts tend to have shrinking numbers of

shareholders, and are not designed to be a means to expand black farm ownership.

- Some of the schemes are implementing training, apprenticeship, and hiring programs to bring black employees into management-level positions. Others are not. While increasing the number of black farm managers is a good thing, it is not the same as increasing the number of black farmers.
- Theoretically, the 5- to 10-year joint-venture agreements could be designed to shift both the management and the ownership of movable assets to the black shareholders over the course of the agreements. But we are not aware of any that are designed this way. In any case, such a transition would not increase the number of black farmers, but rather the investment value of a limited number of black shareholders.

So, our overall assessment of these joint ventures?

The model has made some black group farms productive, and has created a stream of income to the black shareholders who own these farms. It has also generated or retained jobs for black farmworkers and contributed to the training and employment of black farm managers.

Where it falls short is in increasing the number of black commercial farmers, and in making farms owned by black shareholders able to operate independently of their joint-venture partners.

So, despite the benefits, joint-venture share farming does not appear to be an effective strategy for increasing the number of black commercial farmers in South Africa.

c. *Medium-sized and large black-owned farms*

As mentioned above, the government grant program allowed some individuals and families as well as groups of blacks to purchase medium- to large-sized farms from white farm owners.

This approach avoided some, but not all, of the problems faced by group farms discussed above.

- Individuals or families who purchased white farms of several hundred hectares or more faced the daunting task of learning how to manage farms of this size.
- In addition, the government's failure to provide support services plagued the individual/family farms as well as the group farms. Lack of training, capital,

business planning, and market access were huge impediments to success for these latter farms as well as for the group farms.

One farming project comprised of individual and family-based black farms that we visited, the Ikephu Cooperative, appears to be turning the corner on creating a successful group of black commercial farms, despite the many obstacles faced by lack of experience and lack of support from the government.

Ikephu is comprised of 169 farmer-members with an average farm size of 400 to 500 ha. The farms are grouped into five primary cooperatives based on geographical location. The secondary co-op, Ikephu, is the main coordinating entity for the farmer-members. It has a feedlot to help members finish and aggregate their cattle before marketing them. It is planning to assist members to increase their maize and other crop production in order to create its own feed mill at the site of its feedlot. This will add value to both the crops and the livestock.

Ikephu and its members have taken a big step in becoming more commercially successful over the past few years, in part because of assistance from CRI, a US-based cooperative, supported by USAID, that is providing much-needed technical and marketing assistance. In addition to overall farm and market planning, CRI is also helping to improve members' livestock genetics through artificial insemination.

The example provided by Ikephu shows that medium- to large-sized, black individual and family-owned farms have good potential to become profitable given the availability of technical and financial support.

This type of co-op model combined with the availability of outside technical and financial assistance could be applied to other medium and large black farms, and significantly increase their success rates.

d. Smallholder black commercial farms

As of 2016, there were approximately 2.1 million black agricultural households in South Africa. Almost half a million of them were in the Eastern Cape.²²

The last time the government reported data on agricultural land was in 1991. At that time, the 10 former homelands had a combined total of almost 15 million ha of farmland – 1.2 million ha of arable land and 13.6 ha of grazing land. In the former homelands of Ciskei and Transkei, now part of Eastern Cape Province, there were over one-half million ha of arable land, and about 3.5 million ha of grazing land.²³

Despite the lack of current reporting on farmland numbers, these figures from 1991 are probably pretty close to accurate today.

Taken together, these figures on black agricultural households and farmland in the former homelands indicate a huge potential for an increase in smallholder commercial farming between now and 2030 – an increase that could substantially exceed the government's goals of 1 million agricultural sector jobs and go a long way toward achieving the goal of 16.4 million ha of black commercial farms by 2030.²⁴ Furthermore, women are actively involved in subsistence-plus and subsistence farming. Thus, a governmental emphasis on increasing smallholder commercial farming would benefit women and men.

