

NELSON MANDELA
UNIVERSITY

**ASSESSMENT OF LAND REFORM
FARMS**

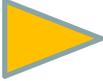
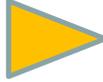
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OUTLINE

- The Project 
- The Process 
- The Perks 

The Project: where it started....

■ Peri-urban agriculture: Thembalethu (2002)

- Development of a Demonstration and Training Business Incubator (DTBI)
- British Council HEL Scheme
- Abrupt ending!!



■ Central Karoo District (2007)

- Assessment of farming practices and economic viability of Land Re



■ Eden District (2012)



Project background: how it started

- Land Reform policies increasingly being questioned publicly?
 - Slow pace....
 - Ability to improve livelihoods.....
 - Ability to improve agricultural productivity and food security.....
- From past personal experience as Agric. Economist – financial literacy/management capacity often a challenge in SME's
- Project design:
 - Requested funding from USA philanthropic organisation to develop a “short course programme” for improving Financial Literacy of land reform farmers (2006)
 - Sourced a list of land reform farms from Western Cape Department of Agriculture (Farmer Support & Development Directorate) – Central Karoo
- Baseline study first (2007)
 - Involve final year students (B.Tech. Agric Management)

Baseline study findings (macro –level)

- Impressive metrics in Central Karoo:
 - About 20 + farms transferred to new ownership
 - More than 50 000 hectares with asset value of more than R 49 million
 - More than 350 beneficiaries
- However: a more appropriate question:
 - What happens at farm level?
 - What is the capacity to generate returns from these assets?
 - for sustaining a livelihood
 - for repayment of debts
 - for future growth and contributing to food security & broader economy

Baseline study findings (micro –level) alters the course of the project.....

- Farm situation
 - Agric. Managers middle-aged/elderly, diverse education levels
 - No prior experience of farming – labourer/commonage farmers
 - Dominant business form is Community land trusts – large numbers, non-resident on farm, non-involvement in farming operations, conflict and power relations ($\bar{X} = 23$; min = 2; max = 69)
- Financial situation
 - Good solvency (capital investment through Comprehensive Agric. Support program (CASP) funding) but low asset turnover (0.01:1)
 - Income problem – low farm efficiency coupled with high overhead cost structure (exacerbated by further capital investment via CASP)
 - Low returns on investment (-1.57%) and debt repayment difficulties
 - Small farm size, relative to number of beneficiaries – in reality creating a new form of communal farming.....

New form of communal farming?