Grains SA and several other organizations are piloting a smallholder commercial farming project in South Africa. As part of this project, more than 3,000 smallholder farmers are planting over 4,000 ha in the 2016/17 growing season. The five-year goal of the program is for these farmers to become self-managed, profitable commercial farmers.²⁵

Vodacom and partners in Ghana and several other African countries are carrying out similar kinds of smallholder commercialization projects, in which mobile phones are being used as part of the training and communication system. Vodacom has expressed an interest in doing similar projects in South Africa.²⁶

Smallholder projects like these can be carried out on both farmer-owned land and land leased from public and private entities.

One example of a pilot project that could be initiated on public or privately owned land is a multi-year lease to a cooperative or other intermediate entity. The intermediary would then sublet parcels within the leased land for local individuals and families to plant crops, for example maize and beans.

There are many ways that this type of lease arrangement could be organized. For example, interested farmers could join the cooperative by paying a small membership fee, undergoing training, and being approved to sublet a plot of land (probably in the range of 1 to 10 ha). They would coordinate their land preparation, planting, harvesting, and marketing with other co-op members. The co-op would need to be professionally staffed and receive an initial subsidy to cover development costs. It would provide services to members that would be paid back at the end of the farming season, out of each farmer's revenue.

The amount of land leased by each co-op would vary depending on the amount of unused arable land in a local area. For example, there may be 10,000 arable hectares available in Municipality A. The public or private landowner (or group of landowners) would lease it to the co-op with the understanding that production on the land would be phased in. Lease fees would be charged only on land under production in a given year. Perhaps, 1,000 ha would be farmed the first year; 2,000, the second year; and so on.

The average number of hectares farmed per individual or family would need to be determined based on what level the farmers could handle, in terms of both their skills and finances.

A pilot project of this kind would provide numerous benefits:

- It would put idle land to work.
- It would contribute to South Africa's food security.
- It could improve the environmental sustainability of the land by building in land-conserving, contractual, and educational requirements into the agreements with tenants.
- It would allow interested local residents to farm commercially.
- It would provide employment to other local residents in the food value chain.
- It would provide a model that other local communities with similar patterns of unused arable land could emulate.

e. Commercial farming by small-scale livestock owners

This model would assist male and female, small-scale livestock owners to improve their livestock practices and access to markets. For example, it would assist participating livestock owners to improve the management of their grazing through the use of fencing, improved grass seeds, and rehabilitating areas of the commons. It has excellent potential in former homelands, such as Ciskei and Transkei, where there already is extensive communal grazing of cattle, sheep, and goats. (See the data presented above on the amount of grazing land in former homelands.) There are a number of current problems that could be addressed by this model:

- Grass species are not optimal for livestock grazing.
- Overgrazing is common.
- Some grazing land has eroded over time.
- Most grazing areas have little or no fencing.
- Generally, cattle are not finished before they are sold.
- For the most part, livestock genetics are poor.

- Livestock owners who graze their animals on communal lands rarely have systematic marketing plans or effective means to sell their livestock.

Rotational grazing and other forms of managed grazing on sections of communal land (or leased private land), combined with a market-oriented approach by participating farmers could significantly increase the quality of the livestock and the incomes of participating farmers.

As with some of the other models presented in this report, this one requires upfront financial assistance and ongoing coordination in the early years.

The lease model presented for smallholder cropland appears to be appropriate for this grazing-land model as well. Leasing and fencing paves the way for livestock owners who are interested in being actively involved in rotational grazing projects to improve the quality of their animals and to increase their market value.

As with the smallholder cropland model, a newly formed cooperative would lease grazing land from public or private owners. It would coordinate the fencing of the land, and the planting and management of appropriate grasses. It would then charge a grazing fee to co-op members, based on the amount and kinds of livestock they would graze on the leased land. It would also charge a management and marketing fee to members (and a higher marketing fee to non-members), whose animals met the cooperative's marketing standards.

Participating livestock owner-members would pay initial membership fees to join the co-op. They would pay for the co-op's services after their animals were sold. The costs of grazing, management, and marketing fees would be deducted from the gross payments received for their animals before the members were paid.