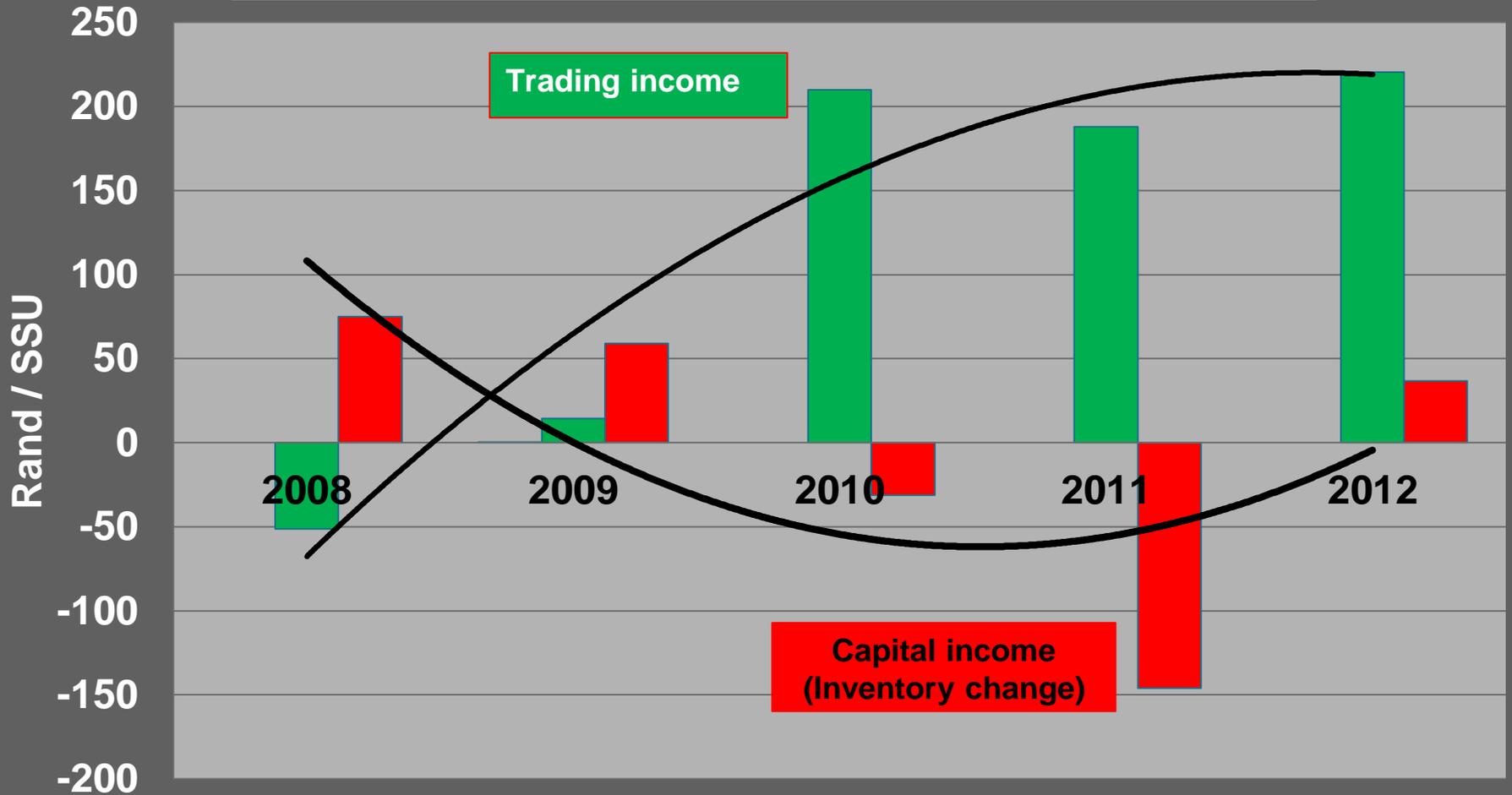
Farm size category	Veld carrying capacity (ha/LSU)	Average size per beneficiary (ha)	Maximum number of SSU's per beneficiary
<1000 ha	39	71	11
1001 – 2000 ha	38	90	14
2001 – 3000 ha	30	124	25
3001 – 4000 ha	31	128	25
4000 + ha	33	120	22
Average (\bar{X} = 2684)	33.4	115	21

Carrying capacity: (min = 42 ha/LSU; max = 24 ha/LSU)

2008 stocking rate: 46.92 ha / LSU - mostly under stocked (BUT: 27 % of farms overstocked; in 2012 almost 40 % of farms overstocked)

Erosion of productive assets: sell-off of breeding livestock

Dorper sheep: Change in income components

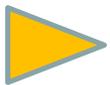


Baseline summary – important issues

- New farmers do not generate a sufficient return on their investments yet – returns are not sufficient for sustaining livelihoods and for further growing the income-generating capacity of the business.
- The major challenge is to increase the income through sound technical and scientific management.
- Many of the farm management practices need to change to fully harness the capacity of their resources. This include aspects such as record-keeping, budgeting, financial management, marketing and entrepreneurial development.

So...what now?

- Forced us to re-think initial idea of “Short course in Financial Literacy”
- Widespread systemic deficiencies in farm operations and farmer skills sets called for a different approach/process
- New approach (new project):
 - “Partner” with Western Cape Department of Agriculture
 - Fully involve final year students in annual Monitoring and Evaluation (M & E) process
 - Restructure project into annual assessment of farming practices and economic viability of farms
 - Farmers to learn in their own environment with their own resources to their own benefit (as opposed to “short course”)
 - Provide a Farm Management Information System (MIS)



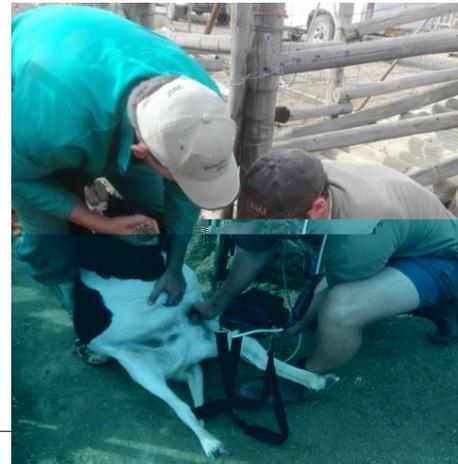
The Process.....

- Land reform farmers (8 – 12) identified by Department of Agriculture
- Annually visit each farm with about 8 students plus extension officers/project leaders of Department of Agriculture (2-week field work)
- Three main activities:
 1. Physical livestock handling and treatment
 2. Farm survey and analysis: personal interview/questionnaire (for economic analysis)
 3. Feedback to farmers and to Department of Agriculture



Activity 1: livestock handling and treatment

- Classing & recording of animals according to age/reproduction status
- Weigh and record all animals
- Tagging animals (id. & management)
- Pregnancy testing
- Dip, dose, vaccinate or treat as necessary
- Hands-on training
- Establish management information system for farmer



Activity 2: Farm survey & analysis: personal interview & questionnaire

- 1 x farm allocated per student
- 3 – 4 hour interview / semi-structured questionnaire
- Student fully responsible for analysing economic viability within 3 weeks of survey

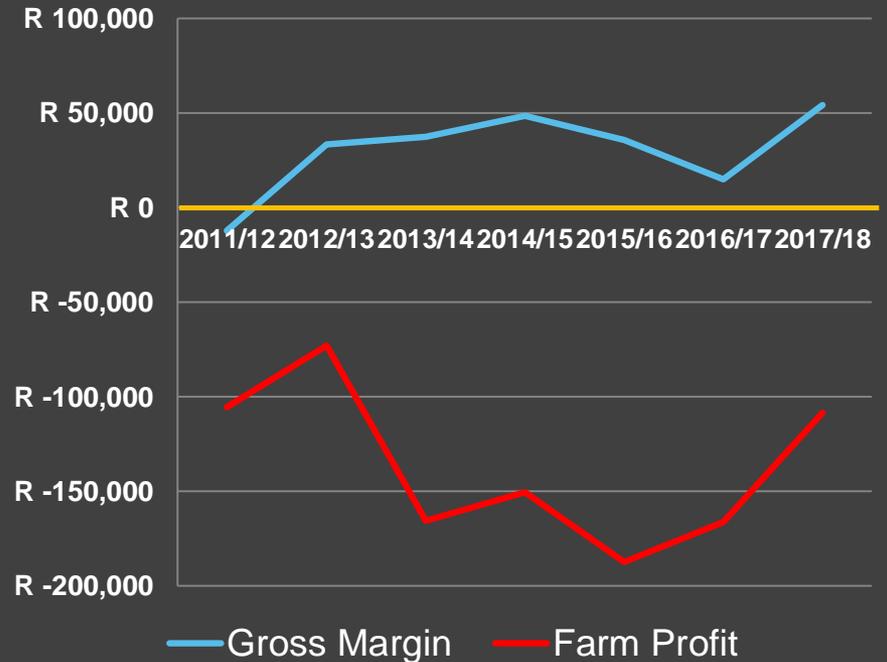


Examples - some crucial management information (and what it reflects)