Dohne Merino sheep (a breed developed in South Africa) provide an excellent example of a livestock project that could benefit small- and medium-size black farmers. The project would entail a collaboration among farmers, animal geneticists, and agronomists to develop a demand-driven, integrated value chain for fine wool and mutton production.

The products would be targeted to consumers who are willing to pay a premium for clothing made from traceable fine wool and for healthy mutton with high levels of Omega-3 and polyunsaturated fatty acids (the so-called "good fats").

There is conclusive evidence that sheep with the right genetics, fed a specially developed herb-based diet, and raised with the best animal welfare practices produce good-tasting and tender, dry-aged mutton. This is a market where we believe there is an opportunity to develop differentiated products to compete with commodity lamb.

f. Farmland rehabilitation and youth job creation

In Eastern Cape Province (and elsewhere in South Africa), there are hundreds of thousands of hectares of cropland and pastureland that are not being farmed, and have become overrun with invasive species, such as black wattle, acacia, and undesirable grasses, and/or are badly eroded.

One way to rehabilitate these lands would be to organize a “youth agricultural corps” to remove these invasive species and to take steps to reduce erosion. The youth unemployment rate in Eastern Cape Province is estimated to be over 50%. There are funds available through the Extended Public Works Programme (EPWP) and Community Works Programme (CWP) that could be used to carry out farmland remediation pilot projects in one or more municipalities. The pilots could be relatively small, involving a few thousand hectares, and a few hundred youth employees.

Employees could be organized in small teams under the supervision of someone experienced in land rehabilitation.

Municipalities with farmland selected for rehabilitation would need to make a commitment to put the farmland back into use after it has been rehabilitated. The smallholder cropland model or the rotational grazing model cited above could be used on rehabilitated lands.

3. Recommendations and Conclusions

In summary, this report recommends that pilot projects already underway with coordinated assistance to medium- and large-scale black commercial farms be continued and extended to other projects, and that similar ongoing projects with smallholder commercial farms and small-scale livestock owners be continued and replicated as well. The report further recommends that pilot farmland reclamation projects employing members of a “youth agricultural corps” be initiated in municipalities that are committed to returning the rehabilitated land to agricultural production – perhaps by former members of a youth agricultural corps.

Taken together, the black commercial farming models represented by these pilot projects have excellent potential to meet or exceed the government’s goals for agricultural employment and black commercial farm ownership by 2030. Because of this, the government of South Africa should prepare a comprehensive plan for funding and implementing a revised black commercial agricultural strategy to achieve the 2030 farm ownership and employment goals.

Former homeland areas have particularly high potential for the growth of commercial black farming because there are already hundreds of thousands of black subsistence and subsistence-plus farmers in these areas; several million hectares of unused or underutilized farmland and pastureland; and good potential for establishing lease relationships for new commercial farmers.

White-to-black land transfers and government-to-black land transfers, especially those emphasizing the breakup of large landholdings into smaller units that are more realistically manageable for start-up black family farmers, should continue as well. But the lowest-hanging fruit for achieving South Africa’s 2030 goals appears to be giving priority to black smallholder and small livestock-based commercial agriculture in former homelands.

Brief Biographies of the Authors

Mpumelelo Ncwadi is the co-founder of Indwe Trust, a social enterprise spreading prosperity through profitable smallholder agriculture.

He is the Director of Companies and a member of the Institute of Directors (SA) based in Cape Town, South Africa. Since 2009, he has been a member of the Overberg Water Board of Directors. Between 2009 and 2014, he was a Deputy Chairperson of the Board. In 2014, he was appointed by the Minister of Water and Sanitation as the Chairperson of the Board.

Mpumelelo previously served as an ordinary member of the Board of Directors of the Cape Town Fresh Produce Market. He currently serves as a board member of the Eastern Cape Rural Development Agency (ECRDA), where he serves on the Finance & Investment (Finvest) and Projects & Programme Committees. He is also the Chairman of Kangela Citrus Farm, a citrus business in which the ECRDA is a majority shareholder.