Price-Cost squeeze: Mutton sheep
2011/12 - 2017/18



Trends in Margins and Farm Profits



Examples - some crucial management information (and what it reflects)

	YEARS						
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Performance measure							
Capital Turnover	0.02	0.03	0.02	0.02	0.02	0.02	0.05
Cost ratio	2.11	0.42	2.83	2.94	2.60	2.77	1.87
Return on investment	-3.1%	-1.0%	-3.7%	-2.7%	-4.7%	-3%	-5%
							

“A unique 4-way partnership spanning all four engagement categories”



University
(Discipline-based service to community)



**Community
&
Industry**



Student
(WIL & service and outreach)

Department of Agriculture
(Service delivery)

The Perks.....

- For Farmers:
 - “Free” business consultation (detail technical & financial)
 - Personalized, customized training within own farm context
 - Own management information/decision support system (MIS)
 - Data to assist with context-based future development interventions by Department of Agriculture
- For the Department of Agriculture:
 - Use of students for assistance with animal handling and survey
 - Data on individual farmer development - feedback loop and trends
 - Basis for extension and advisory services planning & intervention

The Perks.....

- For Students:
 - Involvement in real-time/real-life work situation/workplace realities (WIL)
 - Allow integration of theory and practice and develop work-readiness
 - Personal development and development of M & E and consulting skills, enhancing employability (4th Industrial Revolution.....)
 - Opportunity to provide a service and outreach to the community – responsible citizenship
- For the University:
 - Allow for engagement with industry and service and outreach to the community
 - Allow for learning about realities in the workplace and integration with classroom teaching and learning to add value
 - Allow for the provision of professional/discipline based knowledge and skills to industry
 - Provides opportunities for research

Reflections

- Challenges
 - Time – scheduling of time within a normal academic programme becomes an exercise in creativity
 - No tangible monetary reward (e.g. research subsidies)
 - Community/industry dynamics - political agendas / trust relationships
- Lessons learned
 - Be adaptive on-the-go (Action Research principles....)
 - Don't expect immediate results
 - Be acutely aware of political agendas (especially if you are starting to make a difference...)
 - Try to link with research
- Institutional enablers
 - Time and money.....

Some project outputs

- Reports to Department of Agriculture:
 - Annual farm survey reports
 - Skills Assessment Report
- Conference papers
 - 1 x local conference paper
 - 3 local conference posters
 - 1 x International conference paper
- Peer reviewed journal articles
 - 1 x international journal
 - 2 x local journals

Further reading

- Jordaan, JW and Grobler, HJF, 2011. Farmer support and extension to land reform farms in the Central Karoo - Part 1: a baseline survey of farm potential, farmer profiles and farm management knowledge and practices. *South African Journal of Agricultural Extension* 39 (1): 35-44.
- Jordaan, JW and Grobler, HJF, 2011. Farmer support and extension to land reform farms in the Central Karoo - Part 2: a baseline assessment of farm-level economic viability. *South African Journal of Agricultural Extension* 39 (1): 45-54.
- Jordaan, J.W. & Alderson, M. 2009. Scale, skill and sustainable livelihoods – participatory approaches to improving poultry production in peri-urban communities: evidence from South Africa. *Outlook on Agriculture* 38 (1).
- Jordaan, JW and Taylor, GJ. Innovation at the local level: experiences of a South African university in the transfer of knowledge and technology to rural and peri-urban agricultural enterprises through business incubation. 7th Conference of the Global Consortium of Higher Education and Research for Agriculture, Beauvais, France, 27 – 29 June 2011.
- Jordaan JW, Grobler HJF & Matthee SW. 2010. Land Reform in the arid Central Karoo: a baseline assessment of farm-level economic viability and implications for extension delivery. South African Society for Agricultural Extension National Conference, 3 - 7 May 2010, Club Mykonos, Langebaan. (Received “Best paper” award)

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