Mpumelelo received an M.B.A. from the University of Cape Town Graduate School of Business. He also obtained an M.Phil. in Engineering for Sustainable Development from the Cambridge University Engineering Department (CUED), where he enjoyed the privilege and honour of being a Nelson Mandela Scholar in 2004. He received his B.S. in Civil Engineering at the University of Texas at Austin (USA). He was one of the first five black young South Africans to be awarded a Diploma in Mine Surveying by the then Witwatersrand Technikon and now University of Johannesburg.

Mpumelelo previously participated in the Beahrs Environmental Leadership Program at the University of California at Berkeley. He worked for more than 15 years in various engineering and development projects in many developing nations.

E.G. Nadeau has an undergraduate degree in sociology from Harvard University and a Ph.D. in sociology from the University of Wisconsin-Madison. He has been developing, and researching, teaching, and writing about cooperatives and community development for over 45 years, beginning with his work as a Peace Corps volunteer in Senegal in 1970. He is currently an honorary fellow at the Center for Integrated Agricultural Systems at the University of Wisconsin-Madison.

From February 2014 to September 2015, Nadeau served as the research director for the US Overseas Cooperative Development Council, and organized the International Cooperative Research Group, a division of OCDC.

In September 2016, Nadeau and his son, Luc, published *The Cooperative Society: The Next Stage in Human History*. In 2012, Nadeau wrote *The Cooperative Solution: How the United States can tame recessions, reduce inequality, and protect the environment*. He also co-authored *Cooperation Works!* with David Thompson in 1996.

Nadeau was the founding director of Cooperative Development Services in 1985, a pioneering co-op business planning organization in the United States. Over a period of 30 years, from 1985 to the present, Nadeau has been doing domestic and international co-op consulting work for Cooperative Development Services, the National Cooperative Business Association/CLUSA, Land O' Lakes International Development Division, the Overseas Cooperative Development Council, and other organizations. He has carried out over 25 international cooperative development projects since 2000.

Nadeau served on the faculty of the Master in Management – Cooperatives and Credit Unions Program at St. Mary's University in Halifax, N.S., from 2004 to 2013. He lives in Madison, Wisconsin.

Chronological List of Site Visits and Interviews in Eastern Cape Province, 2017

Thursday, January 26

Interview and site visit with Tshilidzi Matshidzula, Farm Manager of Little Barnet Trust in Alexandria.

Interview with Jeff Every, Accountant and Founder of Amadlelo Agri in Port Elizabeth.

Meeting and site visit with Charmaine Gibbs, small-scale pork farmer in Green Bushes near Port Elizabeth.

Friday, January 27

Interview with Trevor Elliot, Owner, Grasslands Agriculture in Tsitsikamma.

Interview and site visit with Sabelo Magagamela, Farm Manager at Grasslands Agriculture in Tsitsikamma.

Interview with Lieb Venter, Partner with Farm Vision and Consultant to CRI, Inc., in Jeffrey's Bay.

Saturday, January 28

Site visit to Kangela Citrus Farm in Addo.

Sunday, January 29

Desk research and writing; planning of site visits and interviews for the remainder of the field research.

Monday, January 30

Site visit to Seven Stars Trust, interview with the Assistant Manager and two beneficiaries in Keiskamma Hoek.

Meeting with V.V. Ngoma, Black livestock farmer in King Williams Town.

Tuesday, January 31

Desk research and writing.

Wednesday, February 1

Interview with Thozamile Ngwanya, CEO of the Eastern Cape Rural Development Agency in East London.

Interview with Michael Aliber and two graduate students, Asanda Apleni and Sanelise Tafa, at the University of Fort Hare in Alice.

Thursday, February 2

Desk research and writing.

Friday, February 3

Agri-Tech Symposium, East London.

Saturday, February 4

Site visit and interview with Siseko Mziba, manager of Mqanduli RED Hub and secondary co-op [in](#) Mqanduli.

Sunday, February 5

Desk research and writing.

Monday, February 6

Site visit to Shiloh Irrigation Scheme near Queenstown.

Visit to the Qamata Irrigation Scheme in Qamata near Cofimvaba.

Interview with Mr. Thukela Mashologu, CEO, Chris Hani Development Agency, Queenstown.

Tuesday, February 7

Visit to the Delindlala Cooperative, including interviews with two members of the board of directors near Indwe.

Wednesday, February 8

Site visit and interview with Mr. Bangile Jama on his farm near Elliot.

Meeting with Ikhephu Cooperative Board of Directors including the Chairman, Mr. Gcina Madasa, Sakhisizwe Municipality in Elliot.

Thursday, February 9

Visit to Gonubie Drift.

Telephone and email communication with John Flanagan of Lima, regarding research project on black farming.

Friday, February 10

Review of research results; discussion of findings and recommendations.

Meeting with Mr. Andrew Murray and Siv Hesjedal of ECSECC, East London.

Participated with Siv Hesjedal and Libhongo Ntlokonkulu in a meeting with two representatives from Fort Cox Agricultural Training Institute, East London.

Endnotes

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 - ³ Education Training Unit for Democracy and Development. Undated. Land Reform. <http://www.etu.org.za/toolbox/docs/government/land.html>.
 - ⁴ Okunlola, Adetola et al. June 2016. Challenging the stereotypes: Small-scale black farmers and private sector support programmes in South Africa. PLAAS.
 - ⁵ von Fintel, Dieter and Louw Pienaar. 14 January 2014. "How did hunger levels in the former homelands catch up with the rest of South Africa a hundred years after the Land Act of 1913?" Econ 3x3. <http://www.econ3x3.org/article/how-did-hunger-levels-former-homelands-catch-rest-south-africa-hundred-years-after-land-act>.
 - ⁶ Shabane, op. cit.
 - ⁷ Gollin, Douglas. October 2014. Smallholder agriculture in Africa: An overview and implications for policy, International Institute for Environment and Development.
 - ⁸ Definitions adapted from a number of sources.
 - ⁹ Stull, Valerie et al; Environmental apartheid: Eco-health and rural marginalization in South Africa. Journal of Rural Studies. Article in press. 2016; Thompson, Leonard 2014. A History of South Africa, fourth ed. Yale University Press, New Haven.
 - ¹⁰ Thompson, op. cit.
 - ¹¹ Abstract of Agricultural Statistics. 2013. Division of Agriculture, Forestry and Fisheries. Republic of South Africa, p. 6.
 - ¹² Ibid, p 5.
 - ¹³ Ibid, p 1.
 - ¹⁴ National Planning Commission, op. cit.
 - ¹⁵ Aliber, op. cit.
 - ¹⁶ For example, a series of reports on "land reform and agrarian change," 2000-2017, Plaas

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- Institute, <http://www.plaas.org.za/publication-categories/lrac>
- ¹⁷ Okunlola, op. cit.
- ¹⁸ This observation should be qualified by the fact that large tracts of farmland in Africa, Asia and Latin America have been leased to corporations for plantation-style farming. See, for example, Deininger, Klaus and Derek Byerlee, The Rise of Large-Scale Farms in Land-Abundant Developing Countries: Does it have a future? 1 March 2011. Center for Effective Global Action, UC-Berkeley. http://cega.berkeley.edu/assets/cega_events/30/AfDR_Deininger--Byerlee_Large-Farm-Small-Farm-Debate_P-S.pdf
- ¹⁹ Gollin, op. cit.
- ²⁰ Aliber, op. cit.
- ²¹ Sharemilking Agreements Act, 1937, Parliamentary Counsel Office, New Zealand. <http://www.legislation.govt.nz/act/public/1937/0037/16.0/DLM222099.html>
- ²² Community Survey 2016 Agricultural households, 2016, Statistics South Africa.
- ²³ Abstract of Agricultural Statistics, op. cit.
- ²⁴ National Planning Commission, op. cit.
- ²⁵ Grains SA, 2015? Commercial Farming Starting from 1 Hectare: From Subsistence to Abundance; Mathews, Jenny, October 2016, When Grain SA and the Jobs Fund join hands ...and the story of two farmers. <http://www.grainsa.co.za/when-grain-sa-and-the-jobs-fund-join-hands...and-the-story-of-two-farmers>
- ²⁶ Agriculture Solutions Information Sheet, undated, Mezzanine.